



# **SINTRA FUND, LTD.**

2100 S. Ocean Blvd., S204 – Palm Beach FL 33480 - Tel 212-644-0309-Fax 212-644-0320

e-mail: [jhpinto@sintracapital.com](mailto:jhpinto@sintracapital.com) [www.sintracapital.com](http://www.sintracapital.com)

## Report to Shareholders of the Sintra Fund, Ltd.

April 2024

May 1, 2024

Dear investor,

We are pleased to provide this report for the month of April 2024. The exact monthly investment performance figures will be sent to investors later in May, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

The temperament has moderated between China and the US. Discussions were held in China this month by Secretary of State Anthony Blinken and US Treasury secretary Janet Yellen. More communication and fewer spy balloons are all helpful.

Let 's review several fund portfolio holdings.

Zhuzhou CRRRC Times Electric Co., Ltd. manufactures trains and electric vehicle systems. This month, the company reported a net income of \$482 million, and the stock was up 0.46%; however, year-to-date the stock price increased by 31.35%. The Company produces platform screen doors, rail maintenance vehicles, train electrical systems and urban rail systems.

The company is also dedicated to developing products for wind power generation, photovoltaic energy generation, electric vehicles, and ship propulsion systems based on its transportation power converting technology. In the 2024 Action Plan for "Enhancing Technology Research and Development", the company made plans to maintain significant research and development investment and focus on fundamental, urgent, cutting-edge, and disruptive technologies.

Management explained that maintenance income amounted to \$250 million, up 50% year-on-year. As the existing high-speed trains gradually come into the maintenance phase in their life cycle, this part of business is expected to continue to grow and make up for the shortfall of sales of new trains. The overall gross margin for the new industries was 28% in the year. Apart from the EV driving system, which is still losing money, other segments had decent margins. For example, the railway equipment sector had a gross margin of 37.9%.

The strong growth momentum extended into the first quarter of 2024. The newly released Q1 financial results showed net profit growth of 30% year-on-year on the back of 27% revenue growth YoY.

Hangcha Group Co., Ltd. designs, produces, and sells both fossil fuel forklift trucks and electric forklift trucks (representing 60-65% and 40-35% of revenue), tractors, and other logistics equipment around the world. The company offers a wide range of products, including combustion forklifts, electric forklifts, and other industrial vehicles. The Group is also responsible for its own import and export business, as well as sales channels and marketing network management. The company's stock increased by 9.26% this month and is up 20.42% in 2024. Hangcha Group's most recent net income was \$210 million.

Last month, the LogiMAT (International Trade Show for Intralogistics Solutions and Process Management) exhibition commenced in Stuttgart, Germany. Hangcha made a significant impact by showcasing an array of lithium-ion products and logistics equipment including: Order pickers; X series pallet trucks; Stackers with lithium power; A 3.5-ton forklift that boasts a high-voltage lithium-ion permanent magnet synchronous drive and a 317V/150Ah battery. The exhibition garnered fruitful results, with nearly 2000 units orders during the first two days! For domestic sales, electric products are 30% of total sales while exports and electric products are 36-40%. Smart logistics equipment (AGV) increased 150% in 2023. With orders on hand reaching \$82.86 million at end of 2023, sales of AGV in 2024 will double. The company expects that AGV sales will reach \$140 million in the next few years.

Weifu High-Technology Group Co., Ltd. manufactures and markets fuel injection pumps for diesel engines, injectors, and related parts. Through cooperation with Robert Bosch Limited, Weifu is a leading manufacturer of fuel-injection and exhaust-processing systems for commercial vehicles. The company's joint venture with Bosch, RBCD, is the global leader in high-pressure common rails, almost monopolizing the domestic market. In recent years, RBCD has enjoyed a stable average selling price with a revenue range of \$690 million to \$830 million per annum. Its future growth should benefit from the recovery of the commercial vehicle market and demand for non-road T4 replacements. Weifu has also launched fuel-cell core components, which are sold in small batches.

