

CIMC TODAY

今日中集



CIMC PLANS TO INJECT THE EQUITY INTEREST IN AIRPORT FACILITIES BUSINESS INTO CFE AND BECOMES ITS MAJORITY SHAREHOLDER

CIMC revenue over the first three quarters surpasses that of 2016, up 54% YOY
CIMC Innvalley is established to focus on the 100 billion yuan pallet business
CIMC MBI becomes a 2017 China Good Design silver winner

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Preface

CIMC celebrated its 35th anniversary of formal production in 2017. Over the past 35 years, the Shekou-based company has grown from a small container plant born with marketization and internationalization genes into a large multinational industrial group. Today, CIMC's logistics and energy equipment has been sold on the world's mainstream markets and highly recognized by industries since it is capable of improving the operation efficiency of users worldwide.

With intensified efforts to promote the transformation and upgrading, CIMC's businesses gained new vigor and vitality in 2017. The Container Segment has led the industry to promote the implementation of the green and environmental protection agreement, and the wide application of waterborne paint reshaped the traditional manufacturing business. After 10 years of technical upgrading, the Vehicles Segment practiced its innovative vehicle production theory at the lighthouse plant and manufactured trailers in a modularized, digitalized and intelligentized pattern, and this successfully eliminated the bottleneck that bothered traditional vehicle manufacturing plants for years. CIMC Enric fully and thoroughly implemented the strategy to create the industrial chain of onshore and offshore natural gas equipment and engineering through the acquisition and restructuring of SOE. The Blue Whale One, an ultra-deep-water drilling platform independently constructed by CIMC, represented the highest level of technical competence and excellence in the global offshore engineering sector, and contributed to the successful test mining of flammable ice in South China Sea. China Central Television called it the "pillar of a rising power" capable of safeguarding the provision of national strategic energy.

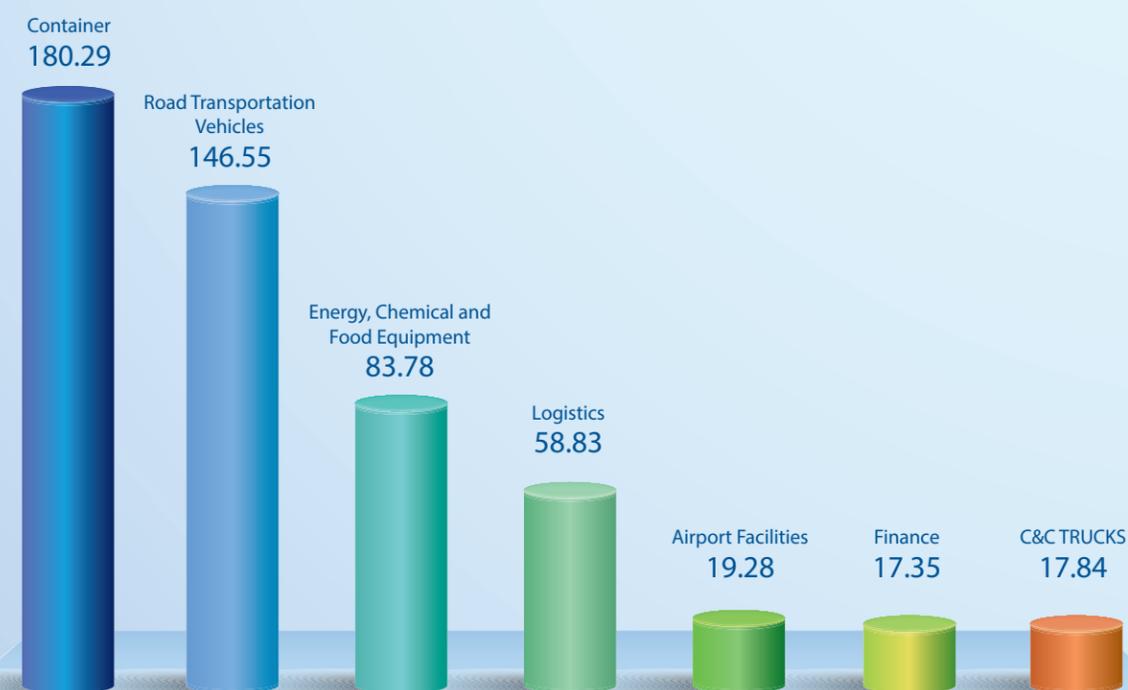
Also in 2017, the Logistics Segment opened a new chapter of asset-light business model after completing the commercial operations of three lands. The Airport Facilities erected more boarding bridges in Shanghai and South America, and further consolidated its leading position in the world. CIMC's modular hotels and apartments were seen in Newcastle, London and Manchester. These building units were manufactured in China, transported abroad, and put together easily as if they were the building blocks for kids, which tremendously amazed foreign clients. In addition, CIMC made material progress in its land projects at Qianhai and Taiziwan. The successful introduction of Country Garden as a strategic investor of CIMC's Industry & City Segment further boosted the business of the Segment. In the meantime, CIMC Wisdom Valley was rated as a national incubator of sci-tech companies, the financial business grew steadily, and the heavy-duty truck business made significant breakthroughs on domestic markets.

In order to trigger the creativity of the youth, CIMC encourages employees to set up businesses and make innovations and has incubated a group of start-ups. S.F. Group's buyout of CIMC E-commerce, the first start-up company of CIMC, became this year's hot topic on capital market. With the shares held in start-up companies, the employees maximized their efforts and multiplied their achievements. For example, the business revenue of CIMC Intermodal Development Co., Ltd was double in the second year of the business start-up.

This is our portrait of the CIMC 2017, and we will continue the efforts in 2018 and entertain our readers with more stories about further growth of the whole Group.

Editorial Office of *CIMC Today*

CIMC revenue over the first three quarters surpasses that of 2016, up 54% YOY



Operating Income (RMB100 million)

CIMC released its Q3 2017 reports on October 27. Due to favorable macroeconomic conditions at home and abroad, green shoots in international markets and continuous business operation improvements within, the Group achieved 53.963 billion yuan revenue from January to September 2017, up 54.26% YOY, and its net profit attributable to shareholders of the parent company and to other stakeholders was 1.309 billion yuan, much higher than that in the same period of 2016. Over the first three quarters, CIMC's total business revenue and profits outperformed those achieved in 2016.

CIMC's main business saw a greater increase. In particular, the revenue of its two largest business segments – Container and Vehicles increased by 130% and 40% YOY respectively, making them major contributors to the Group's revenue and profits. Other businesses, such as energy, chemical and liquid food equipment, grew significantly, and logistics services, airport facilities and finance businesses rose steadily.

Thanks to the oil prices rebound in international markets and business pickup after the reduction of excessive production capacity in the first three quarters, the business of CIMC's Energy, Chemical and Liquid Food Equipment Segment improved with the YOY increase in the quantity of orders. The Segment achieved business revenue of 8.378 billion yuan, up 27.31% YOY. In addition, Nantong Sinopacific Offshore & Engineering formally became a non-wholly controlled subsidiary of CIMC Enric, and changed its name to Nantong CIMC Sinopacific Offshore & Engineering Co., Ltd on August 16. The acquisition will enable CIMC Enric to further extend its offshore and onshore natural gas storage and transportation equipment business and service, create the new industrial layout for its onshore and offshore natural gas equipment

and projects, and give better play to the coordinated development effect.

While enjoying the feel good-factors, such as the moderate economic growth across the world, the acceleration in the growth rate of import and export, and the rebound of logistics service prices, CIMC's logistics business positively activated its assets, improved the asset benefits and further exploited the potential of existing businesses to attain the quality growth; in the meantime, it further improved the business layout along the "Belt and Road" countries and around the "Yangtze River Economic Belt", and achieved business revenue of 5.883 billion yuan, up 18.96% YOY.

CIMC's Airport Facilities Segment continued to achieve robust growth with its boarding bridge and automatic logistics businesses growing steadily. The Segment, with an accurate assessment of the development tendency of airport apron bus market, launched two new products that catered more to the market demands; Ziegler Group, a time-honored German firefighting truck manufacturing company acquired by CIMC in 2013, was speeding up its consolidation process to better expand its businesses on international markets; the intelligent parking business continued to grow robustly and would prioritize the development of stereo garages for public transport sectors and focus on the business growth in Shenzhen. In the first three quarters, the Airport Facilities Segment achieved sales revenue of 1.928 billion yuan, up 11.19% YOY.

Positively impacted by the implementation of the GB1589-2016 standard, the control of oversize and overload transport and the elimination of higher-emission vehicles as well as the proactive fiscal policies adopted by the central government, CIMC's heavy-duty vehicle business made outstanding

performance on domestic market and achieved business revenue of 1.784 billion yuan, up 60.66% YOY.

In addition, the financial business that supports the development of CIMC's business sectors achieved business revenue of 1.735 billion yuan, up 3.17% YOY. The Industry & City Development Business Segment also reported encouraging news: CIMC entered into strategic partnership with Country Garden Group, and signed a framework agreement on three lands preparation in Qianhai with the Urban Planning, Land & Resources Commission of Shenzhen Municipality and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, which further promoted the quality growth of the Group's real property business.

Though the global offshore engineering market is still at the bottom of the periodic recession and faces grave challenges, yet CIMC's Offshore Segment made breakthroughs in project operation, technologies and diversified development. The Blue Whale One built by CIMC Raffle successfully completed 60-day flammable ice trials in South China Sea, a great achievement that caught attention of the world; the adaptive reconstruction of CR600, a semi-submersible accommodation platform, reputed as the "Offshore Hilton", was completed as per the instructions of its leasee Petrobras; the Blue Whale Two semi-submersible drilling platform completed its sea trials and was to be delivered very soon; the "New Shengli #5" jack-up drilling platform, generally assembled and constructed for SINOPEC, was successfully delivered. In addition, CIMC Raffles made significant breakthroughs in aquafarms with 7 new orders in August and 12 new orders in September.

CIMC Innvalley is established to focus on the 100 billion yuan pallet business

Pallet delivery is the preferred delivery method of the logistics industry since it is capable of achieving standard intermodal transport and improving logistics efficiency, and this has brought new challenges and great opportunities to pallet manufacturers. CIMC Innvalley, a joint venture of CIMC and WG Innvalley Group, was formally established on October 31. The new company will be committed to the R&D and mass production of standard, intelligent and eco-friendly pallets by making best use of the advantages of the two groups, change the low-end and scattered business forms on domestic pallet market with brand new product designs, production processes and business models, and contribute to the improvement of China's logistics efficiency. In the meantime, the two groups will partner with the Supreme Group to explore the establishment of an intelligent pallet sharing system, hoping to further improve the intelligentization level of the whole industry through the construction of an intelligent logistics sharing platform.

With the development of standard logistics service and intelligent intermodal transport, the pallet, a basic logistics element, is playing more and more important roles. "If pallet matches the dimensions of vehicle trucks and the sizes of packages and containers, there is no need to move cargos to other pallets, crates or containers during the transport, which will tremendously reduce logistics time consumption and costs. Also, the standardization of pallets will further improve the standardization of logistics and make greater contribution to the improvement of logistics efficiency and the reduction of logistics costs", said a responsible officer of CIMC.

CIMC Innvalley has seized the golden opportunity of the logistics industry with its innovative combination of compound and modularized pallets and automatic and large-scale production model. The compound and modularized pallets mean that CIMC Innvalley will give full play to the advantages of different materials, design its products with modularized concept, lower costs for its

customers while meeting their demands, and contribute to the environmental protection by using steel as the main material instead of the wood. Automatic and large-scale production model means that CIMC Innvalley will make change to the scattered and low-efficient production model by combining standardized and modularized product concept with large-scale and automatic production methods, contribute to the upgrading of the pallet industry with the supply-side reform, and provide customers with more cost-effective products and comprehensive service overall. The new concepts and products have been highly regarded by customers in different industries, earning the newly established joint venture a large quantity of orders from the leading companies in the photovoltaic industry and the electronic industry.



