

Siemens R&D Activities in China

Siemens is one of the world's most innovative companies and many of China's most advanced technologies are "Made by Siemens". The company aims to be a trendsetter in all its business fields, and to shape its technologies with a clear focus on delivering tangible and valuable benefits to customers and society at large.

China already is an important research and development base for Siemens, and will be further extended. Emphasis is on locally designing and developing the right products for the Chinese market to meet local customer needs, and also using the advantages China offers to develop technologies in China for global application. In 2005, Siemens ranked as one of the top patent applicants in China with over 1,000 patent applications filed.

In the Automation and Control area, Siemens Numerical Control Ltd., (SNC), an operating company of the Siemens Automation and Drives Group (A&D) located in Nanjing, Jiangsu Province, stands for R&D in the industry field and develops numerical control systems tailored to the special requirements of the Chinese market. SNC's dedicated R&D center focuses on both hardware and software development for products, systems and applications for machine tools, production machines and general automation systems. Since 1999, SNC is the market leader in China in the field of numerical control systems for machine tools. In June 2006, SNC announced plans to double its existing R&D force within three years.

In April 2006, A&D signed a letter of intent with the Suzhou Government on investing RMB 120 million to set up a low-voltage product R&D centre in Siemens Electrical Apparatus Ltd, located in Suzhou, Jiangsu Province. In July 2006, Siemens (China) Standard Motor Ltd. and SLC A&D Standard Drives division jointly launched the first China-made Siemens standard motor 1LG0, which provides high-performance and highly reliable drive solutions through combining advanced design and manufacturing concepts fully adapted to local market needs.

Beijing Siemens Cerberus Electronics Ltd. (BSCE), a company of the Siemens Building Technology Group, is host to a further research and development center in the industry field, focusing on fire detection and fire alarm systems. One major objective of the R&D center is to make adaptations to imported fire detection and fire alarm equipment to meet the requirements of the Chinese market. Other key tasks include designing and maintaining its own line of fire-detection systems as well as offering its R&D capabilities to other Siemens

Building Technologies companies worldwide. The R&D setup is engaged in hardware design, mechanical design and related software development.

In order to provide more efficient and environmentally compatible power plants and first-class power plants services to Chinese customers, the Siemens Power Generation Group fosters research and development in modern power plant I&C systems (TELEPERM XP) and power IT solutions. Siemens Power Plant Automation Ltd. (SPPA) in Nanjing, Jiangsu province, is the center of power generation software engineering in China. The TELEPERM XP systems and major IT solution packages developed by SPPA have many successful references in China and abroad. For example, since 2002, SPPA has provided TELEPERM XP systems to the Taishan Power Plant, a major power plant with 5X600MW capacity. The systems greatly contributed to the smooth operation of the power plant.

For the fast developing Chinese rail industry, Siemens Transportation Systems Group (TS) is dedicated to providing products, systems and solutions for fast, safe and high capacity public transportation. The Group's R&D activities focus on solutions, adaptation design, and localization of signaling products and systems for mainline and mass transit. Siemens Signaling Co., Ltd., Xi'an (SSCX) located in Xi'an, Shaanxi Province, started R&D in 1995, the year of its founding, In 2003, SSCX successfully completed adaptation design, installation, testing and operation of the first Siemens Balise system in the line from Qinhuangdao, Hebei Province to Shenyang, Liaoning Province. The application of the Siemens Balise system enables trains to operate securely when switching between different signaling systems. In May 2006, TS signed a framework agreement of technical cooperation with the Ministry of Railways for 6-axle freight and passenger platform locomotives.

In China's booming automotive market, Siemens VDO Automotive (SV) is actively strengthening its R&D activities to provide China's leading automotive manufacturers with innovative products and solutions tailored for local requirements. In November 2005, the new Siemens VDO Development Center was opened in Shanghai. With a 90-strong R&D team, the Development Center engages in the development and application of restraint systems, car body electronics, commercial vehicle solutions and other advanced technologies. SV plans to double its R&D work force in the coming two years to better serve the Chinese customers with tailored innovations made in China.

