



SINTRA FUND, LTD.

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Report to Shareholders of the Sintra Fund, Ltd.

September 2023

September 28, 2023

Dear investor,

We are pleased to provide this report for the month of September 2023. The exact monthly investment performance figures will be sent to investors later in October, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

Earlier this month, columnist Martin Wolf of the **Financial Times**, pointed out that "According to the IMF, China's gross domestic product per head (measured at purchasing power) was 28 per cent of US levels in 2022. This is almost exactly half of Poland's relative GDP per head. It also ranks China's GDP per head 76th in the world, between Antigua and Barbuda, above, and Thailand below. Yet, despite its relative poverty, China's GDP (measured in this way) is the largest in the world. Now, suppose its relative GDP per head doubled, to match Poland's. Then its GDP would be more than double that of the US and bigger than that of the US and EU together". As Wolf stated, "Is another doubling over, say, 20 years inconceivable"? In 2050 the country will still have 1.3 billion people!

At the present time, China is facing a slowdown from mis-handled property investment. Other countries have overcome worse situations. Chinese resilience cannot be underestimated.

China has taken numerous smaller measures to improve the situation. There is monetary easing by lowering the medium term lending rate by 15 basis points to 2.5%; The one year loan rate was reduced by 10 basis points to 3.45%; On the personal tax side, there is an extension of personal income tax rebates for households upgrading their apartments; There's been a tax reduction for child care for those under three years old; As for mortgages, first time, homebuyers may re-negotiate mortgage interest rates with banks; Redevelopment support for villages within the bigger cities is occurring; As to the market, the stamp duty on stock transactions was cut in half and the pace of IPOs has been slowed. Our own belief is that stronger policy stimulus from the government is needed.

Yantai Jereh Oilfield Services Group Co. Ltd., which has a market cap of US \$4.6 bn, rose 5.44% this month. In late June, the Deep-Sea No.1 gas field with operational water depth exceeding 1,500 meters became operational. It is located in the waters off south China's Hainan province. It is anticipated to have an annual production of 3 billion cubic meters of natural gas for the Guangdong and Hainan provinces. It will supply 25% of the domestic natural gas demand for the Hong Kong- Macao area. The company's 3.5 inch large-diameter coiled tubing skids for high pressure environment will be used for the semi-submersible oil production and storage facility. The company is advancing with the theme of "Smart, Clean, Efficient and Beyond" to improve quality and operational efficiency. Jereh is concentrating around digitization and automation to improve efficiency and reduce operating costs and safety risks. On the international side, the company has been focusing upon oilfield stimulation services for Saudi Arabia and Kuwait where it has 100% market share in electric fracturing equipment. In the first half of 2023, overseas sales increased by 78% accounting for 46.4% of total revenue with

gross margins of 35.9%. The company's expertise is in shale, tight oil & gas, and coalbed methane for well cementing equipment; oil fracturing equipment; environmental protection, natural gas compression and transportation equipment.

The fact that China is graduating over 1.4 million engineers out of its 4.3 million students will assist the improvement of manufacturing in the Middle Kingdom. (In the USA only 196,606 engineering degrees were awarded out of 4.164 million students).

A beneficiary of such engineering expertise is Zhuzhou CRRC Times Electric Co. Ltd., which manufactures electrical equipment for the railway sector. The company faced a difficult time during covid as travel was curtailed. Post-covid, China Railway has been buying more electric multiple unit trains and maintenance and replacement is also increasing. New equipment sales for the company increased 105% year on year for the first half of 2023. Times Electric is the leader in China for Insulated Gate Bipolar Transistors. The IGBT chip is designed to combine high efficiency with fast switching. The company is now advancing into the automobile industry with long term contracts with Dongfeng Auto and First Auto Group for electrical drive systems.

Hongfa Technology Co. Ltd manufactures solar energy conversion systems. It is a leader in electrically operated switches. In the future, smart power grids will propel the market for such relays. The relay market will have significant growth as it's included in the aerospace, automotive, communications and industrial sectors.

Yantai China Pet Foods Co. Ltd., which specializes in pet snacks, achieved profitability of its domestic brands along with margin improvement. Sales of its domestic products, (60% sold online and 40% through distributors) Wanpy, ZEAL and Toptrees increased by 30% this year with gross margins of 33.4%. There is an improvement in overseas sales where the gross margin is 22.3%. Chicken is an important raw material for Yantai. In the US, chicken prices are higher than in China. Thus, Yantai's US margins are less. However, international sales account for 70.8% of total revenue for the company. Pet food is an emerging industry in China. With its domestic brands achieving profitability, Yantai is poised to improve its equity performance.

Your trust and confidence are greatly appreciated.

Sincerely,

John H. Pinto