

# CIMC TODAY

今日中集

习近平总书记冒雨考察中集来福士  
中集集团2018年首季度营收继续保持增长  
中集团旗下中国消防正式更名为“中集天达控股”  
中集雄安项目展现“深圳速度”



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## XI JINPING VISITS AND INSPIRES CIMC RAFFLES

CIMC announces business revenue increase in Q1 2018

The name of CFE under CIMC has been officially changed to CIMC-TianDa Holding

CIMC completes its project in Xiong'an New Area at "Shenzhen Speed"

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## Editor's note

At the 2017 CIMC Annual Shareholders Meeting on June 8, 2018, Mai Boliang, CEO and President of CIMC, charted course for the fresh round of development, saying that CIMC will be moving along the track of "Smart Logistics" and "Intelligent Manufacturing" on its way ahead. The helmsman noted that CIMC is currently investing heavily in the upgrading of intelligent manufacturing by implementing the "Flying Dragon Programme" in the Container Segment, "Lighthouse Programme" in the Vehicles Segment and "Tank Container Dream VI Programme" in the Energy and Chemical Equipment Segment; in the future, the Group will rest its stock-based business, acquisitions and start-ups on smart logistics and intelligent manufacturing.

Today, CIMC has grown into a trustworthy and diverse multinational group that has overcome periodic crises of profitability, achieves rapid business growth and ranks first in a number of industries and market segments; today, CIMC has developed into an expert in national and international economy that has built well-structured businesses to withstand the impacts of global trade and energy industry; and today, CIMC has progressed into an industrial transformation and upgrading pioneer that has been promoting its businesses by centering on smart logistics and intelligent manufacturing.

In the first half, CIMC continued its steady development momentum: it strategically partnered with Deloitte to give a bigger boost to its informatization process and further improve its control, management ability and excellent operation performance; it jointly hands with Han's Laser to upgrade its manufacturing business; CIMC Vehicles launched new car carriers with excellent resistance to corrosion, and its subsidiary Guachebang entered into an intelligent refrigerated semitrailers sales agreement with Shanghai Xianjia – a logistics service provider of Alibaba to jointly speed up the healthy development of cold chain industry; the 4th CTIS opened in Nantong, and participants witnessed CIMC's 220,000<sup>th</sup> tank container rolling off the production line; CIMC Sinopacific delivered the world's most advanced LEG carrier; the Asia's largest-ever superyacht built by CIMC Raffles hit the water, and CIMC Raffles also secured an order for the world's biggest and most advanced dynamic offshore farm units from the Norwegian salmon farmer Nordlaks and handed the five-star accommodation vessel to the Brazilian property owner; CIMC Logistics celebrated the successful arrival of the first China Railway Express import train at Nanjing; CIMC Airport Facilities completed its restructuring job and officially renamed its subsidiary China Fire Safety Enterprise Group Limited (CFE) as CIMC-TianDa Holding; CIMC Industry & City Development Co., Ltd got into China's Top 50 Industrial Park Operators List for the 4th time in a row; CIMC MBI began to erect modular buildings in Africa...

In 2018, CIMC will make intensified efforts to improve its business operation profits and quality, improve internal processes and management mechanisms based on the adjustment and optimization of current business structures, and strengthen risk management and control, so as to support its shift towards smart logistics and intelligent manufacturing.

# Xi Jinping visits and inspires CIMC Raffles

On June 13, Chinese President Xi Jinping, also general secretary of the Communist Party of China Central Committee and chairman of the Central Military Commission, visited Yantai Manufacturing Base of CIMC Raffles in the rain. He carefully observed and listened to the introduction about Blue Whale One, the most advanced ultra-deep-water semi-submersible drilling platform with dual-derrick rigs in the world, and Taisun, the world's largest gantry crane, and heard report on the company's efforts in independent design, R&D and manufacture of high-end offshore equipment and its independent innovation achievements. Learning that made two world records of the longest unstopped extraction of gas and the largest output of extracted gas, Xi encouraged the company to achieve further breakthroughs by saying that "the core technologies cannot be bought.

Independent innovation is the only way that we can have such core technologies of our own. I am confident in CIMC Raffles, and hope you can make more efforts in independent innovations."

In China, CIMC Raffles is a leading offshore enterprise that has established most comprehensive and complete business and service channels abroad and the only offshore business player that has overseas assembly and delivery proven track records.

As of April 30, 2018, CIMC Raffles cumulatively delivered 69 offshore equipment including 12 semi-submersible platforms (accounting for 80% of the market share in China within the same period), 12 self-elevating platforms, 3 wellhead platforms, 23 special-purpose vessels, 12 luxurious yachts and high-end cruises, 7

marine farm platforms, and successfully completed 29 repair and reconstruction projects. Today, the company is working on 2 semi-submersible drilling platforms designed and built special for harsh seawater conditions in polar regions, 1 floating removal platform, 1 FPSO, 14 marine farm platforms, 2 intelligent net cages and 1 farming platforms, 1 88-m superyacht. In the meantime, CIMC is capable of offering complete floating power station solutions, designing and building offshore complex and constructing onshore chemical modules.



## CIMC strategically partners with Deloittee to give a bigger boost to its informatization process



CIMC's Phase-I ERP Pilot Programme Launching Conference & CIMC-Deloitte Strategic Cooperation Agreement Signing Ceremony were held at the headquarters of CIMC on January 8. The ERP Programme, also known as "New Silk Road Programme", was to provide decision-making members and employees an IT-based management platform for the operation of decisions. At the launching conference, the two groups agreed to make joint efforts to take advantage of the strategic opportunities for industrial development and implement the strategies in a positive and pragmatic manner. In addition, CIMC and Deloittee would cooperate on cutting-edge technologies and innovations, ERP Programme and management transformation and construction of talent systems, hoping to further improve CIMC's management and control competence and operating excellence through the implementation of the "New Silk Road Programme".

Zeng Han, Director of CIMC's Financial Informatization Decision Committee and General Manager of Financial Management Department, introduced the programme implementation schedule at the launching conference. According to Zeng, the "New Silk Road Programme" was set to pave a road for CIMC's management upgrading and innovative development, a road enabling CIMC to immediately access to external information, and a road favorable for CIMC's integration between the digitalization and intelligentization. He also hoped that through the implementation of the Programme, CIMC will be able to establish a digital and intelligent core system, improve its business management ability and create new values.

At the launching conference, CIMC's CEO and President Mai Boliang highly praised the finalization of strategic cooperation agreement and reaffirmed the efforts aimed at the expected outcome of the

Programme. He also urged the two sides to pay attention to the synergy effect, follow the general principles of "planning in a centralized manner, starting with the launch of pilot programmes, progressing with the implementation of the Programme in different phases, and working together with clearly defined responsibilities", take a result-oriented attitude, and contribute to the improvement of values and overall operating efficiency and informatization performance of the Group. He continued to ask that firstly, the implementation of the ERP programme should be under direct control of general managers of relevant segments; secondly, efforts should be made to carry out transformation management and refer to the best industrial practices of SAP and Deloittee so as to optimize CIMC's current processes; and thirdly, business staff should motivate to take responsibilities and participate in the implementation of the Programme so as to ensure the successful launching of the system.

## CIMC wins the 2017 State Preeminent Science and Technology Award

CIMC won the second prize of the National Scientific and Technological Progress Award for its co-researched programme of "Key Technologies for the Lightweight Design & Manufacture of Heavy-duty Pressure Vessels and their Engineering Applications" in the 2017 State Preeminent Science and Technology Award Conference held in Beijing on January 8.

The awarded programme was jointly completed by 7 units including CIMC and Zhejiang University. In particular, the strain hardening technology, a key part of the programme, was developed and implemented under the leadership of CIMC.

**CIMC establishes new standards for China's strain hardening technology**

In the past few years, cryogenic gases such as liquid nitrogen, oxygen, argon, helium and liquefied natural gas have been widely used, stepping up the demands for cryogenic storage vessels. Before 2007, the austenitic stainless steel (a steel material possessing excellent resistance to oxidation and acid and high tenacity and plasticity but with lower strength) pressure vessels made in China contained "3E" defects, namely extremely thick, exceptionally heavy deadweight, and excessively high cost. However, such defects were remedied in developed countries due to the adoption of strain hardening technology that enables to manufacture cryogenic vessels with thicker materials by applying certain pressure to vessels as to lead to plastic deformation and improve the yield strength of materials. Due to the differences in materials and pertinent manufacturing regulations, this technology was not popular in China for a long period of time.

In September 2007, CIMC Enric Sanctum got its strain-hardened products approved by the State, meaning that China had



achieved great success in her research on strain hardening technology. After that, the technology was used in the design and manufacture of different kinds of austenitic stainless steel pressure vessels.

**Strain hardening technology features wider application and enormous economic, social and environmentally friendly benefits**

The successful application of strain hardening technology in the design and manufacture of austenitic stainless steel pressure vessel has promoted the development of key technologies for the lightweight design and manufacture of cryogenic vessels. Traditionally, the CO<sub>2</sub> emission in the production of stainless steel per ton through typical processes was estimated 507 to 913kg. After the

cutting-edge technology was adopted in 2008, nearly 200 tons of materials were saved during the manufacture of refrigerated vehicles and storage tanks as of December 2016, reducing the CO<sub>2</sub> emission by 74,000 to 140,000 tons in the whole sector. In addition, during the manufacture of cryogenic storage and transportation equipment, thinner vessel walls will tremendously reduce the energy consumption necessary for welding and molding processes, embodying the enormous economic, social and environmentally friendly benefits of the strain hardening technology.

# CIMC shines at the Intermodal Asia 2018

In partnership with the CCIA (China Container Industry Association) and the ITF (Intermodal Transport Federation, a branch of China Communications and Transportation Association) and with CIMC as the Primary Event Sponsor, the Intermodal Asia 2018 opened at Shanghai World Expo Exhibition & Convention Center on March 20. With a focus on the enormous opportunities occurring during the implementation of China's "One Belt and One Road" initiative, the Intermodal Asia 2018 brought together over 160 domestic and foreign enterprises from 90 countries and exhibited innovative technologies and products covering all areas of intermodal transport and logistics across road, rail and sea.

Huang Tianhua, Assistant President of CIMC and Executive Vice President of CCIA, noted that the intermodal transport is an area of focus in China's logistics sector. As global intermodal container transport industry has

seen a shift in its business activity to China's market, there will be a marvelous opportunity for the development of domestic intermodal container transport companies. He hoped that the Intermodal Asia 2018 will be able to promote communication, interaction and collaboration among business elites from different countries, connect domestic companies with international conglomerates, contribute to the implementation of the "OBOR" Initiative, and boost the healthy and sustainable development of modern intermodal transport industry.

To elaborate its exhibition theme "The Power Moving The World", CIMC's Container Segment, Vehicles Segment, C&C Trucks and other business units specially showcased at their outdoor stands the newly developed products such as 40ft double tyres HC 3 axles marine skeleton semitrailers, 45ft HC curtain side containers, 40ft HC power containers,

20ft multi-temperature storage containers and 40ft HC refrigerated containers special for countries covered by the "OBOR" Initiative. Many exhibits that made their first presence in the country featured tremendous performance and technological advantages and were well received by clients and visitors both at home and abroad.

As the world's largest container manufacturer, CIMC has motivated to respond to market changes, introduce automatic production equipment and improve its manufacturing competence over the past few years. In the meantime, CIMC has specially and successfully applied the water paint to its container production to answer the call of Chinese central government for environmental protection and implement its corporate social responsibility.



# CIMC to build a high-end industrial park at Qianhai

On March 21, a collective groundbreaking ceremony for CIMC's Qianhai upstream project (Phase I) and other six projects of Qianhai & Shekou Area of the Guangdong (China) Pilot Free Trade Zone in the First Quarter of 2018 was held at Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.

