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CIMC ENRIC SECURES AN ORDER FOR A 38,000-M³ LEG CARRIER

CIMC announces a 24% YOY increase to 66.9 billion yuan in the first 9 months
Blue Whale One wins Chinese Industrial award
CIMC-TianDa to solely take over Shanghai Jindun at 380 million yuan

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CIMC Today Issue No. 224

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主编 | Editor-in-Chief
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张梦琳 | Zhang Meng Lin

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(Group) Co., Ltd.

编辑部 | Edit
地址 | Add:
深圳蛇口港湾大道 2 号中集集团
研发中心
CIMC R&D Center, No. 2, Gangwan
Avenue, Shekou, Shenzhen
电话 | Tel: 0755-26802729
邮编 | Postal code: 518067
邮箱 | Email: tengfei.gao@cimc.com

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Preface

The year of 2018 marks the 40th anniversary of CIMC's formal production. 36 years ago, CIMC was established at Shekou, Shenzhen and endowed with marketization and internalization genes; 36 years later, CIMC has grown into a diversified multinational industrial group. Holding high the banner of operating philosophy of creating new value for customers, the 36-year-old CIMC will keep run forward and forever.

Thanks to the intensified efforts in the transformation and upgrading, CIMC made exceptionally brilliant business performances in 2018: CIMC Container unveils the world's first futuristic container product for long-distance transportation in extremely low temperature; CIMC Vehicles launched central axle car carriers, delivered intelligent refrigerated semitrailers, and took solid steps forward on the way to upgrading its manufacturing businesses by shifting from automatic and sophisticated manufacturing to digital and flexible manufacturing; CIMC SOE delivered the world's most advanced LNG carrier and won the world's first VOC module order; CIMC Enric entered into rapid development stage by making best use of the rising demands for natural gas equipment on global markets; CIMC-TianDa purchased a part of equity interest of Shenyang Jietong, lifting its firefighting equipment business to a higher level; the Blue Whale One, which was designed and built by CIMC Raffles, was named the winner of China's top industrial award; CIMC Modular Building delivered more and more hotels, apartments in the UK and the US, and the advantage of modular buildings won universal praise.

But these are not all the highlights. Amidst the revolutionary changes in traditional manufacturing businesses both at home and abroad, CIMC has not only motivated to adapt to such changes, but also incorporated a series of forward-looking measures and approaches such as intelligent manufacturing, intelligent logistics, innovations and start-ups into its revolution blueprint. CIMC Logistics was rated as one of China's Best 10 Logistics Enterprises, the highest honor in Golden Pegasus Awards, and won the honorary title as one of China's Top 100 Logistics Enterprises (Brand Value) again, CIMC Intermodal and its start-up peers were proud to see their business performances rising...

On the road of transformation and upgrading, CIMC has joined hands with Deloitte, SAP and other world famous enterprises to pool together their advantageous resources and carry out in-depth and strategic cooperation in multiple fields.

This is our portrait of the CIMC 2018, and we will continue the efforts in 2019 and entertain our readers with inspiring stories about significant accomplishment of the whole Group.

Editorial Office of CIMC Today

Resolute in Globalization and Confident in New Era

—— New Year Speech by CIMC President Mai Boliang

Colleagues, friends, ladies and gentlemen, Greetings to you all! The dawn of the New Year is coming, and we'll have a fresh start for the year ahead. As we usher in 2019, on behalf of the board of directors and the management of CIMC Group, I would like to extend my New Year wishes to the 50,000 CIMC employees worldwide, and to customers, leaders and business partners that have been fostering and supporting the development of the Group.

2018 saw the start and escalation of China-US trade frictions, the uncertainties in global businesses and trades, and the important and far-reaching changes in domestic and foreign circumstances. At the same time, thanks to the steady economic growth in the whole world, in particular, the strong performance in the fundamentals of the US economy, the growth in world's container trade and in China's export were not significantly impacted. In this context, China's economy registered a stable performance with good momentum for growth.

2018 has been a full and fruitful year, and we approached it with joint efforts from over 50,000 employees worldwide.

Your hard work is very much appreciated. You are the heroes! And I am proud of you.

Over the past year, we have made great

strides one after another in different business segments and enterprises both at home and abroad.

CIMC Container's "Flying Dragon Programme" has made initial success. Through, "informatized" and "intelligentized" upgrading of manufacturing techniques, we laid solid foundation for leapfrog development of the container business in the future. In 2018, the independent thermo-regulated containers were largely used for China Railway Express; with zero energy consumption and zero pollution, the world's first futuristic container product enabled regular cargo transportation in extremely low temperature.

"Lighthouse Plant", an intelligent manufacturing upgrading programme of CIMC Vehicles, was used by production facilities in Yangzhou and Zhumadian after improvement. The innovative model made the mass production of semitrailers by automatic, flexible and digital means possible, and it was highly recognized by the industry. It is noteworthy that a couple of days ago, significant progress was made in CIMC Vehicles' application to go public on the main board of the Stock Exchange of Hong Kong Ltd. After the application is approved, CIMC Vehicles will establish an independent, persistent, stable and efficient capital operation platform and become the fourth independently listed company after CIMC Group, Enric and CIMC-TianDa.

With Enric's refrigerated LNG tank containers and Anjiehui's intermodal cargo transportation solutions and after-sales warranty system, CIMC fully participated in the south-to-north transportation of natural gas produced by China National Offshore Oil Corporation, and contributed to the breakthrough in the LNG transportation model. CIMC SOE successfully delivered S1027 – the second LEG carrier at the world's most advanced level, and its building of another three 22,000-m³ LEG went smoothly. The newly restructured company is operating in full swing and with exciting prospect. Shell's first LNG refueling station, which was independently designed and built by CIMC Sanctum, was put into formal operation in Belgium. It embraced the application of a number of cutting-edge technologies such as zero emissions of natural gas and unmanned operation for the first time in the world's LNG refueling station construction history.

Making best use of the significant opportunities to replace old growth drivers with new ones, CIMC Raffles achieved breakthrough in production-oriented equipment, consolidated its leading position in aquaculture equipment industry, made progress in offshore recreational equipment, and expanded its business from traditional oil and gas equipment to diversified fields. Its offshore kitchen platform special for SCO Qingdao Summit delivered exceptional performance, and its Blue Whale One was



There are two important moments for an enterprise: the birth, and the understanding of reasons behind the birth. For me, CIMC was born to be at the world championship level.

awarded the fifth China Grand Award for Industry. As the top award in industry, the China Grand Award for Industry was set up upon the approval of the State Council and represents the country's highest industrial development level.

CIMC Logistics adhered to the cross-border whole-process logistics strategy with the combination of equipment and service as the core, established and expanded network in countries and regions along "One Belt, One Road", and began to offer cross-border E-commerce logistics service. Its innovative "one-for-all" model completely solved the small batch LNG transportation problem and enabled CIMC to access to the big market in the transportation of imported LNG with tank containers.

CIMC Finance achieved rapid development in industrial chain finance such as the buyer credit business, and provided massive support for the healthy business development of the Group. It successfully completed the capital increase of 650 million yuan, which underpinned the implementation of the strategy to integrate manufacture, service and finance. CIMC Financing & Leasing deepened the integration between industries and financing operations, with big increase in the vehicle lease business. Based on the innovative solutions to the lease of firefighting trucks, CIMC will specially produce and lease fighting trucks to the

Public Security Fire Corps of Guangdong Province.

CIMC restructured its Airport Facilities' business. It became the majority shareholder of China Fire Safety Enterprise Group Limited (CFE) and changed the name of CFE to CIMC-TianDa Holdings Company Limited to create a more independent capital operation platform. It also successively acquired Shenyang Jietong and Shanghai Jindun to consolidate its leading position in domestic firefighting truck industry and make preparation for accessing to a wider global market.

CIMC Industry & City implemented many projects such as the Shenzhen headquarters base, Shanghai CIMC Wise City and Shenzhen Intelligent Park and made breakthroughs in first-tier cities. It is now working hard to be an "industrial park operation specialist". Committed to manufacturing heavy-duty trucks fueled by natural gas, C&C Trucks delivered the first batch of LNG dumpers to its Shenzhen client, launched lightweight mixer with obvious advantage in Guangdong, and raised its market shares across the country. CIMC Modular Building completed the 30,000-m² hotel/office building project less than 100 days, fully illustrating the essence of "CIMC Speed". Recently, it has successfully installed the modules for IBIS Hotel with fully preinstalled glass curtain walls to the sixth floor, with 95% of modules

completed in the factory, a record in the company's history. In particular, the world's first modularized permanent building for the data center, which was jointly developed by CIMC and Huawei, was capped with a premade modular roof at Songshanhu Park. The standardization of modules, integration of equipment and ocean shipping paved a new fast track for the construction of intelligent cities.

CIMC Intermodal Transportation, an outstanding start-up enterprise, saw its business revenue exceeding 1 billion yuan in the third year. In addition to the doubled business revenue and the synchronously increasing profit, the company's intermodal transportation network with railway as the core began to take shape, and it operated over 20 trains for inland transportation.

Besides business breakthroughs, CIMC has formulated and clarified its development strategies and improved its ability development performance and management level.

On June 13, General Secretary of CPC Central Committee Xi Jinping visited Yantai Manufacturing Base of CIMC Raffles, heard report on the company's efforts in independent design, R&D and manufacture of high-end offshore equipment and its independent innovation achievements, and encouraged the company to achieve further breakthroughs.

At the beginning of 2018, 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.

The top leader’s speech on independent innovations is inspiring. National Scientific and Technological Progress Award is not about the medal and certificate, but the economic and social benefits. To become more competent and achieve higher quality growth, CIMC must develop its own core technologies. In 2018, the Group shifted its scientific and technological development focus to: the creation of products at championship level, the Internet of Things, the integration of intelligentization and industrialization, the launch of further study programme for scientific and technological innovation pioneers, and the construction of an ecological system favorable for scientific and technological innovations.

There are two important moments for an enterprise: the birth, and the understanding of reasons behind the birth. For me, CIMC was born to be at the world championship level. In 2018, we mapped out the strategy to create world championship products for the first time, and picked out 20 “world champions” that contributed to about 60% of the Group’s sales revenue and 70% of profits. It is of significant importance for us to improve the profit margin and create more championship products in the future. And this fits well in the central government’s call for the transformation and upgrading of the industry. In 2018, the Ministry of Industry and Information Technology announced the list for the third group of niche champions in manufacturing sector. CIMC Tank was awarded the honorary title and certificate of “Niche Champion in Manufacturing Sector” for its stand tank containers, and CIMC-TianDa boarding bridge was rated as “Niche Champion Product in Manufacturing Sector”. Previously, CIMC Raffles was named “Niche Champion in Manufacturing Sector” for its semi-submersible drilling platforms.

CIMC has launched the “New Silk Road Programme” to create new value. During the crucial stage in the Group’s digitalized and intelligentized transformation, CIMC made significant phase progress in its “New Silk Road” “ERP Programme”: in August, with the successful launching of the financial modules for the first group of

pilot enterprises, the centralized financial information system of the Group began to take shape; in November, with the successful launching of the ERP systems for pilot enterprises under the Container and the Energy, Chemical and Food Equipment Segments after 8 months, the integration between business units and the finance management department came true. The success of the “New Silk Road Programme” directly matters to the transformation and upgrading of the Group, so it is a far-reaching revolution for us. I am pleased to note your steadfast determination and openness to changes, and most important of all, your dedication and commitment.

“In speed a thousand ships race ahead; in speed a hundred barges sail vie forward”. In 2018, CIMC officially launched the 100 Talents Entrepreneurship Programme. With “right people, good programme and favorable mechanism” as the core idea, we initially completed the explorations of new business incubation models featuring the combination of investment and empowering and the start-up talent cultivation mechanism, invested in 3 projects, delivered 6 trainings to candidates participating in the first speed-up campaign, and established the mentoring system. Through the Programme, on one side, we promoted the practice of entrepreneurship culture and fired more staff’s enthusiasm for start-ups; on the other side, we showed the opening-up and developing image of the Group and made efforts to build an ecological system favorable for start-ups and innovations by working together with external resource platforms.

In 2019, the internal and external uncertainties will continue to build up, and the economic and economic pessimism will be on the rise. The global economy will pick up and differentiate, the trade wars across the world will remain to be the most important risk factor, the economic growth in Europe and Japan will slow down, and some emerging economies will suffer debt and exchange rate crisis.

Impurity disappears, and gold shines. Over decades, CIMC has been competing on major markets in the world. Therefore, the above-mentioned bad news may be a blessing in disguise. It is our inevitable choice to embark on the journey of globalization for sustainable development. We should remain resolute and confident in the choice, stick to it, and further improve our business layout. On domestic market, we need to have a closer look at

changes in logistics industry, upgrading of consumption, new economy, and intelligentization tendency, so that we can find potentials for business growth. We need to take the innovation-driven businesses as our new business growth points, so that we can maintain the growth momentum and quality.

8 years ago, CIMC launched the upgrading campaign and came up with the slogan of “contributing to CIMC’s transformation, and ushering in CIMC’s new era”. Over the past few years, I have clearly sensed that the new era has come: the business segments have made explosive and continuous growth in business volume and revenue, the teams working at the frontline of businesses have given full play to their vitality, the business leaders have stood out with extraordinary enthusiasm for innovations and start-ups, and in particular, preparations for a stable 100 billion yuan business with quality growth have been basically finalized.

CIMC will not stop its transformation in 2019. We will continue to push forward the transformation process, optimize the management and control systems and mechanisms, improve the headquarters’ ability in capital operation and strategic management and control, encourage innovations and start-ups, add core team member to the board of directors, and perfect the “common cause” management mechanism.

2018 marks the 40th anniversary of China’s reform and opening-up. CIMC is proud to be a part of this unprecedented course. When CIMC progresses into a new period, it fits in with the new era of China’s development; when CIMC embraces innovative approaches, it closely follows the world’s trend towards development. As an enterprise of the era and for the era, CIMC will embrace dreams and work tirelessly for a more prosperous and beautiful future.

New CIMC has begun to write a new chapter in its history – a chapter that is worthy of trust and anticipations from customers, investors, employees and the public. I am confident that in 2019, we will do a better job.

As we ring in the New Year, I wish you great health, happiness and prosperity.

Thank you!

CIMC and Sumitomo enter into a strategic cooperation agreement



The first Sino-Japan Third Party Cooperation Forum opened in Beijing on October 26, and saw a number of contracts signed for the cooperation on significant projects between the two countries. As an important part of such cooperative attempts, CIMC and Sumitomo Corporation entered into a strategic cooperation agreement, aiming to complement each other and carry out deep cooperation on intelligent and high-speed warehousing system.

The intelligent and high-speed warehousing system plays a crucial linking role in the whole intelligent logistics system, and it mainly comprises inbound and outbound delivery system, information identification system, automatic control system, computer monitoring system, computer management system, stereoscopic warehousing equipment, high-speed sorting equipment and automatic convey equipment. With

the advantages in making best use of land resources, reducing labor intensity, avoiding cargo damages or losses, eliminating errors, raising automatic warehousing and management levels, improving the quality of management staff and operators, lowering storage and warehousing losses, efficiently cutting the wasting of available funds and increasing logistics efficiency, the intelligent and high-speed warehousing system will meet the demands of different countries and embrace high potential for commercialization in the context of high labor and land costs.

