

CIMC TODAY

今日中集

中国首次试采海底可燃冰成功 中集“蓝鲸1号”承担重任

中集天达斩获上海浦东机场3亿订单

中集集装箱生产全面使用水性漆工艺

中集模块化39周交付英国Trafford第四代洲际智选假日酒店

2017年07月 总第218期

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CIMC“蓝鲸1号”钻井平台 取得中国首次可燃冰试采成功

CIMC Got the Order of 300-Million-Yuan Boarding Bridges from Shanghai Pudong International Airport

Overall Application of Water-based Paint in CIMC Container Production

CIMC Modular Building Delivered the Trafford G4 Holiday Inn Express within 39 Weeks



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Preface

In the second half of 2017, CIMC will celebrate the 35th anniversary of its operation. The first half of 2017 saw global economic recovery, increasing trades of advanced economies, China's ongoing supply-side reform and steady economic performance.

Thanks to favorable macroeconomic environment and recovering global shipping industry, CIMC maintained steady growth in the first half of 2017 and achieved good results for shareholders, customers and employees through resource integration, management optimization and technological innovation.

In the first half of 2017, governor of Hebei Province Xu Qin met CIMC CEO and President Mai Boliang, and the former welcomed CIMC's participation in the construction of Xiong'an New Area throughout the process and expressed his full support for CIMC's development in Hebei; Philippine president Duterte met CIMC CEO and president Mai Boliang during the Belt and Road Forum for International Cooperation, who exchanged views on CIMC's energy, power supply and investment in the Philippines and reached an initial consensus; the solvent-based paint used for CIMC's container coating had been completely replaced with water-based paint, representing CIMC's active engagement in social responsibility and efforts to protect the environment as the industry leader; Shenzhen CIMC-TianDa Airport Support Co., Ltd. won the bid for China's biggest order of boarding bridge of Shanghai Pudong International Airport; CIMC Modular Building completed the 4th generation of Intercontinental Holiday Inn Express of Trafford in just 39 weeks, achieving the shortest construction period for Intercontinental Group.

Great news came that China successfully collected samples of combustible ice in the Shenhu waters of the South China Sea for the first time on May 18, 2017. The world's most advanced "BLUEWHALE 1" ultra-deepwater, semi-submersible and dual-rig drilling rig independently designed and developed by CIMC Raffles played a key role in this national strategic task.

In the second half of 2017, we will continue to make improvements, explore multi-industry collaboration, reform business models, promote "transformation and upgrading, quality growth", practice the concept of "Sharing Growth, Moving Forward Together" and forge ahead to new mileages together!

Editorial Office of *CIMC Today*

CIMC's Operating Revenue Grows by 40% in Q1-2017 with a Good Start

Containers Segment Jumps from Low with Operating Revenue up by 150%

China's Q1-2017 GDP grew by 6.9% from a year earlier, which was the fastest since the third quarter of 2015, showing a good start in 2017. Benefiting from the favorable macro-economic environment and global shipping industry pick-up, the Q1-2017 interim report published by CIMC today conveyed gratifying results to the world outside. The Group's elevated operating results achieved in the four quarters of 2016 continued apace this year. The Q1 operating revenue recorded RMB14.7 billion, up by 40%, among which, the net profit achieved RMB510 million, with an increase of 24%. The two largest business segments including Containers Segment and Vehicles Segment expanded rapidly, with operating revenues growing by nearly 150% and 40% respectively. Other business segments such as Heavy-duty LNG Truck enjoyed a remarkable business growth while the Energy, Chemical and Food Equipment Segment, Logistics Segment, Airport Facilities Segment and Finance segment sustained a steady growth.

According to the analysis of CIMC officials, the Group's main businesses are closely related with the global macro-economic environment. In Q1-2017, the global economy started to pick up, resulting in more intensified and frequent trade activities in the developed economies in Europe and America. Meanwhile, China continued to push forward the Supply-side Reform, and the economy registered a stable performance with good momentum for growth. All the above are helpful for CIMC which is engaged in providing worldwide logistics and energy businesses with equipment and services to get off to a good start.

Containers and Vehicles segments delivered strong performance

The upward trend saw in the fourth quarter of 2016 continued apace this year. The price of dry container went up slowly from USD1,200-1,300/TEU in early 2016 to USD1,800-1,850/TEU in Q1 2017, hitting USD2,200/TEU currently. Meanwhile, the Container Industry's Self-discipline Convention to Replace Oil Paint with Water-based Paint took effective as of Apr. 1, raising the cost of containers and stimulating

the demands earlier than expected. The Containers Segment reported an operating income of RMB5,300 million in Q1-2017, with an increase of 148.79%; among them, the dry container realized a sales volume of 290,000 TEUs, up by 265.78%; and reefer container had a sales volume of 14,400 TEUs, maintaining a stable growth. Industry insiders predicted that the global container demands would increase from 1,300,000 TEUs in 2016 to 2,000,000 TEUs this year. Besides, major securities institutions agreed that the container market in 2016 had a great potential for growth. CIMC's Containers Segment has topped the world in terms of comprehensive strength in 22 consecutive years, and it is the only company in the world that is capable of providing a whole package of more than 300 varieties of container products, with a global market share of over 50%. The above prediction has been verified by the operating results of CIMC in Q1 2017 to some extent.

The Vehicles Segment which marked itself as CIMC's top segment with RMB14.7 billion revenues in 2016 also reported good operating results in Q1 2017. It realized operating income of RMB4,130 million, with a growth of 39.57%. In recent years, the Vehicles Segment has been expanding its overseas market strategic layout by focusing on exploring international businesses in different continents while reducing regional risks and grasping

all potential opportunities by following the balanced development strategy. Specifically, the North American market contributing most benefits in 2016 continued to grow steadily, the emerging Asian, Australian and African markets witnessed a recovery in demand, and the European market maintained a stable growth in Q1 2017. Besides, the British Retlan Group newly acquired fueled the income growth. Meanwhile, the growth of domestic heavy-duty truck market also helped for the business growth of construction and logistics vehicles. In Q1 2017, CIMC's Vehicles Segment dominated by semi-trailers reported an aggregate sales volume of 35,000 sets, up by 48.94% YOY.

Energy, Chemical and Food Equipment and Airport Facilities Segments sustained a stable growth

Benefitting from the market recovery following a worldwide oil price climbing and industry overcapacity cutting, the Energy, Chemical and Food Equipment Segment which is the Group's third largest segment saw much improved market demand and higher order size. The Segment reported a sales revenue of RMB2,244 million, with a growth of 11.65% YOY.

The Airport Facilities Segment, which is CIMC's another major segment, continued to grow

steadily, with its boarding bridge business expanding steadily. Albert Ziegler GmbH, a supplier of fire truck boasting over 100 years of long history acquired by the Group in 2013, built a spare parts storage in Europe as a result of radical market expansion beyond Germany, thereby exploiting the European market further. The automated logistics business has developed the automatic sorting technology and is speeding up technology integration and absorption; the cubic garage business enjoys a sound momentum of development, with a prospective business focus on the domestic market in Shenzhen. The Airport Facilities Segment reported an operating revenue of RMB491 million in Q1 2017, with an increase of 4.23% YOY.

The stable growth trend of the Group's heavy-duty truck business in 2016 continued in this year, among which, the heavy-duty LNG truck business grew even more rapidly owing to favorable policies and cost advantage. The sales volume of heavy-duty trucks amounted to 1,727 sets in Q1 2017, up by 68%; among them, heavy-duty LNG trucks had a sales volume of 434 sets, up by 151%; the operating income totaled RMB506 million, with an increase of 66.55% YOY.

In addition, the operation revenue of CIMC logistics service business reached 1.655 billion yuan, up 2.50% YOY. The operation revenue of

CIMC financial business reached 544 million yuan, up 3.73% YOY. CIMC is also advancing real estate projects in Prince Bay, Qianhai.

Affected by the global offshore engineering market downturn, CIMC's Offshore Segment was still trapped in a critical condition. Despite this, it made remarkable achievements in technical breakthrough and diversified business development. On Feb. 13, CIMC Raffles Offshore Limited completed the naming and delivery of BLUEWHALE I, an ultra-deepwater semi-submersible drilling platform of D90 design. This drilling platform arrived at the job site in South China Sea in March to perform the national combustible ice exploration lease; on Feb. 24, CIMC Raffles delivered the CNOOC 162 drilling rig to CNOOC Energy Technology & Services Limited as scheduled. In Q1 2017, CIMC Raffles signed two more ship repair orders and two sightseeing ship building orders. Besides, CIMC Raffles also completed and delivered a marine ranching project and developed the Norway deep sea farming and offshore power generating ship. It entered into a potential order with a value of USD250 million with Norway partner.

Q1 2017 Revenue: RMB

14.7 billion

YOY Growth:

40.95%

YOY Growth of Containers Revenue:

150%

YOY Growth of Vehicles Revenue:

40%



Philippines President Rodrigo Duterte Met CIMC CEO & President Mai Boliang

The "Belt and Road Forum for International Cooperation" kicked off in Beijing on May 14, 2017. Philippines President Rodrigo Duterte received CIMC CEO & President Mai Boliang during the forum. The two sides exchanged views on CIMC's energy and power supply and investment in the Philippines and reached initial consensus.

President Duterte spoke highly of Chinese government's "Belt and Road" Initiative and actively encouraged Chinese enterprises to invest in the Philippines. Mr. Duterte said he has been committed to raising the people's living standard since he took office. The country has made significant progress in environmental protection, law and order as well as anti-corruption campaign, but its general infrastructure, energy infrastructure and supply ability call for immediate improvement; and the government needs to do more for the people. The Philippines now has a wealth of investment opportunities, and the government will also offer various incentives to foreign investors and create a favorable investment environment for them.

Mr. Mai said CIMC is a world leading supplier of logistics equipment and energy equipment. CIMC will be actively involved in the "Belt and Road" construction and strive to deliver premium and reliable equipment, services and solutions to the countries along the "Belt and Road" by relying on its own industrial strength. CIMC is keen to get involved in the Philippine's energy and power development plan by providing LNG supply, logistics service and island LNG-fired power generation solutions and launching other investment projects. With plentiful experience in energy infrastructure, especially in LNG, CIMC hopes that it can



expand electricity access to more regions and islands in the Philippines and help the Philippines government improve the people's standard of living so as to do its part in safeguarding the harmonious and pacific relation of the two countries for common development.

As is known to all, the Philippines has stepped into a rapid development stage with a large energy gap. According to statistics, the country's population hit 100 million in 2014, and the GDP grew at 6% or above in 2012-2016. However, the responsive energy supply has been held back by underdeveloped energy infrastructure, aging power supply equipment, short supply and high price. In recent years, the country has made energetic efforts in promoting clean energy, especially the development and application of clean energy in LNG. CIMC Enric and CIMC Offshore, as two world-leading general contractors of energy equipment,

have developed products and services covering the whole industrial train of LNG and are capable of providing the Philippines with integrated solutions from upstream resources to downstream operation.

At the end of the meeting, President Duterte expressed his high recognition of CIMC's brand strength and spirit of candid cooperation, promising on the spot that he would spare no efforts in advancing the above-mentioned investment projects and leading the people in pursuing a happy life.

The ministers of the Department of Energy, Department of Foreign Affairs and Department of Transportation and Communications of the Philippines, along with other cabinet members, president of Philippine National Oil Company (PNOC), CIMC Vice-President Gao Xiang and CIMC Raffles President Wang Jianzhong, also attended the meeting.

Governor Xu Qin of Hebei Province Met CIMC CEO & President Mai Boliang

Xu Qin: Welcome to join the construction of Xiongan New Area, we will give full support for CIMC's development in Hebei

On May 15, 2017, Governor Xu Qin of Hebei Province met and had a cordial and friendly talk with CIMC CEO & President Mai Boliang in the Hebei Provincial Government Building. The two sides exchanged views on such issues as the overall development situation of Hebei Province, the orientation and opportunities of Xiongan New Area and CIMC's strategy of development in Hebei Province. Governor Xu Qin spoke highly of CIMC's contributions to the country's reform and opening-up campaign and economic development. He expected CIMC to get involved in the whole course of construction of Xiongan New Area and to infuse Hebei Province with the spirit of innovation and creative development ideas. And he pledged the provincial government's full support to CIMC's development in the province as long as its development accords with the province's industrial development orientation. Mr. Mai said the province's planning would bring new development opportunities for CIMC and CIMC committed to contribute to the economic development of Hebei Province, especially Xiongan New Area, by keeping to national strategies.

Other officials and leaders presented at the meeting included Li Qian, Vice-Governor of Hebei Province, Zhu Haowen, Secretary-General of Hunan Province, Gong Xiaofeng, Director of the Industry and Information Technology Department of Hebei Province, Song Limin, Deputy Director of Hebei Development and Reform Commission, Dang Xiaolong, Deputy Secretary of Hebei Xiongan New Area Temporary Party Committee and CIMC Vice-Presidents Gao Xiang, Li Yinhui and Zhang Baoqing, etc.

