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CIMC ENRIC

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2017	2016	Change
	RMB'000	*RMB'000*	*%*
Revenue	**4,626,306**	3,737,502	23.8%
Profit/(loss) attributable to shareholders	**74,779**	(1,001,960)	107.5%
Basic earnings/(loss) per share	**RMB0.039**	(RMB0.517)	107.5%

The Board of Directors (the "**Board**") of CIMC Enric Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") announces the unaudited financial results of the Group for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016.

The interim financial results are unaudited but have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, and the Audit Committee.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2017 – unaudited

	Note	Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
Revenue	3 & 8	**4,626,306**	3,737,502
Cost of sales		**(3,879,107)**	(3,067,532)
Gross profit		**747,199**	669,970
Change in fair value of derivative financial instruments		**7,435**	(2,312)
Other revenue		**86,623**	99,276
Other (expenses)/income, net		**(16,954)**	22,522
Selling expenses		**(166,218)**	(126,088)
Administrative expenses		**(361,868)**	(349,080)
Profit from operations		**296,217**	314,288
Finance costs	4	**(42,778)**	(44,310)
Impairment provision	5	**(105,549)**	(1,214,880)
Profit/(loss) before taxation	4	**147,890**	(944,902)
Income tax expenses	6	**(71,280)**	(64,137)
Profit/(loss) for the period		**76,610**	(1,009,039)
Attributable to:			
Equity shareholders of the Company		**74,779**	(1,001,960)
Non-controlling interests		**1,831**	(7,079)
Profit/(loss) for the period		**76,610**	(1,009,039)
Earnings/(loss) per share	7		
– Basic		**RMB0.039**	(RMB0.517)
– Diluted		**RMB0.038**	(RMB0.517)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017 – unaudited

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit/(loss) for the period	**76,610**	(1,009,039)
Other comprehensive income for the period		
Items that may be reclassified to profit or loss:		
Currency translation differences	**57,847**	(19,042)
Total comprehensive income for the period	**134,457**	(1,028,081)
Attributable to:		
Equity shareholders of the Company	**132,626**	(1,021,002)
Non-controlling interests	**1,831**	(7,079)
Total comprehensive income for the period	**134,457**	(1,028,081)

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2017 – unaudited

	Note	**At 30 June 2017** *RMB'000*	At 31 December 2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**2,150,973**	2,148,410
Construction in progress		**92,149**	122,767
Lease prepayments		**424,996**	430,176
Intangible assets		**216,183**	228,221
Investment in associates		**6,000**	6,000
Goodwill		**312,328**	317,528
Deferred tax assets		**100,225**	92,593
		3,302,854	3,345,695
Current assets			
Derivative financial instruments		**221**	–
Inventories		**2,632,988**	2,248,202
Trade and bills receivables	9	**3,191,864**	2,769,315
Deposits, other receivables and prepayments		**1,140,078**	1,171,474
Amounts due from related parties		**205,448**	173,197
Restricted bank deposits		**254,456**	263,640
Cash and cash equivalents		**2,561,170**	2,916,900
		9,986,225	9,542,728
Current liabilities			
Derivative financial instruments		**2,983**	10,197
Bank loans		**543,232**	177,055
Loans from a related party		**460,000**	875,000
Trade and bills payables	10	**2,218,367**	1,966,345
Other payables and accrued expenses		**2,937,781**	2,539,317
Amounts due to related parties		**123,487**	73,597
Warranty provision		**57,859**	43,563
Income tax payable		**20,738**	50,587
Employee benefit liabilities		**336**	318
		6,364,783	5,735,979
Net current assets		**3,621,442**	3,806,749
Total assets less current liabilities		**6,924,296**	7,152,444

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Non-current liabilities		
Bank loans	**1,014,623**	1,421,939
Warranty provision	**43,877**	38,524
Deferred tax liabilities	**152,975**	122,562
Deferred income	**259,349**	264,650
Employee benefit liabilities	**2,860**	2,704
	1,473,684	1,850,379
NET ASSETS	**5,450,612**	5,302,065
CAPITAL AND RESERVES		
Share capital	**17,758**	17,743
Reserves	**5,287,689**	5,140,988
Equity attributable to equity shareholders of the Company	**5,305,447**	5,158,731
Non-controlling interests	**145,165**	143,334
TOTAL EQUITY	**5,450,612**	5,302,065

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017 – unaudited

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Contributed surplus** *RMB'000*	**Capital reserve** *RMB'000*	**Exchange reserve** *RMB'000*	**General reserve fund** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2016	17,733	143,236	1,124,571	138,501	(330,020)	405,141	4,812,841	6,312,003	153,469	6,465,472
Loss for the period	–	–	–	–	–	–	(1,001,960)	(1,001,960)	(7,079)	(1,009,039)
Other comprehensive income	–	–	–	–	(19,042)	–	–	(19,042)	–	(19,042)
Total comprehensive income for the period	–	–	–	–	(19,042)	–	(1,001,960)	(1,021,002)	(7,079)	(1,028,081)
Issuance of shares in connection with exercise of share options	9	3,442	–	(1,024)	–	–	–	2,427	–	2,427
Equity-settled share-based transactions	–	–	–	19,889	–	–	–	19,889	–	19,889
Transfer to general reserve	–	–	–	–	–	8,275	(8,275)	–	–	–
2015 final dividend paid	–	–	–	–	–	–	(162,895)	(162,895)	–	(162,895)
Total contributions by and distributions to owners of the Company, recognised directly in equity	9	3,442	–	18,865	–	8,275	(171,170)	(140,579)	–	(140,579)
At 30 June 2016	17,742	146,678	1,124,571	157,366	(349,062)	413,416	3,639,711	5,150,422	146,390	5,296,812