CIMC wins "CHKD Successful Restructuring Award"

Chinese Chamber of Commerce in Germany (CHKD) held its first "CHKD Invest Award Ceremony" in Berlin on November 13. More than 100 people, including Mr. Shi Mingde, Chinese Ambassador to Germany, Ms. Wang Fang, the representative of the chairman unit of CHKD and Vice President of Bank of China Frankfurt Branch; Mr. Friedolin Strack, Managing Director and Coordinator Germany Asia-Pacific-Committee of Federation of German Industries, representatives of CHKD director units and guests from Chinese and German industrial and commerce circles, attended the award ceremony.

The "CHKD Invest Award" is set to encourage Chinese enterprises to actively send messages to the German community, enable Germans to gain more thorough and objective understanding of Chinese enterprises' investment in Germany, build up the good social image of Chinese investors, and share successful experiences.

The judging panel for the "CHKD Invest Award", composed of the Economic Daily, PricewaterhouseCoopers, China Europe International Business School and CHKD, presented the "Successful Restructuring Award" to CIMC after comprehensive assessment of the investment objects, investment amount, post-investment management, return on investment and investment risk.

CIMC has successively acquired 3 Germany-based companies since 2008, namely TGE (TGE is a global leading company in LNG terminal, LNG plant and engineering design and project management and ECP), ZIEMANN (ZIEMANN is a global leading supplier of turnkey brewery plants and saccharification equipment, and it is a well-established beer equipment specialist. Today, it provides equipment and engineering services to the world's famous beer plants and acquires over 30% of the orders worldwide), Ziegler (Ziegler is a leading firefighting truck

manufacturer in Germany and Europe. As a company with 126 years of history and one of five major firefighting truck manufacturers in the world, it mainly designs and manufactures different kinds of firefighting trucks and equipment). After the acquisition, the three companies have made best use of CIMC's global operation resources and successfully turned losses into profits.



CIMC attends and speaks at Italian “Belt and Road” Forum



China and Italy jointly held the Sino-Italian Cooperation Forum on the Connection of China’s “Belt and Road” Initiative and the European Development Strategy in Venice on November 23-24. Nearly 200 people from the political, academic and business circles of China, Italy, Turkey, Georgia and Azerbaijan attended the forum. Chinese ambassador to Italy, Italian ambassador to Georgia, Azerbaijan ambassador to Italy, former mayor of Venice, and officers from Italian Ministry of Infrastructure and Transport, Turkey Ministry of Custom and Trade, the Asian Infrastructure Investment Bank, the Export-Import Bank of China, Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce, Silk Road Fund, Venice Harbor Affairs Administration, Tianjin Harbor, Huawei, Hainan Airlines and CIMC, all delivered speeches about the “Belt and Road” Initiative and had discussions about Sino-European cooperation with others.

Qin Gang, CIMC President Assistant, delivered

the keynote speech themed with “New Value Brings New Business Opportunities” at the forum. He shared CIMC’s globalization approaches and experiences over the past decade with the audience, noting that CIMC always sticks to the principle that new value brings new business opportunities in its global business operations. No matter in overseas cooperation or acquisitions, the Group is popular with its business partners, because it not only cares about its own interest, but also brings such incremental value as markets, global operation platforms, funds, technologies, taxes and jobs to local areas; in the meantime, CIMC’s operating principle of “Global Operation, Local Wisdom” has been proved to an effective globalization solution for numerous times.

Qin Gang also noted that as an enterprise “going out” earlier, CIMC hopes that its cooperation with European partners under the framework of the “Belt and Road” Initiative will be brought to a deeper level and that

its experiences will be more inspiring for future cooperation between China and the European countries. Today, CIMC is working on the transformation and upgrading of its products and manufacturing businesses under the guidance of the development thoughts specified in “Made in China 2025” and heading towards automatization, intelligentization, digitalization and green development. Simultaneously, Germany is promoting its Industry 4.0, and Italy is implementing its national Industry 4.0 development plans. This means that CIMC will have more and deeper communication with its current and future business partners in the Europe. CIMC’s equipment manufacturing sectors expect to gain innovative inspiration from such technological exchanges and hope that with the well-known industrial design competence of Italy, CIMC will be able to manufacture better products with beautiful appearances and fashionable elements.

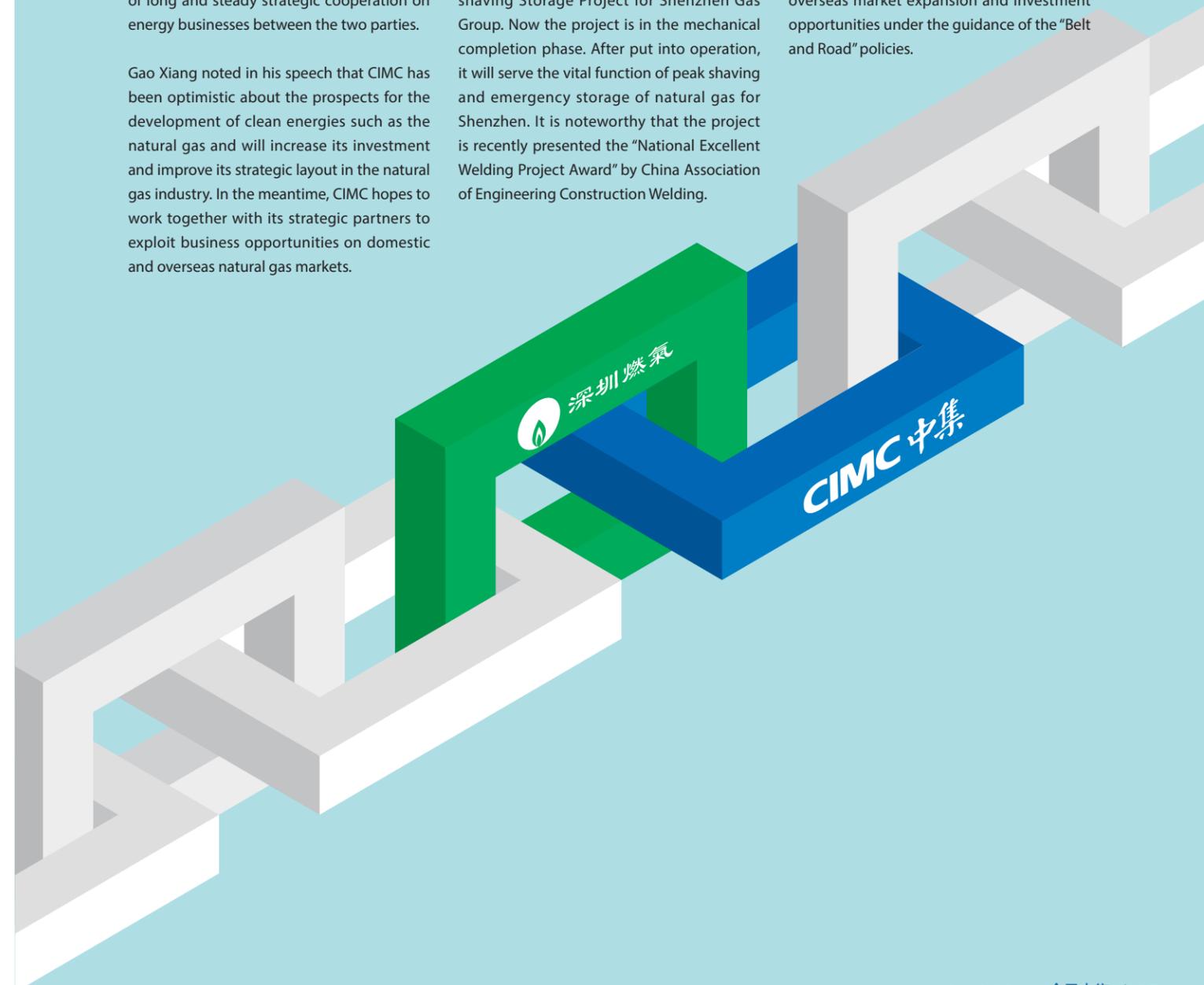
CIMC signs a strategic cooperation framework agreement with Shenzhen Gas Group

The CIMC-Shenzhen Gas Group Strategic Cooperation Framework Agreement Signing Ceremony was held at Shenzhen Gas Mansion on November 24. CIMC’s Vice President Gao Xiang and Shenzhen Gas Group’s President Wang Wenjie attended the ceremony and signed the Agreement, meaning the start of long and steady strategic cooperation on energy businesses between the two parties.

Gao Xiang noted in his speech that CIMC has been optimistic about the prospects for the development of clean energies such as the natural gas and will increase its investment and improve its strategic layout in the natural gas industry. In the meantime, CIMC hopes to work together with its strategic partners to exploit business opportunities on domestic and overseas natural gas markets.

The two groups have been working for a long period of time. In particular, Shanghai TGE Gas Engineering Co., Ltd and Nanjing Yangzi Petrochemical Design Engineering Company Ltd, the two subsidiaries of CIMC Enric, jointly built the LNG terminal of Shenzhen Municipal Liquefied Natural Gas Peak-shaving Storage Project for Shenzhen Gas Group. Now the project is in the mechanical completion phase. After put into operation, it will serve the vital function of peak shaving and emergency storage of natural gas for Shenzhen. It is noteworthy that the project is recently presented the “National Excellent Welding Project Award” by China Association of Engineering Construction Welding.

The two parties are optimistic about the prospects for the development of world’s natural gas industry and agree to enhance their cooperation in the energy field on the basis of complementing each other and seeking common growth and win-win. In the meantime, the two parties will exploit overseas market expansion and investment opportunities under the guidance of the “Belt and Road” policies.



CIMC's 3 inventions win WIPO-SIPO Awards

CIMC has won China Patent Awards for **9 patented inventions** in China

The Ceremony for the 19th WIPO-SIPO Award for Chinese Outstanding Patented Invention & Industrial Design was held at China National Convention Center on December 13. CIMC's 3 patented inventions, namely the Vessel's Strain Hardening System and its Manufactured Austenitic Stainless Steel Cryogenic Vessels (Invention Unit: CIMC Enric Sanctum), "A Container" (Invention Unit: CIMC Nantong), and the "Legs of A Self-elevating Platform and the Offshore Platforms with Such Legs" (Invention Unit: Yantai Offshore Engineering) won the WIPO-SIPO awards. So far, CIMC has won the awards for 9 patented inventions designed by the Container, Energy and Chemical, Yantai Offshore Engineering And Airport Facilities Segments.

The assessment and selection of winners for China Patent Awards started in 1989, and it is held for the 19th time this year. Over the years, it has picked out nearly 5,000 patents featuring high creation quality, considerable operation benefit, strong protection ability and high management level.



CIMC Vehicles' intelligent trailer takes shape

CIMC Vehicles held "CIMC Huajun Lighthouse Program Office Building Opening & Delivery Ceremony" in Zhumadian, Henan Province on November 24. Curtain side van semitrailers, the first products researched and developed during the implementation of Huajun Lighthouse Program, were also delivered at the ceremony. Its successful rolling off the production line and delivery means that China's new generation intelligent trailer takes shape. With the release of the GB7258 standard, China's curtain side van semitrailer industry will have unprecedented business opportunities.

Over the past few years, CIMC Vehicles has been improving its intelligent manufacturing competence, making intelligent equipment R&D achievements and has surpassed its competitors worldwide in semitrailer manufacturing competence to the world's leading level. At the vehicle evaluation and

delivery ceremony, Zhang Xueli, a senior engineer of Research Institute of Highway of the Ministry of Transport, noted "the curtain side van semitrailer has embodied the wisdom of engineers from different countries, incorporated the advantages of intelligentization and lightweight, and used advanced materials and techniques. In terms of designs and manufacturing techniques, it represents the advanced level of 'Made in China'". The new vehicle will be playing an important role in the formulation, testing and verification of important industrial safety standards of the Ministry of Transport, and it must be able to provide inspirations for and lead the safe, green and highly effective development of China's trailer industry.

