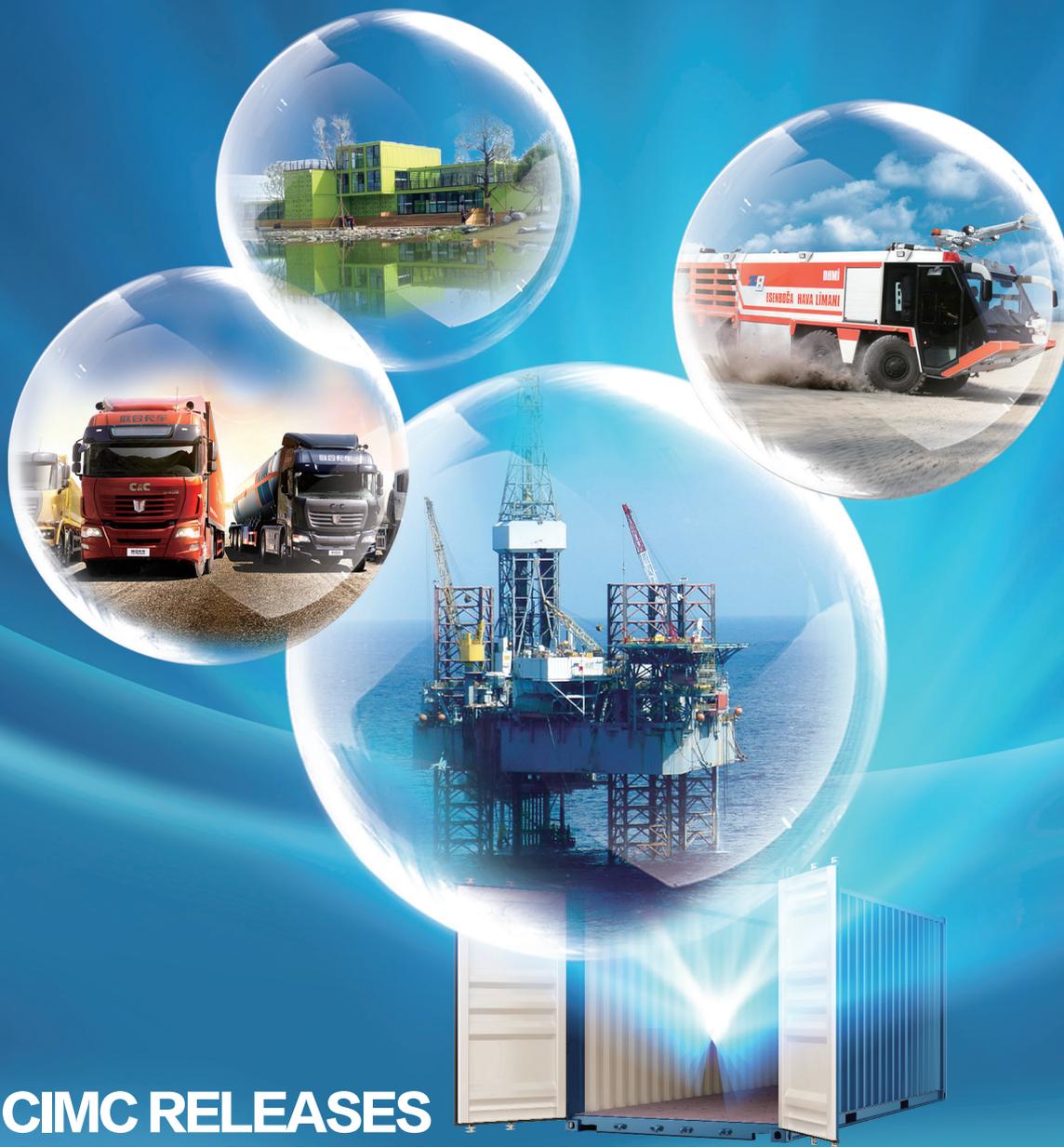


# CIMC TODAY

## 今日中集



## CIMC RELEASES OPERATING RESULTS OF 2013

CIMC Raffles Secures Several Purchase Orders of Drilling Rig in a Row

CIMC Ziegler Marches into the Market of Chinese Fire Equipment

Strain Strengthening Technology of CIMC ENRIC gained the 1st Prize  
of the National Science and Technology Progress Award



June 2014 Total No. 207

**CIMC 中集**  
www.cimc.com

CIMC Today Issue No. 207

《今日中集》是中集集团编印的季度通讯。欢迎积极投稿，并提出您的意见和建议。  
CIMC Today is published quarterly by CIMC.

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**登记证号 | Registration No.:**  
粤内登字B第10163号(内部发行)  
Yue Nei Deng Zi B No. 10163  
(Internally distributed)

**主办 | Sponsor**  
中国国际海运集装箱(集团)股份有限公司  
China International Marine Containers (Group) Co., Ltd.

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**CIMC TODAY**  
今日中集

聚焦中集商业成功  
Focusing on CIMC Business Success

# Editor's Note

2013 is earmarked as a year of transformation, upgrading and continuous improvement for CIMC. Looking back on 2013, CIMC has made major strides in multiple lines of business. By virtue of global resources integration, we acquired, among others, Zhenhua Logistics Group, Air Marrel (France), Pteris (Singapore) and Ziegler (Germany) in consecutive, enhancing our overall competitive edge within the business sectors we operate in. At present, we are speeding up our business development and expansion in the Energy, Chemical and Food Equipment Segment, the Offshore Segment, the Logistics Segment, the Airport Facilities Segment and the Finance Segment while retaining the traditional advantages in the Container Segment and the Vehicles Segment, thereby tamping the foundation of CIMC as a diversified industrial group.

Moreover, the most exciting new is that our Offshore Segment achieved dramatic accomplishments in the first half of 2014. We secured orders from clients in Norway, Malaysia, Monaco and many other countries. The total value of our orders in hand amounted to USD 4 billion. Through years of business development, the Offshore Segment is now equipped with 3 manufacturing bases and 3 R&D centers. In 2013, CIMC acquired BASSOE, an offshore engineering design firm from Sweden, which is a strategic step forward in our magnificent plan of evolving into a rising star in the global offshore engineering sector. We're working tirelessly to do even better in our work in the hope that the Offshore Segment will deliver a satisfactory report in 2014 to all the partners supporting us.

We'll move forward with CIMC's industrial transformation and upgrading in 2014 from conventional manufacture to high-end equipment manufacture and from the single mode manufacture to the binding mode of "manufacture + service". We'll endeavor to explore the way of collaboration among diversified industries and keeping innovating the business model while tamping the foundation of development, so as to create greater value for our customers. There is a lot in CIMC can be expected in 2014.

Edit of CIMC TODAY



# CIMC Releases Operating Results of 2013

CIMC realized an operating income of

**RMB57.874**

billion

up

**6.52%**

year on year

A net profit attributable to shareholders of the parent company of

**RMB2.18**

billion

up

**12.44%**

year on year



The CIMC Annual Results Conference 2013 was held in Hong Kong on March 26, 2014, attended by many famous media agencies and institutional investors from Mainland China and Hong Kong. The President Mai Boliang, the Secretary of the Board Yu Yuqun and the General Manager of Financial Management Department Jin Jianlong also attended the conference.

In 2013, CIMC realized an operating income of RMB57.874 billion, up 6.52% year on year; and a net profit attributable to shareholders of the parent company of RMB2.18 billion, up 12.44%. The basic EPS (earnings per share) increased to RMB0.82. The Board proposed to pay to all shareholders a dividend of RMB0.27 (before tax) for every share with total share capital as at the end of 2013.

The increases in both the operating income and the net profit in 2013 were mainly attributable

to further optimization of CIMC's diversified business structure. Under this business structure, the proportion of the containers business was limited within 50%, while the emerging businesses, especially the logistics, airport facilities and offshore engineering businesses, made major breakthroughs in cross-border M&A, business expansion or operation improvement.

Looking ahead, CIMC President Mai Boliang expressed at the conference that with a modest recovery of the global economy expected for 2014, the global shipping industry would bottom out, resulting in an increase in the trade volume of containers. CIMC would advance industrial transformation and upgrading for continuous improvement, strive for constant innovation in technique, business model and management mechanism, and seize the historic opportunity to reach an ambitious growth and development plan for becoming a world-class enterprise.

# CIMC Named China's Top 100 Green Companies in Two Consecutive Years

On April 21, the Seventh Annual Summit of China Green Companies sponsored by China Entrepreneur Club (CEC) was held in Kunming, attended by the representatives from the Development & Research Center of the State Council, the MOF and the NDRC together with more than 1000 domestic and international business leaders and elites. Finnish Prime Minister Jyrki Katainen, Belgian Prime Minister Herman Van Rompuy and French President Francois Hollande conveyed their congratulations in the form of video and letter.

The 2014 List of China's Top 100 Green Companies was unveiled as one of spotlights of the Summit. The ranking event, held for the fifth time this year, was sponsored by CEC for the purpose of evaluating the sustainable competitive edges of a company. CIMC was again nominated for the award as per the evaluation standard of "innovation" by virtue of its sustainable business case of container research and development. CIMC was invited to attend the Summit in two consecutive years. State Grid Corporation of China, Haier Group, Lenovo Group, BMW (China) and other prominent companies were also on the list.



CIMC was again nominated for the award as per the evaluation standard of "innovation" by virtue of its sustainable business case of container research and development.

In the 2013 Report on China's Top 100 Green Companies published on the Summit, CIMC was listed in the category of "transport, warehousing and postal services" together with Hainan Airlines and China Southern Airlines. The sponsor assumed that these companies were engaged in providing more energy efficient infrastructural services to improve customer services and optimize logistics efficiency.

The list was generated by screening from more than 1300 China-based large state-owned, private and transnational enterprises as samples in combination of reviewing initiative applications by enterprises. A bunch of enterprises on the 2013 list were removed the list this year due to operating loss in two consecutive years and violations against the laws and regulations, as well as accidents inflicting serious environmental pollution, worker safety and consumer health & safety.

The Green Companies evaluation for this year followed the basic logic of "determining finalists depending on economic indicators and selecting winners depending on featured performance", which is also a major feature of the evaluation. Specifically, many finalists were chosen based on the threshold factors, namely economic indicators including operating result, position in industry, competitive edge and business model while a total of 100 companies were finally selected because they were excellent in corporate culture, economic strength, environment protection, society and innovation and had representative cases in contribution to the industry and society in any of environment protection, society and innovation.



