25 May, 2022

China Knowledge

China International Marine Containers (000039.SZ / 2039.HK)

An engineering powerhouse capable of producing market leaders in the global shipping containerization, offshore engineering and logistics services. With its pivotal world's No. 1 positions across a spectrum of vertical markets and horizonal industries, it could become a cradle of IPO or merger-spin-off from the synergistic advantages it could assemble on domestic front and overseas.

Performance Rating

A	*Profitability & Growth*
A	*Use of Capital*
A	*Valuation*
B	*Stock Liquidity*
A	*Institutional Holdings*

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Investment Highlights

As of April 26, 2022, China Knowledge's Shanghai-based research analysts and our Singapore's research director had interacted in-person and conducted teleconferences with CIMC Group's management and IR personnel. We visited CIMC's three factories in Nantong. One of them is a special container factory that produces energy storage equipment, which belongs to the container segment. The other two are chemical tankers and liquid food factories, which are under CIMC's subsidairy - CIMC Enric. On April 28, we participated in the company's 2022's Q1 results teleconference, and its annual shareholders meeting for 2021 results dated March 29.

Our coverage is on-going in the next 4 quarters, we will dwell into other hard-to-quantify yet enormous opportunities in new energy including wind power and hydrogen gas, and other offshore engineering works. We are especially keen to learn in-depth directly from Managing Director Mai Boliang and his senior managers in their endeavors to becoming global conglomerate spanning across logistics, containerization, offshore engineering and green energy. With such international strategic development plans we expect active M&A across borders involving several key industries; as such China Knowledge is working to research extensively and deeper through interviews and interactions with CIMC's key customers and suppliers. We expect to publish the next report on: "Management Insights" by June 2022.

A figure worth mentioning is CIMC Group's 2021's revenue of RMB 163.6 bln, which rose 73.85% from 2020 – a record-breaking revenue in its corporate history. This figure, at exchange rate of 6.55, translate to USD 24.97 bln, is likely to rank CIMC in 2022's Fortune Global 500 list, the last place for 2021 recorded USD 24.04 bln in revenue by U.S-based Rite Aid.

- **Sales figures for 2022 may not be as pessimistic as market is expecting due to the aging of dry containers in current fleet and strong earnings of container shipping companies. Meanwhile, the market median price could still maintain at the range of USD 3,000 per TEU (standard 20 ft size) this year.**

In 2021, the global container industry ushered in booming sales due to better-than-expected global demand, and also unusual strong orders due to port congestions that immobilized the movements of existing dry containers. Every effort, on national and international level, was made to increase production in spite of severe disruptions, when containers were in short supply globally. CIMC has fulfilled these demands to ensure stabilization of global supply chain for containers. Last year, the Group's container manufacturing's market-share witnessed a stellar growth, achieving annual revenue of RMB 65.967 billion, a year-on-year increase of 197.64%; net profit of RMB 11.3 billion, a year-on-year increase of 469.94%.

Entering Q1 2022, CIMC's manufacturing business has achieved earning results exceeded market expectations. The cumulative sales volume of dry cargo containers registered 353,900 TEU (Q1 2021: 450,800 TEU), a YoY decrease of about 21.50%, but still an increase of about 25.62% compared with the average of the same period over the past three years; the cumulative sales volume of reefer containers reported 32,300 TEU (Q1 2021: 45,900 TEU), a YoY decline of about 29.63%, and a decline of about 6.6% from the average of the same period in the past three years.

- **Distinctive from the company's name which mean 'maritime container' (abbreviated as CIMC), the company's business composition is no longer the container business alone.**

  CIMC started to produce containers since 1982. By 1996, CIMC was already ranked the world's No. 1 in terms of container output. Since then, CIMC has maintained its No.1 market leadership in marine container industry. Meanwhile, with about 20 years diversification effort, CIMC Group has grown non-container businesses significantly, which hasn't been generally known to the investors. As of 2021, CIMC's container manufacturing business has total revenue about RMB 66 bln, but its non-container business achieved total revenue about RMB 97.7 bln.

- **CIMC Group seeks to focus on businesses that are synergistic or ability to exercise competitive advantage, and could further consolidate position that are already market leader.**

  CIMC Group now mainly focuses on business segments or opportunities (through M&A) that it sees synergistic advantages, or could leverage its competitive edge in R&D, market channels, and costs advantage to consolidate its chosen markets. It seeks absolute market leadership in every endeavor, be it through expansionary or acquisition route.

  Regarding non-container business, CIMC is very well-established in most of its market segments. The revenue of logistics services accounted for 18%, land transport vehicles (16.89%), energy, chemical and food (11.9%), airport equipment (4.2%), and offshore engineering accounted (3.3%). For the ninth year in a row, its land transport vehicle is ranked world's No. 1 by the Global Trailer magazine. Market leadership in clean energy storage and transportation remains strong in China. Tank containerization for chemical is still ranked No. 1 worldwide. CIMC Group's airport aerobridge and equipment business has its global No. 1 position too. CIMC Raffles is synonymous with high-end offshore equipment in China, and actively participates in the international marketplace for offshore equipment. Last year, CIMC Raffles delivered the world's first 100,000-ton deep-water semi-submersible production and storage platform also known as the "Deep Sea No. 1". It is the world's largest dual-fuel ice-class "RORO 1#" ship. Another record-breaking is the launch of the "BlueWhale No. 1" ultra-deepwater semi-submersible drilling platform that has completed the drilling of the "Lingshui 17-2", which is China's first deep-water self-operated large gas field. Logistics services expanded its business layout by making strategic investments in high-quality in both domestic and foreign companies including Argentina's Delfin Group, Shenzhen-based Globe Success Logistics and Gold Wide Import & Export Co Ltd, making it a domestic leader in logiest service.

- **Unleash trajectory for sustainable growth, CIMC has fostered emerging new businesses such as renewal energy and cold chain logistics**

  CIMC is forward-looking in its clean energy business. Currently, it has formed a business portfolio of hydrogen energy, offshore wind power, and energy storage. Its logistics services help connect the energy transportation business. In the field of hydrogen energy, benefiting from the promotion of national policies, the industry has developed rapidly. CIMC Group has been deeply engaged in the deployment of hydrogen energy for 16 years. It has core competitiveness in hydrogen storage, hydrogen transportation, hydrogen refueling and associated services, and undertakes two national projects of hydrogen energy, to provide liquid hydrogen storage and transportation and mobile hydrogen refueling station equipment. Energy storage equipment provides stable, safe and energy-efficient containerized energy storage equipment for wind power and photovoltaic power plants. The cold chain business has also benefited from the release of the 14th Five-Year Plan for Cold Chain. CIMC has been deploying cold chain logistics for many years and has outstanding ability to integrate its resources. In terms of cold chain business last year, CIMC's refrigerated container revenue reported RMB 5.18 bln, and refrigerated semi-trailer in North America was RMB 1.56 bln. With other streams of revenue from cold chain logistics that garnered several hundred million, total revenue from cold chain in 2021 exceeded RMB 7 bln. Estimated to grow at 20% rate in 2022, CIMC's cold chain business could achieve RMB 8.4 bln without factoring the results from its mergers and acquisitions.

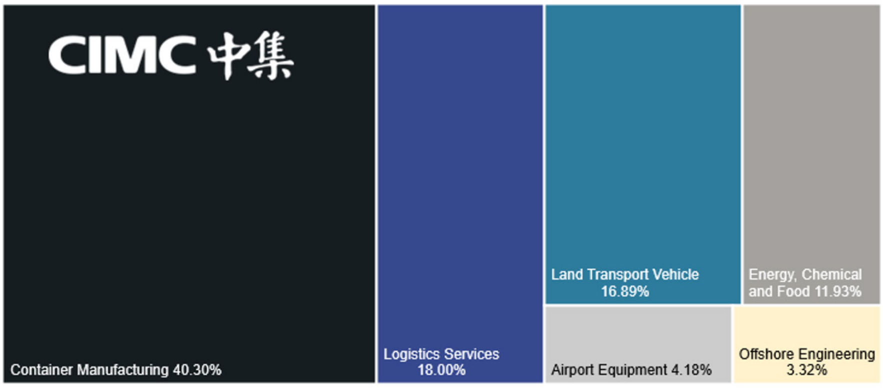
- **In terms of profitability, container manufacturing business currently is the main driver. It has taken every effort through cost management such as digitalization and automation, and synergies among business units to improve efficiencies. The profitability of non-container business is also likely to improve.**

  From the perspective of operating profit, the container manufacturing business is about RMB 14.647 bln, offering relatively high operating profit margin of 22.2%. In contrast, the operating profit of non-container business, excluding impairment of offshore business and others about RMB 4.7 bln, shows non-container operating profit margin to be 4.8%. We expect the profitability of non-container business to improve in the long run.

1 Profitability & Growth

A

Setting new records in its corporate earnings and revenue income.



Sources: China Knowledge、Corporate Quarterly/Interim/Annual Report

During FY2021, CIMC achieved operating income of RMB 163.70 bln (RMB 94.16 bln in 2020), representing a year-on-year increase of 73.85%. The Group realized a net profit of RMB 6.67 bln (RMB 5.35 bln in 2020), a YoY increase of 24.59%, earnings per share of RMB 1.81 (RMB 1.41 in 2020), a YoY increase of 28.37%.

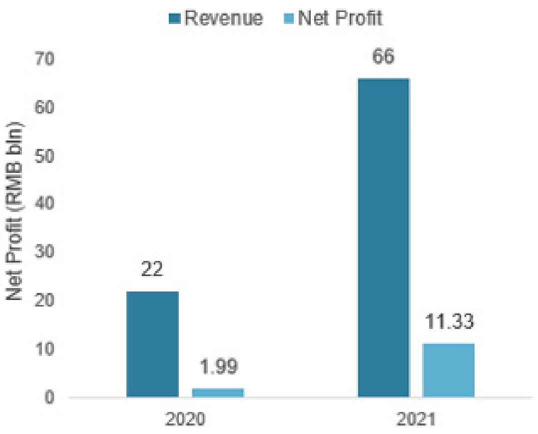
Container manufacturing is a cyclical industry, but is expected to be better than historical levels due to higher container price and better demand than historial average.

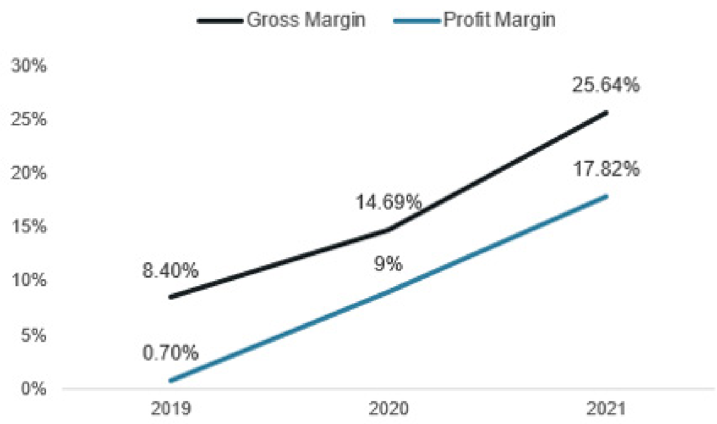
The Group's container manufacturing business mainly includes standard dry container, standard reefer container and special container, and produces a full range of container products with self-developed intellectual property rights. Special containers mainly include 53-feet North American inland containers, European ultra-wide containers, bulk containers, special reefer containers, folding containers and other products.

In 2021, although the disruptive factors from the pandemic persist, the global economy and commodity trade showed a strong recovery momentum, and China's exports has maintained a rapid growth that exceeded expectations. During this period, global ports and inland transportation were badly affected and often faced with disruptions due to random massive outbreak of the pandemic. These adverse repercussions have resulted in a loss of global container capacity, poor return of empty containers; thus, a sharp drop in container turnover efficiency. The above reasons have led to the shortage of space and container use in the container shipping market, and "hard-to-find a container " became a norm in the market last year. In order to alleviate this situation, CIMC's container manufacturing business made every effort to ensure the supply of new containers through measures such as increasing resource input, improving production efficiency, and releasing full production capacity. With the joint efforts of the Group and its peers, the monthly output of new containers in the industry has repeatedly hit new highs. The challenges, as well as, enormous opportunities had eased by October of 2021. At the same time, due to strong demand – in spite of rising raw material prices, the business profitability was greatly boosted last year.

Sources: Textainer

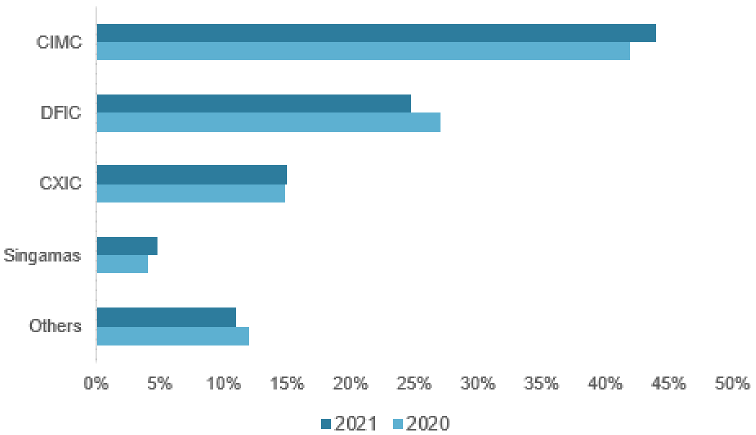
Benefiting from this, the Group's container production and sales reached a record high in 2021. The sales volume of ordinary dry container reported 2,511,300 TEU (1,002,600 TEU in 2020), a YoY increase of 150.48%; reefer containers recorded 148,300 TEU (128,600 TEU in 2020), up 15.32%. The container manufacturing business achieved total revenue of RMB 65.96 bln (RMB 22.16 bln in 2020), up 197.64%; net profit of RMB 11.32 bln (RMB 1.98 bln in 2020), up 469.94%. Of which the sales of dry containers booked in RMB 49.715 bln, an increase of 263.98% YoY; reefer containers sales reached RMB 5.178 bln, up 37.68%; special containers had RMB 10.07 bln sales, up 117.15% from last year. As a result, CIMC container manufacturing market share is estimated to measure to 43% according to Textainer estimates.





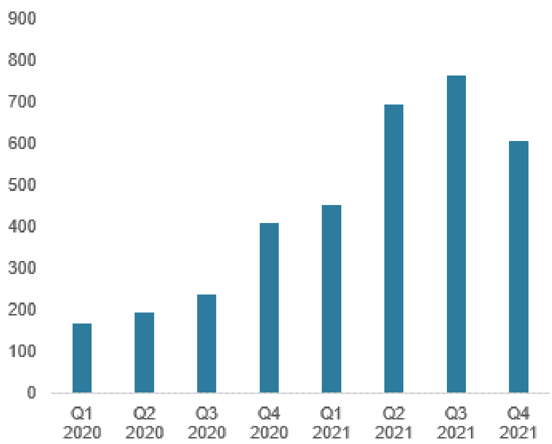
Sources: China Knowledge, Corporate Annual Report

CIMC's competitive landscape: CIMC's container (all types) market share increased to about 44% in 2021.



Sources: Textainer

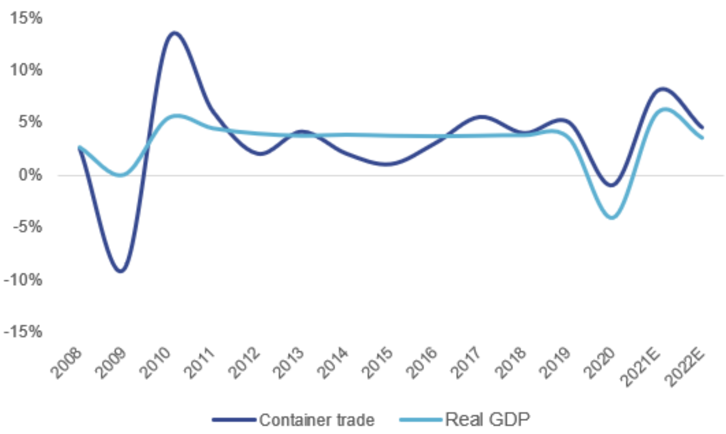
CIMC's Dry Container Sales (,000 TEU)



Sources: China Knowledge, Corporate Annual Report

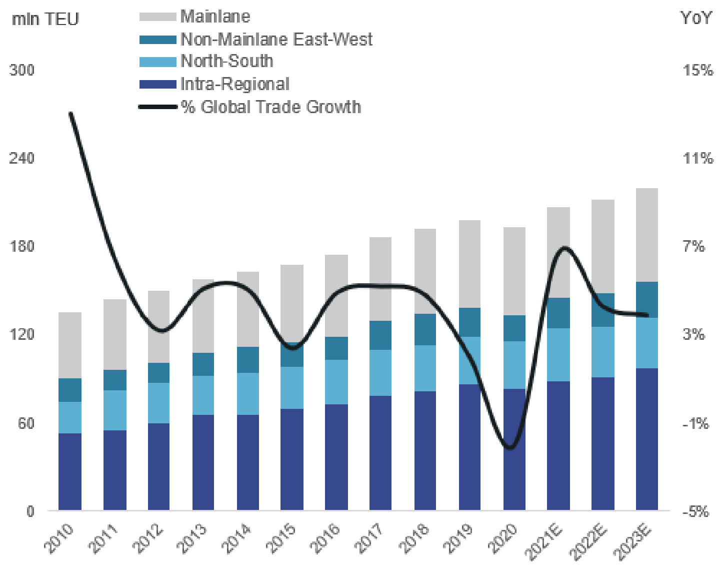
Estimation:

Container Trade vs. GDP Growth



Sources: Textainer, Clarkson

Seaborne Container Trade

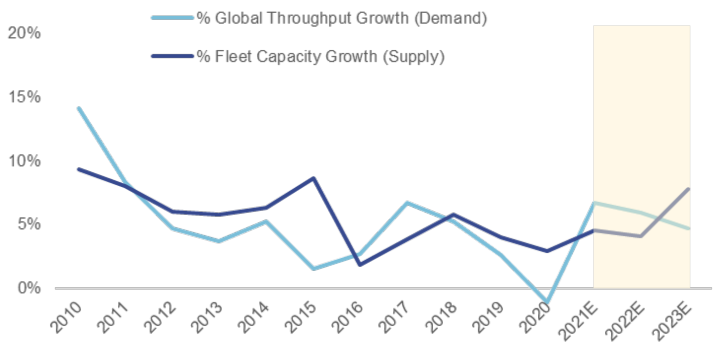


Sources: Textainer, Clarkson

The global maritime is the fundamental of trading route, its growth trend is highly correlated with the growth rate of global GDP. Last year global merchandise trade reached a record USD 22 trln, an increase of 22.4% and 16.3% over 2020 and 2019, respectively. According to Clarkson's estimates, it expects global sea container trade to reach about 214 mln TEU in 2022, a YoY increase of 3.8%, versus 206 mln TEU in 2021. Freight rates are not expected to significantly ease until 2023, driven by strong demand.