Governor Xu Qin: to give full support to CIMC's development in Hebei

According to Governor Xu Qin, Hebei Province is well endowed with infrastructure and industry is the dominant part of the



province's industry mix. At present, the province responds the government's call to further propel Supply-side Reform and cut overcapacity, with a set of major opportunities lying ahead. Especially, the development strategy for coordinated development of Beijing-Tianjin-Hebei region benefits Hebei most. It is true that economic development is important, but thoughts and ideas are more important. Hebei needs CIMC to infuse the province with the spirit of innovation highlighting "daring to venture out, daring to try and pioneering". Governor Xu expected CIMC to bring not only capitals and projects but also the spirit of innovation and creative development ideas.

Governor Xu specially emphasized that after the Central Government declared its decision to establish Xiongan New Area, it ordered all parties concerned to construct Xiongan New Area into a green ecological, livable and new city region, an innovation-driven development leading area, a balanced development demonstration area, an open development pilot area and finally an innovative development demonstration area that is characterized in world vision, international standard, Chinese characteristics and high-profile positioning. "Reform and innovation is the only way. Xiongan New Area carries particularly many functions and high standards. Hence, we welcome CIMC to get involved in the whole course of construction of Xiongan New Area and the provincial government will give full support to all the business that accord with the province's industrial development orientation" he added.

President Mai Boliang: to contribute to the economic development of Hebei Province, especially Xiongan New Area

President Mai said CIMC had always been keeping to national strategies over the years. Hebei Province's planning would bring new development opportunities for CIMC and CIMC committed to take up this historic mission to play an active part in the planning and contribute to the economic development of the province, especially Xiongan New Area.

When it comes to "how to act faster and more efficiently and serve for the economic development of Xiongan New Area", President Mai said that in addition to supplying modular buildings, LNG equipment and services, cubic garages, fire trucks, sanitation trucks and other infrastructure and construction services, CIMC could introduce advanced manufacturing and build industrial parks to attract industrial supportive enterprises so as to underpin the industrial base of Xiongan New Area.

CIMC 2016 Annual Shareholders Meeting Held



On June 9, 2017, 2016 CIMC Annual Meeting of Shareholders took place in Shenzhen. The meeting was chaired by CIMC director, CEO and president Mai Boliang and attended by senior executives, e.g. director Liu Chong, independent directors Pan Chengwei, Pan Zhengqi and Wang Guixun, supervising chairman Zhang Mingwen, supervisor Xiong Bo, board secretary Yu Yuqun, general manager of Financial Management Dept. Zeng Han, general manager of Funds Management Dept. Yang Rong. Mai Boliang had comprehensive and in-depth talks with shareholders, investors and analysts from across China regarding "BLUEWHALE 1", land resource, innovation industry and investment in the Philippines, etc.

Stock issue, profit distribution, dividend payout, fund raising, credit guarantee authorization and other motions as well as reports on work of board of directors, board of supervisors and annual work in 2016 were reviewed and passed at the meeting; the first stock issue, validity of warranty and accountant appointment in 2017 were also reviewed.

Shareholders from every part of China had a keen focus on business development of CIMC. Mai Boliang said CIMC would try its best to secure shareholders' interests, and he answered questions sincerely and patiently.

When it comes to recent "BLUEWHALE 1", Mai Boliang proudly said, "BLUEWHALE 1" has made great contributions by successfully collecting samples of combustible ice. "BLUEWHALE 1" is the world's technologically leading ultra deepwater drilling rig independently developed, designed and built by CIMC. Sample collection is still ongoing in the South China Sea. Although "BLUEWHALE 1" operates in a breakeven way in the short term, we will continue to seek national policy support. In the second half, "BLUEWHALE 2" will also be delivered, and CIMC is seeking cooperation.

During the meeting, shareholders put forward questions on CIMC's land development, Mai Boliang replied, "Qianhai land project has been submitted to newly elected Shenzhen municipal government, and CIMC is keeping in close touch with the government; an agreement

has been reached on land project of Shekou Prince Bay, and it is now in the approval process." Meanwhile, Baoshan land project of Shanghai is going on smoothly and the bidding on land use is expected to take place soon.

When asked about CIMC's emerging business, Mai Boliang responded, "CIMC is planning to develop emerging business." Take modular building for example, this business will have big room for growth in the next 5 to 10 years; in addition, CIMC is a global pioneer in vertical automated bus parking business, so it will solve bus parking problem for major cities in the world; CIMC's e-commerce is booming and maintains market leadership in Beijing, Shanghai, Guangzhou and Shenzhen.

Mai Boliang commented on the meeting with president of the Philippines, "The Philippines is known as the 'country of thousand islands', so electricity there is in short supply with 50% of the population still living without access to electricity." CIMC can provide the world's leading LNG power generation solution, which has been highly recognized by the Philippines. However, these projects need intergovernmental engagement before they can be effectively carried out to avoid risks. Currently, the Philippine government is actively advancing this program. Mai Boliang stressed CIMC's commitment to participating in national key development programs, including One Belt One Road, Guangdong-Hong Kong-Macau Bay Area, Xiongan New Area, Innovation City of Shenzhen, etc.

Mai Boliang closed the meeting by expressing his appreciation for shareholders' continuous support for the development of CIMC. In the future, CIMC will focus more on "quality-based growth", speed up transformation and upgrading and strive to bring greater returns to shareholders. "I will be with all of you all the time!", said Mai Boliang.

CIMC's First Market-oriented VC Fund Launched

On June 14, 2017, CIMC and Shenzhen Readysun Investment Group ("Readysun") co-launched the "Hengqin CIMC Readysun Innovation & Entrepreneurship Investment Fund" ("VC Fund" or "the Fund"); the VC Fund Inaugural Meeting took place at CIMC R&D Center, which was attended by vice president Wu Fapei and Yu Yuqun, president assistant Qin Gang, general manager of Strategic Development Dept. Tao Kuan, Readysun chairman Feng Qinghua, managing director Wang Jiayan and investors' representatives of each business segment.

The VC Fund will make investments according to CIMC's existing industries and upstream & downstream industry chain as well as external relating emerging industries so as to promote CIMC's multi-industry collaboration and resource integration, support start-up programs, seize the opportunity of fast-growing emerging industries and maximize the interests of CIMC, the Fund and start-up programs. It will primarily focus on fast-growing high-end equipment manufacturing and new technology sectors, lay special emphasis on intelligent logistics, industrial automation

and robot, industrial internet, green new materials, etc. It will give priority to programs of technological innovation and model innovation.

As the first market-oriented VC fund run by CIMC, the Fund is run and managed according to market rules in terms of project search, investment, internal management, incentive and constraint of investment & research team, investment decision-making mechanism, exit, etc. The Fund adopts flat structure with CIMC being CO-GP to co-manage the Fund's investment and decision-making with Readysun, which fully reflects the characteristic of CIMC's industry chain service.

According to Tao Kuan, main planner and initiator of VC Fund and general manager of Strategic Development Dept., the Fund has a big innovation in addition to market-oriented operation: Make full use of investment resources of CIMC and each business segment, provide services and support for VC Fund in project search, investment, post-investment management, etc.

CIMC vice president Wu Fapei pointed out: Make VC Fund the platform integrating innovation resources and funds in and outside of CIMC: CIMC will turn some strong project resources into investment opportunities for VC Fund in the process of business promotion in relating industries and upstream & downstream industry chain. Meanwhile, VC Fund will also recommend CIMC's internal projects to angel investment agencies to accelerate the growth of CIMC's internal startup programs.

Overall Application of Water-based Paint in CIMC Container Production

April 1, 2017 marks a special day for China's container industry, because China's container manufacturing industry started to completely replace solvent-based paint with water-based paint for container coating since this day. It is learned that CIMC Container Segment has put a lot of manpower, materials and money into accelerating technical improvement of water-based paint in each plant since 2015.

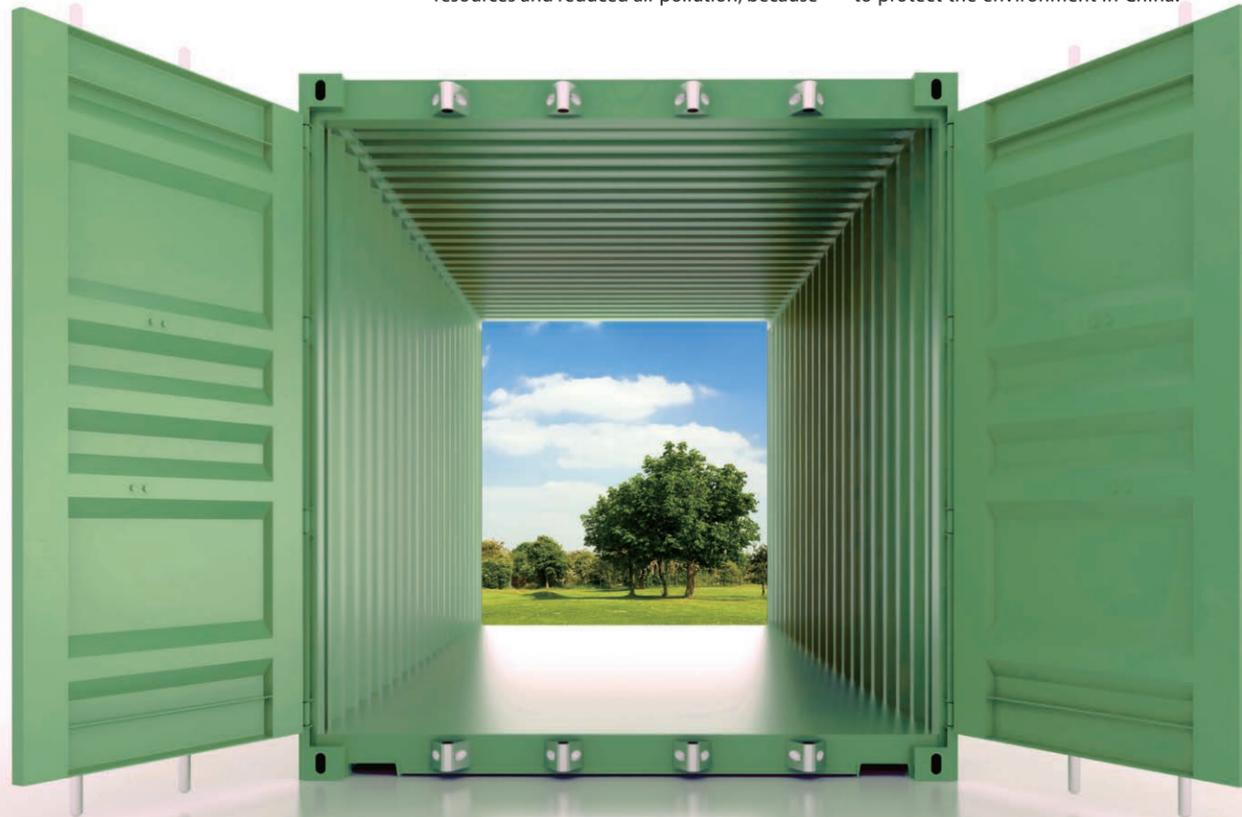
With the development of economy, China has paid increasing attention to environmental issues. During the 13th Five-year Plan, China has begun to control VOCs emissions in the process of industrial coating, and particularly container manufacturing industry is under massive environmental pressure. Led by CIMC and organized by China Container Industry Association (CCIA), the entire industry responded to the national call for air pollution control, "joint commitment, joint operation", and signed the Self-disciplinary

Convention on CCIA VOCs Treatment On March 22, 2016, essentially reflecting the "three unified standards": Establish unified standards on "the use of water-based paint rather than solvent-based paint", relating technical specifications and default regulation and management, make the deadline of April 1, 2017 for fully promoting the use of water-based paint. The "Convention" controls VOCs emissions from the source and promotes comprehensive application of water-based paint, which has dramatically reduced VOCs emissions in container manufacturing industry and brought green production process into container industry. So far, each plant of CIMC Container Segment has completed technical improvement of water-based paint coating line, which ensures each plant can carry out normal and stable water-based paint coating since April 1, 2017.

Replacing solvent-based paint with water-based paint has tremendously saved resources and reduced air pollution, because

water-based paint produces 80% less VOCs than solvent-based paint does. So it is quite environmentally friendly. Water-based paint almost contains no copper and chromium and is free from toluene and xylene that exist in solvent-based paint, so it has greatly improved working condition, reduced harm done to production workers and effectively controlled incidence of occupational diseases. With the application of water-based paint, most front-line workers reported that there was significantly less irritant smell at construction site, which has obviously helped increase their productivity. Surrounding residents also say the use of water-based paint has led to little solvent odor and better quality of life. In addition, water-based paint has lowered the risks of fire or explosion during the construction, making it safer than solvent-based paint.

