SIEMENS

Siemens in China

Siemens AG, founded in 1847, is a global technology powerhouse active in more than 200 countries, focusing on the areas of electrification, automation and digitalization. One of the world's largest producers of energy-efficient and resource-saving technologies, Siemens has leading positions in offshore wind turbine construction, gas and steam turbines for power generation, power transmission solutions, infrastructure solutions, automation, drive and software solutions, as well as medical imaging equipment and laboratory diagnostics.

The history of Siemens in China dates back to 1872, when the company delivered the first pointer telegraph to China. The company manufactured the first steam generator and built the country's first tram line by the end of the 19th century. In 1985, "Memorandum of Comprehensive Co-operation between Machinery, the Electric and Electronics Industries of the People's Republic of China and Siemens AG" marked a comprehensive cooperation between Siemens and China. For more than 140 years, Siemens has pioneered 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.

Siemens has witnessed the tremendous changes that have taken place since China opened up and embarked on its reform drive. In Fiscal Year 2015 (October 1, 2014 – September 30, 2015), Siemens achieved solid growth and generated revenue of €6.94 billion in China. With about 32,000 employees, Siemens is one of the largest foreign-invested companies in the country.

Siemens has become an integral part of the Chinese economy and society. Offering a wide array of Environmental Portfolio and innovative solutions in

cooperation with local partners, Siemens is committed to the sustainable development of China. The company will take further efforts to become closer to its customers to respond quickly and effectively to their demands.

Innovation for China's development

With diverse market needs and customers willing to try new things, China provides an ideal environment for world-class innovations. Keen to China's development, Siemens has been committed to designing and producing products and solutions that meet demands of local customers. The company also takes constant efforts to establish strong partnerships with Chinese customers, integrate itself into the local innovation system and meanwhile contribute to global technological innovations. Siemens has raised several innovative concepts and models that apply to China's innovation environment, including S.M.A.R.T. Innovation (Simple, Maintenance-friendly, Affordable, Reliable, and Timely-to-market), need-driven disruptive innovation and so on. These advanced concepts have had significant influence in the fields of innovation and industries.

By fiscal 2015, the company has 20 R&D hubs, about 4,500 R&D researchers and engineers, and more than 10,000 active patents and patent applications in China. In China, Siemens' top-notch innovators are working in world-class innovation labs in Beijing, Shanghai, Nanjing, Wuxi, Wuhan and Tianjin, etc. to contribute to China's "Indigenous Innovation".

In 2016, Siemens will also establish new innovation center in China. Cooperating across Division boundaries, more than 300 R&D staff will develop new technologies, products and solutions with a strong focus on digitalization.

Comprehensive and customer-oriented portfolio

With China's manufacturing industry experiencing a significant transition from "Made in China" to "Innovated in China", Siemens helps manufacturers enhance production efficiency and flexibility, and shorten the time-to-market of new products. In 2015,

Siemens reached an agreement with CiTiC Dicastal, a globally leading aluminium alloy auto parts manufacturer, to equip the latter with complete digital enterprise solutions (integration of Product Lifecycle Management software, Manufacturing Execution System and Totally Integrated Automation as core components of Siemens Digital Enterprise Software Suite), relevant electrical and IT engineering services and technical support to transform its manufacturing plant into a real digital factory.

Meanwhile, Siemens has joined hands with Kingdom Holding Ltd., one of the world's largest linen yarn manufacturers, to jointly build a new digital factory. Siemens provided digital factory solutions including Simatic IT for Kingdom's production bases to improve its management level, production efficiency and capacity, helping it grow into an advanced world-class manufacturer.

In the process industry, Siemens focuses on creating long-term value and increasing return on investment for customers. In October 2015, Siemens signed a strategic partnership framework with Sedin Engineering Co., Ltd., whereby the two parties will join forces to create "Industrie 4.0" solutions for the coal chemical sector. Integrated engineering and operation solutions from Siemens for process industries will be fully deployed at Sedin to underpin the latter's digitalization initiative.