In logistics sector, loading and unloading efficiency equals to operating efficiency. "Normally, a logistics company needs 2 hours to unload cargoes from a truck and 3 hours to load. With our products, it needs 20 to

30 minutes for unloading, and 1 hour for loading and fastening, saving the time by 70%." The highlight of CIMC Huajun curtain side van semitrailer is the intelligentization, and it represents the development tendency of future intelligent trailers. The product has integrated CIMC Vehicles' achievements in the R&D of intelligentization programs, and equipped with intelligent hardware and devices and intelligent information management platform. It is capable of solving such logistics problems as asset management, cost reduction, efficiency improvement and safety precaution, accessing to the real-time status of cargoes, conducting big data analysis, enabling transparency in the transport, and monitoring the safety of vehicles and cargoes via CIMC's Sparks IOV System. Besides, the vehicle features a number of the state-of-the-art technologies such as trailer tracking management, tyre temperature and pressure monitoring, RSS intelligent roll stability system and intelligent impact prevention and warning, which has further ensured the vehicle safety.



CIMC Vehicles establishes a trailer leasing and sharing company

The 2017 China Commercial Vehicles Show (CCVS), hosted by China Council of the Promotion of International Trade Automotive Sub-council, opened at Wuhan International Expo Center on November 4. CCVS is the only commercial vehicle show at the national level in China, and it is also the largest one in Asia. CIMC Vehicles announced that it has formally started the semitrailer operating leasing business by establishing Jiangsu Guachebang Lease Co., Ltd (Guachebang).

CIMC Vehicles has ranked first in the global semitrailer industry for 3 years in a row, making it a classic example of globalization for China's special-purpose vehicle manufacturers. With a start-up capital of 200 million yuan, Guachebang will specialize in the leasing of different transportation semitrailers and cargo containers to e-commerce, trunk line and logistics companies and provide services covering the entire industrial link including

vehicle registration, insurance, and after-sales services, and have business offices in the first-tier cities across the country. In particular, it invites North American trailer experts as its consultants who will make business development plans for the new company.

Guachebang provides at least three years of lease of brand new 30 to 48 ft skeleton semitrailers of different specifications and continuous lease of cargo containers, and it serves both big companies and small and medium-sized enterprises and fleets.

Li Guiping, Managing Director of CIMC Vehicles, pointed out that China's traditional manufacturing business is facing a large number of challenges, and the automobile industry is undergoing unprecedented changes: the control of oversize and overload transport, the tightened environmental protection supervision, the elimination of outdated manufacturing equipment and

backward technologies, the shortage of laborers, the limitations to emissions, the R&D progress in driverless vehicles, and the intelligent management. Today, new sciences and technologies are recreating our business value and reshaping our business models.

The establishment of Guachebang should not be simply considered as CIMC Vehicles' extension of its manufacturing business to service sectors. It is CIMC Vehicles' efforts to perform its corporate social responsibility and to implement its operating principle to promote the healthy and sustainable development of the industry. By pioneering the share trailer business model, encouraging increased participation of well-known companies and stimulating the reasonable reallocation and utilization of industrial resources, CIMC Vehicles will help the logistics industry reduce costs and improve efficiency.



CIMC Huajun delivers batches of central axle car carriers to a Hubei client

CIMC Huajun held the Ceremony for the Batch Delivery of Hino Central-Axle Chassis Car Carriers on December 13. The central axle car carriers are equipped with the Japan-made chassis special for Hino car carriers and designed with the demands of car carrier market over the years, featuring simple operation and light deadweight and conforming to the national technical requirements for car carriers.

Compared with other car carriers, CIMC's product takes into account the requirements of major car-carrying service suppliers and embraces the wisdom of CIMC Research

Institute. The height of the upper platform is multi-adjustable, and with the bolt positioning mechanism, it can be easily operated. Its car-loading models have been special tailored for mainstream markets in China and loading performance of different-levels of vehicles and feature the loading of 8, 9 and 10 vehicles respectively. In particular, the loading operation is faster due to the hydraulic devices. As for the service, CIMC Huajun provides users with tailored service plans and special care throughout the service life of the car carriers through its over 300 after-sales service outlets nationwide.



CIMC Vehicles' refrigerator truck family has new members

CIMC Vehicles delivered the first batch of brand new Goldmedal and Greenbody trucks to the client on December 8, and formally announced that its refrigerator truck family has got new members.

With the rising demands for cold chain transport in domestic medical and food sectors, it is estimated that over 150,000 refrigerator trucks will be needed on China's market in next three years with a compound annual growth rate of 10 to 20 percent. CIMC Vehicles has made new breakthroughs in the R&Ds of van bodies with its world's leading digitalized and modularized design technologies and Reefer 1.5 foam manufacturing techniques, and further consolidated the leading position of CIMC

in refrigeration and transport equipment markets with the technological advantages of "light deadweight, strong heat preservation performance, large volume, long service life".

The delivered advanced Goldmedal and Greenbody trucks boast a large number of black technologies, enabling "Made by CIMC" products to gain a head start in domestic market and become the first choice of domestic users. The products have made new breakthroughs in three aspects: firstly, in technologies. The North American refrigerator semitrailer crossover designs and many patents and the use of the world's leading Reefer 1.5 numerical control, high-pressure, low-density and injection-type sandwich foaming

equipment have ensured the uniform density and surface smoothness of foam bodies and improved the heat preservation performance; secondly, in materials. With the use of high-strength zinc coated plates or aluminum plates as the outer plate of van bodies, the thermoplastic internal plates, and environmentally friendly blowing agent and sealants, the products have taken the lead in the industry to reach the food-grade safety level of "zero odor and resistance to corrosion"; thirdly, in intelligentization. The products have incorporated advanced intelligent technologies and patented designs including intelligent inductive LED lamps, intelligent temperature control fans and intelligent temperature monitoring.

- Strong heat preservation performance
- With the use of environmentally friendly materials, the van bodies can reach the level of "zero odor and resistance to corrosion"
- Incorporate intelligent control and monitoring systems



Guachebang partners with G7 to promote trailer-sharing business

G7, a leading intelligent Internet of Things (IOT) company in China, and Guachebang, a subsidiary of CIMC Vehicles, entered into a strategic cooperation agreement on December 20. According to the agreement, G7 will process the online and offline clients' leasing requests and work together with Guachebang to promote China's semitrailer sharing and leasing business development.

The innovative integration between China's leading IOT company and the world's leading semitrailer manufacturer marks a solid step forward in the intelligentization development of China's semitrailer market and will promote the innovation of semitrailer leasing business and create new trailer sharing fields.

With its forward-looking and strategic vision of logistics transport business, G7 is committed to promoting the emergence

of intelligentization-based management and operation of domestic trailer business. In the meantime, in the segments such as express transportation and delivery, transportation of hazardous chemicals, cold chain and central axle car carriers, it has realized the visualization of the whole process of trailer transportation management, safe driving, intelligent dispatching, shared coordination and enhanced the abilities in six major intelligent data about locations of trailers and semitrailers, temperature, carrying capacity, side rollover resistance, remote vehicle locking, and tyre temperature and pressure. It has also conducted efficient management of trailers scattered on markets so as to unshackle the driving capability maximally and establish new standards for domestic trailer transportation market.

Li Guiping, Managing Director of CIMC Vehicles and founder and CEO of Guachebang noted "in the face of unprecedented challenges and opportunities of the new era, our expectation of share economy has been underpinned by the share economy in the semitrailer industry, namely the operating leasing of semitrailers. This model boasts huge growth potential in terms of development tendency in European countries and in the U.S. and the advantage of the business model. So far, only two companies provide such business in China, and Guachebang is one of them. With the intensified and concerted efforts of G7 and Guachebang, the two companies will boost the transportation force, efficiency and ability, stimulate the reasonable reallocation and reuse of industrial resources and contribute to the cost reduction and efficiency improvement of the logistics sector".

CIMC Enric wins Energy Award 2017 from Germany's Business Daily



On September 28, Ziemann Holvrieka, a liquid food equipment and engineering company of CIMC Enric, and Regensburg Brewhouse, a well-established brewery plant with over 600 years of history, won the Energy Awards 2017 from Germany's Business Daily for their recovery and reuse of energy based on the modularized energy design concept.

The Energy Awards was jointly initiated by Germany's Business Daily and GE in 2013. Each year, it is presented to the innovative, forward-looking and promising program in terms of energy optimization and efficiency improvement, and the winning

program is assessed and picked out by a reputable energy society in the industry. The winners are all leading companies in their respective fields, which have made significant contributions to the planning and promotion of the reuse of energies.

Over the years, Ziemann Holvrieka has been working together with Regensburg Brewhouse on the R&D and application of sustainable and eco-friendly production equipment and techniques at the Straubing and Weihenstephan-Triesdorf University of Applied Sciences, and their R&D achievements are highly recognized by the industry and the public. In 2013,

when Regensburg Brewhouse, the oldest brewery plant in Straubing, celebrated its 650th anniversary, it was presented the Federal Award for Excellent and Innovative Techniques, and this success was partly attributable to the efforts of Ziemann Holvrieka. Other major awards include: the Best Practice Label Award presented by DENA, the national energy agency of Germany, for Ziemann Holvrieka's program of energy efficiency optimization for brewery plants. In addition, Ziemann Holvrieka was nominated for the 2017 Germany Environmental Award.

CIMC Enric makes Canada's first LNG export to China a great success

The News "The First Batch of Natural Gas Exported by Canada to China is successfully Shipped" hit the headlines of Canadian and U.S. energy and financial media on November 22. Foreign media described it as a milestone in Canada's natural gas export industry and an event of significant importance for Canada's energy business.

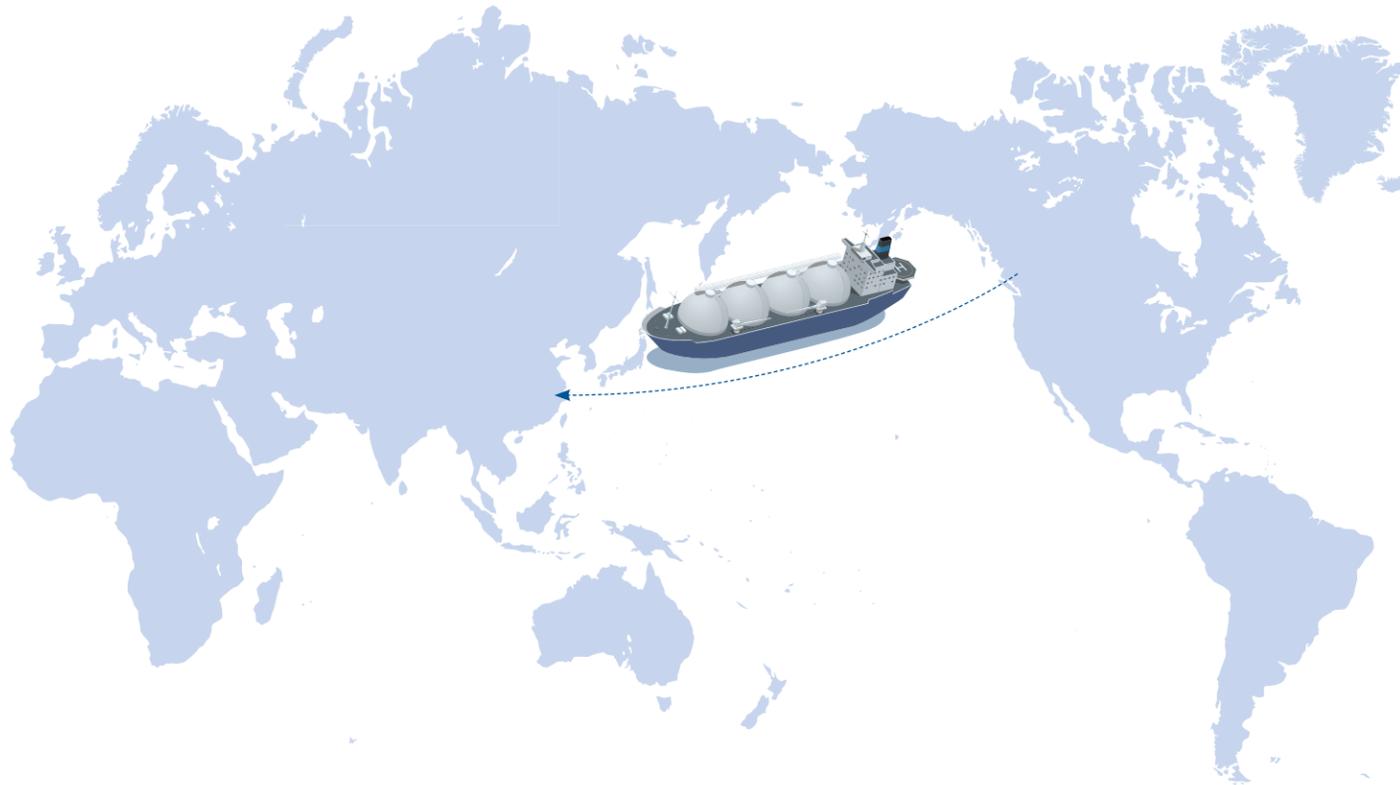
The shipment was jointly completed by the LNG supplier Fortis BC and CIMC Enric. The LNG was supplied by Fortis BC's liquefaction facilities in the British Columbia Province. According to the logistics schemes and with the loading and transporting equipment

provided by CIMC Enric, the LNG was loaded in tank containers and shipped by intermodal transport means from Vancouver to China. This was the first time that Canada exported LNG to Chinese market.

