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

中期報告
Interim Report
2018

Vision 願景

To be a respected world-leading enterprise in clean energy, chemical and environmental, and liquid food industries.

成為清潔能源、化工環境、液態食品領域受人尊敬的全球領先企業。

Mission 使命

To create value for customers; to achieve career goals for employees; to generate return for shareholders; to take up social responsibilities.

為客戶創造價值，為員工成就事業，為股東贏得回報，對社會履行責任。

About Us 關於我們

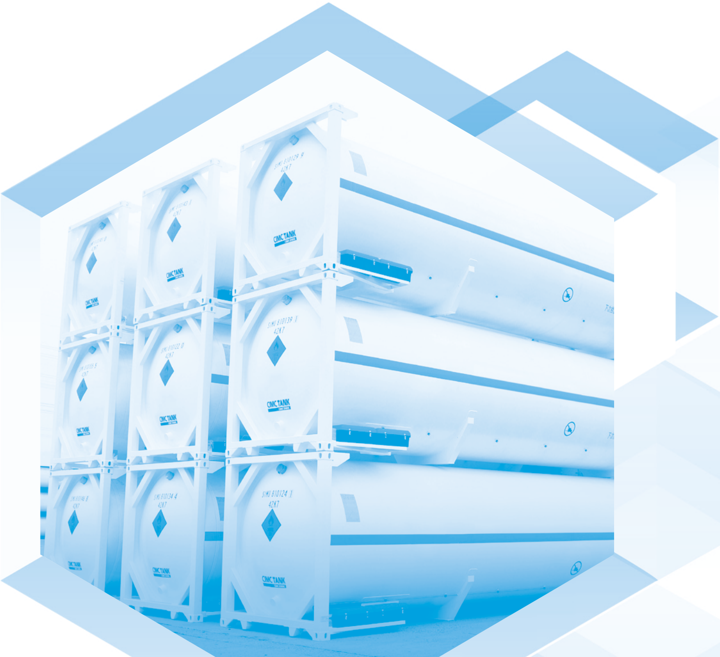
Founded in 2004, CIMC Enric has been listed on the Hong Kong Stock Exchange since 2005. We are a member of the CIMC Group.

Our production bases and R&D centres are located in various countries including China, the Netherlands, Germany, Belgium, Denmark and United Kingdom, shaping an interactive and complementary business model across China and Europe. Our sales and marketing network spans across the world.

中集安瑞科於2004年成立，自2005年在香港聯交所上市，為中集集團成員之一。

我們在中國、荷蘭、德國、比利時、丹麥及英國等國家擁有生產基地和研發中心，形成了中歐互動、互為支持的產業格局。我們的營銷網絡遍布全球。

CONTENTS



Financial Highlights

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000 (Restated)	+/–
FINANCIAL POSITION			
Total assets	**14,854,745**	14,176,233	+4.8%
Net assets	**6,038,181**	5,869,779	+2.9%
Net current assets	**2,598,164**	2,645,090	–1.8%
Cash and cash equivalents	**2,382,620**	2,259,890	+5.4%
Bank loans and loans from related parties	**1,755,804**	1,495,308	+17.4%
Gearing ratio[1]	**29.1%**	25.5%	+3.6ppt

	For the six months ended 30 June		
	2018 RMB'000	2017 RMB'000 (Restated)	+/–
OPERATING RESULTS			
Revenue	**5,649,719**	4,633,140	+21.9%
Gross profit	**878,652**	750,478	+17.1%
EBITDA	**569,246**	426,653	+33.4%
Profit from operations	**434,256**	298,936	+45.3%
Profit attributable to equity shareholders	**308,353**	76,817	+301.4%
PER SHARE DATA			
Earnings per share – Basic	**RMB0.159**	RMB0.040	+297.5%
Earnings per share – Diluted	**RMB0.157**	RMB0.039	+302.6%
Net asset value per share	**RMB3.097**	RMB2.816	+10.0%
KEY STATISTICS			
GP ratio	**15.6%**	16.2%	–0.6ppt
EBITDA margin	**10.1%**	9.2%	+0.9ppt
Operating profit margin	**7.7%**	6.5%	+1.2ppt
Return on equity (half year)[2]	**5.3%**	1.4%	+3.9ppt
Interest coverage – times	**15.6**	7.2	+8.4
Inventory turnover days	**124**	114	+10
Debtor turnover days	**90**	117	–27
Creditor turnover days	**90**	98	–8

Notes:

1 Gearing ratio = Bank loans and loans from related parties ÷ Total equity

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

pwc

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 34, which comprises the consolidated balance sheet of CIMC Enric Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related 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 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2018

Consolidated Income Statement

For the six months ended 30 June 2018 – unaudited

	Note	Six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated)
Revenue	5	**5,649,719**	4,633,140
Cost of sales		**(4,771,067)**	(3,882,662)
Gross profit		**878,652**	750,478
Change in fair value of derivative financial instruments		**(4,319)**	7,435
Other revenue	*6(a)*	**130,572**	86,665
Other income/(expenses), net	*6(b)*	**20,179**	(17,033)
Net impairment reversal/(loss) on financial assets	*7(c)*	**7,339**	(15,016)
Selling expenses		**(178,668)**	(166,218)
Administrative expenses		**(419,499)**	(347,375)
Profit from operations		**434,256**	298,936
Finance costs	*7(a)*	**(30,344)**	(42,779)
Impairment provision	*8*	**–**	(105,549)
Profit before taxation	*7*	**403,912**	150,608
Income tax expenses	*9*	**(89,265)**	(71,960)
Profit for the period		**314,647**	78,648
Attributable to:			
Equity shareholders of the Company		**308,353**	76,817
Non-controlling interests		**6,294**	1,831
Profit for the period		**314,647**	78,648
Earnings per share	*10*		
– Basic		**RMB0.159**	RMB0.040
– Diluted		**RMB0.157**	RMB0.039

The notes on pages 11 to 34 form an integral part of this interim financial report.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018 – unaudited

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Profit for the period	**314,647**	78,648
Other comprehensive income for the period		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(18,738)**	57,847
Total comprehensive income for the period	**295,909**	136,495
Attributable to:		
Equity shareholders of the Company	**289,615**	134,664
Non-controlling interests	**6,294**	1,831
Total comprehensive income for the period	**295,909**	136,495

The notes on pages 11 to 34 form an integral part of this interim financial report.

Consolidated Balance Sheet

As at 30 June 2018 – unaudited

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	*11*	**2,586,743**	2,590,329
Construction in progress		**142,040**	129,917
Investment property		**18,614**	18,981
Lease prepayments		**584,985**	508,963
Intangible assets		**213,122**	230,136
Investment in associates		**3,685**	5,755
Prepayment for acquisition of equity interests	*12*	**50,000**	–
Goodwill		**270,326**	273,926
Deferred tax assets		**112,089**	104,070
		3,981,604	3,862,077
Current assets			
Derivative financial instruments		**949**	298
Inventories	*13*	**3,470,255**	3,053,574
Contract assets	*2(e)(i)*	**1,339,651**	1,051,728
Trade and bills receivables	*14*	**2,607,842**	2,980,045
Deposits, other receivables and prepayments	*15*	**654,572**	516,942
Amounts due from related parties	*23(b)*	**145,659**	186,087
Restricted bank deposits	*16(a)*	**271,593**	265,592
Cash and cash equivalents	*16(b)*	**2,382,620**	2,259,890
		10,873,141	10,314,156
Current liabilities			
Derivative financial instruments		**4,970**	–
Bank loans	*17*	**1,423,054**	1,390,308
Loans from related parties	*23(c)*	**332,750**	105,000
Contract liabilities	*2(e)(i)*	**2,509,078**	2,168,587
Trade and bills payables	*18*	**2,311,801**	2,432,934
Other payables and accrued expenses		**1,280,662**	1,313,809
Amounts due to related parties	*23(b)*	**144,323**	127,712
Warranty provision		**201,530**	84,099
Other borrowings		**8,234**	8,163
Income tax payable		**58,141**	38,014
Employee benefit liabilities		**434**	440
		8,274,977	7,669,066
Net current assets		**2,598,164**	2,645,090
Total assets less current liabilities		**6,579,768**	6,507,167

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Non-current liabilities			
Warranty provision		**91,495**	182,266
Deferred tax liabilities		**170,128**	165,837
Deferred income		**248,747**	254,048
Employee benefit liabilities		**3,908**	3,793
Other borrowings		**27,309**	31,444
		541,587	637,388
NET ASSETS		**6,038,181**	5,869,779
CAPITAL AND RESERVES			
Share capital		**17,853**	17,793
Reserves	20	**5,867,663**	5,706,846
Equity attributable to equity shareholders of the Company		**5,885,516**	5,724,639
Non-controlling interests		**152,665**	145,140
TOTAL EQUITY		**6,038,181**	5,869,779

* Certain comparative figures are reclassified for presentation purpose.

The notes on pages 11 to 34 form an integral part of this interim financial report.