# CIMC Ziegler Holds New Horizon



April is a memorable month full of passion and hope for Ziegler GmbH which became a new member enterprise of CIMC lately. The 6-day New Horizon was held in the Ziegler Plant located in Giengen an der Brenz, Germany.

The event brought a total of 3,000 customers, partners, employees and their relatives from over 40 countries to visit. Ziegler showcased all its product lines together with a range of services and professional capacities using 13 elaborately decorated pavilions in a plant covering an area of 80,000m<sup>2</sup>. Over 80 employees from the Ziegler Headquarters and subsidiaries, with full passion and dedication, delivered lively speeches and presentations to introduce Ziegler's products to the visitors and painted a brand-new Ziegler full of hope. Among the products displayed in the pavilions, a fire engine



CIMC respects the culture and history of Ziegler. Taking the initiative of Li Yinhui, vice president of CIMC and managing director of Ziegler Group, CIMC sponsored the establishment of the museum of history for Ziegler.

equipped with C&C Trucks manufactured chassis aroused the interest of all. This fire engine, which was assembled in just three days upon delivery of the chassis to the Ziegler Plant, not only demonstrated CIMC's outstanding teamwork efficiency and but also symbolized Ziegler's endless potential in future development.

During the New Horizon, Ziegler also launched a grand opening ceremony of Ziegler Museum displaying the company's history and tradition over 123 years since its incorporation in 1891. The museum, designed and completed within just two months, not only displayed visitors the first fire engine manufactured by Ziegler and other cultural relics created over a century ago but also conveyed CIMC's respect toward and inheritance of Ziegler's history. The museum will still be open to the public after the New Horizon, replenished constantly with new exhibits which are to be made available for examining at any time by every visitor to the Ziegler Headquarters.

New horizon, new start. By virtue of this event, the time-horned Ziegler is now embarking on a new journey on the path of becoming a worldwide first-class enterprise in the firefighting and rescue industry.



# CIMC to Promote Employer Brand Image with Keen Determination

On March 31, as a part of the visiting campaign designed for students granted CIMC-SCUT Scholarship, CIMC organized a series of diversified visiting and exchange activities after the Ceremony for Launching the 2nd CIMC-SCUT Master's Program and Granting CIMC Scholarship. It was the first time when the scholarship granting ceremony was held in CIMC HQ and SCUT students were invited to tour CIMC. We hope that in addition to the scholarship intended to influence the students, we may attract them thoroughly by means of corporate culture and brand for the ultimate purpose of promoting our brand image as an employer by way of memorable visiting experience.

## VISIT A POWERFUL COMPANY AND LEAN SPLENDID CORPORATE CULTURE

14 students granted the scholarship, accompanied by CIMC staff, visited the CIMC HQ Building, listened to the development history of CIMC over 31 years and watched CIMC's corporate video, whereby they developed a thorough understanding on CIMC's business development and expansions and had a field experience of CIMC's corporate culture.

## LISTEN TO PERSONAL STRIVING STORIES

After the visit, they attended a face-to-face exchange meeting designed for seniors sharing and interaction. Li Yini, a 2012 graduate of SCUT and now a staff member of CIMC Containers Holdings Co., Ltd., told her story of occupation in three phases including meeting CIMC, joining CIMC and starting career. She stressed the far-reaching influence of CIMC's corporate culture of "involvement, improvement and implementation by all" on individual growth.



Zhong Yuanqiang, a 2008 graduate of SCUT majoring in Finance who was ever granted the CIMC Scholarship for many times, reviewed the times studying and living in SCUT and his happiness when granted the CIMC Scholarship. Zhong Yuanqiang shared his feelings and experiences on how to achieve rapid personal growth in CIMC by telling his own experience of "joining CIMC through internship program and getting integrated into CIMC through M&A program".



## COMMUNICATE WITH HR MANAGER - HOPING YOU START CAREER IN CIMC

After interactions with the seniors, the students participated in a field interaction and exchange event which was attended by the distinguished guest He Jin, the Campus

Recruitment Program Chief Planner and CIMC's HR Manager. He Jin, together with the seniors, kindly answered all the questions and offered advices concerning job application, career development and CIMC's campus recruitment program.

At the end of the event, He Jin presented the books titled *CIMC People's Attitudes* and *CIMC - A World-class Champion Enterprise That can be Copied* to every student as a gift, in the hope that they would continue to pay a close attention to CIMC after graduation, act as campus ambassadors publicizing CIMC's brand image as an employer, and join the CIMC community advocating "implementing human-oriented policy and achieving common cause" to set sail on the career journey successfully.

In an era where enterprises survive by branding, this visiting campaign designed for students granted CIMC-SCUT Scholarship was a constructive exploration into forging CIMC's brand as a campus employer. The HR Department plans to organize more diversified campus campaigns with CIMC characteristics in future with the intention to build up a positive employer brand image and assist in graduate recruitment.



# CPC Guangdong Secretary Inspects CIMC's Investment Project in Dongguan



On March 23-24, 2014, Hu Chunhua, a member of the Political Bureau of CPC Central Committee and Secretary of Guangdong Provincial Party Committee, paid a special investigational tour to Dongguan. On the morning of March 24, Hu Chunhua, accompanied by provincial and municipal governmental leaders, arrived at the site of CIMC Project in Songshan Lake to inspect the project's development and construction conditions. Liu Xuebin, CIMC's Vice President, Qin Gang, General Manager of CIMC's Strategic Development Department and executives of CIMC's Real Estate Segment also accompanied Hu Chunhua during the visit.

During the visit, Qin Gang gave a brief introduction to CIMC and its four projects invested in Dongguan, in which Secretary Hu Chunhua expressed his keen interest. When it came to the CIMC Special Vehicle Manufacturing Project in Wangniudun Town, Mr. Hu specially enquired about CIMC's

business philosophy of "Local Advantages & Global Operation". "As a company armed with a global vision, CIMC introduces advanced European technologies through global resources integration, produces sophisticated special vehicle parts by taking advantage of manufacture in China and then distributes them to the global market so as to create the competitive edge of global operation." Liu Xuebin briefed.

What expressed Qin Gang most was that, though introduction to C&C Trucks was not included in the agenda, Mr. Hu asked with great interest: "Are all the exported special vehicles equipped with C&C Trucks' locomotives?" Qin Gang answered the question by reference to C&C Trucks' development situation.

The 20-min investigation was ended in pleasant communications. The provincial and municipal leaders were greatly impressed by CIMC's

group image and investment projects. "You did great in preparations and presentations and you are the best among the five investigation objects we visit", commented the leaders of Songshan Lake Management Committee.

After the investigational tour in Dongguan, Mr. Hu stressed that Dongguan City should maintain the stabilized development trend, accelerate the process of industrial transformation and upgrading, and promote economic and social development to a new height. He pointed out that the following practical actions must be taken to secure sustainable results of industrial transformation and upgrading: 1) vigorously implement major projects, introduce a batch of promising projects, upgrade existing business projects and speed up construction to start operation and realize designed capacity ahead of schedule; 2) attach due importance to traditional industries by leveling up technical standard, improving manufacturing technique and creating private brands to strive for rebirth; 3) foster large key enterprises to help them with business expansion and building up corporate strength.

"As a company armed with a global vision, CIMC introduces advanced European technologies through global resources integration, produces sophisticated special vehicle parts by taking advantage of manufacture in China and then distributes them to the global market so as to create the competitive edge of global operation."

## Songshan Lake HQ and Innovation Park



1. Containers HQ: CIMC established Container Holdings Co., Limited ("Containers HQ") in October 2012 in Songshan Lake High-tech Zone, Dongguan. Its scope of business covers dry container, cold chain logistics, special container, modular building and container flooring. After completion, the Containers HQ will be relocated in Songshan Lake High-tech Zone. It is designed as a company integrating strategic planning, R&D, design, supply chain management and control and other functions, for the purpose of cementing CIMC's leadership in the global container industry and accelerating industry upgrading.
2. Mobile Internet Business Incubator: the global mobile internet market has been experiencing a booming period over the past few years. As an incubator of electronic information industry, Dongguan City ranks No.1 in smart phone production, plus Huawei and CoolPad, two leading mobile terminal manufactures, settle here in Songshan Lake. In the project, we'll get the utmost out of CIMC's resource advantages to establish a cloud-based business platform integrating information, material and cash flows and create a favorable entrepreneurial and development environment so as to attract and cultivate excellent SMEs engaged in emerging industries such as mobile internet, laser technique and automation. The Business Incubator's scope of business mainly include R&D, marketing, packaging, content development, trade exchange, etc.

## Wangniudun Vehicle Park

After completion, the project will become the largest vehicle trade service park in Dongguan and even Southern China with most complete industrial infrastructure. It will elevate Wangniudun Town's position in the logistics industry and promote local economic transformation and development.



## Fenggang Container Manufacturing Project



The Pearl River Delta is the largest import & export trade zone in China, evidencing by the world's third largest container throughput at Shenzhen ports. Serving import & export trades in the Pearl River Delta and Shenzhen container ports, Fenggang Container Manufacturing Project is planned to accommodate three production lines with an aggregate annual capacity of 750,000 TEUs, making it the largest container plant in Southern China and also a plant with the largest capacity in the world. Moreover, the project will be built into a global benchmark plant armed with most sophisticated manufacturing technology in the world, using a variety of mechanized and automated technologies to realize an increase of 30% in production efficiency compared with the existing production line.

### INTRODUCTION TO CIMC'S PROJECTS INVESTED IN DONGGUAN

On April 26, 2013, the Municipal Government of Dongguan and CIMC signed a Memorandum of Understanding for Investment and Cooperation between the Municipal Government of Dongguan and CIMC Container Holdings Co., Limited, whereby CIMC planned to invest four projects in Dongguan with a total investment of RMB18 billion. This is the heaviest investment in a single city ever.

## Wangniudun Special Vehicle Manufacturing Project

1. R&D and Manufacturing Base of Finished Automobiles and Auto Parts: with manufacturing technique and process designed by a German company Ingenics, the project will become a world leading manufacturing base of special vehicles after completion, thus helping CIMC optimize product lines and enlarge its market share in developed countries. The High-end Auto Parts Processing Center of the project introduces the centralized manufacturing and SKD operation model to provide supporting services for its subordinate offshore plants and in turn to realize the global operation characterized by interaction between CIMC and European & American markets.
2. Laboratory of Commercial Finished Automobiles and Auto Parts: we plan to build China's first finished automobile road simulation test center and auto part laboratory with most advanced technologies in the global commercial vehicle industry. The test center is capable of performing various simulation tests under most severe road conditions and providing superior testing services across the industry.

