

# CIMC TODAY

今日中集



## CIMC DELIVERED CHINA'S LARGEST OFFICE MODULAR COMPLEX TO QIANHAI AUTHORITY

CIMC Honored among the "Top 15 Corporate Legal Affair Teams in China 2015"

CIMC Enric Starts a New Chapter of World-wide CNG Transportation Industry

China's First Arctic Semi-submersible Drilling Platform Completed: Capable of Resisting Once-In-A-Century Storm

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**CIMC TODAY**  
今日中集

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



# Preface

Looking back to the past 2015, we find ourselves on a rugged and difficult path towards global economic recovery with uncertainties in US recovery, slump in Europe, slower growth in China and rising geopolitical conflicts in such regions as the Middle East and the Korean Peninsula.

CIMC people's wisdom and capability to pursue excellence and growth were tested by the complicated macro environment in global economy and politics and drastic changes and in-depth restructuring of China's manufacturing industry. What we went through in the past year gives us a more profound understanding on the "New Normal" and the market logic of global economy. New pattern requires new impetus. We developed the "Three Engines" strategy for CIMC's future development in 2015, fully unleashing vigor and vitality across CIMC. Through reforms in the mechanism and the business model, CIMC stayed committed to innovation to face the external transformation wave. In such tough environment, CIMC maintained its steady development in 2015, and presented hard-won achievements to our shareholders, customers and employees. CIMC Vehicles saw substantial growth in the North America and the Middle East markets; the successful defense in the container "Double Reserve" case kept CIMC's leading position in the North American inland containers market; the merger of SINOPACIFIC Offshore & Engineering Co., Ltd. extended CIMC LNG industrial chain from land to ocean; CIMC Offshore Segment delivered the fourth COSL series drilling platform "Prospector" to COSL; and CIMC Modular Building built the largest domestic modular office complex in Qianhai, Shenzhen. It's encouraging that CIMC was chosen by CCTV as a typical case for multiple times in 2015 due to its active transformation towards such high-end equipment industries as ocean engineering and fire rescue equipment; and that CIMC saw steady improvement in its globalized operation capacity with such overseas enterprises as Ziegler and LAG shining new vitality.

The year of 2015 has now passed into history and the road towards future is right under our feet. Looking forward to 2016, regardless of what we achieved in the past, we will prepare ourselves to start anew, embrace changes and define the time-honored CIMC in the craftsman's spirit. In the era of great transformation where challenges and opportunities are both presented, CIMC will join hands with you to write an even more splendid story with full confidence and courage.

Editorial Office of *CIMC Today*

# Pressing Forward with Ideal and Faith in Heart

——2016 New Year's Message from CIMC President and CEO Mai Boliang



**Our Group made a far-reaching determination on “three engines” for the future development in 2015.**

Dear colleagues,

As the new year is approaching, I would like to, on behalf of the Board and management, express new year wishes to all members for your efforts and dedication.

Over the past 2015, the world economy saw slower growth, the international trade and investment experienced depression and continuous decline, and the crude oil price registered new record low, all reflecting that we were on a rugged and difficult path towards global economic recovery. In China, on the other hand, the economy faced in-depth industrial restructuring and the stress of economic downturn continued to increase. Such recession of course brought huge negative impacts on China's manufacturing enterprises with widespread losses and failures in multiple industries.

Amid such a difficult and dire situation, CIMC presented a relatively bright spot in China's manufacturing industry with decent results. The successful defense in the container “Double Reserve” case indicated a historic victory to China's manufacture, earning respect for both CIMC and China. The global operation strategy was implemented effectively as CIMC Vehicles saw substantial growth in the business of maritime transport skeletal semi-trailers in the North American market and liquid tanker business occupies the emerging market of Saudi Arabia. CIMC Enric's merger of SINOPACIFIC Offshore & Engineering Co., Ltd. extended CIMC's LNG industrial chain from land to ocean. CIMC stuck to the principle of “developing equipment on the North Sea and contributing to the development of the South China Sea” and made

such high-end equipment as COSL Prospector, which started its operation for China's development on the South China Sea, southeast of CIMC's Shenzhen headquarters. From the contract signing date, it took only half a year for CIMC Modular Building to deliver the Qianhai Innovative Business Center Project, the largest domestic modular office complex which will evolve to be a new landmark in the Qianhai Free Trade Zone. Albert Ziegler GmbH and CFE finished equity swap, making CIMC the largest shareholder of CFE and marking the beginning of a new strategic blueprint.

CIMC has held fast to its original impetus of Made in China. This year, it has been chosen by CCTV News as the typical cases of Made in China and Chinese brand for several times. With industrial upgrading, technological innovation and globalization, “New CIMC” has taken a clearer shape in 2015.

**“ In the future years, I hope we will launch a dozen projects similar to CIMC e-commerce, offering opportunities to all CIMC people who have the desire and ability to achieve success to be our partners in the pursuit of CIMC cause. ”**

We have been committed to organizational reform for the past five years with a view to achieving high-quality growth, enhanced organizational efficiency, and sustainable and sound development. Our Group made a far-reaching determination on “three engines” for the future development in

2015. Through administrative simplification & decentralization and positioning of duties, rights and benefits, the Group has fully stimulated the vitality of all business segments, which have become the first engine for performance growth. The second engine is headquarters' value creation. The organizational reform of the Group's headquarters in 2015 is of milestone significance and unprecedented intensity, showing our steadfast determination. The Group headquarters will transform toward “strategic control + capital operation” to strengthen the development of new businesses and improve the ability of capital operation. The third engine is to embrace the change of the times and keep the innovation vigor of the whole Group through an exploration on the mechanism of “mass entrepreneurship and innovation”. In the future years, I hope we will launch a dozen projects similar to CIMC e-commerce, offering opportunities to all CIMC people who have the desire and ability to achieve success to be our partners in the pursuit of CIMC cause.

As an unchanged historical law, young people will eventually overtake us to play the main role in the development of CIMC. It is only the inheritance of excellent culture that enables the long-term and sustainable operation of CIMC. I have often told my men: “You should treat your men the way I do to you”. How do I treat my men? To the excellent leaders who have the desire and ability to achieve success, I offer them a platform to present themselves. I provide guidance and support to them. I care about them, require them to achieve better performance and criticize them if they don't live up to the expectation. If they do a great job,

I will give them fair praise and reward and offer them a higher and broader platform for career development. It is necessary to allow them to share the results or responsibility with us to jointly realize life value and ideal.

This is the culture of “People Oriented, Common Cause”. It is so simple and plain without undue interpretation and complication. Such culture shall be passed down from the higher level to the lower level, and from generation to generation. Only in this way will excellent youngsters have the opportunity to actively and steadfastly follow you in the pursuit of CIMC's common development so that the CIMC cause can be realized in the future. I feel such culture has been significantly strengthened and well inherited after organizational reform and mechanism building over the past several years, particularly in 2015. On the level of cadre, the management stock ownership policy is implemented solidly; on the level of grassroots employees, The “ONE” mode improves revenue sharing.

Looking forward to 2016, CIMC will stay committed to transformation and upgrading, organizational reform and business innovation in the era featured by the constantly changing environment and the emergence of such new concepts as Made in China 2025, Industry 4.0, Internet and Internet of Things. We must face problems, embrace changes, actively engage in the reform and improve our competence to use the “Three Engines” impetus more wisely with better effects. In 2016, the reform will enter a critical stage. Offered neither retreats nor shortcuts, all I can do is to bravely press ahead with all of you.

Taking the opportunity of the New Year's Message, I would like to talk about this era. Some people say this is the best era while others think this is the worst. To CIMC, however, it is an era requiring us to keep ideal and faith in heart. The history of hundreds of years demonstrates that the fundamental route for the rise of every world power is to develop its manufacturing industry, which constitutes the basis for building a strong country.

Since its establishment 35 years ago, CIMC has developed with genes of marketization and internationalization in its blood. Our products are well received in the global mainstay market with great achievements made under the guidance of the “Global Operation and Local Wisdom” strategy. Looking at China where CIMC has grown and thrived in past decades, I believe: China will definitely make progress, the market will be fairer and more orderly and people's livelihood will be improved. Embracing such a promising future for development, I believe: China will witness widespread application of container intermodal transport, offering a favorable environment for the popularization of CIMC container series products. More CIMC-developed high-strength, lightweight and elegant vehicles in compliance with laws and regulations will run on streets in China's urban and rural areas. Clean energy will be more widely used in China with LNG equipment and projects for which CIMC offers the system solution operated across the country. CIMC-built drilling platforms will be seen working in the deep sea of oilfields in the South China Sea and the East China Sea. CIMC-built modular buildings will be erected on the vast land

of China. We must hold fast to this belief. The rest is merely a matter of time.

“Speediness” is the characteristic of everything in nowadays China. Many companies and individuals feel confused and even take the wrong turning when making choice between speed and quality. In this fickle era, I expect all CIMC leaders and employees, young and grassroots employees in particular, hold fast to this belief: No shortcuts. Just as my message to ONE says, “Build the time-honored CIMC in the craftsman's spirit”. We need reflections and self-improvement. We even need to work harder and be more patient and dedicated. In such a steadfast manner, we will achieve future development by offering customers products and services living up to and even exceeding their expectations. You will definitely be punished by laws of economics if you only care about immediate interests and want to get results as quickly as possible. Therefore, no shortcut is the best shortcut we can have.

In the end, it is the era of both opportunities and challenges. Toward 2016 and future, I hope all 60,000+ CIMC people globally will stick to their ideals and faith, follow the concept of “human-oriented, common cause” and press forward together.

Finally, my new year wishes to all of you! Stay healthy and wish you all the best!

# First Releases of CIMC 2015 White Paper on Intellectual Property Right Work

## [PREFACE]

21st century is the age of knowledge economy, in which intellectual property occupies an unprecedentedly important position as it has become the strategic resource for leading international enterprises and even the countries to improve their core competence. Intellectual property plays an indispensable role in CIMC's development as indicated in the victory of 2015 APC patent protection case retrial of CIMC North American containers, the listing of A380 boarding bridge right case as 10 model cases in Guangdong Province and the honor of the China Patent Prize granted to Yantai Raffles semi-submersible crane & accommodation vessel.

The release of *CIMC's 2015 White Paper on Intellectual Property Right Work* is a milestone for CIMC's intellectual property work and represents the important leading step CIMC took in China's business circle. The White Paper quantifies CIMC's intellectual property work for better valuation of intellectual property, and is a good reference for further improvement of CIMC's intellectual property work.

Intellectual property provides an important support and guarantee to CIMC's leapfrog development. We hope all people can understand the importance of this work and that CIMC's intellectual property personnel can do this job with greater sense of responsibility to build the intellectual property CIMC's core competence.

In 2015, CIMC's intellectual property work mainly focused on the Group's demand for upgrading and development, with the consolidation and improvement of the Group's market competitive advantages as the mainline. We advanced the implementation of the Group's development planning on intellectual property strategy and saw steady quality improvement in intellectual property creation. The proportion of invention patent applications was kept above 40%, reaching China's average level in this regard for 2 consecutive years. The patent product market with which the Group directly involved had an annual capacity of about RMB 5 billion. Earnings from such policy subsidies as tax deduction and exemption for hi-tech enterprises totaled RMB 150 million. The protection and utilization of intellectual property were effectively explored.

## I. PERIODIC ACHIEVEMENT OF CIMC INTELLECTUAL PROPERTY WORK

In early 2014, *CIMC's Intellectual Property Development Plan (2014-2018)* was compiled by the Group jointly with the Intellectual Property Development & Research Center of State Intellectual Property Office, which defined the objectives of improving patent quality, optimizing intellectual property management system and enhancing intellectual property utilization ability, and proposes advancement strategy of intellectual property work for such product categories as standard product, complex product and systematic product. In the same year, the strategic development plan was implemented after approval by CIMC officers. From 2014 to 2015,

strategy implementation saw the following phased achievements:

(I) **President Mai emphasized the necessity to build intellectual property as CIMC's core competence.** The 2015 CIMC Intellectual Property Work Conference was held at the Shenzhen headquarters. Mai Boliang and other CIMC officers attended the high-end forum. Former Director of the State Intellectual Property Office Mr. Tian Lipu attended the conference as a special guest. According to Director Tian, CIMC has, to some extent, already been an international top manufacturer in terms of intellectual property work, particularly in patent management and lawsuit. President Mai emphasized that, Intellectual property must be CIMC's core competence and one of the Group's core values; we must improve the patent quality to establish a high-quality patent group for CIMC.

(II) **CIMC successfully launched its reform on patent control mechanism.** The patent control mechanism reform was started in 2014 following the principle of conformity among responsibility, right and benefit and as required by decentralized management of the group. The headquarters is in charge of patent approval and authorization and responsible for patent quality and corresponding application cost; each segment enterprise is responsible for the patent utilization and implementation in its segment and corresponding maintenance expenses. After two years of reform, the entire monopoly of the headquarters in patent approval and authorization, utilization and implementation and the coverage of all expenses was totally changed, and segment enterprises' enthusiasm in patent work was fully mobilized, maintenance expenses on low-value patents was reduced, and the proportion of invention patent applications increased from 31% to over 40%, with significant improvement of patent quality.

(III) **The professional competence of CIMC's intellectual property engineer team was significantly enhanced.** In 2014, more than 400 employees from over 30 CIMC enterprises attended the "CIMC Intellectual Property Lecture" series intellectual property training; in 2015, 4 trainings were held, with the attendance reaching 100 person-times. These trainings improved the professional competence of the CIMC intellectual property engineer team.

By the end of 2015, 12 members of CIMC's intellectual property engineer team obtained China's Patent Agent Qualification, including 4 from the headquarters, 5 from Container Segment, and the remaining 3 from Energy & Chemical Segment, Airport Segment and Yantai Offshore respectively.

(IV) **The ability to use the intellectual property was steadily improved.** Responding to demands of segment enterprises, CIMC organized Container Segment, Energy & Chemical Segment and Airport Segment to launch many major patent protection and infringement prevention activities. Relevant cases directly involved a market capacity of about RMB 4.82 billion-RMB 5.67 billion, providing a good support to market operation of segment enterprises.

