



CIMC ENRIC

中集安瑞科控股有限公司
(3899.HK)

2021 Interim Results 中期业绩

English Version

2021.08.24



目录

CONTENTS

1. **Business Highlights**
 2. **Financial Performance**
 3. **Business Review & Outlook**
- 

Snapshot of 2021 Interim Results

Achieved growth on three business segment and breakthroughs were made in sub-segments

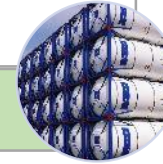
- Clean energy business increased significantly YoY
- Core products maintain leading market position
- Several hydrogen demonstration projects have been launched, secured an order for on-board hydrogen supply system of approx. RMB 100 million.
- Electricity and clean energy can complement each other well through seasonal storage.

Clean Energy



- Significant increases YoY in both the orders on hand and newly signed orders
- Promoted the layout of after-sales service with enhancing intelligence level of core products
- Environmental protection business achieved steady progress

Chemical & Environmental



- The pandemic has gradually eased, and the turnkey projects on hand are progressing smoothly
- Proactively deployed Baijiu business, innovatively developed new business areas such as equipment for hard seltzers

Liquid Food



Facilitate “dual carbon” goals with deployment on natural gas and hydrogen industry

- Established hydrogen JVs with Hexagon Purus to localize the world's leading Type 4 hydrogen cylinders ;
- Established a JV with Angang for upstream hydrogen production/ LNG field
- Acquired the assets of Fengshun Ship in Aug to obtain the rare resources of the dock and wharf along the Yangtze River Route

Significant growth in revenue and net profit, financial position remained solid

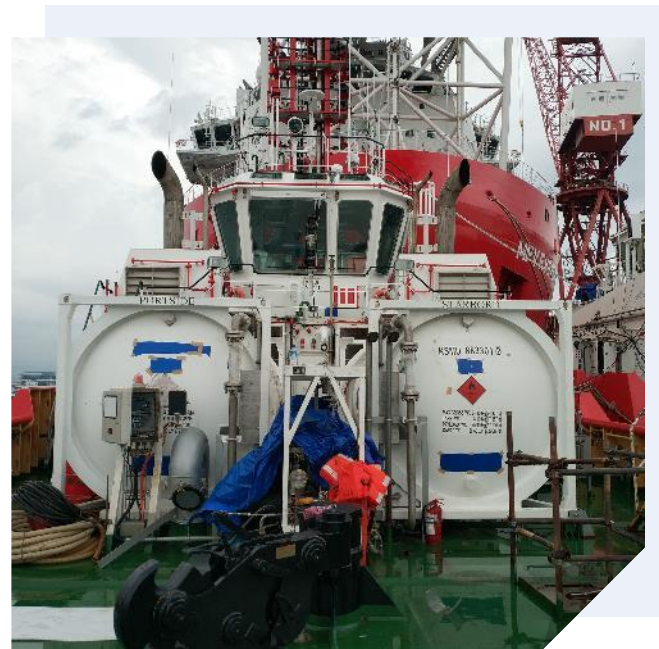
- Revenue grew by 49.3% YoY , net profit grew by 77.5% YoY, annualized ROE increased to 10.2%
- Steady financial position , overall operational efficiency of assets increased prominently

Technological Innovation and Quality Development

Actively developed and innovated, and expanded upstream and downstream segments to promote income diversification.

In 1H 2021, R & D investment exceeded RMB197 million (1H2020: approximately RMB130 million), accounting for 2.4% of sales (1H2020: 2.4%). In 1H 2021, the Group recorded 57 new patents and won 2 China Patent Excellence Awards.

- LPG micro grid solution
- Large-scale integrated service station- EPC construction project development
- Upgrading Package solutions for LNG powered ships on inland waterways
- Smart Energy IoT solutions
- LNG cold energy utilization integrated solution
- Skid-mounted equipment for hard seltzer and Non-alcoholic beer production
- The research and development of liquid helium/hydrogen tank container products has made major breakthroughs



01 Upgrading Package solutions for LNG powered ships on inland waterways



02. Smart Energy IoT solutions

Layout of liquid hydrogen to strive for first-mover advantage

Significant progress achieved in a series of topics in the field of hydrogen equipment and application.

Liquid Hydrogen

At present, the research and development of commercial liquid hydrogen storage and distribution equipment has been carried out, including materials, welding, structure, insulation plan, process and safety configuration, while the preparation of corporate standards and overall product plan design have been completed, as well as passing the technical compliance review. Progress has been made in stages.



High-pressure gaseous hydrogen storage

ASME standard 103 MPa fixed hydrogen storage vessel was successfully developed and ready to be launched on the market





目录

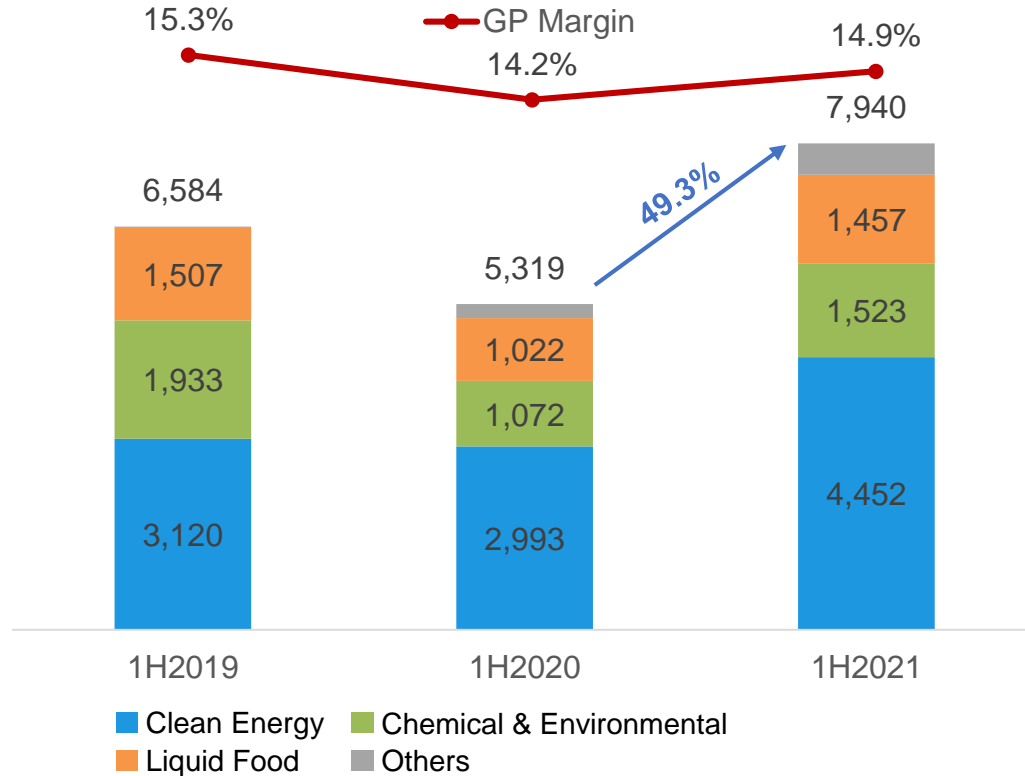
CONTENTS

1. Business Highlights
2. **Financial Performance**
3. Business Review & Outlook

Revenue Increased Significantly Due to Growth on Three Business Segments

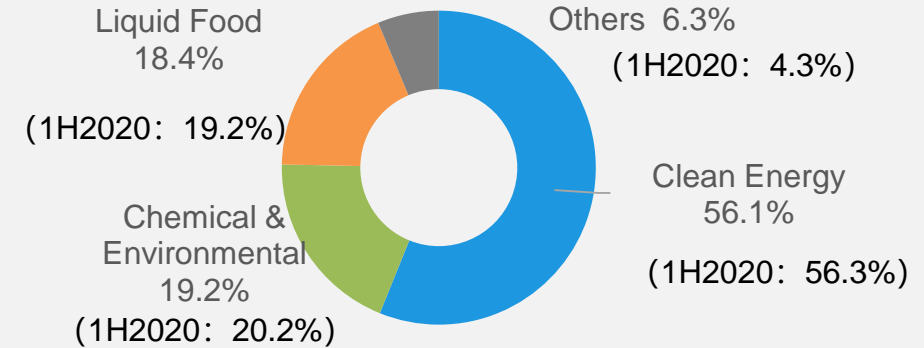
Revenue increased by 49.3% YoY

Unit: RMB Million

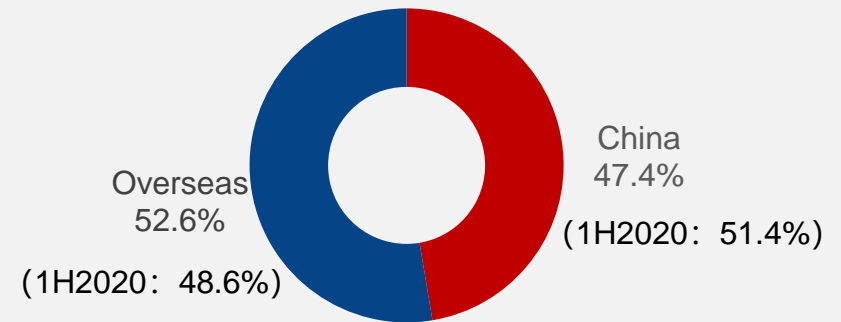


CIMC Enric's Capex in 1H2021: RMB 252 million

Revenue Breakdown by Segment



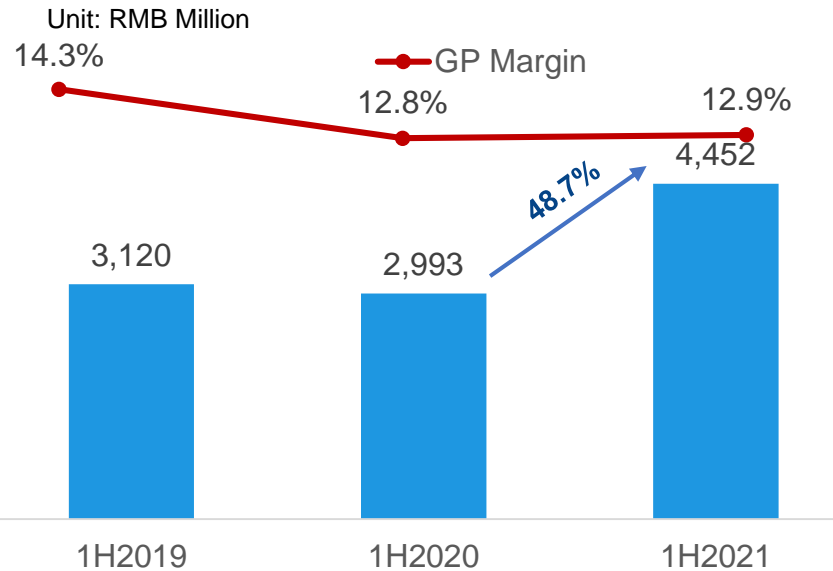
Revenue Breakdown by Geographic Location



*All the financial figures mentioned are accounted by RMB

Clean Energy Segment Performance

Clean Energy Segment's Revenue increased by 48.7% YoY



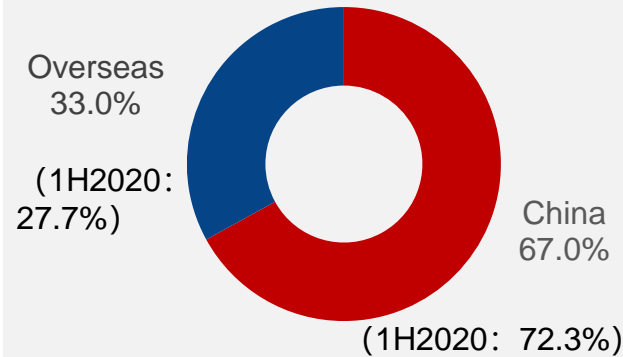
Clean Energy Segment's Capex in 1H2021:
RMB 41 million

Revenue from Hydrogen Business in 1H2021:
RMB 61.6 million

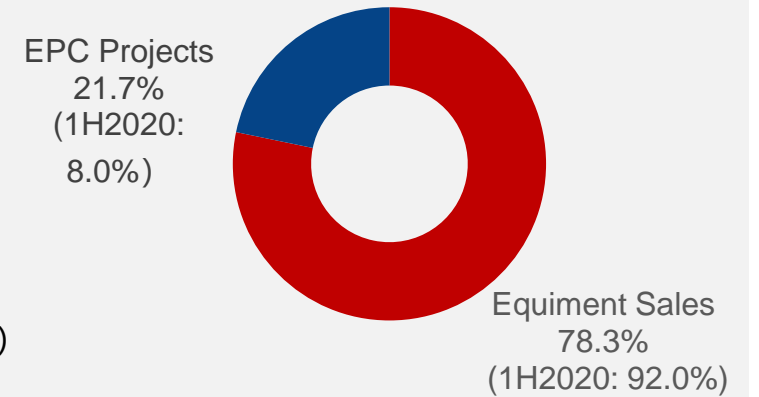
Champion Products :

- The market share of LNG tank containers, LNG trailers, LNG vessel tanks, industrial gas trailers, and liquefied gas trailers have increased significantly in 1H2021. The top three products sold in the segment was LNG trailers, cryogenic storage tanks, LNG tank containers.