Consolidated Statement of Changes In Equity

For the six months ended 30 June 2018 – unaudited

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note 20(b))*	Capital reserve RMB'000 *(Note 20(c))*	Exchange reserve RMB'000	General reserve fund RMB'000 *(Note 20(d))*	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (as previously reported)	17,743	147,005	1,124,571	171,748	(428,754)	452,424	3,673,994	5,158,731	143,334	5,302,065
Nantong Yongxin Logistics Co., Ltd ("NYX") under common control combination	–	–	3,000	–	–	293	2,791	6,084	–	6,084
At 1 January 2017 (restated)	17,743	147,005	1,127,571	171,748	(428,754)	452,717	3,676,785	5,164,815	143,334	5,308,149
Profit for the period	–	–	–	–	–	–	76,817	76,817	1,831	78,648
Other comprehensive income	–	–	–	–	57,847	–	–	57,847	–	57,847
Total comprehensive income for the period	–	–	–	–	57,847	–	76,817	134,664	1,831	136,495
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 (restated)	17,758	153,351	1,127,571	178,891	(370,907)	466,786	3,740,119	5,313,569	145,165	5,458,734

	Attributable to equity shareholders of the Company								Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000 *(Note 20(b))*	Capital reserve RMB'000 *(Note 20(c))*	Exchange reserve RMB'000	General reserve fund RMB'000 *(Note 20(d))*	Retained earnings RMB'000	Total RMB'000		
At 31 December 2017 (as previously reported)	17,793	168,902	1,124,571	177,699	(320,797)	483,261	4,064,409	5,715,838	145,140	5,860,978
NYX under common control combination	-	-	3,000	-	-	293	5,508	8,801	-	8,801
At 31 December 2017 (restated)	17,793	168,902	1,127,571	177,699	(320,797)	483,554	4,069,917	5,724,639	145,140	5,869,779
Adjustment on adoption of Hong Kong Financial Reporting Standard ("HKFRS") 9, net of tax	-	-	-	-	-	-	(8,102)	(8,102)	-	(8,102)
Adjustment on adoption of HKFRS 15, net of tax	-	-	-	-	-	-	(7,560)	(7,560)	-	(7,560)
At 1 January 2018 (restated)	17,793	168,902	1,127,571	177,699	(320,797)	483,554	4,054,255	5,708,977	145,140	5,854,117
Profit for the period	-	-	-	-	-	-	308,353	308,353	6,294	314,647
Other comprehensive income	-	-	-	-	(18,738)	-	-	(18,738)	-	(18,738)
Total comprehensive income for the period	-	-	-	-	(18,738)	-	308,353	289,615	6,294	295,909
Issuance of shares in connection with exercise of share options	60	25,787	-	(7,515)	-	-	-	18,332	-	18,332
Transfer to retained earnings	-	-	-	(2,250)	-	-	2,250	-	-	-
Equity-settled share-based transactions	-	-	-	3,078	-	-	-	3,078	-	3,078
Transfer to general reserve	-	-	-	-	-	10,949	(10,949)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	1,231	1,231
2017 final dividend paid	-	-	-	-	-	-	(131,486)	(131,486)	-	(131,486)
Payment to previous shareholders of NYX under common control combination	-	-	(3,000)	-	-	-	-	(3,000)	-	(3,000)
Total contributions by and distributions to owners of the Company, recognised directly in equity	60	25,787	(3,000)	(6,687)	-	10,949	(140,185)	(113,076)	1,231	(111,845)
At 30 June 2018	17,853	194,689	1,124,571	171,012	(339,535)	494,503	4,222,423	5,885,516	152,665	6,038,181

The notes on pages 11 to 34 form an integral part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2018 – unaudited

	Note	Six months ended 30 June 2018 RMB'000	 2017 RMB'000 (Restated)
Operating activities			
Cash generated from operations		**341,430**	228,361
Income tax paid		**(73,957)**	(76,792)
Net cash generated from operating activities		**267,473**	151,569
Investing activities			
Payment for acquisition of property, plant and equipment and construction in progress		**(128,609)**	(58,538)
Payment for lease prepayments		**(83,043)**	–
Payment for acquisition of intangible assets		**(5,532)**	(327)
Prepayment for acquisition of equity interests	*12*	**(50,000)**	–
Acquisition of a subsidiary	*2(b)*	**(3,000)**	–
Proceeds from disposal of property, plant and equipment		**464**	1,057
Interest received	*6(a)*	**8,152**	15,735
Restricted bank deposits		**(6,001)**	9,184
Net cash used in investing activities		**(267,569)**	(32,889)
Financing activities			
Proceeds from new bank loans		**516,510**	317,000
Repayment of bank loans		**(497,260)**	(324,864)
Interest paid		**(31,271)**	(38,125)
Proceeds from issuance of ordinary shares		**18,332**	4,507
Dividends paid to Company's shareholders		**(131,486)**	–
Loans from a related party		**307,750**	40,000
Repayment of loans from a related party		**(80,000)**	(455,000)
Repayment of other borrowings		**(4,064)**	–
Capital contribution from non-controlling interests		**1,231**	–
Net cash generated from/(used in) financing activities		**99,742**	(456,482)
Net increase/(decrease) in cash and cash equivalents		**99,646**	(337,802)
Cash and cash equivalents at 1 January	*16(b)*	**2,259,890**	2,919,014
Effect of foreign exchange rate changes		**23,084**	(13,800)
Cash and cash equivalents at 30 June	*16(b)*	**2,382,620**	2,567,412

The notes on pages 11 to 34 form an integral part of this interim financial report.

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 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.

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 22 August 2018.

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 2018 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 should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

(b) Restatement due to common control combination

On 23 April 2018, Ziemann Holvrieka Asia Co., Ltd. ("ZHA"), a wholly-owned subsidiary of the Company, entered into an agreement to acquire from Shenzhen South CIMC Logistics Co., Ltd. ("South Logistics") 100% of the registered capital of Nantong Yongxin Logistics Co., Ltd. ("NYX") for an aggregate consideration of RMB3,000,000.

Since the Company, South Logistics, ZHA and NYX are ultimately controlled by China International Marine Containers (Group) Co., Ltd. ("CIMC") both before and after the above mentioned acquisition, this acquisition is regarded as "common control combination". Accordingly, the Company has applied merger accounting to account for the acquisition of NYX in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as expenses in the year in which they are incurred.

Reconciliation of the results of operations for the six months ended 30 June 2017 and the financial position as at 31 December 2017 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	Six months ended 30 June 2017				**Six months ended 30 June 2018**
	The Group RMB'000 (as previously reported)	NYX RMB'000	Elimination RMB'000	The Group RMB'000 (Restated)	**The Group RMB'000**
Revenue	4,626,306	17,056	(10,222)	4,633,140	**5,649,719**
Profit from operations	296,217	2,719	–	298,936	**434,256**
Profit for the period	76,610	2,038	–	78,648	**314,647**
Profit for the period attributable to equity shareholders of the Company	74,779	2,038	–	76,817	**308,353**
Earnings per share					
Basic earnings per share	RMB0.039	–	–	RMB0.040	**RMB0.159**
Diluted earnings per share	RMB0.038	–	–	RMB0.039	**RMB0.157**

	As at 31 December 2017				**As at 30 June 2018**
	The Group RMB'000 (as previously reported)	NYX RMB'000	Elimination RMB'000	The Group RMB'000 (Restated)	**The Group RMB'000**
Current assets	10,305,316	11,801	(2,961)	10,314,156	**10,873,141**
Total assets	14,167,219	11,975	(2,961)	14,176,233	**14,854,745**
Current liabilities	7,668,853	3,174	(2,961)	7,669,066	**8,274,977**
Total liabilities	8,306,241	3,174	(2,961)	8,306,454	**8,816,564**
Equity attributable to equity shareholders of the Company	5,715,838	8,801	–	5,724,639	**5,885,516**

(c) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 1 (Amendment)	First Time Adoption of HKFRS
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the new and amended standards does not have significant impact on the consolidated interim financial report except for HKFRS 9 and HKFRS 15. Please refer to note 2(e) below.

(d) New standards and interpretations not yet adopted

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
HK (IFRIC) Interpretation 23 Uncertainty over Income Tax Treatments	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

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 16.

(e) Changes in accounting policies and disclosures

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(i) Impact on the financial statements

The adjustments arising from the new accounting policies are not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018. However, the reclassifications have been reflected in the restated balance sheet as at 31 December 2017.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more details below.