The Qianhai upstream project will cover a total surface area of 57,000 m<sup>2</sup>. With total investment of 7.6 billion yuan, the first phase will cover a surface area of 36,000 m<sup>2</sup> and a gross floor area of 190,000 m<sup>2</sup>, including 114,000-m<sup>2</sup> office buildings, 29,000-m<sup>2</sup> commercial buildings,

21,000-m<sup>2</sup> of apartments, and 24,000-m<sup>2</sup> of underground shopping centers. The second phase will cover a surface area of 21,000 m<sup>2</sup> and a gross floor area of 110,000 m<sup>2</sup>.

Yu Zhenfei, General Manager of CIMC Industry & City Development Co., Ltd, who was present at the groundbreaking ceremony, noted that during the implementation of the Qianhai project, CIMC will center on the goal of alignment with international excellence, and promote the integration between industries and cities, the application of smart science and technology, and the human-oriented, open and shared development; CIMC will be

committed to the high-level designing and planning and high-standard construction and operation, and build the project into a new urban landmark incorporating superb office buildings, low-density and eco-friendly headquarters of enterprises, high-end shopping centers and apartments; and CIMC will create a new vector and benchmark for the integration of industries and cities, and develop the project into a world-class complex with most ecological characteristics and features in the Qianhai Area, so as to contribute to the building of Guangdong-Hong Kong-Macao Greater Bay Area.



# CIMC enters into strategic cooperation agreement on the lease of firefighting trucks with Guangdong Fire Corps



On April 2, CIMC and the Public Security Fire Corps of Guangdong Province entered into a strategic cooperation agreement in the presence of Li Chunsheng, Vice Governor of Guangdong Province, and Mai Boliang, CIMC's CEO and President. According to the agreement, the two sides will jointly produce innovative solutions to the lease of firefighting trucks that covers the low-, mi- and high-end firefighting equipment in an attempt to promote the upgrading of firefighting performance of Guangdong Province.

Over the years, Guangdong Fire Corps has been committed to promoting the upgrading of firefighting performance of the province and speeding up the

creation of full-time firefighting talent teams at the township level. In particular, it has explored new ways to solve the shortage of firefighting trucks suffered by township-level fire stations in the economically less developed regions. After extensive survey and in-depth research, Guangdong Provincial People's Government agreed to equip firefighting trucks for these fire stations by way of lease from top firefighting equipment providers, and allocated funds special for the lease.

CIMC is a world's leading logistics and energy equipment service provider. In urban firefighting sector, CIMC is proud to have mid-high and complete series of firefighting trucks and equipment production resources

provided by German Ziegler GmbH and China Fire Safety Enterprise Group Limited (CFE). The time-honored Ziegler is a world-famous firefighting equipment manufacturer with a history of over 126 years, and ranks among the top three in Europe. CFE is the first listed company in China's firefighting equipment industry, and its subsidiary Sichuan Firefighting Equipment is a specially designated firefighting truck producer directly under the Ministry of Public Security and one of largest firefighting trucks and equipment manufacturers in China. The strategic cooperation between CIMC and Guangdong Fire Corps will further improve the overall firefighting performance of the province.

# CIMC announces business revenue increase in Q1 2018

CIMC released its Q1 2018 financial reports on April 27, announcing business revenue of 19.3 billion yuan in the first quarter. After hitting record-high business revenue in 2017, CIMC continued the growth momentum and reported an increase of 31% YOY, and its net profit attributable to the parent company was 1450 million yuan. It is noteworthy that CIMC's container, vehicle, energy and liquid food equipment businesses were all on the rise.

In the first quarter of 2018, the global economy continued to operate at full capacity, the profit-making performance of world container shipping industry further improved, the elimination and update of old containers came back onto the right track, and the clients had much higher demands and began to place bulk orders, CIMC Container raised its revenue up 37% YOY to 7.3 billion yuan, with its shipment of containers increasing over 20% YOY and the shipment of technologically rich refrigerated containers featuring high goods value increasing by 188% in particular.

Positively impacted by Chinese central government's intensified control of oversize and overload transport and the elimination of higher-emission vehicles, CIMC's Vehicles Segment reported business revenue of 4.7 billion yuan in the first quarter, up 14% YOY. To respond to the challenge arising in the State's campaign to control non-standard car carriers, the Vehicles Segment specially developed the central axle car carriers, and manufactured the high-quality product in its digital plant against small car manufacturing standards. In particular, the electrodeposition coating technology brought excellent resistance to corrosion to the product. After it was launched on domestic market, the central axle car carriers made an overnight success. It is convinced that after the period of observation, the product will be much more popular due to its nice appearance, fast loading and unloading operations, high transportation efficiency, light weight and environmentally friendliness. In addition, the Vehicles Segments steadily grew its business steadily on North American and



European markets, and successfully avoided the risks posed by the Sino-US trade friction.

CIMC's Energy, Chemical and Liquid Food Equipment Segment continued its business growth in the first quarter. With the oil prices rebound in international markets, domestic natural gas players would be enjoying favorable development prospects in a long period of time, thanks to the better economy of natural gas and to China's implementation of her proactive and strategic policies on natural gas. CIMC Enric, a business segment that mainly operates natural gas storage, transportation equipment and projects, also benefited from the unprecedented development opportunities and raised its business revenue up 28% YOY to 2.9 billion yuan.

In the meantime, CIMC did good jobs in logistics services, heavy-duty trucks and airport facilities in the first quarter, with their business revenues increasing by 18% to 1.96 billion yuan, 49% to 750 million yuan and 16% to 570 million yuan respectively. CIMC Airport Facilities basically completed its restructuring with CIMC Tianda Holdings Company Limited (formerly known as China Fire Safety Enterprise Group Limited (CTE), a company listed on Hong Kong Stock Exchange) becoming a subsidiary company of the Group. After the businesses of CIMC Airport Facilities and CTE integrate, CIMC will have a more independent financing platform for its firefighting trucks and rescue equipment, boarding bridges, ground support equipment, automatic logistics equipment, and intelligent parking system. For CIMC's heavy-duty trucks business (C&C Trucks Co., Ltd), it has

been making intensified independent R&D and designing efforts: the electric port shuttle bus jointly developed by C&C Trucks and Yinlong New Energy has been tested at Yantian Port of Shenzhen and well received by users, and it is expected to be a hit on markets.

However, due to the increase in foreign exchange losses and business losses of the Offshore Segment, CIMC's net profit dropped. Since it took time for the oil prices rebound to positively impact the offshore engineering market, the Offshore Segment saw the decline in its business revenue in the first quarter, but there were already some positive order inquiries. The responsible officer says that the bitter winter has passed, and CIMC is currently holding business talks with relevant parties in an attempt to accelerate the restructuring of the Offshore Segment, introduce strategic investors and improve the risk resistance performance. In addition to the traditional drilling platform business, the Offshore Segment has made exploratory attempts in comprehensive marine equipment and service market: in the first quarter, the adaptive reconstruction of CR600, a semi-submersible accommodation platform with CIMC's complete intellectual property rights was completed, and began to serve the leasee Petrobras in the Brazilian waters; the production of newly ordered FPSO (floating production storage and offloading) equipment formally started at the end of March; the Nordlaks deepwater aquaculture order worth of 106 million dollars came into effect in February; the agreements for selling a 800-passenger ship and an aquafarm platform totaling 600 million yuan have been finalized.

# CIMC strategically partners with Han's Laser to upgrade its manufacturing business



CIMC and Han's Laser Technology Industry Group Co., Ltd entered into a strategic cooperation agreement on May 25. The two sides agreed to further improve and consolidate their strategic partnership on the basis of achievements made in previous collaborations.

According to the agreement, Han's Laser will provide the world's leading laser processing equipment and technical support necessary for the intelligent manufacturing and industrial upgrading in CIMC's business segments; and CIMC will offer wider application scenarios and space and logistics and transportation solutions to its partner. The two sides also explored the possibility of cooperation in capital, industry, finance and management fields.

CIMC's CEO and President Mai Boliang and Han's Laser Chairman Gao Yunfeng were both present at the agreement signing ceremony and delivered speeches. CIMC's

Executive Vice President Gao Xiang and General Manager of Han's Laser Chen Yan signed the Strategic Cooperation Agreement on behalf of the two groups. Shu Lei, Director of Digital & Modular Designing Center of CIMC Vehicles, and Qiu Chun You, General Manager of CIMC Intermodal Development Co., Ltd, signed the specific business and project cooperation agreements with their counterparts in Han's Laser. The agreement signing ceremony was also attended by Huang Tianhua, CIMC's Vice President; Tao Kuan, CIMC's General Manager of Strategic Development Department; Liu Chunfeng, CIMC's Senior Science & Technology Consultant; and Chang Shaomin, General Manager of CIMC-TianDa Airport Support Co., Ltd.

Gao Yunfeng and Mai Boliang were both optimistic about the forthcoming cooperation. Gao said that he was deeply impressed by and showed great respect for CIMC's achievements in manufacture and

multinational management. Mai noted that the two companies will have more specific cooperation programs at deeper level and jointly promote the implementation of "Made in China 2025".

Currently, CIMC is carrying out "Flying Dragon Programme" in the Container Segment, "Lighthouse Programme" in the Vehicles Segment and "Tank Container Dream VI Programme" in the Energy and Chemical Equipment Segment and other manufacture upgrading programmes so as to double its productivity, lower labor cost and improve product quality by means of automatic, flexible and digital production. The automatic laser cutting and welding equipment and solutions of Han's Laser will provide desired technical support to CIMC. According to the agreement, Han's Laser will engage in the upgrading of manufacturing business of CIMC at deeper level.

# CIMC Container strategically partners with Siasun to promote its intelligent upgrading

CIMC Container and Siasun Robot & Automation Co., Ltd (Siasun) entered into a strategic cooperation agreement on March 27. According to the agreement, the two sides will carry out deeper cooperation in intelligent manufacturing field. The finalization of the agreement represents that the "Flying Dragon Plan" of CIMC Container will get to a new level in the upgrading and renovation of production lines.

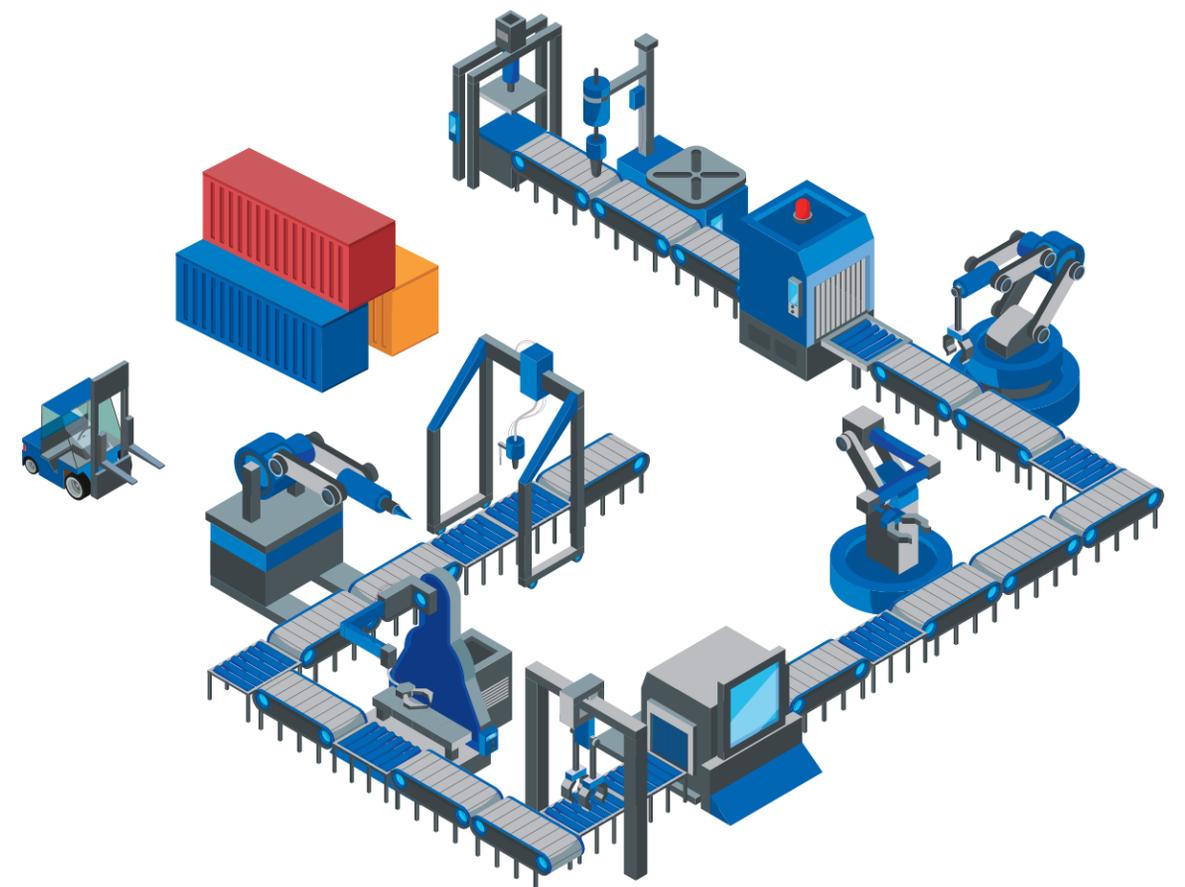
Affiliated with the Chinese Academy of Sciences, Siasun is a leading robotics listed enterprise in China and has one of the most comprehensive robotic product lines in the world. Its high-tech industrial park went into operation last year and has become the largest robotic industrial base in China. Siasun impressed the world with its robots that transcended technological frontiers