In the future, CIMC will focus on "environmental protection" and "promoting the use of water-based paint" and do its part to protect the environment in China.



CIMC Vehicles Signed Strategic Cooperation Agreement with Zhenjiang Municipal Government



On June 8, 2017, Zhang Yefei, mayor of Zhenjiang, Jiangsu, visited the head office of CIMC Vehicles Group, had an in-depth talk on CIMC Vehicles Group's investment projects in Jingkou District and Hi-tech Zone of Zhejiang and entered into strategic cooperation agreement with CIMC Vehicles Group managing director Li Guiping, taking the cooperation to municipal level.

Li Guiping introduced the development history of CIMC and CIMC Vehicles Group and said, "The 6 projects invested by CIMC Vehicles Group in the past two years like Baojing Project, Shexing Taibao and Feiyan Program belong to high-tech and innovative projects, and they rely on industrial entities and focus on intelligent component development." In addition, the periodic lease of semi-trailer in the pipeline will involve vehicle aftermarket, distribution and e-commerce, and it will

seek cooperation with professional agencies to extend industry chain to service sector via internet+. In the future, CIMC defines three business targets of "trailer manufacturing, intelligent components, and trailer service", and it will prioritize Zhenjiang in intelligent components and trailer service. Located in Jiangsu, Zhenjiang has well-developed transportation network and numerous colleges, and its livable environment makes it a better place for talent introduction and long-term business development. The national logistics center under way in Zhenjiang is strategically aligned with innovative business of CIMC Vehicles.

Zhang Yefei said, "Zhenjiang enjoys a stable socioeconomic development, and it is one of the core tasks of municipal-level and district-level governments to provide excellent matching services for enterprises." The vehicle administration closely related with

CIMC Vehicles was awarded the title of "2016 National Worker Pioneer". In particular, the national-level high-tech zone established in Zhenjiang in October 2014 got the same industrial support as Zhongguancun, which can better match latest business model. The agreement signed is meant to seek more substantial cooperation between both parties in a higher and broader level.

At the meeting, Yi Yuqian, member of Zhenjiang Municipal Standing Committee and secretary of Jingkou District Committee, Yan Zhubo, director of Zhenjiang High-Tech Zone Management Committee, Ding Feng, director of Zhenjiang Municipal Bureau of Transport, Fan Cunjian, deputy director of Zhenjiang Municipal Bureau of Public Security, expressed full support for investment projects of CIMC Vehicles Group in Zhenjiang.

C919 Passenger Jet Transported by CIMC Vehicles Successfully Completed Its Maiden Flight at Shanghai Pudong International Airport

On May 5, 2017, China's first large jetliner C919 made a successful maiden flight at Shanghai Pudong International Airport. Although CIMC didn't participate in the manufacturing, the C919 fuselage was transported by Yangzhou CIMC Tonghua Special Vehicles Co., Ltd. from Nanchang to Shanghai Assembly Base. In order to better carry large jet fuselage, CIMC developed special tank and vehicle. "Made in CIMC" has demonstrated its advantages in logistics and equipment manufacturing in the field of aerospace.

Patent Obtained for Aerospace Service

China's home-grown C919 is the second type of large passenger plane independently designed and developed by China after Shanghai Y-10 airliner. C919 fuselage manufacturing and assembly took place in different plants. Therefore, special hauling equipment was required to carry the fuselage to the designated site of assembly.

As special goods, C919 presented challenging transportation requirements. "Hoisting is required when the fuselage is loaded in the plant, and that requires open-van transport vehicle to facilitate hoisting operation. Meanwhile, the van should be a closed container during the transportation to ensure it is water-proof and dust-proof

and protect the fuselage." According to relating personnel of CIMC, "The fuselage is huge and somewhat round, it might roll during the transportation and cause damage easily, so ordinary transport vehicle can't meet the requirement." "To solve this problem, CIMC Tonghua developed a special transport vehicle for large fuselage and applied for the utility model patent of Fuselage Transport Vehicle."

It is learned this is not the first time that CIMC provides service for China's aerospace cause. Earlier in 2007, China Aerospace Science & Technology Corporation (CASC) consulted Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NCSE) on the feasibility of transporting rocket with container and provided support for China's new generation of heavy rocket

launch base. Then NCSE was devoted to the pioneering scientific research on "the world's largest container" and developed "CZ-5 Long March Rocket transport vehicle", making it the only special transport equipment manufacturer in the CASC heavy rocket transportation system. Besides, relating technology of this product was granted utility model patent.

A Shift to Intelligent Container

In 2016, as the world shipping slumped, CIMC's marine container business also experienced a continuous decline. However, CIMC's refrigerated container, railway container and special container enjoyed robust growth, becoming a new profit driver. "The biggest success of container lies in its standardization and well-established transportation system,

which gives standards to goods weighing several dozen tons and provides matching logistics system worldwide through ship, port, shipping route, road, transfer station, bridge, tunnel and multimodal transport." The relevant person in charge of CIMC Container Segment said, "CIMC becomes the world's largest container manufacturer by tapping into its own strengths, and it is the world's No.1 producer of dry container, refrigerated container, tank container and special container."

With declining demand for marine container, special containers for military project, coal and grain saw a 30% growth, becoming a new profit driver. He said, "To achieve further transformation and upgrading, CIMC Container Segment is shifting to 'container+service+finance' and intelligent container."



CIMC Vehicles Delivered Innovative Vehicles with Side Curtains to TBL

Recently, CIMC Vehicles (Thailand) Co., Ltd. (Thailand CIMC) delivered 14 innovative vehicles with side curtains to Thailand's No.1 company ThaiBev. ThaiBev is also the biggest producer of alcoholic and non-alcoholic beverage in southeast Asia. These vehicles were taken by Thai Beverage Logistics (TBL) that operates as a subsidiary of ThaiBev and Thailand's largest self-run logistics company.

TBL has a wide range of beverage products and distribution outlets, but standard vehicles with side curtains carry limited quantities of goods and goods are hard to be fixed, leading to inefficient loading

and unloading, so combined transport with pallets in varying sizes are needed. To achieve maximal operation efficiency, TBL asked for an innovative vehicle with side curtains characterized by European "quick slide" style with maximum inner width of 2.5M (total width shall be no more than 2.55M according to Thai laws); besides, goods can be loaded at side and back doors.

According to loading/unloading characteristics of TBL, Thailand CIMC designed a unique sliding center pillar that can slide towards the center, so it is adjustable to meet loading/unloading

requirements at side or back door. Compared with standard sliding pillar, it is faster and easier for fork operation. The side pillar is removed based on European "quick slide" design, which achieves maximum inner width and can accommodate 26 non-standard pallets. (Ordinary side-curtain vehicle can hold 26 standard pallets or 24 non-standard ones) and the dead weight is lower than ordinary side-curtain vehicle with 26 standard pallets. In addition, it keeps European "quick slide" feature of one-man operation, making it possible to open or close within one minute, which has saved procurement cost considerably.



CIMC Enric Completed Sinopec Ethylene Project

On February 16, 2017, the 1500-m³ Sinopec cryogenic ethylene tank built by CIMC Enric Jingmen Honto was completed and delivered to the owner. This is the first time for Honto's product of the same kind to be included into Sinopec's equipment supplier

The total investment of this project is more than 27 million yuan, with annual capacity of 100,000 tons. It adopts advanced cryogenic ethylene storage & transportation technology, mainly comprising cryogenic ethylene tank, refrigerant compressor unit, cryogenic ethylene loading pump and loading platform, etc. After the project is put into operation, it will help

the owner increase stock asset utilization ratio and achieve more output, less energy consumption and product structure optimization, which will bring good economic and social benefits and further boost profitability and anti-risk capability.



CIMC Enric LNG Tank Containers Passed Multimodal Transportation Test in USEC Shipping Route

On February 25, 2017, liquefied natural gas was successfully unloaded from the 40ft LNG tank container manufactured by CIMC ENRIC Nantong Tank Equipment Co., Ltd. in Cidra, Puerto Rico, Latin America. This has been the second long-distance transportation test passed by CIMC Enric on USEC shipping route two years after its products were successfully put into bulk transport from USWC to Hawaii (USWC shipping route), marking that LNG tank container made by CIMC Enric comprehensively meets the needs of multimodal transportation on shipping routes of north America and Latin America.

It is learned that the transportation of LNG tank container involved every process from liquid filling to liquid unloading, that is, static lossless storage, road transportation

(Port of Jacksonville), sea transportation to static storage, spanning a distance of 2,600km. It took one month to complete LNG static test. During the transportation, stable pressure, excellent thermal insulation and user-friendly operation environment of the tank container were highly recognized by the customer.

LNG transportation presents greater safety hazards than ordinary chemicals, so the tank container is 100% made from stainless steel and equipped with pressure & liquid level monitoring, GPS system and wireless remote control device, making it possible to monitor real-time status of tank container performance and the whole process of transportation; relating data are connected with customers' operation platform, which has reduced transportation risks of logistics

enterprises to some extent. This system can also predict pressure status of tank container in a short period of time and work out maximum storage duration under normal transportation condition. Lossless storage duration is estimated to reach 140 days according to the tank container test data.

LNG tank container is applicable to multiple modes of transportation and different users, especially small-and-medium-sized bulk LNG transportation, and it is a "one-stop" supplementary tool for pipeline gas trade. The successful test proves again that "LNG multimodal transportation solution" of CIMC Enric is exceptionally outstanding and leads the market.



CIMC Enric Signed the Building Contract for the 160,000-M³ Storage Tank of Guanghui Energy Qidong LNG Terminal

On March 17, 2017, Mr. Wang Jianjun, deputy general manager of Guanghui Energy Co., Ltd. and president of Guanghui LNG Co., Ltd., paid a visit to CIMC and attended the signing ceremony of the 160,000-m³ storage tank project of Qidong LNG terminal. CIMC vice president Gao Xiang, CIMC Enric executive director and general manager Liu Chunfeng, CIMC Capital general manager Wang Zhiwu, CIMC Enric Engineering Business Center general manager Wang Huaisheng, TGE Shanghai general manager Carl Pross, Yangzi Petrochemical Design Institute president Xiao Xiuping also attended the ceremony. And CIMC Enric,

Guanghui Energy and CIMC Capital signed corresponding contracts concerning the 160,000-m³ storage tank of Qidong LNG terminal.

Qidong LNG terminal is a large LNG terminal project invested by Guanghui Energy in Qidong, Jiangsu, and a total of 1.9 billion yuan is invested. CNPC Huanqiu Contracting & Engineering, Bank of Kunlun and China Development Bank were involved in the negotiation over EPC and financing of the 160,000-M³ Storage Tank Project Phase II, and it took CIMC Enric and CIMC Capital about 18 months to complete the

negotiation and design of EPC and financing plan; finally, TGE and YPADI under CIMC Enric co-undertook the 160,000-m³ storage tank project, and CIMC Capital financed the project through leaseback.

CIMC vice president Gao Xiang said, "Both CIMC and Guanghui Energy are leaders in their respective fields, so I hope both parties can take this opportunity to consolidate partnership, start a new chapter of cooperation and make new contributions to promote the development of China's energy industry."



The 2nd 3,600-M³ Liquid Ammonia Carrier Built By CIMC Enric Was Successfully Launched



On April 26, 2017, China's second multi-purpose 3,600-m³ liquid ammonia\LPG carrier built by CIMC ENRIC Jingmen Honto was successfully launched in Zhoushan, Zhejiang. Le Pengfei, president of Zhejiang Dongpeng Shipbuilding & Repair Co., Ltd., and leaders from Zhoushan Liuheng Island Management Committee and State Administration of Work Safety, CCS Shanghai Branch and Wuhan Finance Bureau attended the launch ceremony.

It is learned that the 3,600-m³ liquid ammonia\LPG carrier was built by Jingmen Honto within 18 months on the basis of EPC. The ship met the requirements of CCS. Jingmen Honto technicians worked together with Dongpeng Shipyard and relating industry experts, drew on valuable experience accumulated in the construction process of the first ship and made further technological improvement. The ship is equipped with both Beidou and GPS

systems, intelligent navigation system and internet of ships, which have greatly enhanced navigational safety of the ship; meanwhile, it can precisely manage cargo dispatch, which has effectively reduced labor intensity of crews and increased average efficiency and ship service efficiency. In addition, it has saved owners' general operating cost and offered shipowners more cost-effective and safer products, making it widely recognized among CCS, shipowners and industry experts.

CIMC ENRIC Successfully Delivered the 1st Overseas Spherical Tank Project



On May 2, 2017, 4 sets of 1,000-m³ LPG spherical tanks undertaken by Jingmen Honto Special Aircraft Manufacturing Co., Ltd. under CIMC ENRIC ("CIMC Honto") were completed and put into operation in Kara Balta City, Kyrgyz.

