

CIMC ENRIC
中集安瑞科

(股票代码: 3899.HK)

2019
Annual Results
年度业绩



目录

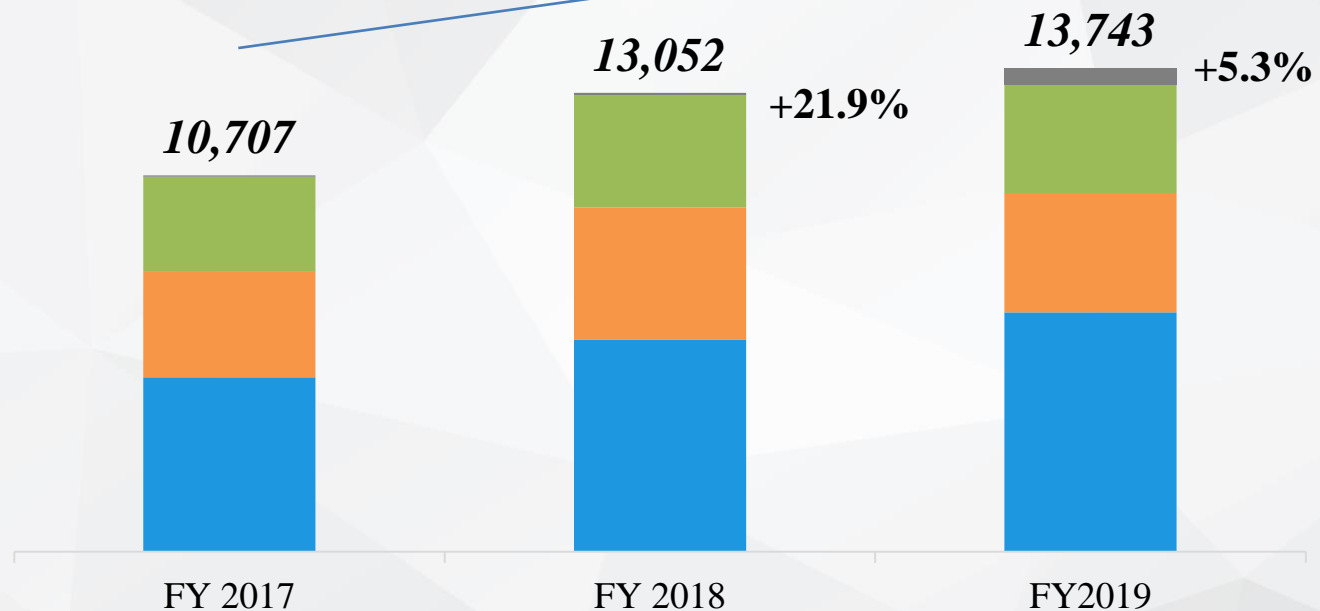
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1. **Financial Review**
2. **Business Highlights**
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1. Financial Review: Sales Revenue Continued to Grow

Revenue

Unit: Million RMB

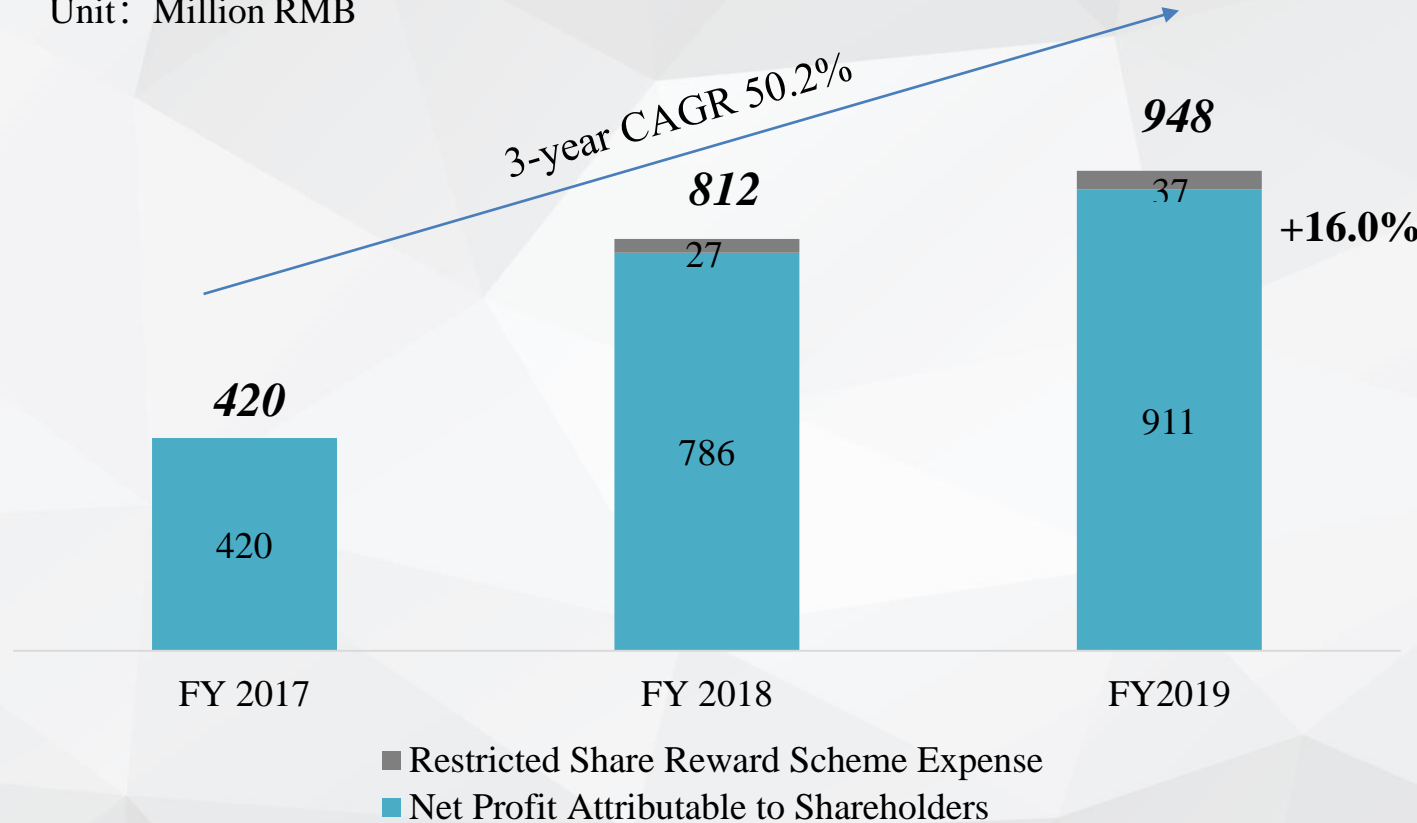


- Clean Energy
- Chemical & Environmental Business
- Liquid Food

1. Financial Review: Net Profit Met Performance Commitments

Net Profit Attributable to Shareholders

Unit: Million RMB

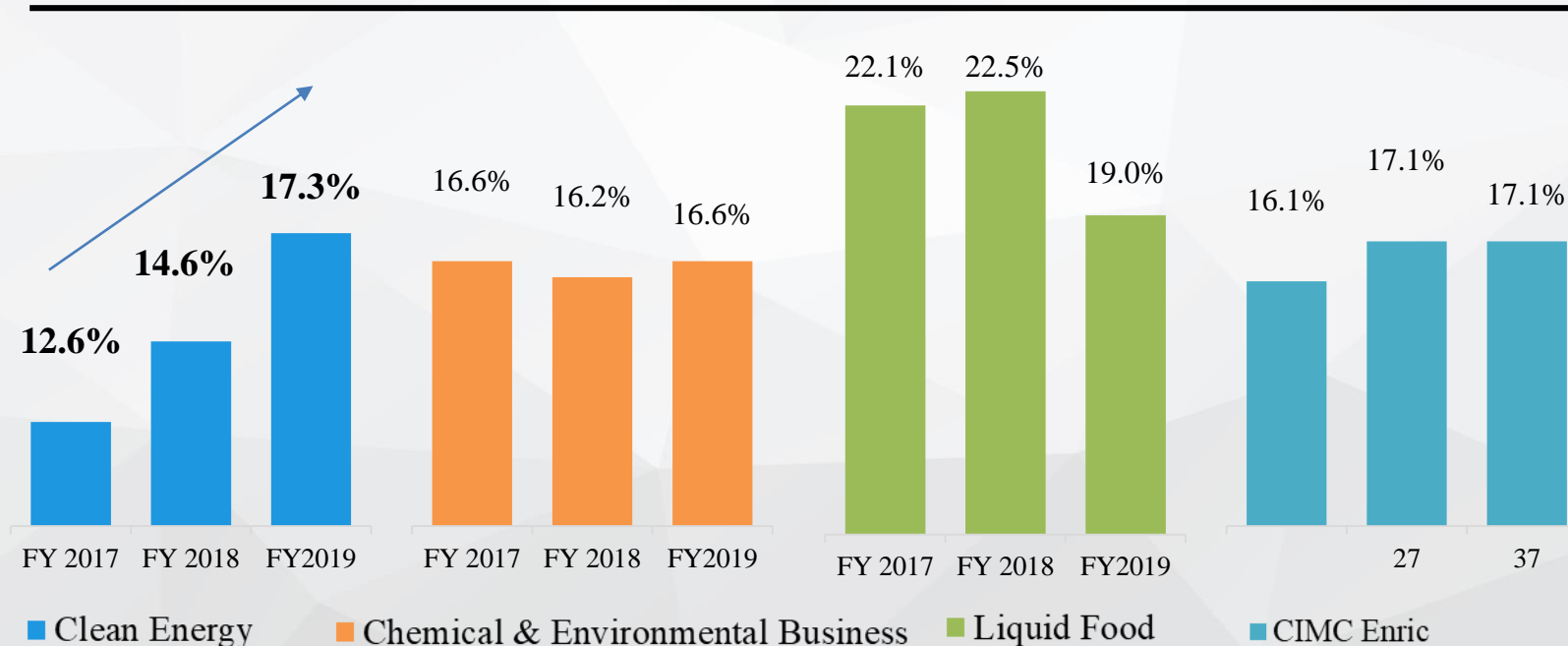


Restricted share reward scheme requires the company to achieve 43% CAGR growth on net profit of 2017 over three years

1. Financial Review: Gross Margin of Clean Energy Segment Improved Significantly

- Gross Margin of Clean Energy Segment **has improved significantly by 4.7pct** since 2017, mainly due to economies of scale and product mix changes;
- The gross margin of the Chemical & Environmental Segment increased slightly against the falling market trend, mainly due to the lean improvement of the entire value chain and the competitive differentiation ;
- The gross margin of the Liquid Food Segment decreased during the year, which is because that several large-scale brewery would be completed across the year and settlement will be achieved after 2019 until when the actual GPM can be seen.