## II. STEADY IMPROVEMENT IN QUALITY OF INTELLECTUAL PROPERTY INVENTION

(I) **Patent applications:** As of the end of 2015, CIMC authorized 2,087 valid patents at an accumulative basis, including 509 invention patents. The enterprise intellectual property strength was strengthened steadily as Container Segment, Vehicle Segment, Airport Segment and Energy & Chemical Segment authorized 200, 114, 94 and 45 valid invention patents respectively. In 2015, the Group applied 495 patents, a 4.9% YOY increase, including 217 applications for invention patents, up by 4.3% year on year. Container Segment,



Airport Segment, Energy & Chemical Segment and Offshore Segment applied 81, 40, 40 and 32 invention patents respectively, ranking among the top of CIMC's invention patent applications and constituting CIMC's main force in invention patent applications. The Group's invention patent applications accounted for 43.8% of all applications, basically same as in 2014 and slightly above 40%, the average level of invention patent applications in China, for 2 consecutive years.

(II) **Trademark and domain:** By the end of 2015, CIMC registered aggregately 230 trademarks (120 domestic trademarks and 110 overseas trademarks), including 164 valid ones (110 domestic trademarks and 54 overseas trademarks). Segment enterprises recorded an accumulated registration of 235 trademarks, including 223 valid trademarks. Enterprises including CIMC E-commerce applied 5 trademarks in 2015. Core trademarks such as "CIMC" and "中集" Chinese characters for CIMC, covered China, Europe, America, Australia, Japan and other mainstream markets of the Group and could be seen on all mainstream products of the Group. The Group registered 7 second-level domains on an accumulative basis, representing an overall protection of its CIMC domain.

(III) **Software copyright:** By the end of 2015, CIMC enterprises saw an accumulated registration of 49 software copyright certificates, mainly from Yantai Offshore, Airport Segment and CIMC Intelligent.

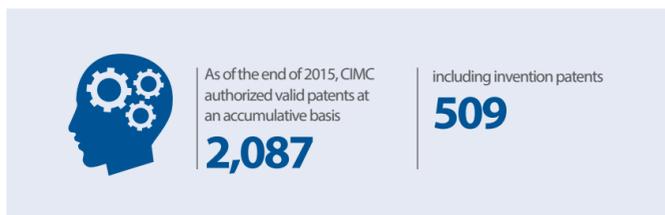
(IV) **Honorary title of intellectual property:** Many patents of the Group received praises and awards from relevant government authorities, which enhanced external influence of CIMC's intellectual

property. In 2015, CIMC enterprises were awarded 43 honorary titles, including 3 state-level honorary titles. The invention patent of deep-water semi-submersible crane & accommodation vessel of Yantai Raffles and that of TianDa A380 boarding bridge four-wheel drive received the Chinese patent award of excellence; Yantai Raffles was honored among China's Enterprises with Advantage in Intellectual Property.

The boarding bridge patent protection case against Thyssenkrupp was selected as one of the Top 10 Model Cases concerning Protection of Intellectual Property Rights for Guangdong Lawyers in 2014 and among Top 10 Guangzhou Intellectual Property Cases in 2014.

## III. UTILIZATION OF INTELLECTUAL PROPERTY PROTECTION TO SUPPORT OPERATION AND DEVELOPMENT OF CIMC ENTERPRISES

As CIMC's strategic operating asset, intellectual property displays its values on two aspects: first, to consolidate and improve market competence through differential advantages; second, to acquire policy-related rewards and subsidies through improvement in enterprise reputation. In 2015, CIMC finally won the lawsuit of the North American Container APC patent protection retrial at Supreme People's Court, a significant achievement in intellectual property protection.



(I) **Differential competitive advantages:** In order to consolidate and improve market competence of its enterprises, CIMC launched such major patent utilization cases as North American Container APC patent protection case. These cases dealt with patents of North American container, boarding bridge, refrigerated container, tank and other products, with a market capacity of the patent products involved valued at RMB 4.82 billion-5.67 billion. Relevant products contributed about RMB 3.869 billion in sales to the Group in 2015.

No.	Name of the patent protection project	Market capacity involved in patent product
1	North American Container APC patent protection case	USD 150 million-250 million (or RMB 970 million-1.62 billion)
2	Boarding bridge patent protection case	RMB 150 million
3	Maersk Refrigerated Container invalid patent case	USD 500 million (or RMB 3.24 billion)
4	Nantong CIMC Tank invalid patent request	RMB 300 million-500 million
5	Nantong CIMC Tank America U2 patent protection case	RMB 160 million

(II) **Earnings from policy-related rewards and subsidies:** In 2015, the Group obtained direct earnings of about RMB 150 million from intellectual property, mainly including approximately RMB 132 million from reduction and exemption of income tax for hi-tech enterprises and RMB 17,773,900 from other patent rewards and subsidies. As a significant indicator for evaluation and review of hi-tech technologies, the independent intellectual property accounts for 30 points in the indicator system, with a full mark of 100 points and the evaluation can only be passed with a minimum score of 70. By the end of 2015, accumulatively 34 enterprises under the Group passed the certification of hi-tech enterprises, including Xinhui CIMC, Nantong CIMC and Shenzhen CIMC Special Purpose Vehicle, with a mean score of more than 28 points in independent intellectual property, well above the average.

## IV. PROPAGANDA AND MEDIA COVERAGE ON INTELLECTUAL PROPERTY

(I) **2015 CIMC intellectual property working conference:** The news that Present Mai and Director Tian attended the high-end forum of 2015 CIMC intellectual property working conference and delivered important address was widely publicized in pictures by the Intranet of the Group and e-mails, which strengthened the consciousness of intellectual property rights with more than 3,500 hits.

(II) **Winning a retrial case for APC patent safeguarding in the Supreme Court:** The winning of a retrial case for APC patent safeguarding was successively and widely publicized in such media as *China Intellectual Property News*, *WORLD CARGO NEWS* and the Intranet and advertised to relevant shipping companies and North American container customers by notifications to maximized the

influence and added value of the case.

(III) **Propaganda of intellectual property management mechanism:** An article named *CIMC: Occupying Overseas Market with Patent Protections* was published on People.cn and *China Intellectual Property News*, to specially publicize the intellectual property system and its effects, thus improving the social influence of intellectual property of the Group.

## V. INTELLECTUAL PROPERTY PROTECTION IN MANUFACTURING SEGMENTS

(I) **Contrastive analysis of intellectual property indicators in manufacturing segments:** Quantitative evaluation was conducted on patent creating and using ability of enterprises from such dimensions as invention patent applications and patent protection benefits and policy utilization benefits. Container Segment and Airport Segment have a strong comprehensive ability in intellectual property protection. Energy & Chemical Segment, especially Nantong Tank Container, has a strong consciousness in the utilization of patents. Besides, Offshore Segment has made greater achievements in patent applications and policy utilization. There is also great room for the improvement of application and utilization of patents in Vehicle Segment.

- Proportion of invention patent applications: In 2015, the Airport Segment ranked the first place in the Group with a proportion of 68%, followed by the Container Segment with a proportion of 45%. The proportion of invention patent applications in Energy & Chemical, Offshore and Vehicle Segment is lower than the average of 43.8% of the Group.
- Quantity of invention patent applications:

In 2015, the invention patent applications in Container, Energy & Chemical, Airport and Offshore Segments accounted for 88.94% of total patent applications of the Group, becoming the main force of technical innovations and invention patent applications.

- Benefits from the utilization of patent protection: Great efforts were made in supporting marketing and utilizing patents in Container, Energy & Chemical and Airport Segments through patent invalidation cases. Besides, a full play was given to the advantage in patent rights of such products of North American containers, reefer containers, U2 gas tank containers and boarding bridges to safeguard patent rights and support the market operation of enterprises in such segments. For the usage of policy-related rewards and subsidies, the patents in all major segments can well fulfill the requirements of the evaluation and review of hi-tech enterprises. An earning of over RMB 20 million was obtained from the reduction and exemption of income tax for hi-tech enterprises in vehicles, energy & chemical and Container Segments; moreover, airport, offshore and Container Segments respectively obtained more than RMB 6 million through actively using other government policies on awards and subsidies for patents.



## RMB 20 million

An earning of over RMB 20 million was obtained from the reduction and exemption of income tax for hi-tech enterprises in vehicles, energy & chemical and Container Segments



## RMB 6 million

Airport, offshore and Container Segments respectively obtained more than RMB 6 million through actively using other government policies on awards and subsidies for patents



## Intellectual Property must be CIMC's Core Competence

— Instructions from President Mai Boliang at 2015 CIMC Intellectual Property Working Conference

### Background of the Release of the White Paper

Improve the segment enterprise's awareness of intellectual property, promote the Group's intellectual property work



## Valuation and Quantification of Intellectual Property of the Group

### Highlights of the White Paper

Conclude the intellectual property achievements  
Focus on value points of intellectual property  
Emphasize the focus on intellectual property  
Intellectual property indexation and quantification

## Connect Technology and Market

### Significance of Intellectual Property Work

Intellectual property work is a key bridge and link in transforming technology advantage into market advantage

## 2014 - 2015 Phased Achievement of CIMC Intellectual Property Work

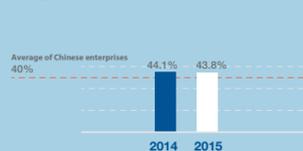
Patented Products with Annual Market Capacity of RMB 5 billion Directly Involved in Intellectual Property Protection



Hi-Tech Policy Subsidy RMB 150 million was Granted



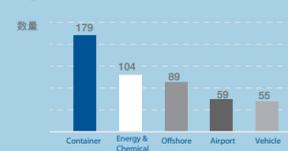
Proportion of Invention Patents of the Entire Group in 2014 and 2015



Proportion of Invention Patents of Each Manufacturing Segment in 2015



Patent Application of Each Manufacturing Segment in 2015



## (II) Progress in intellectual property protection in Manufacturing Segment

### 1. Container Segment

(1) Patent applications: Patent applications in Container Segment in 2015 totaled 176 in number, among which invention patents account for nearly 50%, above average level in the Group; patent applications were strictly reviewed, and the quality of patents has been further improved. Patents were mined, protected and deployed focusing on such matters as VOC control, S Type containers, container steel floor and paint slag recovery, occupying an advantageous position in technology R&D and intellectual property protection in the industry and properly protected the R&D results.

(2) Prevention of infringement: Regular patent monitoring was conducted to mainstream products and major competitors and suppliers, and patent protection work was carried out in steel coil containers, aluminum oxide containers and pallet-wide container transport beams etc. Besides, public opinions are put forward to SIPO in respect of invention patents applied by the competitors, to help the Group avoid the risk of IP infringement.

(3) Patent safeguarding: *Manual of Highly Concerned Patents in Container Segment (2015)* was compiled and published to facilitate technical and marketing personnel to discover clues of patent infringement and provide cooperation to protect patent rights of the segment. Actions were taken by both the Group and segment enterprises to invalidate the patents granted to Maersk cold container wind deflector bracket. Finally, the case ended up with the invalidation of all patents of Maersk, thus eliminating the risk of patent infringement and avoiding potential IP disputes.

### 2. Energy, Chemical and Food Equipment Segment

(1) Patent applications: A total of 117 patent applications were filed by the patent management system of the Group, among which 16 applications were rejected due to the lack of innovation or economic value and 101 applications met the requirements; 40 were invention patent applications, accounting for 40% of patent applications in the current year.

(2) Patent monitoring and analysis in the industry: Eleven issues of bulletins about patent monitoring were published to monitor 564 patents of major competitors and support technology R&D of enterprises; besides, three dynamic analysis reports concerning the industry's patents were



completed for key products and technologies in the segment.

(3) IP management of R&D projects: The intellectual property of R&D projects applying for approval by the segment was reviewed, and enterprises were guided to conduct patent infringement analysis and improve IP reports.

(4) Special supports and studies: Nantong tank and container risk patent invalidation; global patent investigation and analysis of LNG/LPG/LEG products in GEM Project; investigation and analysis of global major manufacturers' patents in hydrogen energy projects; special researches and risk analysis of technical ability in the Indonesian market; sorting and analysis of patent information about NGV in 2015; contrastive analysis of patent status between Eric and Jerry.

### 3. Road Transportation Vehicles Segment

(1) Patent applications: With the improvement of quality of patent applications, the proportion of invention patent applications reached nearly 40%; a united patent mining mode was formed by agencies, CIMC, the segment and enterprises through patent mining activities organized by the Institute of Semitrailer and Shenzhen CIMC Special Purpose Vehicle Co., Ltd., which laid a foundation for the follow-up promotion. The segment awarded inventors for their invention patents granted in 2012-2015 with RMB 10,000 for each patent, which was included in Administrative Measures for Patents in Vehicle Segment as rules.

(2) Usage: The segment strongly supported the introduction of strategic investors through introducing strategic investors into CIMC Vehicles Group and sorting all authorized patent lists and certificates of CIMC Vehicles Group and other CIMC enterprises; after the "Patented Technology of Steel-plastic

Compound Plate Van Semitrailers of CIMC Vehicles Group" was disclosed to China's special purpose vehicle industry on the website of Special Purpose Vehicle Association by CIMC Vehicles Group at the beginning of 2015, and over 40 enterprises have downloaded and requested public technical documents. With the holding of "Public Technology Forum of Steel-plastic Compound Plate of Patented Technology of Steel-plastic Compound Plate" in 2015 Wuhan Special Purpose Vehicles Show, some manufacturers showed interests in signing public technology patent license agreements with CIMC Vehicles Group for follow-up technical cooperation.

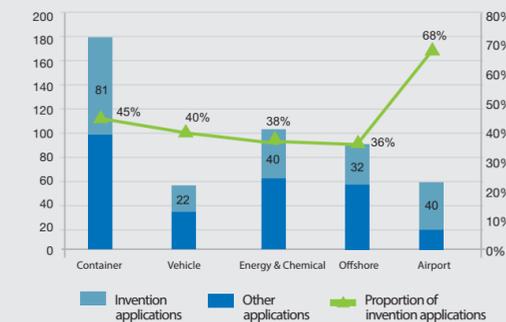
### 4. Offshore Engineering Segment

(1) Honors: As one of the first enterprises passing the intellectual property system certification, CIMC Raffles was identified as "National Enterprises with Advantages in Intellectual Property" and "Intellectual Property Model Enterprises in Shandong Province" and won the Honorable Mention at 17th China Patent Award.