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017 – unaudited

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Capital reserve	Exchange reserve	General reserve fund	Retained profits	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	**17,743**	**147,005**	**1,124,571**	**171,748**	**(428,754)**	**452,424**	**3,673,994**	**5,158,731**	**143,334**	**5,302,065**
Profit for the period	–	–	–	–	–	–	74,779	74,779	1,831	76,610
Other comprehensive income	–	–	–	–	57,847	–	–	57,847	–	57,847
Total comprehensive income for the period	–	–	–	–	57,847	–	74,779	132,626	1,831	134,457
Issuance of shares in connection with exercise of share options	15	6,346	–	(1,854)	–	–	–	4,507	–	4,507
Transfer to retained earnings	–	–	–	(586)	–	–	586	–	–	–
Equity-settled share-based transactions	–	–	–	9,583	–	–	–	9,583	–	9,583
Transfer to general reserve	–	–	–	–	–	14,069	(14,069)	–	–	–
Total contributions by and distributions to owners of the Company, recognised directly in equity	15	6,346	–	7,143	–	14,069	(13,483)	14,090	–	14,090
At 30 June 2017	17,758	153,351	1,124,571	178,891	(370,907)	466,493	3,735,290	5,305,447	145,165	5,450,612

NOTES:

1 BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The consolidated results set out in this announcement are extracted from the financial statements of the Group for the six months ended 30 June 2017. The financial statements are presented in Renminbi ("RMB") unless otherwise stated.

The interim financial statements for the six months ended 30 June 2017 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 statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

The interim financial statements are unaudited, but have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

Significant events and transactions

As disclosed in 2015 and 2016 Annual Reports, an indirect wholly-owned subsidiary of the Company, CIMC Enric Investment Holdings (Shenzhen) Ltd. ("EIHL"), entered into an agreement ("Agreement") on 27 August 2015 with SOEG PTE LTD, Jiangsu Pacific Shipbuilding Group Co., Ltd. and Evergreen Group Co., Ltd. ("Evergreen") (collectively, the "Vendors"), pursuant to which the Vendors agreed to sell and EIHL agreed to purchase 100% equity interest in SinoPacific Offshore & Engineering Co., Ltd. ("SOE"). Afterwards, the Company, SOE and Evergreen entered into a financial assistance framework agreement ("Financial Assistance Agreement") which governed the financial assistance provided by the Group to SOE in the form of loans and guarantees.

On 1 June 2016, the Company announced that the Board considered certain conditions precedent in the Agreement could not be fulfilled and the Vendors had breached certain material terms of the Agreement. EIHL delivered termination notices to the Vendors for, among other things, termination of the Agreement and return of the prepaid consideration of RMB178,634,000. On the same date, the Company delivered termination notices to SOE and Evergreen for, among other things, termination of the Financial Assistance Agreement, repayment of the loans of RMB482,052,000 and release of the guarantees for bank loans of RMB1,000,000,000 provided by a subsidiary of the Company to, or in favour of, SOE. As at 31 December 2016, the total receivables due from SOE amounted to RMB1,480,351,000. Based on the available information, the Company has made substantial provisions of approximately RMB178,634,000 and RMB1,184,281,000 respectively for the receivable due from the Vendors and SOE during the year ended 31 December 2016.

On 5 July 2017, the Company announced that SOE was under receivership by the SOE Insolvency and Liquidation Team (the "Receiver") which was appointed by the PRC Court. EIHL, SOE and the Receiver entered into restructuring investment agreement pursuant to which EIHL as the restructuring investor, offered to purchase the major assets of SOE through acquiring SOE's issued shares, representing the entire equity interest in SOE for a consideration of RMB799,800,000. This offer and the restructuring plan were subject to the approval of SOE's creditors at the creditors' meeting and the PRC Court.

Subsequently, the Company announced that the restructuring plan was approved by SOE's creditors at the creditors' meeting as well as by the PRC Court on 4 August 2017. The Company acquired 100% of the issued shares in SOE and SOE became a wholly-owned subsidiary of the Company. This transaction was substantially completed on 15 August 2017.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(i) New and amended standards adopted by the Group

There are no new or amended standards that are effective for the first time for the current accounting period that have a material impact on the Group and the Company.

