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Promoting the Development of Pragmatic China-Russia Cooperation in Economy and Trade

Ren Hongbin SINOMACH Chairman
and Chinese Chairman of the CRCFPD Business Council

Under the strategic guidance of Chinese President Xi Jinping and Russian President Putin as well as the leadership of China-Russia Committee for Friendship, Peace and Development (CRCFPD), the China-Russia Business Council spared no efforts in studying the difficulties and problems faced by Chinese and Russian enterprises in economic and trade cooperation, and coordinated with government departments of the two sides in a timely manner in a bid to create favorable conditions for pragmatic cooperation of the enterprises in both countries.

There is great complementarity in the two economies as well as great potential for economic and trade cooperation. Bilateral trade has been increasing by the year; one example would be the year-on-year growth of 26.1% from January to May in 2017.

The high-level development of comprehensive strategic partnership between China and Russia has incurred rare opportunities for deep cooperation between enterprises in the two countries. As the platform for cooperation between Chinese and Russian enterprises, the Business Council will step up its efforts in the following aspects:

We will facilitate the bilateral capacity cooperation. An overall development and cooperation will be promoted in energy facilities and other important infrastructure to achieve full cooperation between the two countries in energy equipment manufacturing, project construction, productive operations, technology transfer and services.

We will promote the expansion of financial services. While empowering the bilateral capacity cooperation, we will promote financial support and services such as project financing and local currency settlement by financial institutions in the two countries, and continue to promote the transformation of China-Russia economic and trade cooperation from one of scale and speed to that of quality and efficiency.

We will be committed to creating a better environment for economic and trade cooperation. We will actively promote mutual exchange in standard setting, certification testing and other areas. We will establish a mechanism of regular exchange and meetings for enterprises of the two countries and help facilitate the procedures for bilateral business visa. Such efforts will create a more efficient, economical cooperation environment for business exchanges of the two countries.

In the future, we will work together with our Russian colleagues along the direction pointed out by the heads of the two countries by playing our role as a platform and bridge for constantly enhancing the understanding, trust and cooperation between Chinese and Russian entrepreneurs. We will actively promote the implementation of the Belt and Road Initiative, advance Eurasian economic tie-in and push bilateral pragmatic cooperation in economy and trade to a new high, so as to make greater contributions to the continuously enriched strategic connotations of the relations of China and Russia!

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Three Main Business

R&D and Manufacture
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Trade and Services

Market Position

Ranked 293rd among Fortune Global 500
Ranked 1st among China's Top 100 Enterprises in Machinery Industry
Ranked 25th among Top 250 International Contractors
Ranked 72nd among Top 225 International Design Firms
Ranked 17th among China's Top 500 Foreign Trade Enterprises
Rated as Class A in central enterprise performance appraisal

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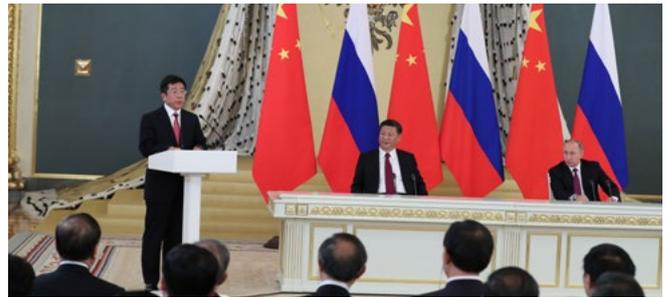
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BRICS Conference Points out the Way Forward for Manufacturing Industry

From the Editor

A decade of painstaking efforts, not a speedy road but it takes you places—the BRICS countries now hold considerable sway in the global economy.

In the year of 2016, the BRICS countries represented as much as 22.3% of the global GDP of USD 75.6 trillion (including USD 11.2 trillion for China, USD 2.3 trillion for India, USD 1.8 trillion for Brazil, USD 1.3 trillion for Russia, and USD 0.3 trillion for South Africa).

However, after ten years of development, the manufacturing industry of these countries is now faced with new problems. Aside from diminishing marginal effects of technological application, the industry has also been plunged into the dilemma of a slowing productivity growth in the labor force replacement.

In response to this issue, on September 1, representatives from the business sectors of China, Brazil, Russia, India, and South Africa as well as the New Development Bank (NDB), the United Nations Industrial Development Organization (UNIDO) and other cooperative institutions gathered in Shanghai for the 2017 Annual Meeting of the BRICS Business Council.

A manufacturing working group headed by Xie Biao, vice president of China National Machinery Industry Corporation Ltd. (SINOMACH) and councilor of BRICS Business Council, completed the BRICS Investment Guide (hereafter “the Guide”), one of the most important results of the meeting. The Guide has contributed to the success of the BRICS Summit in Xiamen.

Here are some of SINOMACH’s efforts in the BRICS meeting to give you some idea on the SINOMACH way of promoting the development of the manufacturing industry in BRICS countries.

Introduction

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- Beloporozhskaya Hydropower Plant in Russia
- Kimkan Iron Ore Concentrator in Russia
- 35MW Wind Power Project of Russia
- The Coating Project in India
- Telecom Broadband Access to Household Project in India



BRICS
2017 CHINA

How SINOMACH Promotes the Development of Manufacturing Industry in BRICS Countries

On September 1, the 2017 Annual Meeting of the BRICS Business Council was held in Shanghai, attended by representatives from the business sectors of China, Brazil, Russia, India, and South Africa as well as the New Development Bank (NDB), the United Nations Industrial Development Organization (UNIDO) and other cooperative institutions. Xie Biao, vice president of China National Machinery Industry Corporation Ltd. (SINOMACH) chaired the meeting of the manufacturing working group as a member of the Council, and made a report on behalf of the group.

In his report, Xie reviewed in details the work of the manufacturing working group in 2017 and discussed the key links required for powering the development of the manufacturing industry in BRICS countries. Group members agreed that it was urgent for all BRICS countries to develop high-end manufacturing, increase the added value of manufacturing products, and draw on national advantages for international capacity cooperation. (For details, please see “Recommendations of the 2017 Manufacturing Working Group.”)



At the 2017 Annual Meeting of the BRICS Business Council, Xie made a report on behalf of the manufacturing working group. He pointed out that members of the Business Council had worked closely together, deepened mutual friendship, made considerable efforts and achieved fruitful results throughout the year. Led by SINOMACH, the group had completed the BRICS Investment Guide (hereafter “the Guide”), one of the most important results of the meeting and an important contribution to the BRICS Summit in Xiamen.