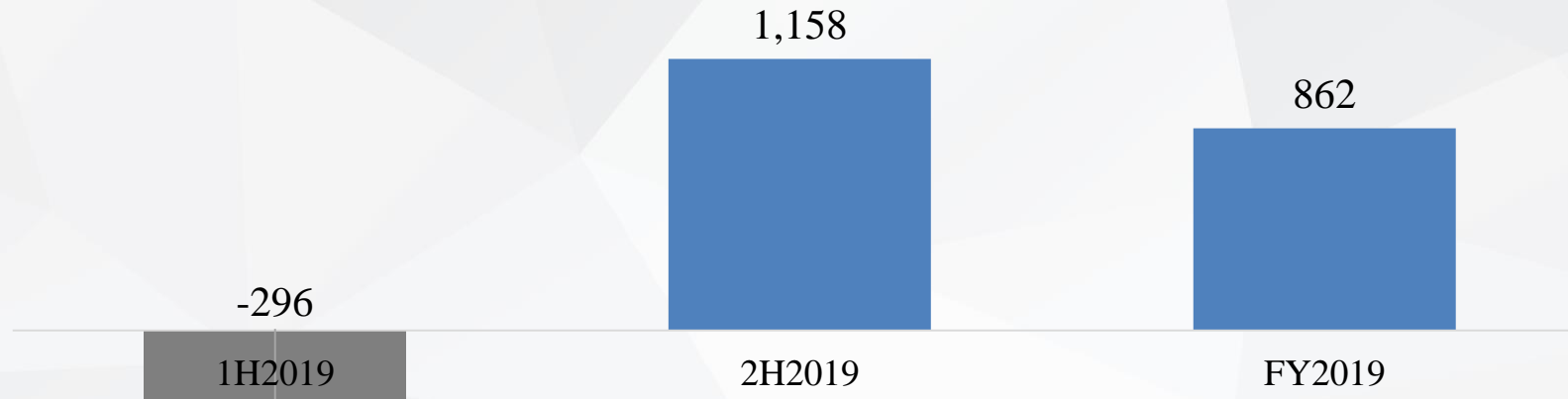
Gross Profit Margin



1. Financial Review: Operating Cash Flow Returned to Be Strong

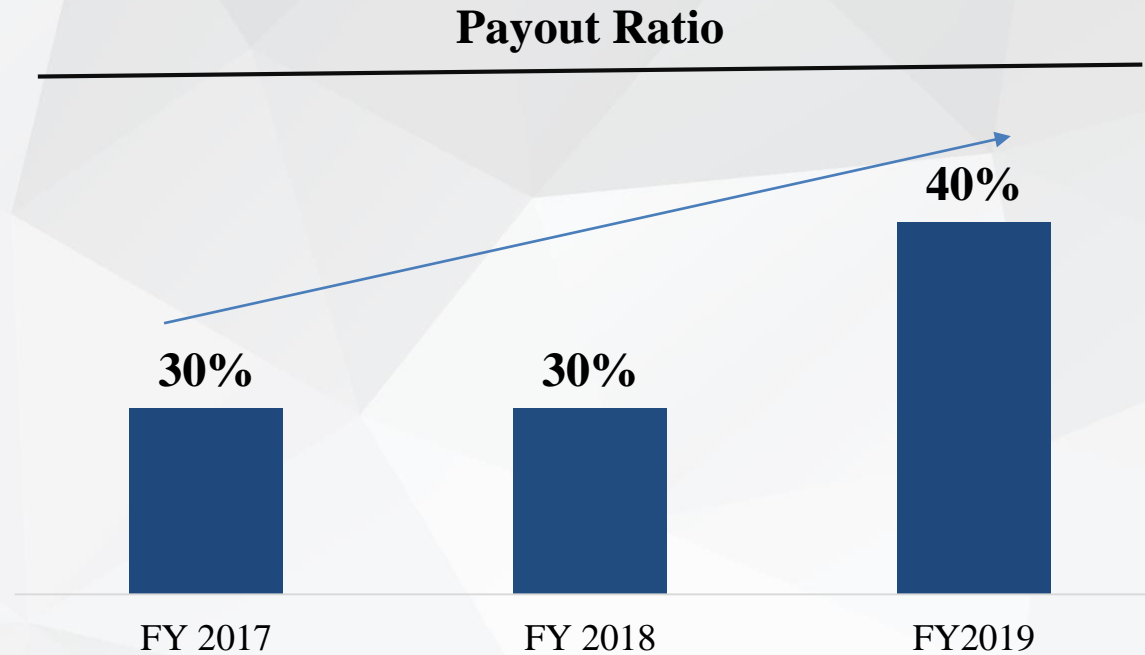
Operating Cash Flow

Unit: Million RMB



We believe that by constantly improving customer credit management system, and various operating cash flow control measures such as bank guarantees, and seeking higher portion of advance payment from customers, operating cash flows can maintain a healthy net inflow for a long term in accordance with growing business scale.

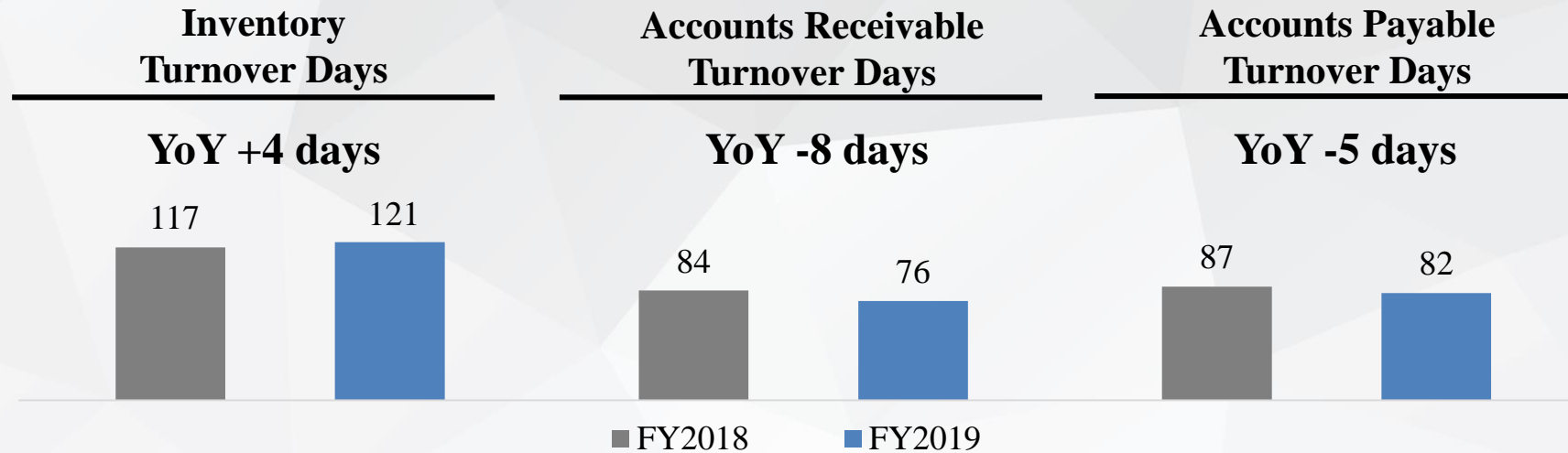
1. Financial Review: Dividend Payout Ratio increased Year by Year



The Board recommend to declare a final dividend of HK \$0.20 per share for the year ended 31 December 2019, with a dividend payout ratio at approximately 40% (A final dividend of HK \$0.214 per share for the year ended 31 December 2018, with a dividend payout ratio at approximately 30%)

We expect to follow up with the company's long-term development plan to gradually increase the dividend payout ratio and increase shareholder returns.

1. Financial Review: Healthy Operational Indicators for Further Improvement



The increase in inventory turnover days is less than the increase in sales.