Siemens Medical Solutions Group (Med) is one of the leading suppliers to China's healthcare industry and renowned for its innovative medical technologies, high quality services and complete solutions, helping customers achieve tangible and sustainable clinical and financial outcomes. The Group's R&D activities focus on Computed Tomography (CT) technologies and Magnetic Resonance Imaging (MRI) systems. In December 2005, Med announced to invest 300 million RMB to establish its Asia Center of Excellence in Shanghai, which will focus on the R&D, manufacturing, service and marketing for Siemens medical products like CT, X-ray, ultra-sound and medical components. The Center will become the focal point of all

Siemens medical activities in China.

Siemens Shanghai Medical Equipment Co., Ltd. (SSME), established in 1992, set up its R&D center in 1999 as the only overseas CT R&D and manufacturing center outside of Germany. Major milestones in the R&D activities of SSME are the two locally developed CTs for China and the world market. In September 2000, the spiral computer tomography system SOMATOM Smile was introduced. As the world's most compact and cost-effective spiral CT, SOMATOM Smile won the design award of the Federal Republic of Germany in 2002 and the prestigious iF Design Award China in 2003. In March 2005, Somatom Spirit, a dual-slice entry-level CT system developed in China for the Chinese and world market, was launched. It achieved great success in the market, with 400 orders and 300 installations in 30 countries in the first year. Since September 2005, SSME has teamed up with Med's R&D centers in Germany to start system software development for advanced CTs like Sensation and Emotion.

The R&D for Magnetic Resonance Imaging (MRI) systems and components is based in the R&D center of Siemens Mindit Magnetic Resonance Ltd.(SMMR), another joint venture of Siemens Medical Solutions Group. In March 2005, the Siemens MR Center of Excellence for Asia was opened in SMMR and is the only Magnetic Resonance Imaging (MRI) R&D and manufacturing base outside of Germany. With a total investment of 300 million RMB, the center will provide MRI systems and components to meet demands from the local and world markets. Siemens NOVUS 1.5T super-conducting MRI system and the NOVUS 0.35T permanent magnet MRI system are the result of hardware and software development of super-conducting and permanent magnet MRI systems conducted at SMMR.

In early 2006, Siemens Medical Solutions and Chongqing Haifu (Haifu) Technology Co., Ltd. announced a collaboration to develop a MRI guided high-intensity focused ultrasound (HIFU) therapy system mainly for women's health treatments. Already in October 2004, Siemens Medical Solutions Group launched its R&D and manufacturing base for X-ray tube housing assembly at Siemens X-Ray Vacuum Technology Ltd. in Wuxi, Jiangsu Province. With the total investment of 45 million RMB, this R&D and manufacturing base is the only such facility outside of Germany.

In the Information and Communication area, Siemens Communications Group (Com) provides advanced network infrastructures for enterprises and operators as well as related services. The Com Group's local R&D efforts in the mobile technology area already started in July 1998, when Siemens Communications partnered with the Chinese Academy for Telecommunications Technology (CATT) to jointly develop TD-SCDMA (Time Division Synchronous Code Division Multiple Access), China's home-grown third generation (3G) mobile technologies standard. In March 2005, TD Tech Co. Ltd., a joint venture between Siemens Communications and Huawei Technologies, was officially launched. With a

combined investment of USD 100 million, TD Tech focuses on the development, production, sales and servicing of TD-SCDMA technologies and products.

In September 2004, Siemens China established a new Home Entertainment Solutions R&D center in Beijing, which localizes and customizes Siemens home entertainment solutions for the Chinese market, including TV over IP, video on demand and video telephoning. Siemens is a global innovation leader in this field and also the first company to introduce the new coding technology worldwide and in China. The R&D set-up comprises system engineering, development and integration. In June 2006, the user interface of Siemens Home Entertainment Solutions, developed locally in China, won the prestigious 2006 iF Design Award in the category of Digital Media Interface.

Osram, a wholly owned Siemens subsidiary, is a leading lighting solutions provider with strong R&D capabilities serving the increasing demand for energy saving lamps tailored to meet local market needs. Its R&D center called OSRAM Design Center China (DCC) was established in March 2002 in Foshan, Guangdong province. In close cooperation with other Osram Component Groups in Germany, Italy and the USA, the OSRAM DCC in China concentrates on developing compact fluorescent lamps (CFL) and electronic control gear (ECG). OSRAM DCC has designed efficient and affordable CFLs not only tailored to the specific requirements for the Chinese market and the Asia-Pacific region, but also for NAFTA and Latin America. In the ECG area the DCC focuses on developing electronic ballasts that drive linear fluorescent lamps for energy saving operation.