Balance sheet	31 December 2017 After restatement for combination of NYX RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	**1 January 2018 RMB'000 (Restated)**
Inventory	3,053,574	–	18,719	**3,072,293**
Trade and bills receivables	2,980,045	(10,803)	(28,799)	**2,940,443**
Deposits, other receivables and prepayments	1,568,670	–	(1,051,728)	**516,942**
Contract assets	–	–	1,051,728	**1,051,728**
Current assets	10,314,156	(10,803)	(10,080)	**10,293,273**
Deferred tax assets	104,070	2,701	2,520	**109,291**
Non-current assets	3,862,077	2,701	2,520	**3,867,298**
Total assets	14,176,233	(8,102)	(7,560)	**14,160,571**
Other payables and accrued expenses	3,482,396	–	(2,168,587)	**1,313,809**
Contract liabilities	–	–	2,168,587	**2,168,587**
Current liabilities	7,669,066	–	–	**7,669,066**
Total liabilities	8,306,454	–	–	**8,306,454**
Reserves	5,706,846	(8,102)	(7,560)	**5,691,184**
Equity attributable to equity shareholders of the Company	5,724,639	(8,102)	(7,560)	**5,708,977**

(ii) *HKFRS 9 Financial Instruments – Impact of adoption*

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period as well. The new accounting policies are set out in note 2(e)(iii) below.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 January 2018 RMB'000
Retained earnings – after restatement for common control combination	**4,069,917**
Increase in provision for trade receivables	**(10,803)**
Increase in deferred tax assets	**2,701**
Adjustment to retained earnings from adoption of HKFRS 9	**(8,102)**
Retained earnings – after restatement pursuant to HKFRS 9	**4,061,815**

Impairment of financial assets
The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- Trade receivables from sale of goods
- Contract assets relating to construction service
- Other receivables, including amounts due from related parties

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note 2(e)(i) above.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and Contract assets
The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Expected loss rate of current contract assets is assessed to be 0.69%. As at 31 December 2017, the loss allowance provision for contract assets was not material.

To measure the expected credit losses of trade receivables from third parties, trade receivables have been assessed for impairment on both, an individual basis and on a collective group basis based on different credit risk characteristics as follows:

Individual	Receivables with pending lawsuits
Group 1	Bank acceptance notes
Group 2	Other trade receivables

– For receivables with pending lawsuits, the credit risk characteristics are unique, the Group has assessed that the expected credit losses on an individual basis;

– For bank acceptance notes, the Group has assessed that the expected credit losses are immaterial. Thus no loss allowance provision was recognised as at 1 January 2018;

– For other trade receivables, the Group has assessed the expected credit losses based on shared credit risk characteristics and past due ageing, the loss allowance as at 1 January 2018 was determined as follows:

	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current	0.69%	1,381,058	9,575
Less than 1 month past due	3.03%	242,411	7,339
1 to 3 months past due	3.04%	387,407	11,789
More than 3 months but less than 12 months past due	3.61%	205,444	7,419
More than 1 year but less than 2 years past due	12.51%	139,349	17,433
More than 2 years but less than 3 years past due	27.77%	157,334	43,688
More than 3 years past due	59.57%	89,296	53,197
Total		2,602,299	150,440

The loss allowances for trade receivables as at 31 December 2017 are reconciled to the opening loss allowances on 1 January 2018 as follows:

	Individual RMB'000	Group 1 RMB'000	Group 2 RMB'000	Total RMB'000
At 31 December 2017 – calculated under HKAS 39	115,343	–	139,637	254,980
Amounts restated through opening retained earnings	–	–	10,803	10,803
Opening loss allowance as at 1 January 2018 – calculated under HKFRS 9	115,343	–	150,440	265,783

Other receivables

Other financial assets at amortised cost include other receivables from related parties and tenders for contract work, the internal credit rating of other receivables from related parties and tenders for contract work were performing. The Group has assessed that the expected credit losses for these receivables are not material under the 12-month-expected-loss method. Thus no loss allowance provision was recognised as at 1 January 2018.

(iii) HKFRS 9 Financial Instruments – Accounting policies

Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

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

- those to be measured at amortised cost.

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

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

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

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

Impairment
From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

(iv) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption
The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

The impact on the Group's retained earnings as at 1 January 2018 is as follows:

	1 January 2018 RMB'000
Retained earnings – after restatements pursuant to HKFRS 9 and common control combination	**4,061,815**
Reassessment of construction contracts for adoption of HKFRS 15	**(10,080)**
Increase in deferred tax assets	**2,520**
Adjustment to retained earnings from adoption of HKFRS 15	**(7,560)**
Retained earnings – after restatements pursuant to HKFRS 15, HKFRS 9 and common control combination	**4,054,255**

Presentation of contract assets and liabilities

Reclassifications were made as at 31 December 2017 to be consistent with the terminology used under HKFRS 15:

- The excess of cumulative revenue recognised in profit or loss over the cumulative billings is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued or goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

- The excess of cumulative billings to purchasers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The contract liabilities are recognised as revenue when the Group satisfies its performance obligations.

- Reclassification of comparatives were made to the Amount due from customers for contract work which was previously included in Deposits, other receivables and prepayments to Contract assets and Advance from customers which was previously included in Other payables and accrued expenses to Contract liabilities, amounting to RMB1,051,728,000 and RMB2,168,587,000, respectively.

(v) *HKFRS 15 Revenue from Contracts with Customers – Accounting policies*

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

– provides all of the benefits received and consumed simultaneously by the customer; or

– creates and enhances an asset that the customer controls as the Group performs; or

– do not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

3 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 following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2018 and 31 December 2017 on a recurring basis:

	At 30 June 2018 Level 2 RMB'000	At 31 December 2017 Level 2 RMB'000
Financial assets		
– FVPL – foreign currency forwards	**949**	298
Financial liability		
– FVPL – foreign currency forwards	**4,970**	–

As at 30 June 2018, the Group's only financial instruments measured at fair value were derivative financial instruments arising from forward exchange contracts which were classified as level 2. 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 it is 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.

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 2018.

(b) Valuation techniques used to determine fair values

Level 2 financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates at the balance sheet day.

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

(c) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable and payable is either close to current market rates or the instruments are 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 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 and engineering: 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 liquefied natural gas ("LNG") trailers, LNG storage tanks, on-vehicle LNG fuel tanks, compressed natural gas ("CNG") trailers, CNG seamless pressure cylinders, liquefied petroleum gas ("LPG") storage tanks, LPG trailers, natural gas refuelling station systems and natural gas compressors; design, manufacture and sale of small-to-medium sized multi-gas carriers, such as LPG, LNG and liquefied ethylene/ethane gas ("LEG") carriers; the provision of Internet of Things ("IOT") technology and value-added service to the clean energy industry; and the provision of engineering, procurement, and construction ("EPC") services for the clean energy industry, such as LNG and LEG receiving terminals.

- 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 chemical liquids, liquefied gas and powder type products; and the provision of maintenance services for tank containers.

- Liquid food equipment and engineering: 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 senior executive management, which is 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 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 operation are further adjusted for items not specifically attributed to an individual reportable segment, such as finance costs, impairment provision in relation with the receivables from the Vendors (see note 15), 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, amortisation and 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.

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

	Energy equipment and engineering		Chemical equipment		Liquid food equipment and engineering		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Revenue from external customers	**2,516,134**	2,164,153	**1,699,997**	1,363,939	**1,410,177**	1,098,214	**5,626,308**	4,626,306
Inter-segment revenue	**1,708**	979	**39,866**	44,444	**-**	–	**41,574**	45,423
Reportable segment revenue	**2,517,842**	2,165,132	**1,739,863**	1,408,383	**1,410,177**	1,098,214	**5,667,882**	4,671,729
Timing of revenue recognition:								
At a point in time	**2,040,453**	1,956,377	**1,739,863**	1,408,383	**-**	–	**3,780,316**	3,364,760
Over time	**477,389**	208,755	**-**	–	**1,410,177**	1,098,214	**1,887,566**	1,306,969
Reportable segment profit (adjusted profit from operations)	**113,395**	9,649	**207,758**	216,885	**153,975**	105,747	**475,128**	332,281

	Energy equipment and engineering		Chemical equipment		Liquid food equipment and engineering		Total	
	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Reportable segment assets	**9,386,747**	9,200,987	**2,157,100**	1,873,827	**2,986,882**	2,915,838	**14,530,729**	13,990,652
Reportable segment liabilities	**4,238,901**	4,307,024	**1,148,312**	1,007,373	**2,067,253**	1,856,260	**7,454,466**	7,170,657

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (Restated)
Revenue		
Reportable segment revenue	**5,667,882**	4,671,729
Elimination of inter-segment revenue	**(41,574)**	(45,423)
Unallocated revenue	**23,411**	6,834
Consolidated revenue	**5,649,719**	4,633,140

	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000 (Restated)
Profit		
Reportable segment profit	**475,128**	332,281
Elimination of inter-segment profit	**–**	(1,470)
Reportable segment profit derived from the Group's external customers	**475,128**	330,811
Finance costs	**(30,344)**	(42,779)
Unallocated operating expenses	**(40,872)**	(31,875)
Impairment provision	**–**	(105,549)
Consolidated profit before taxation	**403,912**	150,608

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Assets		
Reportable segment assets	**14,530,729**	13,990,652
Elimination of inter-segment receivables	**(294,545)**	(249,202)
	14,236,184	13,741,450
Deferred tax assets	**112,089**	104,070
Unallocated assets	**506,472**	330,713
Consolidated total assets	**14,854,745**	14,176,233