(ii) New standards and interpretations not yet adopted

The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2017 and have not been early adopted:

	Effective for accounting periods beginning on or after
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2018
HKFRS 9 "Financial Instruments"	1 January 2018
Amendments to HKFRS 4, Insurance Contracts "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"	1 January 2018
Amendment to HKFRS 1, "First time adoption of HKFRS"	1 January 2018
Amendment to HKAS 28, "Investments in associates and joint ventures"	1 January 2018
HK (IFRIC) 22, "Foreign Currency Transactions and Advance Consideration"	1 January 2018
HKFRS 16 "Leases"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

3 REVENUE

The Group is principally engaged in the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the energy, chemical 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	
	2017	2016
	RMB'000	*RMB'000*
Sales of goods	**3,319,337**	2,439,112
Revenue from project engineering contracts	**1,306,969**	1,298,390
	4,626,306	3,737,502

4 PROFIT/(LOSS) BEFORE TAXATION

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

(i) Finance costs

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**41,346**	38,282
Bank charges	**1,432**	6,028
	42,778	44,310

(ii) Other items

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**101,052**	94,129
Amortisation of intangible assets	**22,916**	19,899
Amortisation of lease prepayments	**5,181**	5,128
Impairment provision for trade receivables	**17,204**	28,677
Reversal of impairment provision of trade receivables	**(2,188)**	(185)
Reversal of write-down of inventories	**(79)**	(4,378)
Research and development costs	**78,216**	67,744
Operating lease charges for property rental	**9,147**	5,122
Provision for product warranties	**35,856**	14,330
Equity-settled share-based payment expenses	**9,583**	19,889

5 IMPAIRMENT PROVISION

The amount represents the provisions for impairments in relation with the "Significant events and transactions" mentioned in Note 1, which is analysed as below:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Impairment provision for receivables from the Vendors	**–**	178,634
Impairment provision for receivables from SOE (i)	**105,549**	1,036,246
	105,549	1,214,880

(i) As disclosed in Note 1 "Significant events and transactions" section, on 5 July 2017, EIHL, SOE and the Receiver entered into an agreement pursuant to which EIHL, as the restructuring investor, offered to acquire SOE's entire issued shares. To the Company's best knowledge, based on the repayment capability analysis provided by the Receiver, the recoverable amount of the receivables due from SOE as at 30 June 2017 was estimated to be approximately RMB190,521,000. Accordingly, the Company further made an impairment provision of approximately RMB105,549,000 to write down the receivables due from SOE and recorded this provision amount in the consolidated income statement for the six months ended 30 June 2017.

6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current income tax	**45,770**	46,160
Deferred income tax	**25,510**	17,977
	71,280	64,137

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 certain foreign subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the six months ended 30 June 2017, no deferred withholding tax was provided for the distributable profits of PRC subsidiaries.

Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany and United Kingdom are charged at the prevailing rates of 25%, 33.99%, 25%, 30% and 20% respectively in the relevant countries and are calculated on a stand-alone basis.

7 EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Earnings/(loss)		
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	**74,779**	(1,001,960)

	Six months ended 30 June	
	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,937,702,353**	1,936,208,599
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme	**15,521,743**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**1,953,224,096**	1,936,208,599

No potential ordinary shares for the six months ended 30 June 2016 were dilutive since their conversion to ordinary shares would result in a decrease in loss per share.

8 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 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.

- Energy equipment: this segment specialises in the manufacture and sale of a wide range of equipment for the storage, transportation, processing and distribution of natural gas such as compressed natural gas trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG storage tanks, liquefied petroleum gas ("LPG") tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas industry.

- Chemical equipment: 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 gasified chemicals.

- Liquid food equipment: 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

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**2,164,153**	1,445,660	**1,363,939**	1,248,365	**1,098,214**	1,043,477	**4,626,306**	3,737,502
Inter-segment revenue	**979**	105	**44,444**	27,584	**–**	–	**45,423**	27,689
Reportable segment revenue	**2,165,132**	1,445,765	**1,408,383**	1,275,949	**1,098,214**	1,043,477	**4,671,729**	3,765,191
Reportable segment profit (adjusted profit from operations)	**9,649**	24,749	**216,885**	172,319	**105,747**	142,443	**332,281**	339,511

	Energy equipment		Chemical equipment		Liquid food equipment		Total	
	At 30 June 2017	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**7,213,955**	6,776,022	**2,221,348**	2,126,082	**3,226,232**	2,944,387	**12,661,535**	11,846,491
Reportable segment liabilities	**3,342,568**	2,810,174	**981,186**	851,249	**1,908,480**	1,790,889	**6,232,234**	5,452,312

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	**4,671,729**	3,765,191
Elimination of inter-segment revenue	**(45,423)**	(27,689)
Consolidated revenue	**4,626,306**	3,737,502

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Profit/(loss)		
Reportable segment profit	**332,281**	339,511
Elimination of inter-segment profit	**(1,470)**	(1,158)
Reportable segment profit derived from the Group's external customers	**330,811**	338,353
Finance costs	**(42,778)**	(44,310)
Unallocated operating expenses	**(34,594)**	(24,065)
Impairment provision	**(105,549)**	(1,214,880)
Consolidated profit/(loss) before taxation	**147,890**	(944,902)

	At 30 June	At 31 December
	2017	2016
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**12,661,535**	11,846,491
Elimination of inter-segment receivables	**(293,464)**	(160,800)
	12,368,071	11,685,691
Deferred tax assets	**100,225**	92,593
Unallocated assets	**820,783**	1,110,139
Consolidated total assets	**13,289,079**	12,888,423

	At 30 June	At 31 December
	2017	2016
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**6,232,234**	5,452,312
Elimination of inter-segment payables	**(293,464)**	(160,800)
	5,938,770	5,291,512
Income tax payable	**20,738**	50,587
Deferred tax liabilities	**152,975**	122,562
Unallocated liabilities	**1,725,984**	2,121,697
Consolidated total liabilities	**7,838,467**	7,586,358

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.

