

SIEMENS

Siemens in China

Siemens AG, founded in 1847, is a global leader in electronics and electrical engineering, operating in four business areas: industry, energy, healthcare, infrastructure and cities. The history of Siemens in China dates back to 1872, when the company delivered the first pointer telegraph to China. For over 140 years, Siemens has pioneered the cooperation with the country with its solutions, technologies and products, and has been known in the country for its quality and reliability, technological excellence and innovation. By applying a wide array of Environmental Portfolio and innovative solutions in the cooperation with the local partners, Siemens is committed to contributing to the sustainable development of China.

Siemens has witnessed the tremendous changes that have taken place since China opened up and embarked on its reform drive. In Fiscal Year 2013 (October 1, 2012 – September 30, 2013), Siemens has established 19 R&D hubs and 76 operating companies* in China. This organizational set-up, together with Regional and Provincial managers, are the backbone of Siemens' regional strategy and ensure that the company is close to its customers in order to respond quickly and effectively to their needs.

In Fiscal Year 2013, revenue for Siemens in China amounted to EUR 6.14 billion. With a workforce of nearly 32,000, Siemens is one of the largest foreign-invested employers in the country.

* The figure is based on Siemens' continuing operation in China.

Industry Sector

Siemens Industry Sector is the world's leading supplier of innovative, environmentally friendly products and solutions for industry customers. With end-to-end automation technology and industrial software, solid vertical-market expertise, and technology-based services, the Sector enhances its customers' productivity, efficiency, and flexibility. With globally unmatched offering of automation technology, industrial control and drive technology as well as industrial software, Siemens helps to equip manufacturing enterprises with what they need over their entire value chain – from product design and development to production, sales and service. Industrial customers also profit from Siemens' comprehensive offering of services tailored for their market and their needs. Siemens Industry is able to cut the time needed for the market launch of many products in half with software and automation technology while also significantly reducing energy or wastewater costs for manufacturing companies. In this way, Siemens helps increase customers' competitive strength and makes an important contribution to environmental protection at the same time with energy-efficient products and solutions. The Industry Sector encompasses Division Industry Automation, Drive Technologies and Customer Services as well as the Business Unit Metals Technologies.

The **Industry Automation Division** offers comprehensive and integrated portfolio of automation systems, industrial controls, industrial software and complete industry solutions, and makes customers in the manufacturing and process industries faster, more efficient and more flexible. As a leading automation specialist and provider of industrial software, Siemens optimizes entire production chains – from product design and development to production, sales and service. By enabling customers in the manufacturing and process industries to digitally and seamlessly integrate their production, administration and maintenance processes, Siemens software solutions offer major potential for cutting costs and substantially accelerating time-to-market.

On March 15, 2012, the Division started construction on the Siemens Electronics Works Chengdu. This is the largest modern digital factory of Siemens in China, and it is highly automatic and very environmentally friendly. The completion of the plant and production are targeted by 2013. Covering nearly 40,000 square meters at West Park

of Chengdu High Tech Development Zone, the new factory could create more than 1,000 new jobs in Chengdu and Sichuan province.

The **Drive Technologies Division** is the world's leading supplier of products, systems, applications, solutions and services for the entire drive train. Drive Technologies serves all vertical markets in the production and process industries as well as the infrastructure and energy segments. With its products and solutions, the Division fulfills the key requirements of its customers for productivity, energy efficiency, and reliability.

On October 31, 2011, Siemens launched a high-efficiency motor, SIMOTICS GP 1LE0, to target China's mid-segment market to address the huge potential of the market demands for energy saving. This is the first time for Siemens to launch the high-efficiency motor, which is developed jointly by Germany and China and produced in China, to tailor the market needs of China and other Asian countries. The efficiency of the SIMOTICS GP 1LE0, a three-way asynchronous motor, can be up to 10 percentage points higher than that of normal standard motors. It can guarantee up to 40 percent less power loss.

The **Customer Services Division** combines the worldwide service activities of the Siemens Industry Sector in the Product Lifecycle Services and Value Services Business Units. The Division provides product-related services as well as services to improve the availability, reliability, and productivity of industrial processes. A wide-ranging portfolio of environmental solutions helps industrial companies to use energy, water and equipment efficiently, reduce emissions and comply with environmental guidelines. The Division combines its technical capabilities with service competence for various vertical industries.