Making analysis on driving metrics, identifying goals and set up plans by categories of WIP, final products and raw materials:

- Improving OTD management mechanism
- Implementation of lean manufacturing management
- Implementation of the completeness of raw materials
- Production and sales coordination on cryogenic products
- Dispose of sluggish inventory

- Tracking the outstanding debts collection, we've seen the overdue AR decreased significantly during the period
- Identifying the responsible person, pay close attention to the customer's credit status and financial status, and check regularly
- Developing a credit management process which directly link to sales. Strengthening customer credit evaluation and supervision of overdue customers especially long overdue customers,

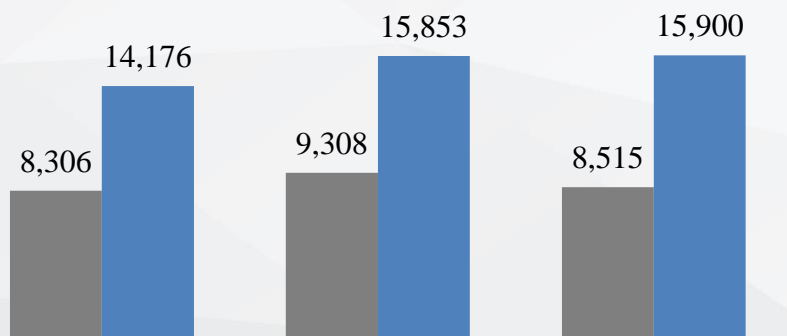
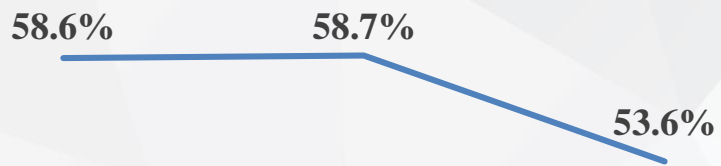
- Steel purchases increased during the period but with payment cycle less than 80 days averagely
- Developing guidelines and standardize AP management
- Payment terms control and business negotiations will be strengthened in the second half of the year

FY2017 CCC 117天
 FY2018 CCC 114天
 FY2019 CCC 115天

1. Financial Review: Stable Balance Sheet Structure

Debt-to-Asset Ratio

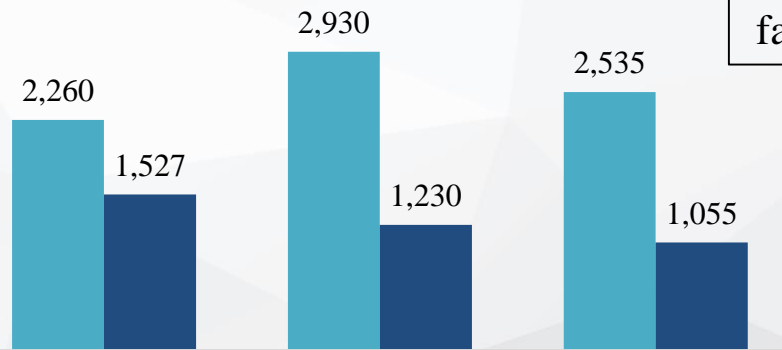
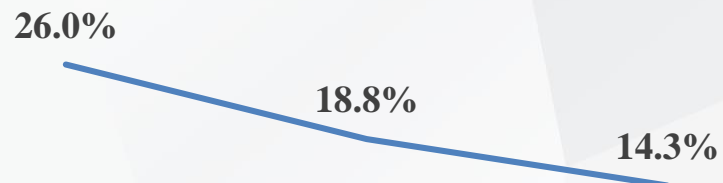
Unit: Million RMB



■ 总负债 ■ 总资产

Gearing Ratio

Unit: Million RMB

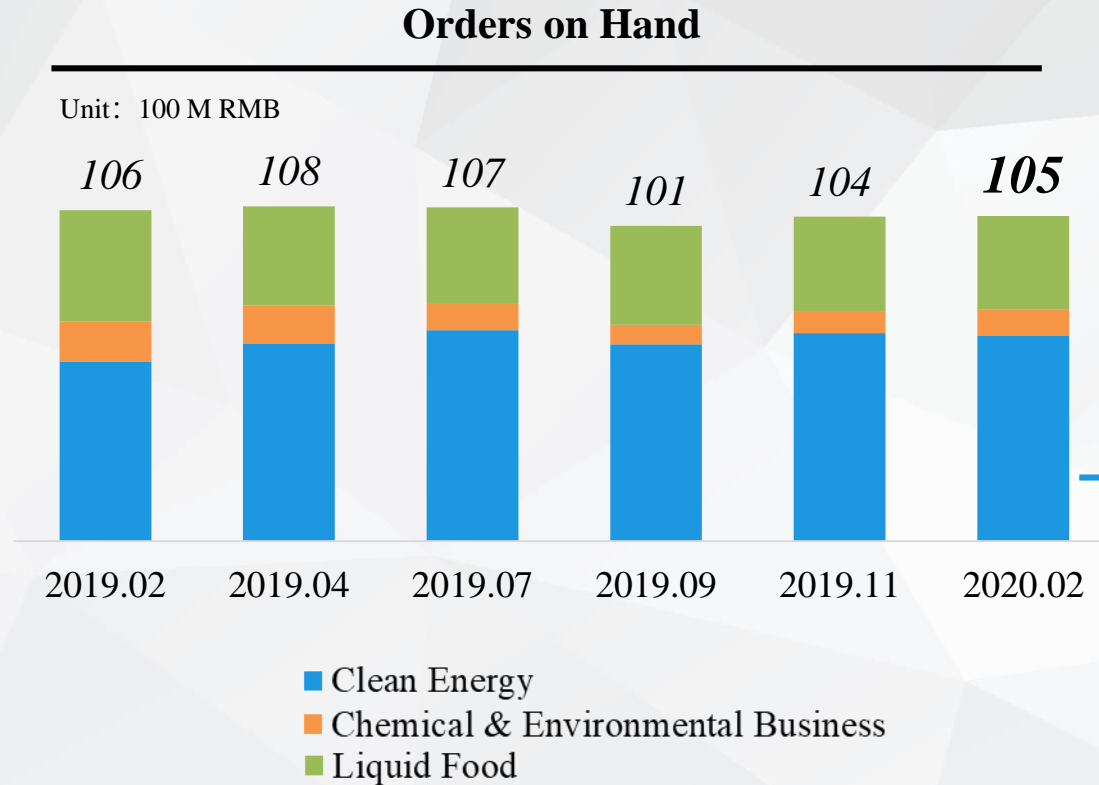


■ 现金 ■ 带息负债

Net cash balance of 1.5 billion RMB

Unutilised banking facilities 7.5 billion RMB

1. Financial Review: Orders on Hand is Sufficient for Business Development



Category of clean energy	order in hand at the end of Feb (ten thousand yuan)		
	2020	2019	Difference
Storage	127,946	82,121	56%
Transportation	81,723	86,819	-6%
Terminal Application	69,876	34,709	101%
Processing	32,772	12,111	171%
Clean Energy Others	105,565	124,602	-15%
Clean Energy Total	417,882	340,362	23%

- By the end of February 2020, CIMC Enric's orders in hand reached RMB105 billion, basically flat YoY.
- The total number of newly signed orders since the beginning of 2020 is RMB 2.16 billion, a YoY increase of 30%.

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2. Business Highlights: Industry Leadership in Key Equipment Manufacturing

Clean Energy

- ✓ **No. 1** market share regarding LNG on-vehicle cylinders, we have been long-term supplier of the top five best-selling LNG HDT manufacturers in China
- ✓ **No. 1** market share regarding peak-shaving reserve projects, we've taken around 25% of orders in China
- ✓ Taking up **50%** of global LNG bunkering ship orders signed in 2019 has made us **No.1** in the industry
- ✓ **No.1** market share regarding LPG spherical tanks for four consecutive years
- ✓ We take the lead in drafting national standards for LNG tank containers and have **the largest** market share in the world
- ✓ We are **the first** in China to start R&D in marine 'oil to gas' equipment. We've maintained industry leadership for **4** consecutive years regarding offshore LNG marine equipment has maintained
- ✓ We have been involved in the EPC contracting of **6** LNG receiving terminals from **22** in China
- ✓ We have an absolute leading edge in the field of high-pressure storage and transportation equipment sector. **Two of every three** large-volume high-pressure seamless cylinders are manufactured by us.



2. Business Highlights: High Market Share Drives Organic Growth in Various Segments

Chemical & Environmental Business

Global leader in tank container with the highest output for 16 consecutive years
 We have provided **more than 250,000 tank containers** to the market since 2001



Left: The segment's 220,000th tank container was offline 2018, and it is a customized product for EXSIF, the world's largest tank container leasing company.

Right: We've been awarded by the Ministry of Industry and Information Technology and China Federation of Industrial Economics as the "Champion Manufacturing Enterprise in the Industry"



Liquid Food

We are one of the **top three world leading equipment manufacturer and provider of related project-engineering services** in the beverage and liquid food industries



Above: Our customers include the world's best-known beer brands and the largest beer producers



Above: The world's largest industrial beer production base in Piedras Negras, Mexico, was contracted by Enric



2. Business Highlights: Provide One-stop Solutions Catering Customer Needs

Comprehensive Service Provider

We are dedicated to provide clients with full series of core equipment, system engineering and integration turnkey solutions, including **Consulting, Equipment, Engineering, Financing and After-sale Service** in specific



Left: **LNG FLEX system has been adopting LNG tank container as fuel tank**, which is designed and manufactured by Enric. At the same time, Anjiehui intelligent unit has been installed to monitor the liquid level, temperature and pressure of the tank container in real time.

Right: **Shenzhen Gas Reserve and Peak-shaving Station** has been put in use in 2019, which is a textbook sample to show Enric's capability in EPC contracting. The station includes an 80,000 m³ LNG storage tank and capable for 240,000m³ /hour gasification.



Left: We provided **LNG tank containers for Indonesia's trial on large-scale 'inter-island gas transportation'**, together with a complete set of design and manufacturing solutions of 9000Nm³ / h gasification station gas supply system.