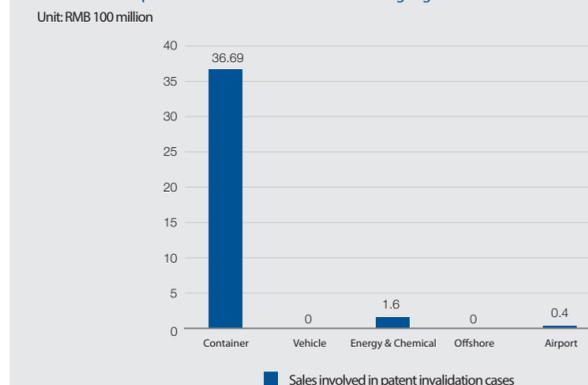
(2) Prevention of infringement: CIMC Raffles patent hierarchy management system was established. For patent information retrieval, patents from home (Dalian, Cosco, Waigaoqiao) and abroad (Keppel in Singapore) were analyzed and intellectual property review of LNG-FLSRV R&D Project, a strategic reserve project, was conducted. The report of *Information Analysis and Technical Research of Patents for Semisubmersible Drilling Platform* was completed. The patent risk of BT5000 Medium- and Deep-water Semisubmersible Drilling Platform was assessed.

(3) Talent cultivation: As for talent cultivation, one employee passed the Patent Agency Qualification Examination in 2015.

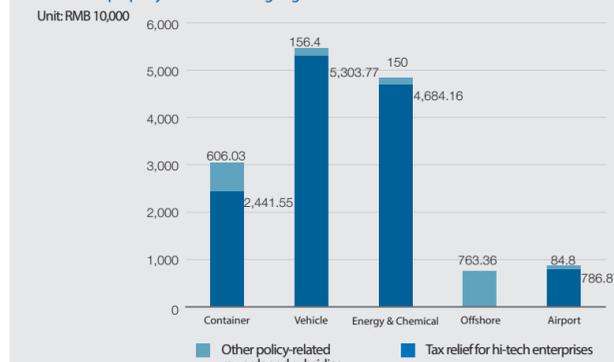
Patent applications in Manufacturing Segment in 2015



Sales involved in patent invalidation cases in Manufacturing Segment in 2015



Earnings from policy-related rewards and subsidies related to intellectual property in Manufacturing Segment in 2015



### 5. Airport Segment

(1) Honors: The Airport Segment won the Honorable Mention of the China Patent Award and the Patent Gold Award in Guangdong Province respectively in 2015.

(2) Patent applications: In 2015, the segment applied for 51 patents and registered 8 software copyrights, including 41 invention patent and PCT applications, with invention patent applications accounting for nearly 68%.

(3) Prevention of infringement: An issue of CIMC Airport Patents Monthly, covering the bulletins of patent technologies, briefing of airport patents and real-time patent information, was compiled every month in 2015 to timely remind R&D personnel of paying attention to infringement risks. The segment monitor, retrieve and feedback the patents in real time according to demands of each department, and completed the "Special Retrieval and Analysis of American Boarding Bridge Patents", the "Retrieval of Garage Lifts and Carriers" and the "Special Retrieval of Logistics Stacker and AGV Patents" and provided early warning of patent infringement risks to enable technical personnel to timely learn competitors' R&D trend.

(4) Inventor awards: Inventor awards of Airport Segment for 2014 and 2015 have been released.

In 2016, CIMC will thoroughly implement the requirements put forward by President Mai for intellectual property, i.e., "building quality patent groups and giving full play to the value of intellectual property", to advance the implementation of strategic development planning of intellectual property, focus on patent protection and utilization level, pay close attention to business requirements of CIMC enterprises and effectively support the operation and development of the enterprises, so as to make greater contribution to the achievement of strategic development goals to become a world-class enterprise.

## PwC China Chairman Raymund Chao Visited CIMC

On January 14, 2016, PwC's Greater China Chairman Raymund Chao and his team visited CIMC.

The conference was attended by CIMC's CEO and President Mai Boliang, General Manager of Financial Management Department Jin Jianlong, Deputy General Manager Zeng Han, General Manager of Strategic Development Department Tao Kuan, PwC's Greater China Chairman Raymund Chao, South Region Director Wu Weilun, CIMC Project Client Relationship Partner Zhou Weiran, CIMC Project Responsible Partner (Signature Partner) Cao Cuili, Signature Partner Cai Zhifeng, China Tax Director Lin Songhua, Merger & Acquisition Partner Ye Meiping, Senior Manager for CIMC Project Guo Suhong, and Senior Manager for Risk & Control Services Song Jingwei.

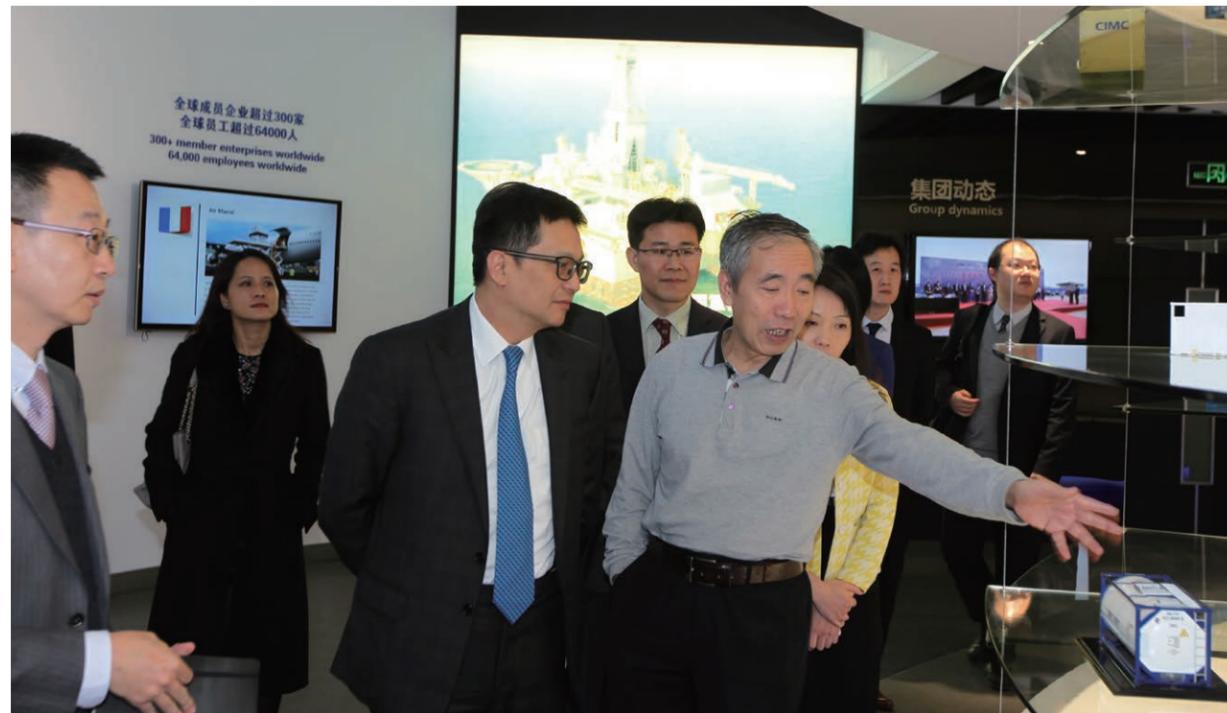
General Manager of Financial Management Department Jin Jianlong and Deputy General Manager Zeng Han took Chairman Raymund Chao and his team to visit CIMC's exhibition hall, and introduced to them about CIMC's various exhibits and business development to allow the PwC team to have a comprehensive understanding on CIMC.

At the conference, both parties reviewed the history of cooperation between CIMC and PwC which had been offering CIMC comprehensive consultation services including annual audit, strategy, project merger and acquisition, assessment, internal control and tax planning since 2012. In addition, the PwC team also expounded their opinions on such major issues as CIMC's decentralized management,

high-quality growth, control of merged overseas subsidiaries, introduction of strategic investors, intrapreneurship and Qianhailand parcels, and proposed relevant management ideas and concerns.

CIMC and PwC should actively promote the all-round strategic cooperation between CIMC and PwC through audit, project cooperation and other possible ways, said President Mai Boliang at the conference.

Under the guidance of the principle to further promote the strategic cooperation between CIMC and PwC, both sides will jointly provide strong support to CIMC's high-quality growth.



## Strategic Cooperation Agreement Signed by CIMC and Ping An Insurance (Group) Company of China



On the morning of December 9, 2015, the signing ceremony of the drilling platform builder's risks insurance and the first (set) project all risks insurance between CIMC and Ping An Insurance (Group) Company of China was held grandly at Hilton Shenzhen. More than 40 relevant personnel from both companies attended the signing ceremony, including General Manager of CIMC's Financial Management Department Jin Jianlong and Deputy General Manager Zeng Han, CIMC Raffles CFO Zhan Wensong, Chairman of Ping An Property Insurance Sun Jianping, Vice Chairman Wang Xin, and General Manager of Special Risk Department Song Xueliang.

In March 2015, the MITI, the Ministry of Finance and the China Insurance Regulatory Commission jointly introduced China's insurance subsidy policy on the first major technical equipment. CIMC immediately took the advantage of this policy and required Raffles to secure the first set's insurance subsidy of RMB 100 million for enterprises which can use the insurance to transfer the warranty cost of RMB 70 million and the potential third-party product liability risk of RMB 400 million. It is reported that among the first set insurance projects with a total value of RMB 380 million approved by the three ministries in 2015, CIMC accounted for more than one third, for which CIMC was highly praised by the

three ministries, particularly the MITI.

As an outstanding representative in China's manufacturing industry, CIMC shoulders the heavy responsibility to implement "Made in China 2025" and "One Belt, One Road" strategies. On the afternoon of December 9, CIMC's Financial Management Department invited colleagues in insurance and other business departments of the Container Group, Vehicles Group and Airport Segment Group for a seminar on building risks insurance and first set comprehensive insurance to improve insurance management capability for CIMC membership enterprises.

## CIMC Honored among the “Top 15 Corporate Legal Affairs Teams in China 2015”



18th December, 2015, Asian Legal Business (“ALB”) sponsored by Thomson Reuters released its 2015 List of Top 15 Corporate Legal Affairs Teams in which the legal affairs teams of CIMC, China Agri-Industries Holdings Limited, Morgan Stanley, Unilever, 163.com, vip.com (China) and other companies were included. On behalf of CIMC’s legal team, Wang Yu, General Manager of CIMC’s Legal Affairs Department, attended the award ceremony, at which he shared his experience and inspiration as an employee in CIMC’s Legal Affairs Department.

The selection was held through such approaches as company submission, law firm recommendation and ALB interview. Five aspects constitute the selection standard: Major team achievements in the past 12 months; the most important team achievements since its establishment; awards within or beyond the company granted

to the team or team member(s); philanthropy and public welfare; the integrity of submitted materials. CIMC’s Legal Team was included in the list after comprehensive assessment of the expert panel. ALB appraises the award-winning teams in the following words: “These teams are widely recognized in task complexity, innovation and their influence on the industry and play an indispensable role in company and industry restructuring.”

As a high-end law journal under Thomson Reuters Corp, the world’s leading business information service supplier, and one of the world’s most influential legal media, ALB aims at offering its clients and readers the cutting-edge legal business information and ratings of law firms’ legal affairs. Its law awards are widely recognized in the legal profession.



**Winner Company**  
获奖公司

**CIMC 中集集团**

- China Agri-Industries Holdings 中国粮油
- Morgan Stanley 摩根士丹利
- NetEase 网易
- Qihoo 360 奇虎 360
- Unilever China 联合利华
- VIPshop 唯品会 (中国)

## Foundation Laid for Dongguan Southern CIMC Logistics Equipment Manufacture Co., Ltd.

Dongguan Southern CIMC Logistics Equipment Manufacture Co., Ltd. held the foundation stone laying ceremony at Fenggang Town in Dongguan City on November 28, 2015. CIMC officials including Mai Boliang, Liu Xuebin, Huang Tianhua and Qin Gang, officials from the Container Segment and Dongguan CIMC and officials and employees of Southern CIMC attended the ceremony. The ceremony was hosted by Li Chengming, Deputy General Manager of Southern CIMC.

On behalf of the investor, Cheng Keqing, General Manager of Southern CIMC and commander in chief of the project construction preparation office, made introduction about the project. According to the introduction, Dongguan Southern CIMC project is planned to cover 720,000 m<sup>2</sup> with the total investment of about RMB 7 billion. The project,

which will be constructed by stages, is expected to realize the annual capacity of 750,000 TEUs with the sales revenue over RMB 10 billion upon completion. The Phase I is expected to be put into operation in 2016 with the designed capacity of the production line of 250,000 standard boxes. The project is featured by two highlights: first, the combination of industrial automation and digitalized automation in its foundation layout based on “Made in China 2025”; second, full consideration of green production and environmental friendliness with the world’s leading positioning of such aspects as welding fume control, new water-based environmental coatings and carbon emission.

CIMC President Assistant Huang Tianhua said in his speech on behalf of the Group, production and sales volumes of CIMC containers have maintained

the world top for 19 consecutive years, accounting for about one half of shares in the global market. In the foreseeable future, containers will still be irreplaceable logistics equipment in international trade. With confidence in the development of the container industry and prospect and hope brought by the “new normal” on many Chinese enterprises, CIMC is determined to invest greatly in the construction of the Dongguan Southern CIMC Project during this economic transformation period. CIMC will continue to lead the industry towards a safe, intelligent, environmentally friendly, health and sustainable development path.

Afterwards, leaders and guests who attended the grounding laying ceremony earthed up for the project.



# CIMC Delivered China's largest Office Modular Complex to Qianhai Authority

CIMC Modular Building undertook the construction of

**294** modules,

**20,000** m<sup>2</sup>

covering a building area of nearly

On January 4, 2016, the construction completion ceremony of Group A and B of the Qianhai Innovative Business Center constructed by CIMC Modular was held in Qianhai. More than 60 people attended the ceremony, including President of Qianhai Development & Investment Holding Co., Ltd. Liu Yinhua, Vice President of CIMC Zhang Baoqing, Vice President of CIMC Modular Building Systems Holding Co., Ltd. Liu Xiaokui, President of Shenzhen CIMC Modular Housing Co., Ltd. Liu Jinlei and the management and engineering technicians in the project construction on behalf of the third-party supervision company.