According to relevant analysis, China may become the world's second largest LNG importer in 2018. With the business growth in the LNG trade markets, the LNG tank container intermodal transport model, in addition to the imported LNG terminals, has won great attention from global LNG trade markets for its advantages of flexibility, low investment in fixed assets, safety and high

efficiency. As the world's largest intermodal transport tank container manufacturer, CIMC Enric has extensively and thoroughly participated in the intermodal transport practices and innovations.

The successful shipment has opened a new chapter in the energy partnership between Canada and China, and extended standard and innovative logistics models of LNG tank containers to Canada, which will be able to profoundly influence the innovation of LNG logistics models of Canada and the whole world.



CIMC SOE's ship ranks among the 2017 top 10 greatest ships

Maritime Reporter & Engineering News, a world-famous audited circulation magazine serving the global maritime industry, released the list of "Great Ships of 2017" in the middle of December. GasChemBeluga, the world's first vessel with tri-lube type C-tanks for storing liquid ethane gas built by CIMC Sinopacific Offshore & Engineering Co., Ltd, was rated by the editors as one of the great ships of the year.

Maritime Reporter & Engineering News, published since 1939, annually prints details on the world's "Great Ships of the Year." It ranked from those selected in the December 2017 edition the top 10 ships of the year, among which 3 ships were built by China, 3 by South Korea, 1 by Japan, 1 by Germany, and 2 by America.



CIMC Enric makes earlier preparation for China's import of U.S. ethane

During U.S. President Donald Trump's visit to China, the Chinese and American companies entered into a number of agreements on the cooperation in areas related to oil and natural gas, with total contract value of more than US\$150 billion. Among them, the US\$26 billion *Ethane Purchase and Sales Agreement* was a milestone for the two countries, because it is the first time that the U.S. exports ethane to China.

CIMC Enric has made earlier preparation for China's import of U.S. ethane. On November 18, Shanghai TGE Gas Engineering Co., Ltd (TGE) and Nanjing Yangzi Petrochemical Design Engineering Company Ltd (YDPI) air-raised the roof of a large storage tank to its final position. This is the part of the 400,000-m³ light hydrocarbon gas warehousing program that the two companies jointly designed and constructed for SP Chemicals.

The successful topping-out means that a milestone of progress was achieved in China's first large cryogenic ethane terminal project.

So far, TGE has completed the construction of large storage tanks and import and export terminals for over 30 projects for the storage and transport of ethane, propane, ethylene and methane (natural gas), including the U.K. ethane terminal project and Norwegian

terminal project to transport the ethane exported by the U.S. to the Europe for the first time. Coincidentally, the ethane exported by the U.S. to the Europe in 2016 was transported by the carrier that was built by Nantong CIMC Sinopacific Offshore & Engineering Co., Ltd, a subsidiary of CIMC Enric. The 27,500-m³ multi-purpose gas carrier can load and transport ethane, LNG, LPG, ethylene, etc.

Currently, CIMC Enric is the only company capable of supplying overall solutions to the design and construction of both ethane terminal and ethane carrier in the world. As the builder of the infrastructure for the petrochemical industry, China's clean-energy top-end equipment manufacturing, engineering service and systematic solution industry, with CIMC Enric as a pioneer, has grown mature, and is embracing the

new opportunity to contribute to the development of domestic petrochemical industry after serving the international markets with advanced construction facilities and technical excellence for years.



CIMC Raffles further deepens salmon cooperation with Norwegian Ocean Aquafarms AS

The Norwegian delegation headed by John Peter Hernes, Vice Mayor of Stavanger, visited Yantai on October 19, and held a conference with Zhang Dailing, Vice Mayor of Yantai, CIMC Raffles President Wang Jianzhong and Assistant President Yang Yichuan, and other government officials and enterprise representatives.

At the conference, Ms. Heidi Baugsto, Chairman of Norwegian Ocean Aquafarms AS and a contributor to the establishment of friendly ties between the two cities, reviewed her cooperation with CIMC Raffles on oil and gas equipment and made detailed

introduction of strategic cooperation plans for the deepwater aquaculture of salmon between the two companies. Wang Jianzhong noted that the two companies had more than US\$2 billion cooperation programs on oil and gas equipment over the past 10 years, and established great and long-standing friendship. The 3 semi-submersible drilling platforms delivered by CIMC Raffles are working at the North Sea of Norway, and they have been rated as the Monthly Best Platform and Best Oil Well by Statoil ASA for many times. CIMC Raffles hoped that the two companies will be able to further deepen

their strategic cooperation on salmon business on the platform of sister cities.

Ms. Heidi Baugsto and Wang Jianzhong signed the *Memorandum of Understanding on the Strategic Cooperation on Salmon Business* after the conference. The two parties agreed to establish Deepsea Fishery Coordinated Development Offices in Yantai and Stavanger, and jointly establish Deepsea Fishery Equipment Innovation Center at CIMC Offshore Engineering Research Institute to further deepen the strategic cooperation on salmon.



CIMC starts to build China's first deepsea intelligent net cage

The commencement ceremony for the construction of China's first deepsea intelligent net cage by CIMC Raffles for Changdao Hongxiang Seafood Co., Ltd was held at Longkou Base on October 28. This is another high-end product launched by CIMC Raffles after the aquafarm platform.

Changdao Hongxiang deepsea intelligent net cage is the first net cage products of CIMC Raffles. Its bottom is a hexagon structure, and the internal space is

divided into three separate parts of the same size by cage nettings. Therefore, different types of fishes or same type of fishes in different growth stages can be raised in one cage, so as to maximize the interests of users. In addition, the net cage uses solar energy and has the equipment for automatic feeding, underwater inspection, collection of dead fish, and cage netting washing and hoisting, so as to achieve the intelligent and pollution free aquafarming.

After the delivery of the project, it will work together with the previously semi-submersible aquafarm to significantly improve Changdao Hongxiang's "aquafarming + leisure activities" development strategy. The construction of the deepsea net cage will be the "vanguard" and "engine" during the replacement of old growth drivers with new ones and lead the direction of upgrading China's deepsea fishery equipment.



CIMC Raffles signs deepsea fishery development cooperation agreement with Shandong Ocean International and ABC Qingdao

The 22nd China International Fishery Expo opened at Qingdao International Expo Center on November 1. CIMC Raffles, Shandong Ocean International Co., Ltd and Agricultural Bank of China Qingdao Branch held the Deepsea Fishery Development Cooperation Agreement Signing Ceremony at the fair. The successful signing of the agreement means that the three parties have established stable strategic partnership, laying solid foundations for the implementation of China's marine strategy, the development of deepsea aquaculture industrial chain and explore the innovative development model of deepsea fishery business.

According to the strategic cooperation framework agreement, the three parties will conduct all-round cooperation complement one another in the fields of high-end ocean fishery equipment, aquafarm investment and operation, supporting cold chain warehousing and logistics, sales of products and brand operations, so as to play a leading and exemplary role in the structural adjustment and the replacement of old growth drivers with new ones in Shandong's ocean fishery business, and promote the eco-friendly, professional, standard and intelligent construction of Shandong's "offshore barn" and aquafarms.

Thanks to its oil and gas equipment experiences and business models over the past decade, CIMC Raffles has stepped onto the path of transformation and upgrading from oil to fishery by exploring new technologies and models. With the support of Shandong Provincial Administration of Ocean and Fishery, the company has received 26 ocean fishery orders for aquafarms and deepsea net cages in a year, achieved the crossover integration between oil and gas equipment and technologies and fishery equipment, and made numerous breakthroughs in high-end fishery equipment in China.

CIMC Offshore Engineering Research Institute signs a cooperation agreement with Krylov State Research Centre

Krylov State Research Centre and CIMC Offshore Engineering Research Institute signed the Cooperation Agreement on the Drilling and Exploration at the Arctic at Marinotec China 2017 on December 5.

Krylov State Research Centre is the largest ship and ocean equipment research institute. It is mainly engaged in the research of hydrodynamics, structural mechanics, acoustics, powering, and definition of ship concepts, and its innovative R&Ds have

ensured the development and construction of naval ships, commercial vessels and offshore structures for Russia. CIMC Offshore Engineering Research Institute is one of three major research centers that are specialized in the R&D and design of high-end offshore engineering equipment and special-purpose ships, and it is rated as the "National Energy and Offshore Drilling Platform R&D (Testing) Center" by National Energy Administration and the leading R&D center and base in China's offshore engineering field.

Krylov State Research Centre and CIMC Offshore Engineering Research Institute will take the lead and cooperate with more organizations and companies from Russia and China to promote the formulation and implementation of relevant technical and business plans. The successful signing of the agreement represents the formal start of the Sino-Russian Arctic Drilling and Exploration Complex Program.

CIMC Raffles holds the shares of the Innovation Center of China Offshore Engineering Equipment Manufacturing Industry

China Offshore Engineering Equipment Manufacturing Industry (Offshore Engineering Innovation Center) is an organization established under the guidance of the Ministry of Industry and Information Technology and Shanghai Municipal Government and initiated by China Offshore (Deepsea) Industry Alliance. Its subscription agreement signing ceremony was held on December 5 in Shanghai. Xu Kunlin, Vice Mayor of Shanghai; Wu Lei, Deputy Director of Shanghai Economic and Information Technology Committee; Chen Jie, Secretary of CPC Shanghai Lingang Area Development Administration Committee; Nan Daqing, deputy general manager of China State Shipbuilding Corporation; He Jiwu, Deputy General Manager of China Shipbuilding Industry Corporation; Wang Yuhang, Deputy General Manager of China COSCO Shipping Corporation Limited; Yu Ya, Vice President of CIMC; Wang Jianzhong, President of CIMC Raffles; and Wang Jun, Deputy General Manager of CRRC Corporation Limited, attended the agreement signing ceremony.

The Offshore Engineering Innovation Center is a crossover coordinated ecological system to complete the development, transfer, promotion and industrialization of offshore engineering technologies. It adopts the operating model featuring the combination of companies and alliances and is jointly invested by 26 units including major enterprises that engage in the general assembly and construction of offshore projects, core equipment suppliers, key scientific research institutes, top universities, a group of innovative companies that engage in the innovation and application of offshore engineering technologies and the units that represent the interests of local governments.

It is estimated that in 5 to 10 years, the Offshore Engineering Innovation Center will carry out the functions of six platforms: China's R&D carrier of frontier offshore engineering technology and provision center of key and common technologies; the platform for the transfer, promotion and industrialization of offshore engineering technologies; the

brainpower for the central government to formulate relevant policies and the industrial thinktank; the cultivation base of innovative talent teams and talent highland; the public platform for the innovative service of offshore engineering equipment manufacturing industry; the platform to conduct international exchanges and cooperation.