2. Business Highlights: New Products & Business Model Increase Vitality

- **Double-layer metal LNG storage tank**

Right: The construction of **China's first 30,000 m³ double-layer metal LNG storage tank** was completed, which ensures supply gas for approx. nearby 62,500 households. The pioneer design of double-layer metal storage tank can prevent and bear the risk of cryogenic liquid leak and has saved at least 7880 m²



- **Small-to-medium sized liquified gas carrier**

Left: A **38,000m³ LEG carrier** was delivered in 2019, which has been awarded as one of the world's top 10 great ships by Maritime Reporter & Engineering News Magazine in 2017



- **Environmental ROT (Retrofit-Operate-Transfer) business model**

Right: The environmental business segment has implemented 16 emergency treatment projects for landfill leachate since launched, and realized sales contribution. *Zhuji Baimaotian Landfill Leachate Treatment ROT Project* is Enric's First Landfill Leachate Treatment Fixed Station Project taking ROT business model



- **Nessie mash filtration system**

Left: Customers pay more for Enric's self-developed Nessie technology, which increased their capital expenditure by 10%, but could significantly increase energy efficiency of the brewery plant, and the production cost saved in 2 years was sufficient to cover the increased capital expenditure at the beginning. This technology has been widely used in Carlsberg production lines and has been promoted to other customers

2. Business Highlights: Technological Innovation Contributes to Our Achievement

- We have always been focusing on R&D and innovation. We've spent **more than RMB310 million on R&D** (FY2018: around RMB220 million), which takes around **2.26% of total revenue** (FY2018: 1.69%)
- By the end of 2019, we have hold exclusive rights to over **850** patents, including **104** invention patents and **19** patents franchised by foreign parties by now. The proportion of invention patent applications has increased year by year, which fully reflects company's commitment to technological innovation
- We have **10** domestic subsidiaries certified as **high-and-new technology enterprise**



ANJIEHUI intelligent device drives smart upgrade of global clean energy logistics

- **High value-added software is welcomed by customers:** Cumulative sales volume exceeded **15,600 units**, and customer platform visits exceeded **375,000** in 2019
- **Expanding from China to overseas markets:** Anjieshui has been used in batches in Cambodia, Indonesia and other countries while pilot experiment ongoing in Russia and India
- **Typical Cooperation:**
 - Jointly develop LNG multimodal transport and terminal service systems with an important client;
 - The R&D of the intelligent acquisition terminal for railway LNG tank containers has been completed, and it will soon enter Ministry of Railways' field test



Above: We supported the fight with epidemic by providing liquid oxygen storage tanks with Anjieshui intelligent device installed



Above: Hydrogen transport vehicle with Anjieshui intelligent device installed

2. Business Highlights: Strengthen Overseas Presence and Expand International Sales

- Clean energy segment has achieved RMB680 million of revenue from oversea market in 2019 (excluding small and medium-sized liquefied gas carriers), with a year-on-year growth of 14%



Above: Delivery of multiple large spherical tank projects in Thailand, Ghana, Nigeria and other places

- The global layout of the chemical & environmental sector is further consolidated in 2019



(British R&D Centre, 2020)



(Dutch Yard Service Base, 2017)



(German Yard Service Base, 2020)



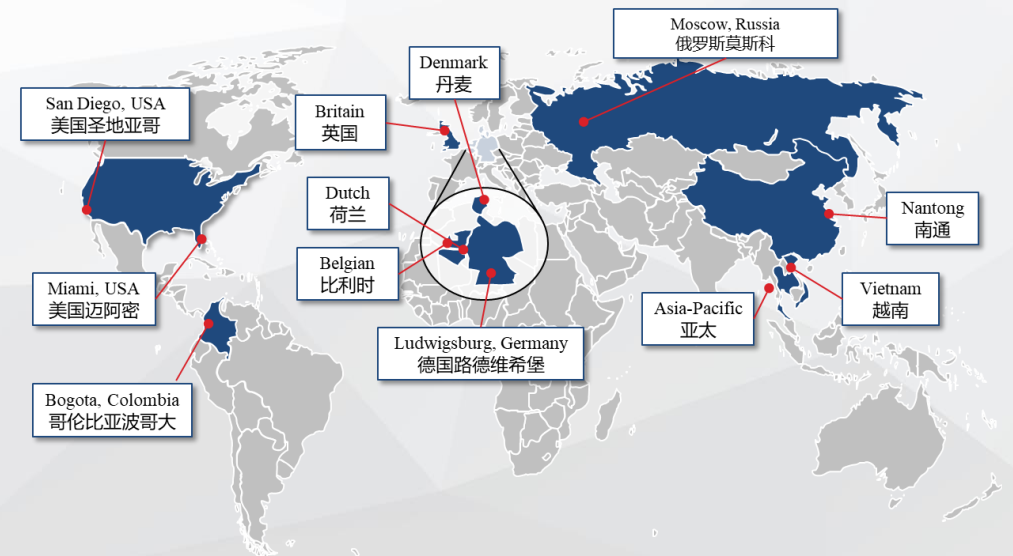
(Nantong Manufacturing Base in Jiangsu, China, 2002)



(China Zhejiang Yard Service Base, 2019)

- Liquid food segment has track records across five continents

After the acquisition of DME implemented in 2019



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3. Industry Outlook: 2020 External Environment Forecast

Macro environment

1. Global economic uncertainty
2. China spend more investment on infrastructure and the general loose monetary environment
3. The opportunities & concerns brought by COVID-19

Industry environment

Clean Energy

- Global oil price fluctuations are difficult to predict. China's domestic refined oil products have been adjusted to the "floor price", and since March 17, the portion below \$ 40 per barrel will no longer be reduced.
- Global natural gas supply is sufficient in short term, and China will continue to deepen the reform of natural gas pricing mechanism. Natural gas prices is expected to remain low in long term.
- It is expected that the oil and gas prices will change in a coordinated manner, and the oil and gas price gap will still be effectively maintained, which will stimulate the domestic industrial gas users, power plant users, and downstream traffic users.
- According to data from the GAC, China has imported 17.802 million tons of natural gas from January to February 2020, a YoY growth of 2.8%. With epidemic influence, the entire Chinese import market has not decreased significantly, and the import market is still expected to improve throughout the year.

Chemical & Environmental Business

- With COCID-19 getting pandemic during 1Q2019, which has a greater impact on global trading. But the falling oil prices lower prices of some chemical raw materials, meanwhile Chinese market welcomes growth opportunities. Domestic project declaration and environmental protection and correction work is expected to be relaxed in 2020. Chemical refining capacity is likely to accelerate, and the industry might improve slightly in 2020.

Liquid Food

- The epidemic has spread globally and is expected to continue to affect the entire offline consumer market, while China market is picking up.

Business market

Firmly optimistic about the prospects for clean energy, chemical environment and liquid food



Clean Energy Storage & Transportation Facilities

Since Chinese gov. is likely to increase infrastructure investment to drive economic recovery, the investment on large-scale storage tank (including receiving terminal) is expected to speed up.



Downstream Energy Consumption

Since global natural gas oversupply, gas prices will continue to remain low, and price gap between oil and gas is expected to remain or even widen. With the support of environmental protection policies, LNG heavy-duty trucks and offshore oil-to-gas conversions remain dynamic.



Hydrogen Applications

Hydrogen energy will remain relatively active in 2020. As of the first week of March 2020, China alone announced at least 71 contracted investment projects in the field of hydrogen energy and fuel cell industry.



Chemical and Environmental Protection Business

- China's "shift from road to railway" policy and localization of the semiconductor industry drive tank container sales in China.
- Hazardous waste disposal is still in the rising stage of development.



Liquid Food Equipment & Engineering

Liquid foods, with low consumption elasticity, suffered little from COVID-19, and even show a phenomenon of replenishment. Trend of transforming and expanding the investments in dairy, beverages, liquor, condiments and other markets has been seen.

An aerial photograph of a large industrial facility, likely a refinery or chemical plant, situated on a waterfront. The facility features several large, cylindrical storage tanks, numerous smaller buildings, and a complex network of pipes and structures. A long pier extends from the facility into the dark blue water on the left. The sky is clear and blue. The text 'Clean Energy' is overlaid on a dark blue rectangular background in the upper left corner.

Clean Energy

Good Prospect on Natural Gas
Peak-shaving Facilities & Traffic Consumption
and Hydrogen Business

3. Industry Outlook: Whole Clean Energy Industry Chain With A Focus on Natural Gas

- Oil and gas price fluctuations have different effects on various links in the industrial chain.
- CIMC Enric's business covers upstream, midstream and downstream of clean energy industrial chain.

With comprehensive product portfolio, we can hedge the risk and enjoy the stable industrial growth.

Offshore clean energy industry chain

Upstream: Process & Treatment	Midstream: Transportation & Storage	Downstream: Application
 <ul style="list-style-type: none"> ▲ Offshore oil and gas processing module 	 <ul style="list-style-type: none"> ▲ Small-to-medium sized liquefied gas carrier 	 <ul style="list-style-type: none"> ▲ LNG bunkering vessel ▲ Marine LNG Fuel Tank / Desulfurization Unit

Onshore clean energy industry chain

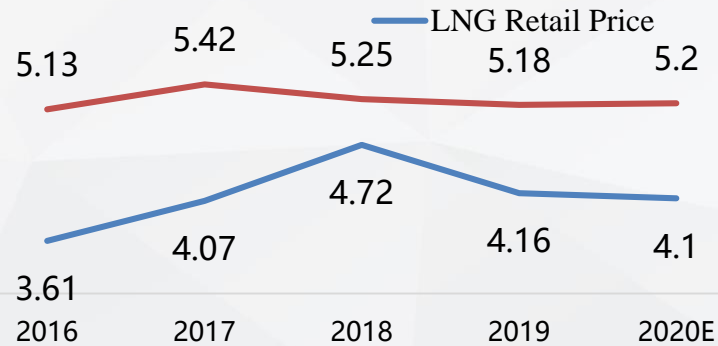
Upstream: Process & Treatment	Midstream: Transportation & Storage	Downstream: Application
 <ul style="list-style-type: none"> ▲ LNG receiving terminal EPC ▲ Unconventional gas treatment and processing 	 <ul style="list-style-type: none"> ▲ Clean energy transportation equipment ▲ LNG peak-shaving storage equipment and engineering ▲ Other clean energy storage equipment and engineering 	 <ul style="list-style-type: none"> ▲ Clean energy equipment for traffic fuel use ▲ Industrial and commercial LNG fuel equipment

3. Industry Outlook: International Oil Prices Fell Sharply, while LNG Remains Economical

- The drop in oil prices is the result of strategic market game among crude oil producing countries. **Fluctuations and uncertainties about oil and gas markets have become the norm.**
- **In general, the oil and gas prices are linked.** China's refined oil has a floor price of US \$40 per barrel, while the LNG price is not subject to restrictions. **The extent of price fall of gas can be wider than oil.**
- According to calculations, **the economic efficiency of LNG heavy trucks is still obvious compared with diesel vehicles after drop of oil price . It is expected that the LNG heavy truck market will still maintain its prosperity.**

China's LNG and diesel retail price comparison over the years and 2020 forecast

Unit: RMB



Oil prices fall
 ≠
 Natural gas is expensive
 ≠
 Reduced natural gas usage

Impact of falling oil prices on LNG retail prices

	Jan 2019	March 2019 (after the international oil price tumbled)
Crude Oil Price	RMB 60/barrel	RMB 30/barrel
LNG Retail Price	RMB 4.2/KG	RMB 3.8/KG
Diesel Retail Price	RMB 6.1/KG	RMB 4.9/KG
100 km cost savings	RMB 89	RMB 57

Impact of falling oil prices on LNG import prices

	Jan 2019	March 2019
LNG long-term import price	RMB 7-8/mmbtu	RMB 3-4/mmbtu
Converted into RMB	RMB 2.3/m ³	RMB 1.1/m ³

3. Industry Outlook: Oil-to-gas Conversion is Clean and Economical

➤ National policy encourages oil-to-gas conversion in traffic sector

- The State Council's "Win back the Blue Sky" policy advocates the use of LNG fuel for vehicles & ships;
- National 6th Standard emission upgrade policy highlights the advantages of LNG heavy trucks;
- International Seas IMO Sulfur Limitation Order has taken effect since Jan. 2020;
- China's Ministry of Communications, Guangdong, Shanghai and other places have issued documents to encourage more ships turn to use clean energy;
- The price difference between oil and gas in 2019 is around RMB 2-3/kg, which stimulates the sales of downstream applications for vehicle and ships.