As China's largest office modular complex and a pilot project for large-scale application of modular building technology, Qianhai Innovative Business Center Project greatly promotes innovation and development of China's building industrialization. CIMC Modular Building undertook the construction of 294 modules in Group A and B, covering a building area of nearly 20,000 m<sup>2</sup>. This project brought tremendous challenge to the construction team due to its complex design, rich architectural facade and short construction period. Thanks to its advantages in management, design and manufacture in modular building, CIMC Modular

Building delivered the project as scheduled after over 160 days of design, manufacture and construction.

Although the construction of Group A and B was difficult due to its short construction period, complicated structure and heavy workload, CIMC Modular Building delivered the project as scheduled, which reflected the incomparable advantage of modular building as new building solutions. As the developer, we were offered a better choice thanks to CIMC Modular Building's advantages in energy conservation and environmental protection, economic benefit and reutilization, said Li Rongsheng, Head of Property Development Business Unit of Qianhai Development & Investment Holding Co., Ltd. in his speech. The splendid Qianhai Innovative Business Center Project will add an attractive scenery in Qianhai and promote the construction of the new free trade town.

CIMC Modular Building is committed to green construction methods and development concepts in factorization manufacture, ocean transportation, on-site rapid modular building, recyclable green

construction method and development concept, having established a complete range of green building system from design to manufacture and construction of modular buildings. CIMC believed the splendid Qianhai Innovative Business Center Project will constitute attractive scenery in Qianhai. Thanks Qianhai Development & Investment Holding Co., Ltd. for its belief and support. CIMC sincerely hopes both sides can join hands again in green building to contribute more to China's great efforts in promoting modular green construction technology, said Liu Jinlei, President of Shenzhen CIMC Modular Housing Co., Ltd. in the speech.

The representative from the supervision company recognized CIMC Modular Building as a professional and standard modular building manufacturer in the speech.

At the end of the ceremony, leaders and guests attending the ceremony activated the crystal ball, indicating the construction completion of Group A and B of the Qianhai Innovative Business Center. After the ceremony, leaders and guests visited the project.



# 2015 National Standard of Plywood for Container Flooring Released

The new edition of National Standard GB/T 19536-2015 Plywood for Container Flooring was issued and implemented in November 2015 after nearly 3 years of comment soliciting, amendment and final approval with drafting jointly hosted by CIMC Container Segment, CIMC Wood Development Co., Ltd. and Chinese Academy of Forestry and revision launched in cooperation with other universities and colleges and relevant container flooring manufacturers. Multiple senior technicians from CIMC Container Segment, CIMC Wood Development Co., Ltd. participated in the drafting and preparation of this standard in the whole course.

The issuance and implementation of the standard contribute to the standardization of the operation of the container flooring market, facilitate various enterprises to launch technology research and

innovation in the container flooring products, improve enterprise competitiveness and realize sustainable development of enterprises. The standard provides a basis to ensure production and service quality for container flooring products; and serves as a bond among manufacturers, container factories and customers to make communication and cooperation more effective.

The 2015 National Standard of Plywood for Container Flooring will serve as a tool of better technology communication and cooperation coordination for the container manufacture industry, enabling mutual promotion and common development of all parties in the industry. Besides, it will serve as valuable reference to further development and revision of relevant international standards.



# Yangzhou Runyang CIMC Marches into Japan's Environmental Protection Market



In December 2015, Yangzhou Runyang CIMC and the visiting Japanese environmental protection partners held a signing ceremony for new project volume production. President of Yangzhou Runyang CIMC Zhu Weidong and the representative of the Japanese party signed the agreement. This agreement signing is of strategic significance as it indicates Yangzhou Runyang CIMC's march into Japan's environmental protection sector after its access to Japan's new energy sector.

In recent years, Yangzhou Runyang CIMC learnt open-mindedly from its partners and advanced enterprises in the industry and steadily improved its R&D capability and product quality through close strategic cooperation with its Japanese partners. Japanese partners recognized Yangzhou

Runyang CIMC's improvement in production site management, quality, efficiency, cost and safety, offering enabling conditions for Yangzhou Runyang further marching into the Japanese market.

After over a year of multiple rounds of business negotiations and R&D of sample cases, Yangzhou Runyang marched into Japan's new energy industry in the first half of 2015, securing the order of mass production of special containers for a major Chinese new energy partner and delivering the products as scheduled.

In the second half of 2015, the market and technical personnel of Yangzhou Runyang visited Japan and had in-depth business negotiations and technology communication with partners of all sectors with the environmental protection sector

in particular. This visit brought Yangzhou Runyang substantive achievements – access to the Japanese environmental protection sector and successful development and trial manufacture of new innovative containers in this sector with Japanese partners.

Japanese companies always set high standards on product quality, which presents as a huge test for any one factory in such links as market, R&D, procurement, manufacture, testing and delivery. Over years of cooperation with Japanese partners, the Yangzhou Runyang team rose to challenges and steadily learnt advanced Japanese management modes to build Runyang's "craftsmanship" with a view to achieving its upgrading, building its brand and reputation and creating value for customers.

## CIMC Vehicles Released 2nd-Generation Aluminum Tanker

Situated at the intersection of the Silk Road and the Maritime Silk Road, Saudi Arabia is an important country on the Maritime Silk Road of the 21st century. Developing the Saudi Arabia market conforms to the strategy to seek common development by exporting Chinese advantages under the "One Belt, One Road" strategy; it is also part of CIMC Vehicles' strategy to develop the Saudi Arabia-based Middle East market as it responds to the "One Belt, One Road" call.



Following the official access to the Saudi Arabia market of CIMC Vehicles' aluminum tankers two years ago, on the evening of October 11, 2015, CIMC Vehicles had another celebration in Dammam, a famous city in Ash-Sharqiyah: the grand release of the G2 aluminum tanker.

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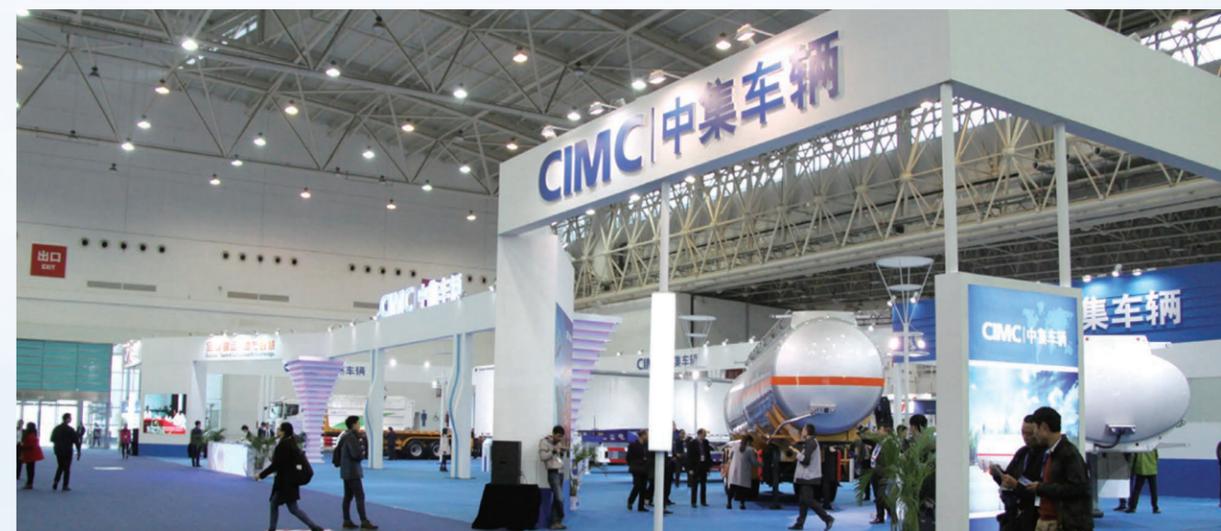
Arabia-based Middle East market as it responds to the "One Belt, One Road" call.

This news conference was attended by guests including General Manager of CIMC Vehicles Group Li Guiping, Vice President of ZAHID Amr Khashoggi, Commercial Counselor of Embassy of the People's Republic of China in the Kingdom of Saudi Arabia Zhao Liuqing and President of Chamber of Commerce for Ash-Sharqiyah of Saudi Arabia Abdulrahman RAI-Rashid, President of CIMC Tonghua Liu Hongqing, ARAMCO representatives, owners and representatives of major transport companies in Ash-Sharqiyah of Saudi Arabia and representatives of major spare part suppliers.

At the news conference, Li Guiping delivered a speech in which he thanked all communities for their vigorous support to CIMC's business in Saudi Arabia, recognized the strategies and achievements of the cooperation between CIMC and ZAHID and conveyed CIMC Vehicles' operation concept of "global operation and local wisdom". Counselor Zhao Liuqing pointed out in his speech that CIMC Vehicles responded to the development strategy of the Saudi Arabia government on industrial diversification and the Chinese government's active proposition to promote enterprises to go global at the backdrop of the "One Belt, One Road" policy. He spoke highly of CIMC Vehicles' complementary advantages cooperation on the industrial chain and recognized CIMC Vehicles' operating results. During the conference, Mr. Abdulrahman R.AI-Rashid, the President of Chamber of Commerce for Ash-Sharqiyah of Saudi Arabia, holding Mr. Li Guiping's hands and on behalf of major forwarding agents, thanked CIMC Vehicles for its efforts in the Saudi Arabia market and highly recognized the value CIMC Vehicles' aluminum tankers and relevant services brought to its customers.

Over the year since G1 aluminum tanker for Saudi Arabia was salable, with the "Made in China" advantage and European design elements, CIMC Vehicles exported over 1,400 aluminum tankers to Saudi Arabia, accounting for more than 50% of the market share. The G2 aluminum tanker for Saudi Arabia is another masterpiece of cooperation between LAG and CIMC Tonghua following the success of the 1st-generation product G1. G2 is featured by purer European elements with the integration of higher reliable performance, lighter weight, user friendliness, more elegant appearance, higher efficiency in manufacture and other characteristics. The G2 product is based on CIMC Vehicles' strategy of occupying the market's commanding heights by technological advantage. The G2 product instilled fresh blood into the Saudi Arabia market.

## CIMC Vehicles Attended 2015 China Commercial Vehicles Show in Wuhan



Themed "New Normal, New Opportunity", the 2015 China Commercial Vehicles Show was grandly held at Wuhan International Conference & Exhibition Center during November 12-15, 2015. Many domestic and international truck manufacturers and relevant enterprises gathered and displayed their products at the show. CIMC Vehicles Group attracted the attention of many visitors and media by the display of its eight products including container transport semitrailer, liquid semitrailer, curtain side semitrailer, rollover flatbed trailer, low-bed semitrailer and tipping trailer.

At the "2015 International Forum of the Development of China's Special Purpose Vehicle

Industry", General Manager of CIMC Vehicles Li Guiping delivered a speech themed "Reform Formula for China's Special Purpose Vehicle Enterprises under New Normal". General Manager Li shared his views on such subjects as how to ensure future development and seek new business growth points for special purpose vehicle enterprises in such severe market. In his speech, he urged "all enterprises of the special purpose vehicle industry shall jointly acquire competitiveness by better products instead of low price".

With China's strict management on standardization of road transport equipment, safer, higher efficient and more economic products are

favored at the market, so light weight design has become an eternal topic for the development of special purpose vehicles. CIMC Vehicles made breakthroughs and optimized and improved performance and economy for all its products displayed at the show. Guo Xizhou, General Manager of CIMC Vehicles for Central and Western China, was responsible for the display of CIMC Vehicles at the show. He said, "CIMC Vehicles' exhibits have two highlights at the show: First, products of advanced technology with concepts leading the industry's future development; second, popular products, including those with huge market potential in years to come."

# CIMC Lingyu Automobile Awarded Star Product of China Construction Machinery Industry

Guided by China Construction Machinery Association (CCMA) and sponsored by cm.hc360.com, CMIIC 2015 & Brand Event themed "Breakthrough in New Normal, Win in China" was held in Changsha, Hunan on November 9, 2015.

Deputy Director General of Operation Monitoring and Coordination Bureau, Ministry of Industry and Information Technology Jing Xiaobo, Vice Mayor of the People's Government of Changsha City Liao Jian, Vice Chairman & Secretary General of CCMA Su Zimeng and other leaders from state ministries & commissions and industry associations, along with industry experts, corporate elites and end-

users, attended the conference. Over 400 people witnessed the grand opening of CMIIC 2015 & Brand Event.

At the event, Luoyang CIMC Lingyu Automobile Co., Ltd., winner of "CMIIC 2015 Star Product", was awarded the certificate and trophy by the sponsor.

Since the launch in May, the campaign lasted for nearly 6 months with a total of 933 applications of enterprise brands and products. Combining voting via both WeChat and PC Terminal, the final votes amounted to over 1.87 million. The campaign can be called "Oscar" of the construction machinery industry.

As a spearhead of domestic tanker industry, Luoyang CIMC Lingyu Automobile Co., Ltd. possesses a title of "Tanker Expert" within the industry. For years, the company has been endeavoring to build up its strength and devoting itself to product R&D, as well as constantly enhancing the management and introducing advanced equipment, thus providing customers with tanker products of superior performance.

The award-winning "Dry Mix Mortar Truck" deserves to be called one of the most best-selling and professional domestic dry mix mortar transport products, manifested in that its chassis can be freely modified and it can be used with equipment such as demountable tanker carrier and mobile silos in order to meet the requirements of pipelined operations on site. Advanced design and complete process contribute to the product's superior performance as well as high cost performance. In recent years, with an increasing number of cities banning onsite mortar mixing, the product has been sold quite well and widely praised by customers.

With a growing number of excellent tanker products being salable at home and abroad, the brand value of "Lingyu Automobile" has improved constantly, so has the enterprise's popularity. Particularly in today's Internet era, Lingyu Automobile has attached great importance to its brand image. Its reliable product quality, along with wide OTO promotion, enables it to be deeply recognized by customers and industry media. Lingyu Automobile is striding toward the dream of "Tanker Going Global" step by step.