CIMC plans to inject the equity interest in airport facilities business into CFE and becomes its majority shareholder

CIMC announced on December 4 that it plans to inject all of its equity interest held in Pteris Global Limited into China Fire Safety Enterprise Group Limited (CFE). After the transaction is finalized, CIMC will increase its equity interest held in CFE from 30% to over 50% and become the majority shareholder of CFE.

According to a responsible officer of CIMC, due to the huge development growth in the world's airport facilities business, in particular, in China's market, the transaction will benefit the overall development of the Group's airport facilities business, create better returns for investors and encourage the company to produce more and better products for customers. Though CIMC is a listed company, yet after its business segments have established independent capital operating platforms, the complete supervision system of the listed company will better standardize the operations of these business segments. More importantly, the transaction will better improve the rapid, steady and healthy development of the businesses involved, and

increase the value of shareholders of CIMC and CFE. In the future, CIMC will make more efforts to encourage the high-quality business segments such as the Airport Facilities to go public as early as possible.

Globally, there is a limited number of professional and comprehensive airport facilities producers that have the strength to service an extensive market. In China, there is a serious shortage of producers with high-end equipment production capabilities except CIMC. However, as China is rapidly growing into a powerful manufacturing country, CIMC Airport Facilities has become a member in the world's first-class producers and service suppliers. In the future, with the increased demands for high-end, intelligent, eco-friendly and highly efficient airport facilities, CIMC Airport Facilities will be able to achieve more business success.

Besides the airport facilities business, other businesses of Pteris Global Limited are developing satisfactorily. The intelligent

mechanical stereo garage will meet the rigid demands of large cities, and the automatic logistics equipment will be on the rise due to the growth in global and China's express delivery business. Research data shows that on China's express delivery, e-commerce and airport MHS (material handling system) market, a total sum of 47.1 billion yuan in 2020, with compound annual growth rate of 29.6%. Other data shows that the market share of the world's top 20 automatic logistics integration companies is worth US\$16.658 billion (110 billion yuan), and the total global market share is estimated to be about 130 billion yuan. With the increase in labor cost, it is an inevitable tendency to reduce logistics costs by means of automatic logistics. It is estimated that in next 5 years, the automatic logistics system market will remain to grow at a high speed. Since the automatic conveying and sorting equipment market in which CIMC Airport Facilities has been doing pretty well is essential for the development of automatic logistics, it will have brighter prospects.



CIMC trials the world's first robotic passenger boarding bridge and will debut it in Netherlands

CIMC-Tianda and Netherlands Amsterdam Airport signed a contract on October 1 for the development of the world's first robotic passenger boarding bridge (PBB). Recently, the first sample of the smart PBB has been successfully trailed at CIMC Airport Facilities' base in Shenzhen. Now the two parties are discussing the commercialization process of the product. It is expected that the first batch of the robotic PBBs will be widely used at the Amsterdam Airport at the end of 2019. For the global PBB sector, this is a product of epoch-making significance, representing the highest intelligentization level of today's PBB manufacturing industry. In the meantime, CIMC Airport Facilities Segment is speeding up its R&D of different airport ground equipment. Therefore, it is convinced that the world's smart airport facilities sector will embrace the emergence of products with creativity and imagination.

After the driverless PBB is put into use, the operator only needs to preprogram

the complete set of operating instructions in the system and press the remote-controlled operation button, and the PBB will automatically make its own way to an aircraft and safely and seamlessly connect with the aircraft door. The fully automatic operation will reduce the connection time from 3 minutes to 60 seconds, improve the operating efficiency of the PBB and speed up aircraft turnaround times. The technology will also significantly reduce the number of on-site operators, and the improvement of the intelligentization level will finally benefit the airport operators due to the rise of efficiency and the fall of costs.

In addition, the smart PBB will integrate an intelligent data management system. Capable of intelligently analyzing the abnormal conditions of data, the system will enable a PBB manager to gain real-time data about the overall status of the PBB, predict the occurrence of the failure and get the problems fixed in advance and will be of

great help for the operation management of the user. The technological competence has not yet been seen in PBBs of other brands.

The intelligentization of PBBs is the epitome of intelligent development of the aviation industry. When aircrafts get more and more intelligent, the intelligent data connections and intelligent applications of aviation ground equipment will be of unprecedented creativity and imagination. So far, in addition to the PBBs, CIMC Airport Facilities has extended its R&D and production activities to almost all aviation ground equipment through acquisitions and business expansion, such as airport shuttles, aircraft catering vehicles and airport lifting platform vehicles in the category of GSE (ground support equipment), airport luggage transporting system, automatic logistics and warehousing equipment, and airport firefighting trucks.



CIMC Logistics is rated as one of China's best 10 Logistic Enterprises



The Presentation Ceremony of 2017 China Logistics "Golden Pegasus" Awards & 2017 Boao International Logistics Forum was held on December 6-7. CIMC Modern Logistics Development Co., Ltd (CIMC Logistics) was rated as one of China's Best 10 Logistics Enterprises, the highest honor in Golden Pegasus Awards, and won the honorary title as one of China's Top 100 Logistics Enterprises (Brand Value).

The Golden Pegasus Awards are considered to be an authoritative assessment and selection event with high credibility and great influence in domestic logistics sector. It is directed by China Communications and Transportation Association and hosted by China Logistics Times

Weekly Press. The assessment and selection of China's Best 10 Logistics Enterprises is mainly for large and mature logistics companies. The registered participants should have greater brand awareness in the public and higher management and service level. In the meantime, the customer satisfaction index, customers' loyalty, completeness of IT system and logistics network coverage will be considered in the assessment and selection process.

CIMC Logistics focus on the development of four major business lines, namely the container service, ocean shipping and project logistics, railway-water combine transportation and equipment logistics. Over the past few years, it has improved

the operating efficiency by optimizing connotation, conducting transformation and upgrading, improving logistics network and focusing on major businesses. In 2015, it was rated as an AAAAA logistics company, the highest one for a logistics service supplier in China; in 2016, it ranked eighth in China's Top 100 Forwarders (3rd place in the warehousing category, 4th place in the ocean shipping category, and 12th place in the land transportation category). The presentation of the 2017 China's Best 10 Logistics Enterprises is the industry's attention and recognition of CIMC Logistics' development and upgrading, and it is a milestone in the company's development history.

CIMC Financing Leasing is rated as the 2017 China Financing Leasing Company



The 11th China Financing Leasing Annual Conference was held in Beijing on November 24. The annual conference is hosted by China Association of Enterprise with Foreign Investment. As an annual get-together of domestic financing leasing companies, the event is unanimously recognized by the industry for its roles in enhance industrial exchanges and promoting industrial development. CIMC Financing Leasing Co., Ltd won the honorary title of "China Financing Leasing Company of 2017" at the conference. This was the fourth time for the company to be rated as the financing leasing company of the year after it won the title respectively in 2011, 2014 and 2015.

The assessment and selection process is very critical. After the screening and comparing of nearly 1,000 financing leasing companies nationwide, the judgement panel composed of industrial experts and scholars will further evaluate the companies on the shortlist and take comprehensive factors into consideration, and then pick out 10 companies that meet the criteria that

imposes higher requirements on capital scale, capital structure, development strategy, innovation, exemplary role, risk prevention and control, business scope, industrial influence and brand reputation. The winning of the honorary title for the fourth time has fully demonstrated CIMC Financing Leasing's all-dimensional development and outstanding performance in all assessment systems.

Since it was established in July 2007, CIMC Financing Leasing has grown from a vehicle financing leasing business unit to the only general financial service contractor in business areas such as container, modular building, road transportation vehicles, energy and chemical equipment, offshore engineering, ships and airport facilities, with its businesses on the world's major markets such as Asia, America, Europe and Australia. Today, CIMC Financing Leasing is growing to be the new benchmark that leads the future development tendency of China's financing leasing industry.

CIMC I&C strategically partners with Tianan to promote the development and operation of industrial parks



Tianan Cyber Park and CIMC's Industry & City Development Business Segment (CIMC I&C) signed a strategic cooperation framework agreement on October 20. The two parties agreed to make best use of their respective resources and advantages and carry out cooperation in multiple fields with the development and operation of industrial parks as the core.

Tianan Cyber Park is China's leading developer and operator of innovative and ecological circles of enterprises. It is committed to the incubation and cultivation of enterprises throughout the life cycle and to the creation of ecological circles integrating R&D, office, business, communication and living for these enterprises. So far, it has developed and operated 17 parks in 11 cities, with a total operation area of more than 16

million square meters. CIMC I&C is a business segment that specializes in the development and operation of real estate properties and industrial parks, and it has grown into a development group of industrial parks and commercial and residential buildings. The businesses of CIMC I&C cover multiple areas such as the development and operation of industrial parks, the development of traditional real estate properties, commercial operations and real property services, and its businesses have been seen in nearly 10 cities in Pearl River Delta, Yangtze River Delta and within Bohai Economic Rim. The two giants will work together to promote the overall plan and development of industrial parks and based on this, give full play to the brand's demonstration effect, continuously advance the transformation and upgrading, and make full efforts to develop industry and commerce

integration programs featuring the creative transformation and innovative development.

CIMC's President and CEO Mai Boliang expressed his recognition of Tianan Cyber Park's strengths and achievements. He noted that due to the rising demands for industrial parks both at home and abroad, the two parties should complement each other and have quality cooperation with a focus on the cultivation of enterprises in the parks, the service of talents, the creation of value and the building of influential brands. Chairman of Tianan Cyber Park Li Ke noted that CIMC is a respected company, and Tianan will full connect its advantage with CIMC's powerful resources so as to pave out a path for the rapid development of the cooperation between the two parties.

CIMC Wisdom Valley works with German-Chinese Alliance for Industry 4.0 to build advanced manufacturing solution and innovation center



The 2017 Sino-German Cooperation and Innovation – Guangdong-Hong Kong-Macao Big Bay Area City Forum was successfully held at Songshanhu CIMC Wisdom Valley Industrial Park on November 21. The forum was jointly hosted by German-Chinese Alliance for Industry 4.0, CIMC Wisdom Valley, CIMC Yunchuang, Modern Business Development Research Center, Dongguan-Shenzhen Industrial Cooperation Promotion Association and Dongguan Electronic Information Industrial Association. The theme of the event was “Sino-German Cooperation on the Informatized Transformation and Upgrading”, and participants had discussions about the cooperation between the two countries on advanced manufacturing industries to meet industry 4.0.

CIMC Wisdom Valley and German-Chinese Alliance for Industry 4.0 signed

the *Strategic Cooperation Agreement on jointly Establishing Sino-German Advanced Manufacturing Solution and Innovation Center*, and held the opening ceremony. This means that the two parties will, with the Center as the platform, integrate international advanced manufacturing resources and cooperate on new technologies, solutions and human resources related to the transformation and upgrading of Dongguan-based enterprises.

Qin Gang, CIMC President Assistant, noted that the Group sticks to the globalization concept of “Global Operation, Local Wisdom”. Currently, CIMC has three controlled subsidiaries in Germany, one of the countries with largest number of CIMC’s overseas member companies. CIMC Wisdom Valley and

German-Chinese Alliance for Industry 4.0 will carry out deeper and innovative cooperation by jointly establishing the Center; and with CIMC Vehicles’ lighthouse digitalized plant in Wangniudun, CIMC Container Segment’s “Flying Dragon” Program in Fenggang and CIMC Wisdom Valley Industrial Park as the carriers, accelerate the construction of the Center, so as to positively participate in the industrial upgrading of Dongguan, put “Made in Dongguan 2025” Strategy into practice, enable Dongguan-based enterprises demanding transformation and upgrading to access to resources such as innovative technologies meeting Germany Industry 4.0, and contribute to the transformation and upgrading of China’s manufacturing industries and to the development of China from a big manufacturing country to a powerful manufacturing country.

CIMC MBI becomes a 2017 China Good Design silver winner



The 2017 China Innovative Design Conference & China Good Design Awards Ceremony was held at the International Convention Center of Shenzhen Qianhai Dream Park on November 24. CIMC MBI won the silver prize.