# CIMC Modular Building Shaping a Green Farm for German Tony Group



On February 27, a two-storey reception center for modern metropolitan agricultural conference was erected on the Tony's Farm in Chengdu. The building, manufactured by CIMC Xinhui and constructed with sixty containers of different sizes including 40', 30' and 20' containers, integrates the functions of sales exhibition, customer reception and office administration.

Tony Agricultural Development Co., Ltd. is a subsidiary of Tony Group, a famous organic farming group company in Germany, and also the direct operating company of the organic farming strategic cooperation project jointly established by the Ministry of Agriculture and Germany with the approval of the Prime Minister Li Keqiang. The strategic cooperation plan involves nearly 100 organic agricultural production bases invested in China, including the construction of major office spaces and villas based on the fundamental principle of environmental protection. Container building is the preferred alternative proposed by the German Headquarters. Before, two agricultural production bases have been set up in Shanghai and Beijing. The expected construction period varies from 7 months to 2 years.

The Marketing Department of CIMC Xinhui established partnership with Tony Chengdu by different means and held contractual negotiations on the Chengdu Project during January 20-23, 2014. Upon closure of the negotiations, both sides agreed to offer the most cost-efficient container building solution characterized by spare parts manufacture & transportation and on-site final assembly. To avoid project delay, CIMC

Xinhui's technicians ran up the drawings during the 10-day Spring Festival holiday. In addition, competent engineers were sent by CIMC Xinhui to assist the final assembly of containers on the site in Chengdu. The construction was completed in one month, involving the following milestones in chronological order: order confirmation on January 23, shipment of the first batch of products on February 19, shipment of the last batch of products on February 25 and final assembly on February 27. The project was completed in just one month, 15 days ahead of schedule.

Tony Chengdu spoke highly of the high quality and efficient delivery performance of CIMC Xinhui. After completion of the project, a representative from Tony Chengdu paid a tour to CIMC Xinhui. While extending sincere gratitude to CIMC Xinhui, the representative said: "The expected construction period was shortened from 7 months to 1 month, demonstrating CIMC's high efficiency while securing superior product and service qualities. We hope to establish long-term strategic cooperation relations with CIMC and carry out extensive cooperation."



# CIMC Modular Hotel for Sochi 2014 Winter Olympics



Sochi 2014 Winter Olympic is the very focus of the world now. The place where tourists and reporters from around the world are residing is possibly the "modular hotel" fabricated in Yangzhou.

"In the past year, we have been keeping tracking the construction process of 'modular hotel'", said by Xie Fangkai, the project manager of Yangzhou CIMC Runyang Logistic Equipment Co., Ltd. In April 2013, the modular hotel has been broken down into 128 blue containers and shipped from Yangzhou Port, via the Yangtze River estuary to the East China Sea and then the Pacific Ocean and via the Strait of Malacca, the Indian Ocean, the Suez Canal, the Mediterranean, and the Turkish Straits to the Black Sea, and finally arrived in Sochi, Russia after more than a month.

"The entire hotel project started in May last year and completed in November," said Xie Fangkai. The 128 containers shipped to the site were placed on the site and stacked up like building blocks according to numbers on the modular from low to high, and then secured with screws; then doors and windows are fitted, marble decorations were hung on the

external wall onsite and roof shapes were formed; finally, the building facade was beautified. The completed "modular hotel" is indistinguishable from ordinary ones. In addition, seismic capacity of the former is up to the magnitude 9 on the Richter scale, more reliable than ordinary buildings.

"Although the hotel is not in the Olympic Village, the location is favorable, so it is very hot," introduced by Xie Fangkai. The "modular hotel" is named "Beijing", located in Adler District, Sochi, and is one of the buildings of Bridge Resort which is located at 45 Figurnaya Street, with a total of 11 buildings, 700 rooms. The whole area of modular hotel is about 2,000 square meters, and each floor has 10 rooms, each room about 30 square meters.

The greatest benefit of modular hotel is environmental friendliness and convenience, reusable at anytime and anywhere. Whether this container hotel will be disassembled and re-assembled in Moscow after the end of the Winter Olympics as originally planned now remains to be seen. However, we believe this environmentally friendly and convenient container hotel is increasingly favored by the users.

# C&C Trucks at NGV Expo



The 15th China International NGV and Gas Station Equipment Expo ("NGV Expo") 2014, as the largest and most influential exhibition in the natural gas industry, took place during May 7-9, 2014 in the New China International Exhibition Center (NCIEC) in Shunyi District, Beijing.

As a representative of emerging heavy truck manufacturers, C&C Trucks had 6x4 Urban Tipper, 6x4 Tractor Truck (K Gold Version) and 8x4 LNG Cryogenic Liquid Lorry Tanker on display this year.

## NOVEL URBAN TIPPER: MORE ENVIRONMENTAL-FRIENDLY U-SHAPED COMPARTMENT

Under the background of urban tippers launched one after another by heavy truck manufacturers, C&C Trucks, without a sign of weakness demeanor, also wants to seize firmly the new market opportunity brought by novel urban tipper.

As a machine used for urban construction, tipper is not only a hazard of urban environment pollution due to building debris dropped onto roads but also a source of haze. Novel and intelligent tippers are expected to become the prevailing products for the muck transport market in future. The novel urban tipper launched at the end of 2013 and displayed at the Expo addresses a series of problems in traditional tippers such as "(debris) dropping, sprinkling, missing and leaking".

The 5600mm\*2300mm\*1160mm U-shaped compartment specially designed for vehicle assembly is what makes the novel urban tipper manufactured by C&C Trucks completely differentiated from other products. According to the introduction by C&C Trucks staff, the U-shaped compartment is superior in the following five aspects: 1) light dead load, 20%~40% lighter than traditional ones; 2) easy and fast unloading without residues; 3) no dropping or sprinkling during transpiration; 4) low gravity center and good stability; 5) high strength which is 1.5-3 times as high as common iron of same thickness, and strong loading capacity and impact resistance.

It is learned that the novel tipper launched in 2013 by C&C Trucks has been widely recognized across the market, as evidenced by nearly 100 tippers put into use in Shenzhen. As fed backed by customers, these tippers are extraordinarily energy efficient, realizing a fuel reduction of 20% compared with the diesel trucks subject to the National IV Emission Standard. The first 30 novel LNG tippers ordered by Zhengzhou Municipal Government were delivered in March. And Shijiazhuang Municipal Government's order of the first batch of novel LNG tippers has been finalized.

## K GOLD VERSION: CHINA'S FIRST LNG CARRIER VEHICLE WITH HIGHEST HORSEPOWER

Natural gas products have always been the favorites of C&C Trucks, one of the enterprises actively advocating energy conservation & emission reduction and environmental protection. The LNG tractor (K Gold Version) launched in April and also positioned as C&C Trucks' strategic product, is typically equipped with China's first 13L LNG engine, solving once for all the common problem of "heavy-duty truck driven by a low-hp engine" in the LNG road carrier vehicle industry and strategic products.

The 6K13N engine typically configured for the K Gold Version has a capacity of 12.939L, making it a vehicle engine with highest capacity in China. Its horsepower ranges from 380-440hp and the maximum torque is 1880Nm. "The high engine capacity solves the problems of low torque and weak accelerating ability & gradeability found in



heavy-duty LNG trucks. Meanwhile, the K Gold Version consumes 35% fewer fuels than diesel engines", one of the field operators said.

## CRYOGENIC LIQUID LORRY TANKER: MAKE GAS REPLENISHING NO LONGER DIFFICULT

This liquid adding truck developed by C&C Trucks is a special-type tanker. In spite of poor understanding by the public, it is one of the integrated solutions for LNG industrial chain provided by C&C Trucks and plays an incomparable role in the market strategy layout.

Some experts point out that it is the great advantage of industrial chain that makes C&C Trucks rapidly gain considerable fame in the LNG heavy truck market. C&C Trucks has possessed the best genes for manufacturing of LNG trucks in China. First of all, it has the most advanced and competitive power transmission chain resources of LNG trucks. Y&C Engine jointly established by C&C Trucks and YC Diesel exclusively supplies the most advanced gas engines for C&C Trucks. In addition, C&C Trucks provides integrated solutions for LNG industrial chain based upon close cooperation with the largest cryogenic equipment and tanker manufacturer in China—CIMC ENRIC. Xu Yongsheng, the Deputy General Manager of Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. said in an interview that as brother enterprises, CIMC ENRIC and C&C Trucks jointly provide construction services and complete solutions for cryogenic storage and transportation equipment, large LG storage and distribution station and gas replenishing station, and integrated services for LNG/CNG replenishing station and skid-mounted modular CNG supply station.

It is learned that the LNG replenishing truck developed by C&C Trucks was launched on the market in August, 2013. This type of truck applies 8x4 driving mode and is equipped with YC6MK340N-50 natural gas engine and its power is up to 340 hp.

As the employees said, the mobile LNG replenishing truck of C&C Trucks can, as a mobile gas replenishing station, replenish gas for LNG trucks so as to reduce the transportation expenses of LNG trucks and the operating costs, thus eliminating the difficulty in long-distance transport and solving the problem of extremely high transportation expenses caused by underdeveloped LNG replenishing station network and further extending the LNG industrial chain.



## CIMC Holds Exchange Event “Select USA” in Shenzhen



The “Select USA—CIMC Exchange Event” sponsored by CIMC and Commercial Counselor’s Office of Consulate General of the United States of America in Guangzhou and undertook by CIMC Vehicles was successfully held in JW Marriott Hotel Shenzhen on April 16 under the participation of more than 30 people, including representatives from CIMC Headquarters, Vehicles Segment, Energy and Chemical Segment and Finance Segment as well as the ten strategic partner enterprises of CIMC invited by the Vehicles Segment.

The “Select USA—Introduction Event for Pearl River Delta Area” is the first stop of the investment promotion event held by the “Select USA” Office of American Government in China for the first time. As the invited cooperators of the project, CIMC undertakes the special event for business exchange of transportation type in Shenzhen Special of the Pearl River Delta area.