9 TRADE AND BILLS RECEIVABLES

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

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Current	**2,000,684**	1,697,877
Less than 1 month past due	**168,224**	47,148
1 to 3 months past due	**191,768**	280,974
More than 3 months but less than 12 months past due	**349,987**	338,841
More than 12 months past due	**481,201**	404,475
Amounts past due	**1,191,180**	1,071,438
	3,191,864	2,769,315

Trade and bills receivables (net of impairment losses for bad and doubtful debts) are expected to be recovered within one year. In general, debts are due for payment upon billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trading and payment records on a case-by-case basis.

10 TRADE AND BILLS PAYABLES

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Trade creditors	**1,998,560**	1,645,745
Bills payables	**219,807**	320,600
	2,218,367	1,966,345

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

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Within 3 months	**1,823,293**	1,560,219
3 months to 12 months	**203,373**	275,664
Over 12 months	**191,701**	130,462
	2,218,367	1,966,345

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

11 DIVIDENDS

No dividend was paid or proposed in relation to the year ended 31 December 2016 (final dividend of RMB162,895,000 in relation to the year ended 31 December 2015 was paid in 2016).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

BUSINESS REVIEW

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

Product portfolio

The three business segments of the Group mainly comprise the following products under different brand names:

Energy equipment

- Compressed natural gas ("**CNG**") seamless pressure cylinders
- CNG trailers
- Liquefied natural gas ("**LNG**") trailers and tanks
- Natural gas refueling station systems
- Liquefied petroleum gas ("**LPG**") trailers and tanks
- Natural gas compressors
- Project engineering services, e.g. LNG related projects

Energy equipment is mainly sold under the brand names "**Enric**", "**Sanctum**" and "**Hongtu**".

Chemical equipment

- Tank containers for chemical liquids, liquefied gas and cryogenic liquids

Tank containers are mainly sold under the brand name "**CIMC Tank**".

Liquid food equipment

- Stainless steel processing and storage tanks
- Project engineering services, e.g. turnkey projects for the processing and distribution of beer and fruit juice

These products and services are branded under the names "**Ziemann Holvrieka**" and "**Briggs**".

OPERATIONAL PERFORMANCE

Revenue

With the rebound of international oil price since the second half of 2016 and favourable policies announced by the PRC Government, the demand for LNG equipment increased during the first half of 2017. Therefore, the Group's energy equipment segment recorded a surge in revenue in the period. The rise in demand for standard tank containers caused the chemical equipment segment to post an increase in revenue during the period, despite a slight decline in special tank containers' revenue. The liquid food equipment segment's revenue slightly increased during the period mainly due to inorganic growth brought on by the acquisition of Briggs Group Limited in June 2016. As a result, the revenue for the first half of 2017 rose by 23.8% to RMB4,626,306,000 (corresponding period in 2016: RMB3,737,502,000). The performance of each segment is discussed below:

During the first half of 2017, the energy equipment segment's revenue rose by 49.7% to RMB2,164,153,000 (corresponding period in 2016: RMB1,445,660,000) because of a rise in the demand for LNG equipment which was caused by a soar in demand for LNG powered heavy duty trucks in China as well as the favourable government policies aimed to boost natural gas consumption. The segment remains the top grossing segment and accounted for 46.8% of the Group's total revenue (corresponding period in 2016: 38.7%).

The chemical equipment segment's revenue increased by 9.3% to RMB1,363,939,000 (corresponding period in 2016: RMB1,248,365,000) due to an increase in the sales volume of standard tank containers which more than offset the slow down in demand for special tank containers during the period. The segment made up 29.5% of the Group's total revenue (corresponding period in 2016: 33.4%).

The liquid food equipment segment's revenue posted a moderate rise of 5.2% to RMB1,098,214,000 during the period (corresponding period in 2016: RMB1,043,477,000) mainly due to inorganic growth. The segment accounted for 23.7% of the Group's total revenue (corresponding period in 2016: 27.9%).

Gross profit margin and profitability

The energy equipment segment's gross profit margin ("GP margin") fell to 13.6% (corresponding period in 2016: 16.9%). The decline is mainly the result of market competition. As for the chemical equipment segment, its GP margin saw a slight increase from 16.0% in the same period last year to 17.5% during the period. This is attributable to the average selling price of standard tank containers increased faster than the unit cost during the period. The GP margin for liquid food equipment segment slightly declined to 19.6% during the period due to increased operating cost in project execution (corresponding period in 2016: 21.6%).

While the chemical equipment segment's GP margin rose, the fall of both energy and liquid food equipment segments' GP margins caused the Group's overall GP margin to decrease by 1.7 percentage points to 16.2% (corresponding period in 2016: 17.9%).

Profit from operations expressed as a percentage of revenue decreased by 2 percentage points to 6.4% (corresponding period in 2016: 8.4%) which is mainly attributable to the lower GP margin and the increase of selling expenses at a faster rate than revenue and other net income changed to other net expenses during the period.