The project site is located in the extremely cold region with effective construction period lasting less than 8 months in a year. It is the first overseas spherical tank project completed by CIMC Honto, and will become the first LPG spherical storage tank system of the largest oil refinery in Kyrgyz, which will benefit local residents and also improve overall utilization of clean energy in Kyrgyz. It has provided important reference for the negotiation and implementation of overseas spherical tank and other projects of CIMC Honto, and accumulated rich experience in overseas project construction for CIMC Honto.

According to insiders, CIMC Honto has big advantages in product standards, engineering service and cost, so it has been recognized by many countries along the "One Belt, One Road", because energy is in great demand in these countries, and spherical tanks are mainly used to store LPG and other chemical products, which is why there is a huge market. Currently, overseas projects undertaken by CIMC Honto are more complex than those in domestic market, because they are "turnkey project" requiring installation and on-site facilities construction.

China's First 50,000-ton Dual-purpose Submersible Ship Went into Use

On March 14, 2017, "Zhenhua 33", China's first large dual-purpose submersible carrier designed and delivered by CIMC Ship and Offshore Design & Research Institute Co., Ltd. (CIMC ORIC) for Zhenhua Heavy Industry, was completed, passed experts' acceptance test and went into use in Qidong, Jiangsu, unveiling a new chapter of dual-purpose ship, which is of practical and strategic significance.

Independently designed and developed

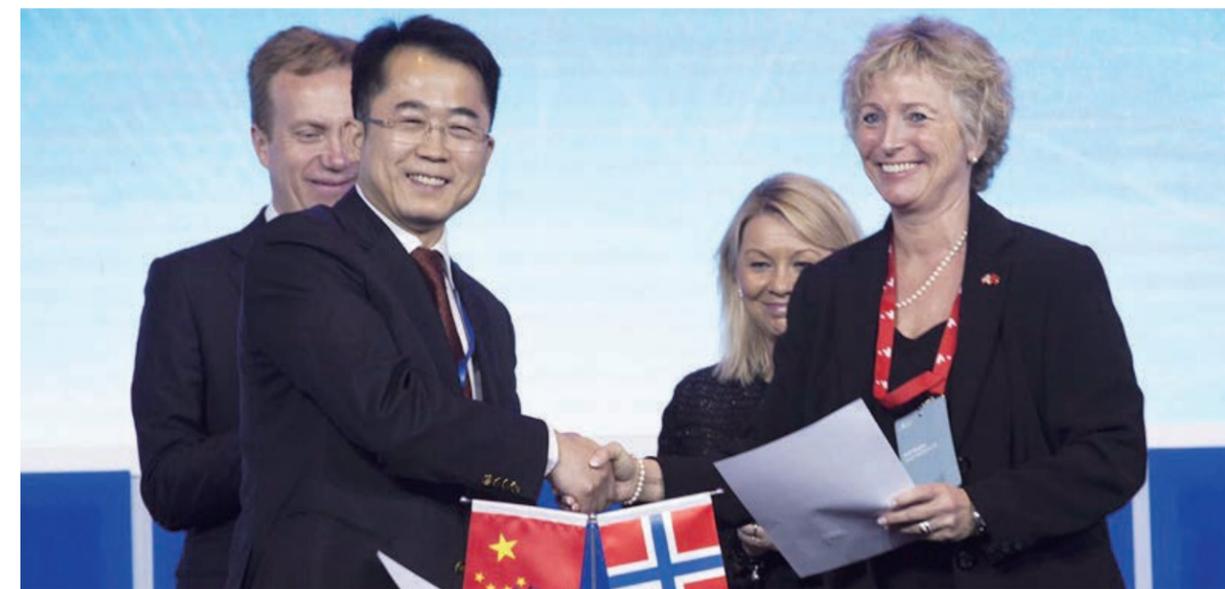
by CIMC ORIC, "Zhenhua 33" possesses independent intellectual property right. The ship features energy conservation and green design, a high level of automation and advanced DP2 dynamic positioning; it is a self-propelled submersible carrier navigating and working in non-restricted waters.

"Zhenhua 33" is not only applicable to the loading and transportation of large offshore equipment (e.g. large steel

structure, platform, jacket) used for offshore oil and gas exploration and large ships and naval vessels, but can function to rescue and salvage ships, equipment and aerospace vehicles stranded in waters; during wartime, "Zhenhua 33" can also perform motorized unloading on the seashore, offshore barge unloading, helicopter relay security, ship emergency rescue and other military purposes.



CIMC Raffles Signs a Letter of Intent on Construction Project with a Total Value of USD250 Million and Enters into Strategic Cooperation Contract with a Norwegian Partner



The 2017 China-Norway Business Summit, with the theme of Creating Sustainable Solutions for a Better Future, was held on Apr. 7, 2017. The Summit was hosted by Royal Norwegian Embassy in China and Innovation Norway and co-organized by All-China Federation of Industry and Commerce and China Enterprise Confederation. The visiting Norwegian Prime Minister Erna Solberg attended the Summit and delivered a speech. As a representative of high-end offshore engineering equipment manufacturers in China, CIMC Raffles Offshore Limited (short as "CIMC Raffles" below) was invited to the Summit. CIMC Raffles signed a letter of intent on construction with a total value estimated at USD250 million with a Norwegian partner. But the equipment to be built is not any drilling rig used for deep sea oil extraction but offshore cages used in farming of salmon in deep water of Norway.

5 deepsea net cages exclusively designed for the culture of Norwegian salmons

President Wang Jianzhong of CIMC Raffles and Chairman Heidi Baugst of Norwegian Ocean Aquafarms AS signed the *Letter of Intent on Construction of Offshore Cages and the Strategic Agreement on China-Norway Aquaculture Cooperation*, whereby the CIMC Raffles agreed to build 5 Hex Box offshore aquaculture cages for Norway to be used in

deep sea farming of salmon. The agreement had an estimated value of USD250 million. According to insiders, it is reported that the project enjoys a broad market prospect, evidenced by the fact that Norway only has the potential to accommodate 100 Hex Box aquaculture cages. Norwegian Prime Minister Erna Solberg and Vice-Chairman of the CPPCC National Committee Wang Qinmin witnessed the signing of the letter of intent and agreement.

In recent years, relying on its construction and assembly capacity of high-end offshore engineering equipment and after analyzing the features of salmon farming and Norway waters, CIMC Raffle has cooperated with Norwegian design and equipment companies to develop intelligent cages suitable for deep sea farming in Norway. These cages will free Norway's salmon farming from fiord geographic restrictions while reaching out to open deep sea.

According to Wang Jianzhong, the offshore cages are 30-100 high, with a unit value of around USD50 million. Meanwhile, CIMC Raffle is also developing sea cages suitable for Chinese waters applications. "We are developing sea cages used in farming of puffer, snakehead, yellow croaker and grouper, with the intention of providing you all with reliable, nourishing and contamination-free fishery products" said Mr. Wang.

Leaders of two countries have been vigorously promoting Sino-Norwegian collaboration

According to CRI Online report, during the Sino-Norwegian Business Summit, Premier Li Keqiang and Norwegian PM Erna Solberg held talks at the Great Hall of the People. Li Keqiang said, "China is willing to establish an intergovernmental energy policy dialogue mechanism with Norway, deepen exchanges among enterprises of both countries, strengthen collaborations in energy and offshore engineering, co-develop third-party markets and carry out exchange and cooperation in agriculture, fishery, technological innovation, social security, policing and law enforcement, local cultures, etc." Solberg also expressed the hope for collaborations in agriculture, fishery, ocean, shipping, environment, finance, tax, investment, etc.

The positive state-level signal will offer a big picture of the cooperation between CIMC's offshore enterprises and Norwegian counterparts.

CIMC Raffles's Floating Power Plant System Got Certified by International Authoritative Organization for the First Time

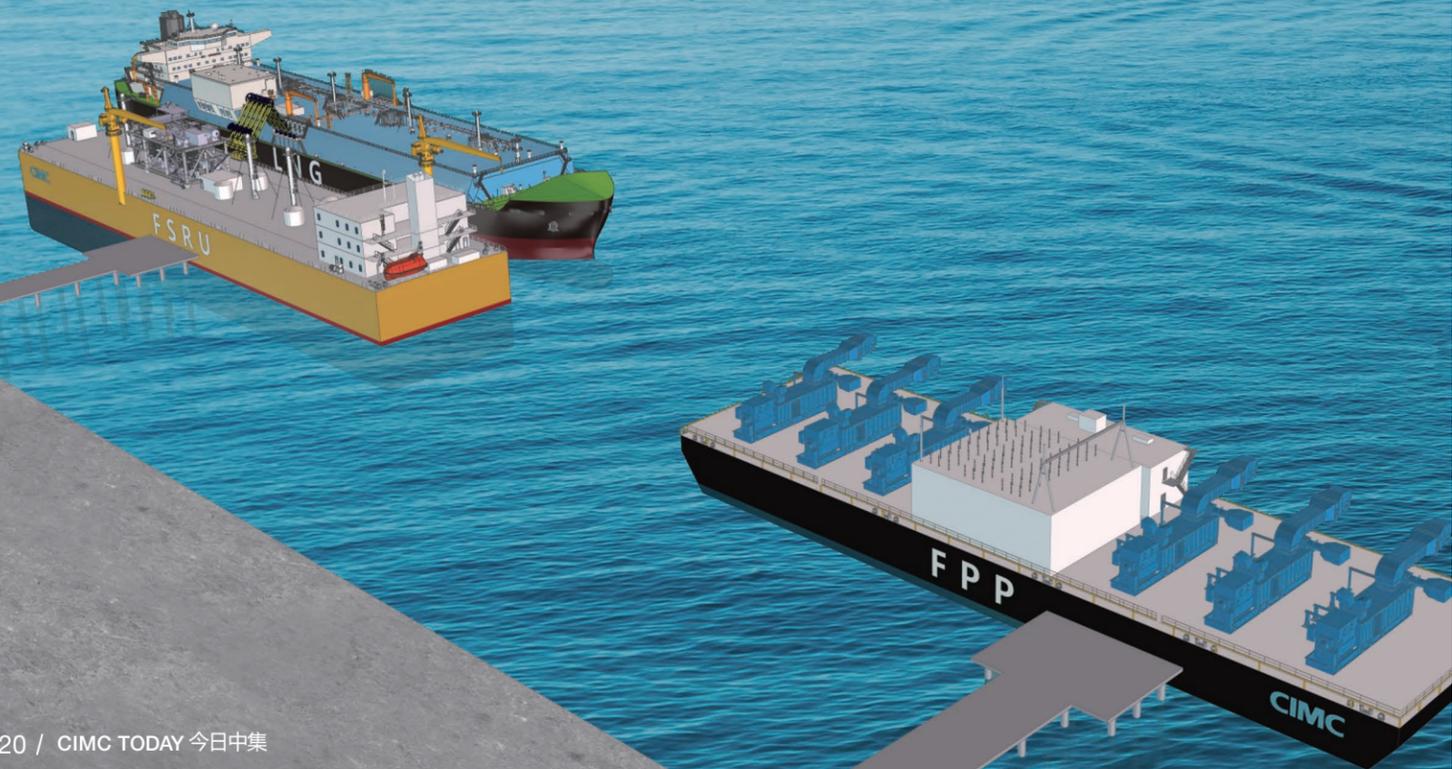
Recently, the floating power plant and LNG-FSRU independently developed by CIMC Raffles passed AIP certification of American Bureau of Shipping (ABS). This is the first floating power plant system of a Chinese enterprise which has passed the certification of an international authoritative organization. The certificate obtained means CIMC Raffles can promote this design in global market, break the monopoly of other countries in this field and compete for a share of a 100-billion-USD market.

Simply speaking, a floating power plant is to move an integrated power plant onto a power ship plus a gas fuel supply ship. Natural gas is clean energy, low-priced and environmentally-friendly.

The floating power ship is powered by natural gas via LNG-FSRU equipment, that is, receiving LNG from LNG carrier, storing LNG in FSRU ship, having it gasified before going to the power ship through flexible hose.

The floating power plant is mobile, convenient, easy to build, almost pollution-free and space saving. It mainly targets two markets: first, islands of emerging countries, e.g. Indonesia and African countries. Second, coastal cities with big population, massive electric power consumption, land scarcity or serious air pollution, even there is no power consumption in these cities, LNG-FSRU can also meet gas demands on the land.

It is learned the 50MW gas turbine floating power plant, 100MW gas turbine floating power plant and 24,000-m³ LNG-FSRU all passed ABS certification. Normally, 1MW of electricity is sufficient for daily life of 20,000 residents in a small town. A power ship of 50MW-100MW can basically satisfy the needs of daily life and industrial production activities on a big island inhabited by 10,000 people, and a 24,000-m³ LNG-FSRU can accommodate adequate amount of fuel to run a power ship for 20-30 days.