at Winter Olympics: with dazzling lights, a group of 24 mobile robots "danced" to music with performers in an eight-minute high-tech show at the closing ceremony of the 2018 Pyeongchang Winter Olympics. It was one of the world's first live performances involved such a large-scale mobile robot team and human dancers, showcasing the country's technological progress in the past years.

CIMC is a world's leading logistics and energy equipment provider. Since 1996, it has been ranking first in global container industry in terms of the output and sales volume. To contribute to the implementation of "Made in China 2025" Development Strategy, CIMC Container launched the "Flying Dragon Programme" to manufacture safe, green, intelligent and eco-friendly containers and

promote its industrial upgrading. CIMC and Siasun will make complementary efforts and fully explore the upgrading and transformation of intelligent production line. So far, CIMC has entered into strategic cooperation agreements with well-known robot providers EFFORT, ABB, Fanuc, MEGMEET and Siasun within the framework of "Flying Dragon Programme".

Ding Feng, Assistant to General Manager of CIMC Container, noted that the two sides have great complementarities in markets, products and technologies and their cooperation will further consolidate the Segment's competitiveness in the industry and play a leading role in the industrial upgrading of the segment.



## CIMC Vehicles launches new car carriers with excellent resistance to corrosion



Shenzhen CIMC Special Vehicle Co., Ltd (SCSVC) held the "New Car Carriers Reviewing Conference" on March 28. SCSVC launched its new central axle car carriers that featured cutting-edge intelligent technologies in the industry and nice one-stop solutions and received the orders for over 600 carriers at the conference.

### CIMC Vehicles launches new car carriers against newly released national standard

The newly released products are designed in series. In terms of loading and unloading capacity, the products are divided into 3 types: 8-car carriers, 9-car carriers and 10-car carries. Due to modular designs of upper platforms, front vertical pillars, rear vertical pillars, vehicle frames and accessories, the products are capable of completing loading operations within 30 minutes.

According to industrial experts, China holds huge market potential for central axle car

carriers as there has been a shortfall of 120,000 units. Compared with traditional car carriers, the central axle car carriers can offer unique advantages during the transportation of cars: firstly, central axle trailers' low chassis and small turning radius will improve the towing performance of the main vehicle; secondly, central axle trailers will improve transportation efficiency and safety and reduce fuel and resource consumption; thirdly, the single-row central axle car carriers will effectively reduce the occurrence of accidents, which will greatly benefit the State's control of oversize and overload transport.

### CIMC Vehicles promotes the transformation and upgrading of domestic special-purpose vehicle industry with its products and services

SCSVC is committed to producing trailers in the same way as manufacturing cars, and applies new technologies such as laser

cutting, robotic welding, electrodeposition coating and intelligent trailer system to its production, which underpins its leading position in the industry for long. Thanks to the combination of KTL electrodeposition and powder spraying and eco-friendly coating, SCSVC has successfully brought excellent resistance to corrosion to its products.

Besides the high-quality and eco-friendly products, SCSVC offers different customized solutions to its users. So far, a large number of brands including Hino, Dongfeng, Hongyan, Jiefang and Auman have benefited from SCSVC's customized services. In the meantime, CIMC Capital Ltd provides customers with one-stop solutions integrating "equipment+finance+service" and financing services for over 1,000 variants of heavy-duty trucks and special-purpose vehicles.

## Guachebang helps Alibaba improve its cold chain business



Jiangsu Guachebang Lease Co., Ltd (Guachebang), a subsidiary of CIMC Vehicles, entered into cooperation agreement with Shanghai Xianjia Logistics Science & Technology Co., Ltd (Xianjia), an affiliate of Alibaba, and held the ceremony for the handover of first batch of Hongxue Series of refrigerated semitrailers on April 27.

CC Fresh, a cold chain label under Xianjia, is looking to complete a nationwide network and operation platform by the end of this year with more than 50 mid- to large-sized warehouses, 100 primary delivery routes and 1,000 secondary routes or shuttles by integrating resources of fresh groceries import and export ports and working together with domestic online fresh grocery stores.

Xianjia's Vice President Wang Jian said: "CIMC Vehicles' products are technically

advanced and trustworthy. We are pleased to finalize the cooperation agreement with Guachebang within such a short period of time. In nature, we are both new companies – being newly established and operating with new business models. The cooperation with Guachebang will enable us to lower one-time investment, minimize the risk of making mistakes, quickly access to cold chain market in an asset-light model and gain a head start. Xianjia and Guachebang will enhance their strategic communication, improve existing cooperation and achieve win-win."

Guachebang's COO He Xiansong stressed: "we have made significant and substantial progress in the cooperation with Xianjia. We never provide our business partners and customers with common refrigerator trucks; on the contrary, we always offer them the innovative products that are

superior to competitors in terms of type selection, materials, designs, techniques, and intelligent features. Different from traditional cold chain transportation equipment, the reefers handed over today are all equipped with intelligent trailer management system, so the fleet manager can carry out transparent management throughout the transportation process with "scientific and technological tricks" by real-time tracking locations of reefers and setting temperature limits and alarm threshold. In the future, we look forward to work with enterprises aiming to start or further explore cold chain transportation businesses, so as to integrate and make best use of development resources, expand business on domestic and global markets, promote the healthy development of cold chain equipment industry, promote the "sharing of cold chains", and create new circulation values."

## CIMC Shaanqi sells over 10,000 vehicles in 2018

On June 1, CIMC Shaanqi Heavy-duty Truck (Xi'an) Special Vehicle Co., Ltd (CIMC Shaanqi) held a grand ceremony to celebrate its newly made achievements: its sales volume in 2018 has exceeded 10,000 units while its monthly production volume has broken the 2,000 units threshold. Wang Yanhong, Deputy Party Secretary and General Manager of Shaanxi Automobile Holding Group Co., Ltd (SHACMAN); Hao Xiaoqian, SHACMAN's Deputy General Manager; Zhou Yinchao, Deputy General Manager of Shaanxi Heavy Duty Automobile Co., Ltd (Shaanzhqi); Li Zhimin, Deputy General Manager of CIMC Vehicles and Chairman of CIMC Shaanqi, and other leaders and distinguished guests were present at the ceremony.

Li Zhimin stressed that as CIMC Vehicles' largest production facility of dump truck upper installations in the northwest

of China, CIMC Shaanqi will continue to provide supportive services for SHACMAN, quickly build a star OEM brand in the industry, and make excellent performance in the transformation and upgrading process. He further noted that CIMC Shaanqi will increase its investment in the upgrading of products and production lines, and contribute to the fulfillment of SHACMAN's annual target of producing 200,000 vehicles this year with best products and most professional services.

CIMC Shaanqi is a joint venture created by Shaanxi Heavy Duty Automobile Co., Ltd and CIMC Vehicles in September 2006. Over the past 11 years, CIMC Shaanqi has been sticking to the operating principle of "Integrity, Honesty and Contribution to Clients' Success" and offering high-quality dump truck upper installations and services

to Shaanzhqi in a dedicated, focused and specialized manner. It got the first place for 8 years in a row in Shaanzhqi's refitting system review and won Shaanzhqi's "Best Refitting Cooperation Award in 2017".

By the end of May, CIMC Shaanqi received orders for over 10,000 units and produced over 2,000 units in a single month – a record high monthly output in the company's history. In 2010, CIMC Shaanqi took the lead to use the cutting-edge automatic production lines in the industry. After 3 years of continuous optimization and renovation, it introduced the automatic U-shape container production line from CIMC's plant based in Germany, surpassing its domestic competitors with the production of 65 units by a single shift of workers in a day. This May, CIMC Shaanqi raised the production capacity of a single shift of workers to 70.



## CIMC Hongtu wins the largest order ever in its history

CIMC Jingmen Hongtu won the bidding for 32 tanks – a part of the refining and chemical integration project of 40 million tons/year in Zhejiang Petrochemical Company (ZPC) on January 2. This was the largest tank order that Hongtu ever received in its history.

ZPC's refining and chemical integration project of 40 million tons/year is the largest one of its kind to be constructed in China. Located in Zhoushan Islands Green Petrochemical Base, it covers a surface area of 1,600 hectares. With a total output of 40 million tons of oil per year, 10.4 million tons of aromatic hydrocarbon per year and

2.8 million tons of ethylene per year, and with a total investment of about 17.3 billion yuan, the project will be implemented in two phases. Through fierce competition, Hongtu won the bidding for 32 tanks in 5 devices: 20 tanks of 5,000 m<sup>3</sup>, 4 tanks of 4,000 m<sup>3</sup>, and 8 tanks of 1,000 to 2,000 m<sup>3</sup>. The total construction period is 8 months.

The order not only features a large number of tanks, large volume of single tank and short construction period, but also involves tanks for over 10 media, such as divinyl vinylene, liquid ammonia, epoxyethane, ethylene oxide and isobutene. In particular, the employer required that the order should

be fulfilled in strict conformity with national petrochemical standard. Therefore, this poses considerable challenge for Hongtu's project engineering technologies and construction organization and management abilities. Through reasonable resource allocation and coordination, Hongtu presented best answers to the project period and product quality, and stood out from the fierce competition. "Winning the bidding is definitely a full recognition of Hongtu's strength in the ERP of tank projects", a person-in-charge of Hongtu noted.

## Participants to the 4<sup>th</sup> CTIS in Nantong witness CIMC's 220,000<sup>th</sup> tank container rolling off the production line

The 4<sup>th</sup> CIMC Tank Container International Summit (CTIS) themed with "Environmental Protection, Safety, High Efficiency and Intelligence" open in Nanjing of Jiangsu Province on May 18. Over 300 representatives from national and international tank container industrial associations, testing agencies, providers, traders and logistics enterprises attended the Summit, and carried out in-depth discussions about the industrial policy, development tendency, new product development and technical progress in the tank container logistics industry, aiming to promote the healthy development of the industry. The representatives also witnessed the 220,000<sup>th</sup> tank container rolling off the production line of Nantong CIMC Tank Equipment Co, Ltd.

According to Reg Lee, Chairman of International Tank Container Organization (ITCO), the container tank population is around 550,000 units in the world, and

most of them are for liquid cargos. In the meantime, only a small proportion of tank containers are used for the transportation of chemicals, accounting for 1% of the total chemicals logistics, so there will be explosive growth in the future. Tanks containers feature safety, environmentally friendliness, high efficiency, low risk of leak, and a service life as long as 20 years, which make the products irreplaceable.