The Restructuring Plan related to the acquisition of the entire equity interest in SinoPacific Offshore & Engineering Co., Ltd. ("**SOE**") has been approved by SOE's creditors at the creditors' meeting and subsequently approved by PRC Court under the relevant laws of PRC on 4 August 2017. Based on the repayment capability analysis provided by the receiver, the recoverable amount of the Financial Assistance as at 30 June 2017 is estimated to be approximately RMB190,521,000. Therefore, the Group made an additional provision for impairment of RMB105,549,000 during the period.

Income tax expenses for the Group rose by 11% to RMB71,280,000 for the period (corresponding period in 2016: RMB64,137,000) despite the decrease in profit from operations. This is mainly due to recognised tax expenses in relation to profits on construction contracts that were on going during the period.

PROSPECTS

The global economy continued to show improvements during the first half of 2017. Developed economies enjoyed stable recovery in general, with improved sentiments in the USA, Eurozone and Japan, while China and India continued to lead the way in the growth among the emerging economies. However, economic recovery remained imbalanced globally and strong structural growth has yet to be seen. The global economy will continue to face uncertainties arising from elections in a number of European countries, geopolitics, U.S. Federal Reserve rate hikes and debts of the emerging markets, and downside pressure will persist in the second half of the year. According to the estimates of the International Monetary Fund, gross domestic product (GDP) on a global basis will increase by 3.5% in 2017 in accelerated growth compared to 2016.

Figures announced by the National Bureau of Statistics of China indicated that the country reaped a 6.9% GDP growth for the first six months of 2017, which was higher than the growth target previously set by the government. Looking forward, the economic landscape will remain complicated as the Chinese economy enters the "New Normal" phase while regional trade protectionism is growing around the world. Nevertheless, the globalisation trend is hardly reversible, while China's further reforms and "Belt and Road" Initiative have come into force. The move towards low-carbon living will continue to drive the demand for equipment and engineering services relating to clean energy and green logistics. The continuous emergence of new technologies, markets and business models will present new opportunities for the Group.

In order to seize opportunities in tandem with macro-economic developments, the Group will reinforce its prudent operation and optimisation of its existing business, so as to strengthen its core business. In the future, we will pursue the central objective of seeking "quality development" with a resolute commitment to our core business of "equipment manufacturing + project engineering services + integrated solutions" as the main development path. We will enhance our operating standards through globalisation and specialisation and drive the development of new businesses through innovation, in order to sustain the momentum and quality of growth.

First of all, the Group strives to promote the modernisation of equipment and project engineering in the energy, chemical and liquid food industries. Currently, we have developed the ability for large-scale industrial equipment, standardised and scale production and engineering, procurement and construction ("**EPC**") capability for large-scale energy and chemical projects, with solid foundation in supply-chain management, cost management, production operation and process innovation for the manufacturing sector. Moreover, in line with trends in global manufacturing, the Company will move towards integrated solutions in a market-oriented and customer-oriented approach on the back of product manufacturing and project engineering services, with a view to driving the development of its existing business. In addition, we will enhance our innovation mechanism, and will focus on natural gas maritime transportation, oil and gas modules, natural gas distributed power generation and LNG tank container multimodal transportation. The Group will continue to grow through new businesses, new technologies and innovative business models.

Energy equipment

The prospects of petroleum-related industries are declining under the global trend of low-carbon and clean energy, although new energies have yet to grow into major energy sources. In contrast, natural gas is enjoying broader prospects for development on a global scale, especially in China, where environmental protection and smog treatment have become priority tasks. The market-oriented reform of the natural gas sector will also promote the development of natural gas as a clean energy. Since the fourth quarter of 2016, the Chinese government has promulgated a series of policies favouring the development of natural gas, including the "13th Five Year Plan for Natural Gas Development" (《天然氣發展「十三五」規劃》), "Certain Opinions on Further Reforms of the Petroleum and Natural Gas Regime" (《關於深化石油天然氣體制改革的若干意見》) and "Opinion on Expediting the Progress of Natural Gas Utilisation" (《加快推進天然氣利用的意見》). Such documents have established the goal of developing natural gas into one of China's main energy sources and called for the implementation of important tasks including the promotion of natural gas utilisation in general, progress of natural gas pricing reforms and upgrade of financial support. Such policies will provide a significant driving force for the development of China's natural gas sector in the future.

According to figures released by the National Energy Administration, China's natural gas consumption for the first half of 2017 amounted to approximately 114 billion cubic metres, representing a year-on-year growth of approximately 11.7%, the first double-digit growth recorded in two years. Given the environmental benefits of natural gas versus other fossil fuels and the supportive policies of the Chinese government, the Group remains confident in the long-term prospects of the natural gas industry in China. Driven by the substantial increase in the sales of natural gas-powered heavy trucks in China, the Company reported notable growth in LNG equipment orders and results for the first half of 2017.

According to the "Opinion on Expediting the Progress of Natural Gas Utilisation" jointly issued by the National Development and Reform Commission ("**NDRC**") and 12 other government authorities in June 2017, the consumption of natural gas as a percentage of primary energy consumption will increase to approximately 10% by 2020, hence the natural gas industry expects immense growth potential in the future. With the widening price gap between oil and gas following the recent rebound in oil prices, the economic benefit of natural gas has become more evident, and such developments have also stimulated the demand from midstream and downstream industries. Moreover, the "Implementation Scheme on Air Pollution Mitigation for Beijing, Tianjin and Neighbouring Areas 2017" (《京津冀及周邊地區2017年大氣污染防治工作方案》) jointly issued by the NDRC and other provincial and municipal authorities in March 2017 has stipulated measures for coal-to-gas heater and oil-to-gas vehicle conversions. Investments in related infrastructures and equipment are expected to drive the demand for products and services of the energy equipment segment.