After the meeting, Xie went to Xiamen to attend the BRICS Business Forum and the

dialogue of BRICS leaders and the Business Council on September 4 chaired by Chinese Foreign Minister Wang Yi. During his stay in Xiamen, Xie also met with Harry Schmelzer Jr., CEO of Werner, Eggon and Geraldo (WEG) in Brazil, and discussed areas for future cooperation.

It is reported that the BRICS countries are Brazil, Russia, India, South Africa and China. From September 3 to 5, the Ninth BRICS Summit was held in Xiamen, Fujian.



Recommendations of the Manufacturing Working Group for 2017

Based on previous manufacturing group reports and combined with the work of the 2017, we recommend focusing on the following issues:



The share of manufacturing in most of the BRICS countries is low. There is a need for collaborative efforts to improve the share of manufacturing in the respective GDP of countries.



There is a need for reskilling and skill development given the advancements made in technology like industry 4.0.



To work towards creation of Single Window Platform for exchange of information.



Trade needs to be broad-based, both within the countries and across manufacturing sectors. Efforts to be continued by members for enhancing exports of value –added products and not just raw materials in order to create more employment and earn more foreign exchange.



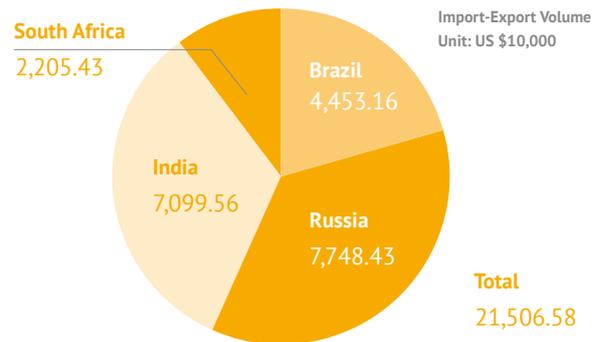
The Council should work with officials of the NDB, so as to ensure that the projects prepared by BRICS businessmen are in line with the prescribed norms of the Bank. Also NDB should finance projects related to manufacturing sector too.



The NDB should function as an assurance bank of first class for trade among its members. There is a need for a more collaborative approach with NDB to minimize the currency risk among BRICS thereby facilitating intra-BRICS trade.

An Overview of the Major Turn-Key Projects of SINOMACH in BRICS Countries

In 2016, the import and export between China Machinery Industry Corporation Ltd. (SINOMACH) and other BRICS countries (Brazil, Russia, India and South Africa) exceeded USD 215 million, including USD 44.5316 million for Brazil, USD 77.4816 million for Russia, USD 70.9956 million for India, and USD 22.0543 million for South Africa. There are a number of projects that are signature SINOMACH in these countries. Here are some examples.



Sol Do Futuro Photovoltaic Power Plant in Brazil

On December 23, 2016, an EPC contract for Sol Do Futuro PV Power Plant Project was signed in Beijing between China National Electric Engineering Co., Ltd. (CNEEC) and Steelcons, a Brazilian company.

Located in Aquiraz, Brazil, the project is a clean-energy project vigorously promoted by the Brazilian government. It involves

construction of three new 30MW PV power plants with a total installed capacity of 90MW over the duration of 10 months. Loan guarantee for the project of US \$172 million will be provided by China Export and Credit Insurance Corporation (SINOSURE).

The signed project is awaiting its entry into force.





Beloporozhskaya Hydropower Plant in Russia

On June 4, 2008, the then Russian President Dmitry Medvedev signed an application decree to encourage environment-friendly, resource-saving technologies. The Beloporozhskaya Hydropower Plant is eligible for green electricity subsidy thanks to the Russian policy that supports and encourages renewable energy. It is the first lending project of the New Development Bank (NDB) in BRICS countries. It is also the first EPC project of hydropower investment plus transmission undertaken by China Perfect Machinery Industry Co., Ltd. (CPMIC) with full consideration of its advantages under guidance of the Belt and Road Initiative.



Located in KEM area of the Russian Republic of Karelia, the hydropower plant has a total installed capacity of 2×24.9MW and involves a total investment of RUB 12.19 billion. The six shareholders include Nordisk Hydro, Russian Direct Investment Fund (RDIF), and SINOMECH, a subsidiary of CPMIC, with CPMIC holding 13.3% of the shares.



Kimkan Iron Ore Concentrator in Russia

On December 31, 2016, the Russian Kimkan Iron Ore Concentrator undertaken by China National Electric Engineering Co., Ltd. (CNEEC) officially entered its warranty period.

The project mainly involved design of construction plan, equipment manufacturing, testing, supply, civil engineering, installation, debugging and warranty for the concentrator and facilities of the Kimkan Mining Area. The contract entered into force on December 2, 2011. The proprietor furnished 15% of the fund, while the Industrial and Commercial Bank of China (ICBC) provided the rest via buyer credit.





35MW Wind Power Project of Russia

In April 2016, SUMEC Group Corporation (SUMEC) won the bid for the Russian 35MW Wind Power Project. With a contract value of about RMB 290 million (RMB 192 million plus RUB 1.43 billion), the project has a total installed capacity of 35 MW. It is jointly constructed by Dongfang Electric Corporation (DEC) and SUMEC (accounting

for 49% of the joint venture). The cooperation included supply, domestic and maritime transportation, installation, commissioning and maintenance of the project equipment. The project is currently under construction, and expected to be completed by the end of 2017.



Telecom Broadband Access to Household Project in India

With its economic development, India witnesses a rapid increase in Internet users. The Indian government has launched the Project of National Optical Fiber Network (NOFN) to popularize a portable, stable fiber-optic network. In November 2016, the Complete Equipment & Engineering Co., Ltd. (SUMEC-CEEC), a subsidiary of SUMEC Group Corporation (SUMEC), approached some well-known Indian telecommunications service providers about the project. In February 2017, SUMEC-CEEC signed the EPC contract for the project. With a total amount of USD 30 million, the project is to be formally launched in the second half of 2017 and completed in 2018.





The Coating Project in India

In 2009, China National Electric Apparatus Research Institute Co., Ltd. (CEI) started the cooperation with India Honda Motorcycle Co., Ltd. by undertaking its six coating production lines. The project involves investments totaling USD 23.145 million.