With expected strong growth trajectory in global seaborne trade in 2022, the container manufacturing industry will likely continue to benefit. Due to unpredictable pandemic outbreak and the certain measures taken from different countries the movement of containers will like to experience some sort of congestion at ports and delays. The supply chain for the container manufacturing business is certain to undergo new structural changes.

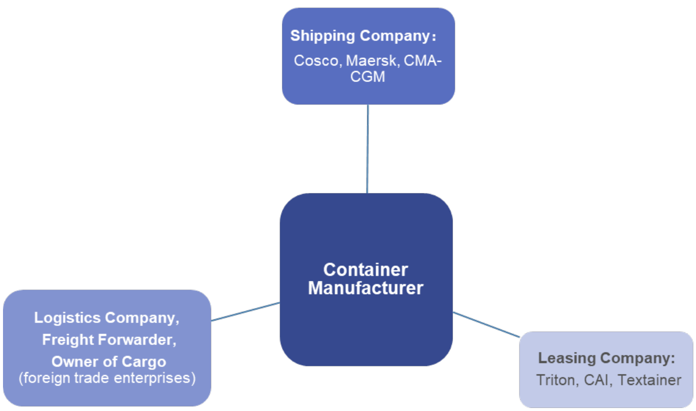
Fleet Growth vs Global Throughput Growth



Sources: Alphaliner

In order to ensure stability of the supply chain, while benefitting from the surge in profitability, shipping companies are likely increase their orders of new containers and reserve more buffers for extreme situations. In tandem, we are likely to see logistics companies and cargo owners to book in more orders.

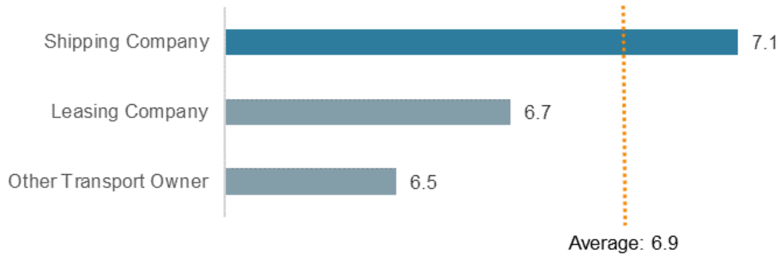
Since 2020 pandemic outbreak, Russia-Ukraine war, and numerous large-scale disruptions at ports, most of the mainstream buyers have resorted to acquiring more containers than pre-pandemic era as a buffer. In addition, container transportation will take 20-30% longer time to deliver to the destination. Such higher ratio of allocating the number of containers will see its peak by end of 2022.



Sources: China Knowledge, Corporate Annual Report

Another notable factor that could lift the demand of shipping containers is the aging and over-usage issue. The past 18 months had seen containers overused and associate parts turned defective. Considering the product lifespan to be 7.1 years, as recorded in 2020, such replacement is also a strong driver for container demand.

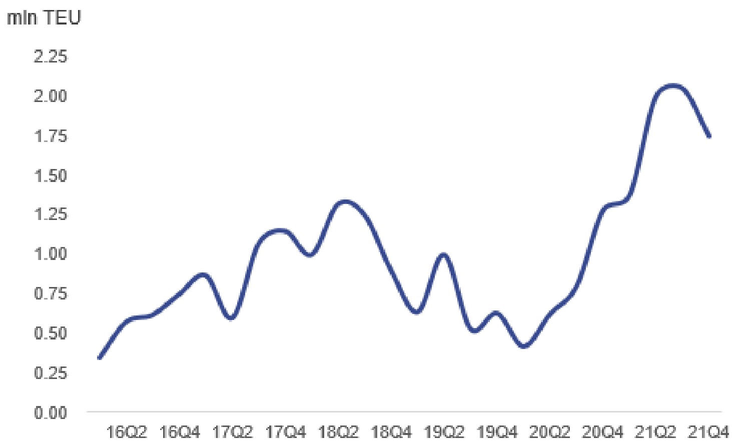
Average Age of Containers in 2020



Sources: China Knowledge, Corporate Annual Report

In 2021 the global container output recorded 7.2 mln TEU, of which more than 6.6 mln TEU were dry containers. The output of containers is expected to reach 4.5 mln TEU in 2022, and the output of containers in 2022-2025 period will likely to hover between 3.8 mln TEU and 4.5 mln TEU. The number of replacements will be at a low level due to the shortages.

Global Container Production

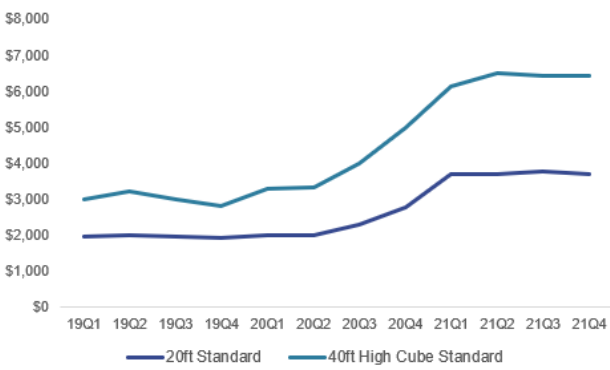


Sources: Drewry 4Q21 Container Equipment Forecaster

Normalization of the industry's supply chain could take place by 2022-2024, during this period the demand for replacement will likely to take place.

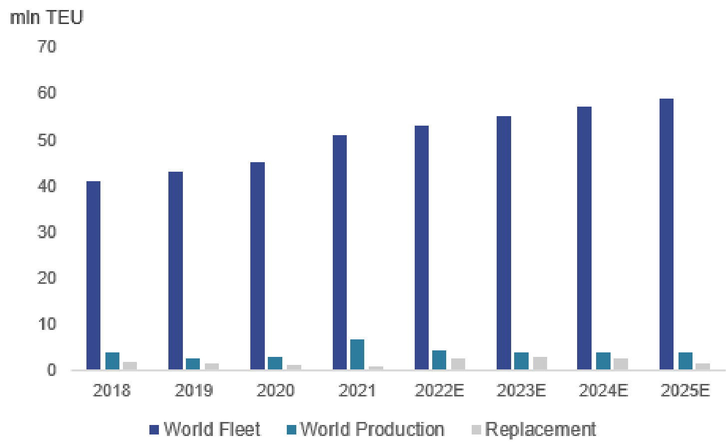
Last year the price of dry container was close to USD 4,000/TEU. Even as the market recovered and global trade is back in order, the price of containers will not return to the low level we saw in 2019 from 2022-2025.

Standard Dry Freight Container Prices



Sources: Drewry 4Q21 Container Equipment Forecaster

Global Fleet Growth and Production



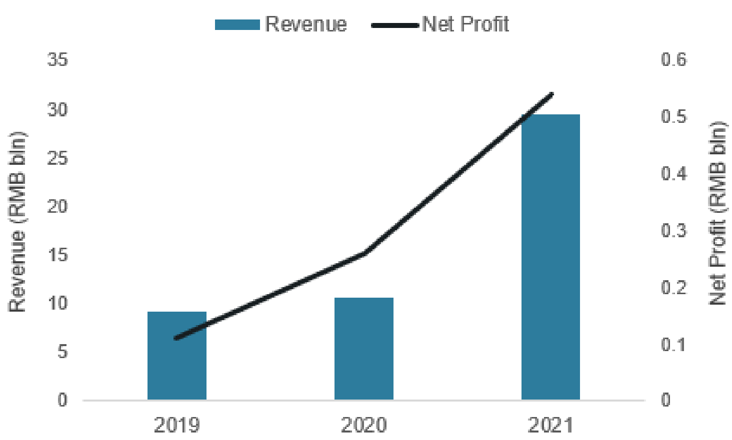
Sources: Drewry 4Q21 Container Equipment Forecaster

In 2021, CIMC Group's operating incomes continue to maintain rapid growth, and its leading positions in its industry have remained stable. Apart from traditional maritime containers (dry containers and reefer containers), it is also exploring opportunities on equipment upgrading. Thanks to supporting policies the renewal energies have grown rapidly. In 2021, the consumption of coal accounted for 56.0% of the total energy consumption, 0.9 percentage point lower yoy, while clean energy consumption, such as hydropower, nuclear power, wind power and solar power took up 25.5%, or 1.2% higher than 2020. Benefiting from strong demand for storage of renewal energies, market demand for energy storage containers has risen significantly. Currently, the Group has entered into energy storage, charging, power exchange and other high value-added services in the new energy ecosystem. CIMC has actively expanded "Container+" business, which specializes in providing full design and manufacture of energy storage equipment (EPC service) for end-users from utility sectors, Infrastructure sectors and Energy enterprises, such as State Power Investment Corporation Limited (SPIC). Its energy storage features in containers can improve the efficiency of photovoltaic and wind energy storage, and be further deployed for power storage grid, the power grid side, and other applications for end-users'.

Logistics Services

Unlike the sales of machinery and equipment which are often cyclical in nature, the incomes from the provision of related services are usually more stable. Hence, the Group establishes itself a strong global of sea and land transportation network, centered on river delta areas and major regional seaports, well-linked to railway stations and access to major international shipping routes. Specifically, it is able to carry out multi-modal transportation, professional logistics, air and sea port operation, shipping container upgrading and related services using advance and green technology.

2019-2021 Logistics Services Performance



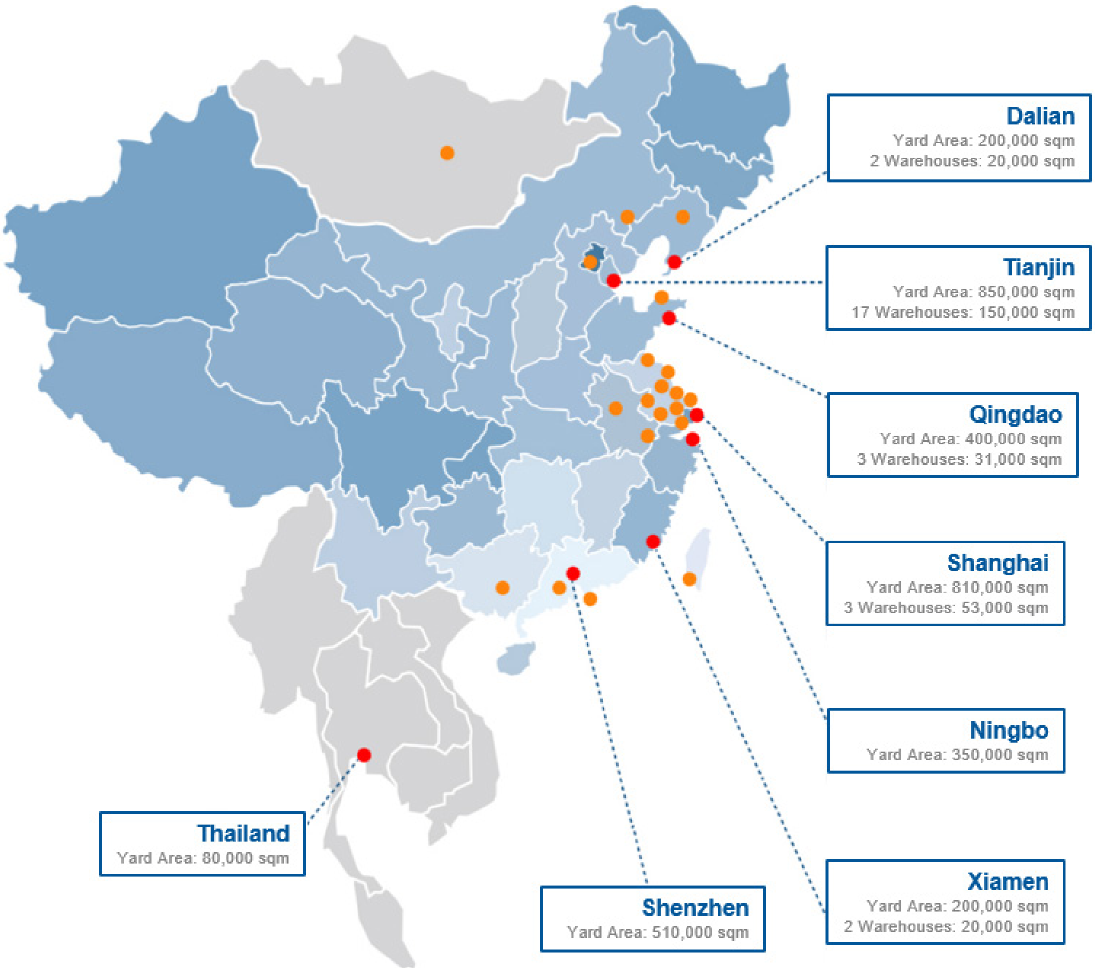
Sources: China Knowledge, Corporate Annual Report

China's import and export trade achieved strong growth as a whole last year, leading to strong demand for international transportation, which boosted the logistics business. Concurrently are the introductions and launches of Chinese government's new initiatives and policies to further develop her national and cross border logistical system. These notable new plans are: National Comprehensive 3D Transportation Network, the Special Action Plan for High-Quality Development of Commercial Activities and Logistics (2021-2025), the Implementation of Further Reduction of Logistics Costs, all these to accelerate the construction of a strong and advance transportation system. Such national level initiatives also could help to improve cost-effectiveness of logistics businesses. As a result, in spite of repeated pandemic outbreaks, we could still see surging demand for rail-sea intermodal and multimodal transport business in 2021.

With above favorable circumstances, CIMC Logistic achieved revenue of RMB 29.47 bln in 2021, a YoY increase of 177.09%, and net profit of RMB 542 mln, more than doubled. To strengthen its multimodal transport on intercontinental scale it has extended coverage of routes in the North America, Latin America, Europe, Australia & New Zealand, South Asia, Southeast Asia, and Africa. In addition, CIMC has also established international and domestic trains connectivity, river-rail and sea-rail intermodal transport.

The Group has established more than 300 service outlets, the booking for shipping in terms of tonnage exceeds 700,000 TEU, and orders of containers registered 12 million TEU units. Different from traditional freight forwarders, CIMC Logistics has benefits from parent company's shipping equipment supplies and relationships with large customers that offer formidable competitive advantages among its peers.

Sources: China Knowledge, China International Marine Containers



Sources: China Knowledge, China International Marine Containers

Outlook: As the Regional Comprehensive Economic Partnership (RCEP) comes into effect in Jan1, 2022, the regional economy will be boosted with increasing foreign trade in a plethora of new business forms and models.

In tandem with China's 14th Five-Year Plan (2021-2025) that points the direction of higher quality foreign trade, national cold chain logistics development plan, promotion of multimodal transport system and optimizing transportation structure for greener and more advance transportation. On the other hand, the seaborne trade continues to enjoy a high degree of prosperity, trade volume and shipping costs should remain high. CIMC is well positioned to focus on these national policies and development chance to achieve large scale quality growth.

The logistics services business of CIMC can refer to the profit margin of CTS International Logistics (603128) in the past three years. CIMC still has a relatively large gap for cost and expense reduction. Through continuous integration of acquired assets and digital infrastructure construction and upgrade, it is expected to further increase its profit margin.

Net Profit Margin	2019	2020	2021
CTS International Logistics	3.66%	4.09%	3.79%

Sources: China Knowledge

It is worth mentioning that although the profit margin of CIMC Logistics is relatively low, its ROE in 2021 has exceeded 20%. There is still room for profit margin to increase for CIMC Logistics.

Road Transport Vehicle

CIMC Vehicles, the operating entity of the Group's road transportation vehicle business, is the world's leading high-end manufacturer of semi-trailers and special-purpose vehicles. The main businesses of CIMC Vehicles include:

1) 7 categories of semi-trailers that serve major markets globally, and these include container skeletal trailer, flat deck trailer, drop deck trailer, curtainsider trailer, refrigerated trailer, specialized builds and special-purpose vehicles;
2) carry out special-purpose vehicles' equipment business in China, including urban muck truck's equipment and concrete mixer truck's equipment and specialized vehicle sales;
3) refrigerated van body and dry goods car body for city distribution.

In 2021 the Group's road transportation vehicle business achieved a record high revenue of RMB 27.65 bln (RMB 26.499 bln in 2020), a YoY increase of 4.34%; net profit of RMB 988 mln (RMB 1.269 bln in 2020), down 22.19%. In Q1 2022, the Group's road transport vehicle vehicle business achieved revenue of RMB 5.13 bln (RMB 6.87 bln in Q1 2021); net profit of RMB 125 mln (RMB 203 mln in Q1 2021).