In 2012, Siemens Customer Service Division has been awarded a breakthrough service contract by Xintai Iron & Steel Co. Ltd., a private steel producer in Shanxi Province. The annual continuous casting service could greatly enhance availability of the plant, reduce downtimes and ensure stable operation.

The **Metals Technologies Business Unit** is one of the world's leading life cycle partners for the metallurgical industry. The Business Unit offers comprehensive

technology, modernization, product and service portfolio as well as integrated automation and environmental solutions covering the entire lifecycle of plants. With the innovative solutions, it has supplied environmentally friendly solutions to China's leading steel producers, including Bao Steel and Ma Steel, to help them meet the high environmental standards.

In 2012, Siemens Metals Technologies strengthens its solid No.1 position in China's metals industry. It has received an order from Tiancheng Stainless Steel Products Co., Ltd., a Chinese high-grade steel producer, to supply an annealing and pickling line for its Guanghan Works. In 2012, Siemens also established the Competence Center for metallurgical plants in Shanghai. With an investment of US\$80 million, Siemens has expanded its local manufacturing base and R&D center for the entire chain of steel processing which strengthened its position as reliable partner for the steel industry throughout the entire plant lifecycle.

Infrastructure & Cities Sector

The Infrastructure & Cities Sector leverages its global expertise to offer sustainable technologies for metropolitan areas and their infrastructures in China. Its offerings include products, systems and solutions for intelligent traffic management, rail-bound transportation, smart grids, power distribution, energy-efficient buildings, and safety and security. In China, the Sector comprises the Divisions of Rail Systems, Mobility and Logistics, Low and Medium Voltage, Smart Grid and Building Technologies.

The **Building Technologies Division** provides innovative and energy-saving total building solutions designed to achieve high productivity by ensuring safety and comfort in a secure environment and reducing maintenance costs during the life cycle of the building. The Division's products, systems and services include building automation system for heating, ventilation and air-conditioning control, fire safety and security solutions and services. With its extensive experience as a provider of products, systems, services and solutions, the Division helps customers optimize their building operations. By combining its local expertise with proven global capabilities, the Division can ensure the long-term value of the customers' investments, which is attested by its long history of providing successful products and solutions in China and around the world.

The **Low and Medium Voltage Division**, as a global leading supplier for power distribution, serves the entire product, system, and solution business for the power distribution infrastructure of public utilities, municipal utilities, industrial facilities, and buildings. The Division is responsible for providing reliable power supply equipment for conventional and regenerative power plants as well as intelligent, compact switching stations for distribution networks in metropolitan and rural areas. In addition, the Division supplies energy-efficient solutions for the integration of renewable energy and energy storage in the grid. It also ensures reliable power supply and grid stability. As a long-term reliable partner for China's low- and medium-voltage power distribution, the Division offers the entire range of vertical-specific low- and medium-voltage products, systems and solutions for electrical power distribution from a single source. Industries like oil and gas, metals, mining, marine, manufacturing can benefit from its customized power supply solutions.

The **Mobility and Logistics Division** is a leading international provider of integrated technologies that enable people and goods to be transported in an efficient, safe and environmentally-friendly manner. The areas covered include rail automation, intelligent traffic and transportation systems, and logistics solutions for airports, postal and parcel business. Through its portfolio the Division combines innovations with comprehensive industry know-how in its products, services and IT-based solutions. In the past decades, the Division has successfully contributed to the rapid-growing transportation infrastructure development and modernization throughout China. It includes advanced signaling systems for the mass transit projects in Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Chongqing, Suzhou, Xi'an, Qingdao, Dongguan and signaling systems for some main line projects. It also contributed to the road traffic projects like the biggest single awarded Urban Traffic Control turnkey project in China for Wuhan.

The **Rail Systems Division** is an international leader in providing rolling stock and related services. Its portfolio covers the full range of vehicles – from railroad cars to metros and locomotives to trams and light-rail vehicles. The Division combines competence in the areas of local, long-distance, and logistical transport to offer comprehensive expertise for environmentally friendly, efficient, and reliable rail

vehicles. In the past more than 100 years, Siemens has successfully contributed to the rapidly-growing transportation infrastructure development and modernization throughout China. It included mass transit projects in Shanghai, Guangzhou, Shenzhen, Suzhou, Hangzhou, Zhengzhou, Ningbo and Wuhan; as well as main line projects such as AC locomotives and high-speed train components. In addition, the Division is also cooperating with local partners in expanding its business in the tram and intercity rail market.