No.	Project	Starting Date	Completion Date	Current Status
1	Electrophoresis Coating Production Line for Honda Factory #2 of India	2009	2011	Completed
2	FRM & SPC Electrophoresis Coating Production Line for Honda Factory #3 of India	2011	2013	Completed
3	Expansion for the FRM Electrophoresis Coating Production Line for Honda Factory #3 of India	2013	2014	Completed
4	SPC Coating Production Line for Honda Factory #4 of India	2015	2016	Completed
5	Electrophoresis Coating Production Line (Phase II) for Honda Factory #3 of India	2016	2017	In examination for acceptance
6	Electrophoresis Coating Production Line (Phase II) for Honda Factory #1 of India	-	-	In negotiation

SINOMACH in Numbers

SINOMACH: Revenue and Profit

Duration	Revenue	Total Profit
First half of 2017	RMB 109.15 billion	RMB 3.6 billion
First half of 2016	RMB 98.156 billion	RMB 3.4 billion

SINOMACH Ranks No. 334 in the Fortune 500 of the World in 2017



In the evening of July 20, Fortune magazine released its 2017 list of the world's top 500 companies. China National Machinery Industry Corporation Ltd. (SINOMACH) ranked No. 334 with an operating income of USD 32.237 billion. This marked the seventh time for SINOMACH to make the Fortune 500 since 2011.

In 2016, SINOMACH has made 214.16 billion yuan in operating income, 8.67 billion yuan in total profit, and paid 9.55 billion yuan in taxes. For the ninth consecutive year, SINOMACH received an A rating in

operating performance assessment by the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC). In the first half of 2017, the production and operation of SINOMACH is in steady progress, with year-on-year growth in operating income (11.2%), total profit (5.9%) and economic added value (8.4%).



Fortune 500

Operating Income

SINOMACH Once Again Makes the 2017 ENR Ranking



250 international contractors

65 Chinese enterprises listed

Recently, American magazine Engineering News-Record (ENR) announced its 2017 ranking. Once again, SINOMACH secured a place on the list, ranking 31st among the world's top 250 international contractors and 7th among the 65 Chinese enterprises listed.

SINOMACH ranked 64th among the world's top 225 international engineering design companies, and 5th among the 22 Chinese enterprises listed.

SINOMACH Merges with Hengtian Group



ery enterprises and ranked among the A-level enterprises in the performance assessment of the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC) for the SOEs. Meanwhile, Hengtian Group is the only central SOE with focus on textile equipment in China. Currently, it has RMB 83 billion in total assets, and garners RMB 3 billion in profit.

After the merger with China National Erzhong Group Co. (China Erzhong) in July 2013, China National Machinery Industry Corporation Ltd. (SINOMACH) ushered in yet another reorganization after a lapse of four years. This time, it merged China Hengtian Group Co., Ltd. (Hengtian Group) which would be a wholly-owned SINOMACH subsidiary.

On August 15, the reorganization meeting was held in Beijing. At the meeting, SINOMACH Chairman Ren Hongbing said, “The merger between SINOMACH and Hengtian Group will become a new milestone in the rapid development of SINOMACH.” He continued that the next steps of SINOMACH would be to raise the awareness, promote the communication, advance the coordination, establish a smooth operation mechanism, optimize the development strategies of both sides, speed up business cooperation and implement mul-

multiple measures simultaneously for synergy, so as to ensure the full release of the reorganization dividends.



SINOMACH is a large central state-owned enterprise (SOE) group with the largest scale, most extensive coverage, most complete business chain and strongest research and development capacity in the Chinese machinery industry. It has witnessed fast growth at the rate of 30% for many years and its operating income of 2016 reached RMB 214.16 billion. For many years, it headed the list of top 100 Chinese machin-

Liu Qiang, deputy director of the SASAC, said at the reorganization meeting that after merging with Hengtian Group, SINOMACH should further highlight strategic guidance, clarify its development positioning, business layout and development direction and take the initiative to benchmark itself against world-class enterprises, so as to turn itself into a first-class machinery and equipment group with core competitive edges and the capability to compete against international giants.

SINOMACH has had a wealth of experience in corporate merger. In recent years, the group successively merged with China National Geological Equipment Group Co., Ltd. (CGEG), China Foma (Group) Co., Ltd. (China Foma), China Ocean Aviation Group Limited (COAG), YTO Group Corporation (YTO) and the aforementioned China Erzhong. All these companies have witnessed new breakthrough and development.

The public believe that SINOMACH has carved a unique approach of inclusive growth by pursuing self-development and constantly reorganizing and integrating at the same time. “Aside from enhancing business profit, there is another major feature for the current reorganization and integration—the homogeneous competition between SOEs and central SOEs will be reduced, which means that efforts can be pooled to improve their strength to make them bigger and stronger.” Li Jin, chief analyst of China Enterprise Research Institute, told the media that reorganization and integration would

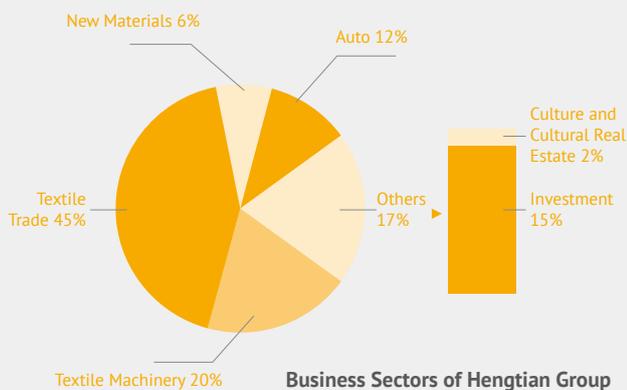


improve the core edge of enterprises while adjusting their structure and increasing the concentration of resources, thus helping the SOEs grow and excel. He added that merger would be the future development trend of SOEs.

After this merger, SINOMACH will continue to advance the transformation and upgrading of the equipment manufacturing industry, revitalize the real economy, and bench itself against international counterparts, so as to constantly progress toward a world-class enterprise.