The assessment and selection of China Good Design is jointly held by the Innovation Design Alliance of China and China Knowledge Center for Engineering Science and Technology. Dependent on the National High-end Thinktank of Chinese Academy of Engineering, the event is initiated by Academician Lu Yongxiang and chaired by Academician Pan Yunhe. It is a design prize that incorporates authoritative intelligent resources, industrial resources, financial resources and organization resources in China’s innovative design field. Since the inception, the assessment and selection is highly recognized by experts and industrial

insiders and well received by the public. The designs winning golden and silver prizes should, in addition to the outstanding performance and pioneering feature in terms of greenness and low carbon, intelligentization and innovation, focus on the national science and technology major projects, the projects vital for people’s livelihood, the improvement of the competitiveness of China’s manufacturing and service sectors in the world, the sustainable development ability and the ability to lead global design, manufacturing and service activities.

The responsible officer of CIMC MBI noted that the winning of the prize has fully demonstrated that the company’s innovative building system has been recognized by the experts of Chinese Academy of Engineering and widely received by the public.

CIMC MBI signs a strategic cooperation agreement with Intertek

CIMC MBI and Intertek signed a strategic cooperation agreement on December 11, which will promote more extensive and deeper cooperation between the two parties.

Intertek is a Total Quality Assurance provider to industries worldwide. Through its global network of state-of-the-art facilities and industry-leading technical expertise, it provides systematic certification of building products, testing and certification of building materials. The company has abundant knowledge and experience about the consultation of building laws and regulations of mainstream countries such as the U.S. Over the past few years, Intertek has successively acquired ATI (Architectural Testing, Inc.), MT (MT Group LLC and Materials Testing Lab, Inc.) and PSI (Professional Service Industries, Inc.), the three famous building assessment companies in North America, making it

capable of conducting tests and providing quality assurance services throughout the life cycle of a building project.

CIMC MBI is a world's leading integrated monolithic steel structure building specialist. Maximally applying the concept of building modules to assembled buildings, incorporating design, production, production supervision and transportation, and integrating the integrated manufacture advantages of the whole Group, it can prefabricate 80 to 90 percent of engineering quantities of a building in factories, including the main structure, water and electricity systems, finishing and soft decoration, which makes the modular building the best choice during building industrialization. Thanks to more than ten years of exploration and promotion efforts, CIMC MBI has built over 1 million square meters of buildings for Great Britain, Europe, Australia, the U.S., Japan and other countries and regions.

So far, CIMC MBI has entered into long-term and steady strategic partnership with Hilton, Continental, Marriott and other hotel groups, top universities and well-known developers in the world.

The strategic cooperation between CIMC MBI and Intertek will help the two companies further expand their international businesses. Intertek will provide CIMC MBI with the services, such as the laws and guidance about building products of different countries, standard certification, compliance training programs, testing of materials, on-site inspection of manufacturing plants, witness of product delivery, investigation of after-sales service disputes, and maintenance and repair. The two parties hope to achieve win-win and build sustainable strategic partnership through close cooperation.



南方日报

What makes CIMC the world's No. 1?

When you are walking on the streets of developed countries such as the U.S., the UK, Netherlands, Belgium, Japan and Australia, you may find from time to time that semitrailers carrying the logo of CIMC drive away. CIMC is the acronym of China International Marine Containers (Group) Co., Ltd. Headquartered in Shekou, CIMC is the "invisible champion" of the vehicle sector.

A couple of months ago, the company with average annual production value of 60 billion yuan celebrated its 35th anniversary of formal production. Its output and sales volume of containers has ranked first in the world for 20 years in a row. However, containers are not all about the company. Today, CIMC has basically achieved the industrial upgrading from simple manufacturing

to system integration, extended its business from containers to 8 major business segments, namely containers, vehicles, energy and chemical equipment, offshore engineering equipment, finance, airport facilities, modern logistics and industry & cities, and ranked No. 1 in road transportation vehicles, boarding bridges and other transportation equipment sectors.

As a company that did not have any experience in road transportation equipment, how did CIMC make it and maintain its leading position on the global markets while keeping innovating? I recently paid a special visit to CIMC headquarters and the CIMC special-purpose vehicle manufacturing plant, aiming to uncover the secret to its success.



"The container on wheels" boosts the upgrading of China's logistics vehicles in an all-round way

Last year, CIMC's Container Segment hit the rock bottom due to the periodic recession in the industry, but the Vehicle Segments continued its steady growth over the years and became the No. 1 contributor the Group's profits, enabling CIMC to make profits for consecutive 23 years. In the first three quarters this year, the road transportation vehicle business continued to go up at a high speed and generated business revenue of 14.655 yuan, up more than 40% YOY.

But why did CIMC suddenly decide to start the vehicle manufacturing business? This is a story that can be dated back to 1999. That year, CIMC's CEO and President Mai Boliang spent his Spring Festival Holiday in Australia. Occasionally, he noticed that van trailers running on roads resembled his containers in appearance, and they were more "like containers on wheels". "They looked nice and drove safely, totally different from China's trucks that were running on highways and having their cargoes fallen or dropped down. We should introduce the advanced logistics equipment in Europe and America into China, study them, renovate them, and then sell 'Made in China' products to foreigners."

Mai Boliang was worried about the low logistics efficiency in China. He hoped to change it with intermodal transport and standard logistics services. Naturally, the vehicle equipment manufacturing became the best choice. Later, CIMC's access to each market segment is somewhat similar: seize the opportunities, and step onto the fast track by acquiring the most advanced companies in the industry.

In 2002, CIMC Vehicles (Group) Co., Ltd was formally established. At its inception, CIMC Vehicles decided to stay competitive on domestic and overseas markets simultaneously. In 2003, CIMC Vehicles acquired and merged Yangzhou Tonghua and Zhumadian Huajun, two outstanding players in domestic special-purpose vehicle industry. It also acquired and restructured Vanguard in the U.S., opening the chapter for CIMC Vehicles to head towards overseas markets and speed up its global business layout.

Due to conservative development strategies of its rivals, CIMC Vehicles was quickly ripe for explosive expansion. In 2007, its production capacity and scale ranked first in the world; in June 2016, CIMC Vehicles took full control of Retlan Group, the largest semitrailer manufacturer in the UK, making the company access to the British semitrailer market and further extension its business reach to Europe.

In 2015, the data released by ACT Research, an authoritative U.S. consultation company, showed that CIMC Vehicles' semitrailer products commanded biggest share of world's markets, and ranked in top 3 and top 5 respectively in European and U.S. markets which imposed highest requirements on the quality of products. According to the responsible officer of CIMC, the annual sales volume of CIMC Vehicles exceeds 120,000 units, accounting for over 10% of the world's total and ranking first in the global sector for 3 years in a row.

After stepping onto the fast track, CIMC Vehicles has encountered a problem: its turnover grew rapidly and reached a record high in 2011, and it may slow down

and even decline. "We hope to improve production efficiency and capacity, and command more market shares with the recruitment of more staff", said Li Guiping, Managing Director of CIMC Vehicles. The digitalized upgrading is a must. His company intends to build a digital factory and achieve intelligent manufacturing in an all-round way through digitalized modeling and automatic production and manufacturing execution systems.

"Lighthouse Plant" improves production efficiency by 40%

The automatic IOT equipment is everywhere in the clean workshop full of modern atmosphere. The interconnection and intercommunication functions are enabled for equipment necessary for performing all tasks required to manufacture a semitrailer, such as the cutting, feeding, welding and spraying painting of materials. The equipment will be able to perform a series of production operations according to the received instructions and timely feedback its production status.

This is what I saw in the world's most advanced semitrailer parts and components manufacturing plant based in Dongguan. Moreover, it has a beautiful name – lighthouse plant. The concept was proposed by CIMC Vehicles itself to follow the national strategy and the world's trends and explore the automated and digitalized production modes.

After the parts and components for complete vehicles are manufactured in the modularized way, they will be sent to different places across the world according to the global market demands. Frank Sonzala, CEO of CIE Company, always tells his customers "these are products made by CIMC's lighthouse plant. The cutting precision, the smoothness of surface paint and the warranty period make them undefeatable. This is pretty cool, right?"

Gao Chengwen, General Manager of Dongguan CIMC Special-purpose Vehicles Co., Ltd, told me that the lighthouse plant came from the lighthouse program initiated in 2014, and it was built and

put into trial production in July 2016. It is an important advanced parts and components production base of CIMC Vehicles. The lighthouse plant has best-in-class production lines, and its technologies are internationally advanced, improving the production efficiency by 40%.

I noticed that over 10 goldfishes were swimming in the clear water of a pond outside the lighthouse. In fact, this is the wasted water discharged from the plant. But how can it be so clear? Gao Chengwen told me that the waste water containing heavy metals will be treated by the plant's waste water treatment station, and it will be recycled and reused after meeting certain standards, so as to achieve zero discharge of VOCs (volatile organic compounds). The waste water which does not contain heavy metals will be treated by another station and discharged after meeting the environmental quality standard for IV surface water.

According to Dr. Li Xiaofu, team leader of the lighthouse program, there are three "pillars" supporting the operations of the lighthouse plant: the modularized industrial designs, the automated IOT equipment, and the IT system that connects them. "To put it simply, we need to study and develop modules that can meet the demands for different types of products for free and flexible combination on the basis of deep understanding of semitrailer manufacturing", said Li Xiaofu. So far, CIMC has initially developed 8 sets of modularized designs, which has basically met the U.S. consumers' demands for all sorts of skeleton vehicles.

"The advantage of machine-based production is that there are always fixed experiences and processes available, and this can reduce the randomness and free people from the heavy and dangerous working situations", said Li Xiaofu. The whole lighthouse plant is like a fully transparent automatic and digitalized workshop, and all production processes are clearly visible on the screen of a manager's computer, so that every problem can be traced back and solved timely.

Li Guiping noted that the lighthouse plant can solve the problems such as labor force, environmental protection and career development of employees that CIMC Vehicles is faced with; the use of a large number of sophisticated designs will create new jobs and turn more "blue collar workers" into "white collar ones". "These are the problems that all Chinese companies have to face. The digitalized models can make the upgrading of future designers much faster, the crossover and cross-border manufacturing much easier", Li said.

Aim at future incremental markets and build global operation platforms

The products manufactured in the lighthouse plant have been exported to the U.S. since July 2016, and sometimes the U.S. guests and Japanese guests that have traditionally worshipped technologies will visit the plant. In 2016, CIMC Vehicles invested 238 million yuan in its R&D activities. As of the end of the year, CIMC Vehicles (domestic companies) had 826 patents in total, in which there were 216 invention patents.

This does not satisfy CIMC. Jiang Qiwen, General Manager of Shenzhen CIMC Special-purpose Vehicle Complex, said "there is only stock market in the U.S., and the lighthouse plant will aim at the future incremental markets, including the

European markets that have the world's strictest standards, and even the larger global markets."

Li Guiping told me that the fulfillment of the goal cannot be alienated from the three essential elements: global supply chain management, crossover designs and cross-border manufacturing.

"Our method is to continuously optimize global operation efficiency, rely on the global supply chain which is based on 'Made in China', make best use of the global manufacturing network, global ocean shipping, and give full play to the wisdom of technical staff so that they can conduct crossover designs freely", said Li Guiping. He further raised an example: the products that CIMC Vehicles sells on the U.S. market are not wholly produced there, "Maybe a large number of parts and components are made in China, and then transported to the U.S. for assembly."

In fact, if a company wants to achieve sustainable development, it cannot merely depend on acquisition or merger; on the contrary, it must develop workable global operation principle and positively implement it. In Li Guiping's point of view, the global operation is not simply about locations. The more advanced globalization for a company is the reasonable allocation of its advantageous global resource. In general, it is "Global Operation, Local Wisdom".

Li Guiping said "global operation means that CIMC integrates all of its resources to improve its market status and gives full play to the transnational synergy. For example, when we purchased the core parts and components, we proposed that the centralized purchase of our global supply chain would be accessible to suppliers, and the suppliers immediately lowered the product prices on his own; local wisdom means that the management teams of our overseas companies are mainly composed of local staff, so as to give full play to the local operation advantage."