Revenue Breakdown by Geographic Location

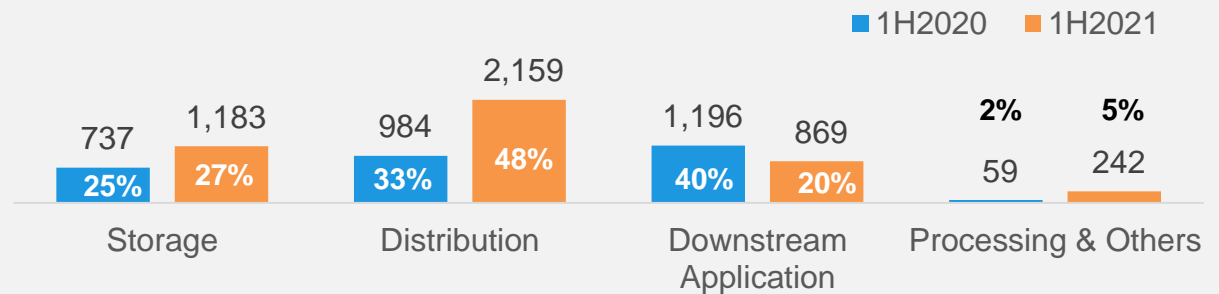


Revenue Breakdown by Type



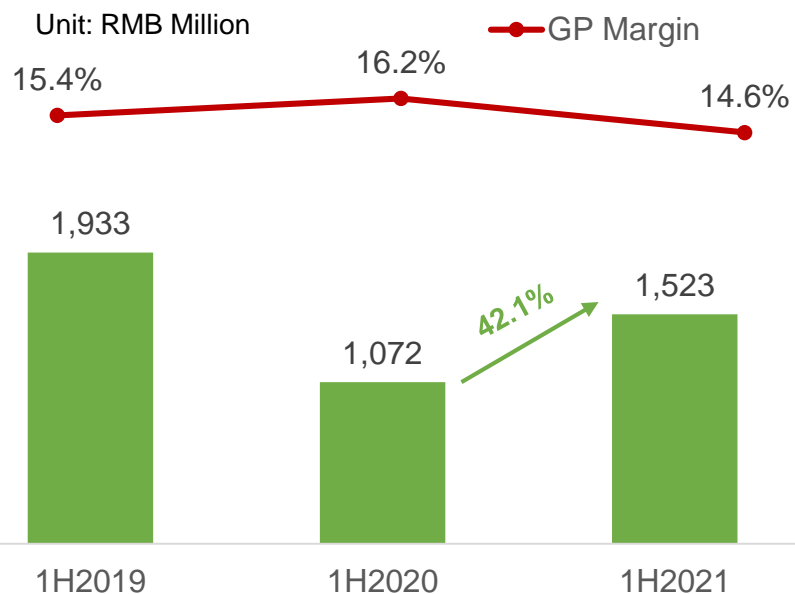
Revenue Breakdown by applications

Unit: Million RMB

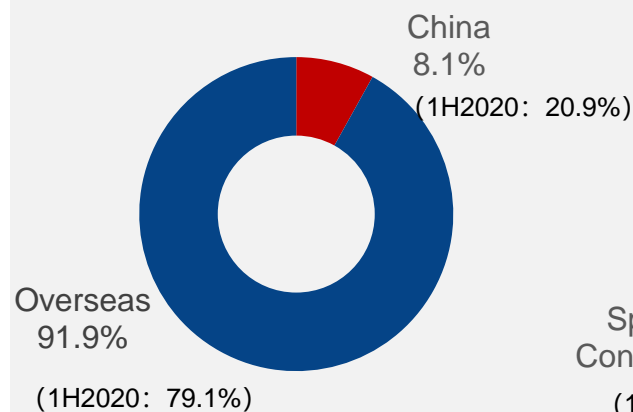


Chemical and Environmental Segment Performance

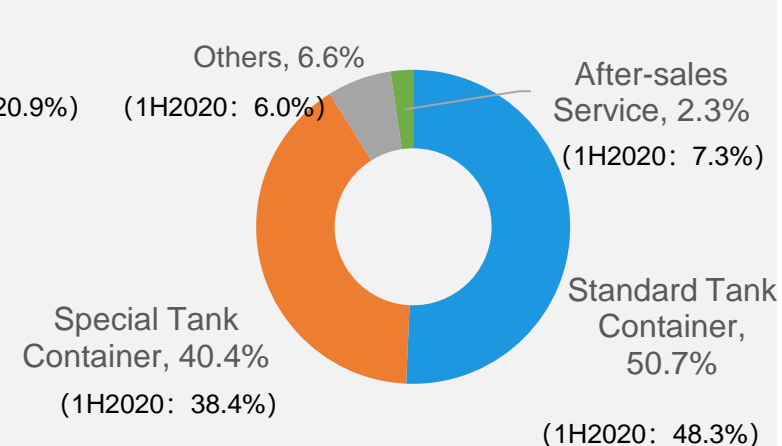
Chemical & Environmental Segment's Revenue rose by 42.1% YoY



Revenue Breakdown by Geographic Location



Revenue Breakdown by Type



Chemical & Environmental Segment's Capex in 1H2021: **RMB 73 million**

- Orders in hand and new orders increased significantly
- Environmental business: the self-developed high efficiency denitrification reactor has passed the mid-term test and applied to the actual scene, the inorganic engineered stone products have been launched to the market.

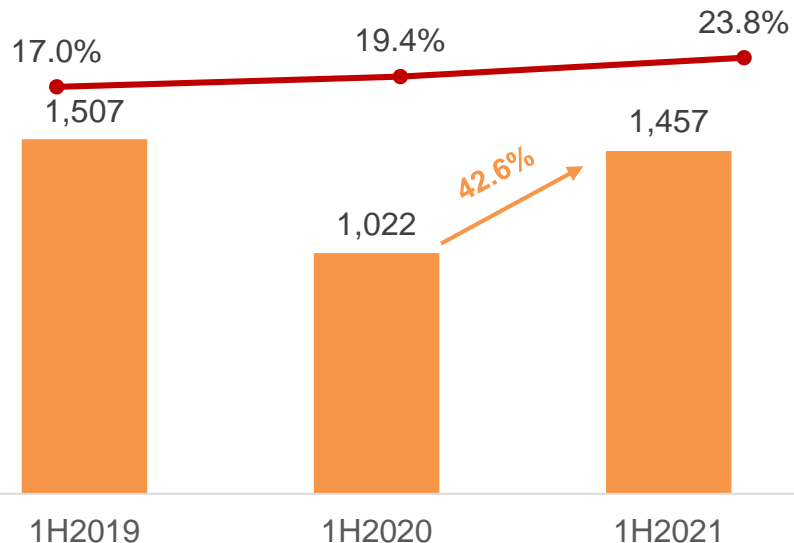
Champion Products: "CIMC Tank" has been the bestselling tank container in the global market for 17 years consecutively according to ITCO statistics. During the period, the sales volume of tank containers increased, which solidified its prestigious position in the industry.

Liquid Food Segment Performance

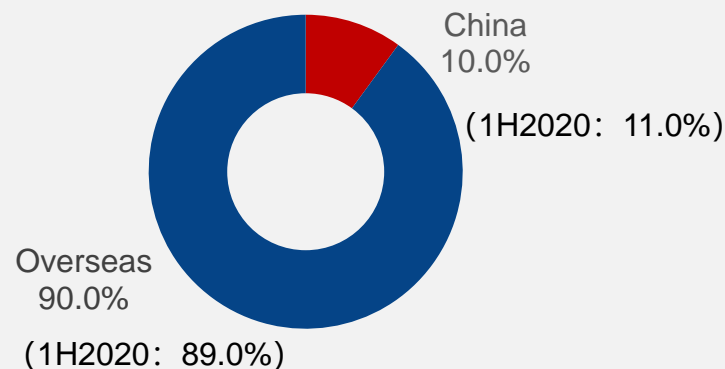
Liquid Food's Revenue grew by 42.6% YoY

Unit: RMB Million

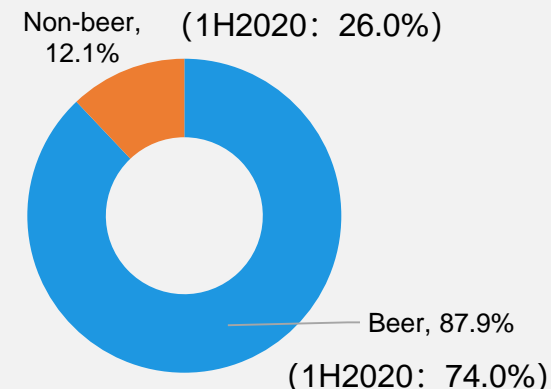
— GP Margin



Revenue Breakdown by Geographic Location



Revenue Breakdown by Type



Liquid Food Segment's Capex in 1H2021: **RMB 11 million**

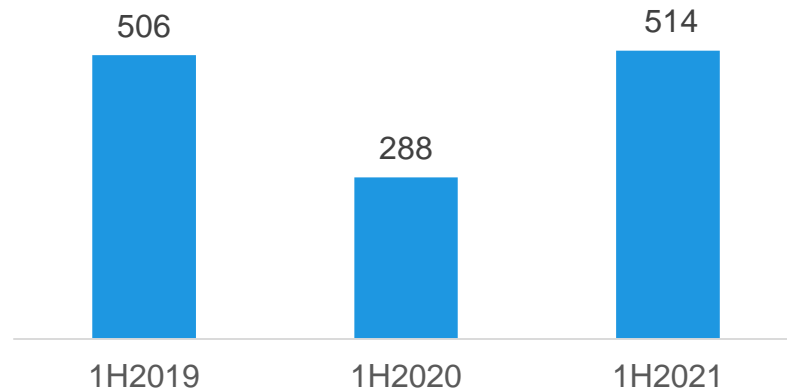
- Revenue and gross profit up significantly YoY, mainly attributable to the smooth progress of high-margin projects in Latin America and the United States.
- With effective cost control, the gross profit margin has increased steadily over the past three years.

Champion Product: Industrial beer turnkey project – the world's top three brand

Net Profit and ROE Recorded a Promising Growth

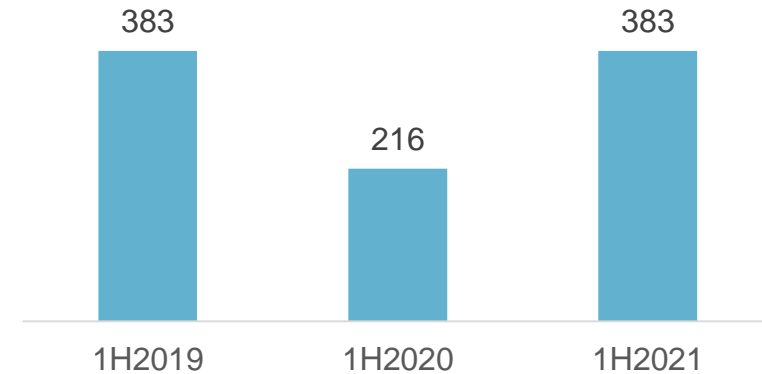
Profit from Operations grew by 78.6% YoY

Unit: RMB Million



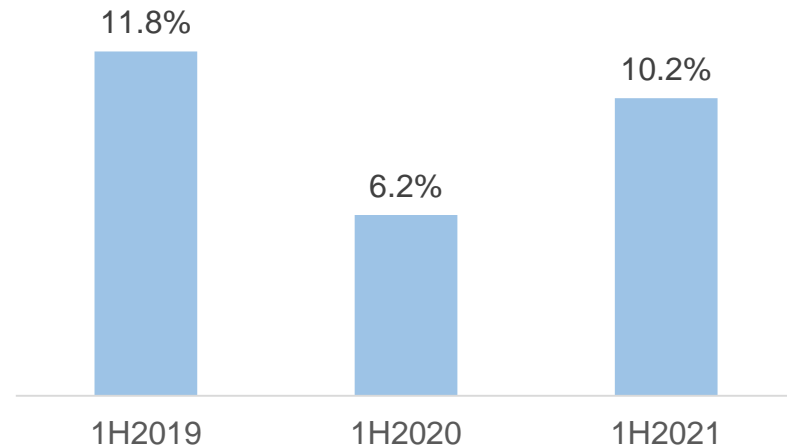
Net Profit Attributable to Shareholders increased by 77.5% YoY

Unit: RMB Million



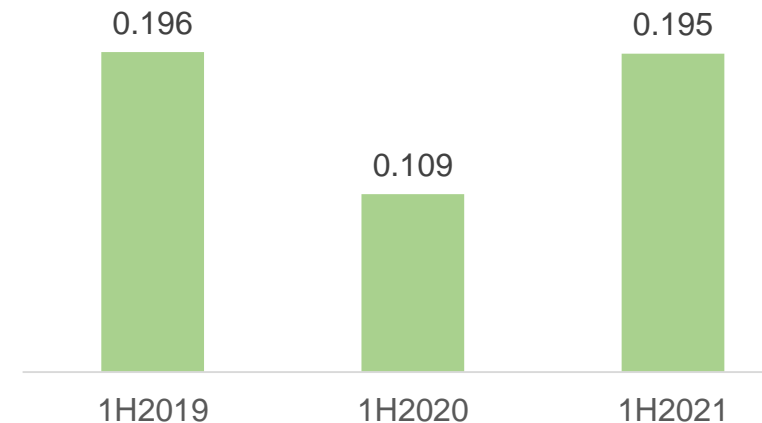
Annualized Return on Equity

Unit: %



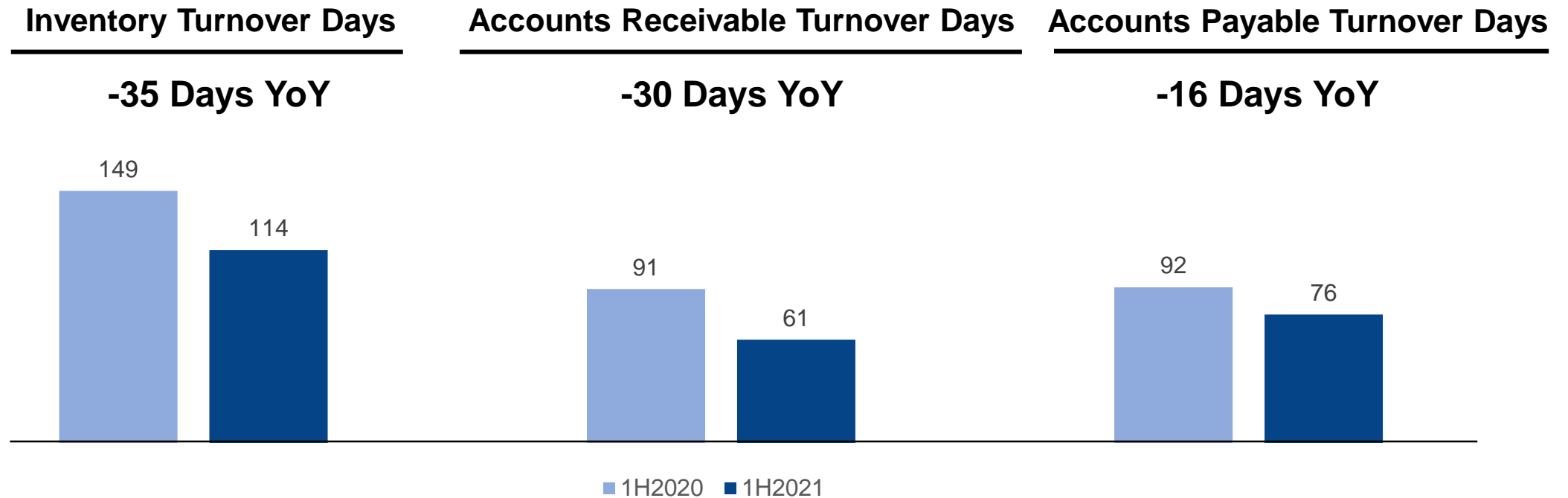
Basic Earnings per Share rose by 78.9% YoY

Unit: RMB



- Revenue from three business segment saw a significant growth, with operating profit and net profit attributable to shareholders increasing steadily YoY. Annualized ROE increased by 4.0 percentage points YoY to 10.2%, and profitability improved.