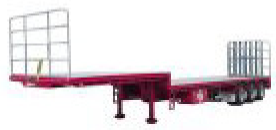
In 2021, the global semi-trailer business of CIMC Vehicles achieved steady growth, selling 138,166 units of various types of semi-trailers (131,327 units in 2020). Its revenue reported RMB 15.28, up 12.49% YoY. According to industry periodical Global Trailer, CIMC Vehicles has been the world's No.1 semi-trailer manufacturer for 9 consecutive years. During last year, the domestic freight market continued to recover. China Federation of Logistics and Purchasing data shows the China's land freight volume increased by 14.2% year-on-year to 39.14 bln tons, and the freight turnover increased by 14.8% YoY to 6.9 trln ton-kilometers. In tandem the annual China Highway Logistics freight rate Index averaged at 100.3 points, an increase of 1.9 points YoY. However, due to the impact from the upgrade to National Phase Sixth Emission Standards, and exacerbated by increase in fuel costs, the demand for semi-trailers was suppressed in the second half of 2021.

In the long run, the second-generation semi-trailer national standards GB1589-2016 and GB7258-2017 should further strengthen the requirements for the size and safety of semi-trailers, respectively. The price advantage of first-generation semi-trailers will be greatly reduced, and the cost-effectiveness of second-generation continues to improve with higher transport efficiency and lower cargo loading weightage. The industry should usher in structural development opportunities.

The strong overseas demand for U.S. and most European countries' exports last year had faced with difficulties from frequent or repeated pandemic outbreaks that resulted in port congestions and lack of truck drivers. Therefore, the price of land freight in these continental markets increased significantly. Likewise, the economic situation in other emerging markets have gradually recovered from the pandemic and this has brought about stronger demand for semi-trailers. On the other hand CIMC Vehicles has proactively seized the opportunity of free trade agreements between Southeast Asian countries and Europe, to further expand its market.

Skeletal Trailers

Flat Deck Trailers



Drop Deck Trailers

Curtainsider Trailers

Refrigerated Trailers

Specialised Builds

Specialised Vehicles

Sources: China International Marine Containers

China's special-purpose vehicles sector achieved revenue of RMB 9.21 bln, a YoY decrease of 9.38%. Due to a slow down in infrastructure and real estate investment in China, and the stricter national emission standards, the market demand declined last year. To boost its marketability CIMC Vehicles actively cooperates with OEMs, promotes applications of new energy heavy-duty truck for long-distance transport, introduction of new engineering projects and improve traffic management for trailers. In addition, it also involved in developing new energy of pure electric truck, and successfully launched trucks and trailer for use in mining and building construction. CIMC Vehicles managed to maintain its leadership for concrete mixer trucks, and held on its sales volume in China for 5 consecutive years.

The Chinese government promotes rural revitalization and seek to improve urban logistics and transportation network. In April 2021, CIMC Vehicles set up light-weight van body naming its new brand 'Terabyte'. These vans integrate the original refrigerated trailer and the new variants for dry goods trailer suitable for intercity transport.

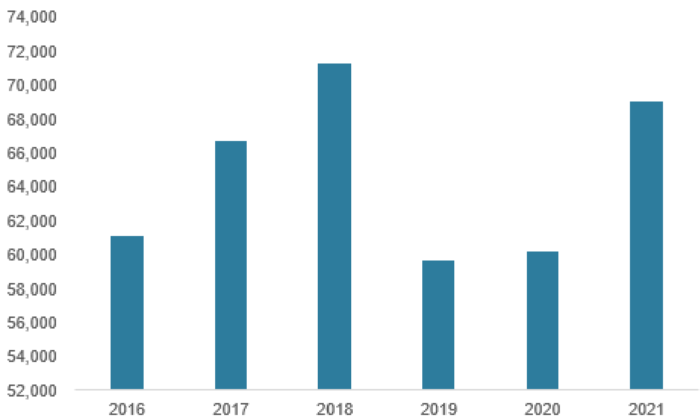
In Q1 2022, the Group's transportation vehicle business reached RMB 5.13 bln, a YoY decrease of 25.29%; net profit of RMB 124 mln, down 38.65%. Since the beginning of 2022, global geopolitical conflicts and high inflation, the prices of raw materials have risen significantly, resulting a decline of CIMC's profits in its land vehicle business. However, in the North American market, the semi-trailer business still achieved substantial sales growth, and sales in European markets have also increased steadily. Hampered by occasional epidemic outbreaks in China the domestic logistics and transportation were affected and resulted delays in delivery of land vehicles; therefore, domestic sales declined.

Sources: China International Marine Containers

Outlook: With the new normalization of the pandemic, the global demand for automobile manufacturing and logistics transportation will gradually improve; therefore, a stronger rebound and 'reboot' of demand semi-trailers. In April 2022, the meeting of China's Central Finance and Economics Committee emphasizes the construction of infrastructure be moderately advanced, and expects to have a greater role in boosting domestic economy.

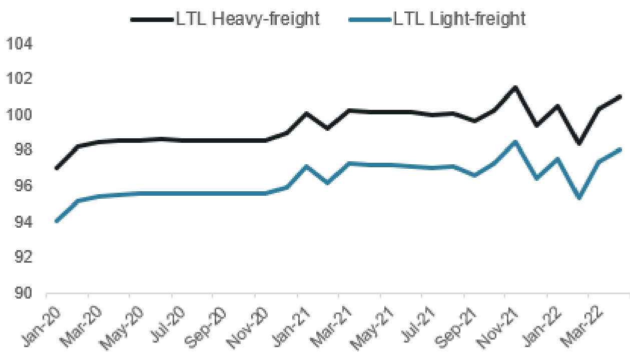
Domestic: The domestic freight market will continue to recover, freight volume to increased significantly, and freight rate should rise steadily. However, due to the impact of strict emission standards and the increase in fuel costs, sales volume of the domestic heavy truck market had declined in H2 2021, and the annual sales volume reported 1.39 million units. For H1 2022, sales of domestic heavy trucks may continue to decline.

China's Road Freight Traffic (100 million ton-kilometers)



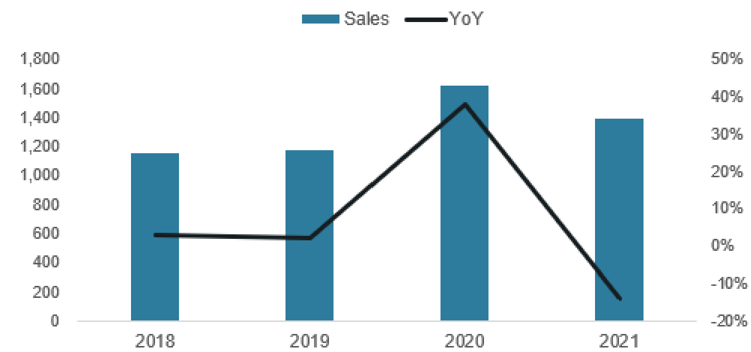
Sources: Cvworld

China Road Logistics Freight Index



Sources: Cvworld

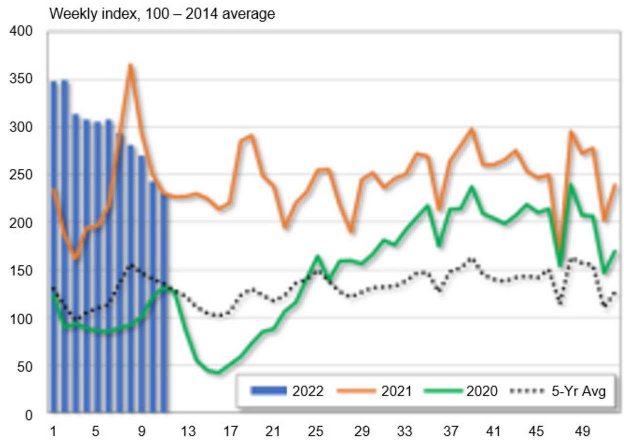
2018-2021 Domestic Heavy Truck Sales (thousand)



Sources: Cvworld

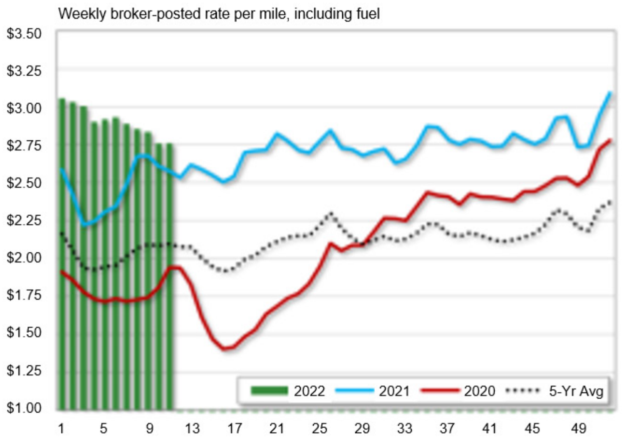
Overseas: Benefiting from the continued strong overseas consumer demand, freight prices have increased significantly, and orders have surged, but due to insufficient production capacity, demand was somewhat hampered in 2021. In Q1 2022, the orders for semi-trailer orders increased by 3.5% YoY to 87,000 units in North America. It is said that market's pent-up demand could have been 100,000 units last year. FTR expects that the sales of semi-trailers in North America to reach 295,000 units in 2022.

U.S. Dry Van Freight Traffic



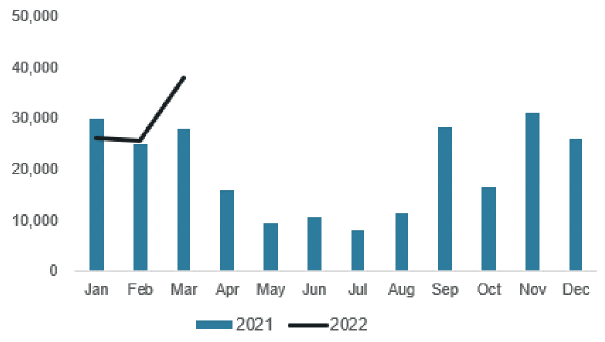
Sources: FTR

U.S. Dry Van Freight Price



Sources: FTR

Semi-trailers Orders in North America



Sources: FTR

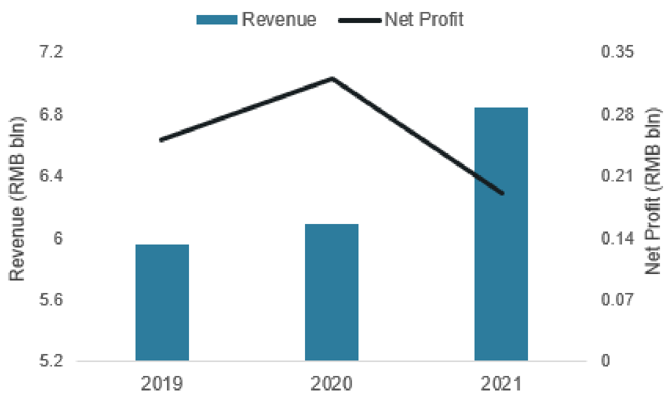
On the same note China's special-purpose vehicle industry will also enter a new phase of transformation and upgrading. The massive infrastructure investment will drive huge demand for such vehicles. Complimentary to the new national carbon reduction initiatives the rural revitalization will boost the growth of semi-trailers and light-weight vans.

Airport Equipment

The Group operates the airport and logistics equipment, fire-fighting and rescue equipment business through its subsidiary CIMC-TianDa. These businesses are mainly made up of passenger boarding bridges, airport ground support equipment, airport baggage handling systems, logistics handling systems and intelligent storage systems, and integrated fire rescue equipment.

Airport and logistics equipment, fire and rescue equipment business reported revenue of RMB 6.84 bln for the Group during FY2021 (RMB 6.09 bln in 2020), up YoY 12.37%. Net profit of the business reached RMB 193 mln (RMB 324 mln in 2020).

2019-2021 Airport Equipment Performance



Sources: China Knowledge, Corporate Annual Report

In terms of airport and logistics equipment business, it achieved better growth than previous year (2020). The civil aviation industry has recovered steadily due to China’s effective pandemic prevention and control. CIMC-TianDa has won orders from several airports in China providing boarding bridges, bridge-mounted air conditioners and other supporting equipment. Together with equipment renewal and maintenance services, these boosted its income much higher than expected. Last year, it successfully completed projects for Qingdao Jiaodong International Airport, Haikou Meilan International Airport Phase II, Shenzhen Airport Satellite Hall, Zanzibar Airport and other domestic and overseas markets. In addition to the aircraft boarding bridge, CIMC also successfully delivered the ship boarding bridges in the Port of Gdynia, Poland - this opens a new page for CIMC-TianDa in the European market for ship boarding bridges. At the same time, driven by China’s growing e-commerce logistics, the domestic market increased the demand for material handling and intelligent warehousing systems, thus the company’s logistics equipment sales had achieved considerable growth in 2021.

CIMC-TianDa's Boarding Bridges

Sources: China International Marine Containers

CIMC-TianDa's Equipment in Zanzibar Airport

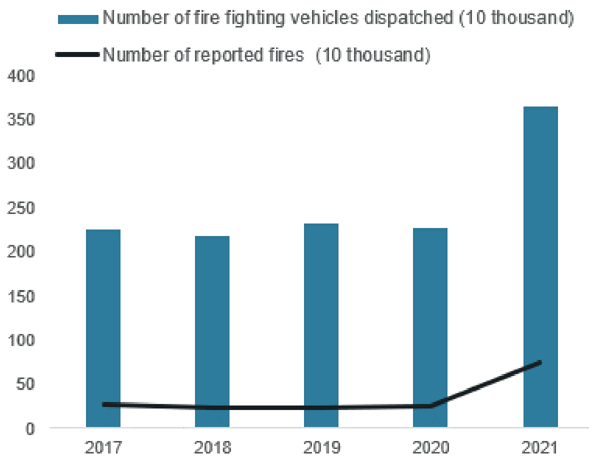
Sources: China International Marine Containers

In the airport baggage handling systems and air cargo warehousing, the company has further expanded into intelligent management systems. These added functions and features provide a one-stop solution from warehousing, conveying, handling, sorting and other automation. Such proprietary core technologies make CIMC Group a market leader in the airports, express mail, e-commerce, home furnishing, green energy, chemical, medicine and other industries.

Sources: China International Marine Containers

On the other hand, the company's fire and rescue equipment business originated from the company's diversification strategy dated in 2011. Specific targets and goals including market coverage, product categories and its commitments to be a global leader were clearly set up. Through strategic integration and exercise of synergy it is able to build world-class market leader in various business segments. To date, the company has already completed the supply chain for fire rescue equipment, facilities and associated technology known as "vehicle + equipment + service + fire station" solution. The concept of Internet of Things (IoT) is deployed to manage interconnectivity of hardware and software of fire rescue system. Its intelligent features are applicable to all types of disaster and emergency.

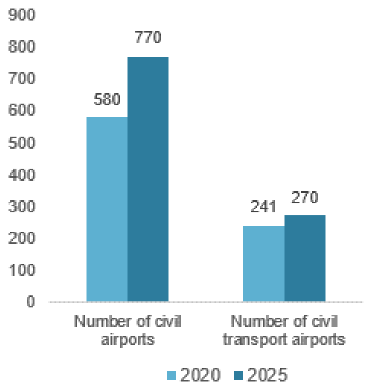
Fire situation in China (2017-2021)



Sources: Ministry of National Emergency Management

Outlook: Airport and logistics equipment business: According to Civil Aviation Administration of China (CAAC), China has 241 civil airports as at the end of 2020, about 58 new airports were added in the last 8 years or 7 new ones for every year. According to national development plan released in Feb 2021, China aims to have 400 civil airports by the end of 2035, which means the country will have additional 10 new airports each year. With the construction of safe, green, intelligent and humanistic airports in China, and requirement for higher standards of fast speed and accuracy delivery; the e-commerce logistics, airport and logistics equipment must be electrified and intelligent. Currently the ratio of logistics costs to GDP in China is about 14% which is still far behind the level of developed countries such as the United States at about 8%. China's express delivery business is developing rapidly, and automated logistics equipment has the advantages of solving labor shortage, reducing costs and increase efficiency. Overall, it could immensely benefit large-scale development. This comes at the right time as the cost competitiveness derived from China's demographic has gradually diminished. The current tight labor market and difficulties in recruiting manpower for express delivery business income have generated demand for logistics equipment that provides automation. Through automation express logistics companies can also reduce costs and increase efficiency. This is in conjunction with the "National Logistics Hub Construction Plan" which proposes that, by 2025, some 150 national logistics hubs will be constructed. This could bring down the total logistics cost to GDP to about 12%. This could improve overall competitiveness of the country's economy and adding tremendous benefits to social welfare of Chinese citizens.

The expected goal of civil aviation development during the 14th Five-Year Plan period



Sources: 14th Five-Year Plan

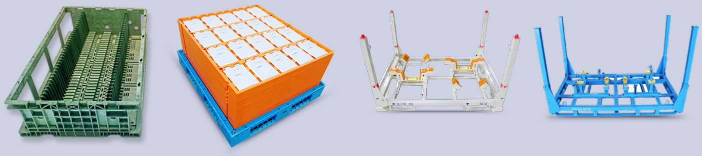
Firefighting and rescue equipment business: Urban modernization and emerging of super-large buildings, skyscrapers and buildings with different spatial structures, coupled with the rapid development in the petroleum, chemical industry, the risk of flammable and explosive sites have increased significantly. These have made disaster relief and rescue work more challenging. CIMC-TianDa is striving to develop high-tech products in these areas that will integrate into its 'Big Data' to offer "smart fire protection" in collaboration with local fire stations across China.