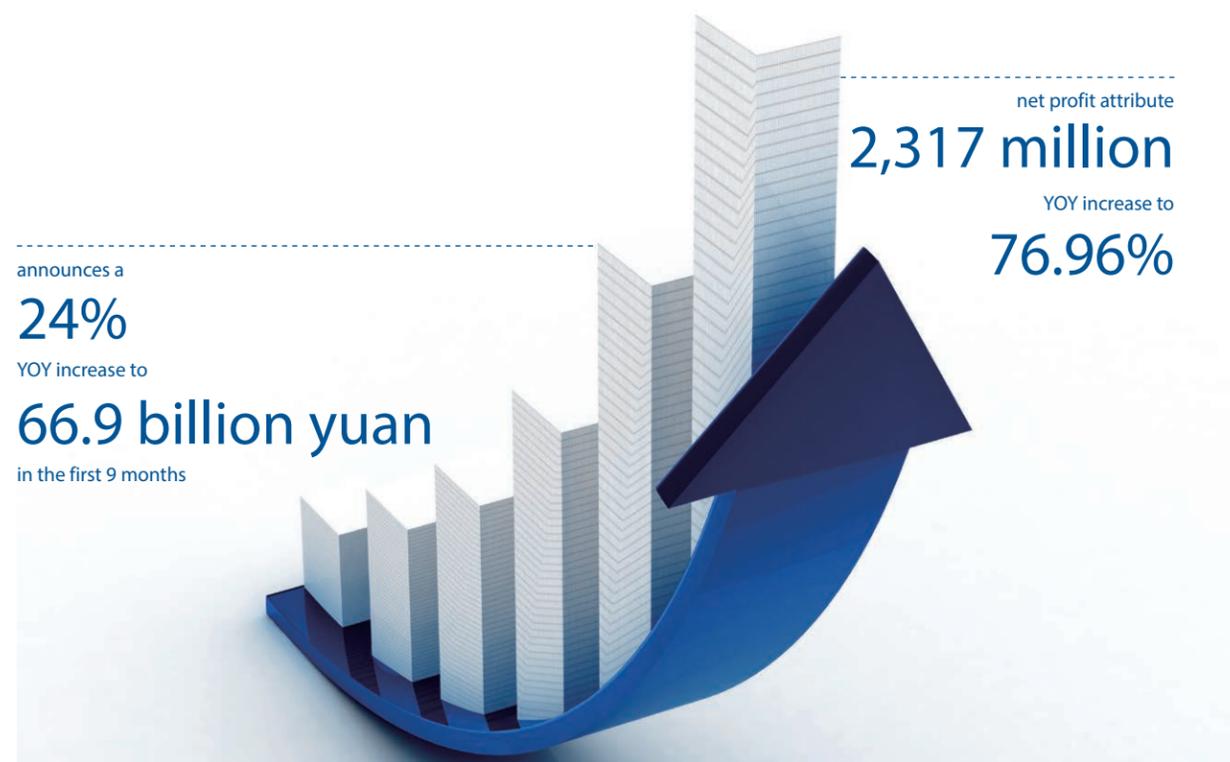
“In consideration of such advantages, the whole world is now busy with the development of businesses of intelligent and high-speed warehousing system. The relevant enterprises all take the comprehensive solutions of automatic logistics system with high-speed sorting

machines as the core at the top of their development agenda”, said a responsible person of CIMC, “this is what binds CIMC and Sumitomo together.”

In addition, CIMC’s world-leading industrial manufacturing advantages, its profound understanding and insights of global markets and timely sharing of information about the demands for new technologies and products on global automatic logistics system market, are also important factors for the conclusion of the deal.

The responsible person said “CIMC and Sumitomo are both leading enterprises with tremendous influence in their respective fields. In the face of 100 billion yuan market, the two groups will integrate respective resources on a complementary basis and achieve satisfactory results in exploiting global warehousing markets.”

CIMC announces a 24% YOY increase to 66.9 billion yuan in the first 9 months



CIMC launched the Q3 2018 earnings report on October 29. Due to the steady economic growth in the whole world and the stable performance with good momentum for growth in China, revenue of the whole Group was 66.906 billion yuan, rising 23.99% year-on-year; net profit attributable to shareholders of the parent company and to other stakeholders was 2,317 million yuan, increasing 76.96% year-on-year. The report revealed that a large number of major business segments under the Group, such as the Container, Vehicles, Energy, Chemical and Food Equipment and Airport Facilities, continued the growth momentum in the first 9 months.

Three major business segments earning about 10 billion yuan grow satisfactorily as expected

Container and Vehicles, the two largest business segments of the Group, continued to go forward on the right track during the first 9 months and reported total revenue of more than 42 billion yuan, representing about 60% of the Group's revenue. Also the revenue of Energy, Chemical and Food Equipment Segment reach near 10 billion yuan. It is noteworthy that CIMC continues to increase its investments in these three business segments for upgrading its manufacturing performance based on information and digital technologies, which has demonstrated the Group's determination to fully shift its manufacturing to "intelligent factory".

As for containers business, though the China-US trade friction continues to

escalates, yet the US does not cut its import of containers since about 95% of containers are produced in China. At the same time, the steady increase in the container shipment has stimulated container consumption, and clients have maintained strong ability in the purchase of new containers. Thanks to these feel-good factors, CIMC's Container Segment achieved total revenue of 24.625 billion yuan, a year-on-year increase over 36.58%, in which the cumulative sales of dry containers amounted to 1,208,000 TEU, a year-on-year increase of 24.63%, and the cumulative sales of refrigerated containers amounted to 116,200 TEU, a year-on-year increase of 72.66%.

Industrial insiders predict that in 2018, the world's container trade and container shipping capacity will remain to grow at relatively high speeds, so container demands will continue to stay at a better level throughout the year. With further investment in resources, the Container Segment, which has ranked first place worldwide in terms of output and sales

volume for 23 years in a row, will get onto the fast track to automation, informatization, digitalization and green development.

The Vehicles Segment continued its good business growth performance in the first 9 months, and achieved business revenue of 17.618 billion yuan, a year-on-year increase of 20.21%. On domestic market, positively impacted by further and stricter control of oversize and overload transport, the Vehicles Segment has seen big rise in the order for car carriers though the demands for trade-in of logistics semitrailers has slowed down. In addition, the increase in infrastructure projects and other fixed asset investments has further boosted demands for construction vehicles. On overseas markets, the robust economic growth in the US has increased the demands for skeletal shipping semitrailers, while the impressive economic growth in Europe has stimulated the demands for vehicle products.

CIMC Vehicles is now in the process of transitioning to fully digital production. It saw the formal operation of two "lighthouse" production facilities – Yangzhou Tonghua and Zhumadian Huajun in 2018 after the one based in Dongguan started its digital production earlier. The upgrading has tremendously changed traditional production and management patters, greatly improved production efficiency, and enabled the company to better meet demands of clients.

The Energy, Chemical And Liquid Food Equipment Segment, the third largest business unit of the Group, will be the third segment that earns more than 10 billion yuan in 2018. Thanks to continuous oil prices on international markets and positive impact of proactive policies adopted by the central government, the Segment benefited from continuously rising demands and received larger orders, and achieved business revenue of 9.852 billion yuan in the first 9 months, a year-on-year increase of 17.59%.

Airport Facilities, Logistics, Heavy-duty Trucks and other Segments are growing steadily

CIMC Logistics achieved business revenue of 6.303 billion yuan in the first 9 months, a year-on-year increase of 7.13%. Though the China-US trade friction continuously escalated and the logistics service prices were relatively low, the Segment has taken

positive attitude and appropriate measures in the face of difficulty. By focusing on core businesses, paying more attention to the quality of businesses and improving efficiency and profitability, it has provided abundant multi-route logistics solutions on domestic and foreign markets and gained confidence and trust of more and more clients.

The Airport Facilities Segment achieved big increase with sales income rising 46.45% year-on-year to 2.824 billion yuan. In the first half, it made a big move on capital market. CIMC-TianDa became another independent financing platform of the Group and embraced the product portfolio of airport facilities, firefighting trucks and rescue equipment, automatic logistics equipment, and intelligent parking system.

In the first 9 months, the Airport Facilities Segment grew steadily: its market development and production facility construction in the US went smoothly, and its firefighting trucks and rescue equipment business further extended to more regions and the product line-up further expanded. CIMC-TianDa respectively announced in July and October that it would acquire a 60% stake in Shenyang Jietong and buy out Shanghai Jindun to enhance its market coverage in the northern part of the country and East China; with the adoption of core technologies such as automatic sorting, the Segment had its integration ability of automatic logistic system further improved, won orders from airports and express delivery e-commerce service providers and enhanced its profit-making performance; the Segment also took lead in passing the certification of automatic parking system for new-energy buses and is now working on a pilot program in Shenzhen.

C&C Trucks sold 6,858 vehicles in the first 9 months, a year-on-year increase of 12.26%, and achieved business revenue of 2.075 billion yuan, a year-on-year increase of 16.31%. According to the analysis in the quarterly report, the increase in the sales volume of construction vehicles and heavy-duty natural gas trucks are mainly attributable to the steady growth in the investments in fixed assets such as the construction of infrastructure, and the stricter implementation of national environmental protection policies. At the same time, C&C Trucks has developed a number of vehicles launched R&D programs special for dumpers, LNG harbor vehicles and coal vehicles to respond to regional market changes, and this has also

contributed to the sales volume growth.

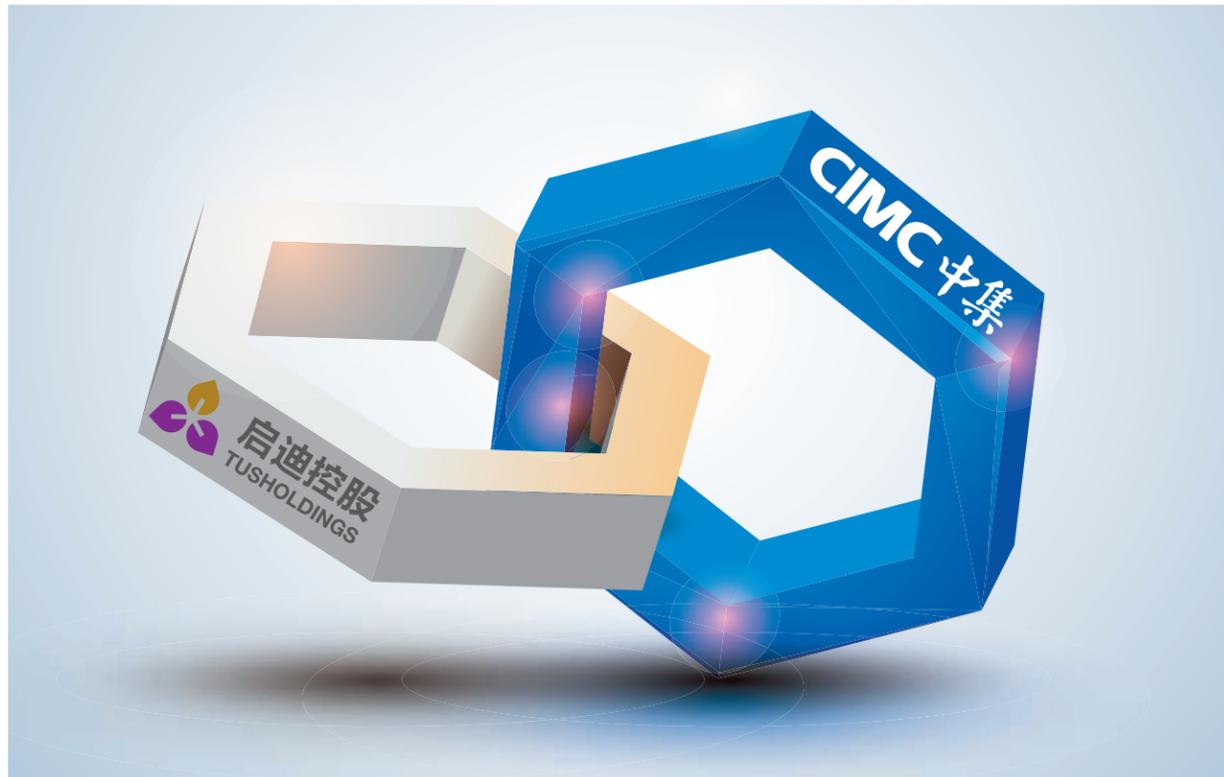
CIMC Offshore remained in deficit in the first 9 months due to continued industrial growth slowdown. However, with the oil price continuously going up, the global offshore engineering market continued to grow and recover. In this context, CIMC Raffles has seen the rise in activated orders and newly secured orders, for example, it won the bid for building a rescue and salvage ship of pile-inserting type for China Yantai Salvage in August. Cumulatively, the value of contracts activated in the first 9 months reached 290 million dollars (1.95 billion yuan), and it is expected that the value of newly activated contracts in October will amount to 150 million dollars (1 billion yuan).

CIMC Raffles also made exception performance in terms of business operations. In July, the construction of No. 10 Penguin Project (floating oil production storage and offloading equipment, contract value: 180 million yuan) kicked off; in August, Illusion Plus, the biggest superyacht in Asia built by Pride Mega Yachts, set off on its maiden voyage from Shenzhen to the Monaco Yacht Show.

In the first 9 months, CIMC Industry & City's projects went pretty smoothly: in August, it and Country Garden successfully acquired the Paotuan Block in Qilin District of Qujing City; in September, it acquired 8 blocks for business-living and for office purposes at Unit 02, Luomei Jiayuan, Shanghai. On March 21, CIMC laid foundation stone for its Qianhai upstream project (Phase I); on September 30, it held ground-breaking ceremony for the Qianhai upstream project. In addition, Shenzhen Shekou Taiziwan block was listed on August 31, and a subsidiary of CIMC has made a bid.

CIMC's Finance Segment has further strengthened the integration of its financial business with industries. In the first 9 months, the total amount of newly increased financial investments exceeded 9.86 billion yuan. At the same time, it continuously enlarges the categories of financial products, for example, it obtained the permission to carry out derivatives transactions on behalf of clients in July. And it has been effectively reducing the foreign currency transaction costs of the Group, giving full play to industrial synergy, expanding buyer's credit businesses and contributing to the improvement of comprehensive advantages of different industries.

CIMC and Tusholdings enter into a strategic cooperation agreement



CIMC and Tusholdings Co., Ltd entered into a strategic cooperation agreement on November 13. According to the agreement, the two sides will give full play to their respective advantages and cooperate on innovative and start-up businesses, industrial agglomeration, strategic investments and capital operations, improve overall strength and achieve win-win and common development.

Dependent on the resources of Tsinghua University, Tusholdings is a scientific and technological investment and shareholding group and the development, construction and operation management unit of TusPark. It has creatively developed the cluster-based innovation model that integrate "scientific parks, scientific industries and scientific finance" and been rated as a leader in the scientific and technological service field.

Tusholdings enjoys superior status in the scientific and technological service field. Tusholdings Star, a brand under the group, has established over 100 incubation bases in China and become a start-up incubator with the most comprehensive offline coverage network. With Tusholdings' extensive expertise in channels, cultivation, investments and empowering of projects and CIMC's solid industrial foundation and significant industrial influence, the two sides can jointly create theme-based start-up camps, organize road shows and hold industrial cooperation conferences, find projects with high investment potential, and by giving full play to their advantages in industries, technologies, channels, spaces and consultation services, empower innovative and start-up projects and provide relevant incubation services, and supports and fosters the development of emerging industries.

