

Siemens in China

The history of Siemens in China dates back to 1872, when the company delivered the first pointer telegraph to China. For more than 130 years, Siemens has been active in the country, where it holds leading positions in the company's three sectors: Industry, Energy and Healthcare. Over the years, Siemens has become an integral part of the Chinese economy and a reliable, committed and trustworthy partner of China. 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. To date, Siemens has established more than 90 operating companies and 61 regional offices in China. These offices, together with Regional and Provincial managers, are the backbone of Siemens' regional marketing strategy and ensure that the company is close to its customers in order to respond quickly and effectively to their needs.

In fiscal 2008 (October 1, 2007 - September 30, 2008), sales to customers of Siemens in China amounted to RMB 57 billion. And new orders totaled RMB 65.5 billion. With a workforce of over 43,000, Siemens is one of the largest foreign-invested employers in the country.

Industry Sector

Siemens **Industry Automation & Drive Technologies (IA&DT)**, a leading provider in industrial automation worldwide, offers a wide range of innovative, reliable, efficient and high quality products, systems, solutions and services, in manufacturing automation, process automation, electrical installation for buildings and electronics assembly systems, based on its unique concepts of Totally Integrated Automation (TIA) and Totally Integrated Power (TIP). IA&DT's products and services are widely applied in steel, machinery, metals, food, beverage, packing, automotive, power, petrochemical, as well as aerospace and astronautics industries.

In early 2007, Siemens signed a contract with Sinopec on providing Discrete Control Systems in the latter's Qingdao Refinery Project. The project is Sinopec's first large single-series unit with 10-million-ton refining capacity. It is also the first time that Siemens control systems are adopted in Sinopec's mega project. In 2008, IA&DT signed a one-billion-yuan framework contract with Baoding Tianwei Wind Power Technology Co., Ltd. for winery products. For the first time the full range of IA&DT products are applied in China's winery industry. IA&DT will provide gearbox, generator, converter and busbar to the customer, who will get world-class wind turbine drive-chain system. After the smooth integration of UGS, world-leading provider of Product Lifecycle Management (PLM) software and services, Siemens has become the first supplier in industry to offer integrated software and hardware solutions throughout their whole production process. This has laid solid technical foundation for its TIA-based concept Digital Factory. Together with constant innovations, Siemens IA&DT will further help customers increase productivity and production flexibility, shorten their time-to-market and lower the costs.

Siemens **Industry Solutions (IS)** is the systems and solutions integrator for plant business, and covers everything from planning and construction, to operation and maintenance over a plant's entire life-cycle. IS has the process know-how for increasing the productivity and competitiveness of enterprises in various industries, and meets the need for environmentally compatible solutions with its water processing and raw material processing systems.

In 2008, IS strengthened its solid No. 1 position in China's metal and paper industries. Siemens received the order from Baosteel for the supply of the second COREX C-3000 plant shortly after the successful start-up of the first COREX plant in Baosteel. The COREX technology is a proven economical and environmentally-friendly alternative to the conventional blast furnace technology. Three months before the beginning of the 2008 Games, IS started up a waste water reuse system at Beixiaohe Waste Water Treatment Plant – a project serves to increase the capacity of the plant by 60,000 m³ per day and is the largest of its kind in the world. The plant is equipped with leading-edge Siemens' Membrane Bio Reactor (MBR) technology which integrates innovative membranes technology and conventional waste water treatment technology. The treated effluent water will meet high quality standards and be directly utilized as water for scenic lakes and fountains of Olympic Village, more importantly it will pose no danger to the human population. In 2008, IS received an order from Hainan Jinhai Pulp & Paper Industry Co., Ltd., China to supply all the drives and electrical equipment for paper machine PM2. As of May 2009, the new paper machine will produce around one million metric tons of graphic paper per year. This makes it the largest machine of its kind in the world.

Siemens **Building Technologies (BT)** provides 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. BT's products, systems and services include building automation systems for controlling heating, ventilation and air-conditioning, products and solutions for electrical installation technology, fire safety as well as comprehensive security solution.

Building Technologies was awarded the National Aquatics Center ELV Project of the 2008 Games to provide Water Cube with the complete extra-low-voltage infrastructure – comprising the building automation and management, fire alarm and control systems. The total solution can minimize energy consumption and workload while improving reliability, comfort and flexibility. In April 2008, BT signed contract with Yangpu District Government for the energy efficiency project for its government building. The successful signing of the project - the first energy performance contracting project for BT - has shown that BT has turned the huge energy market potential into solid project opportunities.

Siemens **Mobility** is the reliable and strong partner of Chinese transportation and logistics industry. With its "Complete mobility" approach, Mobility offers sustainable mobility solutions that integrate various transportation systems in order to transport people and goods with greater efficiency, safety and environmental friendliness. For this purpose, Mobility has concentrated all its competencies from operating systems for railways and road traffic, traction power supplies and rolling stock for mass transit, regional and mainline services, to airport logistics and postal automation.