CIMC Nantong's General Manager Ji Guoxiang noted that China is a large tank container manufacturer, accounting for over 80% of the world's total production capacity, and it is also the second largest chemicals logistics market in the world, but currently there are merely over 40,000 tank containers used for the transportation of chemicals in China, and this indicates a lower usage but brighter development prospect.

As a world's leading tank container manufacturer, CIMC Nantong has been

paying great attention to technical innovations and R&D of new products and has successively developed 20ft, 30ft and 40ft large-volume tank containers and ultra-large swapbody tank containers, which will improve the transportation strength and efficiency of users. In the meantime, the company is exploring the possibility to use new-type environmentally friendly materials so as to raise the effective loading capacity of tank containers by reducing their deadweights. To meet the special requirements that some chemicals are sensitive to temperature or need the corrosion-resistance protection, CIMC Nantong and its business partners at home and abroad have work together to achieve breakthroughs in the new technology for inner lining of container tanks, research and develop new-type tank containers with paint coatings, rubber lining and PTFE lining in an attempt to transport more types of chemicals.

# CIMC Sinopacific delivers the world's most advanced LEG carrier

Nantong CIMC Sinopacific Offshore & Engineering Co., Ltd, a subsidiary of CIMC Enric, held a grand ceremony for the naming of 170,000-m<sup>3</sup> S1026 and S1027 LEG carriers and for the handover of the S1026 LEG carrier at Qidong production base in Jiangsu Province, meaning that CIMC Sinopacific, a world's leading small- and medium-size LNG manufacturer, has come back onto the right track after successful restructuring.

The named and delivered S1026 is the first carrier of 170,000-m<sup>3</sup> LEG series built by CIMC Sinopacific. Featuring excellent

performances and integrating hi-tech designs and high-end equipment in the industry, S1026 has three independent type-C double-body liquid tanks. With total capacity of 170,000-m<sup>3</sup> and designed temperature of -104°C, it can meet the demands for loading LPG (liquefied petroleum gas), LEG (liquefied ethylene gas) and acetylene. In particular, it is capable of carrying three different liquefied gases simultaneously. The engineering design of its cargo monitoring and control system was provided by Wärtsilä. With two sets of reliquefaction systems, the refrigerating

capacity will be 1.7°C when the carrier is fully loaded with acetylene.

It is noteworthy that to shorten the wharfing period and reduce operating costs, two deck tanks are specially installed onto the S1026 to load cargos for replacement. Thanks to the optimal overall hull form designs, highly efficient propellers and high-end tin-free self-polishing antifouling coatings, S1026 embraces such features as advanced equipment, highly automatic operation, low energy consumption, small noise and vibration. The product has been widely

recognized as another masterpiece of CIMC Sinopacific after all technical indicators are verified to be aligned with the world's leading standards.

Amidst the growth slowdown in global liquefied gas carriers business, carrier owners and relevant companies have to closely and carefully observe and study the market trends, developments and updates. The delivery of the 170,000-m<sup>3</sup> LEG carrier is in the spotlight since it is the first product that the company has delivered after its successful restructuring. With this high-

profile delivery, CIMC Sinopacific shows to global users that it has completely got out of dire straits and fully restored its production and business thanks to the tremendous support from CIMC, come back to the right track and will intensify its market development efforts.

CIMC Sinopacific has the world's first-class team of experts in the design and construction of IMO type-C liquid tanks. So far, it has delivered about 100 carrier liquid tanks and LNG fuel tanks and has the most comprehensive IMO type-C tank product

line in the world. CIMC Sinopacific's liquid tanks have made many firsts in the world, including the world's first full-pressure LPG double-body tank, semi-refrigerated semi-pressurized three independent type-C LNG tanks, and single shell vertical LNG fuel tank.



# CIMC Raffles delivers a five-star accommodation vessel



On February 7, CIMC Raffles delivered high-end semi-submersible accommodation platform OOS Tiradentes (previously called the CR-600) at its Yantai Shipyard. The platform will sail to Brazil soon afterwards. It can provide users safe and comfortable working environment in an economic and environmentally friendly way. The successful delivery marked that CIMC Raffles made successive breakthroughs in independent design and construction of high-end semi-submersible platforms, and it would further promote the process of localized production of supporting offshore equipment. This was also an achievement that CIMC Raffles made to contribute to the successful implementation of China's "One Belt One Road" Initiative and strategy to build the country into a marine power.

OOS Tiradentes, classed by ABS, is a semi-submersible accommodation platform with length of 106.45m, width of 68.9m, deck box bottom height of 36.25 m, accommodation capacity of 600 personnel, deck area of 3500 m<sup>2</sup>, and maximum speed of 12 knots (1 knot=1.852km/hour). It was designed according to operation requirements of the Brazilian Sea area. Furthermore, it can provide service worldwide excluding the North Pole and Norwegian North Sea area.

Based on the previous experience on nine delivered semi-submersible platforms, CIMC Raffles finished the concept design, basic design and detailed design by itself, and has 100% intellectual property rights on all designs. Moreover, CIMC Raffles achieved three major breakthroughs: closed-loop design of the dynamic

positioning system, automatic following of target platform, and the compliance with green environmental protection standard. The platform is equipped with DP3+DP2 dynamic positioning system, and the DP2 operations under the closed bus-tie mode will lower energy consumption by 9% and the emission, emission of CO<sub>2</sub>, by 11%; it also reserves the space for the installation of an 8-point anchor mooring positioning system (optional) to tremendously improve the positioning performance on specific seawaters; with an advanced telescopic gangway and unique multi-target sensor designs, it is capable of automatically following of target platforms against the force 8 wind and achieving stable connection between the living platform and production platform to ensure safe travelling. In particular, its environmental protection design meets the enhanced standards for environmental protection and the latest US' standard for nitrogen emission at the continental shelf.

As a high-end accommodation vessel, OOS Tiradentes is built to UK-HSE standards and is ABS Habitability and MLC-2006 compliant. The living zone is designed in accordance with the onshore five-star hotel standards, its comfortability meets the HAB+ MODU requirement and UK HSE standards, and its vibration and noise performance meets the Norsok standards, the most stringent one in the world. It also includes an outdoor sports field, a cinema that can accommodate an audience of 180 people, a gym and a library, providing an average leisure and recreation space of 2 m<sup>2</sup>/person.

# CIMC Raffles secures the order for the world's biggest and most advanced dynamic offshore farm units



Thanks to its expertise in the EPC of offshore and maritime constructions, CIMC Raffles enters into the Agreement on the Construction of Havfarm 1 Deepwater Aquaculture Platform with the Norwegian salmon farmer Nordlaks on February 13.

Jointly developed by Nordlaks and NSK Ship Design, Havfarm 1 meets the Norsok standards and the certification requirements of DNV-GL and can work in the adverse sea area in Norway. The farming platform is anchored in an external turret single point mooring system and equipped with the world's most advanced automatic salmon farming system, so as to perform the functions of automatic transmission of post-smolts, automatic feeding, underwater light monitoring, underwater oxygen increase, recovery of dead fish and automatic hunting of grown salmon.

"With global consumers' demands for healthy seafood keep going up, the sustainable development of the aquaculture industry imposes higher requirements on us. CIMC Raffles has built COSL series drilling platform for Norway. Today, we are going to build the deepwater farming platform for Nordlaks, and this is absolutely a great honor. The cooperation between us will bring reliable, nutritious and pollution-free salmon to global users, and take us to further cooperation at a deeper level", said Li Minggao, Vice President of CIMC Raffles.

Guo Fuyuan, General Manager of CIMC Offshore Science and Technology Development Co., Ltd (CIMC Offshore S&T), noted that the signing of the agreement consolidated CIMC Raffles'

leading position in global fishing equipment industry and provided important reference for the R&D and manufacturing of deepwater net cage products for users in China. CIMC Offshore S&T offers offshore fishing equipment R&D and designing services and marine farming operation services, builds marine farming demonstration zone, develop new-type marine energy, test marine environment, and carries out marine environment protection. So far, the company has built and delivered marine farming platforms in bulks and built China's first deepwater submersible net cage, which has promoted the transformation and upgrading of domestic marine farming industry. Today, CIMC Offshore S&T is leading domestic marine farming companies to make big move from shallow sea to the deep sea.

# Semi-submersible drilling platform Beacon Atlantic returns after successful sea trials

On May 8, the semi-submersible drilling platform Beacon Atlantic designed and built by CIMC Raffles special for harsh seawater conditions in the polar region was pulled into the wharf of CIMC Raffles' deep-water base in Yantai after successfully completing 13-day sea trials.

The successful sea trials made a record of the shortest time for installation and

commissioning of propellers in semi-submersible platforms of the same kind, and laid solid foundation for the delivery of the project and sailing to the operating seawaters.

Beacon Atlantic is specially designed for Norwegian continental shelf and Barents Sea. Equipped with an NOV drilling package, DP3 dynamic positioning system

and 8-point anchor mooring positioning system, it features an operating depth of 500m, a maximum drilling depth of 8,000m and a service temperature of -20°C, and meets relevant ice class requirements. Beacon Atlantic satisfies the certification requirements of PSA, NMD, Norsok and Det Norske Veritas.



# Asia's largest-ever superyacht built by CIMC Raffles hit the water

On April 11, ILLUSION PLUS, the Asia's largest-ever superyacht, which was built by Pride Mega Yacht, a subsidiary of CIMC Raffles, hit the water in Yantai. The delivery of ILLUSION PLUS is scheduled for the third quarter of 2018, and then will be listed for sale by Y.CO.

As the flagship of Pride Mega Yacht, ILLUSION PLUS has modern designs. The superyacht is 88.5m LOA, with a beam of 15.5m and an interior volume of 3,603GT, and has an amazing inner space. A multi-national team of designers and engineers backs ILLUSION PLUS. Naval architecture, for example, is by Azure Naval Architects. Styling, meanwhile, is by Rainsford Mann Design.

The interior design is by Netherlands-based Sinot Exclusive Yacht Design. The organically connection between comfort using experience and the sense of spaciousness and the smart combination

of delicate timber, rare natural stones and unique metals bring luxury and comfort to ILLUSION PLUS. The lighting and space designs with distinctive features of early modernism, the symmetric decoration style, the innovative use of materials and the creation of quietness and peace all add special and unique elements to the superyacht. At a recent exhibition in Singapore, ILLUSION PLUS amazed global users with its gorgeous charisma.

ILLUSION PLUS enhances the comfort with the spacious decks, embraces 180-degree views through the full-height windows and uses Rolls Royce diesel-electric engines.

ILLUSION PLUS can accommodate 12 guests and 25 crews. Throughout its six decks, some amenities include an "ocean lounge" – a spa area on the lower deck that includes a sauna, massage room and lobby, providing

extra comfort and delight for the superyacht owners and guests. In particular, ILLUSION PLUS also has a helicopter landing pad that enables convenient and barrier-free connection. In the meantime, ILLUSION PLUS has 3 sightseeing yachts with which people can explore the mysterious sea and enjoy the leisure.



## CIMC Logistics contributes to the successful arrival of the special train of China's Medical and Health Assistance to Uzbekistan

Thanks to the efficient service and satisfactory arrangement of Lianyungang Zhenhua, a subsidiary of CIMC Logistics Segment, the special train carrying medical supplies in 48 containers, which were provided by Chinese central government for Uzbekistan Children Medical Center and Toshkent Children Hospital, started early in the morning of January 29 and arrived at Toshkent on February 7.

A total number of 80 kinds of materials were gathered at Lianyungang from Shenzhen, Shanghai and Hebei Province, and then Lianyungang Zhenhua completed the packing, clearance formalities and procedures and shipment of equipment. In the meantime, the successful shipment was tremendously supported by local railway administration. The Toshkent Medical

Assistance Programme, an important part of China's "One Belt One Road" Initiative, is operated by the Ministry of Commerce. It mainly provides advanced medical equipment and facilities to 20 hospitals in Toshkent, so as to improve the medical treatment conditions for local children.