On the scene of CIMC “Select USA” exchange event, William Zarit, Commercial Minister from the US Embassy in China, James Rigassio, Commercial Counselor and Lola Zarifovna Gulomova, Vice Commercial Counselor from the Consulate General of the United States of America in Guangzhou, delivered their speeches as participants under invitation, and made friendly and amicable communication and exchange with the representatives of CIMC team and strategic partner enterprises.

Li Guiping, Managing Director of CIMC Vehicle delivered his speech on behalf of CIMC on the exchange event and shared CIMC’s more than ten years of investment experience and attainment in America with the CIMC partners and American guests present, hoping that, through communication and exchange, CIMC and its cooperative partners would gain more space for development.

## CIMC ENRIC Assists in Successful Launch of First LNG Replenishing Vehicle in Russia

The Sanctum LNG replenishing tanker and KAMAZ chassis produced by CIMC ENRIC were successfully assembled and the finished replenishing vehicle was smoothly commissioned on March 1, indicating successful launch of the first LNG replenishing vehicle in Russia.

From upgrading the first LNG motor tractor in Russia to participating in the development of the finished LNG vehicle and bus of KAMAZ and sponsoring the 27th World University Games in Kazan together with ENRIC (Langfang) Integration, CIMC ENRIC Sanctum has always been at the forefront of Russian cryo equipment field and paying close attention to the latest trends of Russian LNG market for pioneering and innovative actions from a strategic view and standpoint.

As the first LNG replenishing vehicle in Russia, the equipment carries profound significance and mission—it not only plays the role of replenishing vehicle and operating guarantee equipment for the finished LNG vehicle and bus of KAMAZ, but also provides actual reference for Russia to draft its national standards of LNG replenishing vehicle. Moreover, successful launch of the first LNG replenishing vehicle in Russia represents another success of going global by CIMC ENRIC Sanctum.

## CIMC ENRIC Successfully Delivers 300m<sup>3</sup> Liquid Hydrogen Storage Tank for Hainan Rocket Launching Project

The 300m<sup>3</sup> liquid hydrogen storage tank for Hainan rocket launching project, under development, design and manufacture of Sanctum affiliated to CIMC ENRIC for more than three years, has been smoothly completed and successfully passed leave-factory check and acceptance review recently.

On the review meeting day, relevant experts from the Test Equipment and Military Transportation Bureau of Logistics Department and General Armament Department; 63790 Army Equipment Department, Technical Department and Wenchang Launch Observation Station; Final Assembly Engineering Design Research Institution; Pressure Vessel Testing Center of Final Assembly; Blue Star (Hainan) Astronautics Chemical Industry Limited Company; No. 15 office of No. 1 Institute, No. 510 office of No. 5 Institute and No. 101 office of No. 6 Institute of China Aerospace Science & Industry Corp.; Chemical Machinery Branch of AEROSUN CORPORATION and the like carry out careful and strict examination and review to the manufacturing process of the liquid hydrogen tank and third party performance test data. The rigorous

and prudent research approach and serious and responsible work style of the Company has won unanimous recognition and praise from the expert team. The meeting is officially closed when the expert team leader announces that “the 300m<sup>3</sup> liquid hydrogen storage tank has successfully passed the leave-factory check and acceptance review!”

It is learned that the whole process from design to manufacture is a huge challenge since the 300m<sup>3</sup> liquid hydrogen storage tank adopts internationally-advanced structural style and sophisticated technology. The tank also adopts heat insulation construction and support structure of special design, and requires heat leakage and static evaporation rate an order of magnitude lower than those of conventional vacuum insulation tank of CIMC ENRIC Sanctum, therefore utilizing many independent invention patents of the Company. Both the process and technical standards adopted by the liquid hydrogen tank are far higher than the national average. Such a large liquid hydrogen tank is the first in Asia, and very rare even in such developed countries as Europe and America.

## CIMC ENRIC Delivers First Beer Saccharification System EPC Project and Pilot-Scale Equipment Charging Project of Wuhan Scientific Research Center of AB-Inbev



The AB-Inbev (Yichang) 60m<sup>3</sup> Saccharification System project, first turnkey job of beer saccharification system of Holvrieka (China)—a managed brand of CIMC ENRIC, has been successfully put into production in recent days. Not long ago, Holvrieka (China) has just finished the batch charging of pilot-scale equipment engineering for the turnkey project of whole-plant brewing equipment for Wuhan Scientific Research Center of AB-Inbev successfully. All this has fully demonstrated strong capability of Holvrieka (China) required for successful implementation and management of turnkey project of brewage area (saccharification and fermentation) of beer factory.

Under full cooperation and whole-hearted efforts of Holvrieka (China) team and all subcontractors (raw material processing system, pipeline system installation, automatic control system, heat preservation, boiler surface treatment, etc.), the AB-Inbev 60m<sup>3</sup> Saccharification System has been successfully installed on the main saccharification equipment by the end of April, 2013, and officially put into operation

with 12 batches of wheat juice for three consecutive days during December 16-18. According to Party A's test results, all indicators of the saccharified wheat juice meet the wheat juice standard requirements of AB-Inbev. And, after 12 days of fermentation process, the standard of draft beer of AB-Inbev is also fulfilled. With large work amount, high-end configuration and complexity far greater than that of a common beer factory, the batch charging project of pilot-scale equipment engineering of AB-Inbev Wuhan Scientific Research Center is indeed a model of pilot-scale equipment. The whole project, including the scheme, quotation and technical exchange at the initial stage, technology design and response to client's change during implementation, model selection of equipment and instruments, field installation guide and automation commissioning, is independently finished by the project management center of Holvrieka (China).

Successful delivery of the two projects marks that Holvrieka (China) has achieved the construction capability of whole-plant turnkey project.

## Commencement of the Second Seventh Generation Ultra-Deepwater Semi-submersible Drilling Platform Contracted by CIMC Raffles

Frigstad Deepwater Rig Beta, the second seventh generation ultra-deepwater semi-submersible double-rig drilling platform contracted by CIMC Raffles for Norwegian Frigstad Deepwater, officially began its construction in Haiyang base in the forenoon of February 28, 2014 when Harald Frigstad, president of Frigstad Deepwater, and president of CIMC Raffles jointly started the steel plate cutter.

According to Harald Frigstad, BETA is the second Frigstad deepwater drilling platform that has launched its construction and the third Frigstad D90 drilling platform will also be constructed in the shipyard of CIMC Raffles. Currently the first Frigstad deepwater drilling platform is under smooth construction. Meanwhile the series of platforms have begun their openness to the market and gained good evaluation of both technical and operational capability. Today China has become one of the main construction bases of drilling platform in the world, and is stepping into the ranks leading the field of high-end drilling platform and involving into a leader of top drilling platform series. As the crown of such top drilling platform series, the seventh generation ultra-deepwater drilling platform D90 owns so far the largest, and the most powerful and advanced design, which is the honor of both CIMC Raffles and the largest drilling company in the world. We firmly believe that CIMC Raffles will construct more Frigstad D90 drilling platforms in the future.

Frigstad Deepwater Rig Beta is not only one of the largest ultra-deepwater semi-submersible double-rig drilling platforms in the world, but also the tenth deepwater semi-submersible drilling platform constructed by CIMC Raffles. It is 117m long, 92.7 m wide and 118m high with a largest displacement of 70,000t and DP3 dynamic positioning system, falling into the classification of Det Norske Veritas. As the most advanced seventh generation ultra-deepwater semi-submersible drilling platform in today's world, the platform features a largest operating depth of 12,000ft (3,658m) and drilling depth of 50,000ft (15,250m) and adopts NOV (National Oilwell Varco) hydraulic-pressure double-rig design with double top drive load up to 1,250 just tons, capacious utilizing space of deck and convenient maintenance channel of engine room, DP3 closed loop design, under-deck disposal and storage system of rock debris and ballast water treatment system.

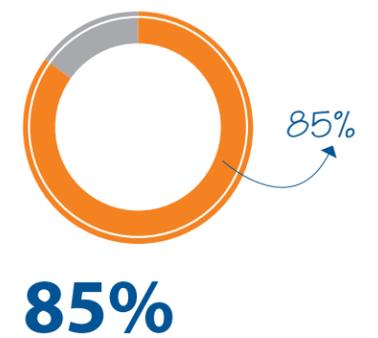


Frigstad Deepwater Rig Beta is scheduled to be completed and delivered in the first half year of 2016. Frigstad Engineering Company is responsible for providing the foundation design, and CIMC Raffles is responsible for the detailed design, construction design, construction, commissioning and independent installation and commissioning of the whole drilling system. The platform will be capable of operation in such deepwater sea areas as Gulf of Mexico, South China Sea, Australia, Brazilian sea area, West Africa and South Atlantic.

Frigstad Deepwater Rig Alfa, sister platform of Frigstad Deepwater Rig Beta, also the first seventh generation ultra-deepwater semi-submersible double-rig drilling platform undertaken by CIMC Raffles in the world, officially began its construction in Haiyang base of CIMC Raffles on August 28, 2013. According to Harald Frigstad, "China is striving for the leader status of offshore platform construction industry, which is a goal that will be realized soon."

As to future oil and gas development in the world, the increase of oil and gas amount will be mainly from the deepwater, especially the ultra-deepwater sea area. As predicted by professional institutes, compound annual growth rate of oil and gas production from ultra-deepwater area in the world will be as

high as 20% during 2014-2030. 85% of the floating drilling platforms newly constructed in recent five years belong to ultra-deepwater semi-submersible drilling platforms. The two seventh generation ultra-deepwater semi-submersible double-rig drilling platforms whose construction has been successively launched by CIMC Raffles are exactly for such increasing market demand.



85% of the floating drilling platforms newly constructed in recent five years belong to ultra-deepwater semi-submersible drilling platforms.

# CIMC Raffles Delivers Gulf Driller #1, a Jack-up Drilling Rig to ICBC Financial Leasing and COSL

On the morning of May 10, 2014, the Jack-up rig Gulf Driller #1 was delivered to ship owner from the builder CIMC Raffles at Yantai. Guests from ICBC, Ms. Zhang Xiao, the former President, Mr. Ji Fuxing, the Vice-president of ICBC Financial Leasing, Mr. Li Feilong, the Vice-president of COSL, Bill Shi, the Vice-president of Greater China Operating Division of ABS, and Mr. Yu Ya, the President of CIMC Raffles attended this Naming and Delivering Ceremony. This rig, financially supported by ICBC Financial Leasing, and managed by COSL, will recently set out for Bohai gulf for drilling operation.