As an investor with great strength, Tusholdings has developed and improved its industrial investment competence in scientific and technological service field. Over the years, CIMC has focused on the industrial development and improved its capital operation performance by initiating and establishing VC funds and industrial funds. The two sides will focus on the industrial fields of common concern and explore the possibility to support the development of emerging scientific and technological industrials such as intelligent logistics through capital operations.

The two sides will work together to continuously widen cooperation fields and thoughts, improve their social influence and achieve win-win and common development by fully integrating advantageous recourses and innovating models.

CIMC shows at Intermodal Europe 2018

The Intermodal Europe 2018 opened at AHOY Rotterdam, Netherlands on November 6. With the organization of Container Segment, CIMC Xinhui, Taicang-Nantong production facility, Yangzhou production facility, Qingdao CIMC Special Reefer Co., Ltd and CIMC Dalian jointly showed at the Fair.

Intermodal Europe 2018 focuses on technological innovations based on products and services and showcases new technologies and products associated with the container and intermodal industries across the world, such as container manufacturing, intermodal equipment service and harbor shipping. It also invites industrial experts and enterprise leaders for on-site discussions about the development trend of global intermodal

businesses by centering on such hot topics as intelligent harbor, automatic terminal, global digital supply chain, container operation platform, the Internet of Things and AI technologies.

At the Fair, CIMC has fully demonstrated its brand image and manufacturing strength, carried out in-depth communication with clients from different countries and laid solid foundation for further cooperation. At the Fair, a number of European clients gave greater recognition and comment for CIMC's brand influence and its manufacturing and service strength. It is believed that CIMC and its business partners will jointly create new value in future cooperation.



CIMC Vehicles files a going public application to SEHK



On December 27, CIMC, a group dually-listed on both the A-share market and H-share market, announced that its controlled subsidiary CIMC Vehicles (Group) Co., Ltd. (CIMC Vehicles) have officially filed an application to the Stock Exchange of Hong Kong Ltd. (SEHK) for independently going public on the main board, and its application has been accepted by the SEHK. This is a significant progress in the building of the fourth independent going public platform after CIMC (A+H share markets), Enric (H-share market) and CIMC-TianDa (H-share market).

The announcement revealed that after the proposal to spin off CIMC Vehicles for going public was approved by the board of directors of CIMC on August 9, it was further approved at the general meetings of the A-share and H-share holders respectively. Ultimately, the going public operation depends on the approval of the SEHK and China Securities Regulatory Commission (CSRC), market situations and other factors. According to the announcement on December 4, the application for administrative permission for the spinoff and going public proposal was submitted to and accepted by the CSRC. According to the announcement on December 21, the SEHK confirmed that CIMC could continue the spinoff and independent going

public operations.

At the same time, the spinoff and going public proposal all related to CIMC Vehicles' IPO of H shares and going public on the SEHK. If the spinoff and going public proposal is finally implemented, CIMC will remain to be a controlling shareholder of CIMC Vehicles, while CIMC Vehicles will continue to use the brand name of "CIMC".

The board of directors of CIMC believed that the spinoff and independent going public of CIMC Vehicles were in general beneficial to CIMC and CIMC Vehicles. If the proposal is successfully implemented, it will enable CIMC Vehicles to further promote its business innovation and provide clear indicators of independent market valuation for investors; CIMC Vehicles' business performance data will remain to be consolidated into the financial statements of CIMC, so as to improve the overall value of the Group; it will also enable CIMC Vehicles to improve its corporate governance under the supervision of the general public and improve the operation management performance of the Group and CIMC Vehicles.

After independent going public, CIMC Vehicles will have an independent financing

platform. Therefore, the financial affairs of other businesses retained by the Group and of the vehicles business will be handled in a more flexible way, which will improve the ability of the Group and CIMC Vehicles to maintain steady cash flow and to develop in a sustainable manner. CIMC Vehicles will be able to attract new strategic investors focusing on semitrailers and other special-purpose vehicles to create new invest groups.

Since its formal operation in 1982, CIMC has been offering high-quality equipment and solutions to global logistics and energy industries. Over the past 36 years, its businesses have extended to a large number of product segments, such as containers, vehicles, energy and chemical storage and transportation equipment, offshore engineering equipment, airport facilities, food processing equipment, heavy-duty trucks, logistics service and industrial parks and zones. Since it was listed in 1994, the Group has been making profits for 24 years in a row. In 2017, CIMC achieved business revenue of 76.3 billion yuan with profit about 2.5 billion yuan.

CIMC Vehicles is now operating its high-quality businesses across the world. In terms of business revenue, it is the second largest business segment under the Group.

CIMC Vehicles shows and sells over 1,700 vehicles at the 4th Guangzhou International Commercial Vehicle Exhibition

On November 16, the 4th Guangzhou International Commercial Vehicle Exhibition opened at China Import and Export Fair Pazhou Complex. The 4 factories of CIMC Vehicles exhibited 11 star vehicles models and sold 1,700 vehicles at the Fair.

According to the statistical data of China Automotive Technology & Research Center Co. Ltd, domestic semitrailer market was pretty gloomy in the first half of 2018, with the sales volume of the whole industry dropped by 34.5%. "Actually, there was a buffer period in the development of domestic semitrailer industry due to the release and implementation of relevant national policies, but this has little impact on our sales. On the contrary, since we have positively answered the call of central government for the control of oversize and overload car carrier transport by law, we have seized the historical opportunities, made earlier preparations and achieved successful transformation and upgrading", said Sun Chun'an, General Manager of CIMC Vehicles' Southeast China Sales Center, "it is estimated that we will sell 14,000 central axle car carriers this year, accounting for

about 40% of the total sales on domestic market."

According to Sun, on the first day CIMC Vehicles exhibited the products manufactured by its "lighthouse plants", over 1,700 vehicles were sold within 15 minutes, and the sales of nearly 800 vehicles were finalized in letters of intent. "With digital and modular designs, automatic production manners, digital management approaches and energy-efficient and eco-friendly features, the 'lighthouse plants' are proud of their national advanced and world-leading digital special-purpose vehicle production lines. This gives us a head start during the transformation and upgrading of the whole industry", said Sun, "our products meet the requirements provided in the newly released national standard and the personal demands of clients, so they are popular on markets."

At the Fair, CIMC Vehicles also held a grand ceremony to its "Sail Further" brand and a new product launch conference. Intelligent dumpers, curtain side trucks, 45ft/40ft skeleton semitrailers, platform

trailers, plate semitrailers and central axle van trucks under the "Sail Further" brand were exhibited at the conference. The "Sail Further" branded products feature nice coating, abrasion and corrosion resistance, lightweight designs, higher loading capacity and faster speed, in particular, extremely high intelligence.

Li Gui Ping, Vice Chairman of China Association of Automobile Manufacturers and CEO and President of CIMC Vehicles, noted that the intelligentization is the development trend of vehicle technologies. Over the years, the company has eliminated backward production platforms and made tremendous efforts to construct an intelligent semitrailer production platform. As an independently researched and developed brand, "Sail Further" has embodied CIMC Vehicles' ambition to reconstruct its global operation system of semitrailers, and it is the right way for the company to achieve quality growth and the multi-win choice for the company to lead the industry towards the development and manufacturing of medium- and high-end products.



CIMC Vehicles awarded certificate for integration of informatization and industrialization



On November 29, Yangzhou CIMC Tonghua Special Vehicle Co., Ltd was awarded the Certificate for Integration of Informatization and Industrialization by China Electronics Standardization Institute (CESI), making it the first member company of CIMC Vehicles that has successfully passed the certification.

The integration of information and industrialization, the deeper integration of informatization and industrialization in all aspects such as technologies, products, services and management, is an important part of national informatization strategy and an important approach for the implementation of Made in China 2025 Strategy. It is management optimization process and aims to achieve interactive innovation and continuous innovation of the management, business processes and information technologies of a company and to further improve its core competitiveness by establishing a management system

for the integration of informatization and industrialization with the development of new type of abilities as the main line.

In recent years, CIMC Tonghua has made great efforts to carry out the construction of informatization, boosted the development of industrialization with the informatization achievements, and made the informatization an important and inseparable part of the company. In March 2018, CIMC Tonghua launched the campaign for the interconnection of informatization and industrialization, and specially established a team for the integration of informatization and industrialization with its general manager as the team leader and the director of the management department and heads of different departments as the team members. With the adoption of product life-cycle management system (PLM) and manufacturing execution system (MES), the information technology has been seen in all links of the company including sales,

R&D, purchase and production. During the promotion of the project, the company has strictly observed the requirements provided in the national standard *Integration of Informatization and Industrialization Management Systems – Requirements* (GB/T 23001-2017), and through survey and diagnosis of status quo, top-level design, system planning and implementation, new type ability development, internal assessment and review, has successfully established the management system for the integration of informatization and industrialization that accords with actual conditions of the company. From September to November, CIMC Tonghua took the lead in the industry to pass the certification of management system for the integration of informatization and industrialization after the assessment and examination, compliance verification, experts' review and public summons by the certification agency authorized by the Ministry of Industry and Information Technology.

CIMC Huajun rated as national green factory

China's Ministry of Industry and Information Technology released the list for the third group of green manufacturing demonstration units on November 6. Zhumadian CIMC Huajun Vehicles Co., Ltd (CIMC Huajun) was rated a "green factory" at the national level, making it the first green factory in domestic trailer industry.

Over the years, to build itself into a "green factory", CIMC Huajun has taken the "intensive use of land, non-hazardous materials, clean production, recovery of wastes, and low-carbon energies" as the objective, adhered closely to the environmental protection operations, and put the green development ideas into its daily production and operation management. It has also positively

promoted the upgrading of production lines, introduced green and eco-friendly designing philosophy, prioritized the use of advanced clean production technologies and highly efficient end treatment equipment, promoted the recovery and non-hazardous treatment of water, gas and solid wastes, lowered noise, vibration and pollutant emissions in the factory, and created favorable occupational hygiene and environment. With such efforts and CIMC's support, Huajun stands out in the campaign for building and selection of "green factories" at the national level.

The success has further demonstrated the central government's greater recognition of CIMC Huajun's achievements in intelligent manufacturing and green production. Guo

Xizhou, President of CIMC Huajun, noted that the environmental protection is the root of the company, and the more environmental protection responsibility it takes, the more developed it will become. CIMC Huajun will stick to the new development idea of "innovation, coordination, greenness, openness and sharing", continue to follow the Group's HSE idea of "safety and health, green operations", intensify its efforts of "upgrading of production lines and reshaping of organizations", play a leading role in the development of domestic special-purpose vehicles industry, and strive to grow into an environmental governance pioneer and the "new hinterland" of green development.

CIMC Enric signs the contract to handle landfill leachate for Xuancheng City, Anhui Province

Enric (Bengbu) Compressor Co., Ltd entered into a service agreement with Anhui Xuancheng Municipal Solid Waste Sanitary Landfill to handle landfill leachate on November 2 and has begun the service since then. This is another significant environmental protection equipment order after the company signed the service contract with Hangzhou Environmental Group to handle the landfill leachate at Tianziling Landfill in September. In particular, the new contract price has exceeded 10 million yuan.

Landfill leachate is any liquid that is produced after the municipal solid wastes are sanitarily buried, the pollutants in the wastes mixes with rainwater as a result of compression and natural decomposition. As a high-concentration and special organic waste water, landfill leachate is characterized by high concentration of COD, drastic changes of water quality and amount, and multiple types of hazardous and toxic pollutants. Therefore, it can have dire consequences for local communities and adversely impact ecosystems if it

directly discarded without prior treatment. It is necessary to handle the landfill leachate for the purpose of environmental protection.

According to a responsible officer of the Environmental Protection Equipment Business Department of Enric Bengbu, the Environmental Protection Business Unit of the company was established in January 2018; its first set of eco-friendly equipment rolled off the production line in April; and its first valid order for the newly produced product came in May. After the efficient operations in the past 6 months, the company has developed 5 series of products that are capable of handling 50 to 280t of landfill leachate. By the end of October, Enric Bengbu's landfill leachate emergency treatment equipment could handle 1,300t per day. Its business has been put into operations successively in Jiangsu, Yunnan, Jiangxi, Zhejiang and Anhui, with the quality of water after the treatment exceeding the requirements listed in the Table 2 of the national standard Research on the Pollution Control Standard for the Landfill Site of Municipal Solid Waste (GB16889-2008).

The successful signing of the contract is a new breakthrough in Enric Bengbu's environmental protection business, indicating that the company has successfully accessed to the environmental protection equipment market and built up its influence. "With stricter and further environmental protection control by the central government and the environmental protection awareness improvement among different local governments, there is greater space for the improvement of water quality so that the water can meet the discharge standard. As the only container-type landfill leachate treatment equipment manufacturer in Anhui, Enric Bengbu has been forging ahead along the development track 'from zero to hero, and from hero to superhero'. In 2019, we will build a high-quality brand trusted by markets and obtain more business opportunities based on our high product quality and exceptional operating performances", said a responsible officer of Enric Bengbu.

CIMC Enric secures an order for a 38,000-m³ LEG carrier

On September 28, the contract on the construction of a 38,000-m³ LEG/acetylene carrier (S1036) by CIMC SOE for the German ship owner Hartmann Shipping Services was formally activated. This is the second activated contract on the construction of a LNG carrier after the one for a 22,000-m³ LEG (liquefied ethylene gas) carrier.

The LEG carrier is a ship in the EcoStar 36K series. Previously, CIMC SOE has successfully

delivered two carriers of the same type. Like the two carriers, the new LEG carrier meets the certification requirements of DNV-GL. With tri-lube type C-tanks, it is capable of carrying 30% more LNG than traditional carriers of the same dimensions; with the adoption of three-fuel ME-GIE low-speed engine, it can be fuelled by acetylene, natural gas and traditional diesel oil, so it can meet the environmental protection requirements and embrace the exceptional



Gaschem Beluga
was rated as one of the
world's "Great Ships of the
Year" in 2017 by Maritime
Reporter & Engineering News

operating economy. In addition, the highly efficient ship hull line designs and new-type rudder propeller system has tremendously lowered the fuel consumption and given the carrier outstanding energy-saving and environmental protection performance. Gaschem Beluga, the first carrier of this series, was rated as one of the world's "Great Ships of the Year" in 2017 by Maritime Reporter & Engineering News, a world-

famous audited circulation magazine serving the global maritime industry.

The winning of the order means high-end clients' recognition of CIMC SOE's amazing designs, building capabilities and proven track records, and will improve the company's competitiveness on small- and medium-size LNG carriers market.

"With the rising demands for clean energy, there will be higher and higher demands for LNG carriers and LNG bunkering vessels. Therefore, as a LNG carrier manufacturing specialist, CIMC SOE will be able to obtain more and more business opportunities with its proven track records and excellent engineering ability", said a responsible person of the company.



CIMC Enric successfully delivers the world's first set of 65MW large ship exhaust gas scrubber

On October 14, Nantong CIMC Energy Equipment Co., Ltd, a subsidiary of CIMC Enric, successfully manufactured the world's first set of 65MW large ship exhaust gas scrubber, and the product was handed over to the client after it passed the FAT (factory acceptance test). As the largest type of ship exhaust gas scrubber in the world, it will be installed onto a 20,000-TEU container freighter.

As the deadline for fully observing the 0.5% sulfur limit applied to ships in emissions control areas across the world, ship operators are taking every necessary and possible means to stay under the sulfur cap, and one of effective and important approach is to install a ship exhaust gas scrubber. "For most ships, this is an easier and more cost-effective way than other emissions reduction methods. At the same time, with further extension of the emissions control areas and the stricter requirements

for environmental protection in the world, ship exhaust gas scrubber market will enter a golden age of development", said Shi Lei, Manager of Marketing Center of CIMC Nantong.