## The first China Railway Express import train arrives at Nanjing

The first China Railway Express import train loaded with 45 containers, which was organized and arranged by CIMC KaiTong Jiangsu International Intermodal Transport Co., Ltd, a subsidiary of CIMC Logistics Segment, arrived at the North Railway Station of Nanjing on March 13. This meant the start of two-way cargo transportation on the China Railway Express service line between Nanjing and Russia and filled in the blank that there were no returning China Railway Express trains in Nanjing. A special ceremony was held to celebrate the historic moment and attended by Fu Ziming, Deputy Director of the Seaport Division of Nanjing Municipal Bureau of Commerce; Yang Mingbao, General Manager of Nanjing Port

Group No. 2 Port Affairs Co., Ltd; and Wan Bolin, General Manager of CIMC KaiTong Logistics Development Co., Ltd.

The train carrying 45 containers of 40ft loaded with metal sheets set off from the East Railway Station of Inya City in New Siberia of Russia, ran through Mongolia and arrived at Nanjing via the Erenhot border crossing 19 days later. The cargos will be further transshipped to the Yangtze River Delta by CIMC Donghan through the combination of rail and water transportation.

According to General Manager Lu Yingzhi and Deputy General Manager Yu Jichen

of CIMC KaiTong Jiangsu International Intermodal Transport Co., Ltd, the service line is a typical combination of international rail transportation and national rail and water transportation and an important move to answer Chinese central government's call for positive implementation of the OBOR Initiative. The successful arrival of the first train was of significant importance for promoting the two-way cargo transportation on the China Railway Express service line between Nanjing and Russia and paved out new path for the Sino-European economic and trade cooperation. In the meantime, the full use of empty containers after cargos are unloaded abroad will tremendously lower clients' logistics costs.

## CFE helps Shenzhen Fire Brigade with the construction of "five-minute firefighting circle"

China Fire Safety Enterprise Group Limited (CFE), a subsidiary-to-be of CIMC, delivered 39 firefighting trucks to Shenzhen Municipal Public Security Bureau Baoan Branch on April 12. The other 36 firefighting trucks will be successively delivered later. Previously, CIMC increased its equity interest held in CFE from 30% to 51% and became the majority shareholder of CFE. In addition, CFE will change its name to CIMC-TianDa Holdings Company Limited after the transaction is closed.

At the end of 2017, Shenzhen Municipal Public Security Bureau Baoan Branch launched the bidding for firefighting equipment for community-based fire stations. CFE is the first listed company in China's firefighting equipment industry, and its subsidiary Sichuan Firefighting Equipment is a specially designated firefighting truck producer directly under the Ministry of Public Security and one of largest firefighting trucks and equipment manufacturers in China. The comprehensive strength made CFE stand out and win the

bid. According to the agreement, CFE will successively provide 75 small-sized firefighting trucks for communities in the Baoan District.

The successful delivery of the 39 firefighting trucks shows that currently, the district-level governments in Shenzhen are making great efforts to improve the firefighting infrastructure within their jurisdiction. The construction of community-based fire stations is considered to be one of the best solutions by the district-level governments.

When a district-level government plans to build a fire station, it will probably experience unexpected difficulties: longer period of construction, complicated land acquisition formalities and siting, and inadequate staff. On the contrary, the construction small-sized fire stations is an effective approach to compensating the lack of professional firefighting stations since small-sized fire stations cover smaller areas, consume lower costs and needs shorter construction period. In particular, the

construction of community-based mobile fire stations will enable Shenzhen to quickly establish vertical and grid fast firefighting and rescue system and achieve the objective to extinguish fire when it is small or in the early stage.

In this context, Shenzhen Municipal Government formally released the Work Programme on the Construction of Small Fire Stations in Shenzhen (Draft for Public Comments) in October 2017, aiming to speed up the construction of small fire stations with competent staff and high-quality equipment, create a firefighting circle that enables the fighting staff and equipment approach an accident site within 5 minutes, and fully build a grid-based fast firefighting and rescue system.

A responsible officer with CFE said "this is a big development opportunity for us. We hope to provide firefighting services for governments and organizations at the municipal level."



# The name of CFE under CIMC has been officially changed to CIMC-TianDa Holding

China Fire Safety Enterprise Group Limited (CFE) issued the announcement about the acquisition between CFE and CIMC Airport Facilities on April 11, meaning that CIMC's proposed acquisition of more shares in CFE was finalized.

After the restructuring, CIMC increases its equity interest held in CFE from 30% to 51% and becomes the majority shareholder of CFE. In addition, subject to the resolution made at the CFE's extraordinary general meeting, CFE will change its name to CIMC-TianDa Holdings Company Limited (CIMC-TianDa) after the transaction is closed.

Pteris Global Limited, the world's leading airport logistics systems integrator, is an important part of CIMC's airport facilities business. Its 4 business lines, namely passenger boarding bridge, automatic logistics system, GSE and automatic parking system, are closely related to the global economic development and upgrading of consumption. The historical business figures and market forecasts both show that there are bright development prospects

for the 4 businesses. According to Zheng Zuhua, person-in-charge of CIMC Airport Facilities, the airport facilities business has seen huge market potential across the world, in particular, in China. Zheng said that through the significant integration of businesses, the management members of CIMC Airport Facilities will give full play to their management and control advantages; and the integration of core competitiveness of airport facilities and logistics equipment businesses will benefit the overall development of CIMC's airport facilities business, create more values to investors, and enable the company to provide more and better products for clients.

In addition to the 4 business lines, the 5th business line of CIMC Airport Facilities, namely the firefighting and rescue equipment business, will change dramatically after the restructuring.

In 2013, CIMC successfully acquired German Ziegler GmbH in its expansion of the ground support equipment business. In later business promotions, CIMC came

to find that the firefighting and rescue equipment including the airport rescue equipment is a "gold mine" in the high-end equipment industry. Therefore, CIMC quickly adjusted its business strategies: on one side, it made more efforts to help Ziegler obtain more market shares and turned the household name in Germany into the No. 1 foreign brand firefighting trucks on mainland China's market; on the other side, CIMC began to hold shares in domestic firefighting trucks manufacturing companies. In 2015, CIMC began to hold shares in CFE through the equity replacement. Today, it has made a solid step forward in the firefighting business thanks to the equity interest change.

After the restructuring, CIMC has not only had more independent capital operation platform for its airport facilities business but also become the majority shareholder of CFE, and this means that the Group will have a complete firefighting truck production line, meet the demands for mid-high firefighting equipment on domestic market and access to wider markets worldwide.



# CIMC-TianDa builds Baoan District's first public intelligent mechanical stereo garage

On May 29, the groundbreaking ceremony for Shenzhen Baoan District's first public intelligent mechanical stereo garage was held at Jiaan Parking Garage. Leaders from competent government authorities at the municipal and district levels, and heads of Baoan Construction Investment Group, Baohua Road & Bridge Construction Group and Shenzhen CIMC Intelligent Parking Technology Co., Ltd were present at the ceremony. The project is expected to be completed in the first quarter of 2019 and add 137 new parking spaces.

The Jiaan Project is the first intelligent mechanical stereo garage pilot programme in Baoan District. It will be invested and constructed by Shenzhen Baotou Transport Development Co., Ltd, a subsidiary of Baohua Road & Bridge Construction Group. As the project investor, Baotou Transport will be responsible for the supervision of project construction progress; as the lead of construction units, CIMC Intelligent Parking will be responsible for the design, manufacture, installation and maintenance of the garage.

The project is located at Jiaan-B Parking Garage on Xin'an Street. After the project is completed, the total parking spaces will increase from 75 to 212. The fully automatic plane moving stereo garage will have 4 lifts, 4 entries and exits, and 1 management office for the parking and pickup of vehicles. Thanks to CIMC's independently developed tire-clasping intelligent mechanical arms, the fast time for parking and picking up a vehicle is 60 seconds, and the average time is 90 seconds. In particular, the garage will preserve 22 parking and charging spaces for new energy vehicles.

"After the project is completed, it will tremendously promote the construction of Baoan District's cloud and intelligent parking information management platform and provide a representative example for the intelligent parking business development of the whole city", said a responsible person with CIMC Intelligent Parking.

CIMC Intelligent Parking is a member in the first group of companies that engaged in the intelligent parking business and won the mechanical parking equipment production permits from the State and proud to be a leader in the industry. With its core technologies for intelligent mechanical stereo garage and proven track record of standard business operations over the

past 20 years, the company is capable of deeply understanding customers' demands and accurately translating them into actual projects. So far, CIMC Intelligent Parking has extended its business reach throughout the country and successfully delivered hundreds of thousands of intelligent parking spaces nationwide.



# CIMC Industry & City rated as a top 50 industrial park operator in China

China's Industrial Park Report and List 2018 were released in Shanghai on May 25. CIMC Industry & City Development Co., Ltd got into China's Top 50 Industrial Park Operators List for the fourth time in a row.

CIMC Industry & City is committed to growing into an industry and city development expert with CIMC characteristics and a positive

brand image, and carries out the "one body and two wings" development strategy: one body is the core – the comprehensive development platform with the integration of industries and cities as the core; two wings are the abilities – the industrial park development and construction ability and the operation ability. Building cities with appropriate industries, developing industries

based on favorable conditions of cities and integrating industries and cities, CIMC Industry & City aims to become a new-type industry & city developer and operator that embrace the largest number of industrial parks, the highest operating efficiency and greatest brand influence in China.



# C&C Trucks wins the "Best Intelligent System & Application Award"

On January 16, chinarta.com held the "Strength of Brands" – 2018 Cargo Transportation Industrial Chain Conference. At the conference, a number of cargo transportation industrial chain brands featuring great impact and playing leading roles in China were reviewed and selected. Smart-M G7, an intelligent truck management system customized by C&C Trucks for its users, was widely recognized by users and rated as the "Best Intelligent System & Application" at the conference for its promotion of intelligent management and improvement of safety and operating efficiency of logistics enterprises.

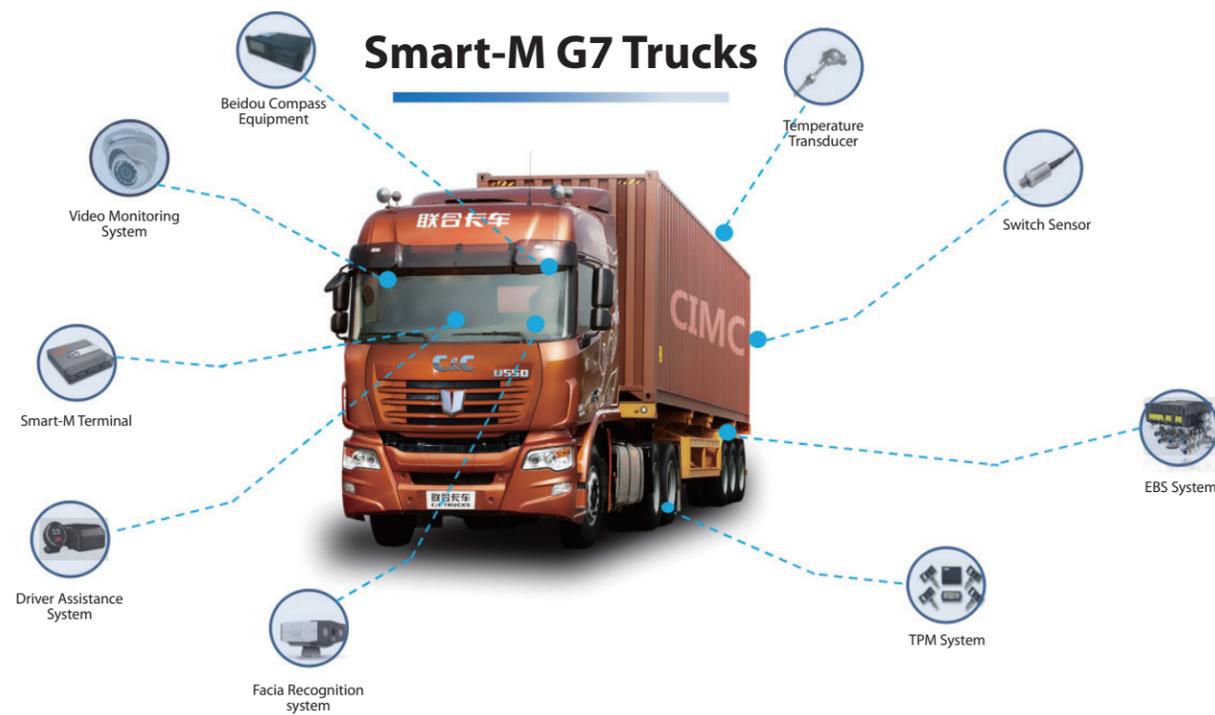
With the transformation and upgrading of domestic cargo transportation industry and the supply side reform by the State, transportation enterprises are facing new challenges. In particular, heavy-duty truck companies have shifted their focus of competition from products and services to the upgrading of intelligent applications. It can be sided the intelligent application level has decided the core competitiveness of products.