The Gulf Driller #1 is 59.745 meters in length, 55.78 meters in width, and 7.62 meters in depth. It has 125 meter long legs, and will be able to operate in water up to 91 meters deep with a capacity of 110 people, and is classed by ABS. This Super M2 rig was designed by Friede & Goldman from U.S.A for basic design and by CIMC Raffles for detailed and construction designs, and constructed under the supervision of Ocean Challenger from Singapore.

The Gulf Driller #1 is the 3rd Jack-up rig delivered to COSL by CIMC Raffles the since beginning of this year. The first multifunctional Jack-up rig named Guardian ESV started to work in Bohai Bay on February 25. The 2nd Jack-up rig named "HYSY 932" was delivered on April 16, and it has discovered oil successfully in its first drill on May 4 in Bohai block 34. The delivery of this Jack-up rig increases the number of Jack-ups operated by COSL to 34.

The Gulf Driller #1 was the jack up rig owned by ICBC Financial Leasing as well as the first active attempt to make a high-end oceaneering rig which was built by a domestic oceaneering enterprise, financed by a domestic financial leasing company and operated by a domestic oil service company. Mr. Ji Fuxing, the Vice-President of ICBC Financial Leasing stated that the offshore business segment has grown into the most featured and potential one inside ICBC Financial Leasing.



# CIMC Raffles Secures Several Purchase Orders of Drilling Rig in a Row

CIMC Raffles successfully secured several purchase orders of drilling rig in the first half of 2014.



**PURCHASE ORDER OF 1+1 SEMI-SUBMERSIBLE DRILLING PLATFORM FROM BEACON FROM NORWAY**

CIMC Raffles has received a new purchase order from Beacon, a Norwegian company, to build one Ice Class semi-submersible drilling platform, which is scheduled to be delivered in the fourth quarter of 2016. Meanwhile, Beacon has already placed an alternative order for another semi-submersible drilling platform with the same design.



**PURCHASE ORDER OF 1+3 DRILLING SHIP FROM NORSHORE FROM NORWAY**

CIMC Raffles has secured a new purchase order from Norshore from Norway to build one multifunctional drilling ship, which is scheduled to be delivered in the second half of 2016. Meanwhile, Norshore has placed an alternative order for another three drilling ships. These small multifunctional drilling ships are applicable to the global operating environment without marine riser, the North Sea included.



**PURCHASE ORDER OF ONE JACK-UP NATURAL GAS COMPRESSION JACK-UP SEGMENT FROM COASTAL CONTRACTS**

CIMC Raffles has acquired a purchase order from Thaumass Marine, a subsidiary of Coastal Contracts, to build one Jack-up natural gas compression Jack-up Segment, which is based on the Taisun 200B, a Jack-up Segment designed autonomously by CIMC Raffles. This Jack-up Segment is scheduled to be delivered in 2015 and to serve the Pemex after delivery.



**PURCHASE ORDER OF 2+4 JACK-UP RIG FROM CSM**

CIMC Raffles has secured an order from Central Shipping Monaco (CSM) to build two Friede & Goldman JU2000E Jack-up Rig, which is scheduled to be delivered at the end of 2015. Meanwhile, CSM has placed an alternative order for another four rigs.

## CIMC Logistics Assists in Delivery of Semi-submersible Accommodation Platform to Brazil

The SSCV H206 OOS PROMETHEUS successfully completed the float off and was delivered to the wharf of the Rio Navy Yard in Brazil after nearly 11-hour operation on February 26. The successful completion of this platform transportation task by CIMC laid a solid foundation for future coordination and cooperation between the logistics sector and the Offshore and Financial Leasing Segments of the Group.

According to information, SSCV H206 OOS Prometheus is a submersible jack-up accommodation platform designed and constructed by CIMC Raffles with complete intellectual property. This platform, together with the SS Pantanal and SS Amazonia delivered by CIMC Raffles in

2010 and 2011 respectively, will serve the Petrobras.

To accomplish platform transportation, CIMC Logistics organized professional technical team to work out transportation plan and provide whole process tracking service, employed Zhenhua 15 to ship the OOS PROMETHEUS from Yantai, Shandong, to Rio de Janeiro, Brazil at a speed of about 10.7 n miles/h. The whole transportation process lasted for more than 40 days. On February 26, Zhenhua 15 submersible ship completed the float off and berth on the wharf of Rio de Janeiro ship yard. According to the inspection result, SSCV H206 OOS PROMETHEUS was in good condition and the transportation task has been successfully accomplished.

# CIMC Modern Logistics Development Co., Ltd. Established in Tianjin



At 2:00 p.m. on April 9, 2014, CIMC Modern Logistics Development Co., Ltd. was officially established in Tianjin. Mr. Mai Boliang, the President of CIMC, and Mr. Wu Fapei, the Vice-president of CIMC attended the opening ceremony of CIMC Modern Logistics.

To stick to the development strategy of combining the product with the service developed by CIMC and to carry out the administrative responsibilities of various subsidiaries in the Logistics Segment, the CIMC Modern Logistics Development Co., Ltd. was approved to be set up in the Binhai New Area of Tianjin as the main company in the Logistics Segment. The newly founded company is positioned to provide comprehensive logistics services such as strategy development, equity investment management, risk control and incentive management, logistics network construction, business collaboration, new business development, etc. and to combine the advantages of logistics equipment construction and logistics service provision of the Group. Four development directions have

been identified for this new company, namely comprehensive multimodal transport, full life circle of container, industrial supply chain, and cold-chain ecosphere, and 9 business segments have been subdivided, which are freight forwarding, container ship forwarding, full life circle of container, comprehensive logistics, project logistics and break-bulk cargo ship forwarding, supply chain logistics, domestic logistics, appliance manufacturing and cold chain.

The set-up of the company is beneficial to coordinating of the logistics operation resources of the Group, enlarging of the business scale, promoting the comprehensive abilities and asset efficiency, and laying a solid foundation for the construction of entity operation platform and trade logistics platform of the Logistics Segment. President Mai Boliang emphasized that he wishes the Logistics Segment of CIMC will speed up the integration of logistics resources of the Group and promote the comprehensive abilities of CIMC's logistics service through these platforms.



# CIMC Creative Industrial Park Unveiled in 2014 Shenzhen International Machinery Manufacturing Industry Exhibition

2014 Shenzhen International Machinery Manufacturing Industry Exhibition (SIMM Exhibition), the largest and the most influential industrial exhibition in South China was held at the Shenzhen Convention & Exhibition Center from March 28 to March 31. The Exhibition covers an area of 110,000m<sup>2</sup> and attracted a number of machinery manufacturing equipment and automation equipment exhibitors and guests from various countries and regions.

CIMC Creative Industrial Part was unveiled in this Exhibition, which was also the premiere of the first industrial real estate project of CIMC. The modern yet grand design outstood the whole venue, attracted a large number of industrial exhibitors, purchasers and visitors, established popularity as well as influence within the industry and produced its expected effect in terms of promotion and popularization.

With advantageous location and traffic at the center of Pearl River Delta, forward-looking development orientation, international architectural planning, and complete functional auxiliaries and innovative service platform, the debut of CIMC Creative Industrial Park impressed the exhibitors and the guests and many customers expressed their interests and intention in entering into the Park.

As the first key project undertaken by CIMC in marching into industrial real estate market, the Park will introduce high-end technology industrial clusters such as intelligent equipment, laser, robot, electronic information and mobile internet with emphasis, form a growth environment by integrating industrial acceleration, venture capital investment with cultivation after coming into the market for the whole industrial chain and accord with the current situation of city transition and

upgrading faced by Dongguan. Relying on the world-class manufacturing industrial clusters, considerable location and traffic advantages, and the only dual-ecological environment of 4A-level scenic area and state-level high-tech zone in China, the Project, after its completion, will form an accumulative effect by integration of industry, technology, finance, information and ecology with a group of industrial leading enterprises which are already gathered at the Songshan Lake National High-tech Industrial Development Zone such as Huawei, CIMC, Yulong, United Financial Service and the R&D Center of Vanke and many national R&D institutions such as the Dongguan Institute of Opto-Electronics Peking University, the Industrial Robot Research Institution, and the CASIA Cloud Computing Center, and build up "Core" strength for the comprehensive transition and upgrading of the new metropolis industrial economy.

# CIMC Ziegler Marches into the Market of Chinese Fire Equipment

**A European-style fire truck of C&C Trucks appeared on April 7 at Ziegler New Horizon Expo in Giengen, Germany, arousing the professionals' expectation for the performance of this hybrid power combining German century-old fire truck and the chassis of CIMC C&C Trucks in Chinese market. Reports anticipated that this had begun the honeymoon between CIMC and Ziegler, the world's top 5 fire apparatus providers, after the latter had been acquired by CIMC earlier and reorganized in December 2013.**

The market analysis suggests that the new fire truck combining Ziegler technology and C&C Trucks is likely to become CIMC's major high-end product in domestic market and restructure current market of Chinese fire equipment. CIMC Ziegler is expected to become a new competitive player in Chinese market and fill the gap of domestic high-end fire trucks.

## THE MARRIAGE OF GERMAN TECHNOLOGY AND CHINESE MARKET

Founded in 1891 with the headquarters in Giengen, Ziegler has been operating for more than 120 years with 7 production bases in Giengen, Rendsburg and Mühlau (Germany), Winschoten and Leeuwarden (Holland), Zagreb (Croatia), and Jakarta (Indonesia). Its annual operation revenue is about 180 million euros, of which 35% comes from exports to over 70 countries and regions.

Ziegler is the world's top 5 providers of fire apparatus and rescue vehicle and equipment, and its fire equipment and rescue vehicle always occupy a dominant market position in Germany.

On December 13, 2013, CIMC signed the *Handover Confirmation* with Ziegler's bankruptcy administrator at a handover ceremony held at Ziegler's Giengen headquarters. From that moment, Albert Ziegler GmbH, fully-owned subsidiary of CIMC, successfully completed the acquisition of Albert Ziegler KG, German fire truck and rescue vehicle manufacturer with a history of 120 years. Since then, the acquisition of project has entered a new stage of management integration.

CIMC management expects that Ziegler products will be complementary to CIMC's existing airport facilities/vehicles based on the market prospect for Chinese fire equipment and rescue vehicles. Following the reorganization, Ziegler has maintained a steady growth and is expected to be profitable in the first year.