Recycled Load

In 2021, CIMC Group's Recycled Load business achieved a revenue of RMB 6.01 bln (2020: RMB 3.03 bln), with a YoY increase of 98%, and net profit spiked to RMB 577 mln (2020: RMB 94 mln), with a YoY increase of 512%. Its recycled load business segment focuses on providing customers with comprehensive solutions for recycling packaging to replace single-use, contributing to carbon neutrality. Currently this is mainly available to the automobile, liquid chemical/food, rubber and commodities industry.

Automotive Supply Chain Industry

E.g. a special tray for storing microchips is used in the process of chip transfer and standing to avoid scratches, stains, and damage on the chips' surface. The inner width of the tray can be adjusted to adapt to different lengths of microchips.



Liquid Chemical/Food Industry

E.g. Intermediate Bulk Container (IBC) is a new type of foldable liquid packaging independently developed, manufactured and operated by CIMC. It has the characteristics of durable integrated design, recyclable use, high loading rate and high cleanliness.

Rubber Industry

E.g. the container is foldable, and it's independently developed, manufactured and managed by CIMC. It is mainly used for the transportation, storage and packaging of rubber, and can also carry other goods. It has the characteristics of high-durability with integrated design, strong corrosion resistance, recyclable use, high loading rate, and easy loading and unloading.

Commodities Industry

E.g. the container is mainly suitable for the storage and transportation of bulk commodities such as alumina. The frame structure is hard and firm, and has strong corrosion resistance; the whole box can be stacked, saving storage space and reducing transportation costs; it can be directly filled, easy to load, unload, and transport, saves on labor costs.

Sources: China International Marine Containers

Outlook: CIMC Group will continue to maintain a high growth rate in the recycled load business. On Jan 11, 2022, the China Passenger Car Association (CPCA) raised its sales forecast for new energy passenger cars from 4.8 mln in 2022 to more than 5.5 mln, and the penetration rate of new energy vehicles (NEV) could reach as high as 25%. CPCA believes the increasing popularity and acceptance of NEV among the Chinese consumers, and the support of government's subsidies will inevitably see a surge in sales this year. The data also reflects the fact that the domestic sales of NEV in Q1 2022 had smashed the one-million mark to 1.070 mln, a staggering YoY increase of 146.6%. The R&D and manufacturing technologies in recycled load have expanded is due to growing popularity of new energy vehicles (NEV); hence, huge increase in power batteries.

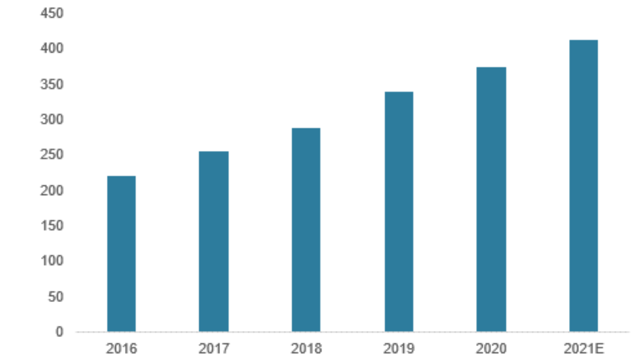
In the leasing business, CIMC Group has just entered the international market. It commands absolute leadership in rubberized packing to almost saturation level, and one such notable product is diesel engines' packaging using recycled load. It will continue to make efforts in serving new markets like photovoltaic, home appliances and other industries home and abroad with cost-efficient, environmental-friendly and comprehensive solution. Recently, it has signed strategic cooperative agreements with aluminum companies.

In April 2022, CIMC Transpac introduced strategic investors, a Shenzhen state-owned investment firm with a pre-investment valued at about RMB 3 bln.

Cold Chain Logistics

On cold chain logistics, China's 14th Five-Year Plan (2021 – 2025) describes the country has evolved from emerging phase to real demand. In 2020, the scale of China's cold chain logistics market exceeded RMB 380 bln. It is estimated, by 2025, the scale of China's cold chain logistics market could hit RMB 1 trln mark. This means the entire business ecosystem related to the cold chain could usher in a golden period of enormous opportunities. CIMC Group has established the cold chain logistics business for more than 20 years ago, and is currently the largest and most extensive enterprise in the field of high-end cold chain logistics with most comprehensive industrial layout surrounding the entire supply chain.

Forecast of China's Cold Chain Logistics Market Scale (RMB bln)

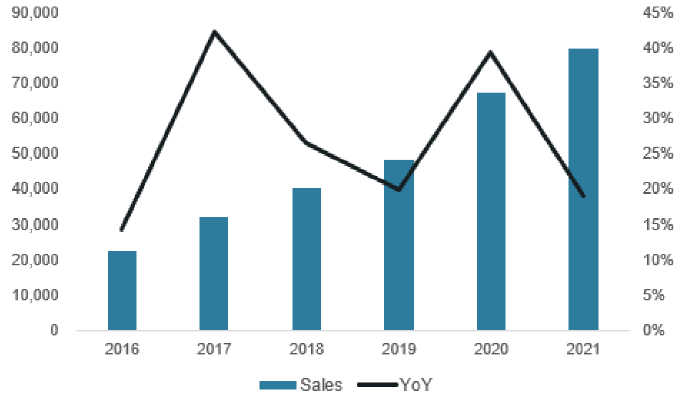


Sources: CFLP

CIMC's Cold Container Production Base in Taicang, Jiangsu Province

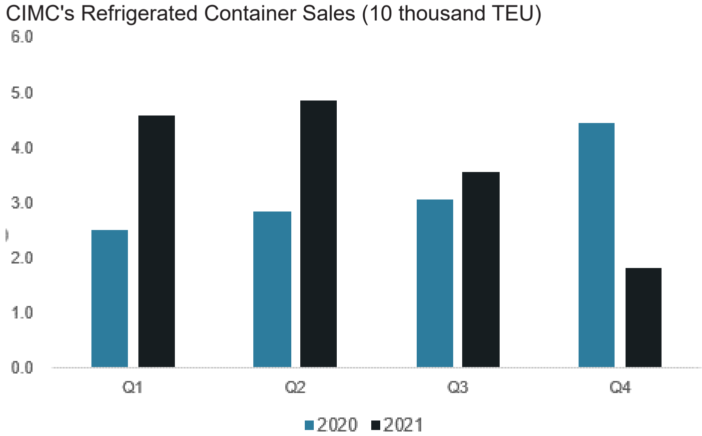
Sources: China International Marine Containers

Sales and growth rate of refrigerated trucks in China



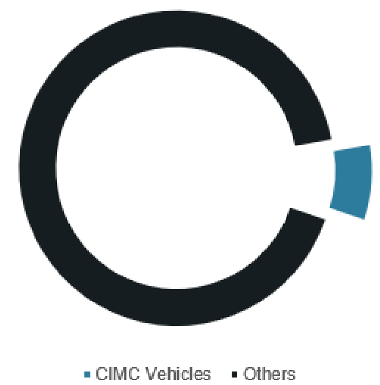
Sources: CAAM

CIMC's Refrigerated Container Sales (10 thousand TEU)



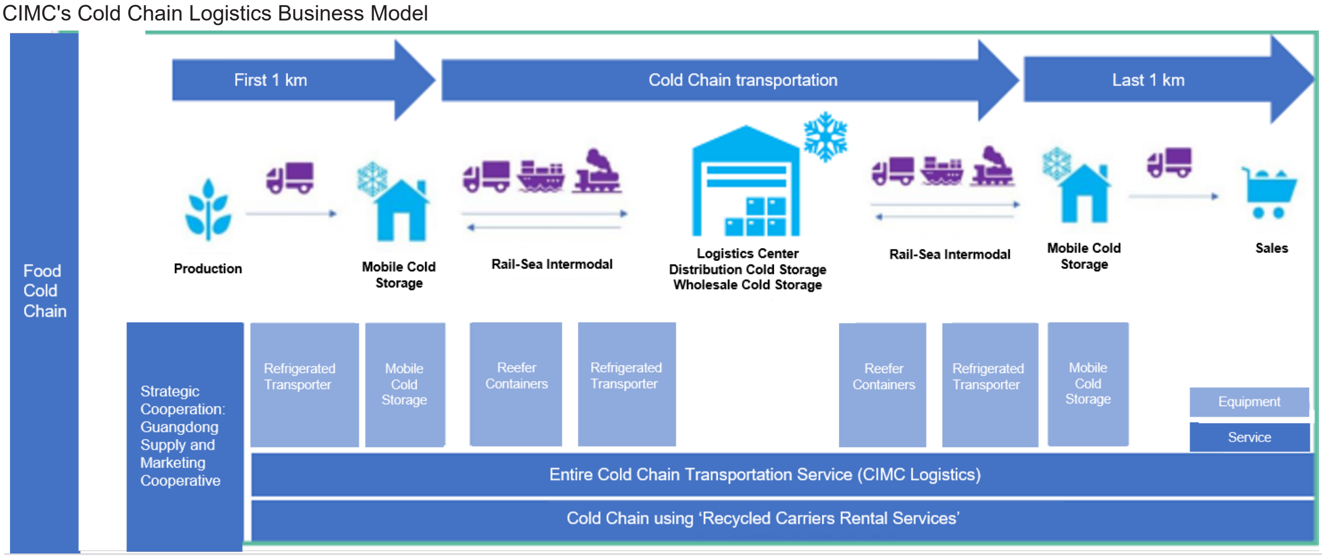
Sources: China International Marine Containers

Market share of CIMC refrigerated trucks



Sources: CAAM

CIMC's Cold Chain Logistics Business Model



In the past six months, China has extensively introduced policies to encourage the development of cold chain, which will drive CIMC's cold chain business to grow.

On Dec 2021, the General Office of the State Council issued the "14th Five-Year Plan for Cold Chain Logistics Development", requiring the construction of about 100 national backbone cold chain logistics bases; the National Development and Reform Commission issued the "Implementation Plan for the Construction of National Backbone Cold Chain Logistics Bases", making systematic progress for the layout and construction of the national cold chain logistics bases across the country.

On Apr 15th, 2022, the Ministry of Transport and other five departments jointly issued the "Implementation & Opinions on Accelerating the High-quality Development of Cold Chain Logistics and Transportation": It is proposed to cultivate key cold chain transportation enterprises and to create a number of well-known cold chain providers.

On Feb 2022, the All-China Federation of Supply and Marketing Cooperatives released the "14th Five-Year Plan for the Development of Public Agricultural Cold Chain Logistics Development" that spells out clearly the cold chain logistics for agricultural products.

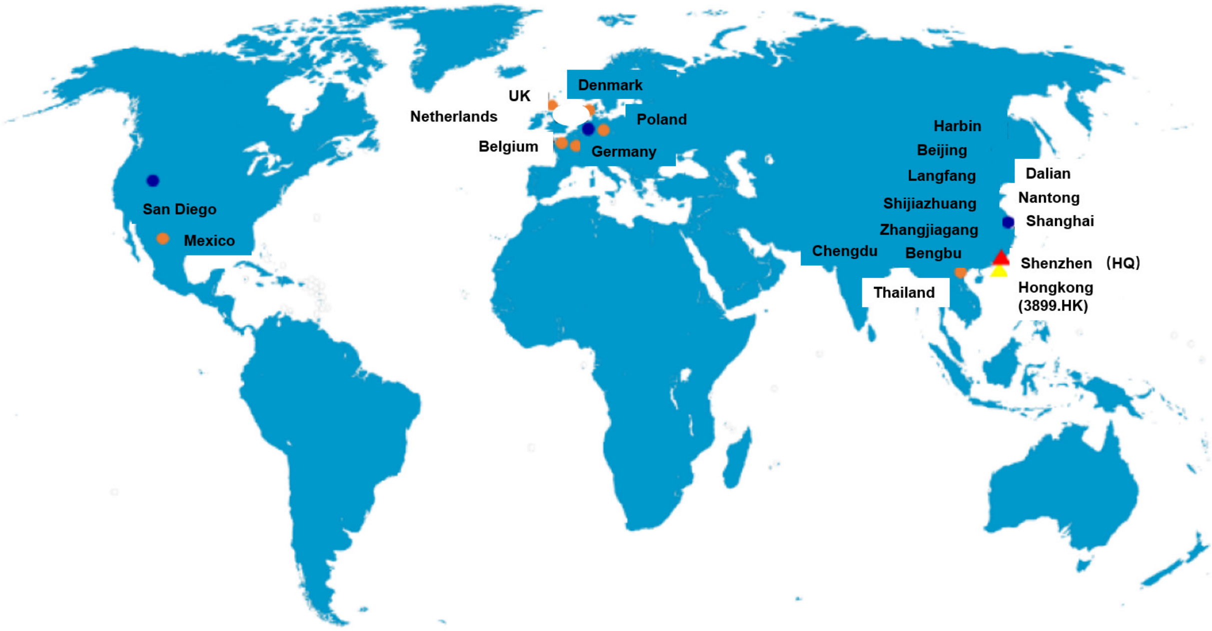
On Apr 26th, 2022, the Central Finance and Economics Committee chaired by China President Xi Jinping reiterated that infrastructure construction must strengthen comprehensively, and be accelerated with the construction of urban and rural cold chain logistics facilities.

In terms of technical and technology aspects of its cold chain operation, CIMC Group consistently offers innovative and practical solutions. These challenges and solutioned offered include the followings:

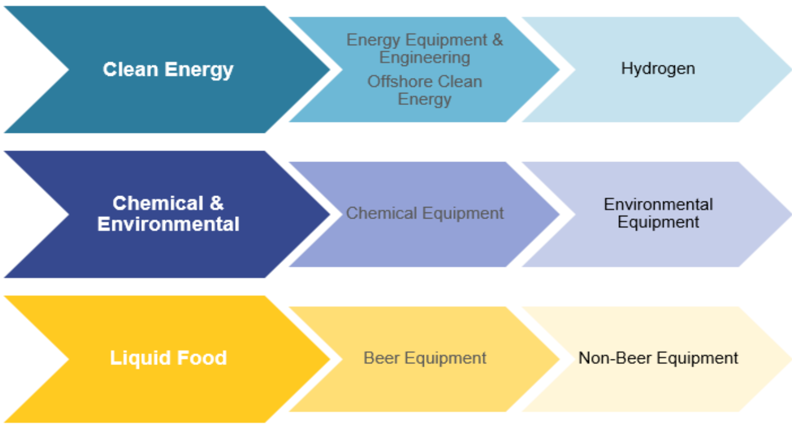
- Provide alternative materials instead of relying on imported foam materials used extensively.
- Offer superior welding technology to common issue of air- and water-resistance containers for cold chain’s storage and transportation. Its advance welding ensures temperature-balancing, air- and water-tight containers that prevent from leakage and heat entry.
- Able to provide rapid refrigeration yet stabilizing cold temperature to serve fast-moving products from e-commerce enterprises where temperature-control mechanism must ensure 24-48 hours unchanged.
- In cross-border cold chain transport CIMC’s land trailers provide ‘Recycled Load’ for fresh produce that could easily damage packaging. Fruits like durian and coconut are handled relying on its self-developed technology to ensure freshness and reduce spoilage during the transport. As a whole it not only reduces damage, ensure freshness and contribute to a greener environment with reusable packaging.
- The outbreak of covid-19 has also boosted the demand for medical vaccines. The medical incubator independently developed by CIMC Group deploys a unique production process of foam molding and icing technology which can be set to various temperature ranges – in accordance to different vaccines. During the rampant pandemic outbreaks, the company was able to cold-stored 600 million Covid-19 reagents for China’s most well-known pharmaceutical and vaccines providers. About 300 million of these vaccines were shipped out to more than 40 countries.
- The company’s information exchange platform allows the tracking of cold chain’s equipment and facilities, and also monitoring the temperature on each of its reefers (refrigerated containers) and other cold storage. Therefore, its entire cold chain logistics and operation offer food safety and traceability.
- Moreover, CIMC also announced to acquire Maersk's Star Cool asset in 2021, further upgrading the core technology of cold chain business.

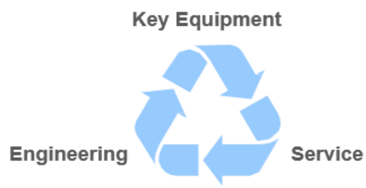
Energy, Chemical and Food

CIMC also engaged in energy, chemical and beverage storage for transportation, providing design, development, manufacturing, engineering, sales and operation of various types storage and processing equipment. These businesses are operated under the Group's member company CIMC Enric Holdings Ltd (3899.HK) listed on the HKEx. CIMC Enric has more than 20 global member companies, over 10 overseas offices, and 19 global R&D centers.



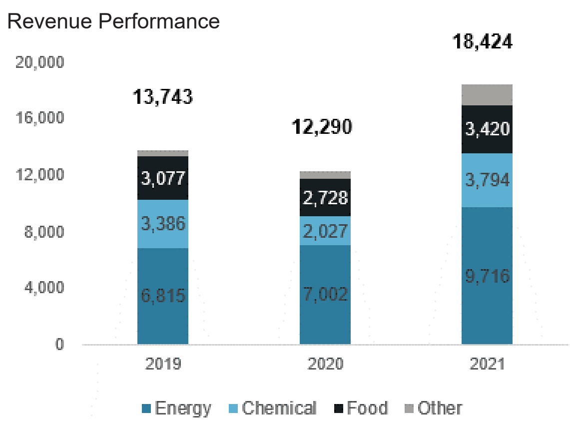
Sources: China Knowledge、Corporate Annual Report





Sources: China Knowledge、Corporate Annual Report

In 2021, CIMC's revenue from this business was RMB 19.53 bln (RMB 13.29 bln in 2020), a YoY increase of 46.92%. The corresponding net profit was RMB 885 mln (RMB 360 mln in 2020), up 145.57% YoY.