Though the company won the order with its considerable comprehensive strength, yet it was faced with enormous manufacturing difficulty since the client had pretty higher requirements for the world's largest type of ship exhaust gas scrubber. Taking the processing and transportation of the flange with large diameter as an example, there are deformation risks in roller, butt welding, workshop processing and transportation of a 65MW flange with the diameter as large as 7.5m. How to maximally ensure that the deformation is under control? How to explore the technique with minor error and higher success rate for bending a roller with a large-diameter and thin-wall tube? How to ensure that the FAT of large equipment can

be safely and efficiently conducted?

"We paid special attention to these concerns and organized core technical staff to work on the difficult problems. Step by step, we had all problems detected in the R&D and production solved and carried out multiple simulation tests. Finally, within 4 months, the product successfully rolled off the production line and passed the FAT. And its quality was highly recognized by the ship owner, shipping firm and the property owner", said Shi Lei.

"According to industrial authorities, the demands for ship exhaust gas scrubbers will keep going up in the next couple of years. We will seize the opportunity, provide our clients with higher-quality services and achieve more accomplishments with our complete set of ship exhaust gas treatment solutions", said Xu Yongsheng, General Manager of CIMC Nantong.



CIMC Enric builds China's largest fully automatic LNG filling platform

On November 30, the Phase I Work of Southeast Hubei Liquefied Natural Gas Peak-shaving Storage Center Project in Huanggang, Hubei Province was successfully completed and put into operation. It will meet perform the vital function of peak-saving, storage and provision of gas to the Southeast Hubei, meet the demands for gas by users at the downstream terminal-end markets, and ensure the provision of natural gas for winter heating in the region and Central China.

This project is the first large LNG (liquefied natural gas) reserve storehouse of China LNG Group. As the general contractor of this project, CIMC Sanctum built a fully automatic LNG filling station during the construction, which was China's largest fully automatic LNG dewar flask filling platform and filled the gaps in the field.

Located at Huangzhou Chemical Park and covering a site area of 31,508m² and a floor area of 15,902m², Southeast Hubei Liquefied Natural Gas Peak-shaving Storage Center

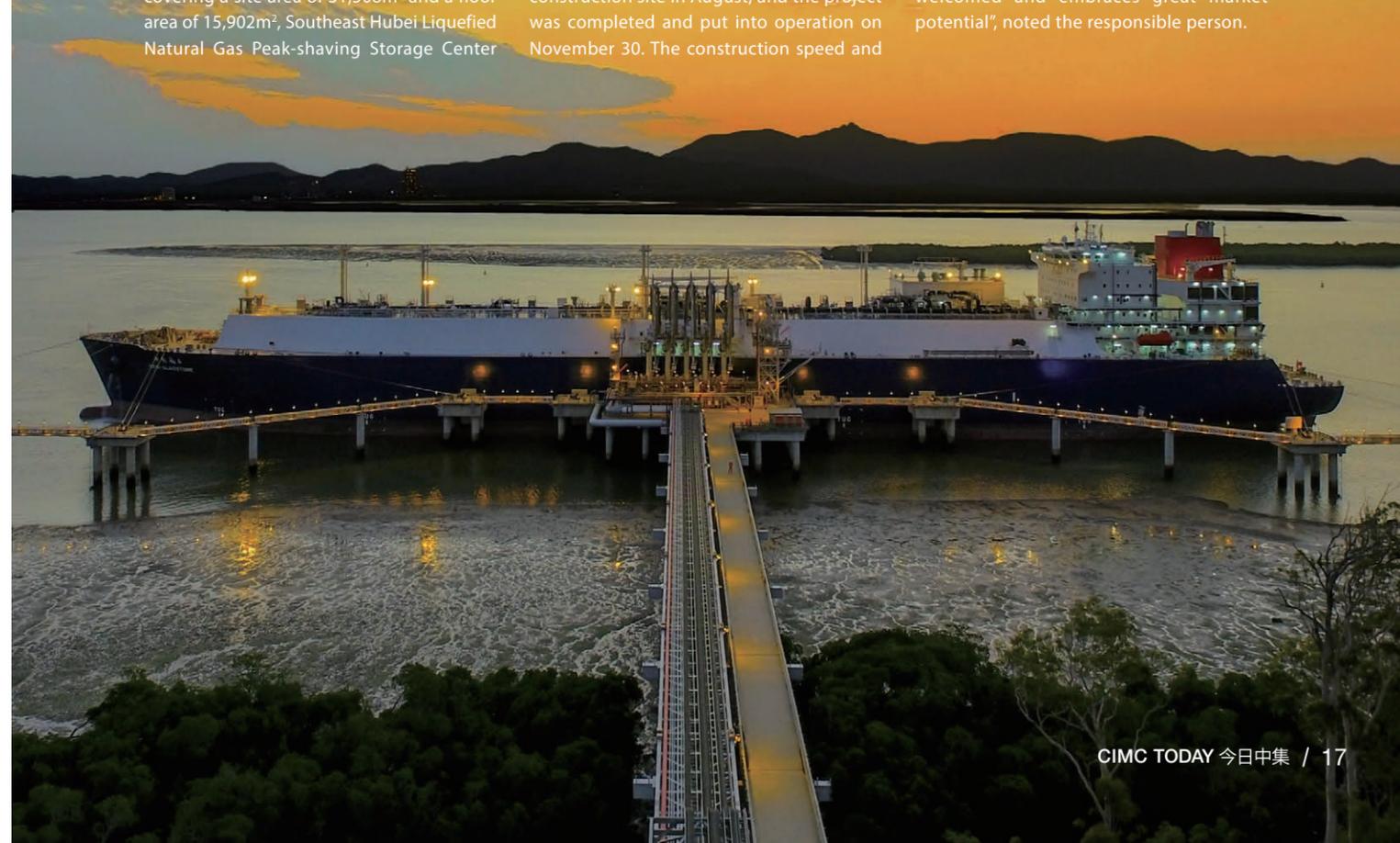
performs the functions of reserve, filling and peak-shaving of natural gas. After the Phase I project is put into operation, it can reserve 1,000m³ of water and 426t of LNG (about 610,000m³) which will be able to meet 3 days of gas consumption in Huanggang. In addition, the project is proud of its 20 natural gas fillers, making it the largest fully automatic LNG filling platform in China. With daily filling capacity of 200 tons and daily turnover capacity of 300t, it will provide adequate and high-quality LNG for the urban pipelines and commercial and industrial enterprises in Southeast Hubei.

"After multiple and thorough visits, the client believed that we have proven and national advanced technologies and construction techniques and decided to work with us", said a responsible person at the marketing center of CIMC Sanctum, "the cooperation agreement was signed in June 2018, the equipment was transported to the construction site in August, and the project was completed and put into operation on November 30. The construction speed and

quality have won good comments from the client."

"The entire peak-shaving center is nicely arranged and fully equipped. It has LNG reserve section, LNG tank container yard, LNG vehicle parking lot, dewar flask filling zone, etc. Besides the provision of LNG to southeast Hubei and surrounding areas of Wuhan via pipelines, it can serve the residents and enterprises in areas where LNG pipelines are not available with LNG tank containers and dewar flasks", added the responsible person.

"Today, a large number of regions in the northern part of China are switching from coal to electricity for their winter heating. Therefore, in regions where the natural gas pipelines are not fully available or temporarily unavailable, the 'station-to-natural gas supplier' model represented by the filling of dewar flasks is greatly welcomed and embraces great market potential", noted the responsible person.



CIMC Enric's tank containers ensure the successful transportation of natural gas from south to north

A feeder container ship loaded with 130 LNG tank containers sailed northward to Shandong and Liaoning Provinces from the Port of Yangpu of Hainan Province on November 4. The innovative transportation of liquefied natural gas (LNG), a trial project jointly approved by China's National Development and Reform Commission, National Energy Administration and Ministry of Transport (MOT), is the country's first-ever attempt to transport the surplus capacity of Hainan terminal to its northern part via LNG tank containers, and it is of significant importance to satisfy the demands for winter heating with clean energy and safeguard the LNG supply in northern China.

It is noteworthy that the 130 LNG tank containers were developed and

manufactured by Nantong CIMC Energy Equipment Manufacturing Co., Ltd (Nantong CIMC), an energy equipment specialist under CIMC Enric.

There are a number of ways to transport natural gas from south to north. The two common options are: first, the commonly used pipeline transportation. It will transport the natural gas produced by large LNG terminals in the south to the north through pipelines; secondly, the popular non-pipeline model in the central and western parts of China. It will transport LNG from large terminals at coastal areas to small terminals, and then transport it to the user end with truck tanks, tank container trains or local pipelines. Today, the non-pipeline model (especially for small- and

medium-sized LNG terminals) is more and more popular on global markets as it is flexible, occupies smaller areas and does not depend on natural gas pipelines.

"Though the existing pipelines and tank cars have played important roles in the south-to-north natural gas transportation, yet they cannot fully handle the surplus capacity of terminals in the southern part of China. In this case, persistent efforts must be done to innovate natural gas transportation models and further promote the building of the natural gas production, supply, storage and marketing system", said a responsible officer of CIMC Enric, "the transportation of LNG via tank containers is absolutely a real innovation".

Easy for storage and transportation, the 130 LNG tank containers produced by Nantong CIMC have successfully transported the large volume of surplus natural gas from south to north via ships, with the gasification capacity of a single tank container reaching 25,000m³. It is convinced that the successful trial voyage of the first transportation of LNG via ship tank containers before the heating season will be able to further ensure the natural gas supply this winter and next spring. As long as the new transportation model is widely commercialized, it will become a mobile offshore natural gas transportation artery along the coastal areas and a beneficial supplement to the traditional transportation of natural gas through land pipelines or with tank cars, and profoundly impact the future development of China's LNG industry.



CIMC Enric awarded the honorary title and certificate of “Niche Champion Enterprise in Manufacturing Sector”



On December 18, the Ministry of Industry and Information Technology and China Federation of Industrial Economics jointly held the Conference on Exchanging Successful Experiences among Niche Champions in the Manufacturing Sector in Beijing. At the conference, Nantong CIMC Tank Equipment Co., Ltd. (CIMC Tank) was awarded the honorary title and certificate of “Niche Champion in Manufacturing Sector”.

Niche champion enterprise in the manufacturing section is the one that has been focusing on a specific number of market segments for a long period of time and that has world-leading production technologies or techniques with the market share of a single product ranking top in the world. The niche champion represents the highest development level and the strongest market competence in the global industrial segments, the No. 1 group of manufacturing enterprises, and the most significant contributor to the success of “Made in China”.

CIMC Tank is an important part of CIMC’s energy, chemical and food equipment segment and a backbone enterprise

of CIMC Enric. It specializes in the R&D and production of chemicals logistics equipment, chemical process equipment, pressure-bearing components and parts, hazardous materials and wastes storage and transportation equipment, crucial environmental protection equipment, and sells and distributes its products in nearly 100 countries and regions in Asia, Europe, America and Australia.

Liquids transportation container (standard liquid tank container), the winner of the award, is one of major products. As the major logistics transportation means of chemicals, tank container features exceptional safety, intermodal transportation convenience, and greater recycling economy, and it has been used in developed countries for decades. Since the tank container technologies were introduced in 1999, CIMC Tank has been striving for the respectable global industrial leader, and exploring the path to upgrading and further development that boasts diversity of products, flexibility of production lines, automation of manufacturing, and lean management; continuously carry out R&D and innovation of products and technologies; extending

marketing network and expanding market shares. With these effective measures, the company has increased its output and sales volume for years, maintained an absolute leading position in terms of market share, and raised its income taxes and profits year after year. In particular, its standard liquid tank container has been ranking first in the world for consecutive 14 years.

The winning of the award is the recognition of CIMC Tank’s technological innovations, industrial status, brand value and comprehensive strength. With such an achievement, the company will intensify its efforts to promote lean management and production, push forward the development through innovations, continue to improve its core competitiveness, give full play to its exemplary and leading role in the industry, and make more contribution to “Made in China”.

CIMC Raffles to design a self-elevating accommodation vessel for BP

On October 11, CIMC Raffles and BP p.l.c. entered into the contract on the FEED (front end engineering design) of a self-elevating accommodation vessel at London. According to the contract, after the FEED – a part of the Phase I Project of BP’s Tortue/Ahmeyim Oilfield is completed, the two sides can enter into an EPC contract later. BP is one of the largest oil and gas companies in the world and has businesses in over 70 countries. Since the 1970s, it has been doing businesses in China.

The vessel will serve the Tortue/Ahmeyim Oilfield Development Project, a LNG (liquefied natural gas) project on the sea of Mauritania and Senegal. It will accommodate over 200 people and be installed into the

seawater with a depth of 30m. According to the project design, the vessel will also contain an external service model.

“We will strictly observe relevant industrial standards to turn the vessel into a high-quality accommodation area on the sea”, said Fu Qiang, Assistant Director of CIMC Raffles’ R&D Center. The vessel will provide working staff with safe and comfortable living spaces. Its living zone will meet not only the HAB++ (OS) – the highest designing standard of American Bureau of Shipping, but also the internal standard of BP.

“With the mature designs of Agosto 12 and the collaborative R&D with Basso Technology – CIMC’s R&D Center in Sweden,

we will offer satisfactory designing scheme to our client”, said Tang Shengtao, Vice President of CIMC Raffles.

Thanks to the heroic efforts over the past few years, China’s offshore engineering enterprises have continuously improved their international competitiveness and are growing into world’s first-class enterprises. Today, with the accelerated business pick up in the oil and gas sector, oil companies have increased their investments in the oil and gas exploitation and production facilities and of oil and supportive equipment. Therefore, it is convinced that Chinese offshore engineering enterprises are embracing a new round of booming development.



CIMC Raffles and MHWirth jointly establish a drilling simulation lab to cultivate offshore drilling talents



On October 12, the drilling simulation lab jointly established by CIMC Raffles and Norway MHWirth inaugurated was inaugurated at CIMC Offshore Engineering Institute Research Center Co., Ltd (COEIRC) in Yantai, Shandong Province. This is the first-ever MHWirth drilling simulation lab in China and the 7th one in the world. After it is put into operation, the lab will provide technical support for the system commissioning of projects under construction and for the R&D of relevant topics, help with the development of crucial technologies for the drilling system, and fulfill the task of intelligent manufacturing; at the same time, it will be used for the delivery of training programs on drilling systems to cultivate offshore drilling talents.

Composed of control cabinet, simulator software, drilling operator's chair and a large splicing screen, the lab covers the conceptual design, construction and commission of drilling systems and

can simulate real drilling operations and visualize it with 3D technology and show vivid man-machine interaction. The simulator has powerful ability to process data in a real-time manner and can process over 50,000 data samples, which will tremendously reduce the duration from the starting to the commissioning of drilling rigs. Therefore, the lab can be used for training and pre-commissioning of control system of projects under construction, and it is safer, more efficiently and can lower costs.

Deputy General Manager of COEIRC Teng Yao said: "we are proud to work with MHWirth all the time. Now, we have the first drilling simulation lab put into practical use. This means that our EPC ability is recognized by mainstream drilling companies worldwide. The establishment of the lab is an important milestone, because firstly, it will help us cultivate an engineering team of our own, so that we can quickly improve our performance; secondly, it will be used as an experimental base for clients

and scientific and technological centers, so that we can cultivate more drilling talents for the ocean development; thirdly, with the adoption of automation, informatization and intelligentization technologies, it will lay a solid foundation of intelligent manufacturing."