Goldman Sachs Gao Hua Securities holds that like previous overseas acquisitions by CIMC, this takeover has effectively extended the company's existing business scope.

Annual operation revenue is about

**180 million euros**

**35%** comes from exports

Exports to over

**70**

countries and regions



Insiders believe that what attracts CIMC the most is Ziegler's airport fire equipment and rescue vehicles. The acquisition will allow CIMC to establish market presence in fire truck and equipment. Besides, those products fit in with businesses of CIMC TianDa and C&C Trucks.

CIMC announces that this transaction will promote the development of its Airport Facilities and Vehicles Segments. As Airport Facilities Segment of CIMC has covered airport shuttle, CIMC now may rely on Ziegler's core advantage in manufacturing high-end airport fire equipment and rescue vehicles for an business upgrade in the field of aviation ground equipment.

As one of the shareholders of C&C Trucks, CIMC has diversified the market segmentation of C&C Trucks' fire vehicle through this takeover, which may boost its international business. Meanwhile, C&C Trucks has applied for the announcement of domestic fire vehicle chassis.

CIMC expects booming future demands for fire truck and rescue vehicle in China based on the relevant national development plans and its observation of the current market dynamics. CIMC is likely to embrace a good development opportunity in the market of Chinese fire truck and rescue vehicles.

Presently, CIMC operates as an equipment manufacturer engaged in container, vehicles, energy, chemical and food equipment, offshore, logistics, airport facilities and finance segments. It has become a global leader in container and airport facilities. This acquisition will further improve the industrial chain of large-and-medium-sized equipment manufacturing.

## HUGE MARKET POTENTIAL FOR CHINESE HIGH-END FIRE VEHICLE

Trade media fact reports show that the major drawbacks of Chinese fire vehicles lie in both



the quantity and the quality, especially in the unreasonable vehicle structure and the far-below-average proportion special vehicles. Statistical results reveal that water tank trucks account for 60% of the total number of fire vehicles, while special vehicles (excluding vehicles for water, dry powder, foam) occupy only 10% and High-end, heavy-duty and high-spraying vehicles are far from enough.

China has a total of 20,000 to 30,000 fire vehicles at present, rising by more than 2,000 vehicles annually, far less than that in advanced countries. With different types of fire disasters on the continuous rise, there is a growing demand for a great variety of specialized fire vehicles.

A blind man can see the huge market potential for fire vehicles in China, with particularly craving demands for high-end products. Guangdong province is the case in point. There are 8,000 plus high-rise buildings, but only 10 aerial ladder trucks are available and the majority of fire vehicles can spray water to a height of merely 30m. This is not a single case, however. In Hainan along, there are more than 3,000 high-rise buildings and 30 large petrochemical enterprises, yet only 8 high-spraying fire vehicles are available.

It is reported that the massive fire of CCTV building in 2009, the big fire of Shanghai high-rise apartment in 2010 and the great fire Shenyang Dynasty Wanxi Hotel in 2011 have all caused enormous losses. Behind such losses were incapability for and helplessness in fighting high-rise fires.

Insiders maintain that with the growing number and increasing heights of high-rise buildings, all-purpose heavy-duty fire vehicles with great hoisting height, big spraying capacity and higher and longer spraying distance will surely become a spotlight in fire vehicle market and cities in the future. Compared with foreign countries, China has many medium-duty fire vehicles, but fewer maneuverable light-duty ones.

#### REPOSITIONING OF CIMC ZIEGLER

Ziegler Group is categorized into CIMC Airport Facilities Segment, and such an arrangement is inherently associated with CIMC. In March 2014, Mai Boliang, President of CIMC said in Hong Kong that Airport Facilities Segment would be improved through diversifying aviation ground equipment. The characteristic of fire vehicle customer almost matches that of airport facilities customer, so the advantages of airport technology and product can be fully utilized. Chinese fire vehicle industry has a

promising market prospect and we will grow it and make it strong despite low market demand for the time being.

Recently, Li Yinhui, vice president of CIMC and director of Ziegler Group, together with his executive management team, visited 9 key clients of Ziegler, including German army headquarters, Frankfurt and Munich airports, municipal fire departments of Hamburg and Hanover, Ministry of the Interior of Hesse, German Firefighters Association, firefighting crews of Goettingen and Heidenheim.

During the visit, Li Yinhui said, "The tour not only offers me a deep insight into customer demands and expectations, but also provides a clearer market positioning and development path for the future of Ziegler."

According to Reuters, Ziegler produces specialized airport fire vehicles and electric drive tunnel rescue vehicle with bi-directional cabin. CIMC manufactures transportation vehicles for liquid, cement and refrigerated goods. The developments of high-end manufacturing equipment, information technology, new energy, biotechnology, advanced materials and green technology are prioritized in China's five-year plan.

# Strain Strengthening Technology of CIMC ENRIC gained the 1st Prize of the National Science and Technology Progress Award

In recent days, the "strain strengthening refrigerated vessel industrialization" project of CIMC ENRIC Sanctum was honored as "the industrialization demonstration project" of National Torch Plan 2013, and its "the key strain strengthening technology and industrialization project of Austenitic stainless steel refrigerated vessel" awarded the 1st Prize of the Science and Technology Progress Award by the Ministry of Education.

Strain strengthening means that the yield strength of stainless steel is technologically increased to make refrigerated vessel out of thinner material. With the technology, manufacturers can save 35% stainless steel for the vessel, reduce the manufacturing cost significantly and create value for customers.

This technology has been widely applied in developed countries, but less commonly used in China owing to the variance in materials used and relevant manufacturing rules and regulations. After 5 years of trial and error, CIMC ENRIC Sanctum finally succeeds in the application of strain strengthening technology to steel pressure vessel in China.

## TACKLE THE DIFFICULTIES HEAD ON AND ESTABLISH NATIONAL STANDARDS FOR STRAIN STRENGTHENING TECHNOLOGY

Before 2007, the design and manufacture of Austenitic stainless steel pressure vessel in China generally followed GB150 *Steel Pressure Vessel*. The material used is thicker, heavier and more expensive in China compared with advanced products of the same kind in foreign countries. The strain strengthening technology comes as a solution to this problem. It applies certain pressure on the vessel to cause plastic strain of the material,



increase the yield strength and make refrigerated vessel out of thinner material.

The strain strengthening technology stemmed from Swedish Avesta Sheffield's attempt to reduce stainless steel consumption by studying strain strengthening in 1956. After years of trial and error, Sweden incorporated the technology into specialized pressure vessel standards in 1975. Later, it was widely accepted by Netherlands, England, Spain and other countries gradually.

However, due to the variance in materials used and relevant manufacturing rules and regulations, it was difficult to introduce this advanced technology directly unless it met the domestic standards and regulations for materials and manufacturing. So a new study was required.

In January 2007, CIMC, CIMC ENRIC Sanctum and Zhejiang University signed the *Co-development Agreement*, marking the beginning of domestic strain strengthening technology. The R&D project was carried out by both CIMC ENRIC Sanctum and Zhejiang University and intellectually and financially supported by CIMC.

Being in charge of this project, Wang Haoming, vice general manager of CIMC ENRIC Sanctum Technical Center, said "Many technicians were uncertain about this technology, since lessening the stainless steel consumption by 35% was a mission impossible at that time! The Company sent plenty of technicians to Zhejiang University, and they spent almost every weekend and holiday on technical study. They could hardly remember how many problems they had

confronted from theoretical analysis to material selection to small-volume test tank. First of all, not all materials are suitable for strain strengthening, and the mechanical properties of different types of stainless steel differ a lot. Sanctum technical team selected various types of materials, but only two types of stainless steel successfully passed the tests of tensile strength, bending strength and impact-resistance property. Later, the company made a few test tanks and had them hardened before a pressure blasting test. The property of test tank varies much due to difference in the diameter, length and wall thickness, so numerous blasting tests had to be conducted to obtain details about the strength margin." He added, "Sometimes, it took several days to pressurize and blast a test tank, so the technicians had to work overnight to make records about the tank any time. As it was hot summer day, technicians had to endure terrible heat in workshops and labs."

Our great efforts were paid off finally. In September 2007, the strain strengthening product of CIMC ENRIC Sanctum got approved by the state, indicating the success of domestic strain strengthening test.

## LARGE-SCALE APPLICATION BRINGS NEW VALUE TO CUSTOMERS

In March 2008, CIMC ENRIC Sanctum held an official strain strengthening product launch, followed by the sales of strain strengthening storage tank in the same month.

Technological innovation has indeed created value for Sanctum customers. Wang Haoming said, "For the entire refrigerated industry, it is a

revolutionary change. At that time, the stainless steel raw material was over 30000 and RMB, 35% reduction in cost was absolutely a big save for each storage tank! Almost all bidders gave up when we were bidding."

Afterwards, the strain strengthening technology was applied to mobile tank vehicle with more significant outcome: as the total weight of each tank vehicle is limited, the vehicle itself becomes lighter in the case of less stainless steel consumption, lifting the loading capacity to a higher level. In 2009, this technology was further utilized by Nantong CIMC Tank Equipment Co, Ltd. under CIMC ENRIC.

Till 2010, Austenitic stainless steel strain strengthening technology for manufacturing pressure vessel had gradually become an important technological means for lightweight refrigerated pressure vessel. ACSIQ established relevant rules and regulations for the application of this technology in China from the perspective of industry management. In 2010, the design and manufacture of large-volume and lightweight strain strengthening storage tank was incorporated into State High-Tech Development Plan (863 Program). Wang Haoming mentioned, "In 2008, economic crisis struck China, leaving the entire manufacturing sector stagnant, but this technology helped us survive the crisis and increase the profit. In recent years, with the widespread application of strain strengthening technology, the company has applied this technology to small storage tank, mobile tank vehicle and large-volume storage tank. The strain strengthening product has evolved into a series of productions with mass production so far."



In January 2014, regarding CIMC's outstanding contribution in the area of strain strengthening, Sanctum and CIMC TANK as the main contributor of "the key strain strengthening technology and industrialization project of Austenitic stainless steel refrigerated vessel" were awarded the 1st Prize of the Science and Technology Progress Award by the Ministry of Education respectively. Sanctum was honored as "the industrialization demonstration project" of 2013 National Torch Plan for the project of "the industrialization of strain strengthening refrigerated vessel".