Sources: China Knowledge、Corporate Annual Report

Clean Energy

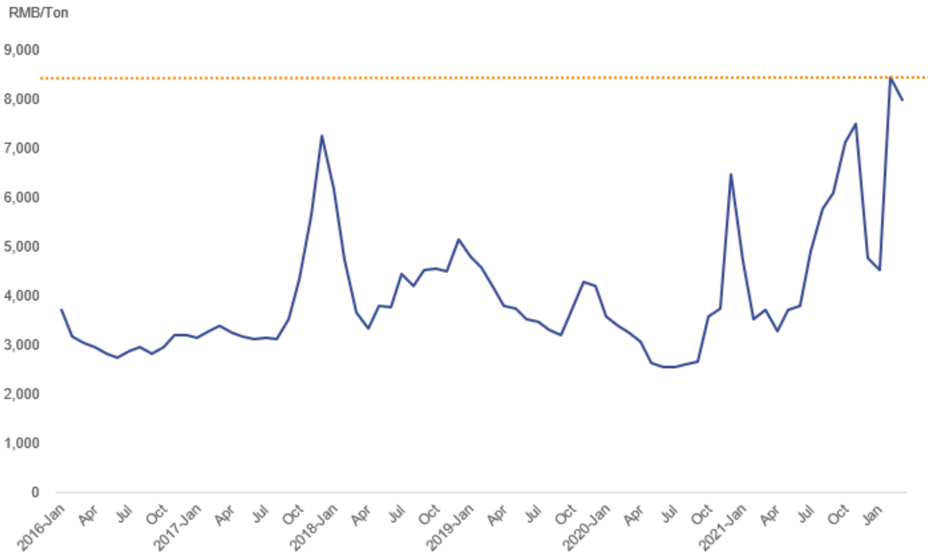
Among them, clean energy segment achieved revenue of RMB 9.72 bln (RMB 7 bln in 2020), up 38.76% YoY. CIMC Enric, the major contributor, is the only key equipment manufacturer and engineering service provider in China, that involves the entire supply chain of the natural gas industry, and offers one-stop solutions. Because of its technical advantage in pressure vessels, the company's business has expanded to Liquefied Petroleum Gas (LPG), oxygen, nitrogen, argon and other industrial gases; and, most notably the hydrogen energy.

Natural gas is a clean and low-carbon fossil energy, and is one of the important forces to achieve China's goal of carbon neutrality. The China Development and Reform Commission (CDRC) has stated in its Energy Production and Consumption Revolutionary Strategic Plan (2016 - 2030) that natural gas will account for up to 15% of primary energy consumption - the proportion in 2020 registered 8.4%. For CIMC Enric it provides LNG onshore equipment (such as LNG storage, LNG tankers, LNG tank containers, LNG vehicle cylinders, liquefaction plants/ wellhead skid-mounted equipment) and other LNG equipment (such as small and medium-size LNG carriers and LNG bunkering ships).

According to China's Ministry of Commerce, most Chinese industrial enterprises have already filled up their orders going full-capacity this year, and well supported by power supply. Moreover, data from CDRC shows China's natural gas consumption in 2021 reported 372.6 bln cubic meters, a YoY increase of 12.7%. In 2022, China's natural gas consumption could report higher at 395.4 bln cubic meters, up 8.2% or 30 bln cubic meters more. It is estimated that the annual domestic natural gas production could reach 221.6 bln cubic meters, up 6.2% and the total imported natural gas to be 185 bln cubic meters by end of 2022.

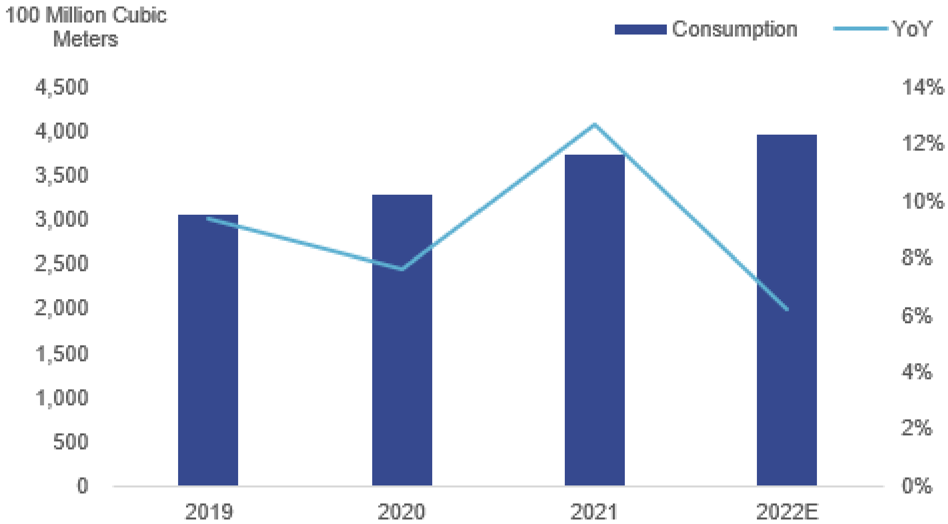
2021 is an unusual year for LNG, with a sharp rise in off-season, it hit its highest price over a 5 years period. The tight supply in the European market has triggered a global shortage of regional natural gas, thus leading to a surge in global gas prices. Gas prices especially in the three major natural gas markets of Europe, East Asia and North America have soared by as much as 90% to 400%. In 2022, tight supply will continue to push up gas prices, while geopolitical factors will exacerbate short-term price volatility. It is expected that Russia's pipeline gas supply to Europe will further decline, and it is difficult for Europe to find alternatives to replace Russia's supply in the short term.

LNG Prices in the Past Five Years



Sources: China Knowledge、Corporate Annual Report

Natural Gas Consumption in China



Sources: China Knowledge、Corporate Annual Report

CIMC Enric has a comprehensive layout in the natural gas industrial chain. The recent increase in LNG prices have suppressed terminal demand, but this has resulted in stimulated demand for midstream storage and transportation such as LNG receiving stations. Compared with enterprises that focus on terminal equipment, the company's operating performance is more resilient. On the other hand, European natural gas is facing the cut-off of natural gas pipelines from Russia, which boosted the European demand for ocean-going LNG carriers, LNG terminals, storage and transportation equipment. In the short term, higher prices have a negative impact on the end-users' demand for natural gas. However, unlike last year's oil prices, which did not increase as much as LNG, oil prices should likely to see a larger increase in 2022. Likewise, due to the cost-effectiveness of LNG combustion its prices will also gradually recovered as well.

Since CIMC Enric focuses on onshore and offshore energy value chain with natural gas as its core it has benefited from the global trend of carbon reduction, promotion of water-based clean energy and many other supportive policies for LNG ships around the world. The LNG-powered ship and retrofitting for such power ships have ushered in behemoth opportunities. On top of these CIMC Enric also has core competitiveness in small and medium-sized shipping vessels. In 2021, it successfully acquired assets of Fengshun Shipyard with core shipbuilding capabilities such as slipways and docks. The acquisition significantly improved the company's new orders and speed of delivering new vessels.

New Orders:
Last year 2 international LNG bunkering ships;
Won the bid for 1 CNOOC LNG with added engineering works;
Order of 20 LNG-powered containerized cement ships with cement manufacturers to be operated along the Xijiang River Basin;
9 LNG-powered ships conversion for transport along the Hangzhou-Beijing Grand Canal;
Jan 2022, additional 9 ships conversion to LNG-powered vessel. 3 orders of 7,200 cubic meters LEG (liquefied ethylene) carriers were obtained from Hartmann, Germany;
March 2022, 2 orders for 7,600 cubic meters of LNG bunkering vessels and an order for an alternative vessel were obtained from Seaspan of Canada;
MRO and Retrofitting: As of April, 112 ships have signed for new fittings or upgrading from oil-to-gas powered engines worth over RMB 400 mln.
As a whole, CIMC Enric's business tentacles has extended to every inland grand canal and river system.

One-stop Solution for Cross-border Gas Import/Export Logistics

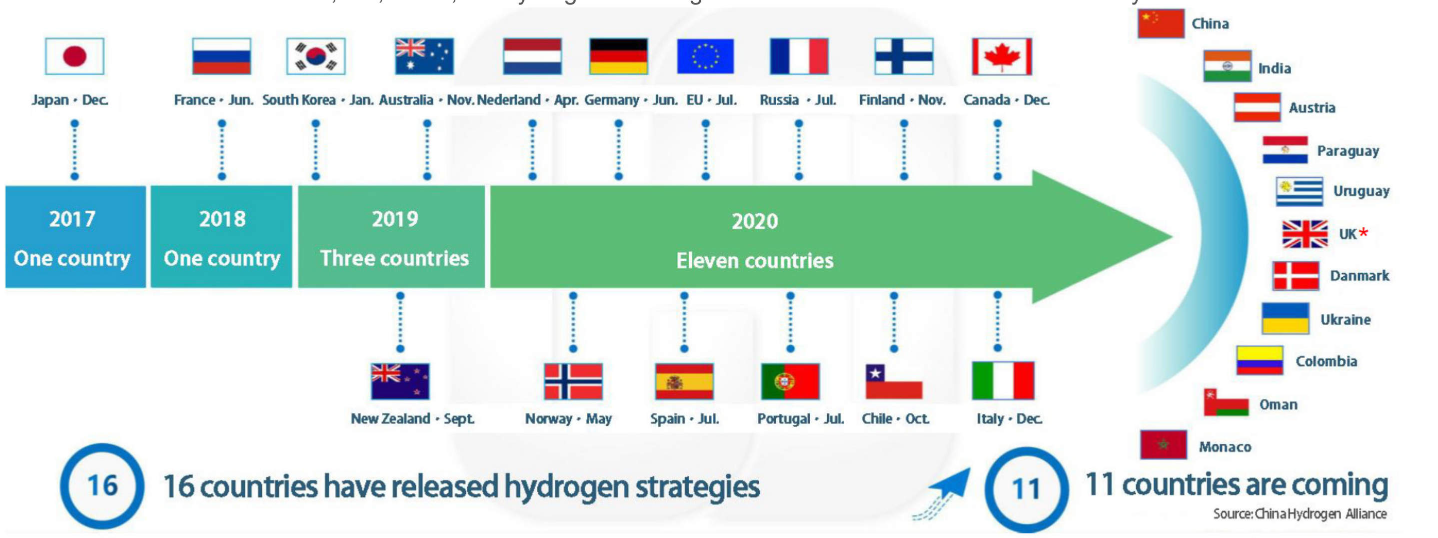
Gas Liquefaction | LNG Factory Loading | Cross-border Transportation: Railway, Marine, Truck | End user

In addition, CIMC Enric also provides LPG spherical tanks, LPG transport vehicles, LPG pipeline installation, industrial gas storage tanks, industrial gas transport vehicles, and industrial gas low-temperature thermal insulation gas cylinders.

Last year the value-added engineering works for LPG received strong demand, and seasonal demand – typically stronger in winter season and weaker in summer. In 2021 the demand and supply saw significant growth and consistent LPG. From the perspective of supply, both domestic production and import volume had increased significantly estimated to be 71.37 mln tons, an increase of 11.29% from 64.13 mln tons recorded in 2020. From the demand side, domestic figures grew rapidly to an estimated 70.47 mln tons, a year-on-year growth rate of 11.86%. Overall, China is expected to add 5.4 m tons of PDH in production capacity.

In 2021, the demand for LPG continued to rise and boosted the demand for LPG storage and transportation related equipment. The 6,000m³ LPG spherical tank station project undertaken by CIMC Enric in Cambodia was successfully completed and put into use, together with a small and medium-sized LPG bunkering vessel being delivered. Benefiting from the recovery of the global oil market, the operating rate of refineries had increased, and LPG transport vehicles achieved remarkable growth, with sales up by 97% year-on-year. For other industrial gases, two 150,000m³ low-temperature ethane and propane large-scale storage tanks were constructed in Zhejiang.

In tandem with major economies of using hydrogen energy CIMC Enric has put up an industrial layout to capture such enormous opportunities where some 27 countries that account for 52% of global GDP, 16 have formulated comprehensive national hydrogen energy strategies, and the remaining 11 countries are actively working on it. It is predicted that in 2025, the scale of hydrogen-powered vehicles in China to reach 100,000, and 1,000 hydrogen refueling stations could be built across the country.



Sources: China Knowledge、Corporate Annual Report

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 mln)		3,000	10,000	50,000	120,000
Equipment manufacturing scale	Hydrogen refueling station (sets)	23	500	1,500	10,000
	FCEV (units)	2,000	50,000	2,000,000	5,000,000
	Stationary fuel cells (units)	200	1,000	5,000	20,000
	Fuel cell systems (units)	10,000	60,000	1,500,000	5,500,000

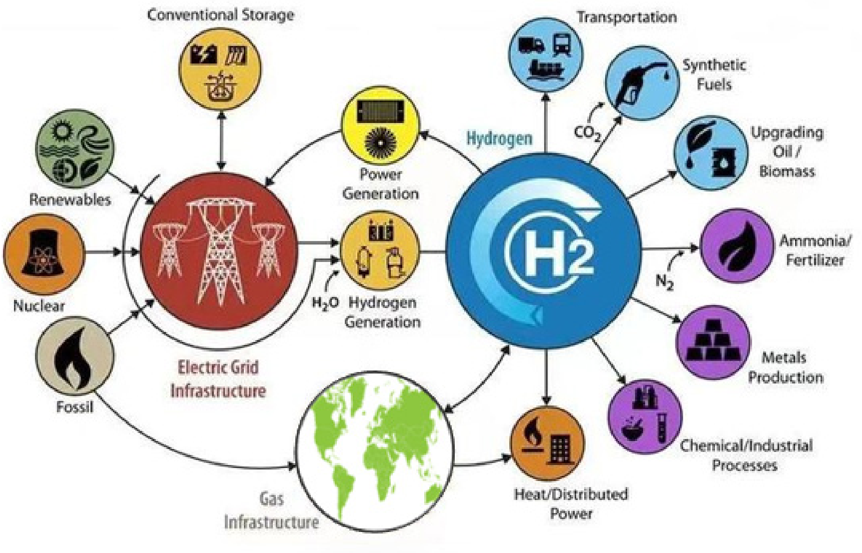
Source: White Paper on Hydrogen Energy and Fuel Cell Industry in China released by China Hydrogen Alliance

With the establishment of the national energy strategy and dual carbon goals, China's energy transition is inevitable. At this year Politburo meeting, the importance of new energy has been repeatedly emphasized and demanding orderly development of solar, hydrogen and renewable energy.

In addition to hydrogen energy, other renewable energy sources, such as solar, wind, hydro and geothermal energy, are inevitable to realize the low-carbon energy structure. However, at present, these renewable energy sources still face many challenges. including uneven distribution due to timing and storage, grid connection/networking, resulting in a lot of energy wastage. In order to improve the grid network, improve the wind and solar catchment; and at the same time optimizing the power grid transmission and distribution, the development of suitable energy storage technology is particularly important. Traditional energy storage methods are not conducive to store energy for a longer period. As a new energy source, hydrogen energy has high energy density, larger storage scale and lower cost. It can be used as long-term energy storage. Furthermore, it is a more optimal solution for seasonal energy storage, thereby effectively improving energy utilization.

The energy density of hydrogen energy is 239 times that of lithium batteries. The hydrogenation process of a hydrogen energy vehicle (FCEV) is very short, usually taking only 3 minutes to complete. Compared with the rare resources such as lithium, manganese, and copper required by lithium batteries, the water resource used by hydrogen energy is inexhaustible on the earth, and does not pollute.

Future Hydrogen Energy Application Scenarios:



Hydrogen energy has wide array of applications which can be deployed for various industries including the construction and transport sector to achieve low carbon emission. At present, hydrogen energy is mainly consumed as industrial raw materials. In the future, hydrogen energy is expected to have huge potential in transport sector, especially for long-distance heavy freight and aviation. It can be in the form fuel cells and hydrogen-generated heat engines. Using hydrogen energy as the main energy source also provides a feasible means to emission reduction path for many other industries that are currently facing steep challenges to reduce carbon emission.

CIMC Enric has deeply involved in the field of hydrogen energy for 16 years, and its products cover various segments such as hydrogen energy storage, transportation, processing, and utilization, making it one of the leading service providers in China.

The main application of high-pressure gaseous hydrogen storage involves large-scale high-pressure gas storage containers for transportation, hydrogen refueling stations, high-pressure storage tanks for fuel cell vehicles, storage tanks for uninterruptible power supplies, and unmanned aerial vehicles. Some of CIMC Group's past track records in these fields;examples, are provision of hydrogen refueling stations at the Shanghai World Expo (2010), the launch of first 45MPa hydrogen accumulator in China, and the first 35MPa mobile hydrogen refueling vehicle. In total more than 50 sets of such accumulators for domestic use were produced, another 240 or more were exported. A latter version known as 87.5MPa steel carbon fiber version was developed and deployed at Dalian city in Liaoning Province. The latest 35MPa skid-mounted hydrogen refueling station was used at this year's 2022 Winter Olympics. This easy-to-carry storage presented the commercial success of mobile refueling of hydrogen fuel.

a) Hydrogen Storage Equipment

Hydrogen Storage Cascades in Hydrogen Refueling Station

55MPa stationary hydrogen vessels exported to Plug Power in the U.S.