Did You Know

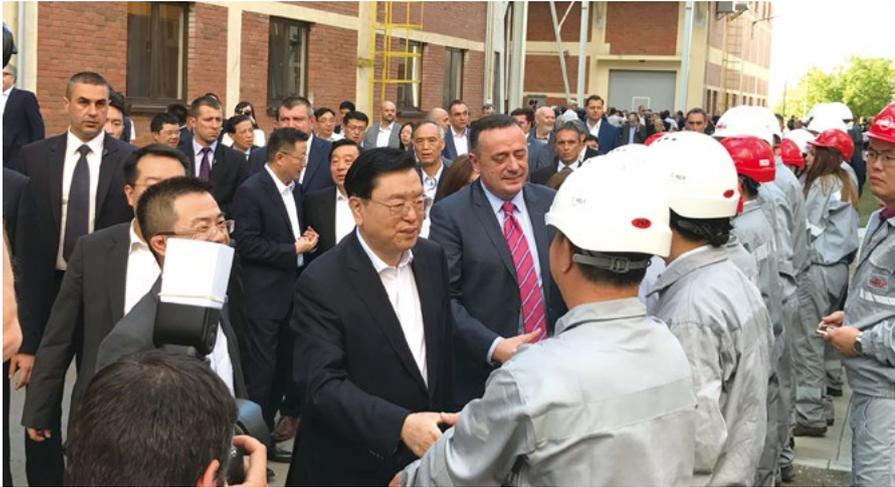
In recent years, Hengtian Group has embraced institutional reform and innovative development to extend its business. The group now covers multiple business units including textile machinery, textile trade, new fiber materials, commercial vehicles and construction machinery, financial investment and asset management, fashion and creativity, and cultural real estate.



At present, the assets of Hengtian Group total RMB 83 billion. It has over 50,000 employees, 23 secondary subsidiaries, 14 primary overseas enterprises and 3 domestic and foreign listed companies.



NPC Standing Committee Chairman Zhang Dejiang Inspects Kostolac-B Power Plant Project in Serbia



Contract content

Serbian KOSTOLAC-B Power Plant Project (Phase II)

58
Months

Construction period

USD
715.6
Million

Project

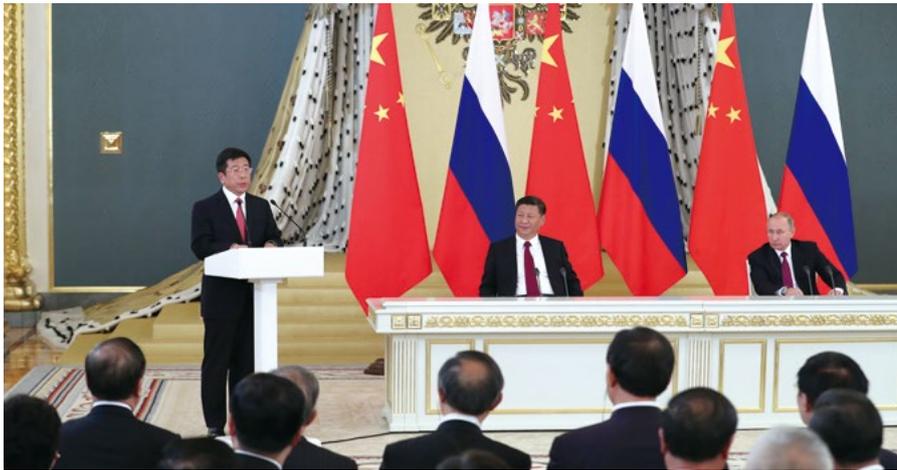
On July 17, Zhang Dejiang, member of Standing Committee of the Central Political Bureau of the Communist Party of China and chairman of the Standing Committee of the National People's Congress, inspected Kostolac-B Power Plant, a project undertaken by China Machinery Engineering Corporation (CMEC) in Serbia. Other visitors included Maja Gojković, president of the Serbian National Assembly, and Ana Brnabić, Serbian prime minister. The inspection was also accompanied by Aleksandar Antić, Serbian minister of energy, and Li Manchang, Chinese Ambassador to Serbia.

Before the visit, Zhang was briefed on the transfer and operation of the first phase of the project, the implementation of the second phase and its background and significance. He was attentive to the progress of the project, and said that he would assist and support CMEC in urging Serbia to approve the environmental impact assessment report as soon as possible.

The Serbian KOSTOLAC-B Power Plant Project (Phase II), whose contract was signed on November 20, 2013, involved the construction of a new 350MW supercritical coal-fired generating unit (B3) and expansion of the ancillary open-air coal mine. As the general contractor, CMEC will be responsible for the design, supply, civil construction, installation, training, commissioning and warranty on a turn-key basis. The total contract value of the project is USD 715.6 million and the project duration is 58 months.

As CMEC's first power plant project in Europe, the project will be constructed according to the EU emission standards. No power plant has been built in the country in the two decades prior to CMEC's project. Its completion is expected to effectively alleviate pressure in local power supply.

Ren Hongbin Delivers a Speech at CRCFPD Conference



Ren Hongbin Delivering a Speech at CRCFPD Conference

On July 4, Chinese President Xi Jinping and Russian President Vladimir Putin met in Moscow members of the China-Russia Committee for Friendship, Peace and Development (CRCFPD) and representatives from media and business communities. Ren Hongbin, chairman of China National Machinery Industry Corporation Ltd. (SINOMACH) and Chinese chairman of the CRCFPD Business Council, made a report to the two heads of state as a representative from the business community.

Xi Jinping pointed out that, since its establishment 20 years ago, the CRCFPD has been a major channel of non-governmental exchanges between China and Russia, and made important contributions to the healthy, stable development of comprehensive strategic cooperative partnership of the two countries. He expressed the hope that entrepreneurs, media and friendly groups in China and Russia would continue to promote the development of China-Russian relations, to sow seeds of friendship and pioneer practical cooperation between the two countries.



Ren Hongbin Delivering a Speech at the 11th Plenary Session of the CRCFPD



Ren Hongbin Unveiling the Nameplate for the Chinese Office of the CRCFPD Business Council in Moscow



Ren Hongbin at the Signing of a Strategic Cooperation Agreement between CMEC and the Russian Company Segezha Group



Ren Hongbin Interviewed by the Russian Press

Vladimir Putin said that friendly non-governmental exchanges between China and Russia played an important role in strengthening the relations and promoting bilateral cooperation of the two countries. He also expressed his gratitude to the CRCFPD, the Russian-Chinese Friendship Association and other friendly groups, as well as the businesses and the media of the two countries for their positive contributions.