National Engineering Laboratory of Offshore Engineering Assembly, R&D and Design Set Up in Shanghai

On April 25, 2017, National Engineering Laboratory of Offshore Engineering Assembly, R&D and Design was established and the 1st council meeting was held. China State Shipbuilding Corporation (CSSC) Deputy General Manager Sun Wei attended the meeting and inaugurated the laboratory together with CIMC Vice President Yu Ya, Shanghai Jiaotong University Vice President Wu Dan and representatives of Shanghai Municipal Development and Reform Commission and Shanghai Municipal Scientific and Technological Commission.

The 708th Research Institute of CSSC and CIMC took the lead in the application for the lab together with the other 12 organizations, and the lab was approved by National Development and Reform Commission in June 2016 and integrated strong organizations in China's offshore engineering industry from basic research, R&D and design, system integration to assembly. So it is a national level innovative platform of offshore engineering assembly, R&D and design.

After the establishment, considering the problems of core technology bottleneck and weak assembly & fabrication technology of offshore equipment in the preliminary stage, the laboratory will explore immediate needs of deep-sea resource development, polar resource development, mineral resource development and deep-sea support, focus on overall technology of offshore equipment and forward-looking technology development trend, make breakthroughs in ten common key technologies, e.g. overall R&D and design technology, testing technology, system integration



technology and parallel cooperative design technology, build offshore engineering R&D and design and assembly demonstration platform, support the development of ten key equipment technologies and equipment, system integration and engineering, e.g. new generation of drilling rig, D90 ultra-deepwater submersible production platform, polar drilling ship, oceanic drilling ship and superlarge submersible ship, foster professional engineering technology innovation talents of offshore equipment, promote the application of key technological achievements, gradually improve offshore equipment design technology system and industrial system, develop independent design capability in deep-sea, polar oil and gas exploitation equipment, mineral exploitation equipment, offshore support equipment and provide full technical support to grow offshore equipment manufacturing industry.

Offshore equipment is a primary component of emerging industry and high-end manufacturing industry. In recent years,

China's offshore equipment technology and industry has made a substantial progress. A series of major offshore equipment have been jointly developed by lab members, such as "Offshore Oil 981" submersible drilling rig, GM4-D polar submersible drilling rig, D90 ultra-deepwater submersible drilling rig, "Offshore Oil 117" FPSO, which is of great significance to accelerate the development of China's offshore equipment industry.

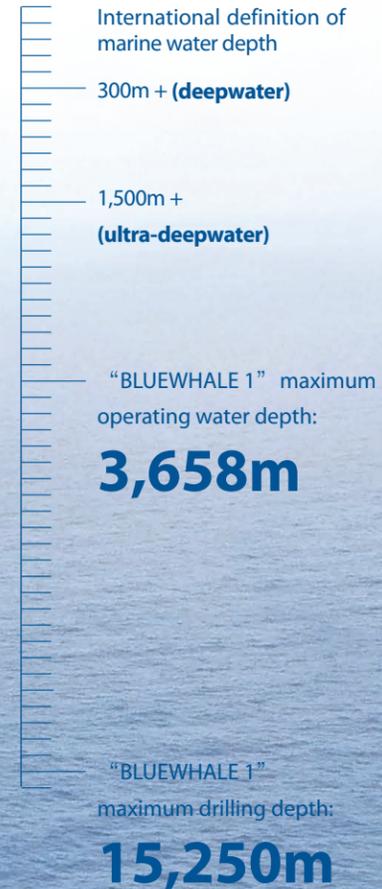
In the future, the lab will focus on imperative needs for equipment development of the nation's strategic mission and major engineering projects, gradually develop independent design, fabrication and matching capabilities in key equipment, boost enterprises' sustainable innovation capability and do its bit to drive the development of China's offshore equipment industry.

CIMC “BLUEWHALE 1” Drilling Platform Procures China’s First Success in Trial Mining of Seabed Combustible Ice

“China successfully extracted natural gas hydrate at sea for the first time,” Minister of the Land and Resources Jiang Daming announced on the “BLUEWHALE 1” drilling platform operating in the Shenhu area of the South China Sea on May 18, 2017. This means China becomes the first country in the world that has mastered the natural gas hydrate (also called “combustible ice”) mining technology, marking a milestone in safeguarding China’s energy security and optimizing energy structure. Gao Yu, Director of the Supervision and Inspection Office of the General Office under the State Council, delivered a congratulatory message from the CPC Central Committee and the State Council on the ceremony.

The “BLUEWHALE 1” drilling platform, which undertook such a strategic mission to mine combustible ice at sea successfully, is the most advanced ultra-deepwater dual-rig semi-submersible drilling platform in the world. It is independently designed and constructed by CIMC Raffles Offshore Limited (short as “CIMC Raffles”) and jointly operated by Tianjin TEDA Bluewhale Offshore Engineering Technology Co., Ltd. and China National Petroleum Offshore Engineering Co., Ltd based on an operation service contract.

The officials and leaders present on the ceremony also included, among others, Liu Wei, Vice-Minister of Finance, Zhong Ziran, Party member of the Ministry of the Land and Resources and Director General of China Geological Survey, Li Chunsheng, Vice-Governor of Guangdong Province, Wang Yilin, Chairman of China National Petroleum Corporation (CNPC), Wang Dongjin, Vice-President of CNPC, Han Shui, Chief Engineer of National Energy Administration, Shi Qingfeng, Deputy Director General of the State Oceanic Administration, Li Jinfa, Deputy Director General of China Geological Survey, CIMC CEO & President Mai Boliang, Vice-Presidents Yu Ya and Li Yinhui, CIMC Raffles President Wang Jianzhong and Vice-President Liu Yanjia.



China Overfulfills the Projected Goal of Combustible Gas Trail Mining, Becoming the World’s Frontrunner in Combustible Gas Exploitation and Development

China Geological Survey (CGS), under the Ministry of the Land and Resources, was in charge of the trial mining of natural gas hydrate in the Shenhu area of the South China Sea. Under the leadership of the CPC Central Committee and the State Council, with the high-level supports from the Ministry of Finance, the National Development and Reform Commission and the Ministry of Science and Technology, and in collaboration with CNPC, CIMC Raffles and other units involved, the CGS extracted natural gas hydrate from the deposits in the Shenhu area of the South China Sea, drilling 203-277 meters below the depth of 1,266 meters underwater.

Ye Jianliang, the field superintendent of CGS natural gas hydrate trial mining project, reported on the ceremony dated May 18 that the trial mining of natural gas hydrate in Shenhu area of the South China Sea officially commenced on Mar. 28, 2017 and the flare was ignited at 2:52 p.m. on May 10 after more than 40 days of hard work day and night. By 3:00 p.m. on May 17, the accumulated gas output had reached 113,200 cubic meters. The average output a day is about 16,000 cubic meters, and the highest output in one day is 35,000 cubic meters. 99.5% of the gas extracted is methane. The trial mining is carried on as planned with stable output, and the projected goal of extracting natural gas hydrate for one week continuously with a daily output of 10,000 cubic meters has been overfulfilled.

This is China’s and also the world’s first success in mining muddy silt type natural gas hydrate in a safe and controllable manner. Muddy silt type natural gas hydrate is a kind of mineral resource that accounts for 90% of world resources and is most difficultly exploitable. The success of this project accumulates solid technical reserves and valuable experience for commercial development and exploitation of natural gas hydrate, changes China’s role as a follower in energy exploration and exploitation, realizes independent innovation of theory, technology, engineering and equipment, makes the historical leap from a “follower” to a “leader” in this field, and have important and profound implications

for guaranteeing energy security, promoting green development and building a maritime power.

Zhong Ziran said on the launching ceremony on Mar. 28 that to propel the exploration and commercial trial production of natural gas hydrate has been included as one of the Prioritized Energy Development Programs in *China’s 13th Five-Year Plan on National Economic and Social Development*. The trial mining of natural gas hydrate at sea is of vital importance to the nation’s economy and the people’s livelihood, and it is pinned expectations of the country and people. The successful trial production of natural gas hydrate will lay a solid foundation for China to usher in a new era of energy utilization and create historical opportunities. The CPC Central Committee, the State Council and the Ministry of the Land and Resources expressed their high regard and have given several instructions on this issue.

Zhong Ziran further pointed out that the successful trial mining of natural gas hydrate is of great importance. The trial mining is a key initiative for China to build a maritime power and a sci-tech power and to implement the land resource sci-tech innovation strategy highlighting “deep-ground survey, deep-sea exploration and deep-space earth observation”, and it is the touchstone of the achievements already made in scientific and technical innovation. To execute the strategy of building a maritime power and that of reinvigorating China with science and technology, we must develop the ability of deep-ocean exploitation to make clear the value of natural gas hydrate resources and safeguard the State’s maritime sovereignty. Trial mining can not only help us examine the scientificity of the theory, technology and equipment system established early but also push forward the commercial exploitation of natural gas hydrate resources with the aid of deep-sea accessing, exploration and development technologies mastered in large-scale, multi-discipline and demanding technical problem solving projects. The successful trial mining of natural gas hydrate will be the first battle of solving technical problems that opens up the second century of course for CGS.

CNPC Vice-President Wang Dongjin added that CNPC highly valued and cherished this opportunity of “being first in China”.

BLUEWHALE 1: the country's important equipment that extracted combustible ice successfully

The "BLUEWHALE 1" drilling platform that undertook this trail mining mission was independently designed and constructed by CIMC Raffles. On the ceremony held on May 18, CIMC CEO & President Mai Boliang expressed that he was rather proud and excited about this trail mining. He said the "BLUEWHALE 1" drilling platform stood for the highest level of marine drilling platform design and construction in the world, bringing China's deepwater oil and gas exploration and development ability into world advanced level. Moreover, it is an important practice for CIMC to implement the "Belt and Road" national strategy and fortify the country's high-end energy equipment strength.



CIMC CEO & President Mai Boliang sends his condolence to the foreign workers in the pilot's compartment of the "BLUEWHALE 1" drilling platform.

CIMC Vice-President Yu Ya said the undertaking of such a representative trail mining project by the "BLUEWHALE 1" ultra-deepwater drilling platform independently designed and constructed by CIMC is a special honor granted to CIMC as a Chinese manufacturing business. He added that China National Petroleum Offshore Engineering Co., Ltd on the one side and CIMC Raffles on the other side signed a drilling platform technical service contract for the "BLUEWHALE 1" on Aug. 16, 2016. At 11:00 p.m. on Mar. 6, 2017, upon completion of all the preparedness work for operation, the "BLUEWHALE 1" drilling platform set sail from Yantai and reached the well site after 8 days.

According to information, the "BLUEWHALE 1" of Frigstad D90 design, for which the detailed design, construction design, construction and commissioning were all done by CIMC Raffles, is equipped with a DP3 dynamic positioning system and classed by DNV. With an operational depth of up to 3,658 meters and drilling depth to 15,240 meters, this 117x92.7x118 m (LxWxH) "BLUEWHALE 1" can operate in all global

waters and is a semi-submersible drilling platform with the highest operational and drilling depths in the world. Compared with traditional single-derrick drilling platforms, the "BLUEWHALE 1" is provided with double efficient hydraulic derricks and world-leading DP3 dynamic positioning system, improving the operating efficiency by 30% and saves 10% fuel.

The "BLUEWHALE 1" drilling platform was granted the "Best Drilling Technology Award" by *World Oil* 2014 and the 2016 OTC "Best Design Highlights" in succession. Besides, it was praised by Prime Minister Li Keqiang at the "China Equipment Manufacturing Exhibition" held in Rio de Janeiro, Brazil in May 2015.

"BLUEWHALE 1" has 27,354 sets of equipment, more than 40,000 root pipelines, more than 50,000 MCC inspection points and cable length of 1.2 million meters. As the most advanced generation

of ultra-deepwater double-derrick semi-submersible drilling platform, "BLUEWHALE 1" not only outperforms its counterparts in the physical quantities but also overcomes the technical research, project management, global procurement, practical operations and many other challenges in the design and construction process.

CIMC Raffles performed detailed design and basic design simultaneously. It completed the platform design in just 9 months, which was 3 months ahead of the standard design cycle. For the first time, "BLUEWHALE 1" adopted the 100 mm NVF690 ultra thick steel plate and completed the world's first CTOD experiment, making CIMC Raffles the only enterprise around the globe that succeeded in conducting the experiment and owns such welding capacity. The lean management pattern was employed in the project for the first time, which contributed to a 15% increase in production schedule.