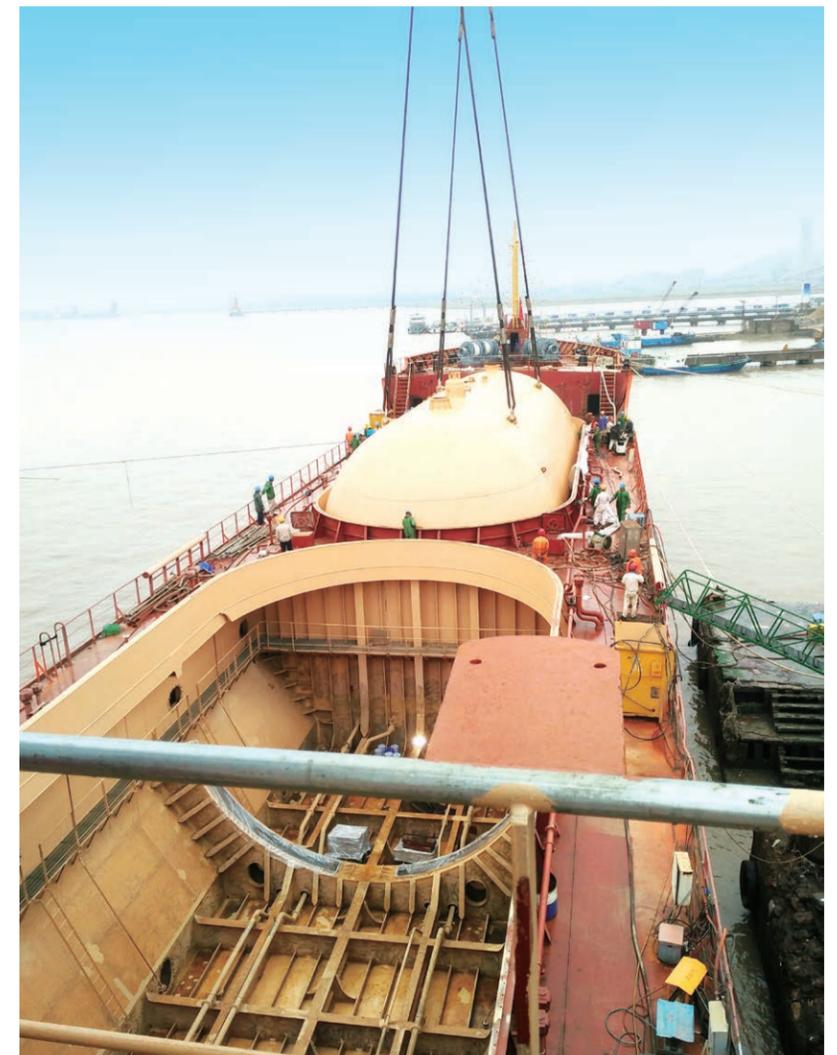


# CIMC Enric Built China's First Fully Cryogenic and Pressured 3,600 m<sup>3</sup> LPG Carrier

On November 14, 2015, China's first fully cryogenic and pressured 3,600 m<sup>3</sup> liquid ammonia carrier, which was jointly built by Hongtu Company under CIMC Enric, CIMC Financing Leasing Co., Ltd and Zhejiang Dongpeng Company, successfully passed water testing at the Zhejiang Zhoushan waters.

With construction started in December 2014, this LPG carrier measures 99.97 m in length, 16.5 m in width and 7.2 m in depth with 2 liquid ammonia storage tank of more than 600 tons. With 56 mm in thickness of its tank material, this is the cryogenic alloy steel pressure container with the thickest material built by Hongtu. There were only 20 repair-required films detected among more than 4,000 crack detection films during the production of the tank. The qualified ratio of the first-time acceptance delivery of welding reached 99.5%, passing the acceptance inspection organized by CCS marine surveyors at the first trial. In addition, the project was delivered more than 20 days in advance as the construction period lasted only 7 months, highly reputed by carrier owners and proprietors. The successful building of the carrier overcomes the obstacles in maritime transportation of liquid ammonia trade both at home and abroad and will remove safety hazards of long-distance land transportation.

"This project represents the current highest standard of Hongtu in manufacturing cryogenic pressure containers and displays the comprehensive competitiveness of CIMC Enric in the field of high-end chemical engineering equipment," said Huo Lating, General Manager of Hongtu Company under CIMC Enric at the water testing ceremony. He also expressed the company's confidence in further participation in the development of key national energy and chemical equipment and hoped that all parties would consolidate the strategic partnership to jointly promote the development of new energy in China.



# CIMC Enric Starts a New Chapter of World-wide CNG Transportation Industry



On January 25, 2016, the first global CNG carrier - Jayanti Baruna - was successfully launched at Jiangsu Hantong, marking the periodic progress of the commercialization of the idea of CNG carrier.

The manufacture of the carrier was led by Shijiazhuang Enric Gas Equipment Co., Ltd. (hereinafter referred to as "Shijiazhuang Enric"), primarily for the natural gas transportation for peak-shaving of power plant between the islands of a country in Southeast Asia. The carrier can transport 700,000 m<sup>3</sup> CNG per voyage after put into operation.

CIMC Enric is currently the sole corporation that has realized multimodal transportation of Land, shipping and railway worldwide. The successful launch of Jayanti Baruna has broken the single approach of maritime transport of natural gas - LNG (Liquefied Natural Gas) transportation and initiated a new mode, or will rewrite the pattern of future maritime transport of natural gas.

Dating back to May, 2014, Shijiazhuang Enric, with its global leading manufacturing capacity of natural gas storage & transportation equipment, obtained the first order of CNG carrier project worldwide, mainly including constructions of "CNG storage device in primary filling station," "CNG carrier" and "gas storing and discharging devices in secondary filling station."

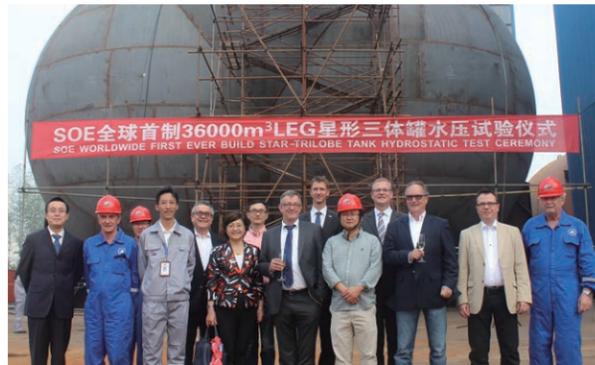
The project was formally started in January, 2015. For more than one year, Shijiazhuang Enric, owners, shipyards, classification society and partners make joint efforts to ensure the smooth installation and debugging of the CNG storage device in primary

filling station, thus realizing the successful launch of carrier body.

It is known that natural gas is always delivered via pipelines, land vehicles, railways and maritime transport. With respect to maritime transport, LNG transport has been the mainstream. By far many countries have been exploring practices of CNG carriers, which however, fail to enter the implementation phase due to many reasons. Yang Baoying, Deputy General Manager of CIMC Enric Holdings Ltd. said: "Efficiency explains why the idea of CNG carrier has never been put into practice even the transport cost is much lower. In terms of long-distance transport, LNG carrier is more advisable, for its capacity of the same volume triples that of CNG carrier; the market of offshore transport tends to be smaller. The invitation of bidding for CNG carrier primary results from the appropriate distance between the two islands as well as the low demand for natural gas for the peak-shaving of power plant."

As insiders said, compared to CNG transport, more natural gas can be delivered with containers of the same volume in LNG transport. However, LNG transport requires more complex process and higher construction cost in that prior to transport the gas has to undergo liquefied storage, and then has to be gasified before usage; furthermore, to maintain the liquefied status during transport, the temperature of the insulated container has to be kept at -162°C. While in CNG transport the gas has merely to be compressed before shipment, and directly piped to end-users after decompression upon the arrival at discharging port. Once entering the market and widely accepted, CNG transport mode will largely help reduce the waste of offshore gas.

## CIMC Enric Made World's First and Largest Independent C-Type Three-Body Tank



On October 22, 2015, a ceremony was held at SOE's Qidong base to celebrate the world's first 36,000 m<sup>3</sup> LEG star-shaped three-body tank successfully passing the hydrostatic test. The new progress of the world's largest independent C-type three-body tank were witnessed by guests including Mr. Jan-lars Kruse (General Manager of ship-owner), Mr. Ulrich Adami (General Manager and CTO of fleet), Mrs. Hou Juzhen (Market Department Director in Greater China Region of DNV-GL, an internationally renowned classification society), Mr. Falk Rothe (General

Manager of DNV-GL Drawings-checking Center in Greater China Region), Mr. Mattias Malinowski (fluid container expert of Drawings-checking Center in Hamburg in German) and Mr. Cai Yong (General Manager of SOE).

On May 2014, SOE and Ocean Yield signed a construction agreement, under which both parties should jointly build three 36,000 m<sup>3</sup> LEG ships. The ship is equipped with newly-designed star-shaped three-body tank, which features the triplet shape and the world's largest size. The unique innovative design can increase the cargo capacity of the ship by 30% and keep in line with the concept of energy-saving and environmental protection. During construction of the new tank, SOE cooperated with famous international enterprises such as Hartmann and AC-INOX to organize a research team; they have surmounted many difficulties including Y joint welding and high construction precision and finished hydraulic experiment of the first tank.

The completion of the world's first 36,000 m<sup>3</sup> LEG liquefied gas carrier with star-shaped three-body tank has strengthened SOE's leading role in the small and medium sized liquefied gas carrier market as well as its capacity and confidence to build larger and more advanced liquefied gas carrier, which will greatly fuel SOE's developments and market in the future.

## CIMC Enric Signed the Cambodia's LNG Power Plant Project Agreement

On October 20, 2015, CIMC Enric YPDI (Nanjing Yangzi Petrochemical Design & Engineering Company Ltd.) and ITG OIL & GAS SERVICES (S. E. A) SDN BHD entered into the design contract on "Cambodia's LNG Power Plant and Accessory LNG Transportation and Storage Facilities" in Shenzhen.

Located where Cambodia's Bavet Longwang Economic Development Zone and the Capital Steel Plant in Phnom Penh are, the project is divided into two phases: Phase-I Project includes building a 5MW temporary power supply facility, and a 50MW power supply facility and its supporting LNG terminal in Cambodia's Bavet Longwang Economic Development Zone; and building a 50MW power supply facility and its supporting LNG terminal in Cambodia's

Capital Steel Plant in Phnom Penh. Phase-II Project is to build a 250MW power plant and its supporting LNG terminal in Cambodia's Bavet Longwang Economic Development Zone.

The total investment in power plants and their supporting LNG terminals of both phases is about RMB 4.1 billion, among which RMB 900 million is used for the building of the 5MW temporary power supply facility, and two 50MW power supply facilities and their supporting LNG terminals in the Phase-I Project. There are the feasibility study report, the basic design and the detailed design contained in the design contract, with the feasibility study report covering both project phases and the basic design and detailed design covering the Phase-I Project.

## CIMC Enric and CIMC ORIC to Make World First Bimetallic Full Containment LNG Tank

In February, 2016, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. (hereinafter referred to as CIMC Enric "Sanctum") continuously obtained two Shanxi project orders of 10,000 m<sup>3</sup>-level bimetallic full containment LNG tank (dual-layer stainless steel full containment tank). This tank will be the first dual-layer stainless steel full containment LNG tank product at home and abroad. It marks that CIMC Enric will fully access the field of bimetallic full containment LNG tank and become the pioneer.

It is reported that in 2015 the global oil price caused great impact on domestic LNG market, rendering the large LNG storage tank business to be confronted with unprecedented difficulties. In terms of safety specifications, the new GB50183 Fire Prevention Norm in Oil and Gas Engineering Design sets higher demands for fireproof distance of large LNG storage tank. Since the norm's execution is mandatory, either dual-layer stainless steel full containment tank or single containment tank has to strictly conform to the norm. With the growing tense of land supply, the design and manufacture of the original single containment LNG tanks apparently have been incapable of meeting customers' needs. To cater the new norm's implementation, CIMC Enric "Sanctum" planned ahead and carried out the R&D of bimetallic full containment tank a year in advance. Finally, CIMC Enric "Sanctum" first completed the technology R&D and reserve of dual-layer metallic full containment tank and three-layer metallic full

containment tank before the birth of new norm. The company applied for 5 patents, primarily covering the core technology of overall & partial structure of bimetallic full containment tank.

Differing from traditional single containment LNG tank, bimetallic full containment tank adopts stainless steel material with the strengths of low temperature resistance and prevention of leakage of cryogenic liquid (LNG). Single containment tank has to be encircled by cofferdams to prevent the leakage of cryogenic liquid (LNG), while, by contrast, full containment tank greatly saves the land use. According to insider analysis, the future market, especially LNG project construction hotspots such as Shanxi and Inner Mongolia, will give priority to full containment tank (not limited to dual-layer stainless steel full containment tank), therefore, the development and application of full containment tank will be carried out widely around the country.

The business of dual-layer stainless steel full containment tank offers Sanctum Company under CIMC Enric a head start in occupying the full containment LNG tank market; meanwhile, it will further increase the supply capacity of domestic manufacturing in the global market within this field, lead and push the industry development and technological progress.

## CIMC Enric's "Cryogenic LNG Carrier Vehicle" Awarded Gold Medal of Hebei Industrial Design Award

On November 6, 2015, the awards selection result of the 2nd Hebei Industrial Design Award was revealed in Yanshan University. Shijiazhuang Enric under CIMC Enric's "cryogenic LNG carrier vehicle" was awarded the Gold Medal.

The biennial Hebei Industrial Design Awards offer prizes in two categories: product design and concept work, both standing for the highest honor in the field of industrial design in Hebei Province. Under the theme of "Public Innovation to Achieve Intelligent Manufacture through Design", this competition received 1,039 products and works with 268 projects selected for

the final competition. After two sessions including on-site review and defense review, 10 projects won the gold award of the product group and 10 projects received the first prize of the concept group.

Shijiazhuang Enric's "cryogenic LNG carrier vehicle" was awarded the gold prize, indicating that the product has been generally recognized by experts. The competition has fully displayed innovation and advancement of Shijiazhuang Enric in the field of cryogenic LNG vehicles and further improved its public awareness of cryogenic vehicles.