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Liabilities		
Reportable segment liabilities	**7,454,466**	7,170,657
Elimination of inter-segment payables	**(294,545)**	(249,202)
	7,159,921	6,921,455
Income tax payable	**58,141**	38,014
Deferred tax liabilities	**170,128**	165,837
Unallocated liabilities	**1,428,374**	1,181,148
Consolidated total liabilities	**8,816,564**	8,306,454

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 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	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Sales of goods	**3,762,153**	3,326,171
Revenue from project engineering contracts	**1,887,566**	1,306,969
	5,649,719	4,633,140

6 Other revenue and other income/(expenses), net

(a) Other revenue

		Six months ended 30 June	
		2018	2017
	Note	**RMB'000**	RMB'000
			(Restated)
Government grants	*(i)*	**22,785**	9,416
Other operating revenue	*(ii)*	**99,635**	61,514
Interest income from bank deposits		**8,152**	15,735
		130,572	86,665

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

(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/(expenses), net

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Net loss on disposal of property, plant and equipment	**(1,473)**	(499)
Foreign exchange gain/(loss)	**21,337**	(11,968)
Other net income/(expenses)	**315**	(4,566)
	20,179	(17,033)

7 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2018 **RMB'000**	2017 RMB'000 (Restated)
Interest on bank loans and other borrowings	**27,792**	41,346
Bank charges	**2,552**	1,433
	30,344	42,779

(b) Other items

	Six months ended 30 June	
	2018 **RMB'000**	2017 RMB'000 (Restated)
Depreciation of property, plant and equipment	**112,958**	101,052
Amortisation of intangible assets	**17,196**	22,916
Amortisation of lease prepayments	**7,022**	5,181
Impairment provision for trade receivables (note 7(c))	**9,088**	17,204
Reversal of impairment provision of trade receivables (note 7(c))	**(16,427)**	(2,188)
Reversal of write-down of inventories	**(2,970)**	(79)
Research and development costs	**84,959**	78,216
Operating lease charges for property rental	**12,520**	9,147
Provision for product warranties	**43,581**	35,856
Equity-settled share-based payment expenses	**3,078**	9,583

(c) Net impairment reversal/(loss) on financial assets

	Six months ended 30 June	
	2018 **RMB'000**	2017 RMB'000 (Restated)
Impairment provision for trade receivables	**(9,088)**	(17,204)
Reversal of impairment provision of trade receivables	**16,427**	2,188
	7,339	(15,016)

8 Impairment provision

	Six months ended 30 June	
	2018 **RMB'000**	2017 RMB'000
Impairment provision for receivables from Nantong SinoPacific Offshore & Engineering Co., Ltd. ("SOE")	**–**	105,549

On 27 August 2015, an indirect wholly-owned subsidiary of the Company, CIMC Enric Investment Holdings (Shenzhen) Ltd. ("EIHL"), entered into an agreement ("Agreement") with SOEG PTE LTD, Jiangsu Pacific Shipbuilding Group Co., Ltd. and Evergreen Group Co., Ltd. ("Evergreen") (collectively, the "Vendors"), shareholders of SOE, pursuant to which the Vendors agreed to sell and EIHL agreed to purchase 100% equity interest in 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.

During 2016, the Directors considered certain conditions precedents in the Agreement could not be fulfilled and the Vendors breached certain material terms of the Agreement, hence the Agreement and the Financial Assistance Agreement were terminated by EIHL. The Company assessed the recoverability of the receivable from SOE for the year ended 31 December 2016, a provision of RMB1,184,281,000 was provided for receivable from SOE.

In 2017, SOE was in receivership of the SOE Insolvency and Liquidation Team (the "Receiver") which was appointed by the PRC Court. The Company, based on the best knowledge available and the repayment capability analysis provided by the Receiver, made a further impairment provision of RMB105,549,000 to write down the receivables due from SOE for the six months ended 30 June 2017.

On 5 July 2017, EIHL, SOE and the Receiver entered into a restructuring investment agreement (the "Restructuring Plan") pursuant to which EIHL as the restructuring investor, offered to purchase the major assets of the SOE through acquiring the entire equity interest in SOE. Subsequently, the Restructuring Plan was officially approved by SOE's creditors at the creditors' meeting and the PRC Court on 22 July 2017 and 4 August 2017 respectively and SOE became a direct wholly-owned subsidiary of EIHL on 4 August 2017. The remaining recoverable receivables due from SOE was subsequently settled by the Receiver.

9 Income tax expenses

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Current income tax	**87,771**	46,450
Deferred income tax	**1,494**	25,510
	89,265	71,960

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 2018, 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.

10 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	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**308,353**	76,817

	Six months ended 30 June	
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,944,860,751**	1,937,702,353
Effect of dilutive potential ordinary shares in respect of the Company's share options scheme *(note 19)*	**23,028,071**	15,521,743
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,967,888,822**	1,953,224,096

11 Property, plant and equipment

During the six months ended 30 June 2018, the addition of property, plant and equipment (including transfer from construction in progress) of the Group amounted to RMB116,271,000 (six months ended 30 June 2017: RMB89,732,000). Items of property, plant and equipment with net book value totalling RMB1,937,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1,555,000), resulting in a loss of RMB1,473,000 (six months ended 30 June 2017: RMB499,000).

12 Prepayment for acquisition of equity interests

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Prepayment for acquisition of equity interests	**50,000**	–

On 19 April 2018, EIHL, CIMC Financial Leasing (Hong Kong) Limited., CIMC Container Holding Co., Ltd. and Tianjin Jishun Machine Equipment Leasing Ltd. entered into an agreement to inject capital into CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd. ("CIMC Qianhai"). Pursuant to the agreement, EIHL agreed to contribute RMB100,000,000 in cash to CIMC Qianhai in respect of the capital injection. As at 30 June 2018, EIHL has contributed RMB50,000,000 in cash to CIMC Qianhai.

13 Inventories

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Raw materials	**1,136,688**	1,052,718
Consignment materials	**151,511**	150,387
Work in progress	**1,278,501**	1,094,756
Finished goods	**903,555**	755,713
	3,470,255	3,053,574

14 Trade and bills receivables

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

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Current	**1,624,669**	1,718,886
Less than 1 month past due	**292,889**	246,119
1 to 3 months past due	**113,180**	376,786
More than 3 months but less than 12 months past due	**234,670**	282,535
More than 1 year but less than 2 years past due	**134,103**	132,725
More than 2 years but less than 3 years past due	**103,052**	161,695
More than 3 years past due	**105,279**	61,299
Amounts past due	**983,173**	1,261,159
	2,607,842	2,980,045

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.

15 Deposits, other receivables and prepayments

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Receivables from the Vendors	**178,634**	178,634
Less: Impairment provisions for receivables from the Vendors (i)	**(178,634)**	(178,634)
Advances to suppliers	**285,070**	220,047
Deposits for tenders, contract work and equipment purchase	**171,820**	163,487
Staff advances	**16,153**	12,705
Deductible input value-added tax ("VAT")	**106,928**	51,844
Prepayments for services	**13,134**	9,106
Others	**61,467**	59,753
	654,572	516,942

(i) As disclosed in note 8, the Company terminated the Agreement and requested the Vendors to return the prepaid consideration of RMB178,634,000 because the Vendors had breached certain material terms of the Agreement. The receivables from the Vendors of RMB178,634,000 were already fully provided by the Group.

The carrying amount of deposits, other receivables and prepayments approximate their fair values.

16 Restricted bank deposits and cash and cash equivalents

(a) Restricted bank deposits

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Deposits for banking facilities	**271,593**	265,592

(b) Cash and cash equivalents

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Cash in hand and demand deposits	**2,295,690**	2,248,341
Bank deposits within three months of maturity	**86,930**	11,549
	2,382,620	2,259,890

17 Bank loans

At 30 June 2018, the bank loans were repayable as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year or on demand	**1,423,054**	1,390,308

As at 30 June 2018, all the bank loans were unsecured. The annual rate of interest charged on the bank loans ranged from 2.99% to 4.69% for the six months ended 30 June 2018 (six months ended 30 June 2017: 2.96% to 4.35%).

18 Trade and bills payables

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Trade creditors	**2,167,509**	2,143,575
Bills payables	**144,292**	289,359
	2,311,801	2,432,934

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

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 3 months	**1,964,642**	2,139,727
3 months to 12 months	**224,463**	186,677
Over 12 months	**122,696**	106,530
	2,311,801	2,432,934

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

19 Equity-settled share-based transactions

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 12 July 2016. Scheme II lasts for 10 years and as at 30 June 2018, no option under Scheme II was granted.

On 11 November 2009, 43,750,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2018 had an exercise price of HKD4.00 and a weighted average remaining contractual life of 1.36 years. As at 30 June 2018, 15,184,000 of these options were outstanding and exercisable.

On 28 October 2011, 38,200,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2018 had an exercise price of HKD2.48 and a weighted average remaining contractual life of 3.33 years. As at 30 June 2018, 21,073,000 of these options were outstanding and exercisable.