The **Smart Grid Division** supplies products and solutions for intelligent and flexible electrical network infrastructures. Intelligent networks help make it possible to generate and use power efficiently and on demand. They contribute to the electrification of railroads and also supply industrial enterprises, infrastructure elements and entire cities with electricity. With 14 representative offices across China, the Division is committed to being the industry leader in partnering with the country to implement an intelligent and state-of-the-art grid infrastructure network to efficiently manage the country's surging energy consumption.

Energy Sector

Siemens is a committed partner to China's energy industry. With its global presence and innovative product, solution, and service portfolio, Siemens is the only player active in all aspects and areas of power matrix, and is ideally positioned to support its customers in building the right mix of generating capacity. Siemens Energy Sector is the world's leading supplier of a complete spectrum of products, services and solutions for power generation in thermal power plants and using renewables, power transmission in grids and for the extraction, processing and transport of oil and gas.

The **Oil & Gas Division** supplies products and solutions used for the extraction, transport and processing of oil and gas. The portfolio includes solutions for power generation and distribution, compressors with electrical and mechanical drives, process and automation technology, water management, integrated consulting and software solutions.

In 2011, Siemens Energy received an order from China for the delivery of two gas turbine driven axial flow compressor trains for the first propane dehydrogenation

(PDH) project in China. The customer is Tianjin Bohai Chemical Industry Co. Siemens has supplied two sets of axial flow compressors each with the largest flow rate in the world driven by Siemens gas turbines of type SGT-700.

In May 2012, the shipyards Yantai CIMC Raffles Offshore Ltd., CMHI/Shenzhen as well as Shanghai Waigaoqiao Shipyard in China awarded Siemens Energy a total of three orders for electrical power supply packages for offshore drilling rigs. The power supply packages Siemens is to deliver for totally five drilling rigs comprise medium- and low-voltage switchgear, transformers, medium-voltage thruster drives, motors and BlueDrive Drilling drives as well as the commissioning and project management.

The **Fossil Power Generation Division** offers high-efficiency products and solutions for fossil-based power generation. The offerings extend from gas turbines, steam turbines and generators to turnkey power plants. The Division also develops process instrumentation & control systems for all types of power plants, and its portfolio is rounded out with products for fuel gasification, post-combustion carbon capture and energy storage system.

Siemens provided gas turbines key components, innovative SPPA-T3000 control system, technical services and long-term service program to Shanghai Shenergy Lingang CCGT Power Generation Co., Ltd. The output of Unit 4 was 430.69MW, and the heat rate was 6,030.6KJ/kWh. The power generation efficiency (CCPP gross efficiency) of Unit 4 reached 59.7 percent, which set a new benchmark of energy efficiency of F Class CCPP in China. Due to its outstanding performance, the project received the “Gold Award of Asian Power Awards 2012 – Best Gas Power Project of the Year”.

The Siemens gasification technology continues a long-held Siemens tradition of satisfying the needs of customers worldwide. High availability, low lifecycle costs and multi-fuel capability are the main drivers of the leading Siemens fuel gasification technology. Environmental requirements are becoming more and more stringent all over the world. Gasification projects are attractive solutions as they can offer environmentally-friendly plants with lower emissions and potential future CO₂ sequestration. In July 2011, Siemens won an order to supply eight coal gasifiers with

a thermal rating of 500 megawatt (MW) each for a coal gasification plant in Yili City in Xinjiang.

The **Wind Power Division** is a leading supplier of wind power solutions for onshore, offshore and coastal sites.

In order to have a stronger regional alignment and greater customer intimacy, the Division had implemented regional business set-up since October 2011.

Headquarters for Asian Pacific region is located in Shanghai after regionalization, with factories, R&D and around 600 employees.