Operational Indicators Improved

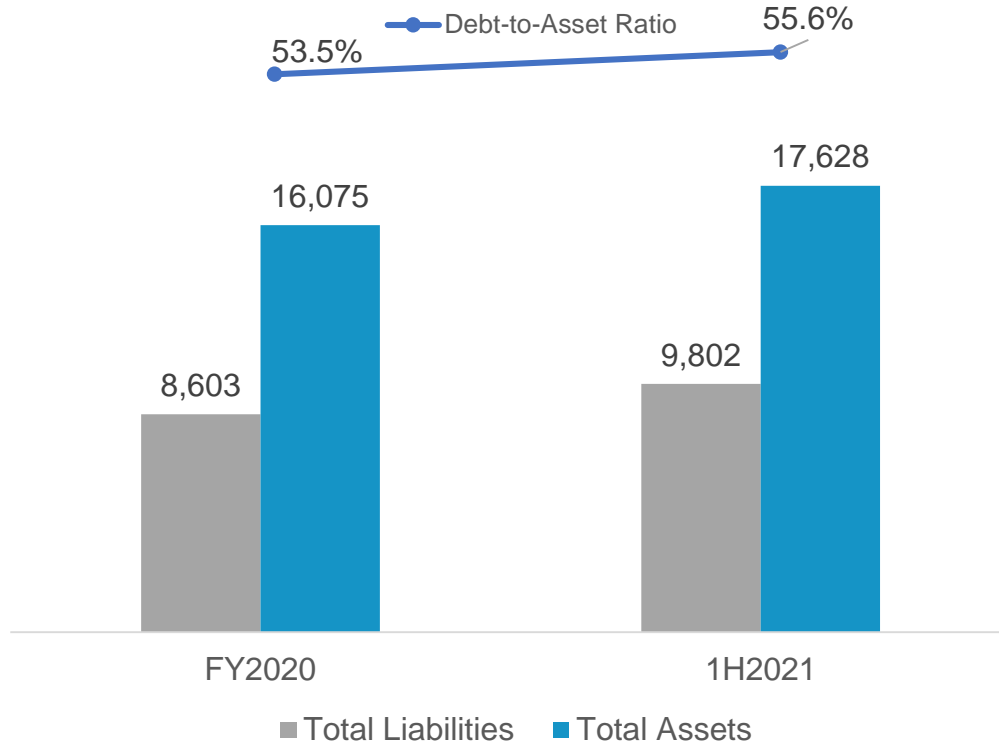


- We increased strategical steel stocks for steel price appreciation while our inventory turnover days improved by 35 days .
- The accounts receivable turnover days continued to improve, with a decrease of 30 days YoY.
- The overall cash turnover days was 80 days, fell by 36 days YoY.

Long-term Stable Asset-liability Structure

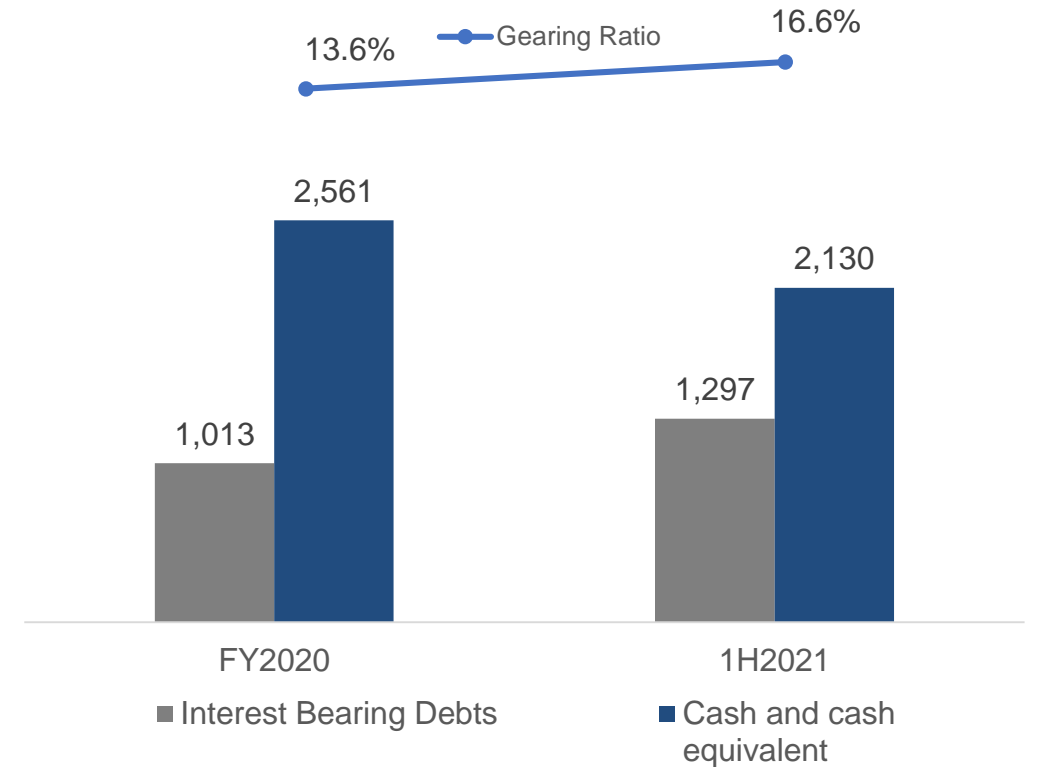
Asset-liability Structure Remained Stable

Unit: RMB Million



Gearing Ratio was Generally Stable

Unit: RMB Million





目录

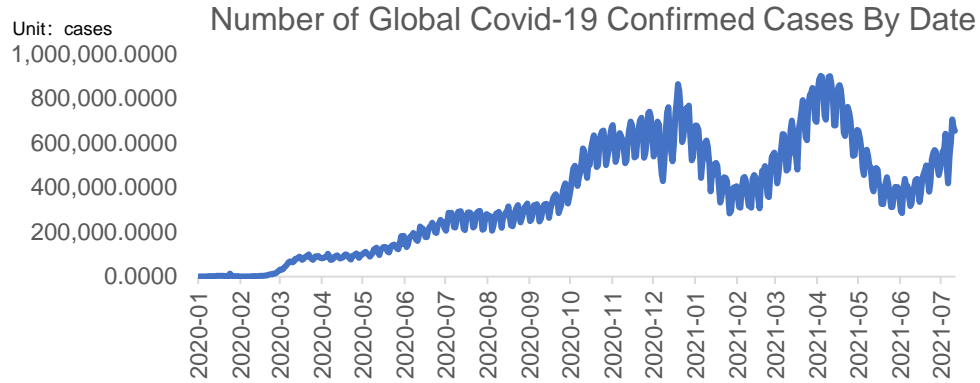
CONTENTS

1. Business Highlights
2. Financial Performance
3. **Business Review & Outlook**

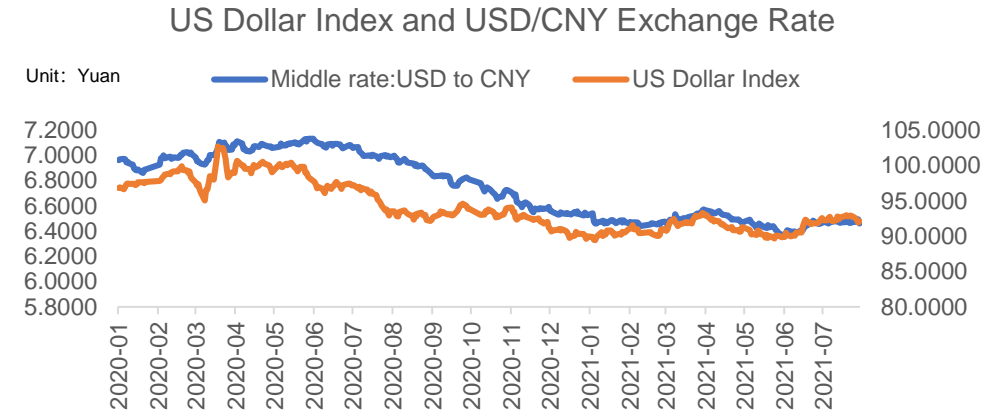
1H 2021 Macro Environment Review



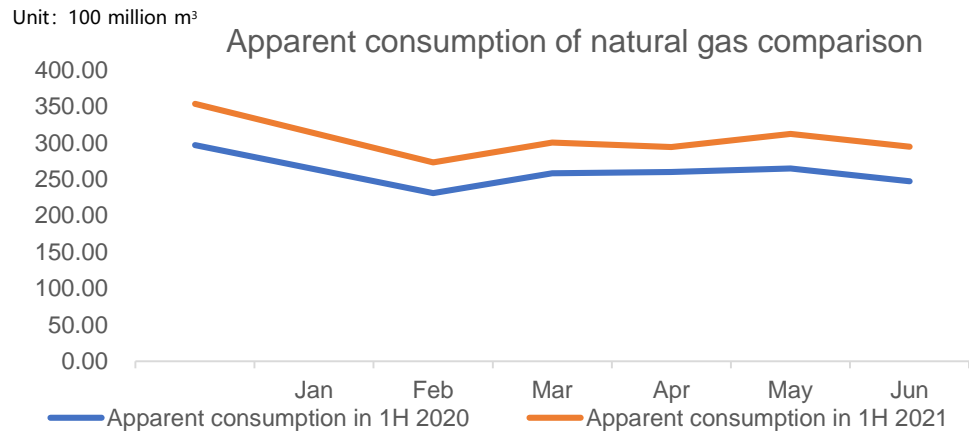
The pandemic was gradually under control, global economy started to recover



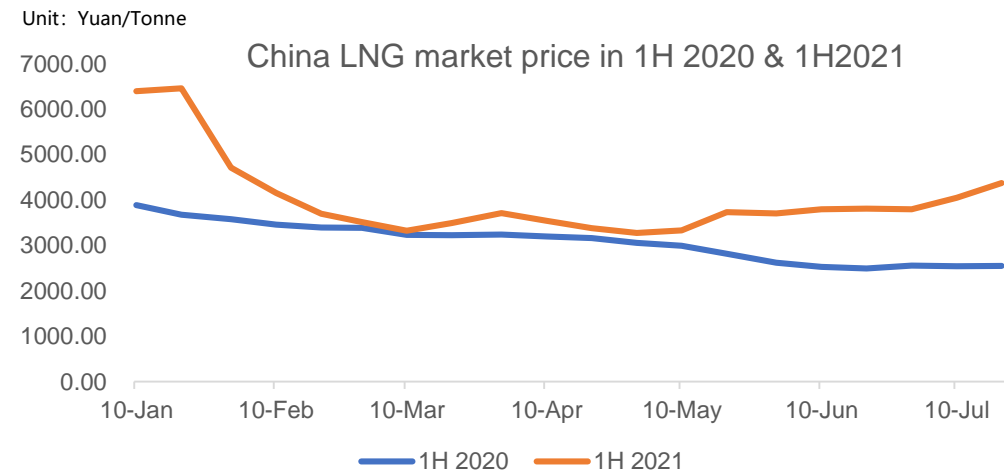
RMB has continued to appreciate against USD



Natural gas consumption grows due to Emission Peak target and China's economic recovery



Driven by crude oil price & supply shortage, the price of LNG hit a 5-year high in 1H 2021

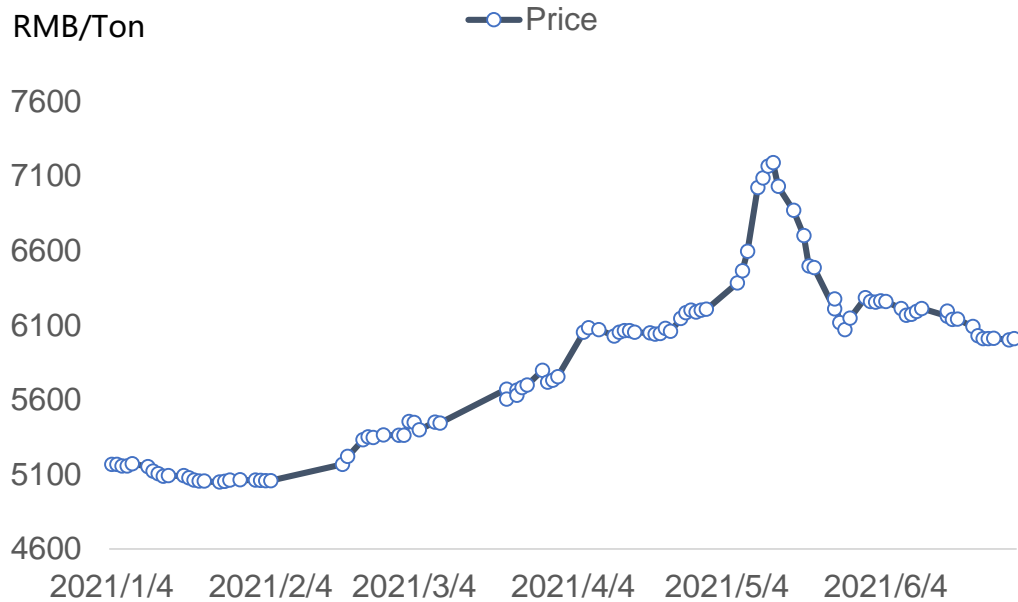


Source: wind

Steel Price Rally in 1H 2021 and started to decline

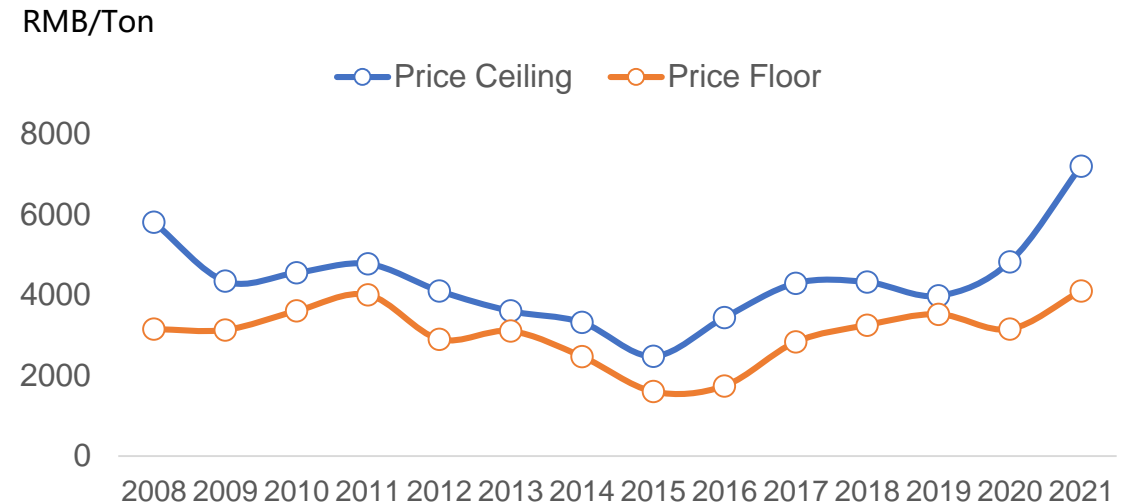
- In mid-May 2021, steel price rose to RMB7,190/ton, surpassed 2008's peak level at the same period by 24% . By the end of June, even the steel prices tumbled to RMB 6,000/ton, it was still 16% above the price from the beginning of the year.
- The rise in cost of steel may dampen the downstream demand on steel. Influenced by several factors such as state policies and ESG measures and market supply and demand, steel prices are expected to go on a downward trend but fluctuate within a narrow range in the second half of the year.