- ✓ The working pressure is 45MPa, and the design pressure is 50MPa. The standard product is consisted of 9 vessels with the water volume of 9 cubic meter.
- ✓ Enric has provided hydrogen vessels of 45MPa for more than 30 hydrogen refueling stations in China, and the vessels also have been exported to more than 200 stations in the United States, Canada and South Korea.
- ✓ In 2017, China's first 70MPa hydrogen refueling station successfully passed the acceptance test, and the 87.5MPa hydrogen vessels got the domestic first-mover advantage.
- ✓ The 103Mpa fixed hydrogen storage vessel of ASME standard has been developed successfully and is ready to enter the market.

b) Hydrogen Distribution Equipment: Hydrogen Tube Trailer

c) Hydrogen Refueling Station

Key Technology:
- Safety Engineering - HAZOP Analysis - Data communication and interaction between refueling station and fuel cell vehicles
- Online Hydrogen inspection and testing - Hydrogen Loading rate optimization - Digitalization, SaaS, remote monitoring & testing

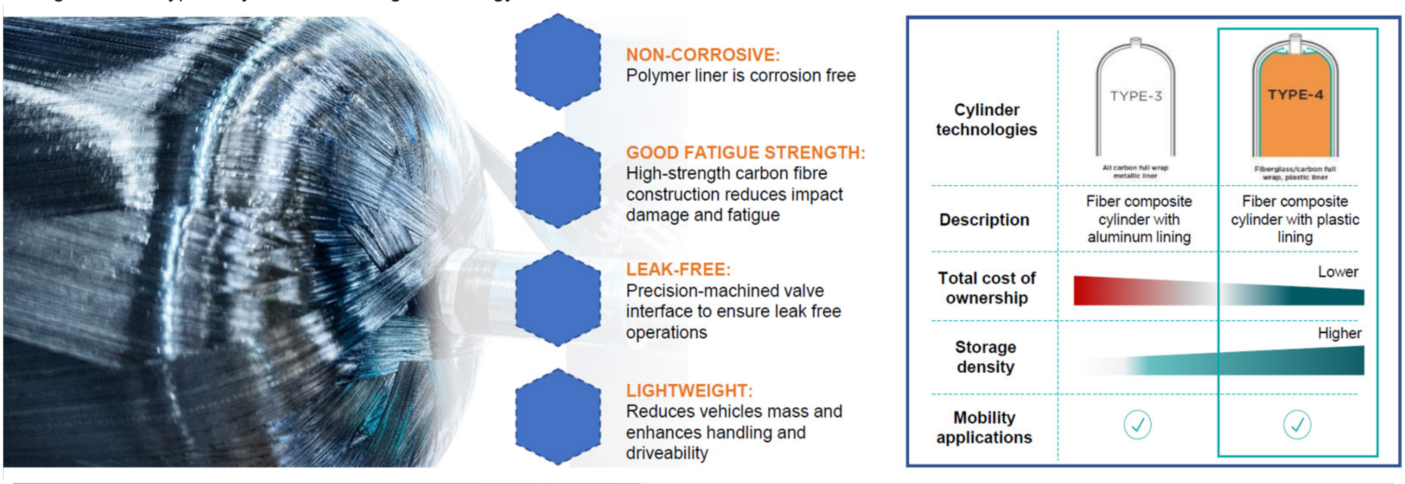
Sources: China Knowledge、China International Marine Containers

Through the establishment of a joint venture with Hexagon, it will become one of the manufacturers that can provide domestic hydrogen energy IV cylinder. Last year, China's hydrogen energy industry policy has resulted strong sales of hydrogen energy storage and transportation equipment.

The advantages it enjoyed in advancing clean energy, the company further promotes its industrial layout for hydrogen energy industry. In May 2021, it established a joint venture with Ansteel Energy Technology to start the co-production hydrogen from coke oven gas to LNG, and enhance its upstream with hydrogen production. In terms of storage and transportation, the company has provided more than 30 hydrogen tube bundle containers and more than 10 units of 50MPa hydrogen storage cylinders and other equipment for the Beijing's 2022 Winter Olympics and Winter Paralympic Games. Last year it won an order of RMB 100 mln for three types of vehicle-mounted hydrogen supply system, and together with several hydrogen-refueling stations.

The company has also reached cooperation agreement with the Dalian Institute of Chemical Physics under China Academy of Sciences and Japan's Panasonic to research on hydrogen production and other technical aspects of hydrogen. In 2021, hydrogen energy-related business realized revenue of RMB 175 mln, up 37% year-on-year.

Hexagon Purus Type 4 Cylinder's Leading Technology



Application and advantages of Type IV gas cylinder in passenger vehicles:

- ✓ Type IV gas cylinder is installed on 200,000 passenger cars in Europe, it is known to be reliable;
- ✓ Volkswagen and Opel have used Type IV gas cylinder;
- ✓ In the next 5 years, Europe would gradually petrol-burning vehicles, the application of the Type IV gas cylinder could develop very rapidly;
- ✓ The use of metal gas cylinders by most vehicles would lead to severe erosion.

The use of Type IV gas cylinder in commercial large buses globally is relatively matured:

- ✓ Type IV gas cylinder takes up 70% market share in Europe for buses and 90% in North America;
- ✓ The Type IV gas cylinder is light in weight, and storage on the bus's roof can load up to 1,200 to 2,000 liters of compressed gas energy;
- ✓ Compared with the Type III cylinder, the IV gas cylinder can reduce the fuel consumption by 70%;
- ✓ Each cylinder storage can reach 375 liters; thus, reduces costs and eases operation.

Application and advantages of Type IV gas cylinder in heavy trucks and special vehicles:

- ✓ The application for heavy trucks in the Nordic region exceeds European countries, the North American far more 90% adoption;
- ✓ The storage can support road transportation to a cruising range of 1,000 kilometers;
- ✓ Due to its weight and cost advantages, it can be installed on the sides of the truck and behind the cockpit to maximize freight volume;
- ✓ Support installation on both sides of the car body provides increased impact resistance;
- ✓ System and pressure on gas cylinder only require testing every 36 months.

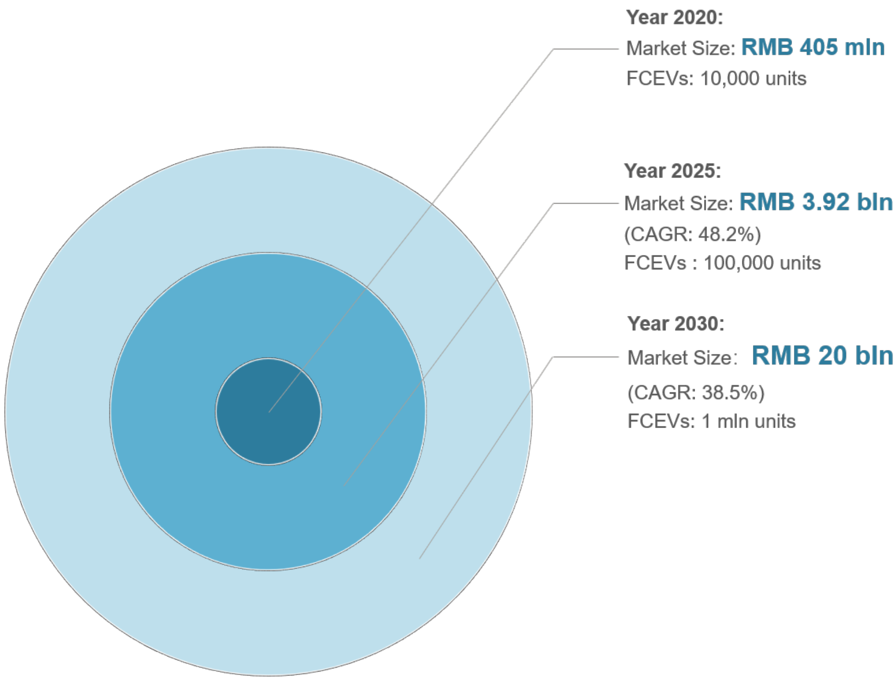
CIMC Enric is developing liquid hydrogen and striving for a first-mover advantage. To date, its R&D on liquid hydrogen storage and transportation equipment have undergone wide ranging research works that include use of materials, welding, tank structure, heat insulation, processing and safety configuration. These activities carried out are comformed to company's SOP & safety standards, and passed stringent technical compliance review and audit.

The overall solutions for hydrogen energy storage and applications:

• Hydrogen is used as alternative source of clean energy, and Solid Oxide Fuel Cell (SOFC) is the core for power generation device.

• Surplus heat of the power generation system can be recycled and reused to provide indoor heating and cooling. Once the surplus is recovered, the re-utilization rate of such energy could reach 85%.

Promising Market Size of On-vehicle High-pressure Hydrogen Cylinders in China



Sources: China Knowledge、China International Marine Containers

Sources: China Knowledge、China International Marine Containers

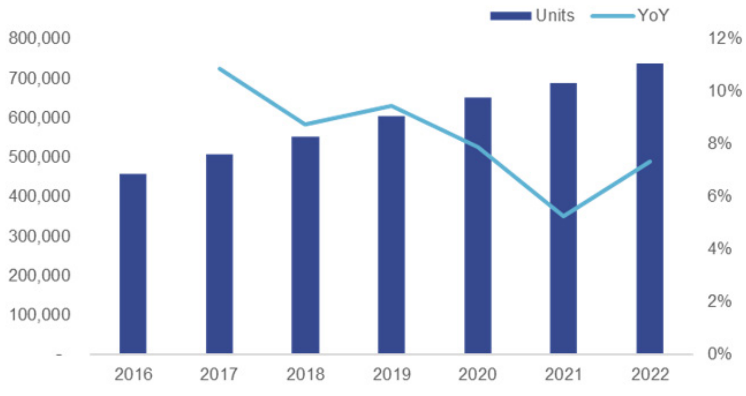
Outlook: The pace of global 'Carbon Reduction and Carbon Neutrality' has accelerated in recent years. More than 130 countries and regions have proposed "Zero Carbon" and "Carbon Neutrality" as their common climate goals. Being a staunch nation advocating green environment and Carbon Neutrality by 2050 China's transition to clean and green energy will set the fundamental development policy for all industries across the country. This is definitely a big boost to the rise of cleaner fuel like hydrogen. It is expected that China's energy consumption from 2036 to 2050 will come from hydrogen, or over RMB 10 trln annually.

Chemical Industry Outlook

The global demand for tank containers is seeing a rebound. The booming petrochemical industry is driving the growth of the tank container especially in the Asia-Pacific region. According to International Tank Container Organization (ITCO) the figure in Jan 2022 alone had reached 736,935 units.

With enormous demand for base chemical in China the logistics aspects of the industry see strong and steady growth year on year. The statistical figures from the Hazardous Chemicals Logistics Branch of China Federation of Logistics & Purchasing show the market size had hit RMB 2.24 trln last year, with a compounded growth rate of 6.8% from 2020 to 2025.

Global Tank Volume (As of Jan 2022)



Sources: China International Marine Containers

In 2021, the chemical sector has seen a strong recovery. CIMC Enric's reported orders for standard tanks and special tanks have grown significantly and took the lead in this industry globally. Revenue from these industries reaches RMB 3.79 bln (RMB 2.03 bln in 2020), presenting a remarkable year-on-year increase of 87.17%. In conjunction with these spectacular revenue CIMC Enric has deployed the application of IoT technology on tank containerization life-cycle (durability), equipped with intelligent sensors for temperature controls, pressure controls, and loading. Other smart features include tracking and monitoring on hazardous chemical containers.

In terms of technical knowledge and technology standard the company's reputation in serving the multinational chemical companies are widely recognized. Due to its ability to provide the level of technological supports it is extending into logistical and equipment services for the fast-growing semiconductor and new energy battery industries. A review of 2020's orders logbook for chemical tank containers have increased by 268% YoY. As of last August (2021), the orders once again had exceeded 2020's total figures. Another remarkable success comes with CIMC Enric's first high-efficiency denitrification reactor that is independently developed and successfully launched last year. This presents another enormous opportunity in environmental protection equipment and supporting services market.

Chemical Tank Container Customers

Sources: China International Marine Containers

Sources: China International Marine Containers

Outlook: In the chemical industry the global economic recovery will bring about a stronger growth. These growth factors together with China becoming dominant global producers of basic chemical by-products and derivatives provide a steady stream of new businesses on tank containerization. The trend of centralizing tank storage among major chemical plants in designated chemical industrial parks could boost the demand for tank containers of chemical, LNG, LPG and other liquid-state chemical derivatives.

Food and Beverage Equipment

CIMC Enric's liquid food and beverage business is 87.9% make-up of beer related and 12.1% non-alcoholic beverage. It is a leading supplier of turnkey projects for breweries and saccharification plants in the world. The revenue in 2021 was RMB 3.42 bln (RMB 2.73 bln in 2020), a year-on-year increase of 25.37%. This market segment is showing a stable growth trend that is mainly due to the steady growth of the world's population with higher standards of living. Because of high standards on food safety and public awareness of healthy well-being the technology for processing, brewing and containerization of beer and high alcohol content beverage poise huge challenges. CIMC Enric has proven its ability and market acceptance in recent years with strong turnkey projects for many domestic and foreign food and drink manufacturers. Last year, it has started to book in orders from Chinese liquor (baijiu) companies.

CIMC Enric's Liquid Food with Global Brand

ZIEMANN CIMC ENRIC

HOLVRIEKA CIMC ENRIC

DME

BRIGGS

McMillan

Sources: China International Marine Containers

Sources: China International Marine Containers

Industrial Beer Solutions

Sources: China International Marine Containers

The success in containerization and storage for beer brewery market has prompted CIMC Enric to seek new opportunities in the American market, and it will maintain its lead in China's crafted beer market. Countries in Asia, Africa and Latin America are seeing increment growth in beer production over the last 10 years; with Mexico and Brazil being ranked the first in beer production in the Latin America with a compound annual growth rate (CAGR) of 5.79% and 0.24%, respectively, from 2019 to 2023. It is estimated that, by 2025, the scale of China's craft beer market could reach RMB 87.5 bln (USD 13.8 bln), 11% of the domestic beer market. In the next five years, the CAGR is expected to be around 22%, reaching a market value of nearly RMB 100 bln.

Partial display of Liquid Food Projects in 2021 by CIMC Enric

Sources: China International Marine Containers

Industrial Beer Customers

Sources: China International Marine Containers

Craft Brewing Solutions

Small-sized Solutions by DME

Mid-to-large-sized Solutions by NSI

Sources: China International Marine Containers
Note: Diversified Metal Engineering (DME), a Canadian craft brewing equipment supplier, acquired by CIMC Enric in 2019.
The DME and Newlands (NSI) brands now operate as DME Process Systems after CIMC Enric Tank & Process B.V. (CETP).

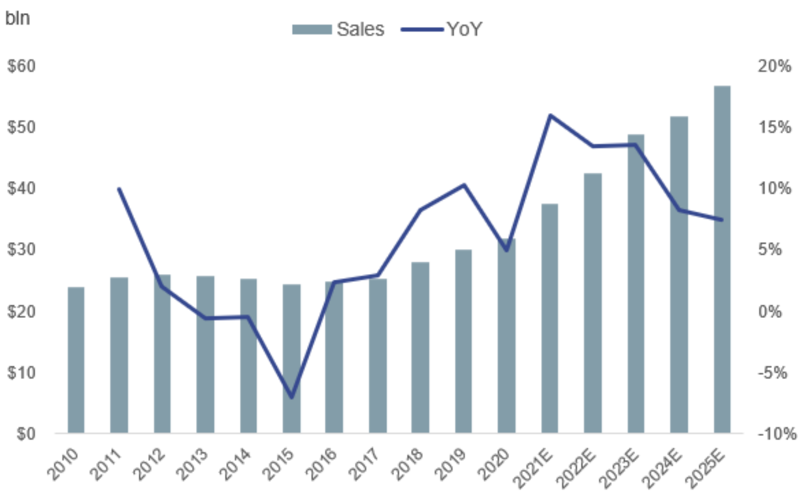
Craft Brewing Customers

Sources: China International Marine Containers

Liquor Distilling Solutions

Sources: China International Marine Containers

Global Pre-mixed Alcohol Sales and Growth Rate



Sources: Euromonitor

Customers in Distilling Liquor

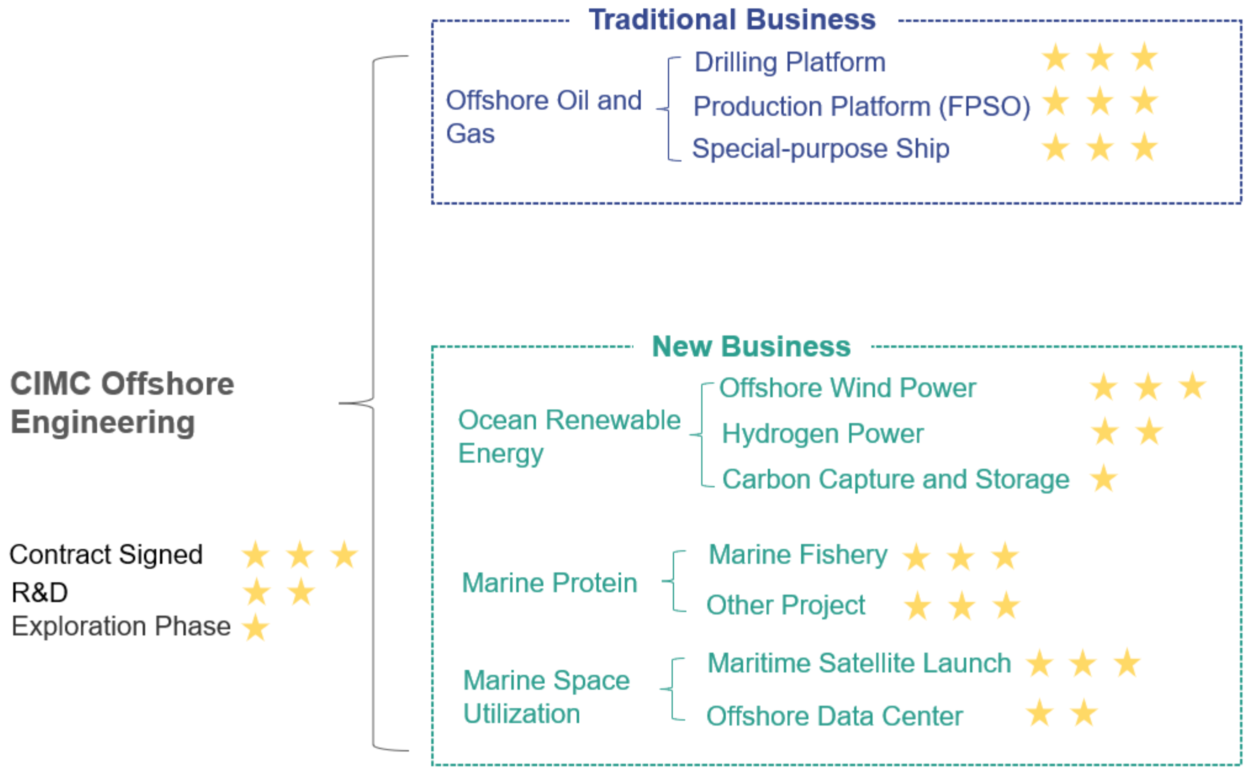
Sources: China International Marine Containers

Outlook: An ambitious goal for CIMC Enric is seeking to offer top Chinese liquor (baijiu) companies the brewery equipment and containerization through acquisition(s) of high-quality assets. The equipment and associated engineering works for the bajiu production is over a RMB 100 bln, and the expenditure for such could reach RMB 114.2 bln by 2025. CIMC Enric is setting a 30% market share in five years.