On 5 June 2014, 38,420,000 share options were granted to certain eligible persons of the Group. The options outstanding at 30 June 2018 had an exercise price of HKD11.24 and a weighted average remaining contractual life of 5.93 years. As at 30 June 2018, 30,280,000 of these options were outstanding and exercisable.

20 Capital, reserves and dividends

(a) Dividends

Final dividend of RMB131,486,000 in relation to the year ended 31 December 2017 was paid in 2018 (no dividend was proposed or paid in relation to the year ended 31 December 2016).

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

(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 Energy") acquired of RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Energy during the year ended 31 December 2012;

(iv) the registered capital of Holvrieka (China) Co., Ltd. (currently known as Ziemann Holvrieka Asia Co., Ltd., "ZHA") 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 ZHA during the year ended 31 December 2014;

(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; and

(vi) the registered capital of NYX acquired of RMB3,000,000; and the aggregate cash consideration paid by the Group of RMB3,000,000 for the acquisition of NYX during the six months ended 30 June 2018.

(c) Capital reserve

Capital reserve comprises the portion of the grant date fair value of unexercised share options 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.

(d) General reserve fund

The Group's wholly owned subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital. 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 Belgian Law. The legal reserve is not distributable.

21 Commitments

(a) Capital commitments outstanding at 30 June 2018 not provided for in the interim financial report were as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Contracted for		
– Production facilities	**26,154**	52,649
– Capital contribution to acquire equity interests	**50,000**	–
	76,154	52,649

(b) At 30 June 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year	**49,104**	12,477
After 1 year but within 5 years	**17,351**	14,221
After 5 years	**10,248**	11,444
	76,703	38,142

The Group leases a number of properties and office equipment under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

22 Contingencies

As at 30 June 2018, the Group had outstanding performance guarantees issued by relevant banks totalling RMB1,507,240,000 (31 December 2017: RMB994,460,000).

23 Related party transactions

(a) Apart from the common control combination as disclosed in note 2(b), transactions with CIMC and its subsidiaries and associates are as follows:

	Note	Six months ended 30 June 2018 RMB'000	Six months ended 30 June 2017 RMB'000 (Restated)
Nature of transactions			
Sales	*(i)*	**46,574**	83,683
Purchases	*(ii)*	**145,364**	85,478
Comprehensive charges	*(iii)*	**3,283**	1,297
Processing charges	*(iv)*	**7,003**	7,027
Processing income	*(v)*	**146**	152
Office services income	*(vi)*	**512**	740
Loans from related parties	*(vii)*	**307,750**	40,000
Repayment of loans from related parties	*(vii)*	**80,000**	455,000
Loan interest expenses	*(vii)*	**5,748**	13,866
Other financial service charges	*(viii)*	**–**	209
Deposit service	*(ix)*	**318,376**	243,036
Interest income from deposits	*(ix)*	**1,684**	1,169

(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 from related parties 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 1.75% to 6.80% (2017: 4.35% to 4.50%) per annum and are repayable within one year.

(viii) Other financial service charges mainly represent commercial notes acceptance and discounting service provided to the Group by a related party.

(ix) 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 bear interest and can be withdrawn on demand.

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 2018 RMB'000	At 31 December 2017 RMB'000 (Restated)
Trade receivables for products sold	**145,659**	186,087
Trade payables for raw material purchased and receipts in advance for sales	**(144,323)**	(127,712)

(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 2018 RMB'000	At 31 December 2017 RMB'000
Loans from related parties	**332,750**	105,000

The loans are unsecured, interest bearing from 1.75% to 6.80% (2017: 4.35% to 4.50%) per annum and are repayable within a year.

(d) Deposits placed with a related party

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Deposits	**318,376**	358,153

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

(ii) The deposits are included as part of the Group's cash and equivalents (note 16(b)).

(e) Immediate and ultimate controlling party

As at 30 June 2018, 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 2018, 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.

24 Events occurring after the balance sheet date

During the extraordinary general meeting held on 10 August 2018, the independent shareholders of the Company approved the issue and allotment of Restricted Shares under the Restricted Share Award Scheme (2018) (the "**Award Scheme**"). The Award Scheme was adopted by the Company on 26 June 2018 and pursuant to which the Board selected Eligible Participants for participation in the Award Scheme and shall grant no more than a total of 50,000,000 Restricted Shares to no more than a total of 500 Selected Participants. The Subscription Price for each Restricted Share is HKD3.71. After issue and allotment, the Restricted Shares will be held by a trustee on behalf of the Selected Participants during the vesting period. The Restricted Shares will be transferred from the trustee to the Selected Participants over the vesting periods upon satisfaction of the vesting conditions. The Restricted Shares are expected to be issued and allotted on 24 August 2018.

Management Discussion and Analysis

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 clean energy, chemical and environmental, and liquid food industries.

Product portfolio

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

Energy equipment and engineering

- Liquefied natural gas ("**LNG**") trailers, storage tanks and on-vehicle fuel tanks
- Compressed natural gas ("**CNG**") trailers and seamless pressure cylinders
- Liquefied petroleum gas ("**LPG**") trailers and storage tanks
- Natural gas refueling station systems
- Natural gas compressors
- EPC (engineering, procurement and construction) service for the natural gas liquefaction plant
- EPC service for the petrochemical products and natural gas cryogenic storage and transportation terminal
- EPC service for the large-scale petrochemical tank farm
- Intelligent IOT (Internet of Things) platform
- Small and medium-sized liquefied multi-gas carriers, LNG bunkering vessels, LNG powered ships
- Marine liquefied-gas tanks and LNG marine fuel tanks

Within this segment, cryogenic, medium-pressure and high-pressure equipment are mainly sold under the brand names "Enric", "Sanctum" and "Hongtu"; liquefaction engineering projects and EPC engineering projects operate under the brand names "Hashenleng" and "YPDI" respectively; marine gas products and engineering services are provided under the brand name "SOE"; intelligent IOT platform is sold under the brand name "Anjiehui".

Chemical equipment

- Tank containers for chemical liquids, liquefied gas and powder type products

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

Liquid food equipment and engineering

- Stainless steel processing and storage tanks

- Project engineering services, e.g. turnkey projects for the processing and distribution of beer, fruit juice and other liquid food

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

Operational Performance

Revenue

The gas shortage incident during the past winter has prompted the clean energy industry to raise the LNG storage and transportation capacity in China, which boosted the energy equipment and engineering segment's revenue for the first half this year. The chemical equipment segment also posted an increase in revenue due to continuing growth of the global chemical industry during the period. At the same time, the liquid food and engineering segment recorded a revenue growth due to increased order intake, especially in the Latin American market. As a result, the revenue for the first half of 2018 rose by 21.9% to RMB5,649,719,000 (corresponding period in 2017: RMB4,633,140,000). The performance of each segment is discussed below:

During the first half of 2018, the energy equipment and engineering segment's revenue rose by 16.3% to RMB2,516,134,000 (corresponding period in 2017: RMB2,164,153,000) because of a rise in turnover of LNG trailers, LNG tank containers and LNG storage tanks as well as the delivery of an LEG carrier. The segment remains the top grossing segment and accounted for 44.5% (corresponding period in 2017: 46.7%) of the Group's total revenue.

The chemical equipment segment's revenue increased by 24.6% to RMB1,699,997,000 during the period (corresponding period in 2017: RMB1,363,939,000) due to an increase in the market demand for both standard and special tank containers. The segment made up 30.1% of the Group's total revenue (corresponding period in 2017: 29.4%).

The liquid food equipment and engineering segment's revenue posted a rise of 28.4% to RMB1,410,177,000 during the period (corresponding period in 2017: RMB1,098,214,000) mainly due to increased order intake. The segment accounted for 25.0% of the Group's total revenue (corresponding period in 2017: 23.7%).

During the first half of 2018, the Group has unallocated revenue of RMB23,411,000 (corresponding period in 2017: RMB6,834,000) which accounted for 0.4% of the Group's revenue (corresponding period in 2017: 0.2%).

Gross profit margin and profitability

The energy equipment and engineering segment's gross profit margin ("GP margin") rose to 15.0% (corresponding period in 2017: 13.6%). The rise was mainly the result of a change in product mix and a decline in cost of production brought on by improved operating efficiency. As for the chemical equipment segment, its GP margin saw a fall from 17.5% in the same period last year to 14.7% during the period. This was attributable to the fall in USD exchange rate during the larger part of the first half of 2018. As the segment's key products, tank containers, are mostly denominated in USD and the depreciation in USD in turn lowers the revenue reported in RMB. The GP margin for liquid food equipment and engineering segment decreased to 17.3% during the period due to a number of new projects have been initiated and no major contracts completed; thus no warranty provision was reversed during the period (corresponding period in 2017: 19.6%).

While the energy equipment and engineering segment's GP margin rose, the fall of both chemical and liquid food equipment and engineering segments' GP margins caused the Group's overall GP margin to drop by 0.6 percentage point to 15.6% (corresponding period in 2017: 16.2%).