Siemens Mobility has successfully contributed to the rapid-growing transportation infrastructure development and modernization throughout China in more than 100 years. It includes mass transit projects in Shanghai, Guangzhou, Shenzhen and Nanjing, Beijing and Dalian, as well as main line projects such as signaling, AC locomotives, high-speed trains, and the world's longest railway electrification from Harbin to Dalian. Equipped with Siemens' innovative technology, Transrapid Shanghai, the world's first commercial maglev line, started commercial operation in early 2004. With Wuhan Urban Traffic Control System, the biggest Urban Traffic Control turnkey project in China, Mobility also gives a demonstration on how to improve the road traffic efficiency tremendously. In addition, Siemens provided one of the world's largest and most advanced baggage handling systems for the new Terminal 3 of Beijing Capital International Airport (BCIA). The system, which can sort and transport up to 19,200 bags per hour, ensures BCIA to increase its annual passenger handling capacity from 28 million to 60 million.

For more than 100 years the name of **OSRAM** has stood for excellence in light throughout the world. OSRAM, headquarters in Munich Germany, a 100 percent affiliated company of Siemens, is a part of Siemens Industry Sector. Today OSRAM is one of the two largest lamp manufacturers in the world. OSRAM products are sold to about 150 countries in the world. With its innovative technologies and solutions, OSRAM has continually opened up new horizons in artificial lighting – in public utilities, offices, factories, homes, and on the roads. OSRAM owns 4 production sites in China, as well as research and development centres. Established in 1995, OSRAM China Lighting Ltd. has become the centre of competence in the Asia-Pacific region and plays an important part in the global strategy. OSRAM has provided lighting solutions

to many famous projects in North East Asia including, National Stadium and National Aquatics Center in Beijing, Taipei 101 Tower, as well as Beijing Tian An Men Square.

Energy Sector

Siemens **Energy Sector** is a committed partner to China's power industry for highly efficient and environmentally compatible power plants and related services. Together with its Chinese joint venture partner, Siemens Energy is in the No. 1 position for large-capacity, advanced steam power plant equipment.

The Huaneng Shanghai combined cycle power plant is one of the biggest plants of its kind in China. Featuring three combined-cycle units equipped with three advanced gas turbines from Siemens, the plant has a total output of 1,200 MW and a net efficiency rating of approximately 58 percent. Named Best Gas Power Plant in Asia in 2007, this single-shaft plant exhibits tremendous advantages in providing electricity at low cost and low emission for the Shanghai area. Siemens also secured a long-term (14-year) maintenance contract for the Huaneng Shanghai plant, giving the company a foot in China's gas turbine service market.

Huaneng Yuhuan Ultra-supercritical Power Plant (4x1000 MW) sets a new milestone in construction of highly efficient clean coal-fired plants in China. By using the most advanced Siemens ultra-supercritical technology, the project is top-ranking worldwide in terms of unit output, environmental protection, high efficiency and resource saving . Its overall efficiency reaches 45%. Huaneng Yuhuan Power Plant was awarded Gold Winner of Asian Power Plant of the Year 2008.

Siemens will supply environmental friendly gasification technology for the world's largest facility for production of polypropylene from coal. Siemens is to supply five entrained-flow gasifiers with a thermal capacity of 500 MW (approximately 2000 tons coals per day) each to China's Shenhua Ningxia Coal Industry Group (SNCG), a subsidiary of the Shenhua Group, the largest Chinese coal producer. Siemens also supplies air-separation compressor trains, CO₂ compressor and polypropylene

compressor for this project, which owns China's largest air-separation units (90,000 Nm³/h).

In addition, Siemens has strongly supported major Chinese manufactures and Engineering, Procurement & Construction (EPC) enterprises to explore markets beyond China. In 2007 and 2008, Siemens Oil & Gas Division secured two orders to supply seven advanced SGT-800B (47 MW) industrial gas turbines to CITIC Pacific, a wholly-owned subsidiary of CITIC Group. The total order volume is approximately 100 million Euros. The seven Siemens industrial gas turbines will be installed at CITIC Pacific's Cape Preston Iron Ore Project, a mining project in Western Australia, and will provide highly-efficient, environmental-friendly and reliable power generation for this mining project.

As a product, system, solution and service provider, Siemens Energy is also active in all fields of power transmission and distribution in China. Siemens Energy works to ensure reliable and efficient transmission and distribution of power from the generating source to the consumer. Siemens' innovative technology minimizes energy losses when electrical energy is transported over long distances. Local manufacturing includes air- and gas-insulated switchgears, circuit breakers, transformers as well as components such as ceramic vacuum interrupters.