➤ Vehicle and marine clean energy equipment business doubled; market share ranked 1st

- In 2019, we've record double sales of on-vehicle cylinders which has covered the most major LNG heavy truck manufacturers in China. And our market share has jumped from second to first in China.
- The market share of offshore LNG fuel tank has maintained its No.1 player place for 4 consecutive years, and has established strategic cooperative relationships with many world-renowned ship power system integrators

➤ Capacity expansion

We are the only company in the world that can provide total solution for ship oil-to-gas conversion

- Large-scale fuel tank for ocean-going ships (200-2000 m³)
- Small fuel tank for inland ships (<1 m³ -200 m³)
- Ship desulfurization device

Capacity matching expansion, continuous research and development of large-volume new products

- Expansion of LNG cryogenic equipment production base in Zhangjiagang, doubling production capacity of terminal vehicles and marine products
- The new base in Nantong will focus on manufacturing of large-sized offshore equipment

From left to right:

CIMC Enric LNG on-vehicle cylinders display;

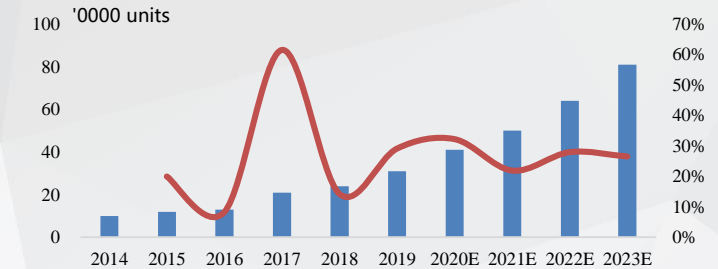
Export the largest LNG marine fuel tank from China to client;

Provide fuel tank to the first LNG barge traveling around the Beijing-Hangzhou Canal;

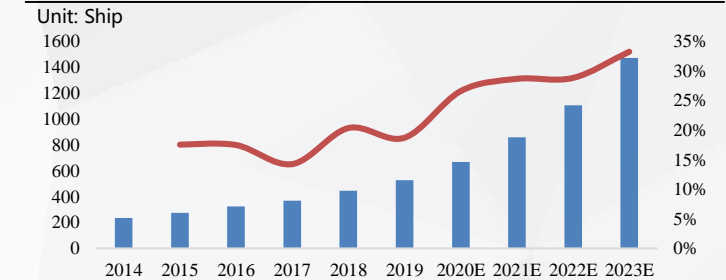
Provide fuel tank to the first domestic LNG-powered fishing boat in the South China Sea.



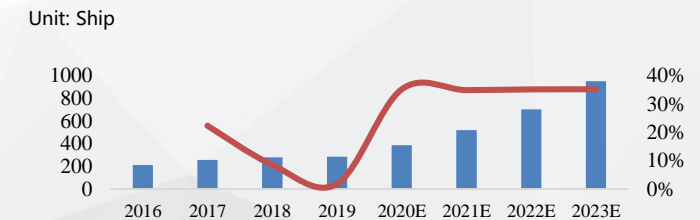
China's LNG heavy truck ownership and growth rate



International LNG Vessel Ownership and Growth Rate



China's Inland River LNG Vessels and Growth Rate



3. Industry Outlook: Good Prospects for Small-to-medium Carriers and Bunkering Vessels

- In total three carriers have been delivered in 2019, which further consolidates our global leadership in the construction of small and medium-sized liquefied gas carriers.

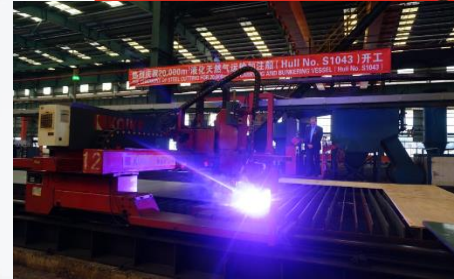
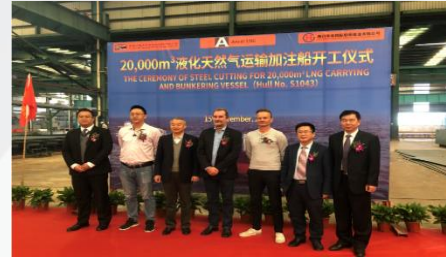


Above: A 38,000m³ LEG carrier was delivered in 2019, which has been awarded as one of the world's top 10 great ships by Maritime Reporter & Engineering News Magazine in 2017



Above: Two 22,000m³ LEG carries have been delivered in 2019

- Order of four LNG bunkering ship came into effect and construction started, accounting for 50% of global LNG bunkering ship signed in 2019



Above: Construction of 20,000 m³ LNG bunkering vessel started

- Seize the opportunity in 2020 and continue to explore the market

- **Strategic Cooperation with Major Client:** New Customers from Germany, Korea, China, etc.
- China epidemic control brings opportunities to China Ship Gas Shipyard in a timely manner

- R & D innovation: more than 10 topics are in progress

- R&D of different ship types
- R&D of tanker cargo system
- Design, development and upgrade of LNG bunkering vessels and multi-purpose vessels
 - 20,000m³ LNG bunkering ship can refill the world's largest container ship;
 - 7,500m³ LNG bunkering ship can adapt conditions of most ports worldwide
- R&D of LNG fuel powered ship
- Raw material innovation of LNG marine tank
- Upgrades the manufacturing process

3. Industry Outlook: Last Year of the Peak-shaving Policy, Tank Construction is Booming

■ Industry opportunities: Peak-shaving reserve enjoys huge development space

- In April 2018, NDRC proposed gas storage KPI as: 10% / 5% / 3 days for 2018-2020, which is expected to require 17.7 billion m³ of storage capacity.
- By the end of 2019, the capacity of peak-shaving reserve facilities in China (including underground gas storage, coastal receiving terminals, and LNG storage tank...) totalled approximately 14.1 billion m³, leaving a gap of 3.6 billion m³ from the target to be completed in 2020.

■ Strong market demand drives business growth

- In 2019, CIMC Enric has signed **25 projects**, involving a storage capacity of about **120M m³**, spreading across **27 provinces and cities** in China. It is inclined to large-scale and intensive project types. The business scale increased by **89% YoY** and the market share accounted for **25%, ranking No. 1st** in China
- By the end of 2019, there are **71 projects** under discussion, involving a total storage capacity of about **490M m³**, and the scale of which is **4 times** of 2019 (Note: non-contract signing basis, span over a year)

■ Establishing capacity, Ready for growth

- R&D of the **first domestic set of 30,000 m³ double-layer metal full containment storage tank**. Based on the full application of urban gas peak-shaving projects, we strive to build up our competitive advantage through R&D of new products.
- We aim to gain more engineering contracting business of the peak-shaving reserve project externally, and to expand capacity by building up a large-scale equipment prefabrication and processing base in Nantong, which is expected to be put into production in the fall of 2020 and will double the production capacity to meet the potential outbreak of the market.

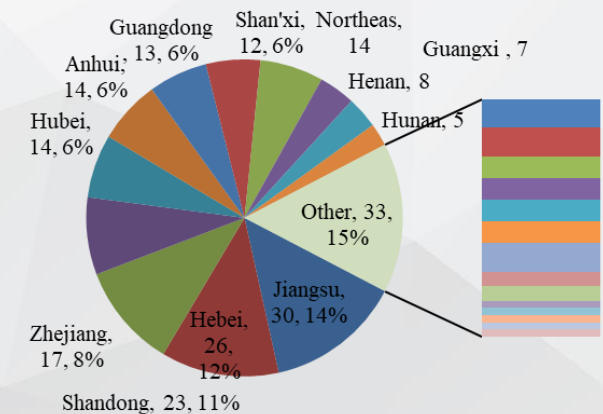
Jiangsu as an example Gas storage facilities construction situation

2020 forecasted gas storage indicators	Actual formation capacity as of May 2019
Govt 280M m ³	Govt 65M m ³
City Gas 920M m ³	City Gas 118M m ³

Below: A glance of some peak-shaving reserve projects undertaken by Enric



Distribution of peak-shaving reserve projects in 27 provinces in 2018-19



3. Industry Outlook: Hydrogen Business is of Rapid Growth

Rapid growth of hydrogen business

Hydrogen storage and transportation

- We have cumulatively delivered 2000+ units of hydrogen tube container and trailers, proofing us with the largest market share. More than 160 sets of hydrogen transport vehicles were delivered in 2019 with a YoY increase of 35%.
- Broad customer base: we work closely with local governments in Guangdong, Tianjin, Hubei, etc., as well as the three barrels, large steel & coal groups, port groups, etc.