Douglas-Westwood projects global capital expenditure on floating LNG facilities to reach a total of USD41.6 billion for 2017 to 2022, compared with USD11.4 billion for 2011 to 2015; therefore apart from carrying out marketing strategies in the China market, the energy equipment segment will look for more growth opportunities in overseas markets.

After years of development, the Group now possesses integrated capabilities in design, engineering, equipment consolidation and equipment application covering upstream, midstream and downstream sectors in clean energy and has developed a business network covering the entire natural gas value chain. With the stable growth of its core business of natural gas equipment and project engineering, the Group will closely monitor development opportunities in the natural gas industry. We will actively explore businesses in natural gas maritime transportation and oil and gas modules, while developing natural gas-based clean energy fuel storage and transportation as well as natural gas distributed power generation. We will also vigorously explore businesses along the clean energy value chain.

In tandem with the ongoing development and expansion of the natural gas industry, the Company's energy equipment business should see stable growth.

Chemical equipment

In the past few years, lessors in the global market have invested heavily in chemical tank containers, resulting in record-high demands for the product. Growth in the demand for tank containers attributed to both organic growth and replacement orders. While the actual quantity might vary from year to year, the overall demand generally remains stable. In the long run, as the global economy gradually stabilises and emerging markets continue to develop, the global chemical industry is expected to sustain a stable growth over the longer term. As such, tank containers will enjoy an increasingly distinctive advantage over other forms of logistics.

Currently, the markets of developed countries in Europe and the USA have completed the transition to a stage of stable growth, while the demand for tank containers in emerging markets will experience gradual growth due to the replacement and upgrade of traditional transportation modes for local chemical sectors and increasing concern for safe, efficient and eco-friendly transportation of hazardous goods. These will drive the sustained growth of the global tank container market. All in all, with the rise in inter-regional trade of chemicals in the

international market driving the gradual recovery of global investments in chemical products, the green logistics mode with higher level of security, cost-effectiveness, eco-friendliness and smart applications will become the new market trend. Moreover, as the number of new chemicals and derivatives continue to emerge in line with developments in the chemical industry, the market for special tank containers is expected to post significant growth.

The Group will actively promote the general application of safer and more efficient equipment and technologies for the storage and transportation of hazardous chemicals in order to consolidate its leading position in the global market, as well as develop new, IOT ("Internet of things")-based transportation modes for tank containers to improve its after sales capabilities for the full life cycle of the product. To reinforce its leading position in the tank container market, the segment will introduce innovative manufacturing technologies, adopt cost management measures and optimise its production methods so as to improve its production efficiency and bolster its competitiveness. Elsewhere, the segment will further develop its business in after-sales services, such as tank container depot, tank container repair and maintenance, etc. Meanwhile, the business of "IOT + tank containers" will also be pursued with the launch of a centralised platform for monitoring, managing and servicing throughout the full life cycle of the tank containers, aiming to provide better services and solutions for the operation and management of our customers' tank containers.

Liquid food equipment

Global beer consumption had fallen into negative growth since 2014 in line with lacklustre retail spending amidst the slowdown in macro-economic growth. Nevertheless, after three years of decline in the volume of beer production and industry corrections, China's brewery sector started to pick up and revert to structural growth in 2017. Given ongoing population growth and rising living standards, the global liquid food equipment market is expected to enjoy stable growth with an estimated annual average growth rate slightly higher than the global GDP growth rate, with Asia, Latin America and Africa accounting for the majority of such growth. Moreover, with improved living standards and higher health awareness, there will be an increasing demand for safe and healthy food, including liquid food such as dairy products and fruit juice. As a result, the Group's liquid food equipment business will see more opportunities for expansion.

Through the renowned brands of "Ziemann Holvrieka" and "Briggs", the Group possesses competitive strengths derived from world-leading capabilities in the manufacturing and project engineering of beer saccharification and brewery equipment, proven business results and global brand influence. Meanwhile, the diverse geographic locations of production facilities in Europe and China has afforded a solid ability in general coordination over global production, procurement, operation and regional marketing.

In the future, the business segment will expand globally and diversify to equipment and project engineering for the manufacturing of food items other than beer, following a two-dimensional approach covering vertically the beer production chain and horizontally liquid food businesses, leveraging its core technologies and strengths in EPC contracting. In 2016,

the acquisition of Briggs Group Limited, with headquarters located in the U.K., has enabled the business segment to tap into distillation, fermentation and pharmaceutical manufacturing sectors on a global basis, as well as to provide process design and turnkey project engineering services for certain sub-sectors. Hence, the segment will actively explore business development in these new sectors in the future, striving to generate more opportunities for revenue and profit growth.