Driven by general public preference for convenience, refreshing and tastier pre-mixed alcohol (or cocktails) the demand for such drinks expected to experience an upward trajectory of demand. The CAGR, as estimated by Euromonitor, is expected to book in 8.97% from 2021-2025. To begin with, CIMC Enric has just launched its brands of sparkling alcoholic drink as a starter.

As for beverage processing equipment the market on a global scale it is expected to reach USD 26.4 bln by 2026; especially the Asia-Pacific market, China and India, present enormous growth opportunities to CIMC Group.

Offshore Engineering



Sources: China Knowledge、Corporate Quarterly/Interim/Annual Report

This business involves equipment manufacturing, sales and leasing for the oil and gas, clean energy, fishery industry and those cater to special-purpose ships.

With surging huge demand for offshore wind farms' maintenance, repair and overhaul (MRO), CIMC regards such services as one of its strategic developments.

CIMC Offshore Supplier of One-Stop Solutions

Sources: China Knowledge、Corporate Annual Report

Joint R&D is adopted for its offshore business where a total of 5 research centers located in Yantai, Shenzhen, Shanghai, Sweden and Norway, with Yantai as the main center. Its entire R&D team has about 900 employees.

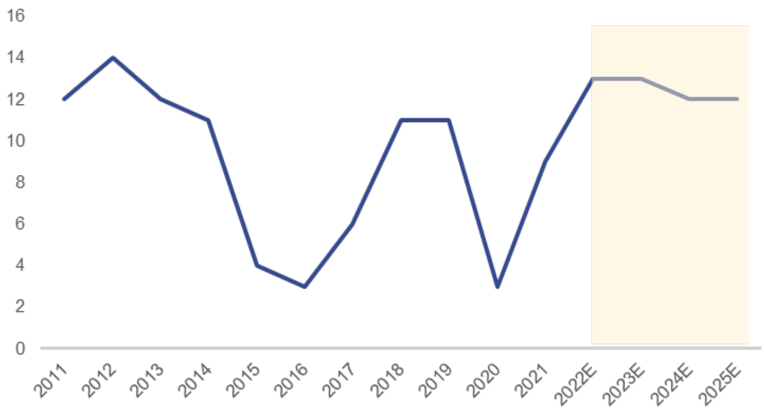
Sources: China International Marine Containers

Offshore Oil and Gas

Orders for offshore drilling platforms were sluggish during last year. However, Floating Production Storage and Offloading (FPSO) orders will recover due to discovery of deep-sea oil and the recovery of oil production. FPSO has the advantages of strong wind and wave resistance, wide adaptability to water depth, large storage/unloading capacity, and transferability and reuse. It is widely suitable for the development of deep sea, shallow sea and oil fields far away from coastal areas, and has become the mainstream production method for offshore oil and gas.

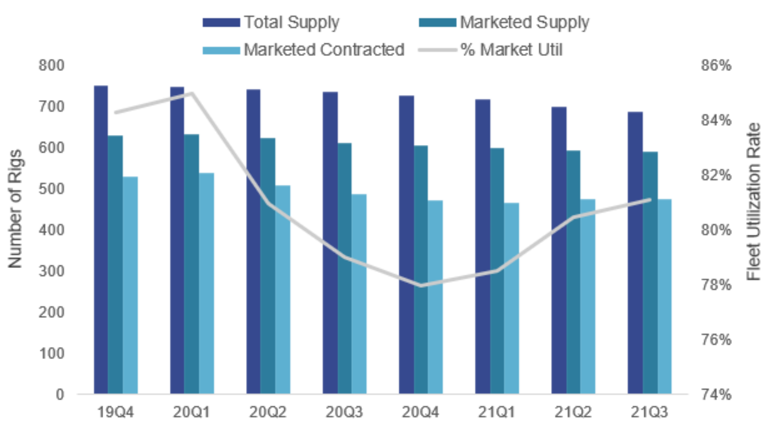
The number of drilling platforms rebounded in 2021, and the utilization rate has been close to the level seen in 2019. The daily rates for drill ships in the U.S. Gulf of Mexico rose sharply, but the rates for rigs in other regions remained stagnant or only increased slightly. Increasing demand drove up the utilization of FPSO. The utilization rate of global offshore drilling platforms rebounded, recorded 85% in Q3 2021. CNOOC expects the China's market will exceed 90% by 2022.

The Recovery of FPSO Orders



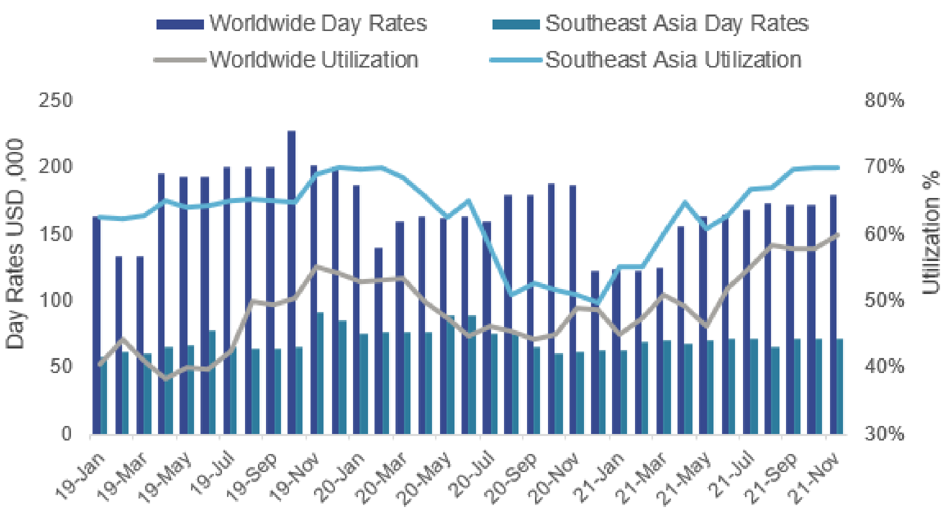
Sources: IHS Markit

World Offshore Rig Count & Utilization (Quarterly Average)



Sources: HIS Markit

Worldwide Semisubmersibles > 7,500 ft & Southeast Asia Jackups 361-400 IC
Average Day Rates vs Total Contracted Utilization



Sources: HIS Markit

The utilization of global semi-submersible rig should resume to 60%, but daily rents are still below 2019 levels. The utilization rate of jack-up rigs in Southeast Asia has gradually recovered to around 70%, but still the daily rent is less than 2019.

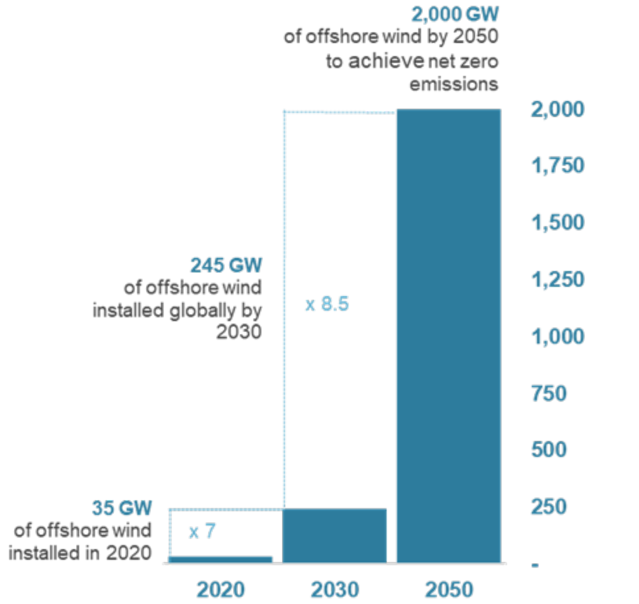
Offshore Wind Power

The offshore wind farm offers vast opportunities, and the global installed capacity of offshore wind power is estimated to have 7 times the current capacity to 245 GW by 2030. The Asian market is expected to have 10 times the current capacity in the next 10 years, up to 109GW. The trend for the industry will see bigger size fans construction which will demand for larger size equipment for such instalment.

Last year about 13.4 GW of new offshore wind power capacity was installed globally, with the largest contribution coming from China, accounting for 75%, registered 10.8 GW.The

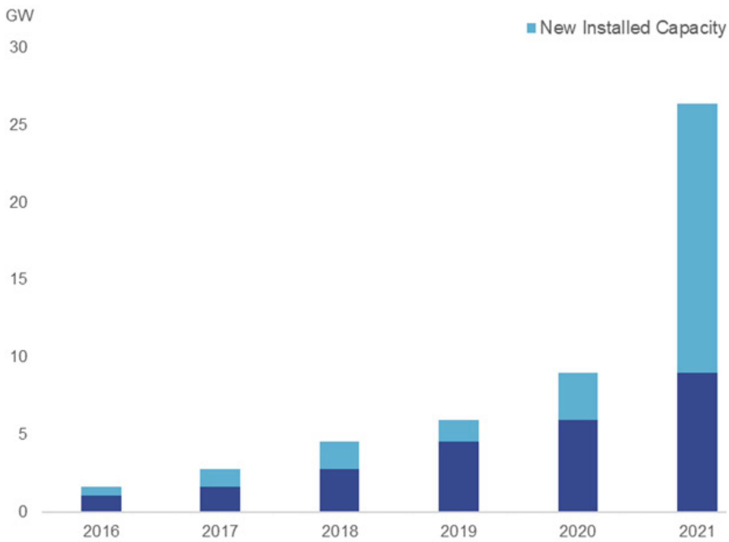
MRO for offshore wind power operation is split into daily operation and maintenance, technical improvement and repairs. These clients are mainly wind farm owners and wind turbine manufacturers. The market size is expected to reach USD 10 bln by 2025.

Closing the Offshore Wind Gap by 2050



Sources: GWEC Market Intelligence, IRENA World Energy Transitions Outlook

China's Installed Offshore Wind Power Capacity from 2016 to 2021



Sources: China International Marine Containers

CIMC's offshore wind power installation platform "3060 series" relies entirely on its in-house technology and is built to meet the installation of 20MW wind turbines. In 2020 Dutch offshore marine service group Van Oord has ordered a new offshore installation vessel to further strengthen its market position in offshore wind power. This ship is under construction at Yantai CIMC Raffles Shipyard, and will enter the market in 2024. The total orders have reached over USD 300 mln. Additionally, the orders for the offshore wind power installation vessel of Yantai Salvage Bureau have been delivered, which booked in RMB 600 mln for 8MW wind turbines installation. (See Appendix 1 for more product information.)

CIMC is developing an integrated solution for offshore wind power operation and maintenance.

Sources: China International Marine Containers

CIMC is adopting an integrated offshore wind power MRO development strategy. It urgently needs to improve certain conditions and execute strategic plans required to gain market leadership:

Fast pace yet capital-intensive projects may result oversights of complex associated costs on possible maintenance and repairs

When projects are launched at fast pace the quality of such constructions cannot be guaranteed. Lack of sufficient development experience could result high failure rate of wind turbines installation. This also has many repercussions with on-going projects which may not pressure on delivery deadlines. Therefore, the project development cycle (to delivery) could be passive and periodically disruptive becoming inefficient and less productive.

Required special-purpose vessels and equipment that cater to offshore wind farms installation and repairs

In the process of installation and MRO for offshore wind farms it requires various types of transport ships and other special-purpose equipment. These include lifting vessel and other specialized engineering equipment. But the wind farm owners are usually opted for less capital mode of operation and lean towards asset-light model; and in some instances, equipment used for MRO are different and incompatible – this make MRO works even more difficult and high costs. Generally, the warranty period of wind turbines is between 3 and 5 years. Currently, the warranties for most of the active offshore wind turbines are gradually expiring, these present enormous business opportunities.

Operating in marine environment is often complex and unpredictable

Sea conditions like strong winds, fog, and thunderstorms are common but often harder to track; as such, operating in such environment is challenging. These conditions make transporting of equipment and personnel mobilization difficult; therefore, the window period for ideal condition to conduct operation is usually short. Furthermore, the uncertainty of the underwater environment brings great risks to assets such as seabed piling foundations and underwater cables. Together, these make risk control and asset protection challenging.

A lack of professional & technical certified companies that could perform such highly specialized engineering works

One phenomenon among the offshore wind farms ownerships have owned or had invested in the thermal power sector, and these owners lack experience in offshore engineering works. Globally, the offshore wind power industry is in its infancy and lack of shared common standards, resulting in a large number of MRO not being completed on time. Besides the shortage of technical institutions and skilled engineers in most countries, these MRO services have high-entry barriers due to very specialized technical requirements for professionals; therefore, not many offshore engineering companies could undertake such MRO projects for offshore wind farms.

Despite all of the above, CIMC also has its irreplaceable position in the offshore wind power market with their independent designs and construction of large-scale offshore engineering equipment, integrated development for offshore engineering projects and offer of full life-cycle services.

Future Strategic Planning: CIMC Group has gradually extended from logistical support for traditional offshore oil and gas sector to emerging new energy by acquiring companies with core technologies worldwide. This is to reduce cyclical impacts of the oil and gas sector so to stabilize income from the energy sector.

CIMC Group is determined to restructure and integrate its existing resources to allow rapid strategic deployment. In 2021, it has signed a strategic cooperation agreement with Yantai Guofeng Investment Holding Group; CIMC Offshore, a wholly-owned subsidiary of CIMC Group and 10 companies including China State Shipbuilding Corporation to jointly establish China Offshore Engineering Equipment Technology Development, with a registered capital of RMB 20 bln.

On Nov 26, 2021, CIMC and Shenzhen’s Qianhai District Administration are said to jointly build China Ocean Technology Group. Shenzhen is actively taking the advantage of its designated role as China's strategic maritime development area, and it is building a global maritime city. This could further boost CIMC's existing offshore engineering and participate in long term construction and development a global marine city; enhancing the Group’s international reputation and international competitiveness.

Overall, China International Marine Containers is given an "A" rating in terms of profitability and growth.

2 Use of Capital

A

M&A - Maersk Container Industry

On 28 Sep, 2021, China International Marine Containers (CIMC) Group released official announcement that it has signed an agreement with Maersk Container Industry (MCI) to acquire the marine refrigeration and refrigerated container (reefer) manufacturing business of MCI, at a price of USD 1.08 bln.

As a global leader in shipping containers, CIMC Group faces certain challenges in securing its position in the industry. It sees the need to acquire a major refrigerated shipping container from the outside to complement its product offering with the widest choices of shipping containers.

The core technology and heart of reefers refrigerating machine is the refrigeration system, and its efficiency and characteristics determine the energy consumption and cooling performance.

The acquisition of Maersk Container Industry's reefer manufacturing offers CIMC higher technical barriers than other providers of reefers and refrigeration solutions, and the advantages of engineering technologies suitable for the marine environment.

In the past 15 years, there have been few large-scale entrants in the industry. After the acquisition, CIMC Group will undoubtedly the market leader in offering the most advance manufacturing of reefers.

Through this acquisition, CIMC Group will greatly enhance its core competitiveness of cold chain equipment manufacturing. In addition, many businesses of CIMC Group that are already involved in the cold chain industry, including refrigerated trucks, mobile cold storage and cross-border cold chain logistics; hence, synergistic on each phase/part of the entire cold chain solution.

Financial Indicators

Indicator	2019	2020	2021
Liabilities to Assets Ratio	68.02%	63.17%	63.08%
Current Ratio	1.27	1.10	1.17
Quick Ratio	0.56	0.70	0.75
Return on Equity (ROE)	4.02%	12.84%	14.95%

Sources: China Knowledge、Corporate Annual Report

In the past two years, CIMC Group has spent most of its capital expenditure for the purpose of maintenance and renovation works, epitaxial (business line extension) mergers and acquisitions, and capacity expansion. This year, if the acquisitions of Maersk Container Industry (owned by A.P Moller – Maersk) is successfully, an additional capital expenditure of about RMB 7 bln will be added. In the next 2-3 years, CIMC Group will continue to maintain its stable leverage ratio, which is expected to decrease from around 63% to 60%.