The increasing demand for power in China's urban and industrial centers requires the transmission of large amounts of energy over distances of several hundred miles or more. Siemens Energy together with local partners is to deliver ten extra-high voltage converter transformers for the future high voltage DC transmission (HVDC) link from the Xiangjiaba hydro-electric power plant in south western China to Shanghai. With a transmission capacity of 6,400 megawatts and a length of more than 2,000 kilometers (1,240 miles) the planned HVDC transmission link will have the highest capacity of any such system in the world and will also be the longest. Compared with normal HVAC transmission system, HVDC transmission system can reduce the energy consumption and carbon dioxide emission significantly.

Healthcare Sector

Siemens is one of the world's largest suppliers to the healthcare industry. The company is a renowned medical solutions provider with core competence and innovative strength in diagnostic and therapeutic technologies as well as in knowledge engineering, including information technology and system integration. With its laboratory diagnostics acquisitions, Siemens **Healthcare** is the first integrated healthcare supplier, bringing together imaging and lab diagnostics, therapy, and healthcare information technology solutions, supplemented by consulting and support services. Siemens delivers solutions across the entire continuum of care - from prevention and early detection, to diagnosis, therapy and care. Additionally, Siemens Healthcare is the global market leader in innovative hearing instruments.

Siemens is working hard to support China's overall healthcare improvement and is committed to addressing the needs of Chinese 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.

In May 2007, Siemens, Shanghai Tongji University and Germany-based hospital operator Asklepios Kliniken teamed up to establish a joint-venture hospital under a public-private partnership structure in China. The hospital shall be launched before the World Expo 2010 and could be expanded to a capacity of over 500 beds thereafter. More than EUR 100 million (RMB 1 billion) will be invested to establish a cutting-edge and fully digital general hospital which provides world-class healthcare services.

In cooperation with China's Ministry of Health and with support from Chinese Association of Medical Equipment (CAME), Siemens Healthcare kicked off a five-year project - "Siemens Rural Center of Medical Excellence" in April 2007. The Center will be developed into a model for better rural healthcare delivery in China. The first Siemens Center of Medical Excellence was successfully set up in Luochuan County, Shaanxi province with support from Shaanxi Healthcare Bureau in October 2008. A wide range of diagnostic imaging equipment including CT, fluoroscopy, radiography, surgery, mammography and ultrasound products which are specially designed to meet

the quality but cost-efficient needs of smaller and rural hospitals was installed in this Center.

Siemens Healthcare also dedicates to the R&D development and investment in China. In March 2005, the MR Center of Excellence for Asia is set up in Siemens Mindit Magnetic Resonance Ltd. (SMMR) in Shenzhen, becoming Siemens' only magnetic resonance imaging (MRI) R&D and manufacturing base outside of Germany. In September 2007, Healthcare relocated its national headquarters to the Siemens Medical Park, Shanghai which is located in Shanghai International Medical Zone (SIMZ) with a total investment of RMB 300 million. The integration of R&D, manufacturing, marketing, sales, logistics and service under one roof further strengthens our customer focus and understanding of the requirements of a rapidly growing and increasingly demanding market in Asia. Siemens Shanghai Medical Equipment Co., Ltd. (SSME) located in the Park produces CT, X-ray and ultrasound systems and is the only overseas CT R&D and manufacturing center outside of Germany.

Cross Sector Business

As one of the top ten companies in IT Outsourcing and System Integration worldwide, **Siemens IT Solutions and Services** plays an active role in Siemens customer projects. The Division participated in the joint project for the construction of Terminal 3 of Beijing Capital International Airport in 2008, responsible for the software engineering for the baggage handling system. In addition, Siemens IT Solutions and Services was responsible for designing and implementing the IT and communication infrastructure for the newly established Siemens Center Beijing. This included the design and implementation of the largest Siemens Data Center in Asia based on state-of-the-art technology. Siemens IT Solutions and Services also partners with SAP to drive SAP Education Programs in China, to nurture new talents and to further develop a full spectrum of education offerings for an ever increasing market demand.

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 Bank Regulatory Commission and the Peoples 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 Group companies in China. SFLL is a leading provider of equipment financing solutions to businesses in China. SFLL specializes in providing tailored finance solutions to meet the specific requirements of its customers - with a particular focus on healthcare, construction, agriculture, vehicles, IT and the industrial sectors. SFLL offers all forms of leasing such as finance lease, operating lease, sale and lease back, fair market value lease and other bespoke solutions.

Equity Investment

Nokia Siemens Networks (NSN), a 50-50 joint venture merged by communications service business of Siemens and Nokia, is a leading global operator in communications services and provides a complete, well-balanced product portfolio of mobile and fixed network infrastructure solutions.

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

Siemens and Expo 2010

In May 2007, Siemens signed an agreement with the Bureau of Shanghai World Expo Coordination to officially become “Global Partner for Innovative Infrastructure and Healthcare of Expo 2010 Shanghai China”. Most recently in December 2008, Osram, a 100 percent affiliated company of Siemens, was awarded the designation of “Global Partner for Lighting of Expo 2010 Shanghai China”.

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