# China's First Arctic Semi-submersible Drilling Platform Completed: Capable of Resisting Once-in-a-century Storm

On November 26, 2015, the "North Dragon" deep-water semi-submersible drilling platform built by CIMC Raffles for North Sea Rigs Holdings was completed and named in Yantai. It is the first China-made deep-water semi-submersible drilling platform applicable to arctic waters operation. CIMC Raffles owned 80% of the proprietary intellectual property rights and realized "turnkey" EPC. The Chairman of North Sea Rigs As, DNV GL's Regional Manager for North China, President of CIMC Raffles Yuya, Assistant President of CIMC Raffles & General manager of Yantai Shipyard Yan Yongjun, along with other leaders, guests and engineering technicians involved in the project construction, attended the naming ceremony with a total of over 300 people.

The "North Dragon" meets the requirements of Norwegian Maritime Directorate (NMD) and Norwegian Offshore Industry Standard (NORSOK), suitable for operations in North Sea and Barents Sea and capable of withstanding the once-in-a-century storm in North Sea. The platform features a largest operating depth of 500 m, which can be upgraded to 1,200 m, and a maximum drilling depth of 8,000 m. Equipped with DP3 dynamic positioning system and 8-Point Mooring System, the platform's minimum service temperature is -20°C, meeting the requirements of ice class and the certification of Det Norske Veritas.

Due to the adoption of National Oilwell Varco (NOV) drilling system, the drilling process of "North Dragon" is highly-automated in that it can be operated offline with standpipes and complete three drill pipes or casing pipes connections during the drilling, increasing the drilling efficiency by 15%. The platform's safety equipment such as peripheral escape staircases and lifeboats are all added with

ice-proof measures such as electric heat tracing and windbreak, and the drilling area is largely installed with windbreak, aiming to ensure the capability of the platform to operate normally in a cold environment.

The "North Dragon" employs GM4-D design, among which the basic design is jointly finished by CIMC Raffles and Norway's Global Maritime. Detailed design and construction design are all completed by CIMC Raffles. The "North Dragon" has learned from the experience of four GM4000D North Sea Semi-Submersible Drilling Platforms delivered by CIMC Raffles, achieved 11 major technical breakthroughs and 114 optimizations & improvements. The basic design takes merely 6 months, setting the record of the fastest among CIMC Raffles semi-submersible projects.

During the R&D of "North Dragon", CIMC Raffles went through the whole process of the physical design of the semi-submersible drilling platform that falls into the classification of Det Norske Veritas for the first time, being able to meet the operation standards in adverse sea condition and ice zone. Besides, CIMC Raffles put forward new checking methods of the stability calculation of semi-submersible platform, and developed a new forecast program for exercise extreme value, so as to solve the problems such as the traditional platform's poor air gap under the terrible ocean environment of North Sea, leading to the improvement of platform's operation ability by 19%. Furthermore, CIMC Raffles set up the largest domestic noise measurement database of semi-submersible platform and the weight database of the platform, as well as the integrated analysis system of multiple-noise source and new methods for weight control.

CIMC Raffles also dominated the drilling module (DES) manufacture, accumulating rich experience for the localization of drilling module. The commissioning team employed project data management system to carry out the dynamic quantization management of the 130 systems, 880 subsystems and 38,000 detecting points on the ship, aiming to ensure that every inspection point could hold detailed and complete documentation track and generate required reports to monitor the project progress in real time.

Compared with those delivered platforms of the same kind, the debugging time of "North Dragon" reduces by 30% and the trial trip only takes 14 days. The 129 test items for Failure Mode and Effects Analysis (FEMA) exceed similar tests in both breadth and depth where usually less than 100 test items are required for DP3 drilling platforms. In addition, the "North Dragon" has undergone the first simultaneous failure test of multiple cabins, which challenged the redundancy and reliability of the platform systems to the largest extent.

The Chairman of North Sea Rigs As said that the progress in production techniques and the continuous investment on equipment result in more efficient production of CIMC Raffles.

The Arctic Sea has rich oil and gas resources. According to the United States Geological Survey, the Arctic Circle owns 13% of the global oil and 30% of the global natural gas yet to be exploited. Barents Sea is the extension of the North Sea to the Arctic Circle as well as the most concentrated area for oil and gas exploitation within the Arctic Sea. The three GM4-D deep-water semi-submersible drilling platform built by CIMC Raffles could all head for Barents Sea to operate after the delivery.



# Siemens “DP3 Closed-loop Digital Lab” Unveiled at CIMC Offshore Engineering Institute Research Center



On November 3, 2015, Siemens “DP3 Closed-loop Digital Lab” was unveiled at CIMC Offshore Engineering Institute Research Center, realizing the integration and joint R&D between Siemens digital technology and CIMC Raffles’ integrated design of deep-water platforms.

Siemens launched DP3 closed-loop power technology in 2010 and is the first company that applies the technology to the real ship accredited by classification society. DP3 closed-loop power technology can effectively reduce the main engine’s running and maintenance time and improve its operating flexibility and fuel economy,

so as to reduce the emissions of greenhouse and harmful gas. So far, the Siemens DP3 closed-loop power technology has been applied to 6 real ship projects. Based on the practical test, the technology can reduce oil consumption by 11%, nitric oxide by 35%, carbon dioxide emissions by 20% and maintenance costs of main engine by 50%.

Established at CIMC Offshore Engineering Institute Research Center, Siemens “DP3 Closed-loop Digital Lab” represents an upgrading of strategic cooperation between CIMC Raffles and Siemens. Early in August, 2012, the two sides signed a strategic cooperation agreement,

under which relevant cooperation has been deepened continuously in areas such as technology innovation, R&D, personnel training and team building. Since DP dynamic positioning is the core technology for human to go into the deep sea, Siemens DP3 closed-loop power technology has been put into the integrated application of “COSL PROSPECTOR” deep-water semi-submersible drilling platform delivered by CIMC Raffles and 2 D90 ultra-deep water semi-submersible drilling platforms under construction. The “DP3 Closed-loop Digital Lab” has achieved the interconnection and interworking between big data of Siemens technology platform and big data of integrated design of CIMC Raffles deep-water platform. By means of digital simulation, the dynamic management system continuously displays operating efficiency data concerning oil consumption, costs, operating time and emissions and demonstrates the response of DP3 closed-loop to various simulated malfunctions. The ship owner as well as engineers from CIMC Raffles can interact with experts from Siemens Technology Center in Norway via Internet video system in real time, and gain corresponding technical support.

After put into use, the lab primarily provides technical support for projects under construction and R&D of relevant subjects, including advancing the real ship application of closed-loop power distribution system with deep-water equipment. Besides, the lab is also used for the training of employees and customers and the promotion of localization of the global core technology, driving the new breakthrough of the key technology of domestic oceanengineering dynamic system.



# CIMC Logistics Escorts Reefer Trial Operation of China Railway Special Cargo Services

At 10:23 a.m. on January 8, 2016, the trial operation of BX1K reefer containers created by China Railway Special Cargo Services successfully arrived at the destination. The reefers’ engine running and temperature remained normal in the whole journey, resulting in the sound conditions of goods according to the customers.

The 8 trial reefer containers started off from Yantai on January 3, and went to

Nanning, Guangxi by way of 5 stations. As the technical support partner of BX1K reefer containers, CIMC Logistics appointed Liang Yaxian, a sophisticated reefer technical engineer, to monitor the temperature and running condition of the reefer containers all the way. The engineer carefully conducted the monitoring and troubleshooting at each station, escorting China’s first trial operation of railway reefer containers.



# CIMC Tianda Won Boarding Bridge Projects of Wuhan Tianhe Airport and Guangzhou Baiyun International Airport

Recently, Shenzhen CIMC-Tianda Airport Support Co., Ltd. (CIMC) has won the bidding in "Procurement Project of Wuhan Tianhe Airport Phase III Expansion Project of T3 Boarding Bridge" and "Procurement Project of Guangzhou Baiyun International Airport Expansion Project of T2 Boarding Bridge", with a total amount of RMB 264.3 million.

Having participated in the East-west Corridor Boarding Bridge Project of Guangzhou Old Baiyun International Airport in 2006, CIMC has maintained good communication with the customer. By virtue of stable quality and excellent after-sales services, CIMC won two sections of T2 terminal of Guangzhou New Baiyun International Airport covering 92 boarding bridges in total this year, ending the 10-year scenario of jointly providing the equal service with its international competitors for the airport respectively. It is estimated to hand over the Project in June 2016. Meanwhile, CIMC won the bidding in the T73 Boarding Bridge Project of Wuhan Tianhe Airport in October, which is estimated to be delivered before October 31, 2016. Meanwhile, CIMC won the bidding in the T73 Boarding Bridge Project of Wuhan Tianhe Airport in October, which is estimated to be delivered before October 31, 2016.

CIMC currently has provided over 4,000 boarding bridges to 219 airports in 58 countries and districts around the globe.

Total:  
RMB **264.3**  
million

# Boarding Bridge Agreement Signed between CIMC and Bahrain International Airport

On January 21, 2016, the Bid Winning Signing Ceremony was held in the Bahrain International Airport regarding the "T25 Passenger Boarding Bridge", attended by the government officials including the Bahrain Economic Development Board (EDB), such purchasers as Kamal Ahmed, the Transport Minister of Bahrain, representatives of local partners and CIMC, where Li Rongduo, the General Manager Assistant of CIMC Marketing Department on behalf of CIMC entered into the Agreement.

The Project includes 25 boarding bridges, covering over USD 14 million of agreement amount. It is another major breakthrough achieved by CIMC following the delivery of contract on the replacement of old bridge of Bahrain International Airport at the end of 2014 in the Middle East. So far, the number of boarding bridges successfully delivered or signed in the Middle East has exceeded 120 units.

Total:  
over USD **14**  
million

# CIMC Tianda Won Boarding Bridge Project of Harbin Taiping International Airport

The first month of 2016 witnessed a good start for CIMC Tianda's boarding bridge business. CIMC Tianda won the project of 21 boarding bridges of Harbin Taiping International Airport with a total amount of RMB 63.88 million!

It is the second time for CIMC Tianda to win boarding bridges project of capital airport in Northeast China after its winning of Shenyang Airport's 35 boarding bridges project. This has laid a solid foundation for winning the upcoming boarding bridge project in the expansion of Changchun Longjia International Airport, as well as consolidating the market in Northeast.

Total:  
RMB **63.88**  
million





## CIMC Park Won the “Annual Real Estate Award”

On December 9, 2015, the 7th China Real Estate Annual Conference was grandly held in InterContinental Hotel Shenzhen, gathered nearly 300 participants for its great influence including the government officials, academic experts and elites in the domain of real estate. Many significant awards were presented at the conference related to the real estate, among which CIMC Park won the “Annual Real Estate Award” for the ecological planning and innovative service mode of 4.0 Industrial Demonstration Park featured as the innovation orientation and international vision. Wei Jun, Deputy General Manager of CIMC Industry & City Development Group Co., Ltd. (CIMC Industry & City), Sun Bin, General Manager and Pan Youjiang, Deputy General Manager of the Industrial Real Estate Center

attended the Ceremony, where Mr. Wei delivered a speech at the Salon Forum as the important guest, indicating to look for the problems, jointly discuss the development mode and path, as well as the innovative business model of industrial real estate, and sharing CIMC’s operation experience, which arouse sympathy of the present elites.

China Real Estate Annual Conference continuously held for seven years, has attracted a lot of scholars, officials, developers and media as its influence grows, where the development trend of real estate industry can be further explored from multiple dimensions and perspectives. At the Conference, Ren

Hao, the Dean of the Institute of Development Studies, Tongji University and Executive Chairman of China’s Industrial Park Development Forum, delivered the speech themed as Important Opportunities for the Development of Real Estate Industry; Zuo Xiaolei, a famous economist and the special researcher of Counsellors’ Office of the State Council made the speech entitled as Hot Research on the Economic Growth of 13th Five Year Plan, deeply analyzing the future trend of China’s economy and real estate industry and proposing effective suggestions for the industry development.

Models were awarded for their great contributions to the development of real estate industry at the Conference, where various awards were selected,

including 19 awards such as the “Annual Brand Award”, “Annual Green Building Award” and “Annual Industrial Real Estate Award”. CIMC Park won the “Annual Real Estate Award” for the ecological planning and innovative service mode of 4.0 Industrial Demonstration Park featured as the innovation orientation and international vision.

Subsequently, the forum guests jointly discussed the development of real estate industry at the theme salon, the key part of the annual conference under the background of “popular entrepreneurship and mass innovation”, bringing a thought feast for innovation pattern of the industry.

# C&C Trucks Won China Annual Truck Model 2016



The host announced the news in a powerful voice in the Award Ceremony of China Annual Truck Model 2016 held in Beijing on November 26, 2015. C&C Trucks became the champion for its new U-series 460 horsepower traction vehicle. For another new model, the Company was successfully honored the award following the model of U420 in 2015.

On the Ceremony, Du Zhong, General Manager Assistant of C&C Trucks received the award which represents the highest honor of the industry from the guest. Mr. Du expressed his gratitude to the industry leader and the Organizing Committee for their trust and support, and also admitted he felt deeply honored that United C&C Trucks could win the prize for two consecutive years. It indicated the industry believed in the research and development of C&C Trucks' products and technology. Based on the concept of creating high-end heavy trucks and the business policy of "quality-based, service first and win-win", C&C Trucks is committed to producing the vehicle featured as more reasonable powertrain configuration and more economy for domestic users since its establishment. Thus, C&C Trucks focuses on the engine performance, selects better strategy for kinetic chain configuration and constantly optimizes the power performance and economical efficiency of vehicles at all times. The award for the U460 traction vehicle also indicated C&C Trucks was wise to adopt the low speed high torque engine instead of kinetic chain configuration.

Asked what C&C Trucks had prepared for the Annual Truck Model, Mr. Du said with confidence, "C&C Trucks received the nominated invitation from the Organizing Committee of China Automotive News at the beginning of September when the Company held the large public event "Safety Driving Tour-Chengdu", so the vehicle has made it possible for drivers to pass through Kunming-Mohan Expressway and Iasi Highway failing to use the watering device and brake, so as to appeal to pay close attention to the traffic safety of heavy trucks, and solve the difficulties of downhill. In the process of actual driving, the vehicle shows the excellent performance, so we unanimously decided to take part in the competition with this vehicle taking into account the social responsibility. It lives up to the expectations as we know!".