In his speech, Ren Hongbin said that the CRCFPD Business Council would establish a regular mechanism of exchanges and meetings between Chinese and Russian enterprises, and facilitate the application procedures for bilateral business visa. Such efforts aim at creating a more efficient and economical environment of economic and trade cooperation for business exchanges for the two countries' enterprises. In the future, the Business Council would work with its Russian colleagues towards the direction specified by the heads of the two countries and give full play to its role as a platform for enhancing the understanding, trust and cooperation between Chinese and Russian entrepreneurs. The Business Council would also actively promote the construction of the Belt and Road Initiative and its coherence with the Eurasian Economic Union (EAEU), to further promote a mutually beneficial economic and trade cooperation, which will make new and greater contributions to continuously enrich the strategic connotations of the relations of the two countries.

On the same day, Ren Hongbin also attended the 11th Plenary Session of the CRCFPD as the Chinese chairman of its Business Council. At the meeting, he gave a speech with the theme of Focusing on Pragmatic Cooperation, sharing his opinions on how to continually deepen project cooperation in the energy sector including oil and gas, enhance the quality of economic and trade cooperation, expand the functions of financial services, create a more efficient and economic environment for cooperation in economy and trade, and establish regular mechanisms for corporate communication and exchanges.

SINOMACH Exchanges



Xu Jian

President of SINOMACH

Meets with Gonzalo Hernandez Mesa, President of Cuban GESIME

June 13



Many companies of China Machinery Industry Corporation Ltd. (SINOMACH) are in cooperation with the Grupo Empresarial de la Industria Sidero Mecanica (Cuban Metallurgical Industry Group, GESIME).

SINOMACH will vigorously promote and supervise the construction of existing projects and actively launch cooperation in new fields.



Zeng Xiangdong

Vice President of SINOMACH

Explores Opportunities for Cooperation in Equipment Manufacturing

August 27-September 4

During the visit, the SINOMACH delegation met with Angel Vilaragut, first deputy minister of construction; Reinaldo, first deputy general manager of GESIME; and Juan Hernandez, deputy general manager of Grupo Azucarero Azcuba (Cuban Sugar Group, Azcuba). Together they explored in depth opportunities for cooperation in export, EPC contracting and technical services, establishment of product repair and consignment centers, personnel training and financial ser-

vices for such areas like metallurgical equipment, transportation equipment (special vehicles, all-terrace vehicles, new energy vehicles and spare parts), agricultural equipment, engineering machinery, new energy power equipment, manmade board machinery, power machinery, prospecting equipment, instruments and meters.



Ding Hongxiang
Vice President of
SINOMACH



📍 Visits the German Headquarters of Volkswagen and Inspects SUMEC Enterprises Overseas

June 6-11

Ding visited the German headquarters of Volkswagen, and made in-depth exchanges with Volkswagen on its cooperation with SINOMACH and SUMEC in auto parts, overseas complementary assets acquisition and other issues.



Liu Jingzhen
Vice President of
SINOMACH



📍 Attends the China-Saudi Arabia Forum on Industrial Capacity Cooperation and Investment

August 24

Liu attended the China-Saudi Arabia Forum on Industrial Capacity Cooperation and Investment held in Saudi Arabia and delivered a keynote speech during the dialog section of innovating financing mode.



📍 Meets With the Minister of Water Resources and Health of Ghana

June 5

They exchanged views on cooperation in water conservancy, sewage treatment, agricultural machinery and trade.



📍 Meets With Safa Bayar Yavuz, Chairman of Assan Aluminium

August 13

They exchanged views on cooperation in Turkish metallurgical and aluminum processing projects, and explored cooperation opportunities in related fields.

Additional Good News for the China-Belarus Industrial Park



China-Belarus Industrial Park is an important platform for economic and trade cooperation between China and Belarus and a landmark project for implementing the Chinese Belt and Road Initiative. Its progress concerns the people and enterprises of the two countries.

Here's another good news for the park that happened only a couple of months ago: the revised and augmented master plan for China-Belarus Industrial Park was approved on July 27 by the Belarusian cabinet. The new master plan clarifies that Phase I will be for industrial use for the large part, and Phase II will shift towards commercial land use by cutting the industrial land by an appropriate percentage. Eventually, the park will be able to accommodate 142,000 people.

It is reported that the new detailed planning for Phase I would abide by the principle of "increasing industrial land, controlling auxiliary land and reducing commercial land." Accordingly, the 8.5 square kilometers of land for Phase I has been adjusted by expanding the industrial land to 505 hectares, containing public utility land within 110 hectares, and reducing commercial land to 60 hectares.

Good news also came for the investment environment of China-Belarus Industrial Park: Presidential Decree No. 166 titled "On Improving the Special Legal System for China-Belarus Industrial Park" promulgated by Belarusian President Alexander Lukashenko entered into force on May 25, 2017, further

142,000
People

Park will be able to accommodate

505
Hectares

Industrial land



Infrastructure construction has been completed for the starting area



Invested by the development company of the park

enhancing preferential policies. It was the third edition of the Presidential Decree for China-Belarus Industrial Park since June 5, 2012 when the president of Belarus awarded the park a series of preferential policies in supreme legislation.

Compared with its predecessor, the present Presidential Decree No. 16 has lowered the threshold of investment: minimum USD 5 million for producers and USD 500,000 for developers, given that they are companies in leading industries. The leading industries include electronics and communications, pharmaceuticals, fine chemicals, biotechnology, machinery manufacturing, new materials, integrated logistics, e-commerce, big data and social culture. At the same time, companies in the park are also offered more

favorable tax policies and conditions: corporate income tax exempted in 10 years from the profit-making date, and halved until June 5, 2062 starting the 11th year. In addition, real estate tax and land tax will be exempted from the date that a company is admitted into the park to June 5, 2062.

Up to now, infrastructure construction has been completed for the 3.5 square kilometers of the starting area for Phase I, involving an investment of USD 123 million. 11 kilometers of road has been built, together with water supply, power supply, gas, rainwater plant and corresponding pipe network, making 303 hectares of land ready for business promotion.

At present, the China-Belarus Logistics Park (Phase I) invested by China Merchants Group (CMG) has been completed. The super capacitor project of Chengdu Xinzhu Corporation (Xinzhu) is under construction as the first production project of the park, expected to be completed and put into operation this year. Zoomlion Heavy Industry Science & Technology Co., Ltd. (Zoomlion) held a groundbreaking ceremony on April 15, 2017. Interior decoration has been completed for the 12,500 square meters of integrated office building by the development company of the park.