Steel Price in 1H 2021



Source: wind, Fubao, Steelcn

The Highest and the lowest steel prices during 2008-2021



To be the industrial leader in clean energy, chemical and environmental, and liquid food industries

Clean Energy

01

- During the “14th 5 Year Plan”, China will continue to increase the proportion of natural gas in primary energy, which is expected to reach 15% by 2030, and respective policies will be in place to support the construction of natural gas exploration and reserve infrastructure.
- Hydrogen energy technology is included as one of the 18 key projects in the national key R&D plan of the Ministry of Science and Technology of China under “14th Five-Year Plan”.
- Vast opportunities in offshore clean energy business: Global restrictions on shipping emissions; favorable policy for LNG ships has been implemented across China.
- Distributed clean energy to power equipment & trends

Chemical & Environmental

02

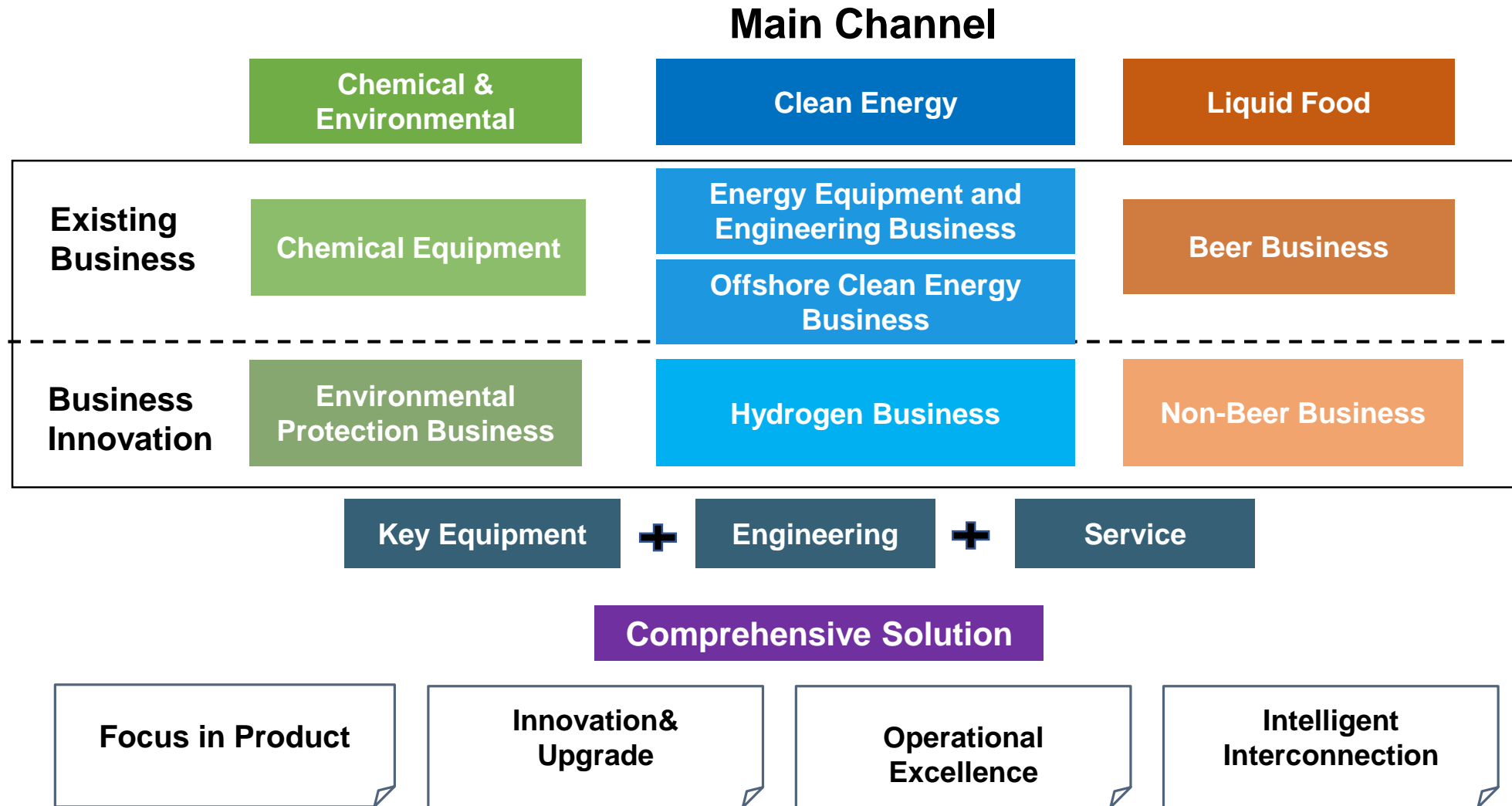
- The pandemic gradually came under control, global trading has been recovering while oil refinery industry is getting vibrant, resulting in an increase for chemical transportation demand
- The layout of chemical industry parks and after-market services bring new growth opportunities.
- In recent years, China's environmental protection policies have gradually tightened, and the demand for hazardous waste disposal has accelerated.

Liquid Food

03

- The pandemic is gradually brought under control, clients reinitiated capex plan for long-term planning.
- EPC construction schedule is resumed.
- Emerging business opportunities for craft beer and Chinese Baijiu.

Build an Industry-Leading and Integrated Service Capabilities

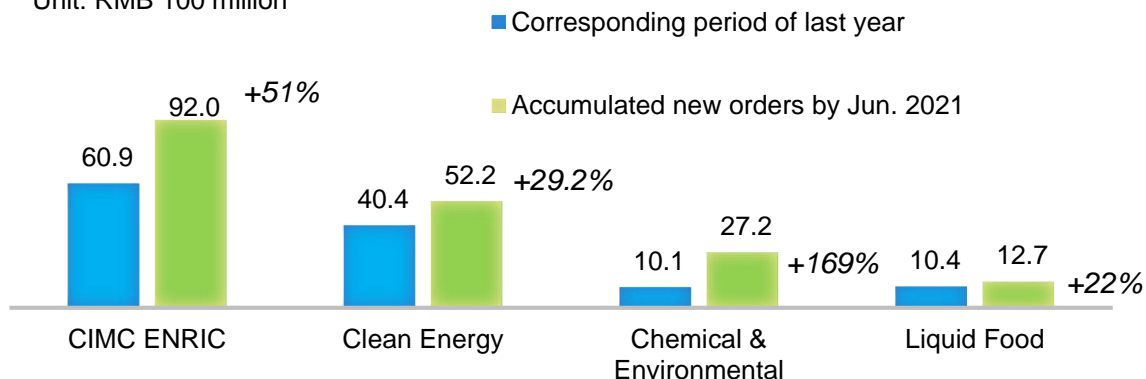


Make energy cleaner, make the environment more sustainable, and make life better!

Strong market demand, Orders for Chemical segment Increased Substantially

New orders

Unit: RMB 100 million

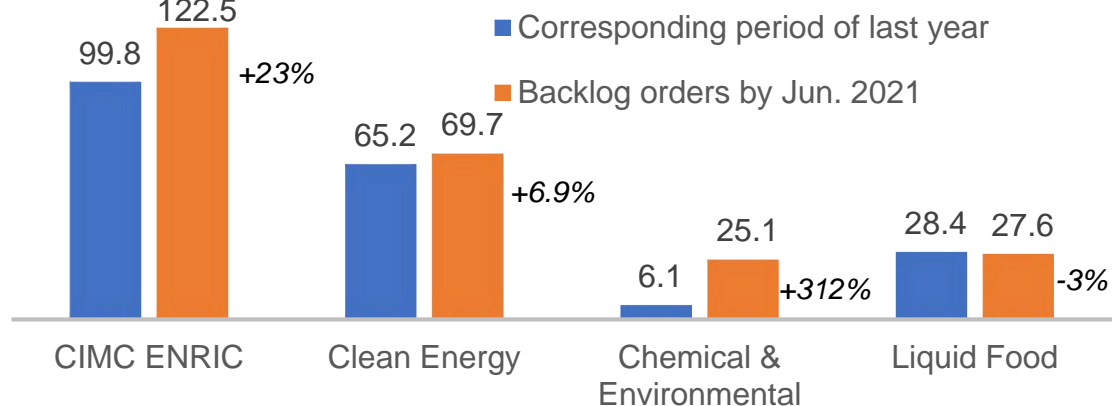


Distribution of new orders for clean energy

- New orders for onshore clean energy business was RMB4.38 billion, up 34.8% YoY.
- New orders for Offshore Clean Energy (SOE) business was RMB 630 million, dropped 20% YoY.
- New orders for hydrogen business was RMB 210 million, mainly from hydrogen supply systems, hydrogen cylinders, tube bundle transport vehicles and hydrogen refueling stations.
- Back log orders for hydrogen was RMB 53.42 million, rose by 61.5% YoY.

Backlog Order

Unit: RMB 100 million



| Category of Clean Energy | Backlog order by the end of Jun (in 10,000 RMB) | | |
|------------------------------|---|----------------|--------------|
| | 1H 2021 | 1H 2020 | YoY |
| Storage | 277,249 | 220,197 | 26% |
| Distribution | 189,551 | 244,367 | -22.43% |
| Downstream Application | 193,611 | 152,838 | 26.68% |
| Processing & Others | 36,990 | 36,118 | 2.41% |
| Total of Clean Energy | 697,401 | 653,521 | 6.71% |



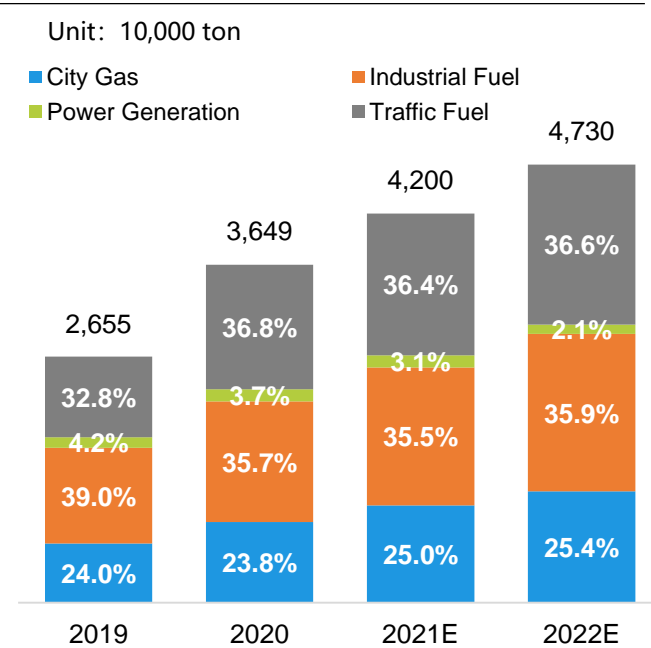
Clean Energy

Relying on key equipment and service capabilities to explore more clean energy application scenarios, providing integrated solutions, transforming to an integrated clean energy service provider.

Driven by “Dual Carbon” Goals, Natural Gas Consumption is Expected to Grow by 15% YoY in 2021

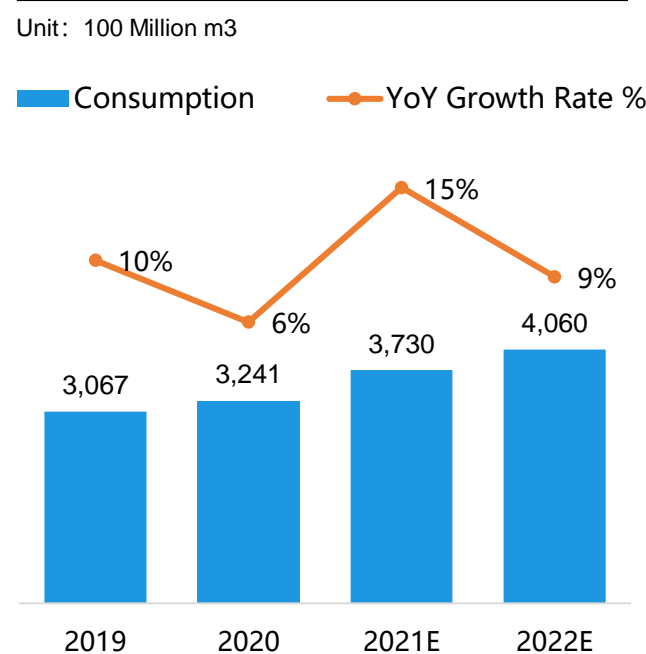
- It is estimated that the annual apparent consumption of natural gas in 2021 will be about 373 billion cubic meters, up by 15% YoY.
- LNG prices are unusual in 2021, with a sharp rise in prices during off-season, reaching a 5-year high YoY. According to the NDRC data, the actual average receiving price of LNG in 1H 2021 was about RMB 4,005.94/ton.
- It is estimated that the average receiving price of LNG in 2H 2021 will be about RMB 6,000-7,000/ton, and the consumption of LNG in 2021 is expected to increase by 15% YoY.

Forecast on China’s LNG Consumption, 2021-2022

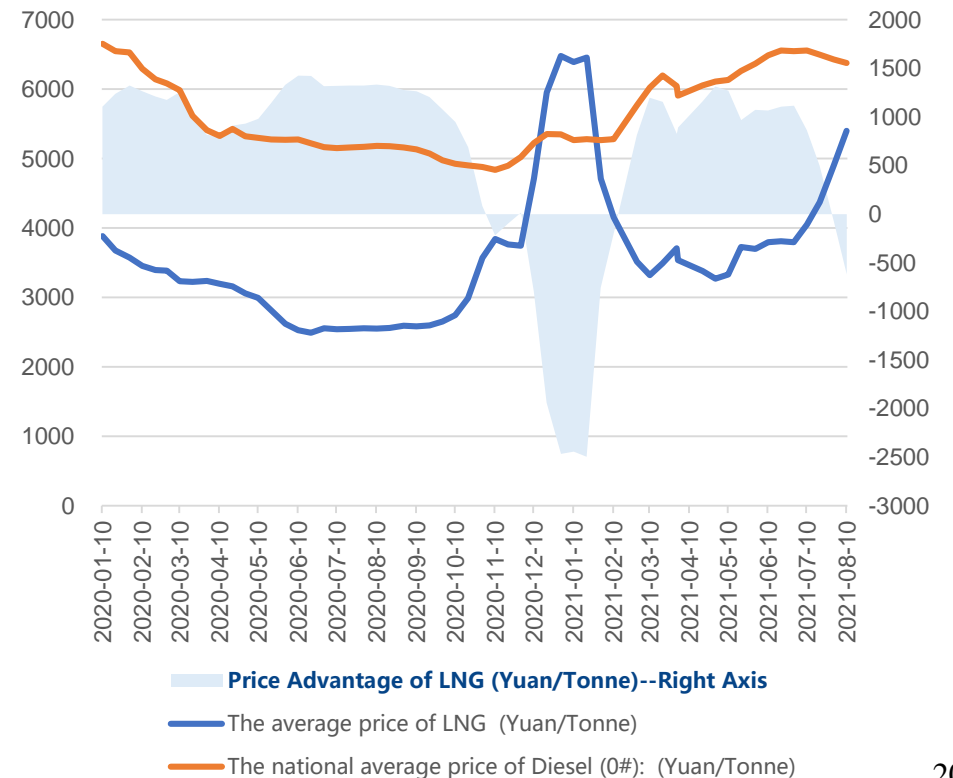


Source: wind, NDRC, LESSBETTER

Forecast on China’s Natural Gas Consumption, 2021-2022



Price Gap between LNG and Diesel



Offshore & Onshore Clean Energy Industry Chain With A Focus on Natural Gas

- The business layout covers both offshore and onshore
- Full industry chain from upstream, midstream to downstream to tap the trend of wide application of clean energy.