Hydrogen station

- We've sold over 30 hydrogen vessels (45MPa) for domestic hydrogen refueling stations, ranking first in market share
- We've exported over 200 hydrogen vessels (55MPa) to refueling stations in US and Canada
- Typical case: Delivery of a master hydrogen station for Guangzhou Sinopec Hydrogen Supply Center in 2019

On-vehicle hydrogen supply system

- Breakthrough in on-vehicle hydrogen supply system
- Typical case: we won the contract for 500 sets of on-vehicle hydrogen supply systems for logistics light trucks in 2019

R&D and cooperation with professional parties

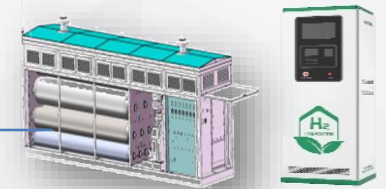
- Develop a world-leading 87.5MPa hydrogen storage vessel to improve efficiency of high-pressure hydrogen storage and transportation
- Liquid hydrogen storage and transportation equipment is a mature product targeting military aerospace, which is ready to seize opportunities from civil market
- Two patents applied for hydrogen refueling station in 2019
- Cooperated with the introduction of German diaphragm compressors, valves and other key components into domestic market
- Participated in drafting *Shanghai Hydrogen Refueling Station Standards*
- Obtained the test report of the on-vehicle hydrogen supply system from the National Motor Vehicle Inspection Centre
- R&D and cooperated with professional parties to advance the standards and applications of new lightweight hydrogen gas cylinders for vehicles



High-pressure Hydrogen Tube Container and Trailer



Aluminum liner carbon fiber Type III on-vehicle hydrogen cylinders



Skid mounted hydrogen refueling station & refueling machine



On-vehicle Cylinder Set

CIMC Enric is the most the largest manufacturer of China's hydrogen energy equipment industry and have the most comprehensive product portfolio to embrace the rapid development of global hydrogen energy market

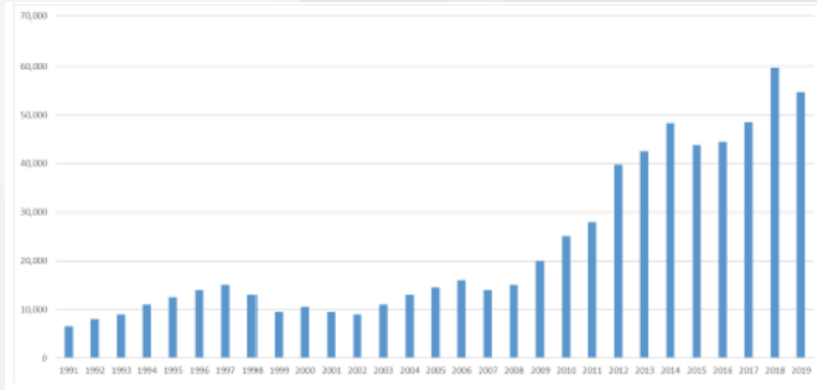


**Chemical &
Environmental**

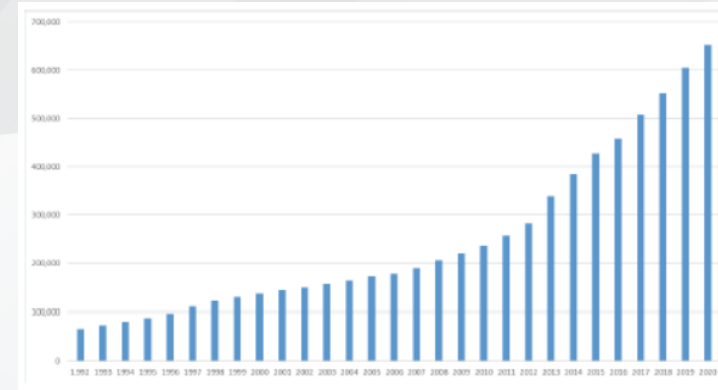
**New Global Business Layout
Development of China's Semiconductor Sector
Boosts the Sales of Tank Container in China**

3. Industry Outlook: Continue to Strengthen Our Position as the Global Leader

Tank Container Production (1990 to 2019)



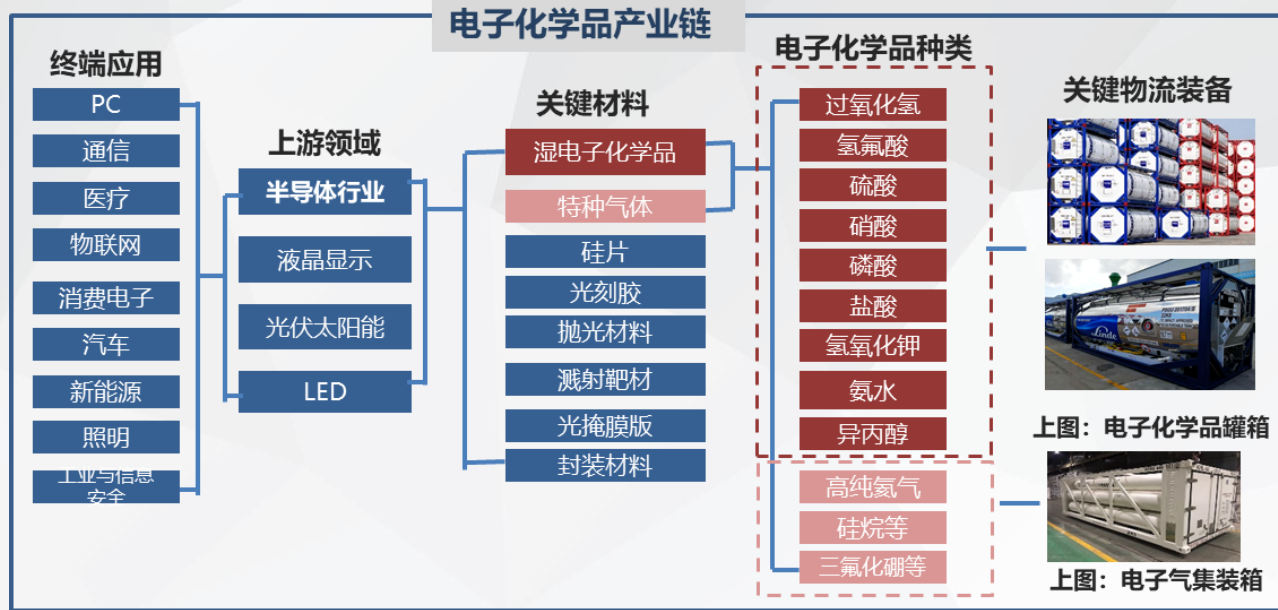
Total Fleet size (at 1st January of each year 1992-2020)



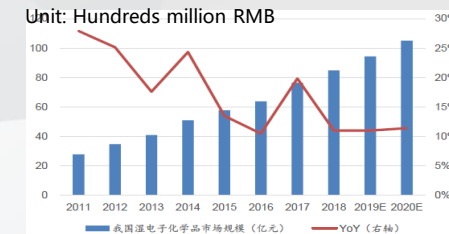
Reference: ITCO 2020 Global Tank Container Fleet Survey

- The number of tank containers produced drops slightly in 2019, which is resulted from nature of the industry - a phenomenon witnessed by the industry over the past 25 years, that **the tank container industry has been growing in longer term but being cyclical in a shorter period.**
- **However, the market continued to expand**, due to a large extent to the continued successful conversion of certain cargoes to tank containers which are safe, reliable, economic and environmental-friendly logistic equipment. In particular, China continued to see significant growth.
- **According to ITCO data, the production and sales volume of CIMC Tank has remained top pf the world for 16 consecutive years.** Through the establishment and stabilization of strategic alliance among VIP clients and active expansion in special tank container market, we've seen overall market share been further consolidated during 2019.

3. Industry Outlook: Development of China's Semiconductor Sector Boosts Sales of Tank Container

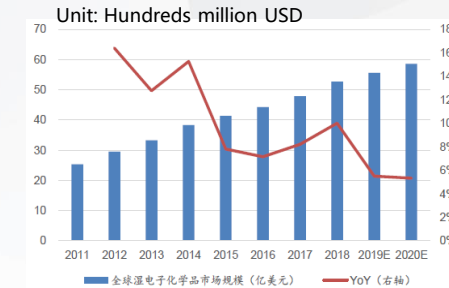


China liquid chemical industry scale and growth rate



Above: New Nantong high-end electronic chemical tank container processing cooperation workshop

Global wet chemical industry scale and growth rate



Left: China's consumption of liquid chemicals will continue to grow, and its share of global consumption is expected to increase from 14% in 2011 to 30% in 2020

Industry Outlook

- In 2019, liquid chemical tank containers accounted for about 90% of the company's total tank container sales, of which only 10% were sold domestically, and the China market has huge room for growth.
- The company's market share in ordinary liquid chemical tank containers is about 60%, and the market share of high-end electronic-grade chemical (corrosion-resistant, high-purity) tank containers exceeds 90%. China has mastered the high-end corrosion-proof technology after Japan, South Korea and Taiwan.
- Plan to double sales of high-end electronic-grade chemical tank containers in the future.

Capability Cornerstone

- 18 new product developments in 2019, a year-on-year increase of 29%, 18 invention patent applications accepted, 5 authorized items.
- Newly build a plant for electronic-grade chemical tank containers during the year, and cooperate with strategic customers to expand the high-end market.
- We are one of only 3 high-purity special electronic gas equipment manufacturers in the world.