Profit from operations expressed as a percentage of revenue increased by 1.2 percentage points to 7.7% (corresponding period in 2017: 6.5%) which is mainly attributable to increased revenue as well as expenses increased at a slower rate compared with revenue growth.

During the period, as the profitability of the energy equipment and engineering segment improved and the income tax rate of 15.0% is applicable to most entities of the segment, together with the absence of one-off impairment provision, the effective tax rate of the Group declined to 22.1% in the first half of 2018 (corresponding period of 2017: 47.8%).

Review by business segments

Energy Equipment and Engineering

Operation performance

Despite a fall in the demand for on-vehicle LNG fuel tanks, the strong demand for LNG trailers, LNG storage tanks and LNG tank containers, as well as the delivery of one LEG carrier boosted the energy equipment and engineering segment's revenue to RMB2,516,134,000 (corresponding period in 2017: RMB2,164,153,000). The segment's operating profit for the period surged to RMB113,395,000 (corresponding period in 2017: RMB9,649,000) which was mainly caused by a recovering GP margin and both administrative and selling expenses increased at a slower rate than revenue during the period.

Research and Development

During the first half of 2018, the segment commenced a number of R&D projects to strengthened its core technology reserves, involving large-sized LNG marine fuel tank, new LNG filling station customised for Shell, new safety liquefied gas semi-trailers that has its structure, standard and material upgraded, large-volume containers, large volume III type gas cylinder, high-purity electronic gas cylinder, LNG automated intelligent gas supply system for automobile, LNG double-walled metal full capacity storage tank, cryogenic energy utilisation and so on. The segment has also actively involved in designing and building technologies for multi-category spherical tanks, including R&D of large volume LPG spherical tank and hydrogen steel spherical tank. Some of the new products will be launched in the second half of 2018 and contribute to the Group's revenue.

To meet the evolving needs of customers and enhance the Group's competitiveness, the segment aims to exploit the oversea markets. Relevant R&D projects have been launched during the first half of 2018, such as the R&D of skid-mounted LNG filling stations, marine LNG fuel tank and supply system for the international market.

To facilitate the sustainable development, the segment has strengthened R&D capabilities in the clean energy sector, such as equipment and technology for the entire hydrogen energy value chain, with a view to foster new growth points as well as increasing the Group's influence in the industry.

Moreover, the R&D team has played an important role in the development of EPC services, contributing to the development of various solutions for LNG, CNG and LPG storage and transportation. Wellhead gas recovery and liquefaction solution has been launched while carbon capture commercial application is now under intensive exploration, creating additional value to customers and the community.

Future plans and strategies

The state Council has released "Three-year action plan to win the Battle for a Blue Sky" (《打贏藍天三年保衛戰行動計劃》) and targets to raise natural gas's proportion to 10% of the primary energy consumption by the year 2020. Moreover, the natural gas pipeline network will be connected in a limited timeframe and the "South-to-North Gas Transmission" (南氣北送) channel will be opened up, in order to accelerate the construction of gas storage facilities. In addition, local governments, city gas operators and upstream gas suppliers are set to meet the quantitative targets by the winter of 2020.

Adhering to the core business of "equipment manufacturing + project engineering service + integrated solution" as the main path, the segment strategically covers the entire natural gas industry value chain. With a focus on LNG receiving terminals, peak-shaving facilities in major cities and LNG tank container intermodal transportation, the segment is determined to exploit the international market with a firm foothold in the domestic market, in order to grasp new business opportunities and maintain its competitive advantages.

In the meantime, to seize opportunities arising from the growing trend of low-carbon economy and accelerated pace of clean energy application around the world, the segment will further consolidate its overseas energy business and commit greater resources to the clean energy sector, such as marine gas storage and transportation, intelligent products and after-sales services, electronic gas containers, hydrogen energy exploration and utilisation. The segment also considers cooperation with leading players in the industry to gain more expansion.

Following the Group's acquisition of Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd. (formerly known as SinoPacific Offshore & Engineering Co., Ltd.), the subsidiary will continue to focus on its existing business of small and medium-sized liquefied multi-gas carriers, and explore the business of manufacture and modification of LNG powered ships, expanding its integrated natural gas value chain for purification, liquefaction, storage and transportation equipment both onshore and offshore, provide customers with comprehensive solutions.

Chemical Equipment

Operational performance

During the first half of 2018, the chemical equipment segment's revenue was RMB1,699,977,000 (corresponding period in 2017: RMB1,363,939,000). The segment's operating profit for the period fell slightly to RMB207,758,000 (corresponding period in 2017: RMB216,885,000) which was mainly attributable to the drop in GP margin during the period.

Research and Development

The chemical equipment segment is committed to the provision of new logistics solutions to customers and the R&D of different types of tank containers to meet customer needs. During the first half of 2018, the segment has successfully developed anti-corrosion liner tank, as it continues to lead the industry in tank container technology.

The segment has devoted to the continuing innovation of products and the application of new tank materials. In response to the enormous demand from the chemical logistics industry, it is currently developing the world-leading large-capacity lightweight gas tank, ISO containers and larger-sized WIDEBODY containers as well as large-capacity rail-way tank containers that tailored for European customers.

The segment focuses on the R&D of tank container IOT technologies, aiming to provide 24-hour non-stop monitoring and operating platform, as well as one-stop solutions to the chemical logistic industry.

To facilitate sustainable development of the Group, the segment is in vigourous exploration of R&D projects in the new sectors of chemical and environmental industries to enrich product lines, and build up abilities in manufacturing core equipment and providing EPC service for the solid waste recycling economy.

Future plans and strategies

Europe and the US have been the major markets for tank containers as this mature logistical system designed for chemicals have been established in these regions for years. With ongoing economic growth in emerging markets, such as China, Southeast Asia, India and Russia, the chemical sector in these emerging markets have been experiencing rapid growth, while demand for tank containers has also been steadily growing.

Contrary to the extensive application of tank containers in European and US markets, the chemical transportation sector in China mostly relies on traditional transportation modes such as tank trucks, drum barrels and bags, and consequently the demand for tank containers had been lower in the Chinese market compared with those in European and American countries. In recent years, however, safety requirements on transportation of hazardous chemicals and the legal awareness regarding the environment have been rising in China. Relevant authorities have announced policies to encourage the use of tank container, by promoting construction of logistics infrastructure, the establishment of pilot demonstration project and construction of hub terminals respectively. Such initiatives will facilitate a stronger penetration of tank containers in China's logistics industry.

Overall speaking, despite the advantages driven by the steadily growing demand for tank containers during the first half of 2018, the global demand for chemical equipment in the second half is expected to be affected by the rising Sino-US trade friction and global economic uncertainties. The chemical equipment segment will continue to devote effort into R&D and market exploration, so as to expand the scope of application of special tank containers and to maintain a leading market position in standard tank containers. By building supply chains that are efficient, mutually beneficial and of high quality, the segment seeks to establish comprehensive partnerships with clients through the whole service cycle, to implement full-scale upgrade of its manufacturing capabilities, to further consolidate competitiveness and thus to stay ahead of the industry. While consolidating its equipment manufacturing business, the segment will actively explore the potential in providing more intelligent products by utilising IOT technology, helping clients to build a digitalised operation system and improve their operating efficiency.

On top of the existing tank container business, this segment endeavours to enter the solid waste recycling economy sector and pursue environmental business opportunities through establishment, joint ventures and mergers. As an integration of equipment, engineering and operation services, the environmental industry is an emerging industry with optimistic market outlook, high profit margin, low industry concentration that makes it a good timing to enter the industry now. This segment has already established environmental R&D centre, which owns autonomous intellectual properties of core technologies.

Liquid Food Equipment and Engineering

Operational performance

During the first half of 2018, the liquid food equipment and engineering segment's revenue was RMB1,410,177,000 (corresponding period in 2017: RMB1,098,214,000). The segment's operating profit for the period rose to RMB153,975,000 (corresponding period in 2017: RMB105,747,000) despite a lower GP margin than the previous year. This absence of one-off restructuring costs in the current period was the main reason for the improved operating profit.

Research and development

During the first half of 2018, the liquid food equipment and engineering segment has strived to improve its key equipment product line for beer through providing integrated food equipment solutions to domestic and international markets, such as the development of the deoxygenated water preparation system and the wine mixing system. The segment will continue to enhance its strengths in the R&D of new technologies in beer brewing and explore diversification opportunities.

Apart from brewing equipment, the segment has also made active investigations into new business frontiers, such as biopharmaceuticals, fruit juice, beverages, milk and daily-use chemicals. Vigourous efforts have been made to drive technology upgrades and performance optimisation, resulting in the launch of new products commanding sound sales.

Future Plans and Strategies

In the future, the liquid food equipment and engineering 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 beer production and horizontally other liquid food businesses, leveraging its core technologies and strengths in EPC contracting. The acquisition of Briggs Group Limited in 2016, has enabled the business segment to tap into breweries, pharmaceutical and distilleries 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.

The liquid food equipment and engineering 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.