MHWirth is the world's leading offshore drilling solution and service provider and committed to providing more reliable, efficient and safer solutions for clients. Its businesses cover the oilfield service life cycle. In 2006, CIMC Raffles and MHWirth entered into partnership and carried out close Cooperation on the EPC of Scarabeo 9 semi-submersible drilling platform and drillings of 4 JU2000E self-elevating vessels. The joint establishment of the drilling simulation lab takes the cooperation to a deeper level, and it means that the two companies will make concerted efforts to cultivate talents, explore cutting-edge technologies and strive for technical excellence and dominance.

CIMC Raffles and China Yantai Salvage enter a contract on the construction of a rescue and salvage ship

On October 19, CIMC Raffles and China Yantai Salvage entered into a contract on the construction of a rescue and salvage ship at Yantai, Shandong Province, which indicated the formal start of the project and a solid step forward on the basis of achievements accomplished over the years.

As one of 3 professional marine salvage units in the country and one of the biggest and most advanced salvage and rescue unit and offshore engineering company in Asia, China Yantai Salvage has 40 ships including ocean tugs, offshore engineering service provision ships, large floating cranes and large-deck ships. It is responsible for non-human life salvage, recovering a ship and its cargo after a maritime casualty, removing oil spill at the sea areas, ports and sailing courses in the north of China.

CIMC Raffles and China Yantai Salvage are two marine-related enterprises based in Yantai, and their friendly cooperation can be dated back to the establishment of two enterprises. China Yantai Salvage provides high-quality service for CIMC Raffles' operations such as

the sectional launch of new ships, hoisting of equipment, ship shifting and towing, and it has witnessed how CIMC Raffles grows from a local shipyard into an international offshore engineering company in the forefront of design and construction of deepwater platforms in the world. Recently, China Yantai Salvage announced that IMC Raffles won its bid for building a rescue and salvage ship.

The new ship will be used for emergency barrier clearance, rescue and salvage operations along coasts and in coastal waters. It supports the rescue and salvage operations like hoisting, transportation, storage and recharge and can be used for hoisting equipment, recovering a small ship or assistance in recovering a large ship after a maritime casualty, unloading of cargos on a sunken ship, unloading of oil residue in a ship compartment and living support of on-site working staff. In addition, it can also work for the transportation and installation of wind turbines for offshore wind farms, repair and maintenance of platforms and provide living support. With the new ship, China Yantai Salvage will further improve its rescue

and salvage ability, effectively handle rescue and salvage emergencies under adverse sea conditions, and raise the rescue and salvage efficiency.

CIMC Raffles is a leading offshore engineering enterprise in the industry. So far, it has delivered over 70 offshore engineering facilities. The new ship will be built at CIMC Raffles' Longkou Construction Base, which has accumulated abundant resources and experiences in the construction of self-elevating ships and high-end marine fishery equipment and established professional and characteristic safety and quality management mechanism.

"We will follow the Group's HSE idea of 'safety and health, green operations', construct the rescue and salvage ship with the efforts and abilities for building 'pillars of the nation', so that China Yantai Salvage and we can offer better protection to life, environment and property on the sea, and contribute to the building of Yantai City, Shandong Province and China into marine powers", said Li Minggao, Vice President of CIMC Raffles.



CIMC Raffles to build the Asia's largest 2+2 ro-ro ship for and Bohai Ferry Group

On October 23, CIMC Raffles and Bohai Ferry Group Co., Ltd, the two marine-related enterprises in Yantai, entered into a contract on the building of Asia's largest 2+2 multipurpose ro-ro ships and an agreement on strategic cooperation in luxury cruise-type ro-ro passenger ships and luxury international cruises businesses.

The signing of two deals is the breakthrough that Yantai has achieved in its replacement of old growth drivers with new ones and in its oceanic operations, and it will usher in a new era of building large ro-ro ships, ro-ro passenger ships and cruises in Yantai, lay a solid foundation for the settlement of Ro-Ro Passenger Ship Industrial Park in Yantai, and contribute to building Yantai into a marine power and manufacturing power.

CIMC Raffles is a leading offshore engineering enterprise in the industry. So far, it has delivered over 80 offshore engineering facilities, realized the interconnection of the industrial chain from conceptual designs to purchase and adoption on mainstream

markets, and established the ability to manufacture vessels on platforms. In recent years, to answer the call of the central government to replace old growth drivers with new ones, CIMC Raffles has achieved the transformations such as "from oilfield to fishery" and "from oilfield to cruise" thanks to the core abilities established and developed in the construction of offshore oil and gas equipment. The ro-ro ships are the new growth driver.

Bohai Ferry is the largest ro-ro passenger transportation enterprise with the most powerful comprehensive transportation strength in Asia. It has eleven large ro-ro passenger ships, one international passenger container ship and one international luxury cruise, and it is committed to growing into a large, comprehensive and modern group that incorporates six business segments, namely ro-ro passenger-freight transportation in China, ro-ro passenger transportation in the world, cruise tourism, financing and lease, fuel supply and modern logistics service.

The 2+2 ro-ro ship is the largest multipurpose ro-ro ship in Asia. Its parameters are: lane length, 2,700 meters; overall length, 189.9m; length between perpendiculars, 176m; maximum width, 26.4m; and weight, 26,500 gross tonnage. The new ship is invested by Bohai Hengtong Ferry Co, Ltd, a joint venture by Bohai Ferry Group, Hengtong Logistics and Longkou Port Co., Ltd of Yangtai Port Group, and it will be used for the ro-ro transportation around Bohai Bay and along coastal areas in China. This is the first time that Bohai Ferry has a ship built at Yantai. The cooperation between CIMC Raffles and Bohai Ferry Group on ro-ro ships, high-end ro-ro passenger ships and high-end cruises is the demonstration of Yantai Strength, and it will push forward the ro-ro transportation business development in the city, foster and support Yantai's construction of a base port for international high-end ro-ro passenger ships and operations, and contribute to the building of Yantai into a marine power and manufacturing power.



First steel cut for Nordlaks' Havfarm 1

On November 6, CIMC Raffles held a steel cutting ceremony at its Yantai shipyard to formally start the construction of Nordlaks' Havfarm 1 – the biggest and most advanced deepwater aquaculture platform in the world.

With a maximum width of 59.5m and maximum depth of 65m, the 385-meter floating barge contains 6 deepwater net cages and cultivates over 10,000 metric tons of salmon biomass. It will satisfy the certification requirements of Det Norske Veritas.

The deep sea farming platform is an emerging marine farming approaching, and CIMC Raffles makes the new designing

idea even newer by moving fish farms from inshore to offshore waters. In particular, with a specially designed single point mooring system, the farming platform will move around a single point in 360 degree, driving the 6 net cages arranged in the longer direction of the barge moving synchronously in natural winds and water currents. By doing so, the salmon will be growing in a more natural and much better environment.

Anchored in an external turret single point mooring system and equipped with the world's most advanced automatic salmon farming system, the farming platform features a number of automatic

and intelligent merits, such as automatic transmission of post-smolts, automatic feeding, underwater light monitoring, underwater oxygen increase, recovery of dead fish and automatic hunting of grown salmon.

The construction of Havfarm 1 will tremendously improve China's competitiveness in intelligent marine farming equipment and promote the sustainable development of offshore aquaculture both at home and abroad. CIMC Raffles will continue to provide offshore engineering equipment with cutting-edge technologies, safety and high-quality for its clients through continuous and innovative lean management.



Blue Whale One wins Chinese Industrial award



On December 9, the fifth China Grand Award for Industry was announced at the Great Hall of the People in Beijing. As China's top award in industry, the China Grand Award for Industry was set up upon the approval of the State Council, and it is reputed as the "Oscar Award" in domestic industrial sector and represents the country's highest industrial development level. 11 projects, including the Fuxing Bullet Trains by China Railway, Blue Whale One – the newest generation of ultra-deep-water semi-submersible drilling platform by CIMC Raffles, FENGYUN Meteorological Satellite by Shanghai Academy of Spaceflight Technology and the new generation nuclear power submarine by No. 719 Research Institute of China Shipbuilding Industry Group Co., Ltd, were named winners.

In particular, CIMC Raffles' deepwater semi-submersible drilling platform series won the Commendation Prize at the Third China Grand Award for Industry.

Blue Whale One is the world's newest generation of ultra-deep-water semi-submersible drilling platform with dual-derrick rigs. With length of

117m, width of 92.7m, and height of 118m. It has over 100 big systems, 1,000 subsystems, 27,354 devices, 40,000 pipelines, 50,000 mechanical completion quality inspection spots, cable pull-back length of 1.2 million meters (distance between Beijing and Shanghai); maximum operating depth of 3,658m, a maximum drilling depth of 15,250m, so it is capable of deepsea operations across the world. It represents the world's highest ocean drilling platform design and construction levels and brings China's deepwater oil and gas extraction and production to the leading level in the world. In 2017, Blue Whale One, as the core drilling equipment, contributed to China's successful test mining of "flammable ice" for the first time and made significant breakthroughs in the test mining, such as the longest unstopped extraction of gas, the largest output of extracted gas, the stable gas flow, and environmental safety. At the same time, it also set the world records of gas extraction duration and output.

Wang Jianzhong, CEO and President of CIMC Raffles, noted: "Blue Whale One means a lot and matters a great deal. Some people believe that it is China's boundary tablet, and where it works, the state will exercise

its sovereignty; some people believe that it is the switch to ocean energies, and when it functions, the nation will have its energy security guaranteed; and some people believe that it is the embodiment of the comprehensive national strength, and it can synchronously promote the development of dozens of fundamental sciences and technologies and has enormous significance for the improvement of the overall abilities of domestic industrial sector. Over the past 10 years, we have extended our business reach to the deep sea; in the next 10 years, we will start from the success of Blue Whale One, take the inspiring speech of General Secretary of CPC Central Committee seriously, make best products, master core technologies and achieve dominance on markets. It is believed that when governments at different levels, financial institutions, scientific and technological research centers, ship owners and inspectors and upstream and downstream industries put their expertise together, we will have the 'pillar of the nation'. In this sense, the 'pillar of the nation' is the combined capabilities of all of us."

CIMC's one-for-all model solves the small batch LNG transportation problem



On November 22, the tank container-stored LNG (liquefied natural gas) shipped in a container carrier from Vancouver, Canada arrived at Shanghai Port for land transportation. The shipment of the imported LNG was provided by Zhenhua Logistics Group Co., Ltd – a logistics service specialist under CIMC in tank container logistics pattern via sea-land transportation. The door-to-door service to deliver imported LNG to terminal-end in their original packaging form has thoroughly solved the small batch LNG transportation problem, and the success has captured attention from energy circles in China and Canada.

"Last November, we successfully shipped the first batch of LNG imported from Canada to China. This time, we got the job nicely done again. When China continues to increase its import of LNG, we have completed a number of shipments of imported LNG and domestically made LNG with the tank container logistics model, and the success experience is of significant

reference meaning for the innovation and development of China's LNG transportation models", said a responsible person of Zhenhua Logistics.

In recent years, China has imported pipeline natural gas and liquefied natural gas from different countries. The pipeline natural gas is mainly transported via large pipelines in Central Asia and Russia. The LNG comes from Australia, Qatar, Indonesia, the US and other countries. "The transportation model of pipeline natural gas is easy to understand. And normally, the imports of LNG are conducted in the form of large bulk cargos, and its transportation model features the combination of large LNG carriers with large LNG terminals", said the responsible person, "but the construction and operation of LNG terminals needs large amount of investments and considerable technological inputs, and they have pretty long construction and recovery periods. Therefore, most LNG terminals are built and operated by three largest oil firms

in China or companies with enormous strength. Thanks to the technological development, the tank container-stored LNG transportation model is created".

"Tank container-stored LNG transportation model is also known as 'one for all' model, because from the loading of LNG by foreign suppliers to the unloading by domestic terminal-end users, we do not repackage the cargos", said the responsible person, "compared with traditional models, the new model has solved the small batch LNG transportation problem."

"In addition, the new transportation model has not only tackled the natural gas shortages caused by uneven distribution of natural gas resources, but also made it possible to end large oil and gas companies' monopoly of trades to export LNG to China. This will tremendously promote the rapid development of China's LNG energy business and effectively alleviated the LNG shortage faced by the country", added the responsible person.

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

On December 20, the Presentation Ceremony of 2018 China Logistics "Golden Pegasus" Awards was held at 2018 Beijing (Xiangshan) International Logistics Forum & the 2nd China Logistics Brand Conference. CIMC Modern Logistics Development Co., Ltd (CIMC Logistics) was rated as one of China's Best 10 Logistics Enterprises, the highest honor in Golden Pegasus Awards, and won the honorary title as one of China's Top 100 Logistics Enterprises (Brand Value). It is noteworthy that the company has won the two awards for 2 years in a row.

Directed by China Communications and Transportation Association and hosted by China Logistics Times Weekly Press, the Golden Pegasus Awards is considered to be authoritative and influential in domestic logistics sector. It is to identify, objectively present the units and individuals that have made significant contributions and brilliant

performances in management, services, innovations and economic benefits and set examples for the healthy development of China's communications, transportation and logistics sector.

Over 1,000 logistics companies competed for the Golden Pegasus Awards. After multiple rounds and public votes and expert panel's review, the winners of China's Best 10 Logistics Enterprises were announced. The assessment and selection of China's Best 10 Logistics Enterprises is mainly for large and mature logistics companies. The registered participants should have greater brand awareness in the public and higher management and service level. In the meantime, the customer satisfaction index, customers' loyalty, completeness of IT system and logistics network coverage will be considered in the assessment and selection process.

In recent years, CIMC Logistics has been taking clients and business performances as the orientation, centering round the improvement of efficiency and building itself into an agile organization. Through international and digital operations, it has promoted the innovation of logistics services and provided clients with integrated solutions combining services, equipment and finance. The unique product portfolio is well received by the industry.

"The winning of the two awards means that our achievements have been recognized by the industry, and it is the result of our remarkable efforts throughout the year", said a responsible person of CIMC Logistics, "in the future, we will continue to innovate the service models and improve service to create much more value for clients."

CIMC-TianDa wins three bids for building air cargo warehouses

Recently, Shenzhen CIMC-TianDa Logistics System Engineering Co., Ltd (CIMC-TianDa Logistics) won three orders for building air cargo warehouses respectively from Beijing Daxing International Airport, Beijing Daxing International Airport - China Southern Airlines Base and Ningbo Lishe International Airport with contracts value exceeding 100 million yuan.

According to Yang Bin, Market Manager of CIMC-TianDa Logistics, different from single-unit product with strong partition, the air cargo warehouse is an integrated and systematic engineering project and is composed of different subsystems including equipment, software and control systems, with each subsystem interconnected with one another. In addition, due to the huge throughput of air passengers and cargos, the systems and equipment of an air cargo

station have to undergo repeated and complicated tests and impacts. Therefore, clients focus on two abilities of bidders: the integration ability and manufacturing ability of core equipment; the maturity and stability of system and equipment operations as well as efficient maintenance ability.

According to Yang, in terms of integration and equipment manufacturing abilities, CIMC-TianDa Logistics have obtained independent intellectual property rights for technique management systems and electric system control software. Among them, the management system supports the parameter-based configuration and multiple warehouse management functions. Besides, the company has abundant experiences in the designing and engineering of equipment for almost all large cargo transportation stations.