In June 2011, together with Shanghai Electric, Siemens Energy Wind Power received an order of 21 wind turbines with a total capacity of 50MW for an offshore project in Rudong County, Jiangsu Province in China. This marks a new milestone for Siemens in making contributions to the sustainable development of China. The offshore wind power plant has started operation since May 2012.

The **Energy Service Division** offers full scope of OEM services for gas turbines, steam turbines, generators, compressors and wind turbines, including spare parts, field services, repair and modernization & upgrade. Long-term service contract is the main service model for large gas turbines. The Division provides also the service for coal gasifier and provides boiler Low Nox Burner.

Localization is the key strategy for Energy Service. Strong local field service teams have been established for gas turbines, steam turbines and compressors. At the same time, Siemens has established the repairing and spare parts manufacturing base in Huludao, Liaoning Province for industrial steam turbine and compressors.

With dedicated service teams and products, the Division is very successful in larger gas turbine service and all units in operation have been covered by long-term service contracts. The customers included Huadian (Beijing) Co-Generation Co., Huaneng Shanghai CCPP, Zhengzhou CCPP and Zhongyuan CCPP.

The portfolio of the **Power Transmission Division** covers high-voltage transmission solutions, high-voltage switching products and systems, and innovative direct current (DC) and alternating current (AC) transmission systems. Turnkey substations and power transformers round out the Division's offerings. With a well-established local manufacturing base, the Division is always committed to introducing trendsetting technologies into the Chinese market.

In spring 2011, Siemens Energy secured orders to supply key components for the two high-voltage DC transmission projects Nuozhadu-Guangdong and Xiluodu-Guangdong in southern China. The customer is China Southern Power Grid Company, Guangzhou. Nuozhadu-Guangdong will have a transmission capacity of 5,000 MW at a DC voltage of ± 800 kilovolts (kV) and Xiluodu-Guangdong an overall capacity of 6,400 MW at ± 500 kV. The two projects will provide electricity to the megacities in the Guangdong region. Commissioning of the systems is scheduled for 2013.

In 2012, Siemens supplied tailor-made highly integrated and intelligently-advanced mobile substation to Dalian Power Supply Company, the first of such kind in China. The intelligent mobile substation was designed according to requirements of power grids and road conditions in China, and it is characterized with flexible combination, ease of transportation, fast installation and short construction period. Meanwhile, with highly integrated design, the mobile substation occupied rather a small space.

Healthcare Sector

Siemens Healthcare Sector is one of the world's largest suppliers to the healthcare industry and a trendsetter in medical imaging, laboratory diagnostics, medical information technology and hearing aids. Siemens offers its customers products and solutions for the entire range of patient care from a single source – from prevention and early detection to diagnosis, and on to treatment and aftercare. By optimizing clinical workflows oriented toward the most common diseases, Siemens makes healthcare faster, better and at the same time, more cost-effective. In addition, Siemens Healthcare is also the global market leader in innovative hearing instruments.

China is one of the most important markets for Siemens Healthcare. During the last few years Siemens Healthcare has made great investments in its R&D and production facilities for imaging equipment in the Siemens International Medical Zone (SIMZ) in Shanghai, the Siemens X-Ray Vacuum Technology Ltd. in Wuxi and Siemens Shenzhen Magnetic Resonance Ltd., and more investment can be expected in the years to come. The SIMZ in Shanghai is the headquarters of Siemens Healthcare North East Asia, and it has developed as one of the largest medical device bases in China. Located in the zone, Siemens Shanghai Medical Equipment Ltd. is Siemens Healthcare's largest operating company in China and celebrated its 20th anniversary in August, 2012.

In recent years, Siemens Healthcare has been vigorously expanding its business scope. The acquisition of Healthcare Diagnostics has further supplemented the portfolio of the company, which enables Siemens to offer its customers products and solutions for the entire range of patient care from a single source. As the leading clinical diagnostics company in the world, Siemens Healthcare Diagnosis is committed to providing not only innovative products, but also comprehensive portfolio of performance-driven systems, unmatched menu offering and IT solutions, in conjunction with highly responsive services, which are designed to streamline workflow, enhance operational efficiency and support improved patient care.

With the advantages in innovations, Siemens is working hard to support China's overall healthcare improvement and is committed to addressing the needs of China's hospitals at all levels ranging from the leading medical institutes and hospitals with high performance to the general hospitals focusing on throughput, from urban community hospitals to small-sized county hospitals and township healthcare centers.