Offshore Clean Energy Industry Chain

Upstream (Process & Treatment)



▲ Offshore oil and gas processing module

Midstream (Transportation & Storage)



▲ Small to medium sized liquefied gas carrier (LEG/LPG/LNG)

Downstream (Application)



▲ Marine LNG Fuel Tank / Desulfurization Unit ▲ LNG bunkering vessel / offshore and onshore refueling station

Onshore Clean Energy Industry Chain

Upstream: (Process & Treatment)



▲ Liquefaction plants & liquefaction module designed for wellhead gas
▲ Unconventional gas treatment and processing

Midstream: (Transportation & Storage)



▲ Clean energy transportation equipment
▲ LNG peak-shaving storage equipment & engineering
▲ Other clean energy storage equipment & engineering

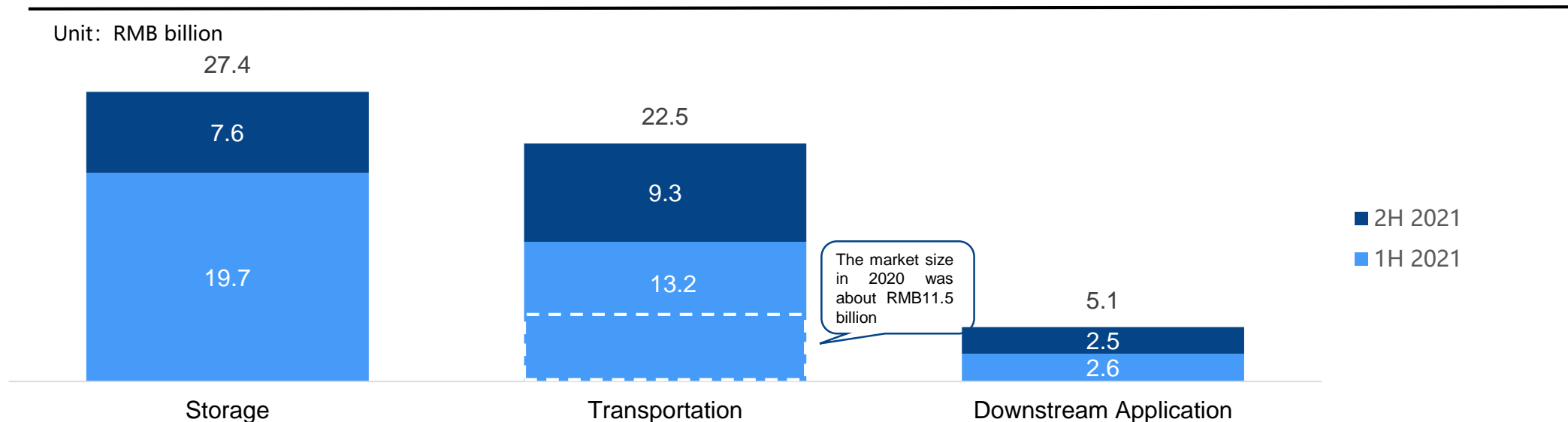
Downstream (Application)



▲ Clean energy equipment for transport fuel usage
▲ Industrial and commercial LNG fuel equipment

Latest Forecast on Market Size of Clean Energy Equipment

2021 Market Demand of Clean Energy Equipment ~RMB 55 Billion



Remarks: With the recovery of the global economy, international maritime trade has gradually rebounded, as well as the energy saving and emission reduction promotion on the shipping industry, resulting in a significant increase on orders for small-to-medium sized liquefied gas carriers (<40,000 cubic meters liquefied gas carriers) in 2021.

In 2021, the market size of **Clean Energy Equipment** is expected to approx. **RMB 55 billion**, including:

- The market size of **storage equipment**:~ **RMB27.4 billion**, including storage equipment for peak-shaving projects, LNG receiving terminals and liquefaction Plant, etc.
- The market size of **transportation equipment**:~**RMB22.5 billion**, small-to-medium sized liquefied gas carriers ($\leq 40,000$ cubic meters liquefied gas carriers) is approximately RMB13.2 billion
- The market size of **application equipment** : ~ **RMB5.1 billion**. After the full implementation of the China VI standards, the penetration rate of LNG heavy duty trucks is expected to increase, and the market will expand.

Data source: The market size of the internal forecast is based on the market sales forecast, and the amount of the market size is calculated based on the average unit price of the subdivided products in the current year, and is revised on a quarterly basis.

Transportation: Rapid Growth Benefiting from Active LNG Trading



Benefited from the active LNG trading in the Q1 2021, the sales of LNG trailers and LNG tank container rebounded. CIMC Enric enjoys the largest market share of LNG trailer in China.



On April 25, 205 45-foot LNG tank containers were provided to help for trial operation of "Fanzhou 6" vessel importing LNG from Malaysia via LNG tank containers.



As the pandemic has eased, the recovery of the global oil products market has increased the utilization rate of oil refineries, driving the demand for LPG trailers.



LNG trailer

The commissioning of new receiving stations drives the demand for LNG trailers. According to the existing planning and declaration records, up to now, there are 22 known LNG receiving stations under construction and 54 planned projects, and China's LNG receiving stations have entered a period of rapid construction. In addition to the 23 LNG receiving stations that have been built, the country may have nearly 100 LNG receiving stations in the future.



Industrial gas trailer

The demand for industrial gas increased due to the recovery of manufacturing industry

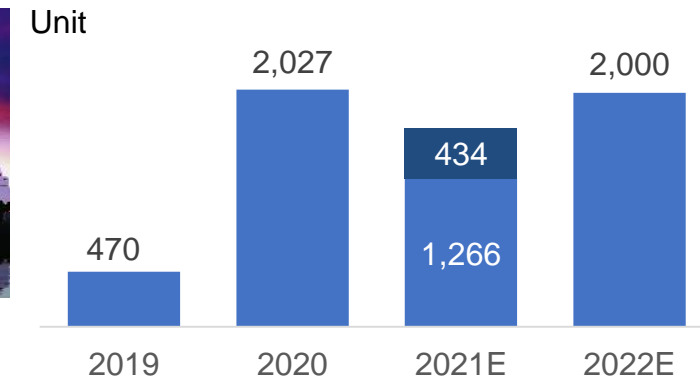


Liquefied gas trailer (LPG and Propane, etc.)

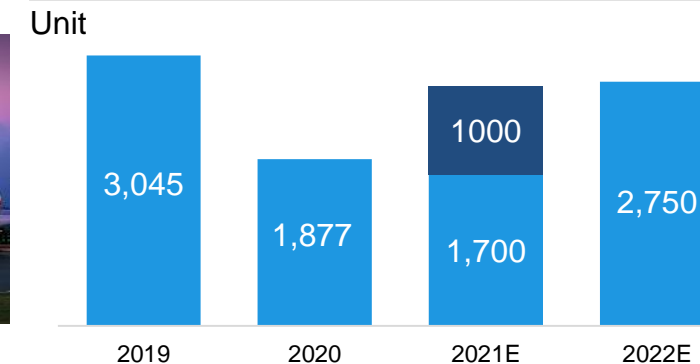
In the next five years, the domestic crude oil processing capacity will increase year by year, and the output of liquefied petroleum gas, as a by-product of oil refining, will maintain a growth trend. In the next five years, the import and export volume will increase rapidly, mainly driven by the commissioning of PDH and ethylene cracking units, which will significantly increase the demand for LPG and drive the growth of liquefied gas trailers.



Forecast on Incremental LNG Trailer in China



Forecast on Incremental Liquefied Gas Trailer in China



Source: CIMC Enric Strategic Development Department, IMO, Clarksons Shipping, Less Better Consulting

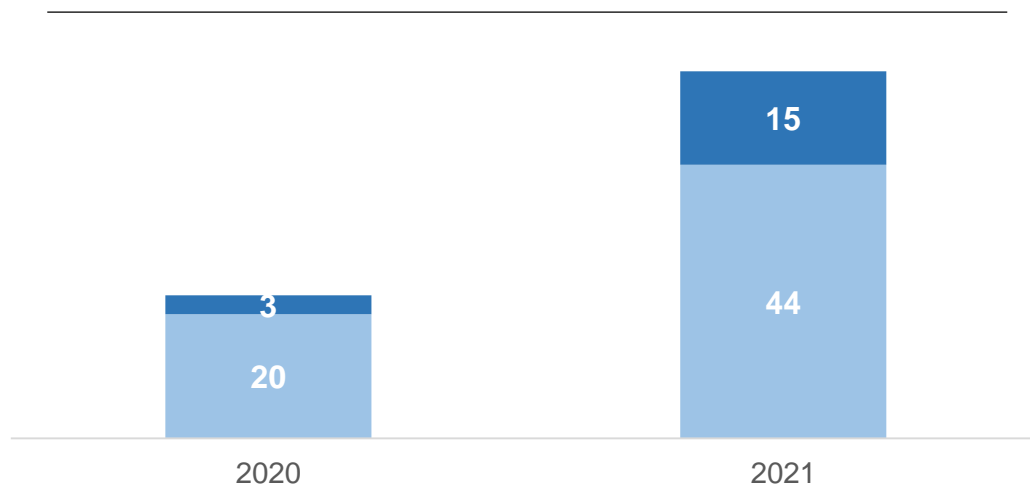
■ 2H2021

Transportation Outlook: Increasing Demand for small and medium-sized liquefied gas carriers

Global: LNG transportation demand has grown rapidly in recent years, especially driven by the development of LNG transshipment, intermodal transportation and the LNG market growth of Southeast Asian island countries, benefiting the demand for small LNG carriers. In the next five years (2021-2025), the global market for small and medium-sized liquefied gas carriers will average approximately 3 billion US dollars per year.

Domestic: According to the “National Plan for Distribution of Coastal and Inland Waterway LNG Terminals (2035)”, China will build six LNG inland receiving terminals, which is expected to require more than 15 LNG distribution vessels of 30,000 m³, benefiting the small and medium-sized LNG carrier market.

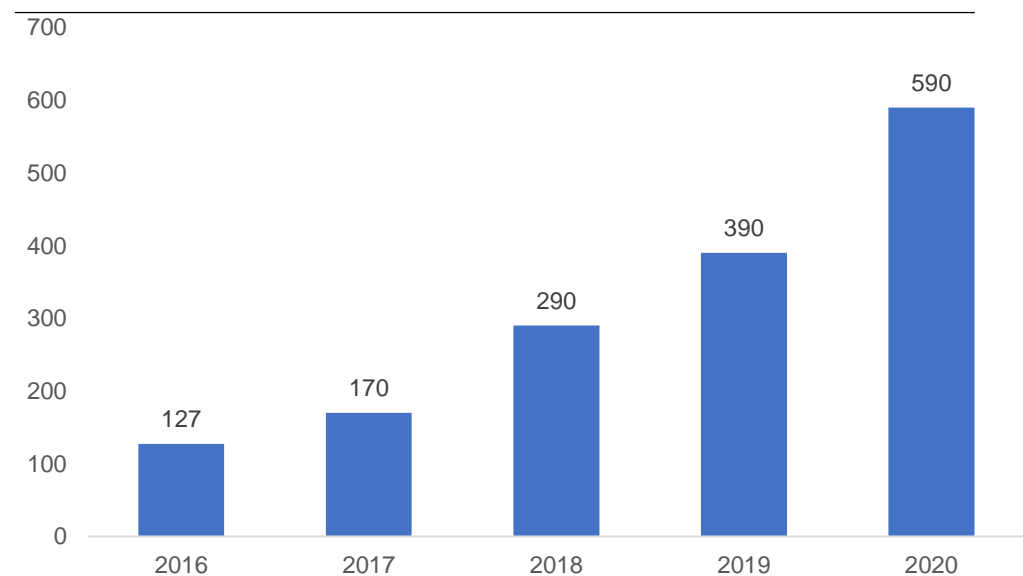
Market size of small and medium-sized liquefied gas carriers (≤40,000 m³)



■ LPG carrier/LEG carrier ■ LNG carrier/ LNG Bunkering Vessel

Source: Clarkson analysis report and internal market analysis

Inland waterway LNG powered fleet



Source: website data collation:

Storage: Strong Peak-shaving Demand Drives Sales

By the end of 2020, China has built 14 gas storage clusters, with working storage capacity of about 15.9 billion m³, accounting for merely 4.9% of the natural gas consumption in 2020, which is far from the world average level of 10%. China Petroleum Planning Institute predicts that China's working storage capacity will reach 45 billion m³ in 2025. **The Group has signed 136 projects with a total amount of RMB 1.784 billion since 2018. In 1H2021, 10 projects were awarded with a total amount of RMB 330 million.**

- Since LNG tank containers were listed as gas storage and peak shaving facilities in 2019, LNG tank container peak shaving reserve projects have been launched in many places, which has promoted the demand for leasing and purchasing LNG tank containers.
- In July, Guizhou LNG tank container multimodal transport and peak shaving reserve project constructed by Guizhou Wujiang Energy Gas Co., Ltd. was launched in Xiuwen, and 780 LNG standard tank containers were planned to be put into the project; In August, the LNG peak-shaving gas storage facility project in Rizhao City was officially completed. The project has a 10,000m³ LNG storage tank, and the supporting layout can store 60 LNG tank containers on a single floor.

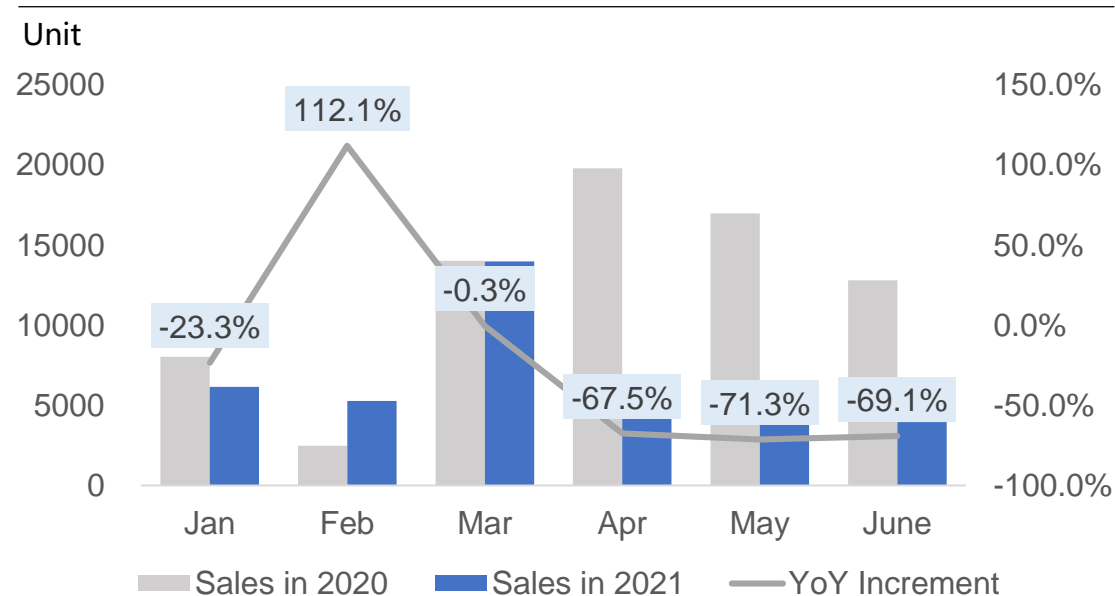


Downstream Application: LNG Cylinders Declined and are Expected to Recover

High LNG price in 1H 2021 partially weakened the economic benefits of LNG heavy duty trucks. With the postponed switching of China VI diesel heavy-duty trucks in many places, demand for LNG heavy duty trucks declined. In 1H 2021, 40,000 LNG heavy duty trucks were sold in China, with a cumulative YoY decline of approximately 45%, which drag the sales of LNG cylinders.