Combustible Ice Mining Draws Global Attention, Suggestive of Promising Prospect of Commercialization

Combustible ice, technically known as natural gas hydrate, is mainly found in permafrost areas or deep-sea sediments at a depth of 900-1,200 meters below sea level. It is an ice-alike crystalline substance generated by natural gas and water under high pressure and low temperature conditions, and it produces a small amount of carbon dioxide and water when combusted. Compared with petroleum and natural gas, combustible ice has such advantages as high availability, high combustion value and cleanliness without pollution. Experts estimate that combustible ice reserves in marine only can be used by human beings for 1,000 years and it is recognized as the alternative energy of natural gas and oil.

Combustible gas has a high economic value and remarkable strategic significance, thus receiving wide concerns from major host countries of resources across the world. China is one of the countries with most abundant reserves of combustible gas resources. In addition to the permafrost areas on the land, the South China Sea holds combustible gas resources up to 70 billion tons of oil equivalent and prospective reserves of more than 100 billion tons of oil equivalent, with a promising exploitation prospect.

Trial mining of combustible gas attracts tremendous attention as a key project to implement the national energy strategy. But its exploitation and exploration requires us to overcome a series of great technical and environmental obstacles. Without well-established technologies, the exploitation and exploration activities may

trigger submarine geological disasters and cause lots of seabed greenhouse gases to release into the air which will in turn lead to environmental crisis. Over the years, under the leadership of CGS and with the supports from CNPC and other companies, China has made substantial achievements in combustible gas survey, exploration and trial production technologies.

This successful trail mining of combustible gas is a world-leading movement of great significance. The extraction of combustible gas by the "BLUEWHALE 1" in the South China Sea signifies a major technical breakthrough made by China in this field, paving the way for the commercial development of combustible gas. The event will exert a great influence on our country's energy structure and contribute to elevating the energy self-sufficiency rate, protecting the energy security and meanwhile mitigating the environmental pollution caused by coal and oil so as to realize the sustainable and balanced development of the economy and society.



CIMC Raffles Signed a Deal on Deepsea Intelligent Net Cage Aquaculture Equipment Manufacturing Project



On May 23, 2017, Norway-China Seafood & Aquaculture Summit 2017 was held in Beijing. CIMC Raffles and Norwegian famous equipment manufacturer Kongsberg Maritime signed the *Memorandum of Understanding on China Aquaculture Net Cage High-end Equipment Exclusive Supply*, which not only deepened the strategic cooperation between both parties, but also helped advance China's intelligent fishery equipment.

Kongsberg Maritime operates as a world-famous company mainly specializing in R&D of automatic detection and control equipment of marine oil and gas, fishery, shipping, etc. CIMC Raffles is a high-end marine equipment manufacture integrating R&D, design, manufacture and commissioning. It boasts international advanced facilities

and technologies. With strong cooperation, advanced net cage underwater monitoring system and underwater light will be introduced to ensure stable and precise operation of net cage system and help improve overall quality of China's marine aquaculture.

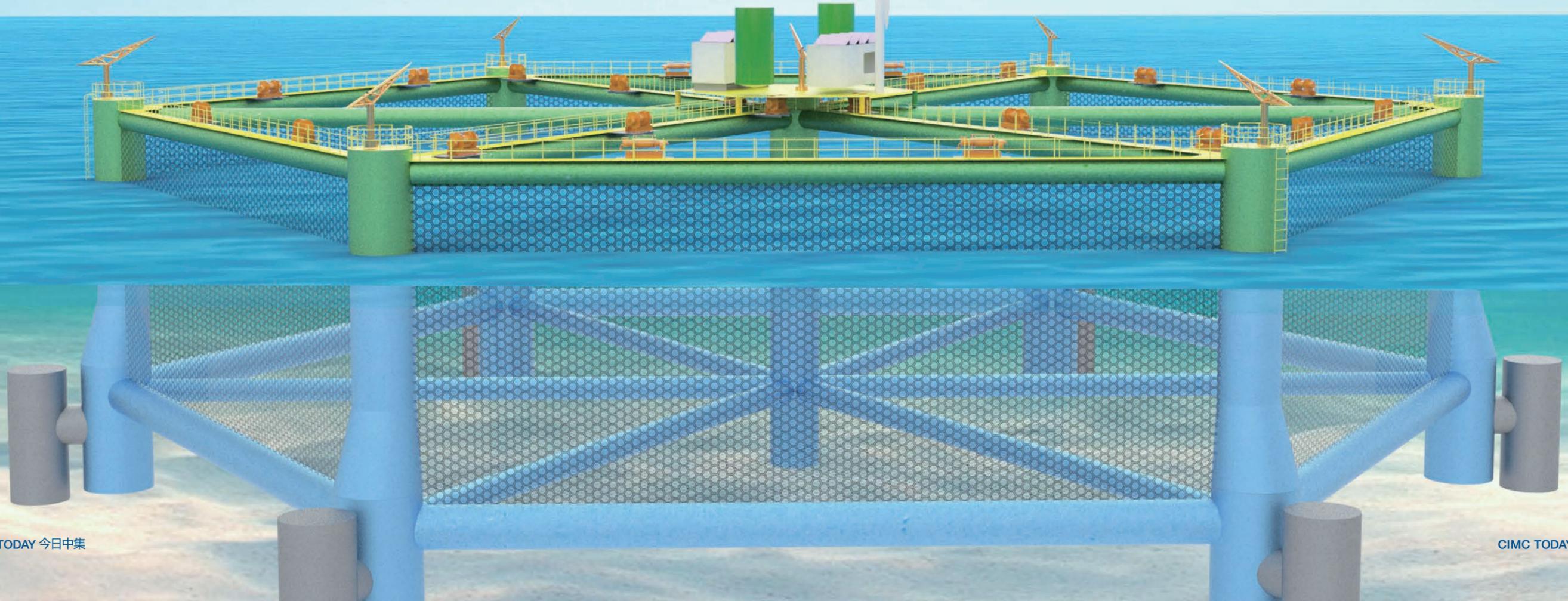
On May 24, 2017, CIMC Raffles and Changdao Jiayi Marine Product Development Co., Ltd. (Changdao Jiayi) signed the construction contract of *25*25 Jack-up Aquafarm Platform and Hex box C15-35K Deepsea Intelligent Bottom-supported Net Cage*, and CIMC Raffles signed the construction contract of *Hex box C30-75K Deepsea Intelligent Bottom-supported Net Cage* with Changdao Hongxiang Marine Product Development Co., Ltd. (Changdao Hongxiang).

The Hexbox C15-35K and Hexbox C30-75K intelligent bottom-supported net cage is China's first deepsea intelligent net cage aquaculture project. The net cage is meant for Chinese waters. Norwegian Ocean Aquafarms AS Company provided technical support, CIMC Raffles made detailed design and completed project construction, commissioning and delivery at Longkou shipyard.

According to insiders, traditional cage culture is operational to some extent, but it is only confined to coastal waters and bay, which occupies land of coastal tourism resources and can't guarantee the quantity and quality of aquatic products. Deepsea intelligent net cage uses bottom-supported hexagonal steel structure, and its inner part contains six small cages in the same size; power is supplied by

wind and solar energy; automatic feeding, underwater monitoring, underwater net washing equipment are installed to achieve automatic, intelligent and pollution-free cage culture. Deepsea aquaculture not only reduces pollution traditional cage culture does to waters, but also promotes the development of coastal tourism resources. More importantly, it can bring handsome economic returns to users. Take C15-35K (15 meters) for example, if black skirt tetra is cultured, it will produce annual net profit of 7.468 million yuan in theory.

It is without doubt that the two projects represent CIMC Raffles has achieved another breakthrough in marine fishery equipment, which helps accelerate the intelligentization of Chinese fishery equipment.



CIMC Raffles Delivered 2 High-end Cruise Ships and 4 Yachts

On June 7, 2017, two “Xunxian” cruise ships and four 99-seat “Qiuxian” yachts designed and built by CIMC member enterprise CIMC Raffles were delivered to the wholly-invested subsidiary of Beibu Gulf Tourism Co., Ltd. (Beibu Gulf Tourism) – Yantai Xinyi Cruise Ship Co., Ltd. (Xinyi Company) at Yantai shipyard and Longkou shipyard respectively. This is the remarkable result CIMC Raffles has achieved in tourism supply-side reform, which has enhanced CIMC Raffles’ independent development and mass production capability in high-end cruise ship and yacht and helps increase brand influence of high-end marine tourism of both companies.

“Immortal” Element Added to Cruise Ship and Yacht

“Xunxian” and “Qiuxian” high-end coastal tourism project is dedicated to satisfying customers’ needs for healthy travel. It is not only a means of transport for sightseeing tour, but also serves as “holiday destination”, allowing tourists derive both material and spiritual enjoyment, which also helps promote the brand building of “Wonderland Off the Coast” cultural tourism destination of Shandong province.

The two “Xunxian” cruise ships delivered are “Xunxian 5” and “Xunxian 6”, representing CIMC Raffles’ first attempt to make high-end cruise ship for sightseeing tour of Changdao waters of the Bohai Sea. In cultural concept, “Xunxian” absorbs the

culture of “eight immortals”, interprets the concept of immortal mountain on the sea, develops seven cultivation activities centering on food and “seeking immortal platform” for tourists, allowing them to feel “immortal” atmosphere. In style, the shape of “China Dragon” is adopted instead of the “stereotyped” industrial design, making it look streamlined and peculiar. In construction technology, ordinary steel porthole is replaced by large glass porthole, safe and beautiful, and this technological innovation has been recognized by China Classification Society. In addition, underwater light and nano coating can also be found on “Xunxian” ship for the first time. In tourism service, “Xunxian” features illusory space, casual restaurant, creative souvenir store and dream theme space, fully satisfying diverse tourist needs.

Four 99-seat “Qiuxian” yachts are another premium project built by CIMC Raffles for tours of coastal routes of Qinhuangdao, Kongtong Island and islands. “Qiuxian” yacht features unique shape with battleaxe bow and streamlined design, looking beautiful, safe and comfortable. In construction technology, the hull and superstructure are made of steel, safe and strong, particularly applicable to waters with reefs, floating ice and complex topography. In addition, “Qiuxian” yacht provides an average deck area of 1.5 square meters for each tourist, so they can enjoy sea breeze, feed seagulls and feel “immortal” ambience.

Continuously Gather Force for Tourism Supply-side Reform, Build World-Class Cruise Ships and Yachts

Currently, Chinese residents’ consumption is in the process of quick transformation and upgrading and tourism sector is embracing a golden age; however, tourism product supply cannot meet public needs for quality travel. So tourism sector is in big supply-demand imbalance. CIMC Raffles and Xinyi Company joined hands to take this opportunity of tourism supply-side reform and launch “Xunxian” and “Qiuxian” high-end coastal tourism projects, enabling more consumers to enjoy “superior” marine tourism service and both companies to win new growth opportunities.



CIMC Logistics Ranked No.8 Among 2016 Top100 China Freight Forwarding & Logistics Enterprises