According to Zhou Wei, Director of Automobile Transport Technology Research Center under China Academy of Transportation Sciences, the development tendency of future automatic driving technology must be the technical routes featuring the coordination between vehicles and roads and the combination among sensors, intelligentization and Internet of Vehicles, and the intelligentization of vehicles must match with that of road environment. Zhou said that the intelligentization of vehicles will bring us convenience and make the industry safer. It is convinced that with the development of intelligent technology, the industry will gradually shift from the zero death to zero injury. Therefore, it is of great importance to study the intelligentization of vehicles.

As a high-end heavy-duty trucks manufacturer in China, C&C Trucks has been providing high-end and intelligent trucks for its clients. It is noteworthy that the company takes into account the future transportation environment at the beginning of its design and adds the

CAN-bus system to achieve the interconnection among parts and components and lay solid foundation for intelligentization of vehicles. In the meantime, the company purchases parts and components from top suppliers both at home and abroad. The combination of high-quality software and hardware makes the intelligentization of vehicles possible.

Smart-M G7 is an intelligent truck management system. It collects the ECU data of engines and shows the real data about mileage, fuel consumption and driving behavior generated during the driving to the user. With the Smart-M G7, a C&C truck can achieve the visualization of entire transportation process through the video camera in the driving cab, the driver fatigue monitor system and the lane departure warning system, judge the driving risk level through the intelligent algorithm, and predict the safety risks in the transportation process and automatically start the management intervention, improving the driving safety and reliability greatly.



## C&C Trucks transports the first batch of products for the newly built Sinopec Tianjin LNG terminal

On February 14, the LNG tank trucks carrying the first batch of LNG products departed from the newly built Sinopec Tianjin LNG terminal, marking that the terminal, a key project in the Thirteenth-Five Year Plan period, was successfully put into operation ahead of schedule. In the future, the terminal will effectively ensure the gas energy supply in Beijing, Tianjin, Hebei Province and other five provinces in North China, and alleviate natural gas supply shortage in the region. C&C Trucks participated in the transportation of the first batch of LNG products of the terminal.

The dangerous chemicals transport vehicles of C&C Trucks are developed and manufactured with the advanced European and American technologies to meet comprehensive requirements for transporting dangerous chemicals. The products can satisfy the requirements for the transportation of dangerous chemicals, deadweight tonnage and transportation distance and features safety, less fuel consumption, comfort and intelligent operations.

C&C Trucks is the first truck maker that has passed ADR European Standard Certification for the transportation of dangerous chemicals in China. The ADR function allows fast and safe disconnection of power supply of vehicles. When a vehicle is on fire, once the ADR button is pressed, the driver can power off the whole vehicle within 2.5 seconds without taking extra operations.

## CIMC Intermodal strategically partners with CR-Guangzhou

On May 10, Deputy General Manager Guo Ji'an of China Railway Guangzhou Group Co., Ltd CIMC Intermodal Development Co., Ltd (CR-Guangzhou) and his company visited and had business talks with CIMC about the cooperation on the rail container intermodal transport service line. The two sides jointly took their cooperation to a deeper level by entering into a strategic cooperation agreement.

CR-Guangzhou Cargo Transportation Deputy Director Song Haitao, Guangzhou Cargo Transportation Center Director Jiang Yunhua and Deputy Director Li Wenhua, CIMC's Vice President Huang Tianhua, and General Manager of CIMC Intermodal Development Co., Ltd Qiu Chunyou attended the agreement signing ceremony. This was another strategic cooperation agreement CIMC Intermodal entered into with an important business partner after it and BaoSteel Group signed a strategic cooperation agreement, which was full of significant importance for future business development of the company.

Guo Ji'an thought highly of CIMC's achievements, saying that CIMC is a long-term container business partner for China Railway, and its equipment manufacturing advantages and internationalization and marketization experiences and competence will complement the business growth of China Railway. He was confident in the forthcoming cooperation between the two sides and guaranteed that CR-Guangzhou will provide enormous support for CIMC Intermodal to develop its business in the rail container transport field, noting that the two sides will be able to create a service line system that benefits the entire country and the regions and countries within the "One Belt One Road" Initiative framework and effectively improve the logistics efficiency and benefits in the Guangdong-Hong Kong-Macao Greater Bay Area.

The agreement with CR-Guangzhou means a great deal for CIMC Intermodal's domestic network expansion and perfection, because this has effectively expanded the company's

two-way rail container service line network in South China to the northwest, Central China, East China and southwest of China and enabled the company to secure a firm foothold in the seal-rail transport route.

In next 3 to 5 years, CIMC Intermodal will establish a leading intermodal transport platform that embraces CIMC Characteristics and takes the rail transportation as the core, construct an intermodal transport network that covers the entire country and connects with the rest of world via the major nodes at the OBOR countries and regions, provide door-to-door and one-ticket-for-all intermodal transport service for clients in China and major economies, grow into an industrial leader in the innovation of new business models and promotion of new equipment in the industry, promote the wider application of equipment made by CIMC in the industry, and create an ecological intermodal transport circle featuring the win of all parties.

# 21世纪经济报道

## 21<sup>st</sup> CENTURY BUSINESS HERALD

### In-depth analysis of CIMC Airport Facilities' strategy: the pace to come back to the US' PPB market increases

Reading guidance: CIMC Airport Facilities recently has got golden opportunities to expand its international business: on one side, the strong international presence of Pteris Global Limited offers great help; on the other side, the pace of its passenger boarding bridge (PPB) business coming back to the US' market increases.

On January 24, CIMC issued a circular at The Stock Exchange of Hong Kong Ltd, disclosing more details about the disposal of its equity interest in CIMC Airport Facilities to China Fire Safety Enterprise Group Limited (CFE).

According to earlier announcements, CIMC planned to evaluate its equity interests respectively held in Pteris Global and CIMC-TianDa at 3.8 billion yuan and 600 million yuan and dispose the equity interests to CFE. After the deal is closed, CIMC will hold over 50% equity interests in CFE, making the firefighting equipment manufacturer an independent financing platform listed on Hong Kong Stock Exchange. However, the deal is to be reviewed by the Board of Directors and the general meeting of stockholders.

Wu Sanqiang, Director of the Secretary Office of the Board, noted that so far, CIMC Airport Facilities has made many investment plans, so it is necessary for the segment to establish its own financing platform as soon as possible. "For PPB business, we are going to

build factories in the US; for firefighting trucks, we will carried out a couple of acquisitions across the world, including the acquisition of aerial firefighting platform manufacturing enterprises; for automatic logistics, we have been aiming to purchase appropriate integrators based in Europe or the US. If the relevant resources are not in place, our investment plans cannot be implemented at all."

According to Wu, CIMC did not choose the IPO model to raise money because it did not want the management resources to be scattered. Though Pteris Global can access to the capital market via IPO, yet this will split the businesses of CIMC Airport Facilities into two separate listed companies.

CIMC Airport Facilities recently has got golden opportunities to expand its international business: on one side, the strong international presence of Pteris Global offers great help; on the other side, the pace of its passenger boarding bridge (PPB) business coming back to the US' market increases.

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This deal means that CIMC has made another solid step forward on its path to establish independent financing platforms for its business segments.

After benefiting enormously from the integration of energy, chemical and food equipment segment through Enric, CIMC intends to make more business segments access to capital markets independently.

In the past few years, due to fast development of different business segments, CIMC has been burdened with a debt ratio around 70% and suffered slow financing at the A-share and H-share markets due to restricted financing ability. Therefore, the Group has to invest in its businesses with own funds and bank loans, and this will get even worse if it does not conduct asset restructuring.

Through a series of acquisitions and merger, CIMC Airport Facilities has extended its business reach from traditional PPB business to stock handling system and baggage handling system. So far, there are 5 business lines under the segment, namely, PBB, firefighting and rescue, material handling system (MHS), ground support system (GSE, such as apron buses, aircraft food cars and aerial platforms), and automatic parking system (APS). CIMC Airport Facilities has been expanding rapidly, and the business growth momentum continues to build up.

These businesses are mainly operated on 3 platforms: Pteris Global is for the operation of all airport facilities and MHS



businesses, and German Ziegler GmbH and CFE are responsible for firefighting equipment businesses.

Pteris Global is a listed company in Singapore and a leading global integrated solutions provider of airport facility equipment. In 2014, following the completion of a reverse takeover by Shenzhen CIMC-TianDa Airport Support Co. Ltd, CIMC-TianDa merged its operations with Pteris Global. To facilitate the integration of the business of CIMC Airport Facilities, Pteris Global was delisted in 2016.

Prior to the latest integration, CIMC has already been the sole largest shareholder of CFE. After the acquisition of Ziegler in 2013, CIMC traded its 40% equity interest in Ziegler with 30% equity interest in CFE in 2015 in an attempt to make full access to the firefighting truck businesses.

Wu Sanqiang said that though CIMC held equity interest in CFE, yet it was not the majority shareholder of the company. This means that the two groups cannot better integrate their management or share their resource advantages, such as CFE cannot make full use of CIMC's scale advantage in its purchase of steel materials and sales of products, or enjoy relatively low borrowing rates. For large-scale projects, CIMC has many restrictions in providing letter

of guarantee to CFE. In addition, CIMC cannot consolidate financial statements.

All these problems are gone after the transaction is closed, since the synergy between the two groups will improve the efficiency. "The airport facilities business is considered to be the technologically richest one with better profit-making ability. Furthermore, the airport facilities business and automatic logistics business will be able to offer the adverse impact of the periodicity in CIMC's container business", said Wu.

It is noteworthy that to finalize the deal, CFE specially issued shares and convertible bonds totaling 4.4 billion yuan to purchase CIMC's airport facilities business.

"The Stock Exchange of Hong Kong Ltd regulates that the proportion of circulating shares in a company cannot be lower than 25%. Therefore, if CIMC chooses to close the deal in shares, the proportion of non-circulating shares will exceed 75%. The designed period for the conversion of debts is 30 years, so it will impose little financial impact on CIMC since the annual interest rate is 0.1%", said Wu.

Though the revealed total valuation is seemingly higher, but it is not the truth. According to the circular, as of December

31, 2016, the net profit of Pteris Global after tax was 1.118 billion yuan, so the PE (price to earnings) was about 40 times. However, it is much more reasonable to calculate the valuation of profits of the most recent year. On the basis of orders received by CIMC, Market analysts predicted that CIMC's profits derived from the airport facilities business in 2017 was about 200 million yuan. Therefore, the PE was about 23 times. In contrast, JBT, the biggest PBB manufacturer in the US, its PE remains to be about 40 times this year.