As a response to the Chinese government's initiative to develop the new energy vehicle industry, Siemens and Beijing Automotive Industry Holding Co., Ltd. signed an agreement to build a joint venture that manufactures components for the electric drive train, bringing green automotive drive technologies to the China market.

As a committed partner to China's energy industry, Siemens has always been pursuing energy efficiency and reducing greenhouse gas emission. In 2016, Siemens received its first order for the delivery of four SGT-800 gas turbines in China. The turbines will be installed in the Shanxi Guoxin Baode and Xiyang decentralized energy projects in Central China. The two combined heat and power plants will have an overall capacity of 300 megawatts.

In power generation services, Siemens will continue to push forward localization in China, aiming to help local customers maximize operation efficiency and reduce risks. In 2015, Siemens was awarded a long-term service agreement (LTP) by Xiaoshan Power Plant in Zhejiang Province. With the newly signed LTP for Unit No.5, Siemens would continue to support and ensure the optimal performance, and maximize the lifecycle assets of the power plant to achieve win-win cooperation.

Meanwhile, Siemens has provided tailored gas turbine modernization and upgrade services to a power plant of Beijing Gao'antun Gas Fired Co-generation Co., Ltd. (BGGFC). BGGFC has become a new benchmark for F-class combined heat and power applications in China and won the Bronze Award for "Power Plant Upgrade of the Year" at the 2015 Asian Power Awards.

Nowadays, wind power has become one of the most important resources of renewable energies. In March 2015, Siemens Wind Power Blades (Shanghai) Co., Ltd. officially rolled out B63 blades, the first batch of localized B63 blades in China. They have also been the longest mass-produced wind turbine blades in the Chinese market.

Facing multiple challenges in the energy system, Siemens also provides comprehensive solutions and products to power utilities, industries, infrastructure and buildings in China to make grid infrastructure more intelligent and stable. In 2015, the fifth 110kV pre-assembled mobile substation in China was rolled out in Wuhan. Siemens provided major electrical components and also assembled the mobile substation. It can restore power supply within the shortest possible time, effectively reducing financial losses due to power outage. Besides, it helps deliver IT-enabled automation and interaction at a substation.

In the rapidly growing data center market, Siemens won major orders by virtue of its rich experiences in power solutions. It provided over 1,000 units of Sivacon S8 low-voltage switchgears for China Construction Bank's Data Center in Beijing, which is China's

largest Financial T4 (the highest level of data center under the international standard, representing infrastructure security, stability and reliability) data center. Moreover, the company delivered one-stop solution for the data center of Tencent Building of Binhai in Shenzhen, including high, medium and low-voltage and building automation products.

Siemens is also actively pushing forward the urbanization process in China in various fields like transportation, building and infrastructure. In September 2015, the first phase of Zhuhai Traffic Information and Comprehensive Service Platform, Siemens' first integrated traffic management project in China, was accepted by the customer. The Platform, which adopts the "green traffic index system" tailored by Siemens to the city, is able to integrate all transport information relevant to local residents, collect, sort out and analyze mass data in real time of all transportation systems, so as to effectively provide a quantitative basis and criterion for the city's decision-makers, and bring tangible mobility convenience to residents.

In addition, in cooperation with CSR Zhuzhou Electric Locomotive Co., Ltd., Siemens successfully won Wuhan's first tram line project to supply key components for the line's 21 100% low-floor trams. The project will help meet the city's demand of diversified public transportation system and work as a supplement to the transportation means of metro and road traffic.

For the National Center for Exhibition and Convention (Shanghai), the largest single building and exhibition complex around the world, Siemens provided products and solutions ranging from fire safety, power distribution to relay protection, enabling the complex to increase energy efficiency while ensuring comfort and safety.