## ANTICIPATED "WINNER"

"The industry of heavy truck has developed for a long period in China, but Chinese users seem to be inclined to silently accept that international heavy truck brands such as Volvo, Scania and Man play a dominant role in China's high-end heavy truck market. In spite of the homogeneity competition, China's heavy truck industry is used to facing the challenge without hesitation. Admittedly, focusing on the R&D, manufacturing, sales and services, etc. to produce high-quality heavy trucks shall not succeed if words are louder than actions. However, what do you expect if there is no ambition?" However, what do you expect if there is no ambition?" A senior expert spoke highly of C&C Trucks on the award ceremony. He believes C&C Trucks has firmly been committed to the high quality of products since the establishment. Despite the impact on the market share, it still has a promising future as the truck drivers become younger. The awards for two consecutive years are the prime recognition for the long-term development of C&C Trucks.

"Yes, the paid efforts and difficulties encountered for C&C Trucks' products may not be defined by an award. But the award will greatly encourage us to insist on our goal, representing the affirmation for our achievements and motivating us to move forward. C&C Trucks defines the new U series vehicle as "a unique truck", which has achieved the performance improvement or upgrade of 13 major plates, hundreds of key parts and thousands of components based on the U platform. We expect to accurately combine the technology and humanities, and make more profits for our users through C&C Trucks' products in the coming days." Du Zhong told the reporter.

# Completion of Chassis of C&C Trucks' First Two-way Fire Vehicle

On January 6, 2016, the chassis of the first two-way fire vehicle developed by C&C Trucks Research Institute was successfully ignited, and the assembly was smoothly completed by the Manufacture Department, where the test drive was completed for the vehicle, indicating C&C Trucks has the abilities to produce the chassis for special vehicles.

Having undertaken the trial production of the first 4x2 two-way fire vehicle since October 2015, C&C Trucks immediately set up a Double-headed Fire Vehicle Project Team to carry out the preparatory work including the design and development and parts procurement, etc. The Team adopted the "small quantity, fast speed and flexible mode" for the project management, so as to ensure the normal operation from various aspects. The whole process shall be inspected and assessed on site during the trial-manufacture to make sure

the assembly quality of each process. It took 3 months to complete the trial production from the initial design to assembly of sample vehicle.

Xie Yuchang, the Product Manager of Sichuan Morita Fire Equipment Manufacturing Co., Ltd. led the team to participate in the off-line ceremony and completed the teas driving on the same day. Xie Yuchang praised for C&C Trucks' technology after visiting the trial production shops and process, and proposed some reasonable suggestions on part of electrical system of the two-way fire vehicles.

The chassis completion of the two-way fire vehicle marked C&C Truck had entered a new stage to develop the chassis for special vehicles.



# MADE IN CHINA

CIMC Enric initiated "One Tank for All"  
LNG tank container for sea-land transportation  
greatly reduce LNG trade costs  
boost the upgrade of LNG logistics mode



# CIMC Enric Boosting LNG Logistics Mode Upgrade



Featured as flexible engine ignition, small area and not relying on the natural gas pipeline network, the supply model of non-pipeline natural gas (especially LNG) became more popular in the global market. Currently, with the growth of LNG trade market, the LNG transport market developed rapidly on the basis of Internet of Things.

To find a more convenient, safer and more economical way, the industry tried to explore different LNG logistics modes, such as land or sea transportation, even the multimodal transport, among which the most representative product should be the "Tank Containers" and a series of innovative logistics modes.

## SUCCESSFUL APPLICATION OF "ONE TANK FOR ALL" TANK CONTAINERS FOR SEA-LAND TRANSPORT

As of now, the new "One Tank for All" LNG tank containers initiated by CIMC Enric for sea-land transport have been stably operated for one year in USA, which is expected to boost the upgrade of global LNG logistics mode.

"Compliant with the international marine standard (IMG), the two LNG tank containers of 40-foot gooseneck tunnel, 45 m<sup>3</sup> and loading capacity of 17.6t LNG (calculated based on the filling ratio of 90%) are mainly used to transport LNG between Hawaii and USWC liquefaction plant, and has been put into service in a safe and high-efficient manner for a year. The steady use in the continual hot and humid environment of Hawaii fully explains the quality and performance of LNG tank containers transported by multi channels in a combined manner. Such containers shall be technically verified subject to practical and continuous operations, that is, no leakages or abnormalities exist during 1 year's operations - as recognized by customers, the products have satisfied the international leading

level," said Wang Bihui, Manager of the Marketing Department of chemical equipment business center in the interview.

It is said that the LNG tank container of 40-foot gooseneck tunnel has the weight 15% less than a common one due to its interior and outer made of stainless steel; it is also undamaged (the liquid is not leaked or gasified in the tank) for 10% longer period (up to 93 days) during the Germany low-temperature performance test, certified by German TUV. In December, 2014, it is achieved to transport the Containers by the combination of land and sea transportation in Los Angeles, America, with 4,800 km of one-way transport distance. This proves that China is able to design and produce the LNG tank containers with international advanced level. At present, CIMC Enric is the only domestic manufacturer to export such LNG tank container.

## LNG TRADE COSTS SIGNIFICANTLY REDUCED

According to the industrial experts, the existing container ships may be directly used to transport LNG instead of new ones or LNG transport ships rent, significantly reducing the trade cost of LNG.

It is reported that over RMB 1 billion is required to build a LNG ship and about USD 100,000 to rent the same per day in the market. While the container terminal may be used to unload LNG containers with no need to construct exclusive LNG container terminals. As estimated, if the LNG tank containers are widely used, the CIF of LNG imported from North America to Asia will be reduced to USD 10/mmbtu (million British Thermal Unit), which is significantly lowered compared with the long-term negotiated price of USD 15/mmbtu in Asia.

Wang Bihui indicated that the domestic logistics service providers like STOLT, HOYER and Sinochem were engaged in LNG transport by sea and land, and those of sea transportation like MSK and YML



may contract for LNG tank containers for dangerous cargos of Class 2.1 (LNG belongs to the dangerous goods of Class 2.1) which may be shipped under the international standards of IMDG/ADR/RID/TC/CSC, and the products may arrive at and depart from the ports just through the wharf for the common containers of dangerous cargo.

## "ONETANKFORALL" MULTIMODAL TRANSPORT SUPPORTS THE IMPORT OF MEDIUM AND SMALL BATCH OF LNG

With the constantly improved technology and increased demands on LNG over the years, LNG tank containers launch in the market of North America. Such new LNG logistics pattern is also put into trial operation in domestic.

As the first enterprise engaging in the transport of LNG tank containers in China, INTHE plays an important role in successfully transporting LNG by actual ships for several voyages.

The project of LNG rail tankers of largest load in China developed and designed by Changjiang officially launches in Wuhan, and is expected to be put into trial operation in early 2016.

However, in 2013, CIMC Enric provided 40-foot LNG tank containers of GX42T7-LNG-01 required for the first trial transport of LNG by railways initiated by China Railway (original Ministry of Railways), filling the gap in transport of LNG by railways. As of now, tank containers supplied by CIMC Enric accounts for 45% of the global stock of tank containers.

According to the industry experts in press interviews, the "One Tank for All" LNG logistics pattern is in the ascendant throughout the European and American markets, and expected to

be widely used in China. First of all, as LNG resources are mostly located overseas, there is approximately 1/3 of imported LNG resources are consumed in China; secondly, the current mode of large LNG receiving station plus large LNG transport ship and the construction of infrastructures require high-qualification, large investment and long period, and most of the existing facilities are monopolized; LNG spot trade will be one of the trends, and the trade of medium and small batch of LNG requires a flexible delivery mode.

However, the LNG transport of containers by land, railway and sea may improve the existing mode of taking road tankers depending on LNG receiving station and therefore customers, and support a new channel to achieve rapid allocation of LNG resources and safe arrival at users' which could enhance additional value and customer loyalty, leaving it possible to enlarge the market of importing medium and small batch of LNG.

# 南方日报

## Nanfang Daily: Three Engines to Create "New CIMC"

——Nanfang Daily Reporter Ma Fang

Headquartered in Shenzhen, CIMC is a world leading supplier of logistics and energy equipment with 33 years' history.

As a model of successful reform for state-owned enterprises, CIMC held by China Merchants Group and China Ocean Shipping (Group) Company, is motivating over 60,000 employees to create the "New Achievement" by innovative system and mechanism. Furthermore, Shenzhen has another great expectation for this local enterprise developing in Shekou, Shenzhen. Shenzhen Congress of Party Representatives in this year pointed out that 8-10 local enterprises must be into the world top 500 enterprises by end of 2020. So far, world top 500 enterprises in Shenzhen include Ping An Insurance (Group) Company of China, Ltd., Huawei Investment & Holding, CMBC and Amer International Group. So Shenzhen must to cultivate at least 4 enterprises in the list of world top 500 enterprises within 5 years.

According to Shenzhen government, CIMC is of great potential to enter into enterprise of world top 500 enterprises. Offices in Nanshan district of Shenzhen said in an investigation, Nanshan district will foster 2-4 enterprises of world top 500 enterprises with focus on Tencent, ZTE, CIMC, China Great Wall Computer Group Co., Ltd, DJI and other local enterprises in the "13th Five Year Plan".

Consequently, the development of CIMC in the future will be paid great attention to. Recently, Southern Weekly interviewed President and CEO Mai Boliang and learned the new projects of CIMC in the future.

In addition to over 3,000 communities in Shenzhen, CIMC's E-warehouse has spreaded across the cities including Guangzhou. It plans to roughly cover 9,000 communities in China to solve the "Last Kilometer" problem of e-commerce logistics.

With nearly one-year development, CIMC E-warehouse represents not merely the new attempt in O2O field of community, but also the new breakthrough in the course of transformation to "New CIMC". CIMC E-commerce Technology Co., Ltd ("CIMC E-commerce") was incorporated on December 12, 2014, including CIMC accounting for 80% of total shares while entrepreneur team as the partner of CIMC e-commerce cause accounting for 20% by self-funding.

As the model of successful state-owned enterprise reform, CIMC, with 33 years of history, held by state-owned enterprise COSCO and China Ocean Shipping (Group) Company, motivates over 60,000 employees' passion for innovation by innovation of system and mechanism, creating "new engine" for growth of CIMC.

"CIMC is now committed to eight service modules other than the containers, and many innovative enterprises will be established soon", said Mai Boliang, CIMC's CEO and President who rarely appeared in public in the exclusive interview of Southern Daily. CIMC has owned eight business segments, including containers, offshore, vehicles, energy and chemical equipment, finance and modern logistics. The "New CIMC" will be led by the triumvirate of

capital operation, innovative service and stock business.

Mr. Mai Boliang told the reporter CIMC's ability to withstand the world economical fluctuations has been greatly improved in recent years, and the main mission is to ensure the stable, health and high-quality growth of CIMC. CIMC is expected to reach RMB 150 billion of annual sales revenue in the next few years, close to the level of Fortune Global 500.

### Diversified Layout

#### Eight Business Segments

CIMC is headquartered in proximity to Shekou Ferry Terminal of Shenzhen, viewing the broad seascape and adjoining Hong Kong from the floor-to-ceiling windows of Mai Boliang's office.

Completed in 1981, Shekou Ferry Terminal is one of the landmarks that witness the development of Shenzhen Special Economic Zone. In 1982, 23-year-old Mai Boliang from Zhaoqing of Guangdong Province graduated from the Department of Mechanical Engineering of South China University of Technology and joined CIMC as the first generation of engineers in China's container industry. This year also saw the formal operation of CIMC Group.

"33 years ago, we could only produce 8 containers a day using production lines designed by Germans. Today, our own production lines can produce nearly 60 containers in an hour and 400-500 containers

within a shift of 8 hours." Mr. Mai Boliang recalled, a clear target was set by CIMC from 1991 to be world first in the container industry, which was also his dream. Unexpectedly, it took only 5 years for this dream to come true. Back in 1986, CIMC was experiencing a "period of survival" by cutting hundreds of employees down to 59.

He said, when CIMC had already realized that the container industry tended to transfer from Japan and South Korea to China, it just followed the trend and completed a north-south layout along the coastal area of China with products developing from dry cargo containers to a whole series including reefer containers, during which CIMC acquired a number of patents. "It is not easy to drive the easiest products to the extremity".

Shortly after 4 years from becoming the world first in the container industry, Mr. Mai Boliang led CIMC in a proactive transformation again. From 2002 on, CIMC sought for gradually decreased reliance on container business from the perspective of strategic development. In the view of Mr. Mai Boliang, given the small size of global container industry and the rapid development for over two decades, CIMC needed to leverage the opportunities in other equipment manufacturing industries and lead a diversified development.

Today, when it comes to CIMC, container usually firstly come to people's minds. It is not surprising as one out of two containers in the world comes from CIMC since 1996 when CIMC started its leadership in the global container industry. CIMC, however, already has more to offer than containers.

Over the recent years, CIMC has ranked top in more fields as it has been involved in eight segments, including containers, vehicles, energy, chemical and food equipment, offshore engineering, airport facilities, logistics services, finance and real estate.

In Mai Boliang's mind, CIMC's choice for any industry should base on three judgments. First, whether it follows the trends of the whole mankind, the social development and the future; second, whether CIMC's strength can be used; third whether it matches with national strategy.

Compared to the sole capable business of containers a dozen years ago, CIMC's size has

been 6 times larger. In CIMC Group's revenue of RMB 70+ billion in 2014, the container business experienced a steady decrease in the income percentage to less than one third, and the segments of vehicles, energy, chemical and food equipment, offshore engineering and logistics services all accounted for more than 10%.

### Main Business

#### Building Offshore Business into "New CIMC Card"

In the course of CIMC's business diversification, the most difficult and promising business is offshore engineering to Mr. Mai Boliang, which is called "CIMC's tomorrow".

For many years after he was awarded one of CCTV's China Economic Figures of the Year in 2004, Mr. Mai Boliang seldom made statements to the public or to the media, mostly because offshore segment had not succeeded.