Taking ETV (elevating transfer vehicles) as an example, CIMC-TianDa Logistics has successful engineering cases of ETVs weighing from 6.8t to 13.6 and operated manually or automatically. Thanks to the rich experiences in the manufacturing of different core equipment, the company can complete the design and production of equipment within a short period of time and deliver the ordered products quickly.

"As for repair and maintenance service, we have a professional technician team. In particular, we have professional and permanent service network at project implementation sites, so we can meet personalized demands of clients and provide steady and high-quality technical service", added Yang, "these are the core advantages that make us stand out in the bid competitions."

CIMC's firefighting trucks to serve Annual APEC Economic Leaders' Meeting



On October 10, the Ceremony for the Handover of Vehicles Provided by the Chinese Government to Assist the Development of Papua New Guinea was held at Port Moresby, the capital of the island country of the southwest Pacific Ocean. As an important part of the assistance, 9 "Chuanxiao" brand firefighting trucks manufactured by Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd, a subsidiary of CIMC, was formally handed over to Papua New Guinea, and they will serve the Annual APEC Economic Leaders' Meeting to be held in November.

Chinese Ambassador to Papua New Guinea said in his speech that in recent years, the flourishing relationship between the two countries have been taken to a deeper level, and the cooperation on different fields has achieved fruitful results. The buses and firefighting trucks provided by the Chinese government will be used at the Annual APEC

Economic Leaders' Meeting, and then they will serve the people in Papua New Guinea. According to National Planning Minister Richard Maru, these buses and firefighting trucks will play important roles during and after the Annual APEC Economic Leaders' Meeting.

To help Papua New Guinea successfully hold the Meeting, Chinese government has imposed strict requirements for the quality of its provided projects and products. In particular, since the firefighting trucks will be used for the Meeting, the requirements are much stricter. " 'Chuanxiao' is a well-known firefighting truck brand in China, and we are proud that it is selected by the government to offer fire prevention and safety guarantee services during the Annual APEC Economic Leaders' Meeting, and this is because of its first-class product quality and excellent service reputation", said Wang Defeng, Chairman of

Sichuan Chuanxiao Fire Trucks.

"Today, with the improvement of on-site delivery, client training, spare parts and components support and technical documents, we have established global client service network, developed efficient and fast service response ability and continuously expanded its business on firefighting truck markets", added Wang Defeng, "it is no doubt that our greater comprehensive strength has enabled us to stand out in the selection of products for the assistance."

"The international assistance and domestic significant cooperation over the years have fully demonstrated clients' recognition of CIMC's firefighting products. In the future, we will continue to offer higher-quality services to global clients with one-stop comprehensive solutions."

CIMC-TianDa to solely take over Shanghai Jindun at 380 million yuan



On October 19, CIMC-TianDa entered into an equity interest transfer agreement with Shanghai Jindun Special-purpose Vehicles Equipment Co., Ltd (Shanghai Jindun). According to the agreement, CIMC-TianDa will purchase 100% equity interest of Shanghai Jindun at a price of 380 million yuan. This is another significant strategic acquisition after it purchased a part of equity interest of Shenyang Jietong. After the acquisition, CIMC's firefighting trucks business will further grow.

Located at Shuyuan Town, Pudong New Area, Shanghai and covering a total site area of 130mu (86,667m²) and a floor area of 21,603m², Shangai Jindun has all certificates and permits necessary for the production of firefighting trucks, and it is capable of continuously researching and developing high-end special-purpose firefighting trucks according to the changes on firefighting product markets and demands of different clients with its products ranking top on

domestic market. In addition, as a hi-tech enterprise rated by Shanghai Municipal Government, it has extensive business network in Shanghai, Jiangsu, Guangdong, Zhejiang and other southeast coastal regions with higher degree of popularity and strong profitability.

"Shanghai Jindun and CIMC-TianDa have found great complementarity in their firefighting safety business. Therefore, the buyout of Shanghai Jindun will enable us to further expand our firefighting truck portfolio and production capacity and achieve strategic coverage of regional markets in the eastern part of China. After the acquisition, we will extend our business reach to northeast, southwest and southeast parts of China and grow into a large firefighting truck industrial group with greater coverage. It is noteworthy that we will enjoy satisfactory synergy in markets, technologies, purchases and production and improve our business competitiveness

and profit-making performance", said a responsible officer of CIMC-TianDa.

CIMC-TianDa is China's largest firefighting truck maker with most complete types of products and greatest competitiveness, and it boasts enormous leading advantage in the industry. With a series of acquisitions and mergers, CIMC-TianDa will gradually pool together the separately operated firefighting truck companies and quick grow into an industrial giant.

"The signing of the equity interest transfer agreement is a solid step forward for us to implement the firefighting truck strategy, and it will consolidate our championship status in the industry and further improve our strength. We will take the signing of the agreement as a big opportunity, continue to speed up the implementation of strategies, intensify development efforts and strive to become the firefighting truck champion in the world", said the responsible person.

CIMC-TianDa boarding bridge rated as "Niche Champion Product in Manufacturing Sector"



On December 18, the Ministry of Industry and Information Technology (MIIT) and China Federation of Industrial Economics (CFIE) jointly held the Conference on Exchanging Successful Experiences among Niche Champions in the Manufacturing Sector in Beijing. The list for the third group of niche champions in manufacturing sector was announced. CIMC-TianDa boarding bridge was rated as a niche champion. Wang Jiangping, MIIT Vice Minister; Li Yizhong, former MIIT Minister and CFIE Chairman, attended the conference and presented certificates to the winners.

To direct manufacturing enterprises to improve their professional abilities and competence, improve weak links in crucial and key areas and forge ahead along the way of specialty, uniqueness, excellence and sophistication, push the industry towards the medium-high end of the global value chain, boost the high-quality development of domestic manufacturing sector, and increase the competitiveness of domestic manufacturing enterprises on international markets, the MIIT issued the Plan for Implementing the Special Campaign to Cultivate and Improve Niche Champions in the Manufacturing Sector in 2016.

The boarding bridge is the major product of CIMC-TianDa, and it is entitled to the prioritized support of the central government for large and integrated micro-opto-electro-mechanical equipment in manufacturing sector. so far, CIMC-TianDa has erected over 6,000 boarding bridges at more 300 airports (including 144 international airports) in about 80 countries and regions and ranked top in the world in terms of comprehensive strength. Its boarding bridge have become the excellent representative of "Made in China and improved the influence of domestic manufacturing sector in the world.

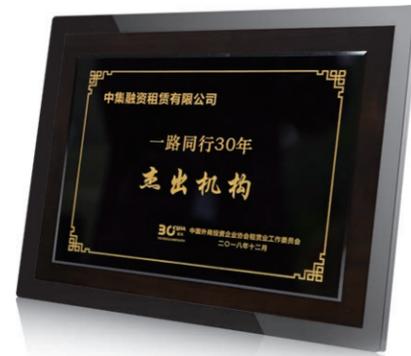
CIMC Leasing awarded China Financial Leasing Excellent Organization Prize

On December 6, the 2018 China Financial Leasing Annual Meeting opened in Beijing. CIMC Financing & Leasing was awarded the "Contribution to the Development of China's Financial Leasing Business in Past 30 Years – Excellent Organization Prize". This is the 9th industrial awards that the company has won since it was established 11 years ago. At the same time, CIMC Financing & Leasing was re-elected vice chairman unit of the new administration committee due to its exceptional industrial influence and business performance.

Hosted by the Leasing Committee of China Association of Enterprises with Foreign Investment (CLBA), China Financial Leasing Annual Meeting is the most professional and representative annual event in the financial leasing industry. This year, CLBA celebrated the 30th anniversary of formal operation. Therefore, to commend organizations that

have contributed to the development of financial leasing industry, CLBA specially set the "Contribution to the Development of China's Financial Leasing Business in Past 30 Years – Excellent Organization Prize".

Since its inception, CIMC Financing & Leasing has quickly increased its businesses, capital scale and profits, with cumulative business volume reaching 59 billion yuan and cumulative net profit exceeding 4 billion yuan. The company's industry and financing integration strategic management and control system, thorough risk control and management system, capital management platform, business and business model innovation mechanisms have widespread influence and considerable demonstration effect. Today, CIMC Financing & Leasing has grown into one of leading enterprises in China's financial leasing industry.



CIMC Finance puts the commercial paper exchange directly connecting system into operation

On December 17, CIMC Finance launched the commercial paper exchange directly linking system, making it the first finance company to directly connecting to Shanghai Commercial Paper Exchange Corporation Ltd (SHCPE) in Shenzhen.

According to the instructions of the SHCPE, CIMC Finance successively carried out physical migration, data integration and exchange integration, and finally realized the direction between its commercial paper system with the member subsystem, core exchange subsystem, liquidation and settlement subsystem and general and public information module of the SHCPE.

After the system is launched, CIMC Finance will be able to handle inter-bank discount and rediscount, send payment alert message and demand payment online and improve its commercial paper exchange ability, commercial paper-related business operation efficiency and risk prevention and control ability.

So far, CIMC Finance has activated commercial bill systems for 122 member companies under the Group. In 2018, it gave fully play to the centralized commercial paper operation platform. As a result, it cumulatively accepted 900 million yuan bills of exchange with average balance of

month-end accounts receivable amounting to about 500 million yuan,

After the commercial paper exchange directly connecting system is put into operation, CIMC Finance will further design commercial paper products and business models based on the business characteristics and financing demands of member enterprises, take advantage of its membership with SHCPE, offer high-quality, efficient and convenient commercial paper services to member companies, and contribute to the successful implementation of the Group's manufacturing, service and finance combination strategy.

First CIMC-built modular building in the US opens



On October 1, the Postgraduate Dormitory of the University of California, Berkeley, which was designed and built by CIMC Modular Building & Investment Co., Ltd. (CIMC MBI), was formally put into operation. This is CIMC MBI's first US-based project and the first steel structure modular building that a Chinese enterprise has ever built in the US.

The postgraduate dormitory is located at the Shattuck Avenue, Berkeley, San Francisco Bay Area, California and closely adjacent to the downtown center, and it embraces convenient transportation and nice living facilities. The project is a 4-story container-type steel structure modular building. The 1st floor is specially designed and built for disabled residents, and the 2nd and 4th floors are standard rooms. The total apartment dormitory contains 22 elegantly decorated rooms. All building designs, decorations and supporting facilities with the building criteria of California.

"California adopts strict green building criteria and imposes strict control over the discharge of hazardous materials, so the whole building is constructed with environmentally friendly and green materials", said a responsible person of CIMC MBI. In its history, California was subject to earthquakes and had its buildings badly



damaged. Therefore, there are higher shockproof requirement for the building, and it is designed with a seismic fortification intensity of E degree (Liedu VIII in China seismic intensity scale).

CIMC's modular building is the steel structure modular building system that integrates structure, heat preservation, sound insulation, water and electricity, energy conservation, intelligence and high-quality internal decoration. With over 90% traditional building procedures completed in factories, CIMC can reduce the time spent on construction by 50% and lower construction wastes over 50% while maximally ensuring the quality and the stability of installation. Based on ocean container shipping technology, modules will be transported to construction sites through sea-land transportation for erection and delivery.

Property owner Kennedy showed his appreciation and satisfaction of the building quality and the finished products in an interview with American media, saying "we know the assembled buildings are the future of buildings, and we are making explorations in this regard. The project is a valuable building lesson for us. Upon the successful implementation of the project, we are looking forward to more cooperation with CIMC."



CIMC SSC makes 114 intelligent traffic surveillance passages of HZMB much smarter



The Opening Ceremony of Hong Kong–Zhuhai–Macau Bridge (HZMB) was held at Zhuhai, Guangdong Province on October 23. The HZMB, the first ultra-large sea crossing transportation project jointly built by Guangdong, Hong Kong and Macau, is a 55km bridge–tunnel system consisting of bridges, an undersea tunnel, and artificial islands. It is both the longest sea crossing and the longest fixed link on earth. The HZMB spans the Lingding and Jiuzhou channels, connecting Hong Kong, Macau, and Zhuhai, and it takes 14 years to complete.

“We are very excited on hearing that the bridge opens, because all software and hardware facilities of exit-entry passengers and cargo vehicles intelligent traffic surveillance passages at the mainland section of the bridge are designed and built by us, and they are playing important roles in the passage of the bridge”, said Zhou Haibao, Deputy General Manager of CIMC SSC.

In October 2017, CIMC SSC and relevant units entered into the Contract on the *Project of Customs Clearance Supervision and*

Management (including Weak Current) for Zhuhai Ports of Hong Kong–Zhuhai–Macau Bridge. According to the Contract, CIMC SSC handled the business of one-stop exit-entry intelligent traffic surveillance systems for customs, frontier inspection and national quarantine offices at the mainland section of the HZMB, including 114 passengers and cargo vehicles intelligent traffic surveillance passages that rank first place in China in terms of the quantity of a single product of the same type. All the one-stop exit-entry intelligent traffic surveillance systems were completed in May 2018.

C&C Trucks succeeds in serial delivery of 40 LNG dumpers



On October 30, the Ceremony for Serial Delivery of C&C Trucks’ LNG Dumpers Special for Shenzhen and the Gas Provision Guarantee Promotion Conference were held at Shenzhen. C&C Trucks handed over 40 new-type LNG dumpers to Shenzhen client to contribute to help the city win the battle for blue skies.

Over the past few years, Shenzhen has been faced with increasingly urgent traffic safety problems and environmental pollution caused by dumpers. To solve these problems, Shenzhen has announced a series of policies to publicize the use of vehicles powered by clean energies and strengthen its control and accelerate its elimination of traditional dumpers since 2017.

According to a responsible person of CIMC, firstly, the Group has actively answer the call of CPC Shenzhen Committee and Shenzhen Municipal Government, and developed new-type dumpers fueled with

electricity, electricity + DPF and natural gas to conform to the city’s latest issued standards; secondly, the Group has fully studied the characteristics of Shenzhen’s dumper industry and the national environmental protection policies and tendency, mapped out the working route for fully promoting LNG dumpers from the perspective of dumper users’ interests, and made greater efforts to publicize and promote its dumpers; thirdly, the Group has carried out in-depth research on fuelling a LNG dumper, and collaborated with gas energy enterprises to offer better services to LNG dumper users. So far, CIMC and relevant energy companies have explored mature supportive gas provision guarantee solutions.

It is noteworthy that the successfully delivered 40 dumpers are all urban intelligent ones fueled with clean energy (LNG). Compared with dumpers fueled with diesel oil, operating costs of the new dumpers are 25 to 35 percent lower, so

they feature satisfactory cost efficiency. Specifically speaking, if a dumper runs 250km a day and works 280 days a year, then it will drive 70,000km a year; in this case, a traditional dumper will spend 58,600 yuan more than a LNG dumper does. In addition, the LNG dumper will emit 90% less CO than the traditional dumper, and it seldom produces hydrocarbon, nitrogen oxide and produces no particulate matters, so it can achieve the zero emission of PM2.5 substances.

“Today, Shenzhen’s renewal and replacement of dumpers has entered into a key stage, and its achievements have paved the way for Guangdong Province and even the whole country. C&C Trucks is now taking an active part in the battle with its high-quality and mature products and excellent service. It is convinced that we can help the city win the battle for blue skies, and embrace positive development outlook”, said a responsible person of CIMC.