As for commercial real estates, Siemens provided integrated solutions to electrical works and building automation of Lilacs International Commercial Center in Shanghai. The solutions included transformers, medium- and low-voltage switchgears, building automation systems, fire safety systems and EIB lighting control system, etc.

Besides, Siemens established long-term strategic cooperation with Dalian Wanda Group. Siemens' Building Automation System, Intelligent Lighting Control System, Hotel Management and Room Control System, Smart Home System and various building automation products were applied in three key Wanda projects: Wuhan Hanjie Wanda Square, Wuhan Wanda Reign Hotel, the only seven-star hotel in China, as well as Wuhan Han Show Theater, one of the world's top theaters.

As one of the world's leading suppliers of healthcare solutions, Siemens offers customers medical products and solutions covering prevention, early detection, diagnosis, treatment and aftercare to support China's medical institutions at various levels. China is one of the most important markets of Siemens in the field of healthcare. The company has made significant investments in its R&D and production bases of imaging devices, including Siemens International Medical Zone (SIMZ) in Shanghai, Siemens X-Ray Vacuum Technology Ltd. in Wuxi and Siemens Shenzhen Magnetic Resonance Ltd. Among these production facilities, SIMZ in Shanghai has become one of China's largest medical device bases.

Backed by Siemens' comprehensive business portfolio, the company also provides professional and reliable financial solutions to customers. In China, the company provides customized asset finance solutions for medical devices, industrial facilities, building equipment, and power and gas equipment, which are manufactured by Siemens, as well as products from third-party manufacturers in machine tools, manufacturing, construction machinery and transportation. In the field of finance, Siemens has cooperated with more than 2,000 hospitals and more than 1,000 small and medium-sized enterprises in China, and established strong relationships with hundreds of dealers and manufacturers.

Committed to corporate social responsibility

As a trusted partner dedicated to China's economic and social development, Siemens has also been actively engaged in corporate social responsibility programs and activities. In the area of environment protection, Siemens aims to become the world's

first major industrial company to achieve a net-zero carbon footprint by 2030 and plans to cut its CO_2 emissions in half by as early as 2020. To achieve these goals, Siemens will invest some €100 million over the next three years to reduce energy footprint of its production facilities and buildings. Siemens has also published China's first Community Green Maps in Beijing and Shanghai to advocate green lifestyle and sustainable community development.

Siemens also signed a memorandum on education cooperation with the Ministry of Education of China, and established good relationships with over 200 Chinese universities and vocational schools. Siemens has helped universities and institutions establish labs, and the company also set up Siemens scholarships to further promote the cooperation on scientific and technical exchanges, as well as talent cultivation. Siemens has been sponsoring the "Siemens Cup" National Undergraduates Industry Automation Contest for nine years to support development of innovative engineering talents. Moreover, in 2015, Siemens and Guangdong Province signed an agreement to jointly promote vocational education. The two parties will cooperate in fields like organizing vocational skills competition, faculty cultivation, establishing comprehensive training bases and providing advice and support for discipline development.

As for primary education, Siemens I-Green Education Program is an education program for China's migrant children in primary schools to raise their awareness of environmental protection and help them better integrate into city life. Since its launch in 2009, the program has benefited around 20,000 students. More than 2,500 Siemens employee volunteers have devoted about 19,000 hours to this program.

In the area of disaster relief, Siemens offers quick and effective aid in the cases of acute needs and emergencies. In August 2015, after Tianjin explosion accident, Siemens donated medical equipment worth of over RMB 3 million, including SIREMOBIL Compact L equipment, Ultrasound P300 and Rapid Point 405, etc. The Siemens Healthcare customer service team also responded quickly and immediately established green channels to ensure timely emergency maintenance to installed Siemens medical

equipment. Prior to this, Siemens also provided immediate technical and humanitarian assistance to help affected people fight natural disasters, such as the earthquake in Ludian County of Yun'nan Province, the earthquake in Wenchuan of Sichuan Province and the earthquake in Yushu of Qinghai Province.

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