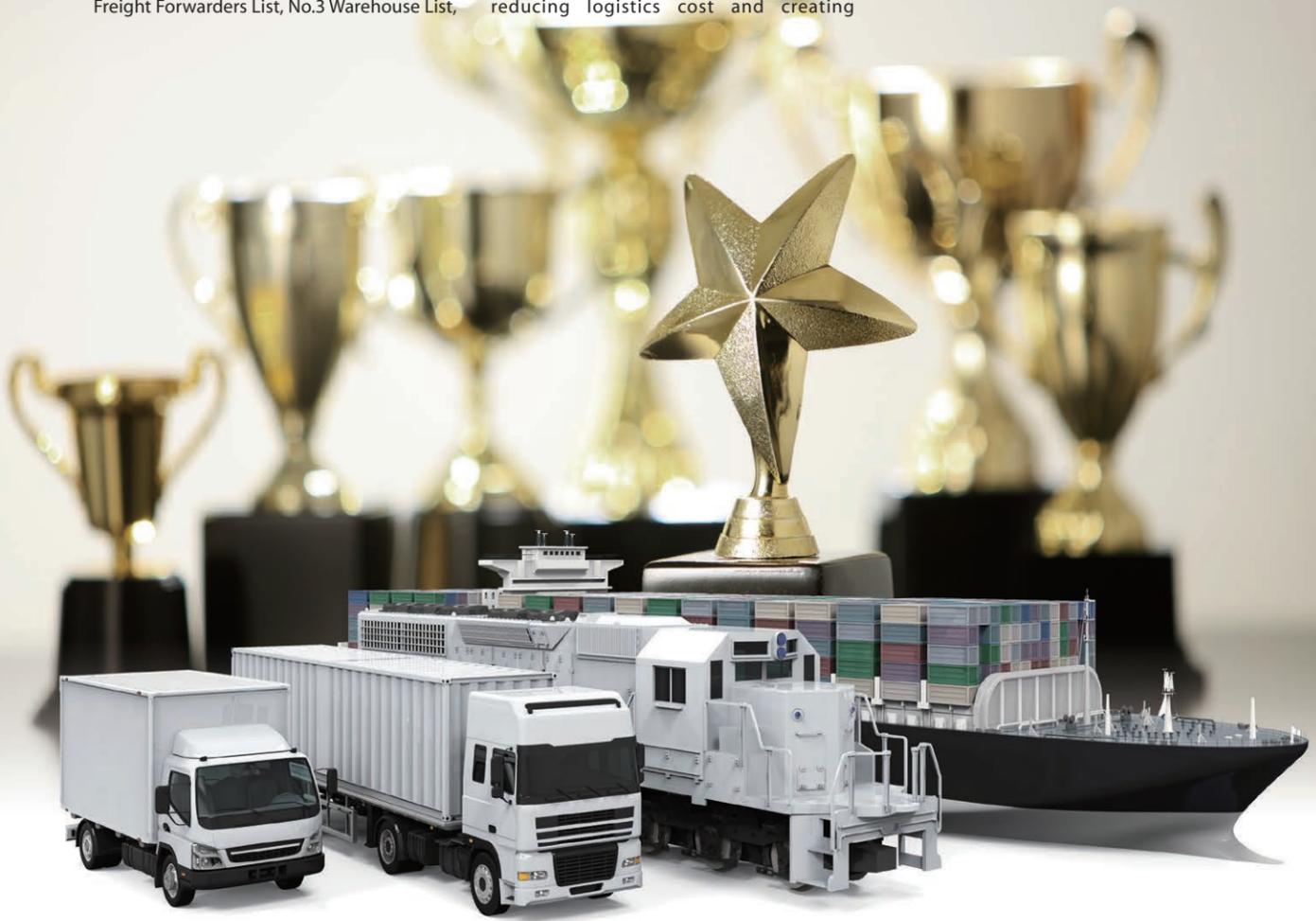
Recently China International Freight Forwarders Association (CIFA) and International Business Daily jointly publicized the 2016 China Freight Forwarding & Logistics Enterprises Ranking, and the list included top 100 freight forwarders, warehouse, sea transportation, land transportation, air transportation and private enterprises.

CIMC Logistics ranked No.8 on Top 100 Freight Forwarders List, No.3 Warehouse List,

No.4 Sea Transportation List and No.12 Land Transportation respectively. The member enterprise of CIMC Logistics-Zhenhua Logistics Group ranked No.13 on Top 100 Freight Forwarders List, No.13 Warehouse List, No.7 Sea Transportation List and No.15 Land Transportation respectively.

CIMC Logistics is always committed to developing integrated logistics service capability, increasing logistics efficiency, reducing logistics cost and creating

social value. It focuses on five business lines, namely, global container operation & management, shipping and project logistics service, multimodal transportation, equipment logistics and contractual logistics. It aims to become the world's largest container operation & management service provider and world-famous "equipment+service" logistics solution provider.



CIMC TianDa Won the Bid of Ground Air-conditioner Project of Hong Kong International Airport (HKG)

On May 15, 2017, CIMC TianDa Jirong Air Refrigeration Co., Ltd. obtained another order of ground air-conditioning project from HKG North Satellite Concourse. According to CIMC TianDa Jirong general manager Chen Zhe, the air-conditioning unit was designed strictly according to HK airport requirement and new structure was adopted. Hong Kong is a coastal city with humid, rainy climate all year round. So it presents rigorous anticorrosion requirement on air-conditioning unit. CIMC TianDa Jirong's aircraft air-conditioning unit can function well in such harsh conditions.

Besides, the unit also features low noise, low-temperature air distribution, fast cooling, energy efficiency and environmental friendliness, etc.

It is learned that a total of 182 air-conditioning units provided by CIMC TianDa Jirong were put into operation at Hong Kong International Airport. This order enables CIMC TianDa Jirong to provide almost all ground air-conditioners for the airport, becoming the biggest air-conditioner provider of HKG.

With the opening of Hong Kong market, CIMC TianDa Jirong enters markets in Kenya, Tanzania, Panama, Brazil, Turkey, Poland, etc. So far, CIMC TianDa Jirong has delivered more than 680 aircraft air-conditioners to 33 airports all over the world, including 350 aircraft air-conditioners serving 10 overseas airports, which makes up over 50% of international market.



CIMC Got the Order of 300-Million-Yuan Boarding Bridges from Shanghai Pudong International Airport

CIMC Tianda built nearly 6,000 boarding bridges, accounting for **40%** of global market share.

On May 26, 2017, CIMC TianDa won the bid of 162 boarding bridges of Shanghai Pudong International Airport Extension Project Phase III, which was worth 296.46 million yuan. This broke the record of CIMC TianDa's bid of 170-million-yuan boarding bridges of Beijing Daxing International Airport, becoming the single biggest order in the market of boarding bridge in China. So CIMC TianDa is the sole provider of all boarding bridges for Shanghai Pudong International Airport Phase I-Phase III, so it will play an important part in this aviation hub with the designed handling capacity of 80 million passengers.

It is noteworthy that aside from A380 boarding bridge, CIMC TianDa will also provide two T-shaped boarding bridges for domestic airport for the first time. So this has changed the history there was no home-developed T-shaped boarding bridge in China, marking a new breakthrough in the product line of China-built boarding bridge. When a plane and terminal (or fixed end) are quite closed to each other, ordinary rotary, retractable boarding bridge doesn't work as well as T-shaped boarding bridge does, and the latter is more efficient.

It is learned that CIMC TianDa has won the bid of 480+ boarding bridges of airports at home and abroad so far this year, including Beijing Daxing International Airport, Guilin Liangjiang International Airport, Santiago de Chile Airport, Abha Regional Airport, Amsterdam Airport Schiphol, Melbourne Airport, etc. This successful bidding will also help CIMC TianDa increase its share

and influence in global boarding bridge market. So far, CIMC TianDa has provided boarding bridges for 259 airports in 69 countries and regions, of which there are 119 international airports, in other words, its overseas business makes up 50% of CIMC TianDa's entire boarding bridge business. The 6000 boarding bridges built by CIMC TianDa constitute approximately 40% global

market share, offering global passengers safe and comfortable experience.



CIMC Finance Company Got Membership of Shanghai Commercial Paper Exchange and Listed in Its Trading System



On March 27, 2017, CIMC Finance Company got membership of Shanghai Commercial Paper Exchange Corporation Ltd. (SCPE) and was listed in its trading system on the same day.

SCPE is a national-level commercial paper exchange built by the People's Bank of China. It is a national bill trading platform responsible for bill trading, registration and trusteeship, clearing and settlement and information service. It went into operation on December 8, 2016. SCPE establishment is an important measure of deepening financial reform and development in China, which will greatly improve transparency and trading efficiency of bill market, spur market vitality and better avoid bill business risks. Meanwhile, this will also help improve the central bank's financial regulation, optimize currency

policy transmission mechanism and further strengthen the capability of the real economy of bill market service by creating bill trading platform.

CIMC Finance Company joins SCPE and gets incorporated into national bill trading platform, which helps improve CIMC's bill operating capability on a national scale and boost the integration of CIMC's industry and finance. Taking advantage of the settlement and financing functions of bills, CIMC Finance Company provides convenient payment and settlement services for enterprises in the process of bill acceptance through SHCPE platform, which speeds up capital turnover and commodity circulation and facilitates transactions. In bill discounting, CIMC Finance Company provides quick channels of financing and low-cost funds for enterprises.

It is learned that from July 2017 onwards, all paper notes must be registered at SCPE and made electronic. From January 2018, all notes with face value above 1 million yuan must be electronic. The countdown indeed begins for paper notes to exit the market. CIMC Finance Company accessed the electronic commercial bill system of the People's Bank of China in 2013 and developed bill management system according to enterprise management needs, including paper note/electronic bill business processing and corporate bill management. This system can bring together in a platform the company's electronic bills in e-banks, realizing concentrated management of paper note and electronic bill business. Presently, about 100 member enterprises of CIMC get free access to this system.

The Kick-off Meeting of 2017 CIMC Smart Valley Cup "Win in Dongguan" Scientific and Technological Innovation & Entrepreneurship Competition Was Successfully Held



On June 5, 2017, the kick-off meeting of the 6th China Innovation & Entrepreneurship Competition of Hong Kong, Macau and Taiwan, 2017 CIMC Smart Valley Cup "Win in Dongguan" Scientific and Technological Innovation & Entrepreneurship Competition and the 3rd "Win in Dongguan" College Student Scientific & Technological Innovation & Entrepreneurship Competition took place at CIMC Smart Valley Industrial Park, Songshan Lake, Dongguan.

The meeting was attended by about 350 people, including An Lei, director of MOST Torch Center Fund Office, Yang Jun, deputy director of Guangdong Provincial Department of Science and Technology, Huang Qinghui, deputy mayor of Dongguan Municipal People's Government, deputy secretary-general Chen Qingsong, Wu Shiwen, director of Dongguan Municipal Bureau of Science & Technology, CIMC president assistant Qin Gang, CIMC Industry & City deputy general manager Wei Jun, Industry Development Center general manager

Sun Bin, Marketing Management Center general manager Lu Chuanyi, CIMC Smart Valley general manager Chen Ping, deputy manager Wang Qilei, CIMC Cloud Entrepreneurship general manager Tian Xin, CIMC VC Fund manager Cheng Mo and representatives from organizations of Guangdong, HK, Macau and Taiwan, street (park)science & technology divisions of Dongguan and enterprise teams.

It is learned that the "Win in Dongguan" Scientific & Technological Innovation & Entrepreneurship Competition ("City Competition") is the highest-level innovation & entrepreneurship event in Dongguan. It has been held four times consecutively. Apart from the "In-City Competition" this year, there is also the "Beyond-City Competition" (domestic and international). Domestic competition is held in Shenzhen and international one in the US, which is intended to "introduce talents" from all over the world and bring in more excellent innovation & entrepreneurship projects and teams.

Currently, national subject challenge has attracted CIMC, TCL, Plug And Play, Rococo and other companies; it engages many entrepreneurs and attempts to find "dark horses" so as to facilitate integration of resources and services across the Taiwan Straits and achieve collaborative innovation. CIMC released 50+ subjects on five areas of intelligence, environmental protection, material, industrial IOT and professional skills according to its own needs for innovation, upgrading and development. They involved intelligent manufacturing, intelligent product, environmental technology, energy-saving technology, intelligent monitoring system, welding technology, laser technology, new materials, etc. CIMC hopes to realize effective integration of innovative technology and collaborative development through pertinent competitions.

Qin Gang mentioned, "Win in Dongguan" Scientific & Technological Innovation & Entrepreneurship Competition is vigorously promoting the development of Dongguan's innovation & entrepreneurship." In an era of "Mass Entrepreneurship and Innovation", innovation & entrepreneurship is booming within CIMC. CIMC has clearly defined its development strategy in Dongguan, that is, relying on CIMC Smart Valley Industrial Park, following the service philosophy of "industry driving entrepreneurship, service supporting innovation" and striving to build CIMC into an innovation & entrepreneurship base and give a boost to Dongguan's scientific & technological innovation.

CIMC Modular Building Delivered the Trafford G4 Holiday Inn Express within 39 Weeks

On May 19, 2017, the 4th generation of Trafford HIE hotel located in the center of Trafford City, Manchester opened, which was built by CIMC Modular Building. It took CIMC Modular Building just 39 weeks to build 220 guest rooms from groundbreaking to completion, half the time spent on traditional buildings, which broke the local record in construction period and became the project of InterContinental Hotels Group completed in the shortest period of time.

The hotel provides F&D, bar, fitness and conference services. It is close to the largest

shopping center-Trafford Center after London, Europe's biggest commercial park-Trafford Park and England's second largest exhibition center-EventCity.

It is learned that by the end of 2017, CIMC Modular Building will deliver more than 2015 modular houses with approximately 3,500 rooms. The brand of CIMC Smart Manufacture built by CIMC Modular Building is now booming everywhere in England.



Eslife Handled Over 1 Million Parcels on 618 E-commerce Day

June 18, 2017 is a big day for JD Mall and Tmall. As the last-mile offline logistics terminal, delivery locker plays a vital role in the entire eco-chain. Eslife saw a record high in the utilization rate during the “618” campaign, marking that delivery locker has become a major tool of end-to-end delivery.

On June 20, the average turnover rate of Eslife in Beijing, Shanghai, Guangzhou, Shenzhen and Foshan hit 110%. More than 1 million of parcels are delivered every day, twice the figure during the “11-11” campaign in 2016. The turnover rate of Eslife locker in Beijing, Shanghai, Guangzhou and Shenzhen is the highest in the industry (excluding school products); the number of parcels delivered on a daily basis surpassed 650,000

in May, much higher than that in the same period last year. It is noteworthy that Eslife enjoys a rapid growth on a paid basis.