3. Industry Outlook: Entering Environmentally Protection Sector by Key Equipment Capabilities

Historical Opportunities for China's Environmental Hazardous Waste Treatment Industry

- The new "Environmental Protection Law" was formally implemented in 2015 and imposes severe penalties and presents opportunities for hazardous waste treatment.
- 2016 "Two High Judicial Interpretations" clarified illegal dumping carries criminal responsibilities.
- In 2019, the Ministry of the Environment's "Cleanup Movement" was launched to carry out special actions for solid waste and hazardous waste treatment in 11 provinces and cities in the Yangtze River Economic Belt
- In 2019, the Ministry of Ecology and Environment revised and issued the General Standards for the Identification of Hazardous Wastes and the Technical Specifications for Hazardous Waste Identification, further improving the identification procedures and technical requirements for hazardous wastes, which is conducive to accelerating the reduction of resources and the goal of recycling

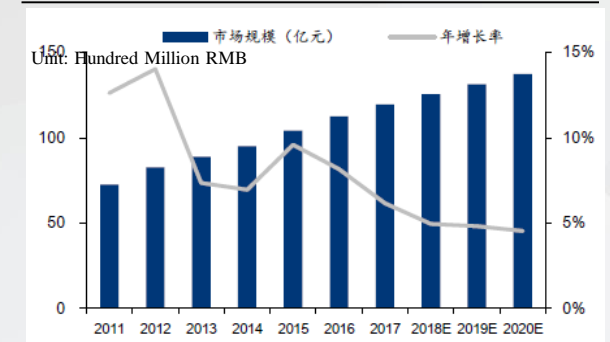
Innovative seed business / environmental equipment market progress

- Skid-mounted landfill leachate treatment achieved sales and commissioning of multiple sets of domestic orders, and seed revenue increased by 29% YoY
- The prototype of industrial wastewater treatment device (MVR equipment) was developed and sent to the customer's site, and cooperated with well-known environmental protection companies to achieve order breakthrough.

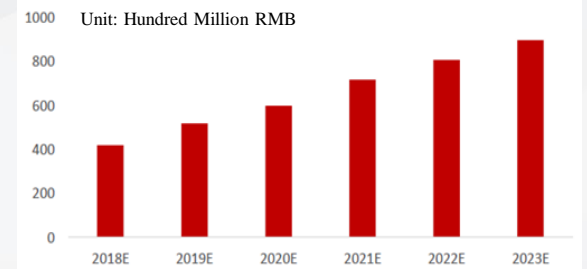
Environmental Business Capability Progress

- Skid-mounted landfill leachate treatment: five series of products with daily processing capacity from 50 to 280 tons product
- Industrial wastewater treatment device (MVR equipment): according to different treatment capacity and treatment requirements, develop customized dual-effect cross-flow MVR evaporation and concentration system and extend the EPC projects
- Customized solution for desulfurization and dust removal: customized technology, process design and equipment manufacturing integration, construction projects enter the acceptance stage

China Landfill Leachate Treatment Market Scale



China's hazardous waste treatment market size



Left: Skid-mounted chemical leachate treatment device

From left to right: Industrial wastewater treatment plant, Desulfurization and dust removal device



A photograph of a modern brewery interior. The room features a high ceiling with a glass and metal structure. Several large, cylindrical stainless steel brewing tanks are arranged in a row. Large windows on the left side offer a view of a green landscape with a stone wall and trees. The floor is a light-colored, polished concrete.

Liquid Food

Global Performance Rises Steadily
Further Development of Diversified Business

3. Industry Outlook: Horizontal & Vertical Strategic Direction



Malting 制麦
Saccharification 糖化
Fermentation 发酵
Bright Beer Tank 清酒罐

Bottling line
包装线

Vertical expansion: Develop whole brewery construction capability

Horizontal expansion: Beverage market other than beer and other market such as Chemicals and Pharmaceuticals

- Global Beer consumption becomes stable gradually while craft beer market becomes more promising.
- Other liquid food industries such as distilling, dairy and juice, chemical industry and pharmaceutical industry with market potential and higher profitability, will drive segment growth.
- According to the 2019 Beverage Processing Equipment Market Report, the global beverage processing equipment market is estimated to be valued at RMB 18.2 billion in 2019 and the industry remains showing medium to high growth rates, i.e. 5%. The market is projected to reach RMB 24.3 billion by 2025.

ZIEMANN
CIMC ENRIC



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CIMC ENRIC

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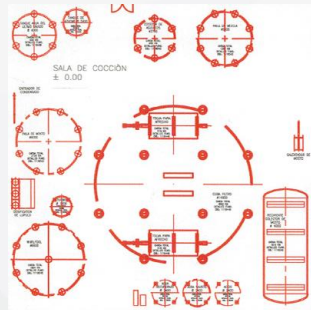
BRIGGS

3. Industry Outlook: The Industrial Beer is Our Traditional Core Competition Field

The industrial beer is our traditional core competition field. Our focus would be on expanding the current business in existing market when introducing more products and services to new clients, in order to consolidate our leading global market share.

Holsten Brewery, Greenfield project at Germany

The brand new brewery complex was dedicated in a ceremony in November 2019. The lauter tun brewhouse is designed for a maximum of 12 brews a day, each with casting volume of 312 hectolitres of hot wort.



Cervecería Centro Americana, Guatemala, one of the world's most beautiful brewhouses, which uses super heated water and relies on all latest Ziemann Holvrieka developments.

➤ Heineken Brazil, Brazil

Brazil is a booming beer market. **Heineken Brazil** decided to expand its capacities in Araraquara and Ponta Grossa and we involved in the whole projects.



3. Industry Outlook: Consumption Upgrades, Craft Beer is a New Growth Point

Guangyuan Lauterbach Craft Beer Project, China

The project covers an area of 453 acres with a total investment of 3 billion RMB. It is estimated that more than 60 beer fermentation tanks will be installed in the entire plant. The project is divided into two phases, the annual output of the first phase of the project is about 100,000 tons, and the second phase of the project will reach over 200,000 tons.



Cameron's Brewing Company, Oakville Canada

A family-run craft brewery which began in 1997 as a mere hobby but quickly turned into an award-winning brewery.

DME helped from design, modelling, P&IDs to logistics. The solution that DME provided is a top of the line fully automated from every aspect of the operation including grain handling, CIP and hop dosing.

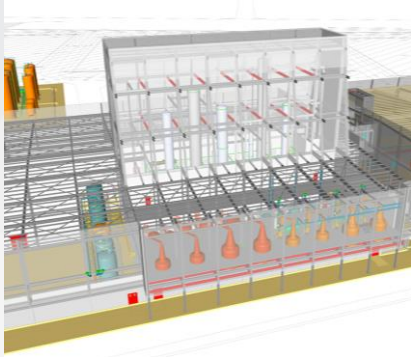


Goose Island Brewhouse, China

Budweiser is running brewhouse in Shanghai and Wuhan, all of which are contracted by us. Dining plus craft beer is in trend with the consumption upgrade, which helps promoting craft beer culture.

3. Industry Outlook: Distilling Business Makes Breakthrough in Asia

After the acquisition of Briggs in 2016, we've successfully entered the distilling industry. We've expanded the business in Asian market during 2019 and aims to further developed the turn-key projects offering .



➤ Shanghai Bacchus, China

In 2019, we've been awarded a whisky turnkey project in Chinese market, including a set of malt whiskey equipment and a set of grain neutral spirits equipment. After delivery, it will be **the largest industrial liquor factory in China.**

➤ Kiuchi Whiskey Project, Japan

As early as 2018, it began to lay out a new malt whisky plant in Ibaraki. Commissioning has been completed in early 2020. The project covers an area of about 900 square meters and includes a raw material processing system, a malt whisky brewing system, a distillation system, and a CIP system. The annual production capacity is 115,200 L (converted into pure alcohol).



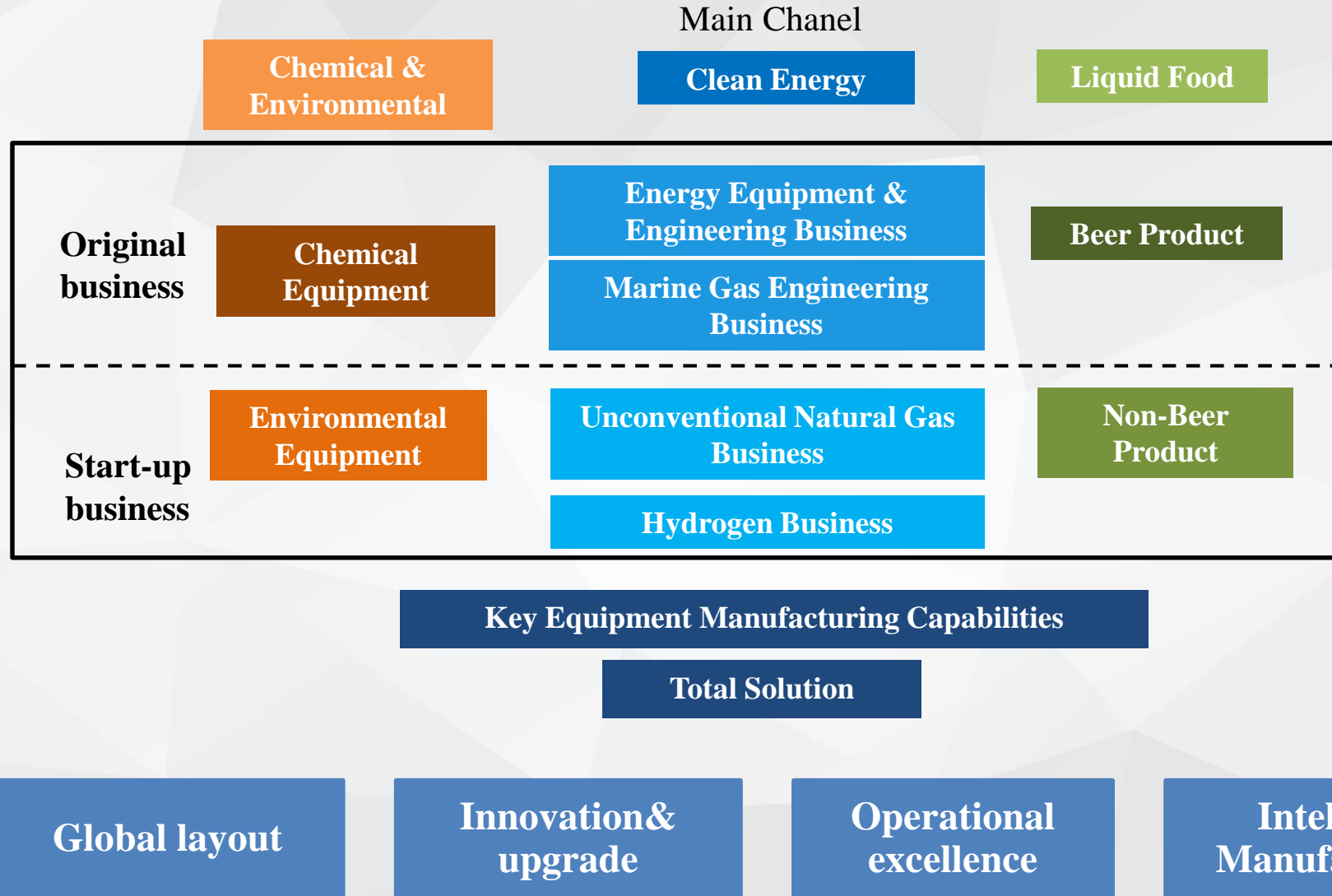
木内酒造合資会社

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5. Response to the outbreak

4. Strategic Plan: Strategic Plan of Three Segments



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5. **Response to the outbreak**