"Based on the prediction of CIMC's profits in 2017 and the conversion of the number of convertible bonds into the number of shares, the ratio of CFE's profits over the past few years to those of CIMC Airport Facilities is 1:4, but CIMC traded the share in a proportion of 1:3", said Wu. That is to say, CIMC has made necessary concession to facilitate the transaction process. The price to earnings ratio of CFE is over 60 times, and this figure even rose to 90 times in the announcements issued before the transaction. Viewed from this perspective, shareholders of CFE have made a deal because they traded their equity interests with high PE with assets featuring lower PE and high quality and growth potential.

### The way-out of PBB business

After obtaining the independent financing platform, CIMC Airport Facilities will further develop its businesses. Zheng Zuhua, Managing Director of the CIMC Airport Facilities and Chairman of CIMC-TianDa, noted that the total sales revenue of the Segment are expected to amount to 8 billion yuan in 2020, thanks to its efforts to further exploit international markets and to carry out acquisitions with the support of the Group.

So far, the segment has received almost all new PBB orders in China.

"We have outperformed all rivals on China's market due to the technical threshold", said Wu. The aviation companies pay great attention to the safety and stability and impose strict requirements for innovations. But this is not a problem for CIMC. Over the years, CIMC-TianDa has established considerable competition advantage and consolidated its leading position on market due to continuous technical innovations and management improvement. In addition, a PBB company has to make largest investments to effectively grow its business and compete with global competitors, so it is hard for a small company to achieve economies of scale.

Globally, CIMC, Thyssenkrupp (Germany) and JATWAY (US) are 3 major players in the industry, and they have received and fulfilled 90% PBB orders of the world's total.

However, the competition pattern may change very soon.

According to an expert in the PBB market, in the face of the enormous competition advantage of CIMC, Thyssenkrupp's PBB production facility in Zhongshan City of Guangdong Province has stopped its production.

The expert further revealed that the German company is now looking for potential buyers of its PPB business, and the buyer with the most powerful strength is CIMC. "We approached to Thyssenkrupp two years ago, but our acquisition plan was rejected. Two years later, it is not certain whether Thyssenkrupp has ever considered our proposal", said Wu.

Zheng Zuhua said that in fact, CIMC intends to obtain Thyssenkrupp's share on the US' market through the acquisition. However, the acquisition is almost an impossible mission, because the successful acquisition would make the super conglomerate obtain more than 90% share of the European market, which is a violation against the anti-monopoly laws.

"At present, we have not figured out a way to solve this problem. But if CIMC successfully erects its production facilities in the US, we will not consider the possibility of acquiring Thyssenkrupp", said Zheng Zuhua.

This shows CIMC's hunger for accessing to the US' PBB market. The US is the largest sole PBB market in the world, said Zheng, indicating that there are 8,000 PBBs in the US, and there will be 700 PBBs to be added or replaced each year.

However, the access to the US market for CIMC Airport Facilities, a group that has dominated the China's market and completed the business network establishment in 70 countries, is a really tough issue.

In 1993, CIMC-TianDa entered into an agreement with JATWAY to on joint manufacture of PBBs. However, within the next 3 years, CIMC-TianDa did not receive any order from the US; on the contrary, it enabled the US competitor successfully accessed to China's market in next 3 years.

In 1997, CIMC independently sold its PBBs on the US' market. But FMC, another

competitor in the US, filed a lawsuit against CIMC-TianDa for the reason that the China-based company had breached its cooperation agreement and infringed its technologies, which drew CIMC-TianDa to the edge of bankruptcy.

According to Wu, FMC proposed to acquire CIMC-TianDa at that time, but its proposal was rejected. Later, FMC was purchased by JBT.

Though CIMC has outperformed JBT, and the validity of the sentence for the lawsuit between CIMC and FMC expired 10 years ago, yet it is difficult for CIMC to make a come-back, because after the financial crisis, the US federal government enacted a law that regulates if an airport is built with the funds from the federal government, it should purchase at least 60% of facilities and equipment made in the US, and this has directly restricted CIMC's export to the country.

However, CIMC revealed in its circular that a certain proportion of funds to be raised by CFE will be used for building a PBB plant in the US, indicating that the Group will come back to the US market.

Zheng said that CIMC failed to directly promote its PBB business in the US, but it got a large number of BHS orders there, recruited local employees, registered a company, and now it is preparing to build a production facility of its own.

"Frankly speaking, I would rather rent a production facility than build one. It is a pity that we missed some opportunities to rent such a production facility", said Zheng Zuhua.

According to Wu, CIMC has recently entered into a cooperation letter of intent with a Houston-based company, and it will have its US production facility and access to the US market very soon.

Author: Yang Yueqi,  
21st Century Business Herald

# 光明日报

## CIMC erects modular houses in Africa

CIMC Modular Building & Investment Co., Ltd (CIMC MBI) has recently shipped the 108 modules for a hotel in Djibouti International Free Trade Zone (DIFTZ) to the construction site. Now, the company is performing the hoisting and installation operation of modules, and it is expected to complete the project within 10 days. This is CIMC MBI's first project in Africa.

Djibouti is situated in the Horn of Africa on the Gulf of Aden. According to the public data, DIFTZ is jointly invested by Djibouti Ports & Free Zones Authority, China Merchants Group, Dalian Port Corporation Limited and IZP Group as part of China's bid to expand trade routes, a series of infrastructure initiatives stretching across 60 countries that the Chinese have dubbed "One Belt One Road" Initiative, and it covers a total surface area of 48.2 km<sup>2</sup>. The Phase I project will cover a surface area of 6 km<sup>2</sup>, and the construction of its pilot zone of 2.4 km<sup>2</sup> started in January 2017. The CIMC MBI's project is a part of the office building and hotel construction project portfolio in the pilot zone. The total floor area of the project portfolio is 36,408 m<sup>2</sup>, including 21,415-m<sup>2</sup> office building and 13,969-m<sup>2</sup> hotels. CIMC MBI is responsible for the construction of some floors of the hotels.

The hotel comprises 2 buildings – the north building is for apartments, and the south building is for guest rooms.

The two buildings are both of 5 storey structure: the first and second floors are public areas such as lobbies, dining rooms and conference rooms. The apartment building has 78 apartments, and the guest room building has 77 rooms, totaling 155 rooms. To ensure the construction quality and progress, the hotel is built with the combination of traditional buildings and modular buildings. The first and second floors are built with traditional building model, while the third to fifth floors are built with modular building models. The modular building has 108 modules in total. It is expected that the north and south buildings are to be completed in May 2018.

According to a person-in-charge of CIMC MBI, in consideration of his company's leading advantage and proven track records in global modular building industry, the hotel owner entered into the contraction agreement with CIMC MBI on September 5, 2017. After that, the company quickly started the production and completed the building of all modules in December. The 108 modules were shipped from CIMC MBI's Jiangmen Xinhui production facility, then transshipped to Djibouti Port, and finally transported to the construction site.

"After the modules were transported to the construction site, we immediately

started the hoisting and installation operations in strict conformity with construction plans and specifications. To ensure the construction progress, we rationally allocated necessary resources, and this helped us work effectively. So far, the hoisting and installation operations are progressing smoothly, which will lay solid foundation for the timely completion of the project with high quality", said the person-in-charge.

Liu Xiaokui, Deputy General Manager of CIMC MBI, said that the application of modular building will tremendously improve the construction speed of local projects. Normally, it takes 5 to 6 years to complete the construction of a hotel with 200 rooms in Africa due to lower technological level and other factors. In contrast, with CIMC MBI's modular building model, it can be built in 18 months. "This means our steel-structure modular building has great market potential in Africa. By doing so, we can contribute to the successful implementation of the OBOR Initiative and carry out win-win cooperation with other international companies", said Liu.

Author: Yan Shenghe,  
Integration Media of Guang Ming Daily

# 深圳商报

## CIMC completes its project in Xiong'an New Area at "Shenzhen Speed"



At 17:28 p.m. on February 28, after the last module was hoisted and installed, CIMC Modular Building & Investment Co., Ltd (CIMC MBI) completed the construction of 6 buildings for the Civic Service Center of Xiong'an New Area. It is learned that CIMC MBI continued its "Shenzhen Speed" by completing the whole construction processes within 70 days. With the "3 Highs" (high quality, high standard, and high efficiency), the company positively contributed to the overall construction of Xiong'an New Area.

The Civic Service Center was the first construction project after Xiong'an New Area was built, and in particular, it was a window of the new economic zone to the country and the whole world. In consideration of its importance, the project plans clearly specified that modern and green construction technologies and eco-friendly building materials and energy-saving techniques should be used. On December 12, 2017, CIMC MBI entered into agreement with China Construction Third Engineering Co., Ltd to provide a total number of

27,500 m<sup>2</sup> modular and integrated buildings (593 modular houses) for the 5 office buildings and 1 service apartment in the enterprise zone of the Civic Service Center.

After winning the bid, CIMC MBI rationally allocated time for each process since the total construction time was as short as 70 days. Within less than 1 month, the company drew over 40,000 drawings and completed the designing scheme with high quality. It started the formal construction on December 25, 2017, completed the building of 80% modules on January 31, 2018, and transported to the first batch of modules to the construction site on February 4. In the next 7 days, CIMC MBI's team carried out the hoisting and installation operations in shifts around the clock. On the morning of February 12, the company successfully completed the construction of the first building. To ensure the construction progress, the company continued its operations during the Spring Festival. On February 28, CIMC MBI completed the construction of another 5 buildings.

Author: Chen Faqing,  
Shenzhen Economic Daily



## The key to CIMC's success

CIMC has been seeking international presence and market-oriented development since it was established in 1980. Today, it has become a multinational company listed on A- and H-share markets and a representative of mixed ownership with China Merchants and COSCO hold approximately same amount of shares controlling approximately same amount of shares and the management members of the Group and strategic investor HONY Capital holding a certain proportion of shares.

From the perspective of CIMC's CEO and President Mai Boliang, the key to CIMC's success, or the core competitiveness of the Group, is its capability to integrate global resources. Next, CIMC will focus on the natural gas business, because one third of the world's population cannot get the natural gas directly transmitted from pipelines, and this means a big market.

A visitor to CIMC's headquarters in Shekou of Shenzhen may have complicated feelings: at the land where the headquarters of CIMC is currently situated, cannons were fired in 1979 to secure a large amount of heavy rocks and ballast for the reclamation of land that was used for the construction of Shekou Industrial Zone, a move that marked the start of China's reform and opening-up; and at this land, CIMC grows from a Sino-European container plant into a multinational company with total

asset exceeding 130 billion yuan and business revenue approaching 80 billion yuan, a giant with 9 business segments, and a leader in over 10 market segments including containers and semitrailers.

After it went public, CIMC has maintained higher return on assets in the equipment manufacturing field, so it is rated by the capital market as the high-quality in China's manufacturing industries and attracts funds across the world. Last year, it achieved a net profit of 2.5 billion yuan, up nearly 400% YOY, with big increases in the business revenue of its container, vehicles, energy, chemical and food equipment business. In particular, the Group's overseas business operations contributed 60% of the total business revenue. Recently, Mai Boling stressed that the core competitiveness of CIMC is its ability to integrate global resources during a meeting with the interviewing group organized by the Securities Times with the theme of "Listed companies are moving along the track of high-quality development".

### Sino-US trade war: no possibility, no opportunity

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 Group and the East Asiatic Company Ltd in 1980. It has been

seeking international presence and market-oriented development since the inception. Over the years, it has become a multinational company listed on A- and H-share markets and a representative of mixed ownership with China Merchants and COSCO hold approximately same amount of shares controlling approximately same amount of shares and the management members of the Group and strategic investor HONY Capital holding a certain proportion of shares.

As a company that takes the lead to establish modern equity structure and governance framework, CIMC started with the container business. In the 1990s, it carried out a number of acquisitions in China and completed its strategic business development pattern along the country's coastal cities. CIMC surpassed its South Korean rivals in 1996, and has been ranking first place in the global industry in terms of output and sales volume and acquired 50% of market shares worldwide. Last year, thanks to the global business pickup on global markets, CIMC Container's turnover exceeded 25 billion yuan, and net profit increased about 300% YOY.