Up to now, 19 companies have been registered in the park including China Merchants Logistics Holding Co., Ltd., YTO Group Corporation, Zoomlion, ZTE Corporation, Huawei Technologies Co., Ltd., Xinzhu,

NanoPectin Co., Ltd., Zhejiang Yongkang Hongfu Manufacturing and Trading Co., Ltd., GREATDEKOR Co., Ltd.(Austria), AE Technologies (GD) Co. Ltd., Huizhou Fenya Semiconductor Co., Ltd., Huizhou Fluence Optoelectronic Technology Co., Ltd., Lotusland Renewable Energy Technology (Shanghai) Co., Ltd., 38th Institute CETC, IPG Photonics Corporation (US), HashRate Co., Ltd.(Belarus), New Craft Technologies Co., Ltd.(Lithuania), ASSOMEDICA Co., Ltd. (Belarus), and Photoelectric Sapphire Co., Ltd. (Belarus), Nearly 30 companies have signed the agreements of intent to bring their business to the park, including 28th Institute CETC, China National Building Material Group Co., Ltd. and others.



Contracts Signed

CCEC Signs Contract for Construction of Mozambican Railway and Port



On June 12, the contract for the construction of a 484-km railway from Moatize to Macuze was signed between Thailand Mozambican Logistics Company and a consortium consisting of China National Complete Engineering Corporation (CCEC), a wholly-owned subsidiary of China Machinery

Engineering Corporation (CMEC); the Portugal Mota-Engil Engenharia e Construcao and Africa SA, a subsidiary of Mota-Engil SGPS listed at Euronext N.V. According to the contract, the consortium will be the general contractor responsible for design, supply, civil construction, installation, training, commissioning and warranty work of the project on a turn-key basis. Of the total contract amount approximating USD 2.389 billion, about 1.1945 billion was awarded to CCEC. The contract will take effect after certain conditions are met and the construction period will be about 44 months.

CONTRACTED AMOUNT

USD 2.389 billion

CNEEC Signs Contract for Power Plant Reconstruction Project in Kinshasa, DRC



Recently, China National Electric Engineering Co., Ltd. (CNEEC) successfully signed a contract for renovation of the Kinshasa Power Distribution Plant in the Democratic Republic of the Congo (DRC).

The contract amounts to about USD 130 million and the proprietor is the Société nationale d'électricité (SNEL, the State Power Company of the DRC), a company controlled by the DRC Ministry of Power. The



project involves the upgrade of ten 30kV substations and part of the city grid, which includes upgrades to the civil engineering and equipment. The construction period is about 24 months.

The project marks the second cooperation between CNEEC and SNEL following the transformation project of Inga Hydropower Station (Phase II), as well as another breakthrough for CNEEC in the African market.

CONTRACTED AMOUNT

USD 130 million

Bids Won

IPPR Wins Bid for Children's Hospital Project in Western Jamaica

Recently, China IPPR International Engineering Company Limited (IPPR) successfully won bid for the Children's Hospital project in Western Jamaica, marking another major breakthrough for the company in the design of large-scale medical buildings in the Caribbean, following the Princess Margaret Hospital as an aid project to Dominica.

The project is located in Montego Bay, Jamaica, with a land area of 15,986 square meters and a total construction area of 16,000 square meters. There will be about 220 beds, with the tallest building reaching eight floors. The project will be a theme hotel for children in traditional Jamaican style. A view of the Jamaican-signature sunny beach will be



integrated into the design, creating a vibrant and healthy atmosphere. Cartoon images of tropical animals will be arranged throughout the waiting area, wards, doctor's offices and surgery department. Books and toys will be

available in all public spaces. The beautiful green space, game venues and rehabilitation runways are all intended to foster the happy, rapid rehabilitation for children.

AE Wins the General Contracting Project for South African Mercedes-Benz BDC System

On June 12, Automotive Engineering Corporation (AE) won the bid for the general contracting project for the South African Mercedes-Benz BDC system, with a contract amount approximating EUR 20 million. It is the first time for AE to undertake overseas Mercedes-Benz project as a general contractor.

All of the technical exchanges and business negotiations of the tender took place at the German headquarters and South African factory of Mercedes-Benz. Since it learnt the information in October 2016, AE had actively followed up and maintained an effective communication with the Mercedes-Benz headquarters in Germany. The corporation won the technical recognition of the client after rounds of in-depth technical exchanges in Germany.

CONTRACTED AMOUNT

**EUR 20
million**

Projects Completed

AE Construction Project of SGMW Park for CBU and SAIC Parts in Indonesia Completed and Inaugurated

On July 11, the completion and inauguration ceremony for SAIC-GM-Wuling (SGMW) Project in Indonesia was held in its West Java factory.

SGMW Indonesia project is the first overseas EPC construction project of completely built-up (CBU) units undertaken by Automotive Engineering Corporation (AE). With

a total investment of USD 700 million, it covers 60 hectares in floor area, half for the main plant and the other half for the parts park. Its annual output capacity is 120,000 CBUs. The project was launched on August 20, 2015, and its construction took 698 days. At the ceremony, Indonesian Vice President



Jusuf Kalla said that the SGMW Indonesian factory had been a delightful surprise for him and that construction of a modern car factory in less than two years marked a new record in the building of Indonesian auto plants.

Final Acceptance Certificate Awarded to the Mbala-Nakonde Road Renovation Project Undertaken by CAMCE in Zambia



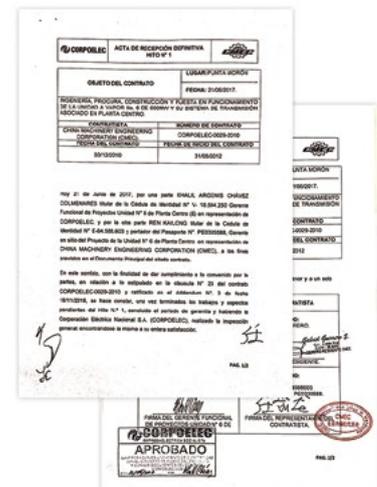
On June 20, the final acceptance certificate was awarded by the Zambian Road Administration to Section K85-K171.9 of the Mbala-Nakonde Road Renovation Project Undertaken by CAMC Engineering Co., Ltd. (CAMCE) in Zambia. The document confirmed that the section had passed the final acceptance in June 12, 2017, indicating the full acceptance of the entire project.