Financial Review

Liquidity and financial resources

At 30 June 2018, the cash and cash equivalents of the Group amounted to RMB2,382,620,000 (31 December 2017: RMB2,259,890,000). A portion of the Group's bank deposits totalling RMB271,593,000 (31 December 2017: RMB265,592,000), 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 related parties 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 2018, the Group's bank loans and overdrafts amounted to RMB1,423,054,000 (31 December 2017: RMB1,390,308,000), other than syndicated bank loan and term loan with tenors of three 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 as well as revolving banking facilities which are denominated in USD and HKD that bear interest at floating rates, the overall bank loans bear interest at rates from 2.99% to 4.69% per annum. At 30 June 2018, the Group did not have secured bank loan (31 December 2017: Nil). As of 30 June 2018 the Group did not have any bank loans that were guaranteed by the Company's subsidiaries (31 December 2017: Nil). As at 30 June 2018, loans from related parties amounted to RMB332,750,000 (31 December 2017: RMB105,000,000), which are unsecured, interest bearing from 1.75% to 6.80% (31 December 2017: 1.75% to 4.60%) 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 2017: zero times) as the Group retained a net cash balance of RMB626,816,000 (31 December 2017: RMB764,582,000). The decrease in net cash balance is mainly attributable to increase outflow for capital expenditure during the period. The Group's interest coverage was 15.6 times for the period (corresponding period in 2017: 7.2 times) which represents an improvement that is mainly due to an increase in profit from operations over the same period in 2017. Certainly, the Group's profit from operations and strong 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 RMB267,473,000 (corresponding period in 2017: RMB151,569,000). The Group drew bank loans and loans from a related party totalling RMB824,260,000 (corresponding period in 2017: RMB357,000,000) and repaid RMB577,260,000 (corresponding period in 2017: RMB779,864,000). In addition, cash proceeds amounted to RMB18,332,000 arose from the issuance of ordinary shares on exercise of share options.

Assets and liabilities

At 30 June 2018, total assets of the Group amounted to RMB14,854,745,000 (31 December 2017: RMB14,176,233,000) while total liabilities were RMB8,816,564,000 (31 December 2017: RMB8,306,454,000). The net asset value increased by 2.9% to RMB6,038,181,000 (31 December 2017: RMB5,869,779,000). It was mainly attributable to net profit of RMB314,647,000 and was partially offset by the payment of final dividend for 2017 of RMB131,486,000 during the period. As a result, the net asset value per share increased to RMB3.097 at 30 June 2018 from RMB3.017 at 31 December 2017.

Contingent liabilities

At 30 June 2018, the Group had outstanding balance of guarantees issued by relevant banks totalling RMB1,507,240,000 (31 December 2017: RMB994,460,000). 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 2018, the Group had contracted but not provided for capital commitments of RMB76,154,000 (31 December 2017: RMB52,649,000). As of 30 June 2018, the Group did not have authorised but not contracted for capital commitments (31 December 2017: 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 2018, the Group invested RMB270,184,000 in capital expenditure for expansion of production capacity, general maintenance of production capacity and new business ventures. The energy equipment and engineering segment, chemical equipment segment and liquid food equipment and engineering segment invested RMB199,142,000, RMB18,867,000 and RMB48,813,000 respectively in capital expenditure during the period.

Employees and remuneration policies

At 30 June 2018, the total number of employees of the Group was approximately 9,800 (corresponding period in 2017: approximately 9,050). Total staff costs (including Directors' emoluments, retirement benefits schemes contributions and share option expenses) were approximately RMB821,874,000 (corresponding period in 2017: RMB693,291,000).

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 2017.

Prospects

The global economy rebound continued during the first half of 2018 with a slowdown in momentum. Economic growth faces uncertainties due to global trade friction, while multiple economies shows a distinct trend of diverse monetary policies. The U.S. trade policies are unlikely to change in the near future, and trade friction will be the greatest uncertainty for global economic recovery in the second half.

In the first half of 2018, China's GDP has grown by 6.8% to RMB41,896.1 billion comparing to the same period last year and such growth rate has remained between 6.7% and 6.9% for 12 consecutive quarters. Despite external pressure from Sino-US trade friction and internal structural imbalance, the economy is expected to see steady improvement in the second half due to continuously enhancing domestic investment and consumption structure. Owing to dual pressure from the market force and structural reform on the supply-side, improved production utilisation, investment in the manufacturing industry is expected to remain at a stable level in the second half. Following to the fourth U.S. Federal Reserve rate hike in June 2018, the People's Bank of China has further reduced the reserve ratio, leading to an easing monetary policy and depreciation of RMB. Under increasing trade friction, growth in domestic demand is of utmost importance, and thus the focus will be on stimulating investment in production and household consumption.

In order to seize opportunities in tandem with macro-economic developments, the Group will reinforce its prudent operation and optimisation of its existing business and pursue the central objective of seeking "quality development", so as to strengthen its core business. With "equipment manufacturing + project engineering service + integrated solution" as the main development path of our core business, our Group will drive the development of new businesses through innovation, increase our profitability through operational excellence and smart manufacturing, as well as global positioning, in order to sustain the momentum and quality of growth.

The Group strives to promote the modernisation of equipment and project engineering in the clean energy, chemical and environmental as well as liquid food industries. Currently, we have developed the standardised and scale production ability for large-scale industrial equipment, and 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. In line with trends in global manufacturing, the Company will move towards integrated services in a market-oriented and customer-oriented approach on the back of product manufacturing and project engineering services as well as value-added project such as supply chain finance and whole service cycle, with a view to driving the development of its existing business. In addition, we will enhance our innovation mechanism, and will focus on maritime gas storage and transportation, small and medium-scale offshore module, peak-shaving in cities, solid waste management and efficient use of resources, etc. The Group will continue to grow through new businesses, new technologies and innovative business models.

Energy Equipment and Engineering

With the strong rebound in oil price, the economic benefits of natural gas has started to emerge, and together with stricter environmental requirements, natural gas consumption has recorded a surge in the first half of the year. According to the National Development and Reform Commission's latest release, China's natural gas production amounted to 77.4 billion cubic metres from January to June 2018, representing a year-on-year growth of 5.5%; natural gas import amounted to 58.41 billion cubic metres, representing a year-on-year growth of 39.4%; apparent natural gas consumption amounted to 134.09 billion cubic metres, representing a year-on-year growth of 17.0%. Long-term speaking, natural gas consumption sees a healthy momentum. According to the "IEA Market Report Series: Gas 2018" published by the International Energy Agency on 19 July 2018, natural gas consumption in China is expected to grow at an annual growth rate of 8% from 237 billion cubic metres in 2017 to 376 billion cubic metres in 2023. The report also anticipates that China will become the world's largest natural gas importing country in 2019, with import reaching 171 billion cubic metres in 2023, among which LNG will be the major component. We are therefore of the view that the Group's energy equipment and engineering segment is and will remain at the rapid growth of the natural gas industry over the long term, especially in the LNG market.

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.

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 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's chemical equipment segment will, on top of its existing business, actively pursue the business of "IOT + tank containers", 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.

This segment endeavours to enter the environmental industry – an emerging industry that integrates equipment, engineering and operation services, which has large market potentials and considerable profitability. In particular, the field of industrial solid waste recycling and utilisation, which has high entry barrier in terms of technology and qualification, presents an enormous potential for development. Benefiting from the accelerated urbanisation and implementation of environmental protection policies, the volume of corporate waste disposal has grown rapidly and the scope has also expanded. At present, most of the environmentally-friendly waste treatment enterprises engage in a single category of waste with limited technology in treating these hazardous wastes. While the market participants are mostly private enterprises who have limited treatment capacity; thus the market is generally under-capacity and overseas players with more advanced technology are eager to enter. Companies with advanced technology and professional operational strengths have competitive advantages.

Liquid Food Equipment and Engineering

Through the renowned brands of "Ziemann Holvrieka" and "Briggs", the Group possesses competitive strengths which are derived from its world-leading capabilities in design, manufacture and project engineering of breweries, brewery equipment and distilleries, proven business results and global brand influence. Meanwhile, the diverse geographic locations of production facilities in Europe and China have afforded a solid ability in global coordination over production, procurement, operation and regional marketing.

The acquisition of Briggs Group Limited in 2016, with headquarters located in the UK, strengthened the segment's process capabilities with extensive process design knowledge in breweries, pharmaceutics and distilleries. Integration of Briggs has proven to be successful, already resulting in projects with an extended scope in the distilling and pharmaceutical markets of North and South Americas. The segment will continue to actively explore business development in these markets in the future, striving to generate more opportunities for revenue and profit growth.

Further the segment will continue to enhance the branding of "Ziemann Holvrieka" and "Briggs". Under the objective of a unified corporate image, the segment positions itself as "engineers, enthusiasts, consultants and enablers" whose major capacity is to know customers business right down to the last detail. By acting and thinking sustainably, the segment will continue to implement marketing strategies to improve the market positioning as well as increase brand awareness and customer intimacy.