So far, CIMC Vehicles has established 29 production facilities and R&D centers worldwide and had 3,000 overseas employees. "Global Operation, Local Wisdom" is the base for China's enterprises including CIMC to pursue business expansion and self-reliant development abroad. In the first half of 2017, the business regions that CIMC Vehicles has strategically entered and developed in North America, Europe, China and other emerging markets all contributed to the revenue and profit growth of the company, which achieved the dynamic balance of globalization and seized the growth opportunities.

Author: Su Ziwei, Nanfang Daily



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新华社

CIMC successful rejuvenates a small U.S. town

James Wilkson is a 58-year-old man who has worked for over 30 years in the trailer factory of Monon Town in the U.S. State of Indiana. In the past, he witnessed the rise and fall of local trailer manufacturing business; today, he marvels that a Chinese company has miraculously rejuvenated the small town.

Monon Town is located in the northwestern part of Indiana, 160 kilometers away from Chicago, the third largest city of the U.S. For many residents living nearby, Monon means a place with discarded rails, vast stretch of corn land and a trailer factory.

Monon flourished between 1850s and 1970s, and it was once the transportation hub of the region. Its trailer business also went pretty well during the golden age. In its heyday, HPA Monon, a local trailer company, had more than 400 workers – one third of the population of the community, and supported the livelihood of nearly 100 families.

However, due to the economic depression at the end of 1990s, HPA Monon, like thousands of companies in the Middle West, had to reduce its production capacity, laid off workers, and finally shut down in 2000.

"Many people moved to other cities after losing their jobs. In the next two years, the factory was completely empty, and no one was there", recalled Wilkson.

"But everything was changed after CIMC came here", said he.

In the summer of 2003, CIMC, a Shenzhen-based Chinese company acquired HPA Monon. In the next months, it restored electric power, reinstalled production lines, recruited new staff, and established Vanguard, CIMC's wholly-controlled subsidiary in the U.S.

Together with other 20 former employees of HPA Monon, Wilkson become a worker of Vanguard Trailer Factory. He never dreamed that a Chinese company could rejuvenate the town's trailer business.

"At first, we have no more than 40 people. Soon our business grew faster and we got more and more orders. Now, we have over 400 workers again", said Wilkson.

14 years later, Vanguard has grown a small plant to a big company that ranks fourth in the U.S., and Wilkson has been promoted to be the head of the production lines from an ordinary worker.

The business growth of the trailer factory helps workers gather confidence about better life, and brings Monon Town back to life. According to local officers, the annual production value of Vanguard have accounted for over 80% of the whole town in the past few years.

"Vanguard means everything to us. Almost every family at Monon Town has a person that works in Vanguard. And its tax helps us normally run the most important public facilities such as schools and hospitals", said Randy Michelle, the chief officer of economic development department of White County that has the jurisdiction over Monon Town.

Michelle said that the success of Vanguard taught him a lot, and he realized that it is of great importance for the development of White County to attract more investments from China. This year, he and his delegation visited China and signed a friendly exchange agreement with Funing County, Jiangsu Province, marking a good start of more win-win cooperation with China.

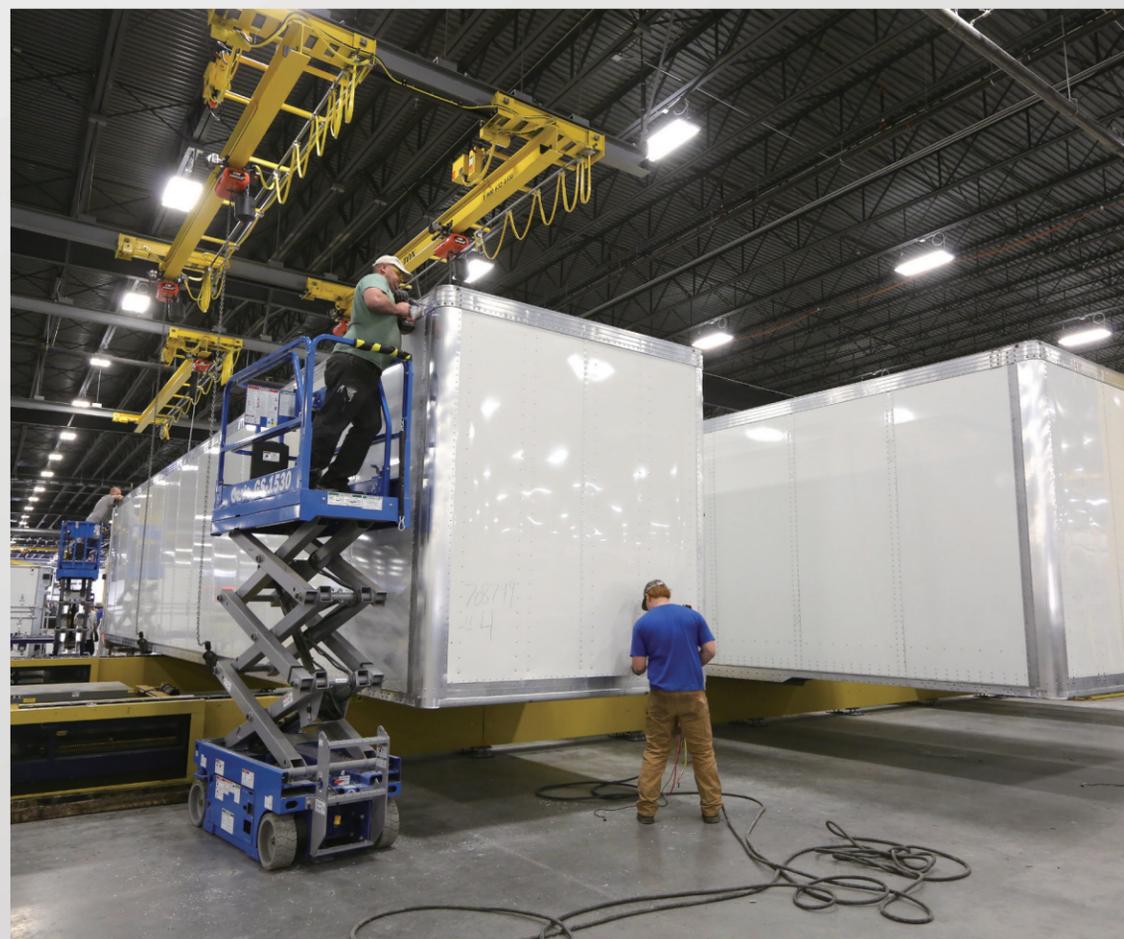
For CEO Charles W. Mudd, Vanguard's success cannot be alienated from CIMC's respect of American markets and local culture. "This is a business invested by Chinese, and it is operated by American."

"We have been complementing each other, and this makes the Chinese company well fit into the local community. For me, this is the cooperation in real terms", commented Mudd.

Monon people show their respect to CIMC in a unique way. In the Monon Railroad Caboose, there are a large number of train models that commemorated the glorious history of the town. Among them, the most eye-catching one is a small train that is running on the rails above. The train

is dragging a white container truck model that carries the character of "Vanguard".

Authors: Li Ming, Yuan Yue, Wang Naishui, reporters of Xinhua News Agency



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重大项目统筹 发展规模化、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 贫困村联光村 生产方式的落 失……引进 富是广东扶 生产生活方式 性地推动 贫困村初

边 出流影



CIMC is more than a global container giant

If you think CIMC only ranks first in the world's container sector, it is time to learn more about the group. "Visiting Famous Enterprises with Us", an event sponsored by the e company of Securities Times, recently paid a visit to CIMC's headquarters in Shekou, Shenzhen.

"Time is money, and efficiency is life", a slogan of Shekou Industrial Zone and an illustration of Shekou Spirit that was popular nationwide, is erected on Time Square that is close to CIMC's headquarters.

CIMC, a then pioneering foreign investment introduction project in the context of China's implementation of the reform and opening-up policy, was jointly established by China Merchants Steamship Navigation Company and the East Asiatic Company Ltd in 1982. Later, after internal liquidation and restructuring, China Ocean Shipping (Group) Company (COSCO) was introduced, creating the unique corporate governance structure in which that the two shareholders hold almost same amount of shares and laying institutional foundations for the development of the Group.

"We are the representative of mixed ownership", said Wu Sanqiang, Director of the Secretary Office of the Board. So far, China Merchants and COSCO

hold approximately same amount of shares. CIMC's Chairman Wang Hong is nominated by China Merchants which holds more shares, and CIMC's daily operations are managed by CEO and President Mai Boliang. Though there is no actual controller, yet the core management team remains to be highly stable after the Group went public.

Container giant

In 1990s, CIMC took the lead to formulate the strategic principle of "all-round production layout along the coastal areas of China" by taking advantage of the opportunity that the global container manufacturing center was shifted to China and became one of the first groups of companies that went out. Today, CIMC has over 300 member companies in Asia, North America, Europe, Australia and other countries and regions. Its container business has ranked first in the world for consecutive 22 years, accounting for over 50% of the world's market shares. In the meantime, CIMC has grown into the biggest road transport vehicle producer and one of leading high-end offshore engineering equipment manufacturers in China.

According to Yu Yuqun, Secretary of the Board, CIMC's container and offshore engineering business were greatly impacted by the periodic recession of international shipping, long malaise of oil prices and economic growth slowdown in China after 2012, but the businesses gradually picked up over the past year. With the acceleration in the recovery of the world economy and the pickup in international market demands, the BDI (Baltic Dry Index) rose to over 1,500 at the end of October, a new high in the past two years. The quarterly report shows that in the first three quarters this year, CIMC achieved 53.963 billion yuan revenue and 1.31 billion yuan net profit, much higher than those achieved in 2016. In particular, the revenue of the Container Segment and the Vehicles Segment increased by 130% and 40% respectively, contributing significantly to the Group's revenue and profits.

Diversified businesses

In the face of business growth slowdown, CIMC conducts a series of diversified and globalized business practices. Today, its businesses have extended to the manufacture and services of modern transport equipment, energy, chemical equipment, liquid food equipment,

offshore engineering equipment and airport facilities, and to the logistics services, development of real property projects and finance.

Among the projects run by the Group's Offshore Segment, the test mining of flammable ice in South China Sea by CIMC Raffles' Blue Whale One is considered to be a great achievement that caught attention of the world.

With a maximum drilling depth of 15,200 meters, the Blue Whale One is a semi-submersible drilling platform with the greatest operating depth and drilling depth in the world, suitable for deepsea operation across the world. Compared with traditional single drill tower platform, it is equipped with highly efficient double hydraulic drill towers and world's leading closed-loop power system, capable of improving the working efficiency by 30 percent and saving fuel consumption by 10 percent and continuing to function normally in a hurricane.

CIMC's Offshore Segment also extends its business to deepwater aquaculture. So far, CIMC Raffles has received 26 orders for fishing equipment in total, with contract value of 260 million yuan.

According to a senior officer of CIMC, it is hard to segment the 8 major business segments. Among them, the energy equipment is one of businesses that the Group is optimistic about in terms of future market capacity.

The Opinion on Accelerating and Promoting the Utilization of Natural Gas issued by 13 ministries and commissions including the National Development and Reform Commission asks to gradually turn natural gas into one of major energies in modern clean energy system, requiring that the natural gas should account for 10% of the consumed primary energy by 2020, and 15% by 2030. In this context, the urban gas project, the project of power generation with natural gas, the industrial fuel upgrading project and the transport fuel upgrading project will be the four major tasks in the future.

"Our energy business is mainly about the storage and transport of natural gas", said the officer. In July, Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd finalized the agreement for the EPC (Engineering Procurement Construction) of China's first 30,000-m³ bimetallic full containment LNG (liquefied natural gas) storage tank; in August, CIMC Enric successfully shipped Shell's first LNG refueling station in Europe.