The company's net income is valued at around \$251 million. The stock price was up 5.48% in April and 13.63% year-to-date. Weifu designs intelligent equipment to research and develop information systems. Based on digital transformation, the company is steadily advancing its progress on informatization and intellectualization. Arbe Robotics Ltd. (ARBE: US), a global leader in Perception Radar Solutions, announced this month that Weifu High-Technology Group has issued an \$11.6 million preliminary order for Arbe radar chipsets, for

its estimated requirements for 2024. In addition, Weifu has placed a \$1 million order of professional services for radar systems based on the Arbe chipset, including: engineering services, setup of a testing lab, and advanced support from Arbe, for the upcoming 12 months, further strengthening the 2019 collaboration between the two companies.

For the hydrogen-power business, the company established a joint venture (Weifu Hydrogenon) with Bosch, IRD and Borit in 2022, developing four key technologies of hydrogen fuel cells (membrane electrodes, bipolar plates, catalysts, and hydrogen cycle systems). The joint venture has built up its production capacity in electric reactors and air compressors. It has also started strategic cooperation with global customers.

Yantai Jereh Oilfield Services Group Co., Ltd. operates as an oilfield equipment developer and solutions provider. In April, the company stock was up 9.05% and rose 23.16% year-to-date with a net income of \$311.71 million. The company's products include well cementing equipment, well fracturing equipment, and natural gas compression and transportation equipment. Yantai Jereh Oilfield Services Group also conducts oilfield equipment maintenance and parts sales businesses. Jereh presented at the 24th China International Petroleum & Petrochemical Technology and Equipment Exhibition 2024 in Beijing with its showcase of cutting-edge innovations under the theme "Low Carbon Tech Smart Exploitation Solutions," such as the GreenWell-distributed hazardous waste treatment equipment, a breakthrough solution addressing challenges in centralized hazardous waste disposal. This innovative equipment offers on-site treatment without intermediary steps, significantly enhancing processing efficiency while reducing waste and enabling wastewater recycling within the system. Compared to traditional methods, GreenWell offers cost savings and environmental benefits, making it an attractive option for creating eco-friendly well sites. It significantly improves processing efficiency, reducing oily waste at the well site by over 20% and achieving a remarkable 95% recovery rate for basic oil, while enabling zero discharge recycling of wastewater within the system.

At end of 2023, new orders increased by 9.7% to \$13.9 billion and backlog orders decreased by 11.2% to \$1.04 billion. In 2024, the company expects that new orders will increase by 25%, with flattish order growth from China and 50% order growth from overseas markets. Secured orders from the US reached \$1.4 billion and orders from the Middle East and Central Asia will increase by 30% and 100% respectively.

Midea Group Co., Ltd. manufactures, markets, and installs household electrical appliances, compressors, and components worldwide. Midea also provides services in information technology, corporate investment consultation, software and hardware development, property management and corporate engineering support. The company stock rose by

8.66% this past month, and year-to-date the stock increased by 27.73%. Midea's net income currently sits around \$5.16 billion.

Midea is among the first companies to achieve Matter certification for an air conditioner as well as a Matter-connected fan purifier and dishwasher. The company then demonstrated the Matter-connected X23 countertop oven at the March 2024 Alliance Member Meeting in Singapore.

Matter Certification is a certification that a device has been tested and found to comply with the Matter Standards for its device type as specified by the Connectivity Standards Alliance (CSA). Matter is a protocol that runs over other technologies like Wi-Fi, Ethernet, Thread, and Bluetooth. With Matter-connectivity, the Midea X23 offers a fast and secure unified setup process so users can follow the same process to get connected with other devices that support Matter in the rest of the home regardless of brand or whether it is their oven, dishwasher, or air conditioner.

As can be seen from the above company reports, the Chinese market is showing green shoots. There's improvement in manufacturing and exports. The consumer has still not recovered from the real estate debacle. As consumer sentiment improves, there'll be much better market performance.

Your trust and confidence are greatly appreciated.

Sincerely,

John H. Pinto