5. Response to the Outbreak: Our Domestic & Overseas Teams Take Quick Action

2020年1月22日 (武汉封城)

能化板块携17家下属企业同步成立“疫情应急小组”



CIMC ENRIC 中集安瑞科

Notice on Establishing Epidemic Prevention and Control Headquarters in CIMC Enric

The epidemic situation of the new coronavirus is severe, and the National Health and Medical Commission included it as a type B infectious disease and prevented and controlled it according to type A. This also brought huge challenges in all aspects to our companies' resumption of work, production protection, and annual work. At the same time, with the development of the epidemic, the government and the group have put forward higher requirements for the prevention work of enterprises.

中集能化食品装备业务板块 复工复产疫情防疫及HSE工作指引

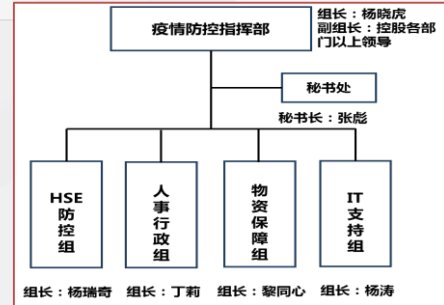
2020年2月6日

新型冠状病毒防疫参考手册

REFERENCE MANUAL

“中集安瑞科板块疫情应急工作小组”成员及联系人:

组长: 杨晓虎
 常务副组长: 丁莉
 成员: 于洋、黄磊、张彪、李东、赖泽侨、杨涛
 联系人: 邹苗, miao.zou@cimc.com, 13451536041
 总部值班经理: 刘慧, miao.zou@cimc.com, 13451536041



2020年2月5日 (临近复工)

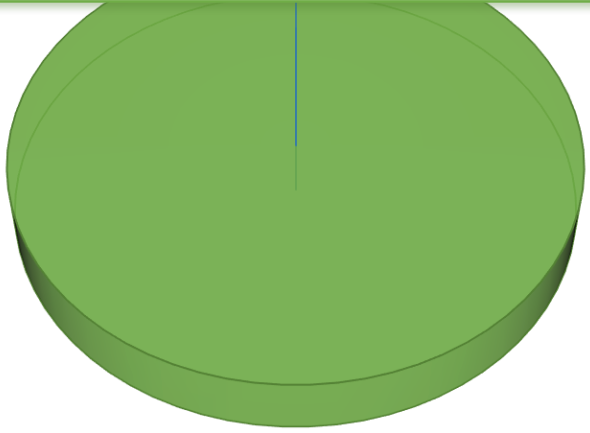
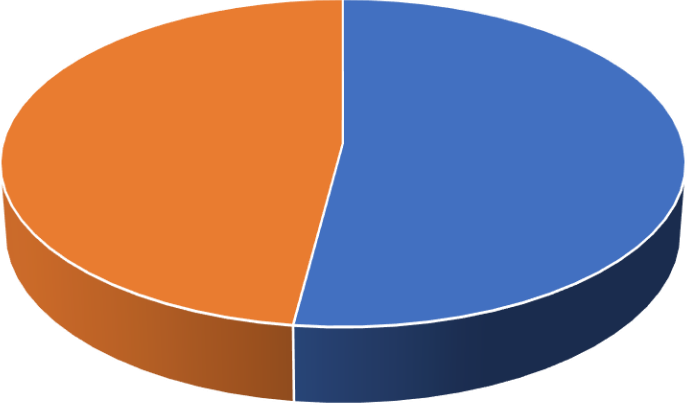
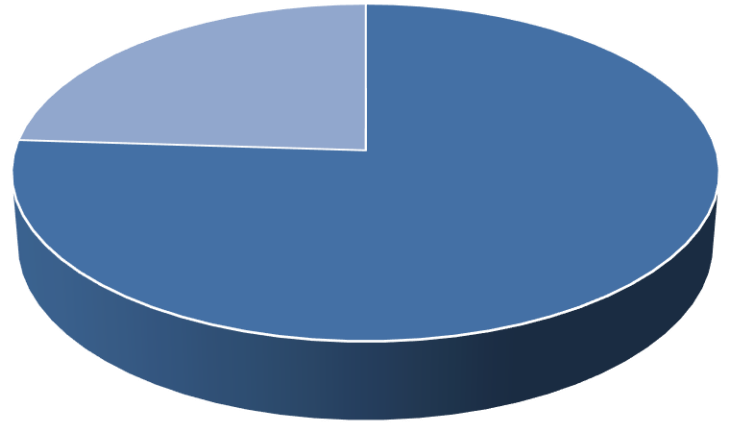
升级成立“能化板疫情防控指挥部”全方位协调资源指导控股本部及成员企业疫情防控工作



- After the outbreak, we immediately set up a headquarters and hold meetings discussing action plan.
- Domestic and overseas sectors worked simultaneously in response.
- Summarized domestic epidemic prevention and controlling experience to share with overseas subsidiaries.
- Drafted the "CIMC Enric Standard Measures for Epidemic Prevention and Control" and share it with customers and suppliers.

5. Response to the Outbreak: Work Resumption in Progress

Resume of work under epidemic prevention

NO	Enterprise	Time	Resumption situation										Supplier impact statement	
			Number back to work		Total NO	Number of isolated	Resumption Rate	Description	Capacity (%)	Main factors (%)				
			Number	Percentage						Market	Human Resource	Supply Chain		
<p>RESUMPTION OF WORK</p> <p>All 19 domestic companies back to production</p> 			<p>EMPLOYEES BACK TO WORK</p> <p>The actual number of employees returning to work is 9,073</p>  <p>The total number of employees is 9,851</p>				<p>Capacity utilization rate: 76%</p> 							
15	宁夏长明	3月4日	55	0	55	0	100%	液化工厂52人, 银	52%	0%	0%	100%	原料气27.5万方。	
16	哈深冷	3月4日	78	7	111	0	70%	政府批复同意复工	5%	85%	15%	0%		
17	荆门宏图	待定	—	—	—	—	—	待政府审批	—	—	—	—		
板块合计			—	7298	439	8815	182	83%	—	63%	46%	26%	28%	—

Note: the data is updated timely, and the above data is up to 24th March 2020

5. Response to the Outbreak: Our Domestic & Overseas Teams Take Quick Action

Gain orders

- **Seizing orders from online and offline**

Seek opportunity from crisis

- Domestic energy infrastructure
- Medical hazardous waste disposal equipment
- Medical gas equipment
- Online business promotion
- Intelligent integrated equipment and services

GAS Online
《气体在线》第二期网络视频直播

**物联网技术推动
压力容器安全管理势在必行**

3月27日 周五 19:30-21:00

丘永保 董峰 屈秀廷 许欣

► 探讨主题 ◀

压力容器安全管理政策和相关检测标准的介绍
物联网技术在气体/LNG压力容器安全管理中的应用趋势
工业气体的投资视角点评物联网技术的应用

在线研讨会报名通道
(请于2020年3月27日18:00前扫码报名注册)

扫描二维码在线报名

Guarantee supply and stable production

- **Steel procurement :**
 - ✓ Dedicated person to solve the transportation problem with fixed route & destinations arranged in advance;
 - ✓ Timely checking with steel mill about supply.
- **Collaborated procurement:**
 - ✓ Checking the situation of the unified purchase of materials;
 - ✓ Coordinating the logistic of materials;
 - ✓ Check the situation of overseas material supply.
- **Self-procurement:** Check the situation of suppliers returning to work, overseas procurement, joint technology to actively introduce alternative plans
- **Epidemic prevention materials :** More than 150,000 masks were procured successfully and distributed to employees for work resumption

5. Response to the Outbreak: Our Domestic & Overseas Teams Take Quick Action

➤ **Strict control of expenses:**

- Planning to enhance human performance
- Reducing the budget expenses by 40%, cutting unnecessary expenses on traveling, client entertainment, conference fees, etc.

Guarantee enough cash on hand

➤ **Strengthening capital control:**

- Reviewing **cash flow management** by month and incorporate it into the performance assessment.
- All payments not included in the plan have been suspended

➤ **Investment Control:** Abide by the suspension principle

- **Delaying technical renovation investment:** The total investment budget has been reduced to the amount equals to 50% of last year's depreciation, and all non-essential and non-emergency investments have been suspended.
- **Delaying large-scale investment in fixed assets:** The approved projects shall be reviewed again case by case, while the others would be suspended.
- **Tightening capital expenditure:** Any amount over 5M RMB needs to be approved by financial department

➤ **Actively access govt. support with a total subsidy of RMB15.71M in place**

➤ **One of our subsidiary has successfully applied for a national bank loan of RMB100M**

Social Responsibility



Pictures:
We donated supplies to support the fight against the epidemic.

THANKS

感谢聆听!

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