At present, Austenitic stainless steel refrigerated vessel has gradually took the place of traditional refrigerated vessel and led the technical development in the industry. As CIMC ENRIC Sanctum is the first refrigerated equipment enterprise to have accomplished the strain strengthening project, it represents a key milestone in the field of Chinese strain strengthening technology.



# The 1st “Intermodal Asia” Held in China

## Huge Development Potential for Container Intermodal Transport in China

On April 1, the opening ceremony of the 1st “Intermodal Asia” organized by China Container Industry Association (CCIA) in joint partnership with British Informa PLC was held in Shanghai. Attended the event were Qian Yongchang, President of China Communications and Transportation Association (CCTA), Rong Jianying, Vice President of CFIE, Zhou Yupeng, President of Shanghai Modern Service Industry Federation, Mai Boliang, Director of CCIA and President of CIMC and Liu Xuebin, Vice President of CIMC.

The 1st “Intermodal Asia” has been fully supported by CIMC, the world’s leading logistics and energy equipment provider, which has attracted hundreds of shipping

companies, leasing companies, container manufacturers and other matching enterprises worldwide. CIMC showed up at this event with its main business segments and brands covering container manufacture, vehicles, energy and chemical equipment, logistic service and C&C Trucks.

Huang Tianhua, President Assistant and Vice General Manager of CIMC, was interviewed by media reporters.

### GLOBAL CONTAINER SECTOR, A SUNRISE INDUSTRY

Huang Tianhua said at the media interview, “The world is coming out of economic

recession, with the economies of US and Europe recovering and steady economic growth of China despite declining trade volume of the container industry in 2013. CIMC has received far more orders in the 1st quarter of 2014 than it did last year. The shipping industry is expected to be recovering rapidly in the future.”

When it comes to the prospect of container industry, Huang Tianhua said, “Firstly, container manufacturing sector is a conventional industry, and China has been the leader of this industry for years with an annual growth rate of 5%-6% and it will keep growing as the trade volume rises; secondly, the “China-made” containers will maintain the dominant position. As “China-made” containers

account for 96% of all containers in the world, its matching industries and container trade volume make China an irreplaceable market in the next 10 to 15 years; thirdly, no products can replace the container in emerging intermodal transport. To sum up, the container manufacturing sector is still a sunrise industry. I believe China will still be the manufacturing hub in the next 10 years and CIMC will surely continue to lead the industry.”

With Asian shipping industry rising gradually in the world, China plays a crucial role in this process. In 2013, China’s container handling capacity reached 175 million TEUs, topping the world for years in a row. Shanghai port has become the world’s largest container port, and

China has developed into the global container shipping & manufacturing center.

### SHANGHAI WILL BECOME ASIAN INTERMODAL TRANSPORTATION CENTER

Huang Tianhua talked of why the 1st Intermodal Asia was held in Shanghai, “Shanghai can best represent the multimodal port of China. The handling capacity of Shanghai port has dominated the world for years, along with its trade volume and the strong capability of extending multimodal transport to inland areas, so it can better represent Asia and China as an intermodal transport center. Shanghai is perfectly eligible to organize the 1st landmark event of Intermodal Expo.”





Huang Tianhua said, "Intermodal transportation is mainly supported by container. Containerization has been widely adopted worldwide as an advanced mode of transportation and management. The widespread application and development of the container transport has been regarded as the symbol of transport modernization in every country. In this sense, the development of intermodal container has contributed to the emergence of modern logistics."

In fact, container sea-railway intermodal transportation has been highly developed in Europe, the US and Japan. They attach great importance to the construction of inland railway container terminal, reserve abundant development land, expand the terminal and create computer terminals at railway stations and ports to facilitate dynamic management of in-out container operations, making it feasible for through-train in the container terminal.

Huang Tianhua said, "China is the largest container manufacturer in the world with top 1 container handling capacity worldwide, but global intermodal transport center is still in Europe. We are working to make it shift to China now. The 1st Intermodal Asia held in Shanghai is a milestone that marks the start of the shift. For years, CIMC has been negotiating with the organizer of this event and managed to close the deal last year. The inaugural 1st Intermodal Asia Expo in China is simply the first step towards the great dream. As the director of CCI, CIMC has done a great deal to successfully introduce

Intermodal Expo to China. With the ample experience "borrowed" from European organizers, Intermodal Expo will likely be held in other Chinese ports."

#### INTERMODAL EXPO WITH A HISTORY OF 38 YEARS TAKES PLACE IN ASIA FOR THE FIRST TIME

Mai Boliang, CIMC President and Director of CCI, points out that it is our great honor to be the exclusive sponsor for the Intermodal Asia Expo, and our member companies and other non-member companies will do the best to ensure the success of this grand event. Meanwhile, we are very pleased to work with Informa PLC for this common goal.

Intermodal Expo is the leading global exhibition for container transport sector. It is a grand event for global container transport industry that has been successfully held in Europe for 38 years. CCI has endeavored to make this influential show happen in China outside Europe in 2014.

China is leading the rise of Asian shipping business. In 2013, China's container handling capacity reached 175 million TEU (standard container), topping the world for years in a row. Shanghai port has become the world's largest container port, and China is undoubtedly the global container shipping & manufacturing center. China should be one of the important participants of new international maritime transportation regulations. It is inevitable for domestic and international organizations

to foster an all-round and multifaceted cooperation.

It is roughly estimated that over 80% of the exhibition space has already been booked as early as in 2013. There are more than 3600 registered exhibitors. "This event held in Shanghai for the first time will have a considerable impact on the container and shipping industry in terms of the number of participants and benefits. To certain extent this exhibition will be superior to those in Europe," Hang Tianhua says.

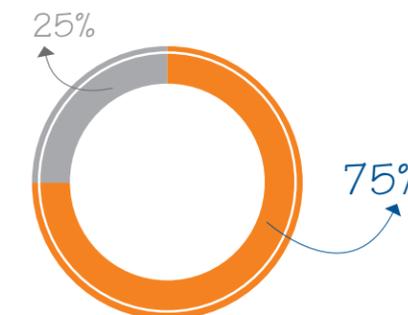
Huang Tianhua points out that as the manufacturer and service provider, CIMC showcases container, ship-building, vehicles and intelligent transportation and logistics service, C&C Trucks and BUSDECK independently developed by us. In China, it allows CIMC to show customers a great variety of products, multimodal equipment and services while it is less effective to do so in Europe. With the consistent efforts of CCI, this show brings together all container transport and logistic customers to China and broadens their knowledge about China, Shanghai and CIMC, which will benefit CCI, Chinese economy and CIMC.

"There has been demand for an Asia event for a number of years and we are looking forward to delivering this new event that will open up countless opportunities for companies and participants", says Event Director Sophie Ahmed. Meanwhile, CCI stresses that CCI and Informa are working together to ensure the success of this significant industry-leading event with the support of CIMC.

# A Decade of Trade War between CIMC and Singamas in Container Patent

Originally published on/Extracted from 21st Century Business Herald Author: Chen Xi

On February 24, 2014, the "Patent Infringement Case on North America Container Corner Fittings" between CIMC and Singamas went to trial in Shandong Provincial High Court. This is the latest patent infringement dispute between them which focuses on the segment, North America containers. As a matter of fact, the dispute over patent infringement between the two giants of the global container industry has lasted for a decade.



**75%**

Global container manufacturing market is highly concentrated and the total market share of CIMC, Singamas and CXIC reaches 85%. At present, the total market share of CIMC and Singamas reached about 75%.

On February 21, an employee of the Legal Department of Singamas said in the interview with a reporter of the 21st Century Business Herald, that (North America containers) the case is still pending and no final conclusion has yet been reached.

The reporter of the 21st Century Business Herald found that as for the container industry, patent is a stepping stone for penetrating new segments and also an important moat, which is the logical starting point of most patent infringement disputes between CIMC and Singamas. The complicated patent infringement disputes mostly reflect the game between the two giants for seizing the segment with different competitive strategies. In addition to the two giants, there is another company playing an important role in the game.

#### A DECADE OF ENTANGLEMENT

Global container manufacturing market is highly concentrated and the total market share of CIMC,

Singamas and CXIC reaches 85%. On February 21, Luo Libo, an analyst of GF Securities, told a reporter of the 21st Century Business Herald that at present, the total market share of CIMC and Singamas reached about 75%. For seemingly simple container manufacturing, patent infringement is not rare, which is especially usual for these two giants. The latest dispute is connected with North America containers. Currently, the market size of North America containers is RMB1.2-1.7 billion and CIMC occupies a market share of above 60%.

The responsible person of an American transportation service company told a reporter of the 21st Century Business Herald that North America containers were also called 53' containers of which the main customer was the USA, and in the past, such container was difficult to be transported by a ship since it is bigger and wider and does not adopt internationally recognized standard size.

CIMC entered into the field of North America containers in 2000. Wang Yu, the general manager and chief lawyer of Legal Department of CIMC, stated in the interview of the 21st Century Business Herald that almost all original North America containers were light and nice since they were made of aluminum, but they required high maintenance expenses. After entering into the field, CIMC developed and promoted competitive North America containers made of steel, so North America containers were basically made of steel since then.

In 2006, North America containers manufactured by CIMC became the champion products in the world; and Singamas entered into the market of North America containers in the same year. In 2007, based on the introduction of patented technology from the USA, CIMC further developed the patent of North America container APC transportation platforms and the patented technology of North America container corner fittings, thoroughly

solved the technical problem of close arrangement of North America containers to be transported by a ship, reduced transportation expense by about USD100 per container and shortened container transportation period.

Until now, CIMC has mastered the core patented technology for the safe, efficient and low-cost transportation of North America containers by container ships and successively obtained the patent rights in China (where North America containers are manufactured and exported) and the USA/Canada (where North America containers are used and imported). However, an insider of the container manufacturing industry pointed that different from electronic products such as Apple, it is difficult to keep container technologies confidential; after all such technologies are used for mechanical structures, and other companies sometimes can find the key points of the technologies through appearance and simulate the technologies.