FUTURE PLANS AND STRATEGIES

Energy equipment

In order to expedite the progress of natural gas utilisation and ensure effective treatment of air pollution, the NDRC issued a notice entitled "Opinion on Expediting the Progress of Natural Gas Utilisation", following the promulgation of the "13th Five Year Plan for Energy Development" in 2016. The key task is to expedite the progress of utilisation of natural gas in the sectors of city/town gas supply, industrial fuel, gas-fired power generation and transportation, and to realise co-development of the upstream, midstream and downstream sectors of the industry.

The segment is committed to becoming one of the major energy equipment manufacturers in China's modern clean energy sector. The segment's competitive advantage rests on its superior qualifications relevant to the industry, reputation, track records, sales and marketing team, R&D capability and unique products and services.

Based on the customer-oriented approach, the segment has been engaged in the R&D of new products, technologies and materials, as well as multi-dimensional reforms towards smart products, tailored services and data-based operational management through internal upgrades. Moreover, all overseas businesses of the segment have been placed under centralised management, facilitating effective integration of resources and swift response to market requirements, which will enhance our brand reputation.

In addition to the manufacturing of energy equipment, the segment has also been committed to the exploration of new businesses and active efforts have been made to extend to pioneering technologies and new service models and to identify business opportunities in hydrogen energy, distributed power generation, EPC system solutions and operating lease. In the meantime, the segment has also proactively expanded to markets such as natural gas marine applications, maritime transport and floating LNG facilities through the recent acquisition of SOE and establishment of a subsidiary in Singapore in 2016.

Furthermore, the segment will continue to guide the industry associations in the China market to drive the development and upgrade of industry standards, striving to introduce new business models for the benefit of the long-term development of the segment's equipment and project engineering businesses.

Chemical equipment

The relevant Chinese government authorities have been introducing policies for the encouragement of intermodal transportation, calling for the construction of logistics infrastructures, launch of exemplary projects in intermodal transportation and construction of intermodal transportation hubs. These initiatives are set to enhance the penetration of tank containers in China's logistics industry.

During the first half of 2017, market demand grew at a slow pace. The Company's tank container business reported outstanding performance amidst intense market competition, as excellent results were achieved for standard tank containers, gas tank containers, LNG tank containers and rail tank containers. Leveraging its advanced R&D capability and extensive experience in the industry, the segment is committed to the provision of one-stop storage and transportation solutions and services for gas, liquid and powder.

On top of consolidating its leading position in the market for standard tank containers, the chemical equipment segment will continue to increase investments in the R&D of new products and special products, enhance interaction with customers and launch ongoing brand-building initiatives, so as to strengthen the competitiveness of its business by fostering competitive edge in differentiation. To enhance customer satisfaction, the segment has enhanced after-sales services at its service outlets in Europe. It is also in the process of developing sustainable after-sales servicing capabilities and networks. While fortifying its equipment manufacturing business, the segment has also been actively engaged in experimental developments of smart products, aiming to help customers improve efficiency and explore digitalised operations with the aid of internet and information technologies.

Liquid food equipment

As result of the integration of Ziemann and Briggs, the liquid food equipment segment has become a provider of integrated turnkey solutions to beer, spirits, and other liquid food producers as well as pharmaceutical companies. The segment constantly reviews and develops its strategy, to gain opportunities in which it can excel and enhance its business position. For vertical diversification, the segment continues to enhance its capabilities to offer turnkey solutions for brewing and strives to develop and deliver such services and products to our customers. For horizontal diversification, the segment strives to proactively develop businesses for other liquid food industries apart from beer, such as juice storage, transportation and dairy product processing.

The Group has operations in China and Europe, and through the integration of Ziemann Holvrieka Asia ("ZHA"), the liquid food equipment segment has expanded its production capacity in China and its marketing network in Asia. This facilitates the segment's development plans in South-east Asia and other countries in the world. Furthermore, the Group will continue to transfer advanced manufacturing technologies and know-how from Europe to its Chinese operations. The liquid food equipment segment has been working on the integration of the Ziemann technology in ZHA, through organising training programmes and exchange programmes for the project teams, engineers and technicians in China and Germany. Moreover, the Briggs brands, technologies and products will be introduced in the Asian markets in future.

Meanwhile, the segment will explore more business opportunities and revenue sources in American regions and emerging markets.

The acquisition of Briggs Group Limited, with headquarters located in the UK, strengthened the segment's process capabilities with extensive process design knowledge in breweries, pharmaceutical and distilleries. Integration of Briggs is an ongoing process and has proven successfully, already resulting in projects with an extended scope.

In addition, the segment will continue to enhance the branding of "Ziemann Holvrieka". Under the objective of a unified corporate image, the segment will continue to implement marketing strategies to improve the market positioning as well as increase brand awareness and customer intimacy.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 June 2017, the cash and cash equivalents of the Group amounted to RMB2,561,170,000 (31 December 2016: RMB2,916,900,000). A portion of the Group's bank deposits totalling RMB254,456,000 (31 December 2016: RMB263,640,000), which had more than three months of maturity at acquisition. The Group has maintained sufficient cash on hand for repayment of bank loans and loans from a related party as they fall due, and has continued to take a prudent approach in future development and capital expenditure. Accordingly, the Group has been cautious in managing its financial resources and will constantly review and maintain an optimal gearing level.