Since the foundation of the first "Siemens Rural Center of Medical Excellence" in 2008 at Luochuan County, Shaanxi Province, Siemens Healthcare is continuously increasing its efforts for the development of basic healthcare in China. In December 2010, the Gongyi Public Clinic was put into operation in Sichuan as part of Siemens' relief program. The efforts Siemens took to bring the clinic back into operation are worth over RMB3.3 million. Apart from the retrofitting work, Siemens also installed an array of medical equipment, thus largely upgrading the local medical service capacity

and quality. In order to ensure its sustainable operation, Siemens further contributed a tele-diagnosis system and jointly kicked off an aid program with Huaxi Hospital to provide convenient, fast and long-term support to the clinic. In July 2011, Siemens donated equipment worth RMB1.9 million to Jinggangshan Traditional Chinese Medicine (TCM) Hospital and 18 other rural hospitals of Jinggangshan City. Furthermore, together with the Huashan Hospital of Fudan University, Siemens has provided extensive training programs for Jinggangshan TCM Hospital. With the implementation of China's 12th Five-Year Plan and medical reform, Siemens Healthcare will increase its investment in basic healthcare. Based on its advantages in technical innovations, Siemens will take actions to help improve medical conditions in rural areas and provide high-quality services to more Chinese people.

As the innovation leader of medical imaging, Siemens is devoted to advancing its development. In 2011, Siemens Medical Imaging Academy was officially established with an aim to further the cooperation between Siemens and hospitals, academic societies and research institutes. Healthcare experts compose the Academic Committee and Consultant Committee of Siemens Medical Imaging Academy.

The launch ceremony of "Healthy China" initiative jointly organized by China International Medical Foundation and Siemens Healthcare was held in Beijing in August, 2012. The initiative aims to support basic healthcare development in remote areas, increase public awareness of basic healthcare and celebrate the 100th anniversary of Chinese Medical Association (CMA). Leveraging a show truck equipped with Siemens Healthcare's comprehensive diagnosis and treatment products, this initiative, held from 2012 to 2015, retraces the route of Long March, which started from Ruijin, Jiangxi and passed through Jiangxi, Fujian, Guangdong, Hunan, Guangxi, Guizhou, Sichuan, Yunnan, Gansu, Ningxia and Shaanxi, with doctor trainings and county-level hospital president forums in those 11 provinces and autonomous regions of China. So far, activities in Jiangxi and Fujian have been held.

Cross-Sector Business

Siemens Financial Services Ltd. (SFSL) and Siemens Finance and Leasing Ltd. (SFLL) are part of Siemens Financial Services GmbH based in Munich, Germany, an international provider of financial solutions in the business-to-business area.

SFSL is a non-banking financial institution, approved by and under the supervision of China Banking Regulatory Commission and the People's Bank of China. Acting as an in-house bank since 1998, SFSL provides treasury services and other selected financial services within its business scope directly to the Siemens companies in China.

SFLL is a leading provider of equipment leasing solutions to businesses in China, which provides various forms of financial services, such as finance lease, operating lease, etc. It specializes in tailored solutions to meet the specific requirements of customers, with a particular focus on healthcare, industrial manufacture, construction, education, agriculture, transportation, energy and other sectors. Its headquarters is based in Beijing and has branch in Shanghai, with functions including Sales, Finance, Marketing, Business Processing, Risk Management and Customer Service. In addition, it has regional representations in Shenyang, Harbin, Qingdao, Xi'an, Jinan, Nanjing, Wuhan, Chengdu, Changsha, Guangzhou, Kunming, Baotaou, Chongqing, Nanning, Hefei and Fuzhou.

As a leading finance company, SFLL is continuously developing innovation of finance to explore new areas of growth, such as "green finance". It has been awarded as the "China Leasing Company of the Year" for three consecutive years since 2010. In 2011, SFLL established "Siemens China Finance Institute", which is a first-class training academy for leasing industry in China. SFLL is playing a leading role in fostering financial talents in China.

Equity Investment

BSH Home Appliances (China) Co., Ltd. (BSH), a 50-50 joint venture between Siemens and Bosch, is responsible for home appliance business in China.

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