Spinoff-for-listing

On Feb 24, 2022, CIMC Group announced that the company's board of directors had reviewed and approved the company's plan to spin off its holding subsidiary CIMC world Lianda logistics in China's A-shares.

CIMC World Lianda logistics is mainly engaged in multimodal transportation business, and provides customers with specialized professional logistics services such as container logistics services, cold chain; and a combination of river, sea, air, rail and land transport for the steel and energy sector. The company actively undertakes CIMC's strategic mission of "manufacturing + service", focusing on the development of cross-border full-scale logistics, with business covering more than 140 countries and regions; at the same time, it is deeply engaged in container services, logistics equipment manufacturing and leasing and other business fields, ranking No. 1 for annual container operation in China. Similarly, it is also a leading provider on a wide range of special logistics equipment, equipment manufacturing and leasing operation in China. On the other hand, CIMC actively expands cross-border e-commerce logistics and SOC (shipper owned container) containerized non-vessel shipping business, and is committed to becoming a cross-border full-service logistics solution service provider with "equipment + service" as its core.

On Dec 31, 2021, as a leading logistics provider for chemical sector, the Group's CIMC Safeway Technologies' application for an IPO accepted by the Shenzhen Stock Exchange. In this IPO, CIMC Safeway Technologies plans to issue no more than 165 mln shares, and raise funds to invest in the flexible green and intelligent lighthouse network project, the after-market services and upgrading of tank containers, and optimization of advance medical equipment, and non-ferrous metal precision manufacturing. The IPO is expected to raise RMB 1 bln.

At present, CIMC Safeway Technologies' tank containers are mainly used in the multimodal transportation on sea, land and rail for global chemical companies from Europe, Asia, North America and other regions ranking it first by market share for many consecutive years. However, affected by factors such as international trade friction, the covid-19 and the company's business restructuring, in 2019 and 2020, CIMC Safeway Technologies' operating income declined to a certain extent, from about RMB 4.2 bln to RMB 2.8 bln. The net profit also fell to RMB 251 mln. In the first half of 2021, the company's net profit reached RMB 100 mln mark.

Listed Companies of CIMC Group

深圳证券交易所 SHENZHEN STOCK EXCHANGE

CIMC GROUP 000039.SZ

CIMC | VEHICLES 301039.SZ

CIMC | TianDa CIMC TANK

Both IPO listing submitted

HKEX 香港交易所

CIMC GROUP 2039.HK

CIMC | VEHICLES 1839.HK

CIMC ENRIC 3899.HK

In terms of solvency, CIMC's current ratio and quick ratio shows a gradual improvement of its liquidity, with the quick ratio being the most obvious, which has improved significantly compare to 2019. Moreover, because CIMC Group has performed very well in its core businesses in the last two years, its ROE rose to 15% when compared with 2019's merely 4%. We believe CIMC Group's revenue will be further boosted and optimized moving forward.

On the whole, we believe CIMC Group's capital utilization is well balanced, and the capital deployment that were invested in M&As in vertical markets and related industries that offer synergistic advantages are exercised to greatest extent. On the other hand, it is also gradually spinning off its subsidiaries and IPO listing, which is expected to usher in multiple listings across CIMC-related subsidiaries. CIMC Group received an "A" rating in terms on use of capital.

3 Valuation

A

Offshore engineering, as the main business segment of CIMC Group in the future, has attracted much attention from the global investors because it has made losses for many years. Asset impairment losses and credit impairment losses in the Group's income statement last year totaled approximately RMB 4.9 bln, most of which were attributable to the provision for asset impairment on assets related to the offshore engineering business. Due to continuous pandemic Covid-19, fluctuations in the international oil and gas industry, and accelerated transformation of the energy industry; and although oil prices have continued to rise recently, international oil companies remain cautious in their investment in oil and gas exploration and development. Thus, its leasing and utilization rate of some offshore assets held by CIMC Group were lower than expected, and provision was made accordingly.

In 2021, the offshore engineering business of CIMC Group achieved a revenue of RMB 5.44 bln, which is basically the same as that in 2020; the net loss reached RMB 2.01 bln, an increase of 3.87% YoY. On the other hand, new orders received by offshore engineering have gradually started construction. By the end of 2021, the amount of newly signed orders for this business will basically maintain the production capacity that is laid out on a 50:50 ratio for on oil & gas and non-oil & gas sector, and the cumulative orders in hand reported value of US$1.76 billion. Among them, the contracts from offshore wind power projects accounted for 24%, and this new energy segment has begun to show large scale of potential. Business opportunities for this new energy in the future may exceed expectations.

In addition, with rising oil prices in 2022, offshore oil and gas development has picked up momentum with more inquiries for leasing of CIMC's existing offshore equipment. Concurrently, CIMC Group will focus on improving its leasing of existing offshore engineering assets and dispose those considered inefficient assets.

Revenue Forecast by Business (RMB bln)

Business	2020	2021	2022E	2023E	2024E
Total Revenue	94.16	163.70	148.28	160.41	176.51
Logistics	52.25	69.96	66.34	76.20	90.42
- Container Manufacturing	22.16	65.96	54.24	53.80	53.11
- Logistics Services	16.64	29.47	25.53	29.44	34.54
- Road Transport Vehicle	26.50	27.64	26.33	30.10	36.38
- Airport Equipment	6.08	6.84	7.07	7.74	8.73
- Recycled Load	3.03	6.01	7.41	8.92	10.76
Energy	13.29	24.97	27.70	30.42	32.98
- Energy, Chemical & Food	13.29	19.53	22.08	24.59	26.86
- Offshore Engineering	5..43	5.44	5.62	5.83	6.12
Others	6.46	2.81	-	-	-

Sources: China Knowledge、Corporate Annual Report

Key Financial Data & Forecast

Key Indicators	2020	2021	2022E	2023E	2024E
Revenue (RMB bln)	94.16	163.70	148.28	160.41	176.51
Net Profit (RMB bln)	5.35	6.66	6.26	6.75	7.39
EPS (RMB)	1.41	1.81	1.74	1.88	2.05
PE Ratio	9.37	7.30	7.60	7.03	6.44

Sources: China Knowledge、Corporate Annual Report

From CIMC Group's forecasted figures, we believe, in the short to medium term, the logistics and transport packaging business will be the main drivers of growth. In the logistics and vehicle business, there is still enormous opportunities in these market segments. It is expected to benefit from the background of dual carbon and the favorable policies from government, which will unleash the company's valuation.

Despite the rapid development of domestic cold chain logistics in China, there are still many market participants with low industry concentration. At present, the number of cold-chain logistics related enterprises exceeds 36,000, which has maintained an annual growth rate of more than 30% in the past five years. As a whole these enterprises serve the mainstream supermarkets, F&B chains and food manufacturers. On the contrary, CIMC Group instead entered into higher value of cold chain businesses for deep sea seafood, imported foodstuff and new agricultural products. CIMC Group, with its global leading position in shipping containerization and synergistic advantages in logistics, has created new growth areas in cold chain logistics. With established strategic parts (businesses), not only well networked across China but on global scale, CIMC is able to move in markets quickly it sees lucrative opportunities; therefore we see tremendous growth opportunities in cold chain, both domestically and overseas.

In the long run, the development trend of new energy is unstoppable. CIMC Group strategically deploys new technologies and new businesses on the clean energy track, and builds an equipment and service ecosystem in the field of renewable energy. Currently, it has formed a business portfolio such as hydrogen energy, offshore wind power, and energy storage. Logistics services are connected with energy transportation business to help achieve China's energy strategy and dual carbon goals.

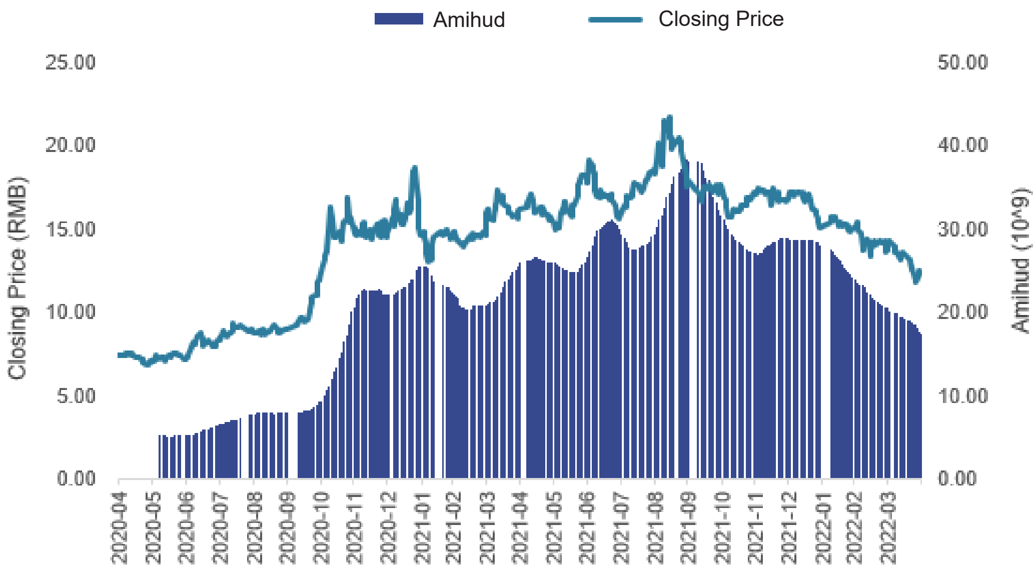
On the other hand, based on stellar performance in 2021, CIMC Group plans to distribute cash dividends of RMB 0.69 (tax included) per share, and to transfer additional 5 shares for every 10 shares to all shareholders utilizing the capital reserve. The total cash dividend is estimated to be RMB 2.48 bln, accounting for nearly 40% of last year's net profit. At the same time, CIMC Group has disclosed its shares incentive plan for key personnel, with a duration of up to 10 years, which fully reflects the firm confidence of CIMC's management going for the long-term development of the company.

In the containers manufacturing and land transport vehicles CIMC Group may have to deal with a downward pressure in 2022. Compensate these challenges it has also found other growth areas in logistics services and transport packaging to alleviate the possible decline. Alternatively, CIMC Group benefits from the steady growth in the energy, chemical, food sector and airport operation. We are optimistic that many synergistic benefits can be materialized or exercised across CIMC Group's various vertical markets. From the comparison of A-shares and H-shares of CIMC Group, it commands a higher PE on Hong Kong Stock Exchange; this, somehow, also reflects its A-shares to be undervalued and under-rated. Accordingly, China International Marine Containers is given an "A" rating in terms of valuation.

4 Stock Liquidity

B

Time Period: Apr 2020 - Apr 2022



Sources: China Knowledge

According to the Amihud liquidity measurement which is a widely used liquidity proxy in finance literature that uses the absolute value of the daily volume-to-return ratio to capture price impact. The bigger the number, the higher the liquidity of the stock trading it presents.

According to the above chart, the current Amihud indicator of CIMC Group is at a low level, returning to the level in Nov 2020, which also shows that the current liquidity of CIMC Group stock as relatively weak. Therefore, we allocate CIMC Group a "B" rating.

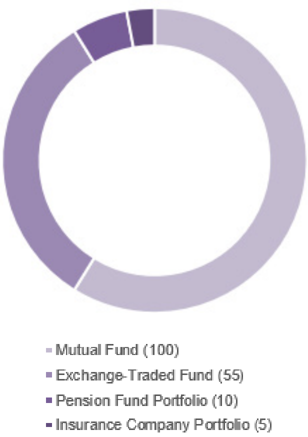
5 Institutional Holdings

Foreign Institutional Investors (FII) - Apr 2022

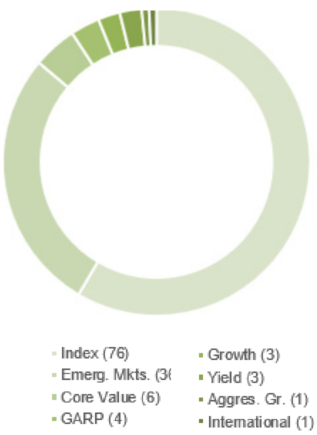
1.73%	78	163	100
Proportion of FII's Holdings	Number of FII	Number of FII's Fund	Number of FII's Mutual Fund
-0.24%	-3	-2	-3
+/- (MoM)	+/- (MoM)	+/- (MoM)	+/- (MoM)

A

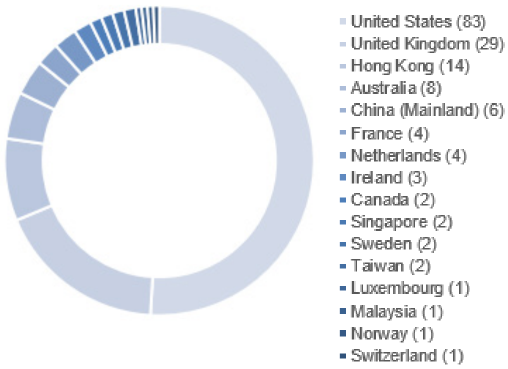
Investors' Type



Investors' Style



Investors' Region/Country



From our observation of foreign institutional investments in CIMC Group, the proportion of foreign monies is considered 'moderate' (vis-a-vis 96% of all A-shares companies); nevertheless, its A-shares and H-shares are held by some well-known foreign fund managers and financial institutions.

Due to changes in the global macro environment, the misalignment of monetary policy cycle between the United States and China (the Fed raising rates aggressively and in progressive manner), and China on path of gradual easing have brought depreciating pressure on RMB (CNY) to a certain extent versus the USD. In Q1 2022 we've noticed a declining flow of foreign capital in China's A-shares and bond market. On the other hand, we are optimistic that China could contain the spread of the epidemic in the short term, and will recalibrate and speed up its economic growth in the second half of this year. Compare with other major financial markets, China's bond interest rates and stocks are still very attractive. The short-term outflow of foreign capital will not affect China's long-term value investment. Similarly, we believe an influx of foreign monies; especially those of large institutions like sovereign funds, super large-scale mutual funds, pensions fund and top-tier long hedge funds will take up substantial holding in CIMC Group; and, simultaneously substantial positions in its listed subsidiary companies. Hence, so we upgrade and maintain an "A" rating on CIMC Group.

CIMC's Foreign Institutional Holdings Top 40 List

Number	Holder Name	Position (%)	Country/Region
1	The Vanguard Group, Inc.	0.4820%	United States
2	Dimensional Fund Advisors, L.P.	0.2862%	United States
3	Norges Bank Investment Management (NBIM)	0.1723%	Norway
4	State Street Global Advisors (UK) Ltd.	0.0781%	United Kingdom
5	APG Asset Management N.V.	0.0746%	Netherlands
6	Goldman Sachs Asset Management International	0.0537%	United Kingdom
7	PGGM Vermogensbeheer B.V.	0.0481%	Netherlands
8	Acadian Asset Management LLC	0.0466%	United States
9	Goldman Sachs Asset Management, L.P.	0.0465%	United States
10	E Fund Management (HK) Co., Ltd.	0.0417%	Hong Kong
11	BlackRock Investment Management, LLC	0.0414%	United States
12	Dimensional Fund Advisors, Ltd.	0.0283%	United Kingdom
13	State Street Global Advisors (US)	0.0255%	United States
14	Charles Schwab Investment Management, Inc.	0.0243%	United States
15	Fidelity Management & Research Company LLC	0.0210%	United States
16	Numeric Investors LLC	0.0188%	United States
17	Rayliant Global Advisors	0.0183%	Hong Kong
18	Union Investment Luxembourg S.A.	0.0171%	Luxembourg
19	AllianceBernstein L.P.	0.0144%	United States
20	Handelsbanken Asset Management	0.0138%	Sweden
21	BlackRock Investment Management (UK) Ltd.	0.0137%	United Kingdom
22	Russell Investments Limited	0.0136%	United Kingdom
23	AXA Investment Managers Asia (Singapore) Ltd.	0.0135%	Singapore
24	Neuberger Berman, LLC	0.0109%	United States
25	SEI Investments Management Corporation	0.0083%	United States
26	Grantham Mayo Van Otterloo & Co LLC	0.0069%	United States
27	CPR Asset Management	0.0055%	France
28	Legal & General Investment Management Ltd.	0.0055%	United Kingdom
29	Allianz Global Investors U.S. LLC	0.0048%	United States
30	HSBC Global Asset Management (UK) Limited	0.0045%	United Kingdom
31	Artico Partners AG	0.0035%	Switzerland
32	JP Morgan Asset Management	0.0034%	United States
33	Margetts Fund Management Limited	0.0033%	United Kingdom
34	Parametric Portfolio Associates LLC	0.0032%	United States
35	Robeco Institutional Asset Management B.V.	0.0031%	Netherlands
36	Vanguard Investments Australia Ltd.	0.0031%	Australia
37	Voya Investment Management LLC	0.0028%	United States
38	Prudential Financial Securities Invt.Trust Enterprise Ltd.	0.0022%	Taiwan
39	Invesco Hong Kong Limited	0.0022%	Hong Kong
40	Principal Asset Management Berhad	0.0021%	Malaysia

Sources: China Knowledge

Disclosure Appendix

The analysts identified in this report each certify, with respect to the companies or securities that the individual analyzes, that (1) the views expressed in this report accurately reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. References in this report to China Knowledge include all of the subsidiaries and affiliates of China Knowledge. 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