FAC Certificate Obtained for the CMEC Project of the Venezuelan Central Power Plant

The FAC certificate for Venezuela Central Power Plant's No.6 600MW Steam Turbine Generator Project, an EPC project of China Machinery Engineering Corporation (CMEC), was signed on June 21.

Launched in May 2012, the project passed a 168-hour full-load test run begun on May 1, 2016 and completed on May 8 of the same year, 83 days ahead of schedule. After the

Venezuelan proprietor issued the PAC certificate on May 18, 2016, the project was put into operation with a one-year warranty. On May 18 of the next year when the warranty period ended, the generator unit remained in good working condition. The acquisition of the FAC certificate marked the successful completion of Venezuelan Central Power Plant's No.6 600MW Steam Turbine Generator Project.



SUMEC Jinzhengqi Bogies Supplied to Fuxing Hao, a China Standardized EMU



On June 26, China standard EMU Fuxing Hao (literally “the rejuvenation”) made its debut, ushering in a new era for China’s railway technology and equipment. The bogie parts were supplied by Nanjing Jinzhengqi Vehicle Co., Ltd., a subsidiary of SUMEC Group Corporation (SUMEC).

Fuxing Hao was developed over three years by a core R&D team of members from 20 institutions. With complete independent intellectual property rights, its test speed exceeds

400 km/h and continuous running speed maintains at 350 km/h. As an important supplier, Nanjing Jinzhengqi of SUMEC was involved in the whole process of the product design, manufacturing, trial assembly and commissioning, providing 28 categories of bogie parts for Fuxing Hao. The company has exercised strict quality control measures to ensure stable product quality and timely supply capacity.

The bogie is the core load-bearing part. Like the “feet” of the train, it directly influences the speed of the train as well as the safety and comfort of passengers. A maximum speed of 400 km/h for Fuxing Hao means that the train would have to bear much heavier load than your average high-speed trains that run at 200-300 km/h, entailing stringent technical requirements. Undertaken

by China Railway Rolling Stock Corporation (CRR) Changchun Railway Vehicles Co., Ltd. and CRR Qingdao Sifang Co., Ltd., the development of the bogie began in 2013 under the leadership of China Railway according to technical specifications formulated by China Academy of Railway Sciences (CARS). SUMEC Jinzhengqi provided the forging parts and assembly parts as an important supplier of bogie parts of CRR Changchun Railway Vehicles Co., Ltd. The past five years witnessed the entire process of development including prototype production and testing, factory belt line testing and the 600,000 KM operation assessment on the Zhengzhou-Xuzhou Railway, disassembly inspection, production license acquisition, and designation as CR400AF/CR400BF, and eventually the bulk supply by SUMEC Jinzhengqi.

Wuhan P4, an IPPR Design Project, Wins the CNAS Certification



Recently, Xiao Jianhua, secretary general of the China National Accreditation Service for Conformity Assessment (CNAS), issued the first national certificate of accreditation to the Chinese Biosafety Laboratory (a P4 laboratory) of Wuhan Institute of Virology under the Chinese Academy of Sciences (CAS). French Prime Minister Bernard Cazeneuve witnessed the issuance.

The prime minister said that the completion of the P4 Lab in 2004 marked a milestone for the Sino-French cooperation in the prevention and response to emerging infectious

diseases, and that its formal accreditation was crucial for the further cooperation between these two countries. On behalf of the French government, he congratulated the lab on winning the accreditation of a national accreditation body in China.

The lab is a core subject in the Agreement on Scientific and Technical Cooperation for Prevention and Fighting Emerging Infectious Diseases signed in 2004 between China and France. It is also a major national scientific and technological infrastructure approved by the National Development and Reform Commission (NDRC).

Wuhan P4 was designed by a design consortium with China IPPR International Engineering Company Limited (IPPR) as the Chinese design firm and Tourret & Jonery Architectes, Clima+, and Altergis Ingenierie

as the French counterparts. It took as long as ten years from the approval of the project in 2004 by the NDRC to its completion. It marked breakthroughs in many aspects including design standards and cooperation model between China and foreign countries. The project also filled the gap in China’s biosafety system with an international level lab. Its completion also indicated that IPPR has become a leader in the engineering design for high-level biosafety laboratories, laying a solid foundation for its development in biomedicine.

In its continuous exploration and innovation of nearly 15 years, IPPR successively undertook more than 20 state-level key construction projects of biosecurity. Its fruitful results represented by Wuhan P4 have cemented its role as a leader in domestic biosafety design.

PAEC Member Yusuf Raza Inspects the Water Intake and Outfall Project for the Pakistan K-2/K-3 Nuclear Plant by COECG



On August 4, Mr. Yusuf Raza, a member of the Pakistan Atomic Energy Commission (PAEC), visited the site of the Water Intake and Outfall Project for the K-2/

K-3 Nuclear Power Plant undertaken by the China Ocean Engineering Construction General Bureau (COECG), a subsidiary of China Ocean Aviation Group Limited (COAG).

Chen Diming, general manager of the project, briefed Yusuf on the current progress of the project, and discussed with him on the present challenges. Yusuf said that PAEC will continue to support COECG and expressed his hope that the two sides would work together to overcome these difficulties. After inspecting the cofferdam and tunnel for the water intake and outfall area, Yusuf expressed his satisfaction with the progress of the site, and wished all the best for the construction.

CAMCE Chairman Luo Yan Attends Sino-Finnish Business Summit and Holds Talks with Finnish Prime Minister Juha Sipila



On June 29, Luo Yan, Chairman of CAMC Engineering Co., Ltd. (CAMCE), attended the Sino-Finnish Business Summit jointly organized by the Chinese Ministry of Commerce and the Finnish Ministry of Economic Affairs and Employment. She also attended the first meeting of the China-Finland Committee for Innovative Business Cooperation (CFCIBC). Finnish Prime Minister Juha Sipila and Han Qide, vice chairman of the Chinese People's Political Consultative Conference (CPPCC),

attended the summit and made keynote speeches, stressing that emphasis should be placed on innovation and green development in the cooperation of the two countries.