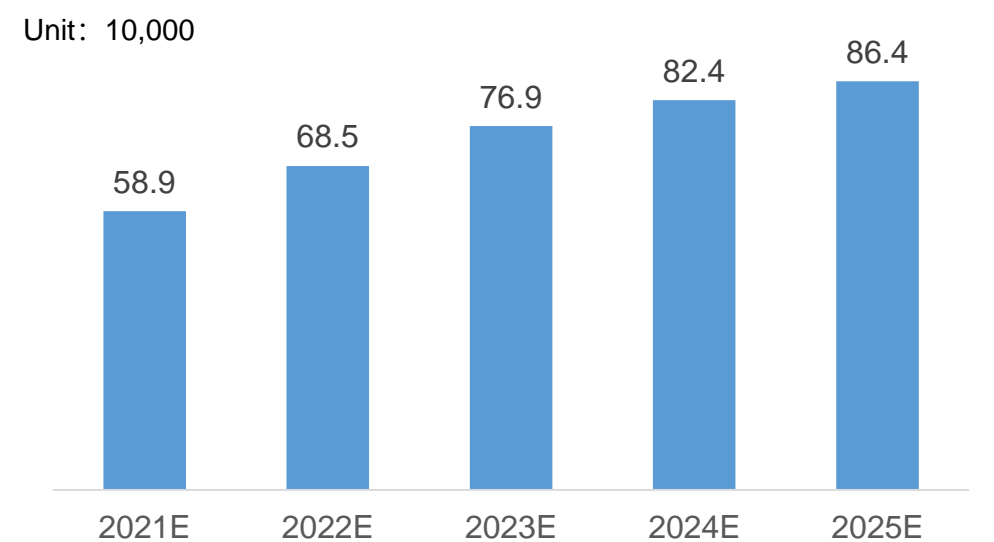
With the full implementation of the China VI Standard, the penetration rate of LNG heavy duty trucks is expected to continue to increase in the future. It is expected that LNG heavy duty trucks will recover in 2H 2021, which will drive the growth of sales of LNG cylinder.

Monthly Sales of Domestic LNG Heavy Duty Trucks in 1H 2021



Source: find800.cn

Forecast on LNG Heavy Duty Trucks Fleet in China



Source: LESSBETTER, Shell 2021 LNG Outlook

One-stop solutions: "Village Gasification Strategy" of China

Jingmen Hongtu Special Aircraft Manufacturing CO.,LTD, a subsidiary of the Group, has produced the first batch of small LPG storage tanks and special tank cars with pumps for China's LPG Microgrid, which will be put into use in Qinghai, Yunnan and Hubei.



LPG microgrid storage tank

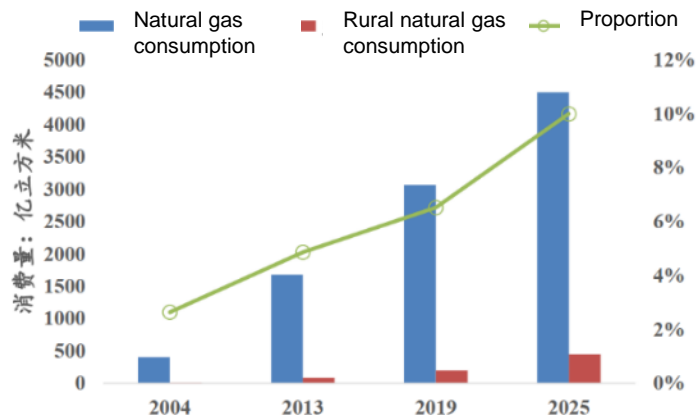


LPG microgrid special tank car with pump



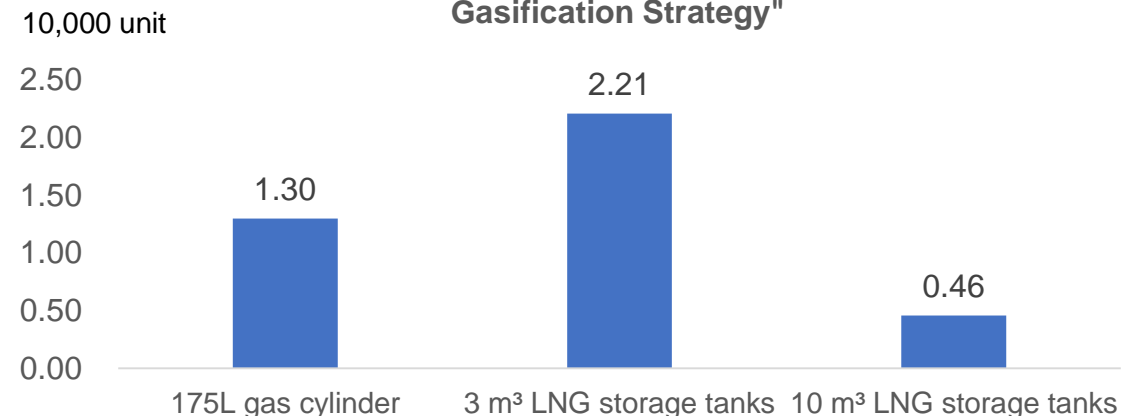
Document No.1 of the Central Committee of the Communist Party of China was issued in 2021. As an important part of the rural revitalization strategy, the document requires to strengthen the construction of rural public infrastructure, focus on promoting gas to villages, and support for the construction of safe and reliable village gas tank stations and microgrid gas supply system. It is estimated that rural natural gas consumption will reach 45 billion cubic meters by 2025, which will bring opportunities for LNG and LPG storage tanks.

Natural gas consumption in rural areas from 2004 to 2025



Source: Urban and Rural Statistical Yearbook, National Development and Reform Commission, LESS

Forecast on LNG Storage Tank Demand for "Village Gasification Strategy"



* Calculated based on the gas supply proportion of 2%, 58% and 40% for 175 L gas cylinders, 3 m³ storage tanks and 10 m³ storage tanks (commonly selected products) respectively.

Downstream Applications: Bright Prospects for Marine Fuel Oil To LNG Conversion

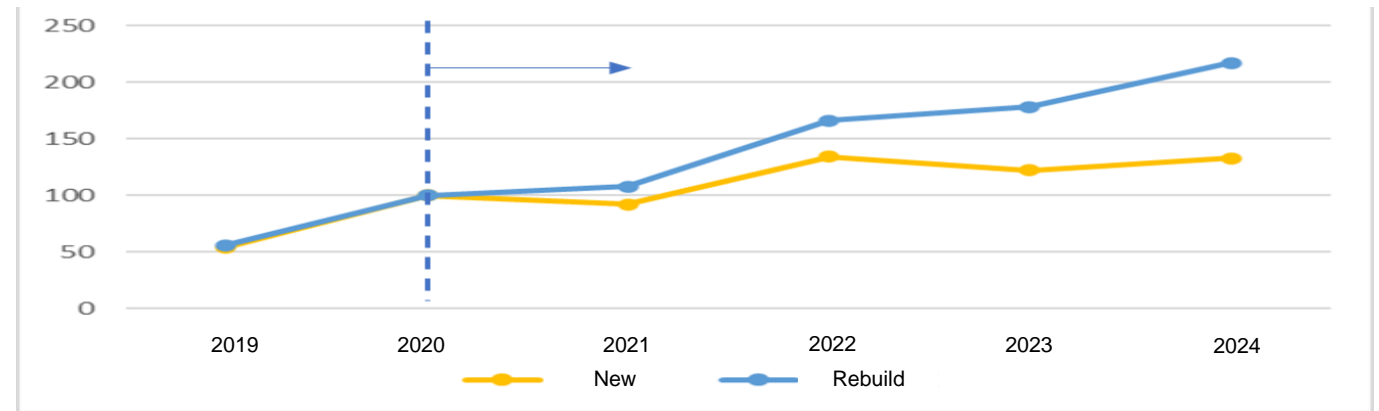
Marine Fuel Oil to Gas Conversion: Benefit from International and Domestic Policies

- The IMO sulfur limit order for shipping industry was effective since 2020.
- In 2021, we continue to grasp the waterway LNG market opportunities brought by the policies of “Gasification of Yangtze River” and “Gasification of Pearl River”.
- Many places issued priority gate passing policy for LNG vessels.

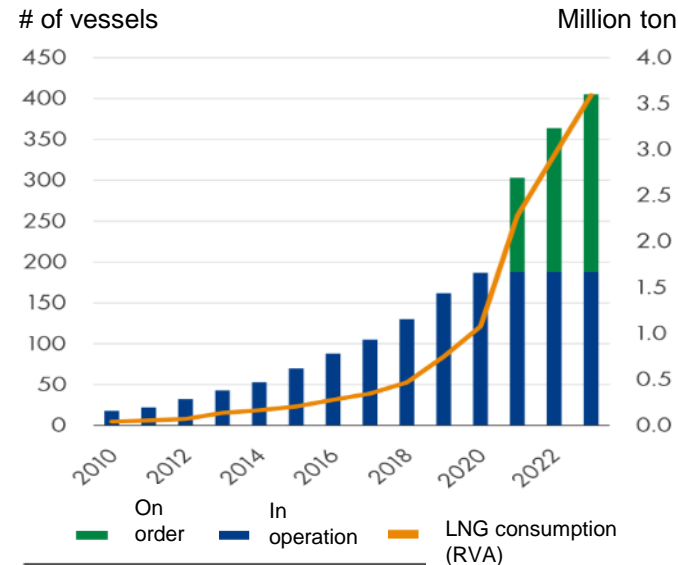
Signed an agreement of a custom-designed 8200 m³ LNG bunkering vessel project with Italian ship owner Fratelli Cosulich, and entered into a letter of intent for the construction of a 7600 m³ LNG bunkering vessel with Canadian company Seaspan Ferries Corporation Group. **In August, we bought the assets of Fengshun Ship to obtain the rare resources of the dock and wharf along the Yangtze River Route, deepened the Group’s layout in the offshore clean energy industry chain.**

In April 2021, two LNG dual-fuel power ships, which were technically renovated for Guangxi Xijiang Development and Investment Group Co., Ltd., were accepted and put into operation. As of August, there are 9 ships on hand, and 2-3 ships are expected to be delivered in 2H 2021.

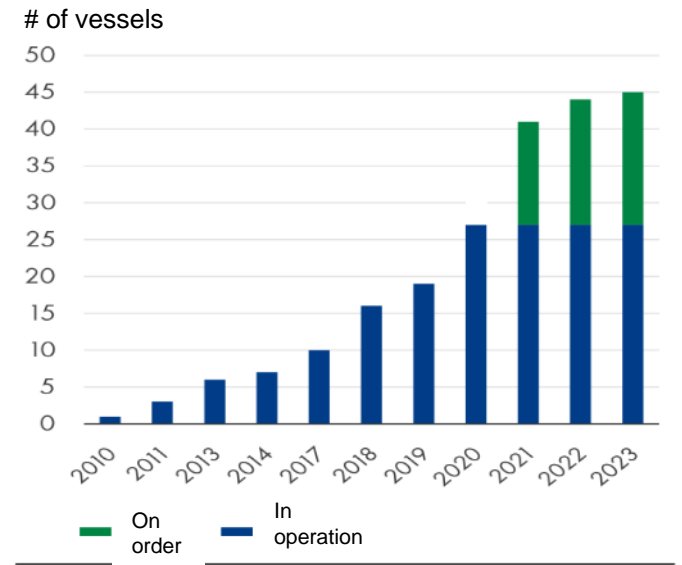
Forecast on Incremental LNG Powered Fleet in China



LNG-fueled vessels and LNG consumption



LNG Bunkering Vessels



Source: Shell's interpretation of DNV GL 2020 data and various press reports

Layout the Industry Chain with Various Hydrogen Demonstration Projects



Progress of hydrogen business

- Established a hydrogen JV with Hexagon Purus to localize Type 4 hydrogen cylinders
- Obtained RMB 100 million order for on-board hydrogen supply system
- Successfully delivered the first integrated oil, gas and hydrogen energy service station in Hebei Province (the “Rongyi Line” integrated station) to facilitate the implementation of green low carbon transportation in Xiong’ an New Area. The mobile hydrogen station project of National Energy Group will be delivered within the year. **According to statistics from China Orange Group, as of 30 June 2021, China has built a total of 146 hydrogen refueling stations of which 136 have commenced operations.**
- Established a joint venture with Angang for the production of LNG and joint production of hydrogen from coke-oven gas
- Included in the List of National Fuel Cell Vehicle Demonstration Enterprise (Beijing), and entered the Daxing International Hydrogen Energy Demonstration Zone
- Successfully joined the supplier list of Beiqi Foton’s on-board hydrogen supply system



The first integrated oil, gas and hydrogen energy service station in Hebei Province

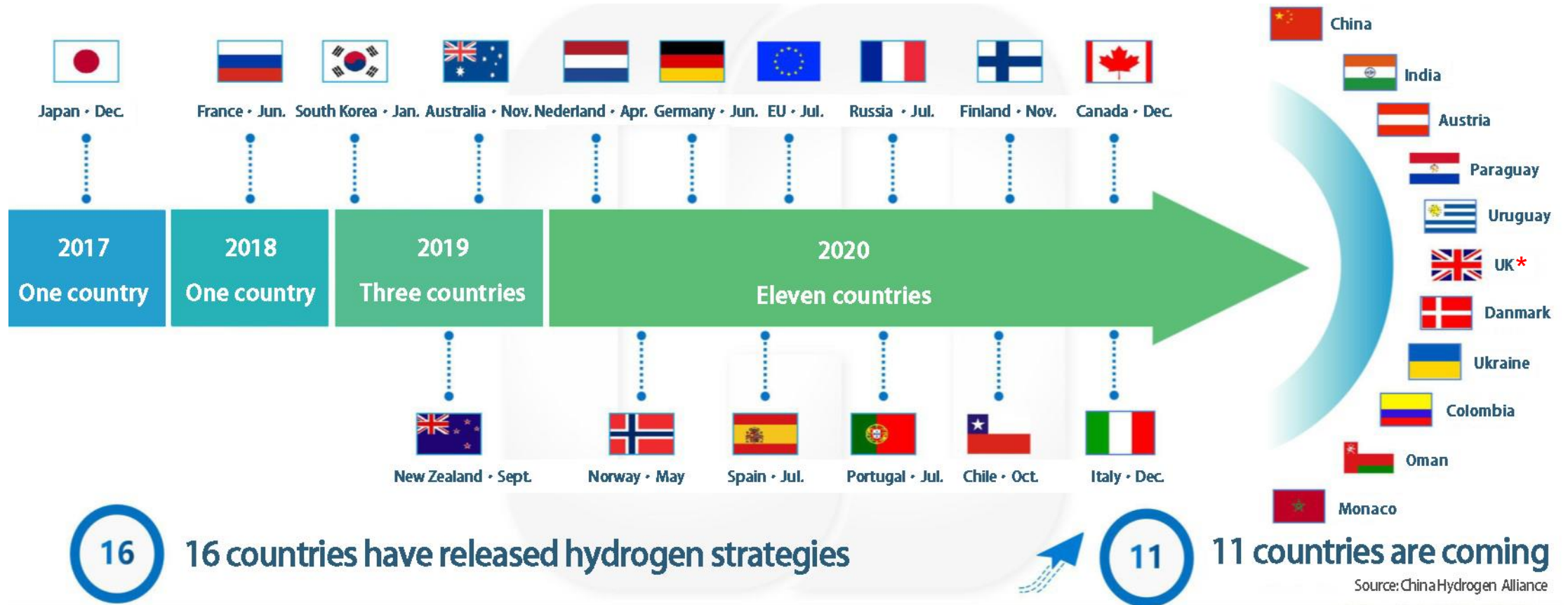
CIMC Enric Hydrogen Energy Core Equipment



Obtained an order for on-board hydrogen supply system amounted to approximately RMB100 million

The Global Hydrogen Industry is Gathering Strong Momentum

Hydrogen is enjoying unprecedented momentum worldwide. 16 of 27 countries that account for 52% of the global GDP have developed comprehensive national hydrogen strategies, and 11 countries are going to introduce national hydrogen strategies.