Offshore engineering is, in its true sense, a high-end equipment manufacturing industry with greatest technical difficulty, most investment and most intense pressure of global competition; it is a tough yet far-reaching choice for CIMC to achieve industrial upgrading and really come top of the manufacturing industry.

"High-end offshore equipment manufacturing is the most needed sector for China, and the one that must be improved. It is, of course, pretty difficult to excel in high-end offshore equipment, which requires adequate strength, appeal, willpower and perseverance.



"According to Mr. Mai Boliang, since its entry into offshore field in 2008, CIMC experienced a total loss of RMB 3 billion in five years. However, he thought it was normal in this field, and the temporary difficulties and fluctuations would never waiver CIMC's confidence to proceed in offshore field.

In 2014, after so many years of explorations and hardships during the start-up, CIMC Offshore Segment finally turned losses into gains and brought unlimited prospect to CIMC's future.

In July this year, the drilling of deepwater semi-submersible drilling platform "Prospector" designed and built by CIMC commenced on the sea about 290 kilometers southeast to Shenzhen. Prospector is an equivalent "aircraft carrier" in offshore equipment; it features a deck larger than a standard football field, an operating water depth of 1,500 m, nearly 3 times higher than the highest building PingAn Financial Center in Shenzhen, and maximum drilling depth of 7,500 m; it directly challenged hydrocarbon reservoir drilling and testing with a higher degree of difficulty.

From 2010 to 2014, CIMC successively delivered a total of 20 different offshore platforms, distributed in main oil and gas areas in the world, including the North Sea in Norway, Brazil and Mexico Gulf. In particular, COSL semi-submersible drilling platform operating in the North Sea in Norway ranked first for seven times in overall performance assessment and won high recognition from global mainstream customers.

In 2014 alone, CIMC Raffles received USD 1.121 billion worth orders and held more than USD

好收成 好收入

重大项目统筹 展规模化、集 收益增加 10

镇带有客家 统一规划建设 为村民"土地 一向银行提供 作质押,逐年 到,像他这样 付款"了。

与 200 公里外 村联光村 产方式的落 失……引进 富是广东扶 生产生活方 性地推动 贫困村初

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5 billion worth orders in hand, including five deepwater semi-submersible drilling platforms, a 22% market share of the global deepwater semi-submersible drilling platforms under construction. With such excellent performance, Mr. Mai Boliang said he could finally stand up.

He said: "A drilling platform costs RMB 4-5 billion, more expensive than aircrafts. China mobilizes resources throughout the country for development of aircrafts while CIMC relies on its own to learn and compete following the market rules; China is able to really "go up to the sky and down into the sea" only with the success of both aircrafts and drilling platforms enables and step to a higher level for its manufacturing industry."

Currently, CIMC Offshore Segment has 12,000 employees, nearly 1/5 of the total employees of CIMC Group. CIMC has 3 offshore R&D centers in Sweden, Yantai and Shanghai and 3 offshore manufacturing bases, which are the national deepwater equipment manufacturing centers.

As one of the three offshore equipment manufacturing bases in China, CIMC Offshore's deepwater semi-submersible drilling platforms fill the gaps in China and are highly recognized in the global market. CIMC offshore manufacturing jigsaw is formed by CIMC Raffles, Pride Mega Yachts and Tiezhongbao; CIMC Raffles, in particular, is also the only enterprise in China with batch design and production ability in deepwater semi-submersible drilling platforms, and thus is considered "New CIMC Card".

Mr. Mai Boliang said: "It is absolutely right for China to develop a strategy of building a maritime power. Human beings have an undoubted demand for ocean exploitation as it covers 70% of the earth surface. CIMC's development is required to follow the trend of the times and comply with the national strategy. The temporary difficulties and fluctuations would never waiver CIMC's confidence to proceed in offshore field."

### New Engines

#### Proactive Involvement in the Financial Service Sector

Unsatisfied with the sole role of a heavy industry equipment manufacturer, CIMC also transformed to a resource integration platform

for upstream and downstream industry chain.

CIMC had a business contact of different levels with all of the world's top three shipping groups Maersk, MSC and CMA and maintained a strategic partnership for two or three decades. During the whole process, CIMC Financing Leasing Co., Ltd. played a role of resource integration regarding Chinese capital, Chinese design and Chinese manufacture, leveraging big business with light assets and small investment.

CMA, French largest and the world's third largest shipping company placed an order for ten 9,200TEUs container ships from CIMC, with the delivery ceremony of the first container ship held in Dalian in June, 2014. It was the first sizable order of container ships from the world's leading shipping companies in China. Driven by CMA project, a general contract of fourteen 8,800TEUs container ships was signed between MSC and CIMC before long.

CIMC changed the practices of some Chinese enterprises featured by single model and overemphasis on manufacturing over services, and using CIMC Financial Leasing as the platform, cooperated closely with CIMC Design Institute and Group Fund Management Department to integrate CIMC's, China's and the world's resources, and innovated the business model for the general contract project of CMA9,200TEUs and MSC8,800TEUs container ships.

In CIMC's 1st half year annual report of 2015, the bright spot was the substantial growth in the net margin of financial business, which mainly benefited from the increased income of chartering assets of CIMC Financing Leasing Co., Ltd.

According to Mr. Mai Boliang, in addition to the main growth impetus of the original eight segments, one of the other two "new engines" for CIMC's future development is capital operation. The function of CIMC headquarters was oriented to "strategic control over capital operation" to achieve organic and quality growth using various methods such as merger & acquisition, assets transaction and introduction of strategic investors.

The other "new engine" is innovative business. CIMC will establish an internal mechanism to follow the plans of "Internet" and "Made in

China 2025" and maintain CIMC's innovation and vitality, the growth of which mainly depends on nurturing some competitive innovative companies as represented by "CIMC E-warehouse", for example.

#### CIMC E-warehouse is about to spread across China

"How to deliver fresh crabs to the consumers? We are inferior to Jack Ma in the field of e-commerce, but we are unmatched in the sector of cold chain transport." Mr. Mai Boliang presented the collaborative operation of CIMC E-warehouse and cold chain business at CIMC's semi-annual performance conference in 2015.

CIMC Group established Shenzhen CIMC E-commerce Technology Co., Ltd. in December, 2014, with initial registered capital of nearly RMB 300 million. In November, the first batch of CIMC E-commerce intelligent express lockers "E-warehouses" were settled in CIMC headquarters and Shenzhen experimental community to solve the difficulty of "last 100 meters" in the express and logistics industry. Registered couriers may log in by swiping their ID cards or entering cell phone numbers, select appropriate box types, scan waybill bar code, enter recipient's cell phone number, put in express items and close the doors, after which the system will automatically produce passwords and send them to consumers.

CIMC's E-warehouse intelligent express lockers had covered more than 2,000 communities in Shenzhen as of June 2015, and CIMC became the largest public community e-commerce logistics operator with the most intensive branches in Shenzhen. As of the end of July, CIMC's E-warehouse had covered more than 3,000 communities in Guangzhou and Shenzhen and cooperated with many vendors such as Rainbow Group to make E-warehouse a self-pickup point of online Rainbow.

Behind the rapid expansion of E-warehouse, such advantages as CIMC brand, fund strength and logistics equipment manufacturing capability are essential. In March 2015, for example, CIMC E-commerce Technology Co., Ltd. signed an asset acquisition contract with Shenzhen webox Technology Co., Ltd., whose e-commerce express lockers "webox" were all incorporated into the E-warehouse system of CIMC E-commerce. Since then CIMC E-commerce built an intensive operation



network of over 1,000 e-commerce express lockers in Shenzhen in only three months.

Deputy General Manager Duan Yuejiang of CIMC E-commerce said Shenzhen marked the first step of CIMC E-commerce across the whole country, and after the entry into Guangzhou in June this year, CIMC's E-warehouses covered the Pearl River Delta Region with a breakthrough number of more than 3,000. In the near future, CIMC E-commerce would start from South China and spread to the major cities in China to create an intelligent, considerate and safe community micro-logistics delivery service platform.

### New Mechanism

#### Employees and the Group become a community of interests

It is worth noting that as a diversified multinational industrial group that serves the global market, CIMC has over 300 member enterprises and 3 listed companies in Asia, North America, Europe, Australia and other countries and regions, while as one of its unique models, CIMC E-commerce signifies the birth of a new model: The management of CIMC E-commerce is no longer the professional manager in the conventional sense-merely employed by a company. They become partners of CIMC business.

"As an enterprise with a history of over 30 years, CIMC has complex processes and management. It is difficult to adapt to a new environment if it is not further vitalized with

a kind of innovative mechanism. Now we encourage employees to write their innovative ideas into business plans and send them to me through no intermediaries, which spark their enthusiasm in innovation." Mr. Mai Boliang said, CIMC had set up a good board of directors and a board of shareholders. Many decisions were directly passed by the board of directors without submission to the Group's relevant departments for approval. And CIMC encourages its core team to hold shares in the internal innovative business projects. With money invested in the Group, the employees become real shareholders and can better combine the enterprise development and their own life dreams.

CIMC has a total of over 60,000 employees in China and abroad. What kind of projects and teams can stand out in a new environment?



According to Mr. Mai Boliang, the establishment of a company was basically mapped out with business plans from employee-built teams. The Group only needed to review whether the project was favorably connected to the Group's existing businesses, whether it met CIMC's future development strategies, and what the possibility of its success was.

"Through organization of a better board of directors by placing experts and talents related to the field into the board, we serve as gatekeepers for young employees to make better decisions." Mr. Mai Boliang believed that this mechanism offered more advantages than young people in the society building a team by themselves, and that with it employees could make better and more successful development.

"With the development of times, I attach more importance to human factors. CIMC is required to form a mechanism to allow some employees with visions and excellent talents to stand out and take on heavy responsibility." Mr. Mai Boliang said, CIMC E-commerce Technology Co., Ltd. was invested with about 80% by CIMC Group and about 20% by venture teams with self-raised funds. The development of CIMC E-commerce demonstrated the advantage of this innovative mechanism. It was believable that another new engine for CIMC's future growth could be created as long as the talents were mobilized.

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# CCTV News: Reasons behind CIMC's Acquisition of Century-old German Enterprise



How does an international group operate capital? How to make global layout? How to revive a century-old German enterprise which is on the edge of bankruptcy? What are the business logic, operation wisdom and success factors behind these?

Vice President Li Yinhui of CIMC Group recently received a CCTV interview. [Chinese Brands] of CCTV News reported CIMC's story of M&A and integration of Ziegler Group on December 18.

## Understanding M&A and Integration of Ziegler

German Ziegler Group was founded in 1891 with a long history of 124 years, and it was the world's top five fire engine manufacturer with the largest market share in the German-speaking region. It was merged and acquired by CIMC Group at the end of 2013, and turned losses into gains in 2014.

### **CCTV** Why did CIMC Group merge and acquire Ziegler?

Li Yinhui said: "In March 2013 when we knew the case of Ziegler through some channels, it fits our Group's future development strategies and the urbanization process in China, especially after we predict China will be a very important market for high-end fire-fighting equipment and rescue equipment. This is what we consider first."



And second, Ziegler is itself a century-old brand and one of outstanding enterprises representing Made in Germany. Such an enterprise is connected to our strategies and highly fitted to our offering high-end and quality products, so we started a market research on Ziegler from March 2013. And we finally won the bid for Ziegler.

It had 7 plants and over 2,000 employees in Netherlands, Germany and other regions. M&A was also a challenge to CIMC."

### **CCTV** How to integrate operation?

Li Yinhui said: "President Mr. Mai Boliang of CIMC Group sent me there as the vice president of CIMC Group and managing director of Ziegler. I was confronted with what you said just now after I took over. With the current development of overseas investment and M&A, we were faced with not only technical issues or taking back resources. It was far more than that. We needed to take global

operation into account, and we made several efforts:

First, we introduced to the team about what kind of enterprise CIMC was, as they were actually somewhat worried. CIMC is an A + H listed company with international visions.

Second, we visited all of Ziegler's major clients from south to north in more than 10 days, and presented them Ziegler's future plans, especially the utilization of Chinese market to boost its development.

Third, we communicated with the local main associations and municipal governments which were very worried about we taking back our proprietary technologies, or even moving plants to Poland and other places with lower costs. We expressed no such intentions as we highly respected Ziegler as an outstanding brand.



strength allows, and fully take into account risks such as foreign laws and intellectual property. Third, CIMC's system and mechanism played an important role as well as opportunities, without which Ziegler was almost acquired by a Swiss enterprise. Rapid response counted. Fourth, an overseas enterprise used to be managed overseas. Ziegler was the first company where we sent our management team composed of one managing director and one financial director. It turned out to be effective."

### Presenter's Report

Manufacturing industry is one subject of the national economy, and its level directly decides the international competitiveness of a country. In recent years, as China's manufacturing industry accelerated its pace of transformation and upgrading and promoted its creativity and comprehensive competitive strength, some internationally high-profile and well-known brands emerged in China. To demonstrate the effects these brands have on improving economic quality and efficiency, CCTV News launches a series report "Chinese Brands" as from today. The first show covers CIMC Group.

CIMC Group, a leading high-end manufacturing enterprise in China, explores a brand new mode of internationalization of Chinese enterprises by going global and integrating Chinese and foreign resource advantages.

So far, CIMC Group has acquired some well-known international conglomerates such as German Ziegler, Ziemann and Burg Industries B.V., and its overseas businesses account for more than 60% of annual revenue.

[ Please refer to CCTV News on 18th December 2015 for the detailed report ]

Fourth, considering what the employees might feel, we built a small museum which collected all of Ziegler's brands over more than a century to make employees recognize the brands of both CIMC and Ziegler.

As more and more orders are placed from Chinese market, Ziegler now has orders lined up for the end of 2016. Currently, the employees of the biggest plant in Giengen increased from over 900 to over 1,100.

The mayor of Giengen visited the headquarters of CIMC Group earlier to extend his gratitude, for our

contribution to the local community. He said CIMC was very open, revived an enterprise and drove the development of the local economy.

### **CCTV** How to make overseas M&A?

In fact, many Chinese enterprises went global yet with higher failure rate in cross-border M&A over the past decade.

Mr. Li Yinhui said: "the first thing to consider in M&A of an overseas enterprise was its fit to the corporate strategies. It was not wise to overdo cross-industry business. Second, it is important to do what the