Presently, daily use of Eslife locker is much higher than that during the “11-11” campaign in 2016. Liu Qiangdong predicts that e-commerce retail sales will make up 40% of the whole retail sales in the next five years. This is an incredible figure. As a major tool of handling e-commerce parcels, the data of delivery locker provide convincing proof in this point.

Eslife is mainly found in Beijing, Shanghai, Guangzhou and Shenzhen, and there will be at least 500% increase in the parcels put into lockers in first-tier cities during 2015-2017.

In 2016, the number of parcels Eslife handled in Shenzhen constituted 50% of the total number of parcels in 4 cities. However, the numbers in these 4 cities this year are almost on the same level. According to Eslife use in first-tier cities, it can be predicted that when consumers and couriers use delivery lockers two to three times, they will find it very practical, efficient and convenient. Sustained growth data prove Eslife locker will continue to consolidate its leadership in first-tier cities.

At present, Eslife is carrying out Series B Financing, and it will quickly expand to first-tier and second-tier cities once funds are in place. Effective scale should be guaranteed to drive Eslife’s profitability.



C&C Trucks Crowned “2017 China Truck Open Championship”

On June 11, 2017, “2017 China Truck Open Championship” came to a close in Beijing. C&C Trucks stood out in this event and claimed 6 trophies, such as championship titles in the 1st and 2nd rounds of the final, 12L team championship, runner-up title for driver as well as the championship of the competition (Beijing stop).

Regional manager Liu Zhongcheng of C&C

Trucks in Beijing, Tianjin and Tangshan said, “China Truck Open Championship is a professional competition platform, so it has rigorous requirement on truck performance.” The big success of C&C Trucks in this event will help boost confidence and sales of the brand. C&C Trucks will continue to follow customer-centric strategy, deliver superior products and services and expand markets step by step.



南方日报

“BLUEWHALE 1” Came into Being

It is capable of reaching the moon and collecting “ice” deep in the ocean. In recent days, China successfully collected samples of combustible ice in the ocean. In the Shenhui waters of the South China Sea, China Geological Survey of Ministry of Land and Resources successfully extracted natural gas from 203-277 meters of combustible ice at a depth of 1,266 meters underwater.

Due to its huge economic value and strategic significance, natural gas hydrate (also known as “combustible ice”) attracts much attention. It is little known that the successful mining of combustible ice would be impossible without a Shenzhen-based enterprise whose drilling rig has played a key role in the job.

The platform is called “BLUEWHALE 1” independently designed and built by CIMC Raffles Offshore Limited (CIMC Raffles). “BLUEWHALE 1” offshore drilling rig succeeded in mining combustible ice in the South China Sea, representing a major technological breakthrough in this field. It has paved the way for commercial exploitation of combustible ice.

How does this combustible ice “collector” come into being? Nanfang Daily reporter uncovered the secret of “BLUEWHALE 1”.

CIMC’s “Marine Dream”

Shenzhen-headquartered China International Marine Containers (Group) Ltd. (CIMC) acquired 29.9% of the shares of Yantai Raffles Company (CIMC Raffles) in 2008 and became the largest shareholder of this company. Then CIMC began to engage in construction business of special ships and offshore engineering.

Offshore engineering industry may be new to many people, but in fact, it is an emerging strategic industry with annual output value of USD300 billion. Wu Sanqiang, director of CIMC Board Secretary’s Office, said, “CIMC has kept close watch on offshore engineering since 2007, and there was almost no high-end offshore equipment in China, and there were few significant studies or disciplines in this respect.” “When we entered offshore engineering industry, global market was dominated by Europe and US, Singapore and Korea and China was far lagged behind technologically.” He told the reporter, “To become a world-class company, CIMC must achieve industrial upgrading and move towards high-end industry. That’s why CIMC chose offshore engineering.”

Independent innovation enables this Shenzhen-based company to have a bigger say in the international arena. Wu Sanqiang said, “Drilling platform design involves conceptual design, detailed design and technological design, but the core technology is controlled by foreign firms. So CIMC just did technological design in the initial stage, we had to start all over again once things changed at the source, making it hard to control cost. In just a few years, CIMC became familiar with design concept, learned how to solve problems and control cost.” Then CIMC was dedicated to the front-end design of semi-submersible platform, and it got the right to do equipment design and purchase on its own, becoming a “contractor” as well as the pioneer in deepwater platform design and construction in China.

Presently, CIMC is a world’s leading offshore engineering equipment manufacturer. As an enterprise dedicated to the design and construction of deepwater offshore engineering equipment, CIMC Raffles grabs 25% market share of global deepwater semi-submersible drilling platform.



“BLUEWHALE 1” Equipped with More Than 40,000 Pipelines

Do you know how incredible “BLUEWHALE 1” is?

Let us take a simple look at the data: Broke two world records, the world’s most advanced ultra-deepwater drilling platform, equipped with 27,354 devices and 40,000+ pipelines.....

“Mining combustible ice is a big problem in the world, so specialized equipment matters a lot, and this equipment used to be provided by Japan, Korea, Europe and US. CIMC-made ‘BLUEWHALE 1’ represents a major breakthrough.” Wu Sanqiang said, “BLUEWHALE 1’ is a drilling rig independently designed and developed by CIMC, and it possesses independent intellectual property right.” It can operate at the maximum depth of 3,658 meters underwater and its maximum drilling depth reaches 15,240 meters. Currently, it is the world’s semi-submersible drilling platform with maximum operating water depth and drilling depth.

“BLUEWHALE 1” is another “turnkey” project of CIMC Raffles. It completed EPC construction from design

to procurement, manufacture, commissioning to delivery, and it passed the certification of CNOOC safety operation and management system. It was christened and delivered on February 13, 2017, and the platform went into operation soon.

“We carried out major changes on technological design, changed the mode of building semi-submersible drilling platform with the world’s strongest ‘Taisun’ crane with a safe working load of 20,000 metric tons and solved the problem of delivery time of semi-submersible platform.” Wu Sanqiang said, “It took CIMC just 9 months to design such a national advanced equipment, which is 3 months less than standard design period.”

On August 16, 2016, CNPC Offshore Engineering Company Limited signed technical service contract with CIMC Raffles based on the “BLUEWHALE 1” drilling platform. At 11:00 p.m., March 6, 2017, CIMC-built “BLUEWHALE 1” was ready, it set out in Yantai and arrived at the drilling location after 8 days of voyage.

“The combustible ice mining suggests there is an enormous amount of energy reserves. Offshore platform should be capable of resisting winds and waves. As it faces technical problems of stability and safety, it requires technical support of core equipment.” Wu Sanqiang said, “Drilling platform development and construction is a big project. Take ‘BLUEWHALE 1’ for example, the construction cost of this semi-submersible platform is USD700-800 million, of which 60% is spent on equipment. It takes 3 years to complete the delivery.” “The successful collection of combustible ice proves that our drilling platform stands the test and will play a key role in the process of achieving energy self-sufficiency.”

In 2009, CIMC started to form its own design team and set up CIMC Offshore Engineering Institute Research Center. Co., Ltd. in Yantai. In 2012, CIMC established CIMC Ship and Offshore Design & Research Institute Co., Ltd. in Shanghai. CIMC acquired 90% of the shares of Swedish famous Bassoe Technology AB (BTAB) in the end of 2013 and took over Norwegian Brevik

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Engineering AS (BE) in 2015, which further laid a firm foundation for offshore engineering manufacturing and put its design capability ahead of the world.

It is learned that DP3 positioning system, structural design optimization, etc. are required to ensure stable operation of drilling platform, which is a very complicated thing. "One design drawing contains some hundred GB of data, and it requires several dozen engineers to do different designs, share ideas and make adjustments." Wu Sanqiang said, "The drilling rig represents CIMC's capability in high-end design, enriches its EPC experience and strengthens its competitive edge in offshore engineering industry chain equipment."

"Golden Time" of Combustible Ice Industry Chain

"BLUEWHALE 1" represents the world's most advanced offshore drilling platform, putting China ahead of the world in deepwater oil and gas exploration and development. Pan Xilu, senior manager of CIMC Offshore Strategic Development Dept. and Project Development Dept. said, "Currently, CIMC Offshore has delivered 10 deepwater semi-submersible platforms and 11 jack-up drilling rigs, which are operating in major offshore oil & gas producing regions, e.g. the North Sea, Brazil, West Africa, the Persian Gulf, Gulf of Mexico, Caspian Sea and the South China Sea. Its portable deepwater semi-submersible drilling platform commands 25% of global drilling platform market."

Future commercialization of combustible ice will give "golden time" to energy industry chain.

"After combustible ice is exploited, relating equipment is needed NGH storage, transportation, distribution, gasification and liquefaction." For example, CIMC ENRIC is dedicated to energy equipment and is China's largest upstream & downstream natural gas equipment supplier, so it has well-developed facilities for gas storage, transportation and distribution.

"Combustible ice and natural gas share similarities in storage and transportation methods. New technology is needed for combustible ice, and equipment upgrading and transformation is also a must. From the perspective of 100-billion-yuan natural gas equipment market, there will be a huge market space following the commercialization of combustible ice." said Wu Sanqiang.

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Integrate the Group's Resources, Achieve Remarkable Result

Indiana has good industrial base and auto manufacturing industrial cluster, and it is close to American logistics centers like Chicago, Memphis as well as markets. However, it is not easy to run this company in the fiercely competitive semi-trailer market in North America, complicated supply chain, rising cost and 2008 financial crisis and shrinking market work together to put the company under stress.

Li Guiping, Managing Director of CIMC Vehicles Group, said, "At that time, the board of CIMC Vehicles Group (Molong) Co., Ltd. had only two choices—halt operations or restructure."

CIMC Vehicles Group chose the latter: make CIMC Vehicles Group (Molong) Co., Ltd. part

of the Group's supply chain and value chain. That is, set up parts factory in China, and supply parts to CIMC Vehicles Group (Molong) Co., Ltd. Take advantage of the Group's strengths, and help CIMC Vehicles Group (Molong) Co., Ltd. get more cost-effective parts through negotiation.

Clegg, COO and purchase manager of CIMC Vehicles Group (Molong) factory, told the reporter: "CIMC Vehicles Group provides comprehensive assistance and guidance in funds, equipment, procurement, technology for Molong. CIMC Vehicles Group is the world's leading semi-trailer company, so making Molong join the Group's procurement plan allows Molong to access good prices and bring down procurement cost significantly."

The advantages of integration are far more than these." Matel said, "Molong also makes in-depth integration with other subsidiaries of CIMC Vehicles Group. For instance, key components are welded in Shanghai factory and then carried to Molong, which has simplified the procedure, increased the efficiency and made it quicker to respond to changing markets." Molong doesn't invest in non-core business, so it can seek rapid expansion in good times and make quick adjustments in bad times to stay profitable. Currently, Molong has become the most productive, profitable and efficient company of CIMC Vehicles Group in North America. Matel said in excitement: "This is all attributed to becoming part of China's global value chain and supply chain."

Factory Thrives, the Small Town Becomes Alive

For CIMC Vehicles Group, the successful operation of CIMC Vehicles Group (Molong) not only lays a solid foundation for entering American market, but also represents a key step to expand its business globally. At present, the Group has 4 registered companies and 6 factories in the US. For local residents living in Molong town, Molong factory means a job opportunity for them.

Kelly Westerhuis who runs a restaurant in the north of the factory told the reporter. Molong factory began to operate in the 1950s, and his grandfather started his first job in this factory. More importantly, for this small town with less than 2,000 people, the factory provides job opportunities. When it stopped operation more than 10 years, local residents had to find a job in Lafayette

several dozen kilometers away from Molong Westerhuis continued, "So it is without exaggeration that everyone in Molong is emotionally connected with the factory. We experienced emotional ups and downs. Now everyone is pleased to see the factory is alive and booming again."

Currently, CIMC Vehicles Group (Molong) factory hires 475 workers, and most of them come from Molong and surrounding areas. Many of them lack skills or have difficulty finding a job. Meanwhile, CIMC Vehicles Group (Molong) factory is the biggest employer of White County. Blue-collar workers in Indiana comprise 16.7% of all employees, topping the other states of US. Manufacturing job opportunities matter a lot to this state. Clegg said,

"Following the takeover, the company provides more job opportunities for Indiana." Town mayor Tim Brown said during the interview: "Before CIMC Vehicles Group comes, the factory halted operation for two years, and that is a disaster for us. Now Molong Company is alive and it supports community activities and construction, so we welcome more Chinese investments."

Matel said, "The operation team of northern American company knows well about local market and possesses 'local wisdom', and it combines with CIMC Vehicles Group's 'global operation'. This operation model has been recognized among many local firms." Joining CIMC Vehicles Group gives life to "Rust Belt" Molong Town!

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