Over the years, CIMC has never stopped its exploration of new businesses. This can be seen from the conference room where we had discussions with CIMC officers. It is a modular building built with containers and has no difference from ordinary ones.

CIMC's integrated building module incorporates design, production, production supervision and transportation. It can prefabricate 80 to 90 percent of engineering quantities of a building in factories and design a permanent building as high as 30 stories. That is to say, only about 10 percent of assembly and installation work will be done at the construction site, which will reduce the on-site construction time by at least 50 percent and maximally solve the environmental problems caused in construction with traditional methods. CIMC MBI mainly serves hotel groups and apartment operators.

So far, CIMC MBI has built over 1 million m² of buildings (more than 20,000 rooms) for Great Britain, Europe, Australia, the US, Japan, China and other countries and regions, and partnered with Hilton, Continental, Marriott, BHP BILLITON and other top hotel groups and the world's Top 500 companies.

On September 13, CIMC sold part of its stakes in CIMC E-commerce, a start-up incubation program of the Group, to Shenzhen Hive Box Technology Co., Ltd at a price of 630 million yuan. After successful transfer of the electronic express delivery handover and picking services to S.F. Express, CIMC withdrew from its first internally incubated program.

According to the senior officer, CIMC's start-up of express delivery handover and picking machine business was set to accelerate the development of its logistics service. Later, the Group found that the business needed a large amount of funds and it was not completely compatible with existing business. The Group installed 14,000 machines over the past two years. At the time of withdrawal, the return on investment has doubled and will directly generate net profit of about 400 million yuan for the Group in 2017.

CIMC contributes to and benefits from the development of Guangdong-Hong Kong-Macao Big Bay Area

In October, Shenzhen Southern CIMC Container Service Co., Ltd (SSCS), a wholly-controlled subsidiary of CIMC, a framework agreement on three lands preparation in Qianhai with the Urban Planning, Land & Resources Commission of Shenzhen Municipality (SZPL) and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (SZQH Authority). According to the Agreement, the gains of value increment for the three lands of 524,000 m² will be shared by SZQH Authority (60%) and SSCS (40%).

In addition, SSCS signed an agreement with China Merchants Shekou Industrial Zone Holdings Co., Ltd (CMSK) to remove its production facilities from the leased areas and received a compensation of 500 million yuan from CMSK.

In July, CIMC entered into strategic partnership with Country Garden Group on the development of real property business. CIMC's Industry & City Development Business Segment introduced Country Garden as a strategic investor by about 930 million yuan (25% stake). According to the senior officer, Country Garden is a highly efficient company which is extending its reach of commercial real estate business from the third- and fourth-tier cities to the first- and second-tier cities. In the future, the two parties will have deeper cooperation.

Author: Ruan Runsheng, Securities Times

Li Guiping uncovers the secret to CIMC Vehicles' success from a global perspective

Li Guiping, Managing Director of CIMC Vehicles (Group) Co., Ltd, answered questions about industrial policies, technical upgrading and sharing models raised by reporters from 8 media presses at the 2017 China Commercial Vehicles Show. Following is the transcript full of the sense of intimacy and era compiled on the basis of over 100 minutes of the press conference on November 4.

Usher in the new era of CIMC Vehicles' development

Commercial Vehicle: CIMC Vehicles has adopted a large number of innovative measures in its lighthouse manufacturing program. If this model is fully popularized, what kind of profound influence will it bring to your company and even to the entire semitrailer industry of China?

Li Guiping: our Dongguan Lighthouse Plant is the first automatic manufacturer of special-purpose vehicles. Currently, in domestic special-purpose vehicle sector, most vehicles are produced in small batches with complicated models, so it is not easy to conduct automatic production without prior processing. We hope that we can promote the transformation and upgrading of manufacturing and consolidate our leading position in the industry through modularized designs and proper automatic production technology and digital management system.

From the lighthouse plant in Dongguan, "Magellan" Program in Yangzhou to Huajun Lighthouse Program in Zhumadian, CIMC Vehicles has been walking on the path of continuous innovation.

The transformation and upgrading is a must for the survival and development of a company, and the manufacturing of special-purpose vehicles must enter into a new era. In next 5 years, there may be 20 to 30 core manufacturers in China's special-purpose vehicle industry. The success of CIMC Vehicles shows that: firstly, the transformation and upgrading is attainable for a traditional manufacturing industry; secondly, the duplication of successful innovative

programs has been further proved; thirdly, if a company wants to make success in its transformation and upgrading, it must make good preparation for innovations in its organization, reduce and eliminate the limitation of tradition factors in its culture, and make more efforts in the cultivation of its talents. If a company initiates the transformation and upgrading process without adequate preparation, it may get half the result with twice the effort.

www.chinatruck.org: what measures have you taken after the central government launched the campaign to control the car carriers?

Li Guiping: we respond positively to the central government's control of non-standard car carriers, and have established a special leading team for car carriers. In addition, we will make great efforts to accelerate the production of central axle car carriers by introducing advanced technology from Europe and renovating the technology according to actual transport conditions in China. We also prioritize the digitalized production of central axle car carriers, make uniform technical standard and conduct modularized production. So far, we have approved the establishment of three car carrier production facilities. It is estimated that we will be able to produce over 10,000 units of car carriers and account for 35% of domestic market.

Sharing economy in the semitrailer sector

www.find800.cn: AS the leader in the world's semitrailer industry, CIMC Vehicles is now starting run the sharing business. What is your expectation and how do you think about the tendency?



Li Guiping: our experience of sharing economy came from the promotion of share bikes. In semitrailer industry, we call it leasing or operating leasing to be exact. Normally, there are two types of leasing of semitrailers: the first one is financing leasing. It has developed for over 10 years in China, and it is somewhat like vehicle loans from banks. The down payment and the monthly installment are always in large amount. After all installments are paid off, the user has the ownership of the semitrailer. The second one is operating leasing, and it is in the early development stage in China. Users will not pay large amount of down payment but a small amount of guarantee deposits, and the monthly rent is relatively low. Users have the right to use the semitrailer during the lease period, and the lease company will get the semitrailer back when the lease expires.

Currently, only two companies provide semitrailer operating leasing service in China. However, it has been popular in Europe and the U.S. for over 20 years. It mainly serves small and medium-sized fleets or individual transport service

suppliers. Now China has 2 million semitrailers, but no more than 5,000 semitrailers are used for operating leasing or shared leasing. Our analysis shows that in the future, about 200,000 semitrailers will be rented to users by means of operating leasing, and this means huge business growth potential. Therefore, we have established Guachebang, aiming to extend from manufacturing to the combination of manufacturing, service and financing. Our operating model is that users have the right to use semitrailers after paying deposit and monthly rents, and CIMC retains the ownership of these semitrailers. Guachebang provides at least three years of lease of brand new 30 to 48 ft skeleton semitrailers of different specifications and continuous lease of cargo containers, and it serves both big companies and small and medium-sized enterprises and fleets. Now our business in the initial stage, so I sincerely hope that the friends from the media press will make adequate coverage of our new business. Thank you!

Give full play to CIMC Vehicles' advantages

Special Purpose Vehicle: what kind of new progress have you made in intelligentization?

Li Guiping: in the commercial vehicle field, many sensors and data transmission devices have become standard configurations. However, they are

rarely seen in special purpose vehicles (including semitrailers). In fact, there are some intelligent parts and components in our products, such as ABS and EBS. Some sensors have been embedded in these parts and components, but the data collected and stored on these sensors cannot be transmitted. Therefore, we have started the new business of share semitrailers and specially developed an intelligent trailer system, a leading one in China. The system acquires multi-dimensional data of semitrailers through the intelligent terminal and uploads all data to an intelligent data cloud platform through seamless intelligent data transmission channels. After the processing and analysis of big data, the system will help operators optimize their management. Our ultimate target is to help customers achieve the visualized management of semitrailers and cargoes, minimize the operating costs, maximize the operating efficiency, ensure safe operations and improve comprehensive economic interest, so as to promote the development of intelligent transport.

Transport Business China: how did CIMC Vehicles perform on markets in 2017?

Li Guiping: Du Fu, a famous poet of Tang Dynasty, wrote that Good rain knows its time right; and mute, it moistens each thing. This year, China has shown strong momentum in its economic development, and this enables domestic special-purpose vehicle industry to have turned the corner for the better. In 2017, the central government issued two policies favorable for the development of



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the industry: the first one is that the State Council issued the *Opinion on Further Promoting the Reduction of Costs and the Improvement of Efficiency in the Logistics Sector to Boost the Development of Real Economy*, and this will benefit logistics industry and special-purpose vehicle manufacturing industry most; the second one is that the convening of the 19th CPC National Congress, and it is not only favorable for the development of the industry but also enables us to benefit from China's fast economic growth. In 2017, our domestic business accounts for more than 50% of the total businesses worldwide, and this is something really good. In the meantime, the central government has tightened the control of emissions by the manufacturing industry. In this context, a large number of manufacturing companies with outdated equipment and technologies have to stop their production. This means that we will get more orders than before. Besides, with our leading equipment and technology, we are confident that CIMC Vehicles will be able to provide newer and better products for our customers at home and abroad. Generally speaking, our business is developing rapidly and sustainably and our business revenue is growing on a year-on-year basis.

Improve working environment and enhance competitiveness

www.china.com.cn: Now the central government has tightened its supervision of environmental protection. What kind of pressure will it impose on CIMC Vehicles?

Li Guiqing: as is known to all, ecological friendliness does not come easily and our commitments and efforts remain to be the best way to make it happen. CIMC Vehicles is a company that is committed to contributing its share to the creation of a resource-efficient and eco-friendly society. We produce vehicles and pay attention to green operations. The three wastes problem in the special-purpose vehicle industry is inevitable, but we have been making intensified efforts to solve it. Our Dongguan Lighthouse Plant has taken a step ahead and realized zero emissions. For example, after the waste water is treated, it will be injected into a goldfish pool. It the goldfish lives as normally as it does in clear water, the treated water is sufficiently safe. In addition, we have used advanced coating equipment and technologies, waste gas treatment equipment and dust



absorption and purification equipment to improve the manufacturing environment. When a robotic hand is working on spraying painting, the workers nearby will not smell the odor of the paint. CIMC Vehicles has never terminated or stopped such efforts. We positively respond to the call of the State and have improved the environment, and this has indirectly made us more attractive for young workers.

Work for us and stay with us

www.360che.com: since the digitalized and modularized designs and lighthouse plant have tremendously reduced manual operations, does it mean that you will cut down the number of employees?

Li Guiqing: it is very natural that the number of frontline worker will drop since we have adopted automatic production, in particular the robots, in many manufacturing processes. In the meantime, we need more people to fill the vacancies in the digital workshops and backstage so as to support the normal operation of a modern factory that is running at a high speed. For example, many details of digitalized and modularized designs need to be presented on models, so we need a lot of employees, professional employees, to input a huge number of production instructions. The increased number of employees and jobs are totally different from the ones we have cut. In fact, we have cut the heavy manual labor jobs and have added more supporting jobs, the jobs for post-90s and post-00s that are crazy about manufacturing science and technologies.

We have the outflow of blue collar workers each year. In the future, we will focus on the recruitment of young workers who have received higher education. Ideally, they will work for us and stay with us until they retire. We do not want to recruit a great many young workers now, and then let them go 5 or 6 years later. This is not what a modern manufacturing company should do. "Made in Germany" is enviable worldwide. In Germany, if a skilled worker gets trained in a plant, then he will work there and retire there. I hope that the same thing will happen in our digital workshop in the near future. Here is my advice for domestic manufacturing companies: pay attention to transformation traps, respect your employees and cultivate them, and if the employees keep making progress each day, then it will be the most powerful support for the sustainable development of your company. For CIMC Vehicles, if young workers like to join us and stay with us, we are pleased to offer you platforms, internal learning opportunities and other necessary resources to help you grow, meet job expectation and achieve career goals.

Modern Logistics Newspaper: could you describe the development of China's special-purpose vehicle industry in 2017?

Li Guiqing: in my point of view, the keyword for the industry in the new era should be: abide by laws, rules and regulations, and digitalized management.

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