Bosch Siemens Household Appliances (BSH) established its local R&D activities in July 2003. Located in Nanjing, Jiangsu Province, the unit concentrates on the joint development of advanced drive systems for home appliances. In September 2004, BSH announced plans to invest 99 million US dollars to establish a small home-appliances park in the Nanjing Economic Technology and Development Zone which consists of a R&D center together with manufacturing facilities. August 2005 witness the ground breaking for the Consumer Products Workshop in the park.

As early as June 1998, Siemens Corporate Technology started a joint program with Tsinghua University to develop highly advanced, animated multi-media user interfaces for mobile applications. The fruitful partnership continues to this day. Subsequently in 1999, Siemens established a local Corporate Technology unit (SLC CT), with focus on intellectual property, standardization and regulations, and user interface design.

In 2004, SLC CT started significant expansion with a mission to develop unique innovations for Siemens business in China and worldwide in the areas of energy and environment, automation and public and private infrastructures, and healthcare. SLC CT has been working closely with China innovation organizations to develop leapfrogging technologies. It also focuses on SMART - **S**imple, **M**aintenance friendly, **A**ffordable, **R**eliable, **T**imely to market -

innovations which fit for emerging market in China and have substantial potential to be successful in the global market. In addition, it is working on technology commercialization to bring right innovations into business and encourage entrepreneurship.

Siemens Program and System Engineering (Nanjing) Co. Ltd., (SPSE) was established in February 2004 in Nanjing, Jiangsu Province. As the software development partner for all of Siemens Business Groups in China, the company develops embedded software for Siemens products, systems, services and solutions that are closely oriented towards local customers' needs and market requirements. A comprehensive technology management system, comprising of advanced software development methods, processes and tools as well as leading quality management know-how and comprehensive project expertise, ensures that all software developed by SPSE meets the highest quality standards and is delivered to customers on time and within budget. In the medium term the company plans to employ 1,000 software engineers. The SPSE Hangzhou R&D Center was opened in July 2005. The center will work closely with Chinese mobile operators and the local university to develop data applications for future 3G networks (WCDMA and TD-SCDMA) and billing systems for convergent networks.

Siemens also actively reaches out to China's leading universities and has established numerous co-operations for mutual benefits. To date Siemens has set-up comprehensive co-operations with 16 top universities in China to promote research & development, foster knowledge sharing and make contributions to education. In November 2005, Siemens signed a cooperative agreement with Shanghai Jiaotong University to jointly work on a Wireless Information Service Testbed based on Radio Frequency Identification (RFID) for application in Shanghai Expo 2010. The testbed will provide an effective and real-time management system for Expo facilities, exhibits and visitor flux.

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Siemens in China

Siemens is one of the most well-known, liked and respected corporate citizens in China. And this is not surprising given Siemens long history of co-operation dating back to 1872, when the company delivered China's first pointer telegraph. Siemens has witnessed the tremendous changes that have taken place since China's opening up and reform drive and is proud to be a reliable, committed, and trustworthy partner in China's development. All business segments of Siemens worldwide are active in China including Automation and Control, Power, Transportation, Medical, Information and Communications, Lighting as well as Household Appliances. Core business areas are infrastructure development and industrial solutions. To date, Siemens has established more than 70 operating companies and 60 regional offices in China. These offices are the backbone of Siemens' regional marketing strategy and ensure that the company is close to its customers to be able to respond quickly and efficiently to their needs. With 43,000 highly qualified local staff, Siemens is one of the largest employers amongst foreign invested enterprises in China. The company has been striving to become a fully integrated part of the Chinese economy and is committed to continue its investment to develop and extend local manufacturing, engineering, R&D, software development, as well as procurement activities to ensure the sustainable and profitable growth of its business in China.

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For further information please contact:

Siemens Ltd., China, Corporate Press

Ms. Lilian Xiao Weiqun

Tel: +86-10-6476 3102

Fax: +86-10-6476 4922

E-mail: weiqun.xiao@siemens.com

Ms. Shirley Pan Xiaoying

Tel: +86-10-6476 3736

Fax: +86-10-6476 4922

E-mail: xiaoying.pan@siemens.com