深圳特区报

CIMC strides along the way of global innovation through persistent transformation and upgrading efforts

From a container giant to multiple champions

Editor's note: to commemorate the 40th anniversary of China's reform and opening-up practices, we specially set the column themed with "Epochal Chapters, Shenzhen Stories". We will select representative enterprises in different sectors, get closer to them for a deeper understanding of their developments and accomplishments, and depict significant changes to Shenzhen in the past 40 years. Please stay with us for inspiring stories!

At the foot of Dananshan Mountain and on one side of the old passenger wharf of Shekou, there noticeably stands a container-shape building – the headquarters of China International Marine Containers (Group) Ltd. (CIMC), a Shenzhen-based model manufacturing enterprise, and it is sparkling in the late autumn sunlight.

Amidst cannons fired 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, CIMC was established on a joint investment of 3 million dollars by China Merchants Steamship Navigation Company and the East Asiatic Company Ltd. in 1980, and it began formal production in 1982. Mr. Yuan Geng was CIMC's first chairman, and Moller-Maersk was general manager then.

Today, a number of Sino-foreign joint ventures established during the same period have been eliminated in the increasingly fierce market competition. But CIMC survives, and what it does is more than "survives" – it booms! With painstaking efforts, independent innovation endeavors and transformation and upgrading attempts, CIMC grows into

a multinational group with over 50,000 employees worldwide and with the annual output value of 80 billion yuan. From a container manufacturing giant to a global operation specialist, CIMC has stood out among its peers that were born with the same Shekou genes.

Marketization gene is an inseparable part of CIMC

"Frankly speaking, at the beginning of the reform and opening-up, CIMC and its peers were established to pave a way for followers. Fortunately, we step onto that way and get there", said Mai Boliang – a gentleman serving as the Group's president since 1993 during the interview. CIMC's development course was full of ups and downs, though it was a Sino-foreign joint venture and introduced some foreign advanced management experiences. In 1985, it was at the verge of bankruptcy due to the foreign partner's insufficient understanding of China and its people and growth slowdown on international container market. Finally, the foreign company withdrew most of its investments. At the same time, after staff cutbacks, the company had only 59 employees, and they barely supported the daily production. Later, CIMC received its life-saving investment from COSCO Group.

"Besides personnel, what makes us get through the tough days and then embrace unprecedented opportunities is the innovation awareness, down-to-earth attitude and hard-working spirit, market-oriented concept, international vision and elaborately designed systems, which were created and developed when Shekou took the first step in reform and opening-up practices", said Mai, "with efficient systems, we have got high-caliber talents; with such systems and talents,

we survive, and we thrive."

In fact, in addition to the manufacturing of industrial products and earning foreign currencies for the country, the most important breakthroughs Shekou achieved at the beginning of China's heroic attempt is the revolution of production relations and systems. For example, labor and employment system, cadre recruitment system, wage distribution system, housing system, social insurance system, shareholding system are quite common today, but they were puzzles at that very time for Shekou and for CIMC – a small company operating in humble workshops. Though with "China" in its company name, yet CIMC was born with marketization gene in its bone and blood.

CIMC's management said that the marketization gene is the most precious asset the company gets from China's reform and opening-up and the precondition for CIMC's development.

CIMC keeps improving and upgrading its manufacturing system

CIMC's survival and rapid development comes from the development direction steered by the prosperity and the big market created in the opening-up. Mai noted that under the guidance of the opening-up policies, China took part in global industrial division of labor, and its cheap labor force and gradually improved industrial production system attracted the inflow of considerable foreign investments, and the world's manufacturing center was later relocated on this oriental land.

Thanks to the huge volume of trades brought by industrialized production



after China adopts the reform and opening-up policies, CIMC has been sticking to independent innovations and making great efforts to solve technical difficulties, and it is highly respected by its international competitors and international industrial giants. It was crowned the world champion of containers in 1996, and it has been holding the championship for 23 years.

CIMC does not content itself with the edge on its opponents in the container industry. The sober-minded company has taken advantage of China's strategic adjustment of its economic structure and the economic globalization across the world and sought business expansion on the basis of its standard machine manufacturing system created and improved over the years. At present, it leads in many manufacturing sectors such as in vehicles, energy, chemical and food equipment, offshore engineering equipment and airport facilities and has about 20 world champion-level products.

CIMC aims to develop and manufacture products at the world champion level each time it decides to access to a market segment. Its comprehensive and effective industrial manufacturing system, which grows and improves since it began the production of containers, has been playing crucial roles. Its championship model can be transferred to similar product categories and its achievements can be copied, so CIMC is well known as "Xeroxed world champion".

CIMC explores global operations amidst opening-up practices

Mr. Mai Boliang is a gentleman, but he

is also a fighter. When he was even a newcomer to the industry, he took the courage to go abroad and had business talks with the world's large shipping firms, and he made it. Today, CIMC has sold its products to over 100 countries, established over 30 real enterprises on different continents, and recruited employees from different countries and regions. China's reform and opening-up policies have put CIMC on a road to the legendary globalization.

At first, like most domestic enterprises, CIMC actively strove to get aligned with international standards and introduced international technologies to compete with foreign companies. For example, it has developed better refrigeration and foam technologies by introducing and renovating German technologies; and it has manufactured better liquid tank containers and collapsible containers by renovating British technologies.

After China was admitted to WTO, CIMC takes bigger steps forward on its way of "going out". It has successfully acquired international famous manufacturing enterprises and extended its businesses to more countries and regions since it began to pool together international technologies, talents and brands through acquisition and merger in 2003.

The employment of international talents and the integration of international management experiences have enriched the connotation of internationalization and turned it into the operating idea of "Global Operation, Local Wisdom", that is to say to enable its member companies and subsidiaries worldwide to access to standard board of directors governance models, purchase, market

and other resources, and to fully respect the decision-making power of local management teams.

CIMC's management said that the Group is now turning its global technologies and development experiences into underlying technologies and experiences, and it is also exploring and developing core technologies and management philosophy with CIMC characteristics, so that the Chinese company can work as a core and allocate global resources in accordance with the optimal allocation concept popular on global markets. For example, the "Lighthouse Program", which is adopted in China for the upgrading of semitrailers in an all-round way, can be fully introduced to Europe and America for the reconstruction of local production lines; and the CEO of its company in the US may have the opportunity to be a member of the board of directors of its UK-based company.

CIMC's management noted that as a representative enterprise in China's exploration of global operation, CIMC has added much higher value to globalization, and this will benefit rest of the world than cheap cargos do. In the global industrial division system, Chinese enterprises have been increasing their value going up and playing more and more diverse roles. Mai Boliang said: "there may be problems and even setbacks with globalization, but I am pretty sure that the trends cannot be reversed."

Photographer & author: Wu Dequn,
Chief Correspondent of
Shenzhen
Special Zone Daily

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南风窗

Mai, a Chinese "industrial entrepreneur" and his philosophy



China needs real entrepreneurs – someone who do not arbitrage production factors in China for the mere purpose of earning money, but someone who have big pictures and have lived up to and beyond the criteria of being "industrial entrepreneurs". Their start-up courses have nothing to do with the arbitrage of production factors, but merely relate to the improvement of technologies of the nation.

During China's reform and opening-up practices, Shenzhen has seen the rise of three types of star enterprises: advanced

manufacturing enterprises, Internet enterprises, and financial and real estate enterprises. The rise of the last two types is largely attributed to the best use of China's huge market dividend, while the rise of the first type is a totally different story.

When the first type of enterprises rises, they are not standing under the umbrella of domestic market. On the contrary, they directly access to international markets and compete with foreign opponents from the very beginning. They focus more on technological innovations and

management improvement, so they have already had what it takes to go further during China's transformation of its economic growth models.

China International Marine Containers (Group) Ltd. (CIMC) is a typical enterprise in the first category. Established at Shekou in 1980, CIMC has become one of top advanced manufacturing enterprise under the leadership of its helmsman Mai. The proportion of its sales amount to the Group's total sales amount is comparable to that of Huawei. In particular, CIMC is on its way to the world's top level in the hi-tech sector, for example, offshore engineering.

Mai Boliang is one of the first group of container engineers in China. His start-up courses in CIMC can be depicted as the history of the rise of China's industry. He is the champion of Shekou Spirit, and his story is well known and inspiring to new generation of start-up entrepreneurs.

Actually, the unique philosophy that Mai has developed during his start-up courses in the past 3 decades matters more. Especially, when China's transformation of its economic growth models has entered into a critical stage, his philosophy bears significant meanings for the governance and renovation of big enterprises and for the exploration of routes to technological advancement of the nation.



A start-up without the protection from domestic market

Different from headquarters buildings of Ping An and Tencent, the buildings of CIMC's headquarters in Shekou is not that eye-catching, but it is erected at the foot of a mountain and near the sea.

When interviewed by the reporter from the *South Review*, Mai Boliang just returned to his office after attending an activity and wore a souvenir T-shirt with noticeable five-starred red flag logo. Unlike the leisurely manner of a large number of elites, Mai speaks with exquisite logic and forthright tone, so it is fair to say that he can immediately touch people in a crowd room.

It is such charm and inspiration that leads more than 50,000 employees out of growth slowdown after the financial crisis of 2007–2008.

In 2017, CIMC achieved business revenue of 76.3 billion yuan, increasing 50% year-on-year and reaching a record high. More importantly, CIMC has grown into a real globalized big manufacturing enterprise. Regionally, its business revenue from China's market grew 39%, but the business revenue from foreign markets accounted for 57% of the Group's total. Among them, US market and European market contributed the larger parts, rising by 90% and 123% respectively.

Through horizontal comparison, it is easy to find that different from a number of large state-owned enterprises and private enterprises to reap the great dividend of the domestic market, the proportion of CIMC's foreign sales amount to the Group's total ranks top in all large enterprises in China.

Huawei, a well-acclaimed company, has suffered from declining proportion of overseas sales amount over the years. In 2017, the proportion dropped to 50%. In this context, it shifts the focus to domestic market for growth and profits.

Though CIMC is partially funded by the State, it has been competing with foreign companies since the inception instead of battling for markets with private enterprises. In 1996, CIMC's container business surpassed that of Hyundai and Jindo and ranked first in the world. Today, CIMC is the champions in 20 market segments, such as boarding bridges and vehicles. "This is not enough. I hope we can have 30 number ones when I retire."

His pride and courage comes from his insight into the changes of international industrial trends, and his keenness and confidence brought by his career in the past few decades.

At the end of the 1980s, Mai rose to fame in the circle of clients at the downstream of container industrial chain, for example, shipping companies

in Europe. Many of them knew that Shenzhen was an emerging city in China; and in Shenzhen, "Mr. Mai" was doing pretty well in the building of containers, and he paid attention to integrity. Even so, he faced a lot of difficulty in the development of overseas markets.

In 1989, Mai took a flight from Hong Kong, changed the plane at Frankfurt. After 20 hours, he arrived in French, and he jumped into a taxi to CMA CGM for a business talk with its purchase manager. However, the manager did not say "hi" to the young man. 10 minutes later, he wrote an "order" for 5,000 containers and then handed the note to Mai, saying "if Ye, sign it; if No, get out and close the door."

The unbelievably low price was an icy contempt for Chinese enterprises. But he managed to keep his temper under control, saying "yes, and this is for my 20 hours of flight here; no, you did not offer me a chair or a cup of coffee. Now, you tell me, yes or no?"

Mai's humor, self-confidence and honesty immediately impressed the Frenchman. He asked the secretary to pour Mai a cup of Coffee, and then they began to talk. Since then, the French company has been working together with CIMC.

Under Mai's leadership, CIMC has grown from a small plant at the verge of bankruptcy and with 59 employees into

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a multinational manufacturing group with annual sales amount exceeding 70 billion yuan and over 50,000 employees. This course is definitely one of the most heroic legends for Chinese enterprises. However, this achievement cannot be accomplished merely dependent on courage. Mai's practice and exploration of enterprise governance in the past 30 decades has provided the most reliable basis for the miracle.

Balance between "Common Cause" and the responsibility to shareholders

Mai Boliang is a natural leader. He came to Shenzhen and worked for CIMC at a right time, and this is a blessing for the Group and for him.

When in middle school, Mai was seldom considered to be a good student. Since he mastered most part during preparation for lessons before class, he always seemed to be absent-minded at class. Later, he was forced to work in rural areas during the Cultural Revolution. After China resumed the college entrance examination in 1997, he scored the highest points in all science students in Zhaoqing, Guangdong Province and was admitted to the Machinery Department South China Institute of Technology.

In 1982, Mai came to Shekou after graduation. He was recruited by CIMC, and his first job was container technician. Due to an unexpected event, his leadership was quickly detected.

CIMC was a Sino-foreign joint venture at the beginning. As the foreign business partner, East Asiatic Company Ltd was responsible for the operation of the company, and CIMC's first general manager was a Danish man. The foreign management and the Chinese workers were ever in serious conflict due to difference in operating ideas. Finally, the difference escalated into a mass event.

Under this circumstance, Mai, a newly recruited engineer with considerable English proficiency, remarkable ability and favorable relationship with Chinese workers, came to the mind of the Danish leader. Then he asked Mai to negotiate with workers. That night, Mai drank beer with the workers. Next day, the workers returned to work.

Mai will unintentionally call his colleagues or subordinates as "buddy". Today, CIMC's management teams are composed of people from different countries: the core members that have participated in the start-up of the Group and the newly admitted management members after domestic and foreign acquisitions and mergers are completed. In addition, there is management staff from foreign investment banks and management consultation firms.

Though the personnel structure is diversified, yet with the efficient organization and the flattened management, the big family of over 50,000 members - 15% of them working abroad permanently, is always living in harmony. "At the date to celebrate the anniversary of CIMC's formal production, all staff worldwide will raise CIMC flag and sing CIMC anthem." Mai believes that there is cultural difference between Chinese and foreigners, but this should not be exaggerated. What matters most is interest and respect. Therefore, an international enterprise must use the "Common Cause" to bind everyone together.

For Mai, the essence of management lies in incentives. This logic can be used to interpret the success of China's reform and opening-up, the rise of Shenzhen and the growth of CIMC. As one of the first group of start-up entrepreneurs, he said that it is not easy for youngsters to start businesses nowadays; therefore, old entrepreneurs and grown-up enterprises and groups should give them more guidance and support.

CIMC has made a good example in this regard. According to Mai, CIMC is now implemented start-up program specially targeted at young staff. For most of programs, the Group will hold 80% of equity interest, while the start-up entrepreneur holds the 20%. Start-up entrepreneurs can take advantage of CIMC's platforms and resources to push forward their businesses.

At present, over 20 projects have been incubated under this program. "We have not had a failure yet. Why?" said Mai, "on one side, we have got excellent young employees. They are quite familiar with the Internet, artificial intelligence and the change trends; on the other side,

CIMC is generous with its support to the young entrepreneurs, and this is important."

For example, CIMC Intermodal is an excellent start-up. Its business model is not complex. The company improves logistics efficiency for its clients by interconnecting multiple transportation means through information technology. The start-up may achieve business revenue of 1 billion yuan in 2018, and it has operated over 20 rail cargo trains. "It is not easy to get permits from railway authorities. CIMC's resources and reputation established over the years have worked in this regard, and it helps the young men a lot."

Another typical example is CIMC's electronic express delivery picking machine business. CIMC sold its equity interest to Shenzhen Hive Box Technology Co., Ltd., a subsidiary of S.F. Express. Mai said that S.F. Express, China Post and Ali Cainiao have greater advantage in the express delivery picking machine business, so there is no possibility to be the champion of the sector. Though the Group withdrew from the start-up, it was well rewarded. CIMC sold its stakes in the electronic express delivery picking machine business, an incubated start-up for not more than 3 years by the Group, to Shenzhen Hive Box Technology Co., Ltd at a price over 800 million yuan, which directly added net profit of 400 million yuan to the Group in the financial year.