However, the Group's container business is greatly impacted by the rise and fall in the world's trades. Recently, the US President Donald Trump threatened to impose tariffs on goods imported from China, leading to global concerns about trade frictions and volatility in equity

markets, and the equity price of CIMC was impacted. A responsible officer of CIMC said that the sanction actually was not a big deal for the Group, because: firstly, its vehicles production facility in the US is considered to be a local enterprise, and it will not be impacted by the increase in tariffs; secondly, the revenue from the export of products to the US account for less than 10% of the Group's total.

When asked about the Sino-US trade disputes, Mai Boliang, who had witnessed enormous periodic ups and downs of the container business, said that there was no possibility or opportunity for China and the US to really start a trade war.

According to Mai, the trade war is almost impossible, but there was the chance that the disputes existed in certain fields. Finally, the two sides would solve the problems through business talks.

CIMC has rich experience in handling trade frictions. For example, in May 2014, the US Department of Commerce initiated an anti-dumping and anti-subsidy investigation into the 53ft dry containers

imported from China. This probe involved 3 container manufacturers in China. CIMC and other two peers joined hands to take legal means to respond to the probe, and persuaded its US clients into lobbying the US congress. At last, United States International Trade Commission ruled in favor of the three Chinese enterprises and denied the US government's decisions.

"Today, we are living in the global village that each member should complement one another. As long as you are making actual contributions in a sincere and honest manner, I am convinced that your products and your company will be popular in the most part of the world", summarized Mai, saying that China produces 90% of containers of the world's total, and the US has not accomplished this yet.

However, in the face of rising labor costs and pressure from the upgrading and transformation of industries, the top leader clearly noted at CIMC's 2017 business performance reviewing conference that it was not appropriate to carry out large-scale investments or make big moves in domestic container business. At present, CIMC is making

intensified efforts to develop and improve its digital and automatic production technologies and raising the production efficiency but cutting redundant jobs. It is expected the productivity of the Group will be doubled by 2020.

### Cross-border acquisitions have diversified the Group's businesses

To respond to the risk of periodic volatility in the container business, CIMC has diversified its businesses. During this process, the cross-border acquisition becomes a "quite normal". The conference rooms in CIMC's headquarters are all named after cities where its overseas business offices domicile. And foreign employees are frequently seen in elevators and conference rooms, making CIMC a "Mini UN". So far, the Group has established overseas production facilities, sales centers, R&D institutions and engineering service network in Europe, North America, Australia, Japan, Southeast Asia, Africa and the Middle East.



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The business diversification started very early. In the 1990s, CIMC extended its business reach into the airport facilities business. In general, the frequent acquisition and the access to new businesses and new markets have become the main feature of the Group's business expansion, which is obvious in the road transportation vehicles business. In 2002, the road transportation vehicles business started and quickly became the second major pillar of CIMC. After successively acquiring 6 leading companies in China, CIMC respectively acquired HPA Monon – a major semitrailer manufacturer in the US and the DCLLC – a trailer company based in Australia in 2003 and 2008. In 2016, it bought out the Retlan Group – a time-honored semitrailer manufacturer in the UK at a price of 91.7 million pounds (more than 800 million yuan). With these acquisitions, the Group has successfully accessed to the North American, Australian and British markets.

CIMC has never made blind "crossover" acquisitions. On the contrary, it takes the business moves centering round the whole service life cycle of containers or other manufacturing businesses. In addition, since the Group focuses on the

acquisitions of companies that are the leaders in their industries and market segments and takes appropriate actions at appropriate time, the acquisition costs are relatively low.

Wu Sanqiang, Director of the Secretary Office of the Board, revealed the secrets to these successful acquisitions: the Kingdom of CIMC started with the periodic business, so it does a pretty good job in tracking and understanding industrial development tendencies and making accurate analysis of the industries. In particular, CIMC focuses on the bankrupt enterprises that need restructuring, because the risks of such assets have been fully released.

When CIMC started its acquisition of HPA Monon, the North American trailer industry was in severe business recession due to the great impact of September 11 attacks. The acquisition object applied for bankruptcy protection in May 2002. Before the acquisition, a special team was sent to the US and then studied the North American trailer industry for over 12 months. Finally, the team came up with the conclusion that the industry would rebound very soon. Initially, the

acquisition object quoted a price of 17 million dollars. With legal means, CIMC finalized the deal with 4.22 million dollars with the help of banks.

**Integrated resources have improved the competence of acquired companies**

According to McKinsey & Company, Chinese companies spent a record 227 billion dollars on cross-border acquisitions, 6 times higher than overseas spent on the acquisitions of Chinese companies. In 2017, Chinese companies spent less. However, the cross-border acquisitions initiated and finalized by Chinese companies over the past 10 years did not yield satisfactory results, and 60% deals did not general actual values for the luxurious Chinese buyers, for example, the acquisition of energy companies failed to meet the expected objectives.

In contrast, averagely speaking, CIMC spends less but gets more. According to a senior officer in the Group, CIMC succeeded in 90% of its overseas acquisitions. Therefore, it was nicknamed in the overseas capital market as a "small investment bank". On April 11, Dutch

Prime Minister Mark Rutte presented the awards to CIMC and other 4 Chinese companies for the excellent investment contributions to the Netherlands.

Mai Boliang summarized his experience obtained from successful cross-border acquisitions from the perspective of global operation that CIMC will be able to improve its acquisition competence if it centralizes all of its resources available.

In 2013, CIMC acquired the German Ziegler GmbH to improve the ground equipment business portfolio of its Airport Facilities Segment. Ziegler is one of 5 major firefighting trucks manufacturers in the world. However, it was suspected of monopoly and was imposed a penalty by the European Union. After paying the required amount of penalty, Ziegler applied for bankruptcy for the shortage of sufficient working funds. CIMC acquired the company with 55 million euros – 1.3 times of the net profits of Ziegler at the end of 2012.

Professor Hermann Simon, who first coined the term Hidden Champions, rated CIMC's acquisition and merger of Ziegler as a classic case taught and discussed at Harvard Business School. After the acquisition, CIMC adjusted the organizational structure of the traditional family business and established the rotation system in the management committee. Except the CEO is designated and sent by the Chinese side, the other members of the management committee are recruited locally. In addition to the organizational structure adjustment, the management committee exercised control over the production costs, and made access to overseas markets with Chinese mainland as a core. From 2014 to 2016, Ziegler raises its sales volume by nearly 4 times on China's market and accounted for 70% of the market in Asia.

Many foreign governments were worried about that after their companies were purchased by a Chinese company, their cutting-edge technologies will be transferred to China, and the local jobs will be reduced, so they are reluctant to approve the acquisition proposals and applications, said Mai, promising that his company will never do the business in this way. CIMC chooses to keep the technologies within the acquired companies, and it even shares

its industrial and intelligent production experiences to improve the competence of the acquired companies. By doing so, the Group successfully eliminate the concerns of acquired objects and competent authorities and lays solid foundation for future acquisitions.

**Speed up the restructuring and going public of mature business segments**

With the diversity of business, CIMC is facing a large number of problems such as high debt ratio and difficulty in balancing the management between the headquarters and business segments. In this case, Mai Boliang proposed to help the mature business segments obtain their independent platforms on capital markets so that they can raise funds if their business performance and strength are convincing for capital operators and market analysts.

Here is a latest example: CIMC evaluated its equity interests respectively held in Pteris Global and CIMC-TianDa at 3.8 billion yuan and 600 million yuan, disposed the equity interests to China Fire Safety Enterprise Group Limited (CFE), and changed the name of CFE to CIMC-TianDa. After the deal is closed, CIMC-TianDa will extend its business from firefighting trucks to airport facilities, intelligent parking systems and automatic logistics systems, aiming to fulfill the objective of industrial automation in the era of "Industry 4.0".

As one of CIMC's capital operation platform in Hong Kong, CIMC Enric extended its offshore and onshore natural gas storage and transportation equipment business and services by reacquiring Nantong Sinopacific Offshore & Engineering Co., Ltd (SOE) with 800 million yuan.

In the face of the natural gas shortage in North China at the end of last year, the 13 ministries and commissions including National Development and Reform Commission jointly issued the Opinions on Accelerating and Promoting the Application of Natural Gas to reiterate the importance of "turning natural gas into one of major energies in China's clean energy system". According to a senior officer of CIMC, an important reason for the natural gas shortage is insufficient number of relevant infrastructure. This is an unprecedented opportunity for CIMC

Enric, because it has acquired over 50% share of China's oil tank truck market, its small- and medium-sized storage tanks rank first in China, and large-sized storage tanks ranks among the top three worldwide.

During the interview, Mai Boliang also stressed that CIMC will focus on the natural gas business, because one third of the world's population cannot get the natural gas directly transmitted from pipelines, and this means a big market.

Comparatively, the offshore equipment business remains to be a drag on CIMC's profit growth. Due to the oil price slump in a long period of time and big decrease in the newly received orders, CIMC Raffles' net loss in 2017 increased to 1.039 billion yuan. However, the global offshore business began to pick up as the oil prices rose above 70 dollars/barrel.

According to Pan Xilu, Senior Strategic Development Manager of CIMC Offshore, the oil price rebounded at a faster speed than it was expected, and there was already strong recovery in the offshore market, but companies in different industrial chain would enjoy the benefit immediately or some time later. Today, CIMC Offshore has extended its business reach from drilling equipment to oil production equipment and offshore natural gas equipment and from oil-gas business to non-oil-gas business: in February, CIMC Offshore received the order for the manufacture of the world's most advanced mother ship for deepwater aquaculture of salmon; globally, the offshore LNG equipment business is currently in a period of rapid growth; China's offshore wind power business is booming, and Guangdong will invest 240 billion yuan on the construction of offshore wind farm, which all provide strong support for the business pickup of CIMC Offshore.

Last year, CIMC's Blue Whale One, the most advanced ultra-deep-water semi-submersible drilling platform with dual-derrick rigs in the world, contributed to the success of China's first test mining of flammable ice and made the records of the longest unstopped extraction of gas and the largest output of extracted gas, turning China from a "follower" into a "leader" in global energy exploration and development field.

重大项目统筹... 规模化、集... 收益增加10... 幢带有客家... 统一规划建设... 为村民"土地... 一向银行提供... "作质押,逐年... 租到,像他这样... 付款"了。... 与200公里外... 因村联光村... 生产方式的落... 失... 引进... 富是广东扶... 生产生活方... 性地推动... 的贫困村物... 边... 出... 流... 彭...

According to Pan, CIMC is currently taking the lead to organize 23 companies, universities, research centers and users nationwide to work on the "Seventh-generation Ultra-deep-water Drilling Platform", a major programme specially funded by the Ministry of Information and Technology in an attempt to achieve the independent design of the world's latest ultra-deep-water drilling platform and the application of domestically manufactured core equipment such as the drilling system and the dynamic positioning system. In addition, CIMC Offshore is working on the "R&D of key technologies for deepwater semi-submersible drilling platforms working in the polar region", a major

programme fund by the Ministry of Science and Technology; the Shenzhen and Guangdong Marine Intelligent Equipment Innovation Centers, which are initiated and led by CIMC, are working on the major programmes such as the R&D of ships for the mining and extraction of natural gas hydrate (flammable ice).

CIMC Offshore is also developing its business under the guidance of new thoughts: integrating superior resources in China, working together with big companies and giving full play to complementary advantages. In the past two years, the segment is building new development platforms,

and it is expected that achievements will be made in capital operations. In June 2016, CIMC Offshore introduced the National Investment Fund for Advanced Manufacturing that brought an investment of 1 billion yuan and held 15% equity interest of the segment.

"We will continue the offshore businesses and we believe that our strategies will work in the end", said Mai Boliang, indicating that the Group is considering the way-out to make the offshore businesses grow better and faster.

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