At 30 June 2017, the Group's bank loans and overdrafts amounted to RMB1,557,855,000 (31 December 2016: RMB1,598,994,000), other than syndicated bank loan and term loan with tenors of 3 years for business development and working capital, the remaining is repayable within one year. Apart from the syndicated bank loan denominated in USD and the term loan denominated in USD and HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.96% to 4.35% per annum. At 30 June 2017, the Group did not have secured bank loan (31 December 2016: Nil). As of 30 June 2017, bank loans amounting to RMB1,557,855,000 (31 December 2016: RMB1,598,994,000) were guaranteed by the Company's subsidiaries. As at 30 June 2017, loans from a related party amounted to RMB460,000,000 (31 December 2016: RMB875,000,000), which are unsecured, interest bearing from 4.35% to 4.50% (31 December 2016: 4.35% to 4.65%) per annum and repayable within one year.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (31 December 2016: zero times) as the Group retained a net cash balance of RMB797,771,000 (31 December 2016: RMB706,546,000). The increase in net cash balance is mainly attributable to considerable amount of down payments for new projects during the period. The Group's interest coverage was 7.1 times for the period (corresponding period in 2016: 8.1 times) which represents a decline that is mainly due to an increment in average bank borrowings over the same period in 2017. Certainly, the Group's profit from operation and healthy operating cash flow demonstrate that the Group is fully capable of meeting its interest expense commitments.

During the period, net cash generated from operating activities amounted to RMB147,442,000 (corresponding period in 2016: RMB700,379,000). The Group drew bank loans and loans from a related party totalling RMB357,000,000 (corresponding period in 2016: RMB1,378,235,000) and repaid RMB779,864,000 (corresponding period in 2016: RMB715,223,000). In addition, cash proceeds amounted to RMB4,507,000 arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 30 June 2017, total assets of the Group amounted to RMB13,289,079,000 (31 December 2016: RMB12,888,423,000) while total liabilities were RMB7,838,467,000 (31 December 2016: RMB7,586,358,000). The net asset value increased by 2.8% to RMB5,450,612,000 (31 December 2016: RMB5,302,065,000). It was mainly attributable to profit from operation of RMB296,217,000, exchange difference on translation of financial statements denominated in foreign currencies of RMB57,847,000, which partly offsetting by impairment provision made for SOE of RMB105,549,000 for the period. As a result, the net asset value per share increased to RMB2.812 at 30 June 2017 from RMB2.737 at 31 December 2016.

Contingent liabilities

At 30 June 2017, the Group had outstanding balance of guarantees issued by relevant banks totalling RMB695,197,000, of which balance of performance and quality guarantees was RMB338,541,000 in aggregate and balance of advance payment guarantees was RMB356,656,000. As at the date of this announcement, bank guarantees of RMB157,354,000 have been released. Apart from these, 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 an extent by bank loans. 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 2017, the Group had contracted but not provided for capital commitments of RMB34,433,000 (31 December 2016: RMB28,779,000). As of 30 June 2017, the Group did not have authorised but not contracted for capital commitments (31 December 2016: 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 dollars 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 enters into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Capital expenditure

In the first half of 2017, the Group invested RMB58,865,000 in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The energy equipment segment, chemical equipment segment and liquid food equipment segment invested RMB35,247,000, RMB19,273,000 and RMB4,235,000 respectively in capital expenditure during the period.

Employees and remuneration policies

At 30 June 2017, the total number of employees of the Group was approximately 9,000 (corresponding period in 2016: approximately 8,850). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB693,291,000 (corresponding period in 2016: RMB619,112,000).

Save as disclosed above, there have been no material changes in respect of employee incentive and bonus policies, the share option scheme and training scheme as disclosed in Annual Report 2016.

SUBSEQUENT EVENTS AFTER REPORTING PERIOD

Acquisition of SinoPacific Offshore & Engineering Co., Ltd.

On 5 July 2017, the Group, SOE and the receiver entered into restructuring investment agreement, in relation to the acquisition of the entire equity interest in SOE for a consideration of RMB799,800,000 (the "**Acquisition**"). The restructuring plan related to the Acquisition has been approved by the SOE's creditors at the creditor' meeting and subsequently approved by the PRC court under relevant laws of PRC on 4 August 2017. On 15 August 2017, SOE has become an indirect wholly-owned subsidiary of the Company pursuant to both the restructuring investment agreement and the restructuring plan and the name of SOE has been changed to "南通中集太平洋海洋工程有限公司" (Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.*). Further details were disclosed in the announcements of the Company dated 5 July 2017, 4 August 2017 and 16 August 2017 respectively.

As a result, an additional provision for impairment of RMB105,549,000 was made based on the repayment capability analysis provided by the receiver for the six months ended 30 June 2017.

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 2017.

The latest corporate governance report of the Company is set out in the Annual Report 2016. Details of each of the audit committee, the remuneration committee and the nomination committee of the Company are also provided in the same report.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

DIRECTORS

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman), Mr. Liu Chunfeng (General Manager) as executive Directors; Mr. Jin Jianlong, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Jin Yongsheng as non-executive Directors; and Mr. Wong Chun Ho, Mr. Tsui Kei Pang and Mr. Zhang Xueqian as independent non-executive Directors.

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

Hong Kong, 22 August 2017

The Interim Report 2017 will be dispatched to the shareholders and published on the websites of the Company and the Stock Exchange.

* *For identification purposes only*