For Mai, internal start-up is a multi-win. For young men, the availability and accessibility to CIMC's platforms and resources will raise the possibility of success, and this is CIMC's fulfillment of its responsibility for the sustained career development of its staff; for CIMC, to hold equity interest in start-ups with strategic value and advantages and to withdraw from other start-ups will better balance the financial rewards. Therefore, the model is the recreation of the "Common Cause" in the new era, and it is also beneficial for CIMC's development in the long run. In this sense, this is a new way to be responsible for the shareholders of the Group.

Dream to erect the "pillar of the nation"

In some sense, Mai has totally revolutionized Chinese people's definition of entrepreneurs since the country's adoption of the reform and opening-up policies. In normal context, there is minor difference between entrepreneurs and majority shareholder. However, the misunderstanding is to blame for some problems with China's capital market.

During a long period of time, some people believe that with the help and support of Mr. Yuan Geng, the creator of Shekou Miracle, a large group of enterprises grow at Shekou by processing products with imported materials. These enterprises all have a unique governance model - existence of double majority shareholders or separation of power among shareholders. This model could prevent enterprises from political risks at that time and maximally inspire the entrepreneurship.

But when viewed from different perspectives, we can find that a large number of start-up entrepreneurs benefited from the dividend of the system innovation, but a small number of them have made their enterprises bigger and stronger, and CIMC is the one and only start-up that grows into an international manufacturing giant.

The majority shareholders of CIMC are China Merchants Group and COSCO. Mai is more an entrepreneur than a professional manager.

His start-up story totally conforms to the economist Joseph Alois Schumpeter's definition of entrepreneurs.

For Schumpeter, carrying out innovation is the mission of entrepreneurs; entrepreneurship resulted in new production functions and in new combinations of currently unavailable inputs of production factors and production conditions into economies. In another word, entrepreneurs work more on the innovation of systems, and optimize production elements (people, funds and tangible and intangible conditions) through such innovations, so as to improve productivity and well-being of people.

Shekou Spirit highlights endeavor and innovation of systems. Over the past 30 years, Mai takes CIMC to a new level. Then here comes the problem: what is CIMC's next new high?

In June 2018, Chinese President Xi Jinping visited Yantai Manufacturing Base of CIMC Raffles in the rain. Learning that Blue Whale One made two world records of the longest unstopped extraction of gas and the largest output of extracted gas in 2017, Xi encouraged the company to achieve further breakthroughs, 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."

The offshore engineering business represented by the Blue Whale One is Mai's next focus. He became very excited when talking about the new focus. His two points have shown the balance between the market orientation and the responsibility of an entrepreneur:

Firstly, there is huge potential on offshore engineering market. The ocean covers 70% of the earth's surface. In recent years, more and more oil and gas discovered and produced by large oil companies at deep sea. Therefore, it is necessary to extend businesses to this field;

Secondly, the offshore engineering business can tremendously improve the technological progress in relevant manufacturing sector, equivalent to the importance of manufacturing large airplanes. "When we began to manufacturing drilling platforms, China could not manufacture some steel materials and equipment special for these platforms. It gets much better now, and we can purchase most of the steel material in China, but the core equipment such as drilling systems and dynamic positioning system must be imported. This means as long as CIMC truly makes its offshore engineering business bigger and stronger, we can promote the development of domestic industries and technologies, such as the metallurgy industry and the ocean technology."

Mai also admitted that there will much more difficulties to fully access to offshore engineering business than to manufacture large airplanes, because CIMC cannot enjoy the advantage of domestic markets. China's 3 state-owned airlines are the world's largest buyer of civil airplanes. With the support of the central government, large airplane manufacturers will receive numerous orders. This is quite different from CIMC's situation. Mr. Mai has to directly compete with foreign opponents. Taking drilling platforms as an example, they mainly work at the Gulf of Mexico and the North Sea in Europe, and buyers are mainly foreign oil giants. This means there is no short-cut, and CIMC has to win with its technologies and services.

When Mai decided to access to the offshore engineering business, there were some doubts, but he believed it was CIMC's responsibility to get the job well done, saying that the majority of CIMC are enterprises directly under the control of the central government, and they represent the nation; at the same time, many Institutional investors hold H shares and A shares of CIMC, and they are all long-term investors paying much attention to the value of an enterprise in the long run. Therefore, CIMC's access to the sophisticated offshore engineering equipment manufacturing business is the unity of shareholder's long-term interests and the country's long-term interests.

"China has 20% of the world's population, the ocean covers 70% of the earth's surface, and we are not a marine power, which is totally unbelievable and unacceptable. I learned the science about machines at school, and it is my lifelong dream to have successfully manufactured the world's most difficult equipment. Everyone knows it is hard, and I know it is hard too. But if none of does it, who will", said Mai with determination and ambition.

Author: Tan Baoluo, South Review

人民日报

Peoples' Daily illustrates China's reform and opening-up success with Siemens and CIMC stories

People's Daily, an official newspaper of the Chinese Communist Party with a circulation of 3 million worldwide, published the news story about how a German company and a Chinese company have benefited from China's reform and opening-up at the A3 page for Big News on December 23. Under the title of *A Tale of Two Companies: from Strangers to Family Members*, the story depicted the impact of China's 40 years of reform and opening-up to two companies and their successful business expansion and cooperation attempts, giving a vivid picture of the country's brilliant achievement in the past four decades.

It is noteworthy that CIMC is one of illustrious heroes of the story. Since its inception, the Chinese company has making and enhancing its global presence, and participating in and contributing to the development of globalization, but how does it make all these things happen? The news story on the *People's Daily* gave the answer by presenting the dramatic changes in the relationship between China and the rest of the world in the past 40 years.

The full text of the article is as follows:

"In 1990, I once took a business trip to Shanghai and talked with its government officials. At the Bund (Waitan), an official pointed to the other side of Huangpu River and told me the new Shanghai would be built there", recalled Mr. Lothar Herrmann in a recent review with the *People's Daily* in Munich, CEO of Siemens Greater China. "I believed Shanghai would boom. But like this? It is unbelievable!"

Today, Shanghai has become the second largest settlement for Siemens employees. This has in part reflected the achievement the German company has accomplished in China – its second largest overseas market. As the first multinational company that has ever established a shareholding company in China after the country made the reform and opening-up decisions and took concrete actions, Siemens has witnessed and benefited the inspiration of the oriental country's daring move to the world.

In August 2018, Siemens and CIMC Raffles – a subsidiary of China International Marine Containers (Group) Ltd. (CIMC), renewed their strategic cooperation agreement. The two

companies will make bids as a complex to extend their reaches into new businesses, and explore the intelligent transformation and smart manufacturing based on Industry 4.0. This has fully demonstrated Siemens' confidence in the future of China's economy and signaled its desire for more cooperation with Chinese business partners.

Siemens is a household name in China. Similarly, the "CIMC" logo can be seen frequently whether it is at Hamburg Port, it is at Paris Airport or it is everywhere in Europe. Established at Shekou, a then small fishing village in Shenzhen nearly 40 years ago, CIMC has grown into the world's most admired company in its industries through introduction of foreign capital and promotion of technology and know-how transfer and international cooperation.

China's 40 years of reform and opening-up has tremendously impacted the development of the pair of companies and fostered their business expansion and cooperation attempts, giving a vivid picture of the country's brilliant achievement in the past four decades

It is the best ever deal to be a part of China's reform and opening-up practice

For Siemens, the year 1978 witnessed the most consequential events in its milestone of business development in China.

On December 3, Peter von Siemens, the great-son of the founder and then Chairman of the Supervisory Board of Siemens AG, attended the ribbon-cutting ceremony for Siemens exhibition "Electrical Engineering and Electronics" in Shanghai. Nearly 40,000 visitors came to the show.

On December 18, the 3rd Plenary Session of the 11th Central Committee of the Communist Party of China opened and inaugurated the reform and opening-up policy. In January 1979, Siemens entered into a memorandum of understanding (MOU) with China's former Ministry of Machine-Building Industry and began to offer automatic cold rolling equipment to Baoshan Steel Plant which just began its formal production. Since then, Siemens has been active in China and achieved rapid growth.

In 1981, a Siemens representative office opened in Beijing. The 33-year old Ernst H. Behrens (President and CEO of Siemens China from 1997 to 2004) was appointed as Siemens China Representative and started the business operation at Xidan Minzu Hotel.

Many years later, Behrens recalled the days in the 1980s. Every morning, he rode a bike to the Business Negotiation Building of the Ministry of Foreign Trade and Economic cooperation to collect letters to Siemens, most of which were inquiries about Siemens products. The representative office then telexed such information to Siemens branch based Hong Kong or the headquarters in Germany for product catalogues and quotations. At that time, the Business Negotiation Building was located at Erligou.

To familiarize his German colleagues with the pronunciation of the Chinese address, Behrens coined the term "Early Go" for "Erligou" and ended his telexes with "from Early Go". In this case, the German staff thought "Early Go" was a very important person, and they replied back courteously by starting with "Dear Mr. Early Go".

China's economic system was immediately reinvigorated after the reform and opening-up policy was put into practice. Within the first year of the establishment of its China office, Siemens achieved sales revenue 50 million Deutsche Marks. 3 years later, its sales revenue rose to 150 million Deutsche Marks. As the business kept going up, the Chinese office got too many documents, and even its bathtub was filled with inquiries, letters, catalogues and price lists.

In 1984, Dr. Karlheinz Kaske (German manager and CEO of the Siemens AG from 1981 to 1992) visited China. He told Chinese officials that he had a dream that one day, each Chinese were able to spend 1 Deutsche Mark (today, it equals to sales revenue of 450 million euros a year) on Siemens products each year.

His dream has come true, but in a much bigger version: according to the newly released financial report, Siemens' sales volume exceeded 8.1 billion euros in 2018, a year-on-year increase of 12%.

Siemens is now providing technical support for over 167,000 Chinese industrial enterprises and taking part in the construction of 18 HVDC transmission lines. Its signal system is working for 33 metro lines in 15 cities, and its turbine technology is being used by over 45% of thermal power generation plants. In particular, over 650 Chinese cardiac patients will undergo surgeries supported by Siemens medical equipment each day.



Siemens also serves a large number of China's significant projects with strategic importance, such as Baosteel, Three Gorge Project, South-to-North Water Diversion Project, and West-to-East Natural Gas Transmission Project. For Herrmann, Siemens' brilliant performance cannot be alienated from China's reform and opening-up over the past 40 years. He told the *People's Daily* that China's reform and opening-up is not merely about itself, and it has inspired the world, saying "within the past four decades, Siemens has established and developed its relationship with the Chinese government and Chinese people, and Siemens and its Chinese business partners have jointly promoted the electric, automatic and digital process and transformation of China's industries."

Herrmann hails China's ambition to further deepen reforms and widen opening-up for more innovation, manufacturing and construction opportunities in the new era, and believes that China and Germany will cooperate more on Internet plus, digital manufacturing, new energy vehicles, etc. As the champion of China's reform and opening-up, he is pleased with China's promise that "China will unswervingly stick to the reform practice" and "China will never close its door to the outside world; on the contrary, China will open the door wider and wider", saying "we are all big fans and supporters of China's reform and opening-up, because for multinational companies like Siemens and the rest of the world, it will be the

best ever deal to be a part of China's reform and opening-up practice".

Obviously, a large number of German companies are confident in the future of China. For example, Volkswagen, Daimler, BMW and BASF have successively announced their plans to increase investments of over 20 billion euros in total in China since last year.

Chinese companies push forward the globalization processes of companies in developed countries

For Siemens, the past four decades are a period of extending its business reach deeper and further in China; for CIMC, the past four decades are a period of going global and enhancing its international presence and impact.

In November, BrauBeviale 2018 – one of the world's most important capital goods exhibitions for the beverage industry opened at Nuremberg.

Ziemann Holvrieka, a Germany-based company that has an over 160 years lasting tradition in designing, engineering and implementing turnkey projects for new breweries, showcased its exhibits at the center of the exhibition hall, with its logo and the logo of CIMC hung at the entrance to the exhibition booth. In 2012, Ziemann was at the verge of bankruptcy due to poor operation, and then it was bought out by CIMC Enric, a business segment of CIMC.

After the business acquisition, Ziemann turned losses into profits within less than 2 years. Today, CIMC has become one of three suppliers of beer equipment and EPC (engineering, procurement and construction) service in the world, accounting for over 30% of global market shares. Miraculously, it takes less than 10 years for CIMC to make it into the world's top three. The great miracles have occurred in a number of product segments, such as containers, semitrailers, natural gas storage and transportation equipment and boarding bridges.

The success cannot be achieved without China's reform and opening-up.

In January 1979, Shekou Industrial Zone – China's first industrial zone opening up to the outside world was established at Bao'an County, Guangdong Province; in 1980, CIMC was established on a joint investment by China Merchants Steamship Navigation Company and the East Asiatic Company Ltd. at Shekou. Mr. Yuan Geng, the winner of Reform Pioneer Medal, was the first chairman of the container maker.

At the beginning of the 1980s, an agricultural machine repairing station was all that the commune-structured Shekou had for its industrial development foundations. And things were even worse for CIMC: the output was not more than 8, the business was close to bankruptcy, and the number of employees was 59.

However, the structure of CIMC offered a beam of hope amidst the gloomy conditions. As a Sino-foreign joint venture, it accessed to international markets with the opening-up ideas since the inception, which laid solid foundations for its global operations. With further deepening of the reform and opening-up practice, CIMC quickly developed its businesses and strength by connecting foreign advanced technologies with its domestic manufacturing business and market. For example, the acquisition of TGE Gas Engineering tremendously in 2008 has improved CIMC's ability to handle natural gas storage and transportation business; and the acquisition of time-honored firefighting truck manufacturer Ziegler Group in 2013 has taken the business of CIMC's Airport Facilities Segment to the high-end level.

Managing Director and CEO Mr. Ko Brink told the *People's Daily* that after the acquisition, Ziemann has quickly accessed to China's market, and CIMC's advantages in global operations have brought Ziemann wider international visions and better development opportunities. He described the relationship between the Chinese

company and Ziemann as "family members".

On a complementary basis, Ziemann and companies from Netherlands and the UK have become the backbone of CIMC's food equipment business, and they have jointly won the orders from industrial giants such as Carlsberg and Budweiser and represented about 40% of China's market shares.

Mr. Yang Xiaohu, General Manager of CIMC Enric, told the *People's Daily* that after the acquisition of a foreign company, CIMC will not only absorb and renovate its advanced technology and management experience, but also empower the company, such as to provide it with financing ability, purchase resources, talents, global visions, humanistic care and production processes and technical renovations at higher levels. "This is amazing! Chinese companies are pushing forward the globalization processes of companies in developed countries", said Qin Gang, President Assistant of CIMC.

Today, CIMC operates over 30 bricks-and-mortar companies, employs about 7,000 employees and earns 60% of its business revenue abroad. As a representative Chinese enterprise to go global and carry out win-win cooperation, CIMC is now playing a diverse range of important roles in the global industrial division system.

Siemens and CIMC, the two companies that have benefited from China's reform and opening-up and achieved remarkable success, are working together for a better future in the new era.

And their stories have pictured the impact and inspiration of China's practice of reform and opening-up to the world in the past 40 years.

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