Source: Source: "Low-Carbon and Clean Hydrogen Supply System under the Carbon Neutral Strategy" released by China Hydrogen Alliance
 *The UK government has launched its first-ever hydrogen strategy on 17 August.

Development Goals for Hydrogen and Fuel Cell Industry in China

It is estimated that by 2050, hydrogen will account for about 10% of China's energy system, the demand for hydrogen will be nearly 60 million tons, and the annual economic output will exceed RMB 10 trillion, while more than 10,000 hydrogen refueling stations will be built. And Hydrogen will be widely applied in transportation and industrial fields. The production of fuel cell electric vehicles and stationary fuel cells will reach 5.2 million units/year and 20,000 units/year, respectively, while the production of fuel cell systems will be 5.5 million units/year.

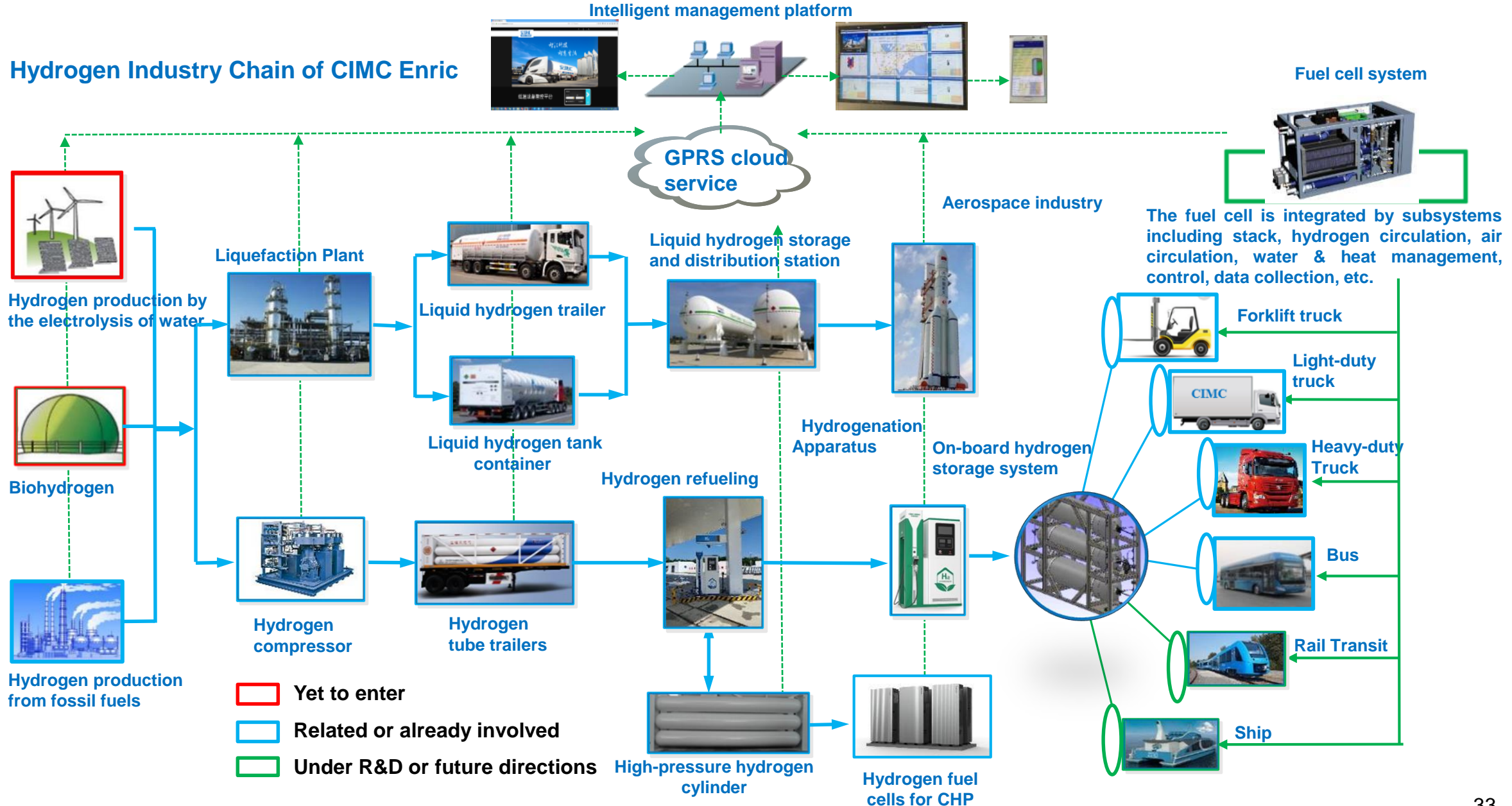
Development Goals for Hydrogen and Fuel Cell Industry in China

| Development Goals | | 2019 | Short-term Goals (2020~2025) | Medium-term Goals (2026~2035) | Long-term Goals (2036~2050) |
|-------------------------------------|--------------------------------------|------|---------------------------------|----------------------------------|--------------------------------|
| Proportion of hydrogen (%) | | 2.7% | 4% | 5.9% | 10% |
| Output (RMB 100 million) | | 3000 | 10000 | 50000 | 120000 |
| Equipment manufacturing scale | Hydrogen refueling station (sets) | 23 | 500 | 1500 | 10000 |
| | FCEV (10,000 units) | 0.2 | 5 | 200 | 500 |
| | Stationary fuel cells (units) | 200 | 1000 | 5000 | 20000 |
| | fuel cell systems (10,000 units) | 1 | 6 | 150 | 550 |

Source: White Paper on Hydrogen Energy and Fuel Cell Industry in China released by China Hydrogen Alliance

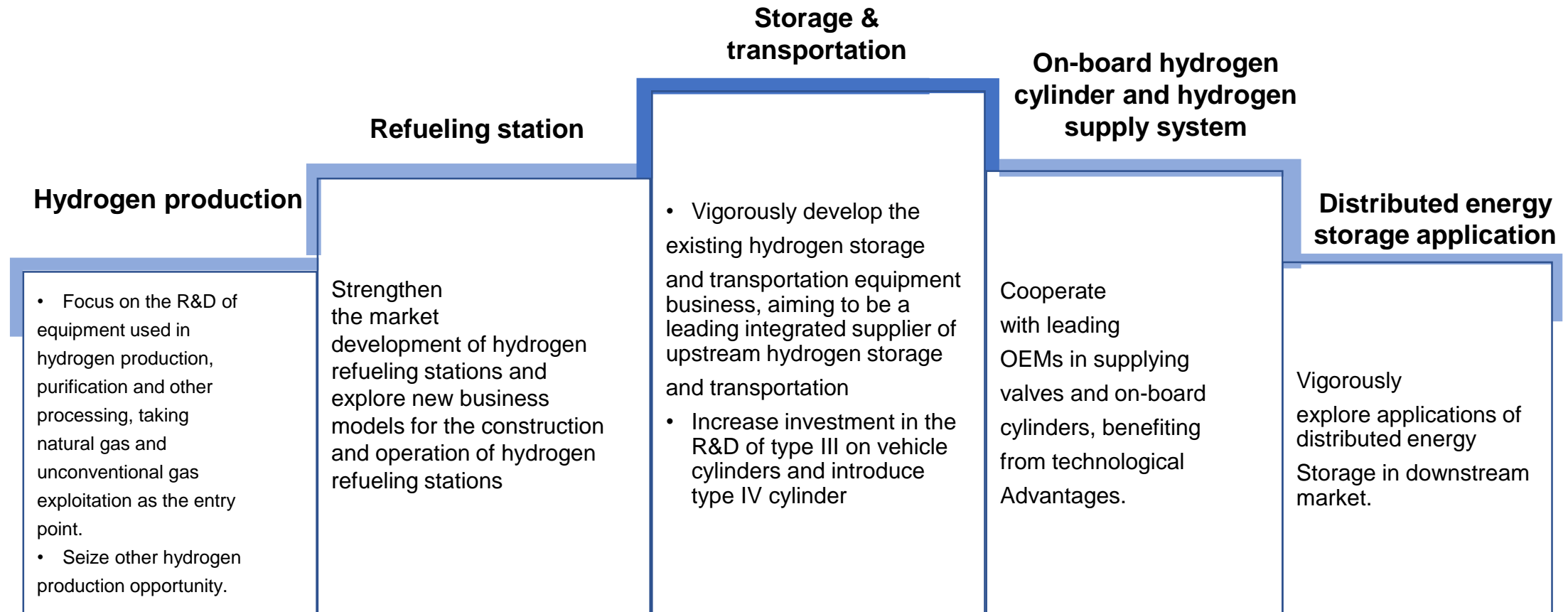
According to the “Energy-saving and New Energy Vehicle Technology Roadmap 2.0” issued by China Society of Automotive Engineers, the size of hydrogen fuel cell vehicles in China will reach 100,000 units and at least 1,000 hydrogen refueling stations will be built by 2025.

Hydrogen Business Layout of CIMC Enric



Focuses on “Storage, Distribution and Refiling” of Hydrogen to Drive Future Growth

To be an industry leader of key hydrogen equipment manufacturing, implement champion product strategy and to actively participate in the new mode of cooperative operation





Chemical & Environmental Business

Focuses on the integrated solution of "equipment + chemical industry park professional services + intelligent operation and maintenance" to expand business, external cooperation + endogenous development, to seize the business opportunities of hazardous waste disposal and recycling and advance into the environmental protection circular economy.

Continue adhering to the development of "manufacturing + service + intelligence", take the chemical industrial park as a breakthrough in domestic market to achieve good performance and enhance customer loyalty.



Tank Container Manufacturing

The prices of chemicals and derivatives increased significantly, the export market was stable, and the orders on hand and new orders of this segment increased significantly.



After-sales Service

Relying on the layout of the national chemical industrial park, actively expand the construction of the domestic after-sales service network. The segment established a subsidiary named CIMC Saiwei Technology Service Co., Ltd. on 2 March 2021 to further standardize after-sales service operation and management and control system. CIMC Burg Service (博格) in Europe has been in stable operation for about 8 years, laying a good foundation for our global network.



Intelligent IoT Platform

The the electric heating system independently developed by the Group successfully adopted by the leading MDI enterprise. Meanwhile, the Group develops a comprehensive solution integrating with software and hardware to promote the intelligentization of tank containers, and lay out a solid foundation for smart logistics.

Effective Supply Chain Management In Response to Market Changes

In the first half of 2021, with a rapid recovery in market demand, the price of raw materials rose sharply and quickly. The segment's revenue in 1H 2021 improved by about 42% YoY through several measures such as locking in raw material prices. Newly signed orders improved by nearly 170% YoY.

High demand for orders and sharp rise in raw material prices

In the first half of 2021, domestic steel industry ran well while domestic steel prices continued to surge. The average Composite Steel Price Index (CSPI) from January to June was 137.85 points, an increase of 36.56%. Meanwhile, market demand recovered fast, and orders were in great demand.

Locked the price of raw materials in advance to support for production

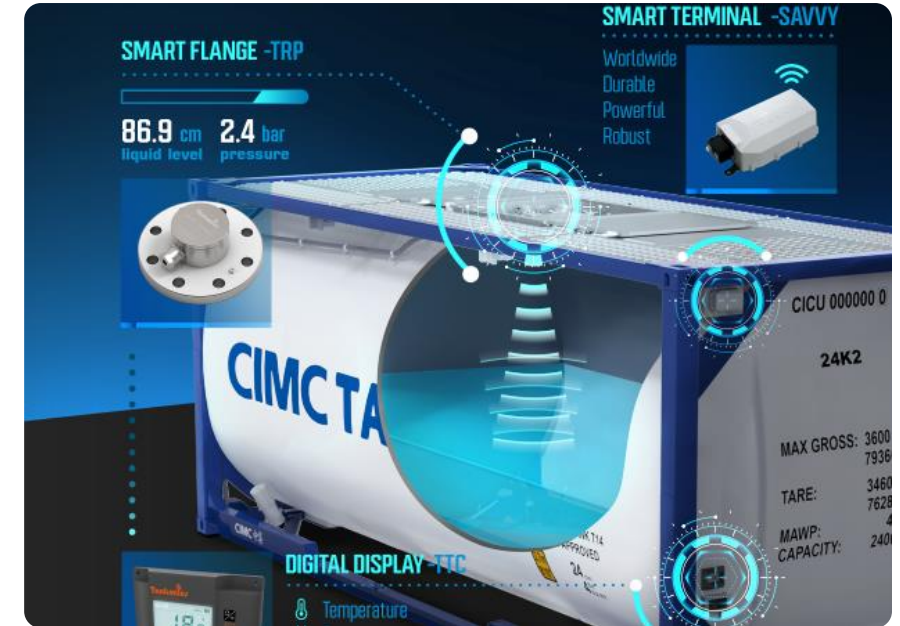
Challenged by market changes, the segment obeyed the sound operating philosophy, implemented supply chain management, locked the prices of raw materials in a timely manner, and strengthened dynamic inventory management, providing strong support to marketing.



“IoT + Tank Container” Business

Provide better services and solutions for the intelligent management of customers' tank container operation, including sensors for temperature, pressure, loading, location survey and a series of intelligent terminals for data collection and transmission.

Cooperate with Shanghai Jiao Tong University to build its own brand-new refrigeration system, which guarantees accurate temperature control of goods in transit and provides a reliable transportation solution for new energy battery raw materials due to its reliability and extremely high-quality control requirements.



Focus on high-end lining tanks for high-purity chemicals demand

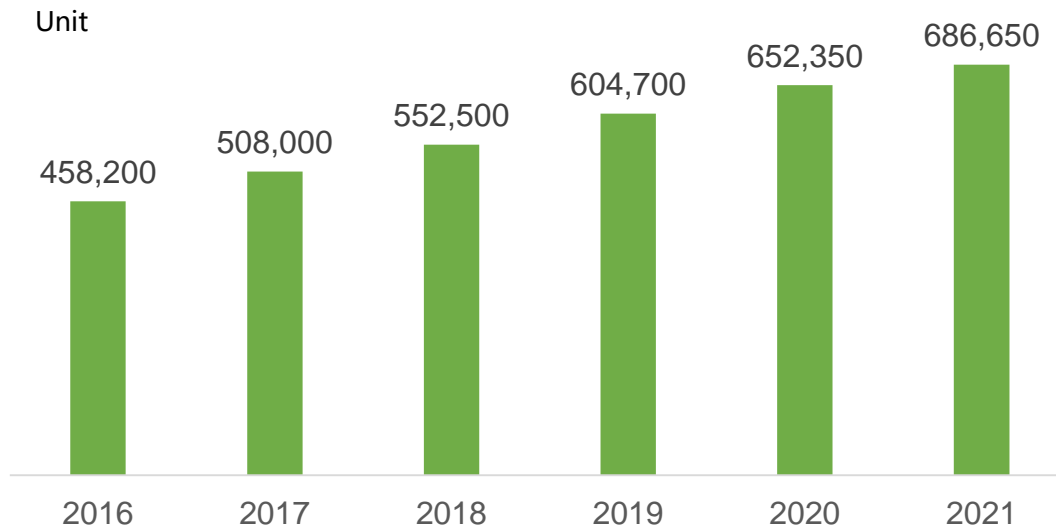
Work with our customers to develop lining processing tank container product to focus on the demand gap of high-end lining tank container brought by the rapid growth of high-purity chemical market. Since its production, orders grows rapidly, with orders for lining tank in 2020 increasing by 268% YoY, while orders as of August 2021 have exceeded the number of orders for the whole year of 2020.