The patent infringement dispute in the field of North America containers between two giants is in connection with two patented technologies, i.e. the patent of North America container APC transportation platforms and the patented technology of North America container corner fittings. In September 2008, CIMC found out that Singamas Logistics (Qingdao) Co., Ltd. infringed the right of APC patent and the negotiation between two parties failed. In August 2010, CIMC sued Singamas Logistics (Qingdao) Co., Ltd. for such infringement. Through Qingdao City Intermediate People's Court, Patent Reexamination Board, Intermediate People's Court of Beijing Municipality, Shandong High People's Court and the like, the final judgment of Shandong High People's Court in December 2012 required Singamas to stop infringement and compensate the economic loss of CIMC. At present, CIMC has received the compensation amounting to RMB600,000 paid by Singamas Logistics (Qingdao) Co., Ltd.

In July 2012, CIMC found out again that Singamas Logistics (Qingdao) Co., Ltd. infringed the patent of North America container corner fittings and brought a suit to Qingdao City Intermediate People's Court. August 2012, Qingdao City Intermediate People's Court confiscated 24 North America containers related to alleged infringement which were manufactured by Singamas Logistics (Qingdao) Co., Ltd. In September 2013, the court ordered Singamas Logistics (Qingdao) Co., Ltd. to stop infringement and compensate CIMC for economic loss.

Wang Yu said that the patent infringement dispute mainly aimed to create a good market competition environment and advocate good atmosphere of respecting technological progress and intellectual property right in the container industry and the amount of economic compensation was a secondary concern; the current case (North America containers) is still in a legal proceeding and the court has not make judgment deciding who wins or loses. On February 21, the personnel



of the Legal Department of Singamas stated that Singamas was taking other legal proceeding including the case on APC patent of which final judgment was given by Shandong High People's Court.

Another person of Singamas told a reporter of the 21st Century Business Herald that when using the technology, we did not know that we infringed the patent of CIMC; there was more than one technology for solving problems and Singamas did not have to use the patent of CIMC; Singamas would not use the design using the patent of CIMC or Singamas would change the design using the patent of CIMC, thus avoiding infringement.

Before the case on North America containers, the patent battle between CIMC and Singamas was in connection with reefer containers. The current market size of refrigerated containers is RMB9-10 billion, with CIMC occupying a market share of about 60%. The lawsuit lasted for five years from March 2003 when infringement was found to February 2008 when a mediation agreement was signed. In the mediation agreement, Shanghai Singamas Reefer Containers Co., Ltd. admitted and apologized for its use of the exclusive reefer container patent of Shanghai CIMC Reefer Containers Co., Ltd. without the consent and made compensation for the economic loss of Shanghai CIMC Reefer Containers Co., Ltd.

#### COST AND BENEFIT OF STEPPING STONE

"Patent is a pass, ensuring the free actions of an enterprise in a new field", Wang Yu spoke to a reporter of the 21st Century Business Herald, "Before entering into a new market, CIMC will find out that what patented technologies will be needed, whether its existing patented technologies can be used to solve technical problems; if not, it will communicate and negotiate with the enterprises owning relevant patents to obtain consent. When manufacturing North America containers, CIMC decided to purchase the patent through study."

Sometimes, the acquisition of key patents means the creation of a new opportunity. According to the analysis of Wang Yu, for example, for the manufacturing of reefer containers, CIMC introduced 76 technologies from Germany in 1996; after about one year, the manufacturing of reefer containers of CIMC realized break even in 1998, made profits in 1999 and ranked first in the industry afterwards. If seen from this perspective, CIMC bought patented technologies, paid the tuition fee, then conducted innovation and modification on and further developed such technologies and finally became No.1 of the segmented industry.

The annual report of CIMC Group in 2011 shows that in 2011, the market was under good conditions and the sales revenue of reefer container companies

reached RMB6.276 billion. Wang Yu believed that as the pass, patents could also create more value for the downstream customers of the container industry. For instance, two patented technologies of North America containers can ensure the safety of containers during transportation from China to the USA and shorten the delivery period.

The account of a patented technology of North America containers is shown as follows: as for a container transported from China to the USA by a traditional bulk cargo ship, the original transportation expense of a container is about USD2,000; if a patented technology is used, the container can be transported by a container ship, thus reducing the cost of maritime transport by at least 25%. Through entry into new segmented market again and again and the innovation of original market, the number of patents of CIMC is increasingly accumulated. According to the information of CIMC, at present, CIMC has about 3,400 patents (including patents which have been publicly authorized and are pending) in total, among which, there are about 1,600 patents independently developed and about 100 patents introduced from foreign countries.

A reporter of the 21st Century Business Herald retrieved patents in the official website of the State Intellectual Property Office and found out that as of February 20, CIMC had 751 authorized patents, Shanghai CIMC Reefer Containers Co., Ltd. had 25 patents, Singamas had 177 patents and Shanghai Singamas Reefer Containers Co., Ltd. had 2 patents. The abovementioned personnel of Legal Department of Singamas told a reporter of the 21st Century Business Herald that the data were not accurate, but they were not obligated to disclose the specific data.

The abovementioned insider of the container industry pointed that the data which could be obtained from the above website were incomplete and patents which could be retrieved have been authorized and publicized and had a lag phase of about 1 year. Benefits brought by patents cannot be measured, but the costs of patents can be approximately quantified. The Containers Segment accounts for the major part of the operating revenue of CIMC. Although the revenue of businesses other than container business has exceeded 50% of total operating revenue after the implementation of diversification strategy, the Containers Segment is still the pillar part.

When reading the annual reports of CIMC, a reporter of the 21st Century Business Herald found out that from 2009 to 2012, the operating revenue of its Containers Segment respectively reached RMB5.574 billion, RMB25.440 billion, RMB35.04 billion and RMB24.84 billion and net profit thereof respectively reached minus RMB240 million (converted according to the medium rate of exchange on the reporting date), RMB3.803 billion (converted according to the medium rate of exchange on the reporting date), RMB3.629 billion and RMB1.807 billion.



A person from CIMC pointed that the input of CIMC in technologies and patents reached about 2% of sales amount and the input in technologies and patents of the Containers Segment was about 1.8% each year. If calculation is conducted on this basis, CIMC input about RMB1.6 billion in R&D of container business from 2009 to 2012 (only four years), among which, CIMC spends RMB4-5 million in the application and maintenance of technologies and patents each year.

Wang Yu said that among 60,000 employees of CIMC, there were about 3,000 engineers, among which, there were at least 1000 engineers engaged in the Containers Segment. Only if the company respects the creation and protection of intellectual property right can engineers be encouraged to make more technological achievements and create more value for the company, thereby realizing their life value.

In fact, not all container manufacturers can spend a lot of money in study new technologies and patents. The abovementioned responsible person of an American transportation company said that CIMC was an enterprise having strength and willing to input in R&D; however, the cost of R&D was high, so most enterprises having smaller scale than CIMC would not spend too much in R&D; actually, this was a rational choice.

## TRILATERAL GAME

After used as stepping stone, technologies and patents serve as a moat originally and were beneficial for protecting the market share of the technology and patent owner. However, the effect of technologies and patents as a moat in the current container market of China is much weaker than that in the market of foreign countries with mature law systems. As the second giant of the global container industry, Singamas occupies a market share of about 20%-30%. The annual reports of Singamas show that from 2011 to 2012, the operating revenue of Singamas respectively

reached RMB11.725 billion and RMB9.695 billion and net profit thereof respectively reached RMB894 million and RMB381 million (the data are converted according to the average rate of exchange of current year).

Same as the giants of the industry, Singamas and CIMC are quite different in survival strategy. Zheng Xianling, used to be a senior analyst of the machinery industry, used to call the development strategy of Singamas in the container industry "the following strategy" for short in her book.

The abovementioned insider of the container manufacturing industry told a reporter of the 21st Century Business Herald that the development path of CIMC in the segmented market of containers was manufacturing dry containers, reefer containers, tank containers, folding containers and protective containers, and Singamas basically followed the path.

According to the discussion of classic marketing theory, following is a strategy having low risk. In the discussion of marketing theory on the advantages of followers, consumer products following the trend are usually taken as the example. The theory believes that as for functional products, "followers" usually copy the technologies, which is inapplicable, and the use of patent protection means enables the technology development enterprises to stop the simple copy of "followers".

The analysis of Zheng Xianling in 2006 showed that the costs of followers could not be compared with those of leaders. In the current market competition, it is more and more difficult for the enterprises simply following others to survive, patent infringement cannot only cause lawsuits, but also influence the services provided for the customers, destroy the reputation of the enterprises; in particular, international customers place more trust in the enterprises respecting and maintaining intellectual property rights and avoiding the commercial risk caused by infringers.

This is true in theory, but it is not completely true in fact. An analyst of a securities company said that containers are products manufactured with mature processes; as for buyers, most products of CIMC and Singamas are not quite different and the buyers will pay more attention to cost control. In case of any problem in connection with patent, there will be some troubles in the subsequent use of the products.

The abovementioned responsible person of an American transportation company said: "we also pay attention to the patent dispute between companies in the industry and we do not want to get involved in any patent lawsuit during procurement. As the buyer, we pay more attention to whether the containers of suppliers can be manufactured and delivered to the USA at the specified time with changes as less as possible. If a manufacturer has weak link in justice, it will affect the procurement strategy of the buyer."

It is necessary to pay attention to the handling strategies of the buyers. The abovementioned responsible person said: "for our company, most 53' containers are procured from CIMC and a small portion of 53' containers are procured from Singamas, but all 53' containers are transported by CIMC." The abovementioned person from Singamas told a reporter that there is an interesting detail, i.e. some design schemes are provided for Singamas by the buyers as the customers and the buyers require Singamas to adopt the same design. Certainly, the buyers and Singamas may not know that the design schemes use the patents of CIMC at first.

This is the countermeasure for counterbalance chosen by the buyers for their own benefits. As stated by the abovementioned responsible person, if there is only one manufacturer left in the market, the market will be not healthy any more.

Wang Yu has other opinion about this topic. He said that this was the competition of market share on the face, but in fact, it is the competition of deep philosophy. Since enterprises participate in the international competition, they should follow recognized rules. If not, they will be constrained. However, China is characterized in that law enforcement is lax and the cost of breaking a law is low. For instance, in the USA, punitive fines can be imposed on law breakers, the cost of breaking a law is much higher than China and companies will pay much more attention to patent infringement.

The abovementioned person from Singamas said that the container industry had been developed for many years, many technologies had been widely applied, some improvements could not be considered as patents and CIMC could not monopolize the market by relying on patents.

Wang Yu expressed that as the leader of the industry, CIMC would continue to pay attention to technological progress, respecting intellectual property rights, advocating and creating a good industry environment and promoting the sustainable development of the container industry.