Supplementary Information

Directors' Interests in Shares

As at 30 June 2018, 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	Interests in underlying shares pursuant to share options	% of issued share capital *(Note)*
Gao Xiang	Beneficial owner	1,900,000	0.10%
Yang Xiaohu	Beneficial owner	764,000	0.04%
Yu Yuqun	Beneficial owner	1,298,000	0.07%
Zeng Han	Beneficial owner	250,000	0.01%
Jin Yongsheng	Beneficial owner	300,000	0.02%
Wong Chun Ho	Beneficial owner	1,100,000	0.06%
Tsui Kei Pang	Beneficial owner	600,000	0.03%
Zhang Xueqian	Beneficial owner	600,000	0.03%

Note: The percentage is calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2018, which was 1,949,906,088.

Long positions in underlying shares of equity derivatives of the Company

Options were granted by the Company on 11 November 2009, 28 October 2011 and 5 June 2014 under a share option scheme approved by the shareholders on 12 July 2006 (the "**Scheme**"). Details of which were set out under the section headed "Share Options" on pages 49 to 50.

Long positions in the shares/underlying shares of associated corporations

Associated corporation	Name of Director	Capacity	Number of shares/ underlying shares held	Shareholding %
China International Marine Containers (Group) Co., Ltd. ("CIMC") (A Shares)	Gao Xiang	Beneficial owner *(Note 1)*	375,000	0.03% *(Note 2)*
	Yu Yuqun	Beneficial owner *(Note 1)*	750,000	0.06% *(Note 2)*
	Wang Yu	Beneficial owner *(Note 1)*	250,000	0.02% *(Note 2)*
	Zeng Han	Beneficial owner *(Note 1)*	288,750	0.02% *(Note 2)*

Notes:

1. Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han were granted stock options (A Shares) by CIMC, an associated corporation of the Company listed on the Shenzhen Stock Exchange and the Main Board of the Hong Kong Stock Exchange on 28 September 2010, pursuant to a stock option incentive scheme adopted by CIMC. The stock options granted to any grantee are exercisable at an exercise price of RMB10.22 per share, and 75% of which are exercisable between 28 September 2014 and 27 September 2020.

2. The percentage is calculated based on the total number of share capital of CIMC (A Shares) in issue as at 30 June 2018, which was 1,268,379,727.

Save as disclosed above, as at 30 June 2018, no other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations were recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, no person had any rights to subscribe for equity or debt securities of the Company as at 30 June 2018, nor have any such rights been granted or exercised during the interim period.

Substantial Shareholders' Interests in Shares

As at 30 June 2018, 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)*
CIMC	Interest of controlled corporation	1,371,016,211 *(Note 2)*	70.31%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of controlled corporation	190,703,000 *(Note 3)*	9.78%
	Beneficial owner	1,180,313,211	60.53%
Charm Wise Limited ("Charm Wise")	Beneficial owner	190,703,000 *(Note 3)*	9.78%

Notes:

1. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2018, which was 1,949,906,088.

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 2018, (i) the register required to be kept under section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company and (ii) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The 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 2017.

As at 30 June 2018, 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 2018, movements of the options under the Scheme were as follows:

			Number of share options					
Grantee	Date of grant	Exercisable period	outstanding at 1 January 2018	granted during the period	exercised during the period	lapsed during the period	transferred to/from other category	outstanding at 30 June 2018
Directors								
Gao Xiang	11/11/2009	11/11/2010–10/11/2019	1,000,000	–	–	–	–	1,000,000
	28/10/2011	28/10/2013–27/10/2021	500,000	–	–	–	–	500,000
	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Yang Xiaohu	11/11/2009	11/11/2010–10/11/2019	164,000	–	–	–	–	164,000
	28/10/2011	28/10/2013–27/10/2021	200,000	–	–	–	–	200,000
	05/06/2014	05/06/2016–04/06/2024	400,000	–	–	–	–	400,000
Jin Jianlong (resigned on 18 May 2018)	11/11/2009	11/11/2010–10/11/2019	800,000	–	–	–	(800,000)	–
	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)	–
Yu Yuqun	11/11/2009	11/11/2010–10/11/2019	698,000	–	–	–	–	698,000
	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
Zeng Han (appointed on 18 May 2018)	11/11/2009	11/11/2010–10/11/2019	–	–	–	–	250,000	250,000
Jin Yongsheng	11/11/2009	11/11/2010–10/11/2019	500,000	–	(500,000)	–	–	–
	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
Wong Chun Ho	11/11/2009	11/11/2010–10/11/2019	500,000	–	–	–	–	500,000
	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	–	–	–	–	300,000
	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
	05/06/2014	05/06/2016–04/06/2024	300,000	–	–	–	–	300,000
			8,762,000	–	(800,000)	–	(1,150,000)	6,812,000
Employees	11/11/2009	11/11/2010–10/11/2019	8,176,000	–	(1,834,000)	–	(250,000)	6,092,000
	28/10/2011	28/10/2013–27/10/2021	18,868,000	–	(3,904,000)	–	–	14,964,000
	05/06/2014	05/06/2016–04/06/2024	27,870,000	–	–	(490,000)	–	27,380,000
Other participants	11/11/2009	11/11/2010–10/11/2019	6,330,000	–	(580,000)	–	800,000	6,550,000
	28/10/2011	28/10/2013–27/10/2021	1,618,000	–	(136,000)	–	300,000	1,782,000
	05/06/2014	05/06/2016–04/06/2024	4,750,000	–	–	(450,000)	300,000	4,600,000
Total			76,374,000	–	(7,254,000)	(940,000)	–	68,180,000

Notes:

1. Regarding the share options granted on 11 November 2009:

   Subject to certain conditions as stated in the offer letter to the respective grantee, 50% of the options granted to any grantee become exercisable from 11 November 2010 and up to 10 November 2019; and the remaining 50% of which become exercisable from 11 November 2011 and up to 10 November 2019. The exercise price of all the options granted is HKD4.00 per share.

2. 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.

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

   Subject to certain conditions as stated in the offer letter to the respective grantee, 40% of the options granted to any grantee become exercisable from 5 June 2016 and up to 4 June 2024; 30% of which become exercisable from 5 June 2017 and up to 4 June 2024; and the remaining 30% of which become exercisable from 5 June 2018 and up to 4 June 2024. The exercise price of all the options granted is HKD11.24 per share.

4. 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 2018 was approximately HKD8.55 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 9.93% 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 261,840,608 shares, representing 13.43% 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 2018.

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 2018.

Corporate Governance

The Company complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

The latest corporate governance report of the Company is set out in the Annual Report 2017.

Audit Committee and Other Board Committees

The Audit Committee comprises three 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 2018.

In addition, the Board has established a Remuneration Committee and a Nomination Committee. Each of the committees has a majority of Independent 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 2017 and up to the date of this report are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Gao Xiang, an Executive Director and chairman of the Board, was promoted from vice president to executive vice president of CIMC.

Mr. Yu Yuqun, a Non-executive Director, was appointed as vice president of CIMC.

Mr. Zeng Han, a Non-executive Director, was appointed on 18 May 2018 and re-elected on extraordinary general meeting on 10 August 2018. The biographical details of Mr. Zeng Han can be referred to the announcement on 18 May 2018 and circular on 25 July 2018 of the Company.

Save as disclosed above, the further biographical details of Directors can be referred to the Annual Report 2017.

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.

Events after the Reporting Period

Reference is made to the announcement of the Company dated 26 June 2018 in relation to, among other things, the adoption of the Restricted Share Award Scheme (2018) and proposed to issue and allot restricted shares. Pursuant to the Listing Rules, issue and allot of restricted shares are subject to the approval by independent shareholders' and listing approval by Listing Committee. On 10 August 2018, an extraordinary general meeting had been held in relation to approve the issue and allot restricted shares as aforesaid. As more than 50% of votes were cast in the favour of the resolution in relation to issue and allot of restricted shares, the resolution was duly passed. Further details were disclosed in the announcements of the Company dated 26 June 2018 and 10 August 2018 respectively and the circular of the Company dated 25 July 2018.

Directors

As at the date of this report, the Board consists of Mr. Gao Xiang (Chairman), Mr. Yang Xiaohu (General Manager) as Executive Directors; Mr. Yu Yuqun, Mr. Wang Yu, Mr. Zeng Han 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
Gao Xiang
Chairman

Hong Kong, 22 August 2018

CIMC ENRIC

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

Unit 908, 9th Floor, Fairmont House, No. 8 Cotton Tree Drive, Central, Hong Kong
香港中環紅棉路8號東昌大廈9樓908室

Tel 電話: (852) 2528 9386
Fax 傳真: (852) 2865 9877
Email 電郵: ir@enric.com.hk
Website 網址: www.enricgroup.com
IR Portal 投資者關係連結: www.irasia.com/listco/hk/enric

Headquarters in the PRC 中國總部
CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone
Shenzhen, Guangdong, The PRC
中國廣東省深圳蛇口工業區港灣大道2號中集集團研發中心