Outlook: Increasing Tank Container Demand and Potential Hazardous Chemicals Logistics Market

Vigorous development of the petrochemical industry promotes the growth of the global tank container market

- The expansion of maritime trade and the development of the chemical and petrochemical industries boosts the growth of global tank containers. The growth of chemical transportation demand in Asia-Pacific region is witnessed owing to longer coastline and more emerging economies. According to data from ITCO, the global tank container fleet was 687,000 units as at January 2021.

Global tank container fleet (As at 1 January 2021)

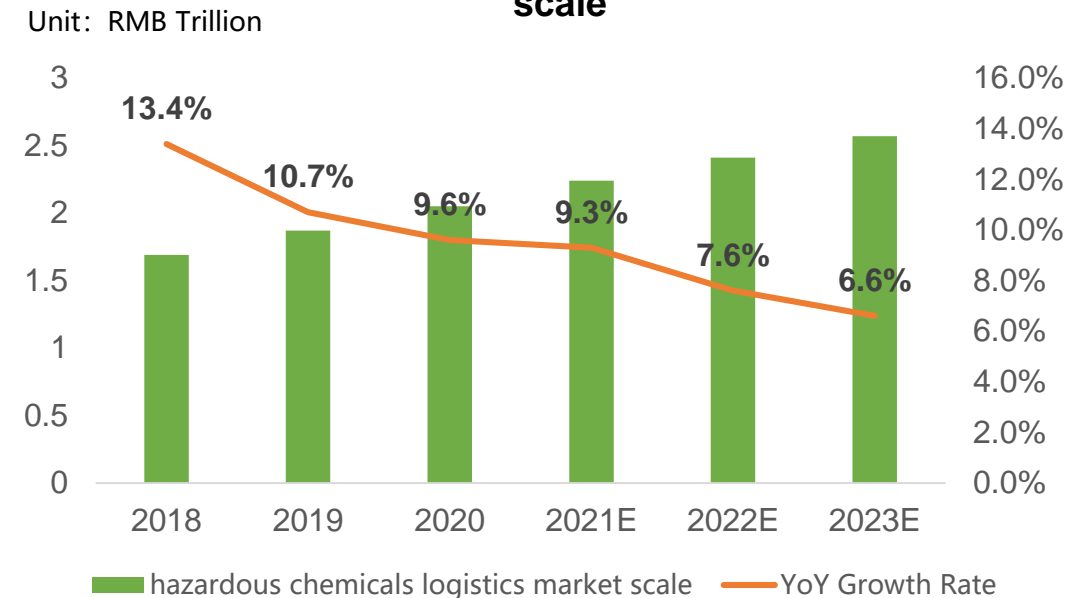


Source: 2021 Global Tank Container Fleet Survey released by ITCO

China's hazardous chemicals logistics market has a large base and stable growth every year

- According to the data from the Dangerous Chemicals Logistics Branch of China Federation of Logistics & Purchasing, the market size of hazardous chemicals logistics in China is expected to reach RMB2.24 trillion by 2021. The industry maintains steady growth with a CAGR of 6.8% between 2020 and 2025.

China's hazardous chemicals logistics market scale



Resource: China Federation of Logistics & Purchasing, CICC Research Department



Liquid Food

Strengthen the control of project procedures to ensure cost leadership and expand the market share of the existing beer market;
Enhance turnkey capabilities across the craft beer, liquor, spirits and other non-beer markets.

Business Review of Liquid Food in 1H 2021

Due to the relief of the new coronavirus epidemic, the on-site construction projects involved in this branch can be progressed normally



Turnkey brewery for flavored malt beverages and hard seltzers, USA



Turnkey brewery and experience center, Cambodia



Process design and equipment for a greenfield tequila distillery, Mexico



Process design & equipment for brownfield & hard seltzer facility, USA



Process design and equipment for greenfield malt and grain distillery, China

Develop Comprehensive Capability of Liquid Food with Global Brand Advantage

Currently, around 87.9% of the Segment's revenue is from the beer industry, and the rest 12.1% from the non-beer industry.



Develop Comprehensive Capability of Liquid Food with Global Brand Advantage



Beer business

We focus on expanding beer opportunities in the American market, while actively expand the Chinese craft beer market brought by the trend of consumption upgrades.



Baijiu business

Focusing on the needs of top baijiu customers, we will grasp good opportunity to acquire high-quality assets to enter into baijiu equipment and engineering market which worth 100 billion RMB, and we target to reach 30% of the market within 5 years.



Other non-beer business

Cultivating capabilities of turnkey project and expand other non-beer businesses such as juice, dairy, and pharmaceuticals, while entering into hard soda market.

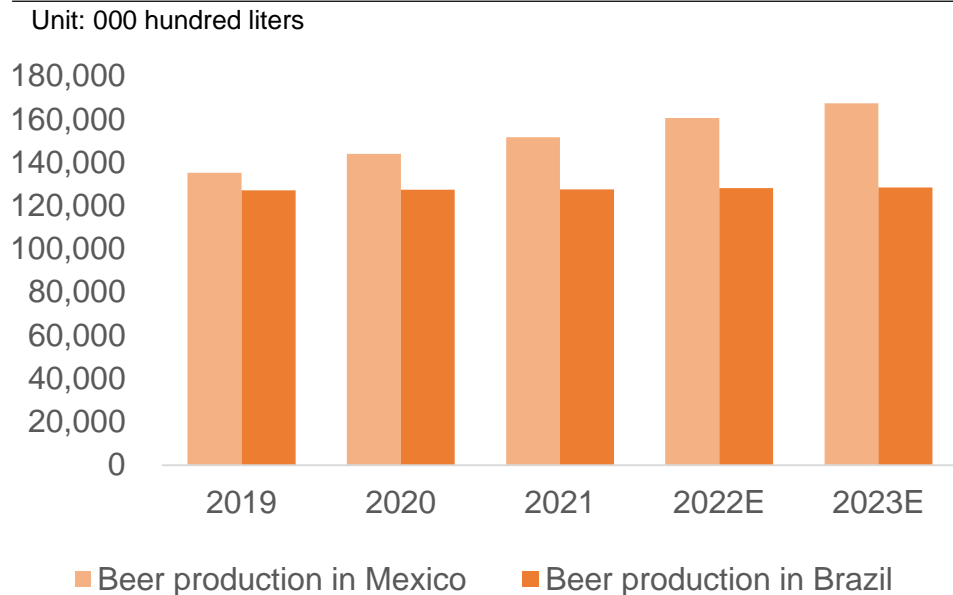
Huge Market Potential for Asia, Africa and Latin America Beer Market

We are the leading supplier of global brewery turnkey projects and saccharification workshop technology

Asia, Africa and Latin America are the main incremental markets for beer equipment

Asia, Africa and Latin America have been the main incremental market for global beer production in the past 10 years, as well as the main incremental market for beer equipment. Mexico and Brazil's beer production ranks first in the entire Latin American region with a CAGR of 5.79% and 0.24%, respectively, from 2019 to 2023.

Beer Production Trend in Mexico and Brazil

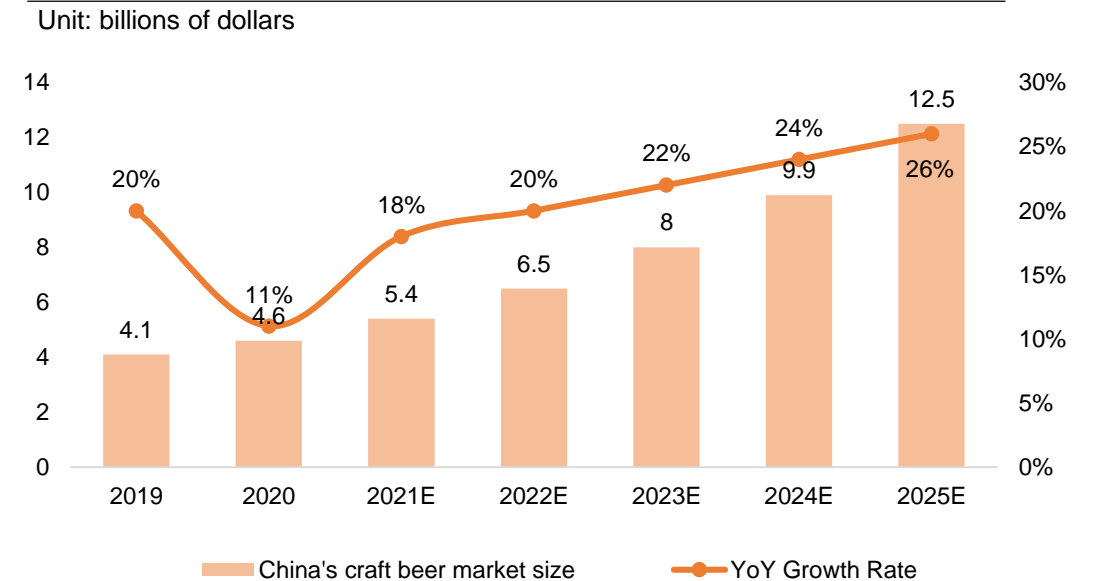


Resource: MarketsandMarkets

China's craft beer penetration rate is growing driven by consumption upgrade

It is estimated that by 2025, China's craft beer market will be approx. RMB 87.5 billion (12.5 billion U.S. dollars), accounting for 11% of the overall beer market, and the CAGR in the next five years will be approx. 22%, with the market size of nearly RMB 100 billion.

The market size of China's craft beer



Resource: National Bureau of Statistics, GlobalData, Prospective Industry Research Institute, Zheshang Securities Research Institute

Market Opportunities in both Chinese Baijiu and Global Ready-To-Drink Beverage Industries

Diversified layout, focuses on Chinese baijiu opportunities
Actively develop new products, such as hard seltzers, etc. to enter the emerging market

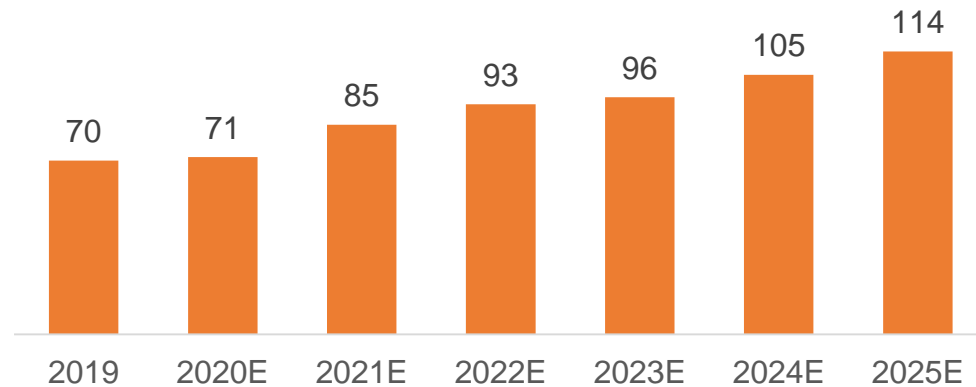


Production equipment upgrade in the Chinese baijiu industry

The market competition of Chinese traditional baijiu is keen, and the production has gradually entered the process of mechanization and intellectualization, to deeply tap the potential of internal management to reduce costs and increase efficiency. It is estimated that the overall investment scale of baijiu equipment market will reach RMB 114.2 billion by 2025.

Forecast on Chinese Baijiu Equipment Market

Unit: billion RMB



Source: National Bureau of Statistics, Foresight Industry Research Institute, strategic development Department of the Group

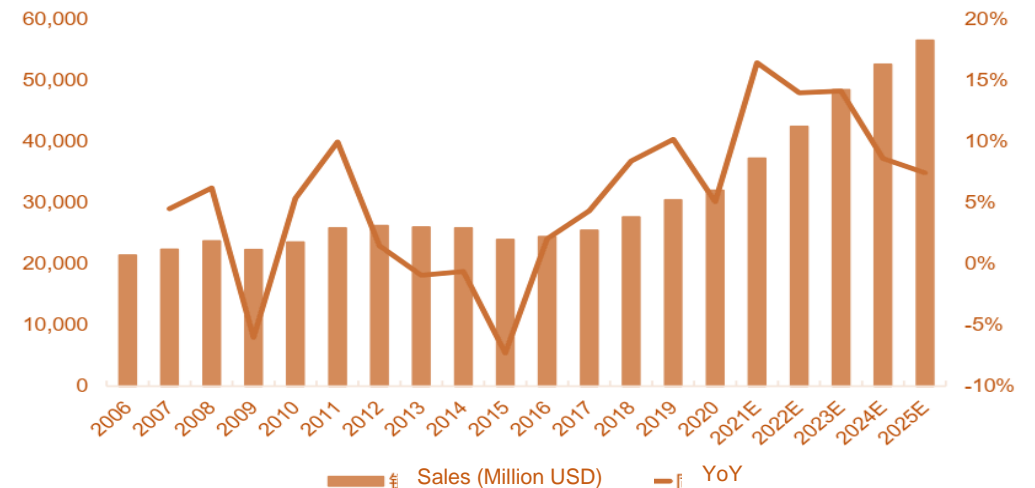
Significant growth in global Ready-To-Drink beverage market



Driven by the trend of convenience, refreshment and flavor, RTD beverage shows strong growth momentum. According to Euromonitor, the CAGR of RTD beverage sales from 2021 to 2025 is expected to be 8.97%. The overall liquor market has entered into a stage of stock adjustment, while the RTD beverages perform well. **The Group has obtained orders from hard seltzers category.**

Sales and Growth Rate of Global Ready-to-drink market

Unit: Million USD



Source: Euromonitor, Everbright Securities Research Institute



问答环节

Q&A

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Attachment: Development of Liquid Food

Briggs, with 280 years of history, mainly operates in the engineering design and manufacturing of the distillation system equipment for Scotch whisky and other spirits. The acquisition enables the division expanding from the leading beer brewing to spirits distillation and biomedicine.

McMillan has been a significant force in UK and worldwide supply of copper distilling and stainless steel process equipment since 1867. The acquisition enables the liquid food segment to fully cover the supply chain of distilled spirits equipment.



2009

2012

2016

2019

2020

Asset Injection to HOLVRIEKA

Acquired ZIEMANN

Acquired BRIGGS

Acquired DME

Acquired McMillan

Founded in 1947, Holvrieka is the leader in the R&D, manufacturing and installation of stainless steel tanks.

ZIEMANN, a German brand with 160 years of history, is the leading supplier of global brewery turnkey engineering and saccharification transformation technology. It has set many top records in the beer brewing area around the world.



DME is a leader in craft beer engineering design and equipment manufacturing in North America. It has accumulated strong technical capital in craft beer, distillation, fermentation and pharmaceutical industries.



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