During the summit, CFCIBC was established, marking an important achievement of President Xi Jinping's visit to Finland at the beginning of 2017, and its first meeting was held. Finnish Prime Minister Juha Sipila attended the inauguration ceremony and said that its establishment would help deepen the mutually beneficial cooperation between these two countries, and that the Finnish government would actively support its work. Later, the first CFCIBC meeting was held, chaired by its secretariat. At the meeting, the CFCIBC charter was principally adopted. Luo Yan attended the meeting as a represen-

tative of the CFCIBC councilor institution, and delivered a speech. She pledged full cooperation with the work of the secretariat, and recommended that meetings and related activities should be regularly organized. She also suggested to establish sub-committees of bio-economy, forest industry and other industries according to their different characteristics for targeted exchanges and cooperation between China and Finland.

On the same day, Luo Yan also attended a reception party at the residence of the Finnish Embassy to China and held talks with Juha Sipila on his trip to China for the Summer Davos Forum.

MoU Signed by SINOMACHINT and Its Affiliate CMEC EXPO With Messe Düsseldorf

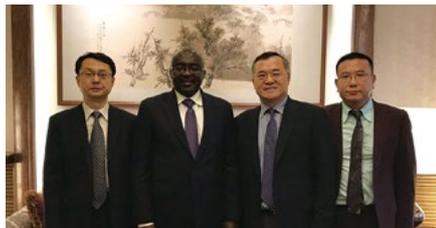


On July 10, leaders of China National Machinery Industry International Co., Ltd. (SINOMACHINT) and its affiliated company CMEC International Exhibition Co., Ltd. (CMEC EXPO) held a meeting

with Mr. Axel Bartkus, general manager of Messe Düsseldorf China Ltd. (MDC), and signed a memorandum of strategic cooperation.

They talked about the business going on in their own company, reviewed the cooperation history, and envisioned a future cooperation. After that, SINOMACHINT and CMEC EXPO each signed a memorandum of strategic cooperation with Messe Düsseldorf (Shanghai) Co., Ltd. (MDS) and MDC. As the Sino-German investment cooperation has entered a “two-way fast lane,” SINOMACHINT actively implemented the Road and Belt Initiative by consolidating its cooperation with Messe Düsseldorf.

Mahamudu Bawumia, Vice President of the Republic of Ghana, Meets With Wang Weiguo, CHMC Deputy General Manager



On June 23, Wang Weiguo, deputy general manager of China National Heavy

Machinery Corporation (CHMC), met with Mahamudu Bawumia, vice president of the Republic of Ghana, at the Diaoyutai State Guesthouse. Wang Weiguo expressed his will to cooperate with Ghana on the railway project of the Ghanaian government.

Wang Weiguo highlighted CHMC’s achievements in power, transportation and other

infrastructure construction. Bawumia praised CHMC’s capabilities in engineering contracting, and said that he would be thrilled to have CHMC as an active participant in the infrastructure construction of Ghana, especially in railway, road, power and other industries, in order to give full play to its strengths and promote the economic development of Ghana.

CMEC and Phongsavanh Sign MoU on Strategic Cooperation



On June 14, Zhang Chun, president of China Machinery Engineering Corporation (CMEC) signed the Memorandum of Understanding (MoU) on Comprehensive Strategic Cooperation with Laos Phongsavanh Group in Vientiane, the capital of Laos. The signing of the MoU marked the upcoming cooperation between these two sides in developing thermal power station projects,

and an agreement on cooperation in energy, trade and logistics.

This also means that CMEC has ushered in a new era of cooperation with Lao enterprises. It has contributed to the China-Laos friendship, the livelihood of the Lao people, and the implementation of the Belt and Road Initiative.

Stories of Two Sri Lankan Employees of CMEC

Since 2004, China Machinery Engineering Corporation (CMEC), a subsidiary of China National Machinery Industry Corporation (SINOMACH), seized the development opportunities provided by the Belt and Road Initiative by introducing itself to the Sri Lankan market. After years of hard work, CMEC not only built a landmark project, the Puttalam Coal-Fired Power Plant, but also established a monument for popular communication by honoring its social responsibilities.

Here are some stories of CMEC in Sri Lanka to show you that people from these two countries are connected not only through trade, but also through empathy.

Attacked by Serious Disease, Assisted by Funds and Blood

Kevin is one of the 34 local employees of CMEC in Sri Lanka, one of the earliest to the company. He was appointed as an on-site driver.

Back in 2007, Sri Lanka was still plagued with civil unrest. The drive from Colombo, the capital of Sri Lanka, to the site of Putta-

lam Coal-Fired Power Plant took over four hours, which means that the driver had to set out early and return late every day. Kevin shouldered this task without complaint. Every day, he would check and clean his car before hitting the road, ensuring that the car was clean, comfortable and safe for the passengers.

As time flies, in the blink of an eye it was the ninth year since Kevin joined CMEC. He had paid off his debts from a previous business failure, and sent his two children to a decent school. He told us that it would be the best and most praiseworthy choice for his daughters if they could work for a Chinese enterprise like CMEC.



However, in August 2016, Kevin began to cough a lot and felt unwell in his chest. Upon repeated requests of the company, he consulted a doctor. In early September 2016, he was diagnosed with cardiac thrombosis. Apparently 90% of the left main artery and two of its branches and 40% of the right main artery for supplying blood to his heart were blocked. He could die at any minute and surgical treatment was required as soon as possible.

If he chose to undergo the operation in public hospitals, the earliest time slot available would be four months later. Private hospitals



had advanced medical equipment, and the surgery could be done in a few days upon appointment. However, his family could not afford the overwhelming cost.

Just as Kevin was getting desperate, he was told that his co-workers at CMEC had raised 80% of the money for his surgery. It turned out that a CMEC employee had put forth the strait faced by Kevin in the WeChat (an instant messenger by Tencent that is available for chatting and money transfer) group of the company. In only a few seconds, responses from Chinese employees of CMEC came pouring in. Everyone said yes to helping out a local co-worker.

In the very afternoon, almost all his colleagues from the CMEC project departments

in Sri Lanka sent their good-will money to their respective supervisors. The CMEC employees of the Maldives project department wired their donations through WeChat, and the Chinese team of the Sri Lankan project departments did not hesitate in chipping in either. The next morning, the project departments sent the lifeline money to Colombo. In the afternoon, Kevin's Chinese colleagues went to that Sri Lankan hospital with him, inquiring about his conditions, and asking the doctor to save his life before it was too late.

When the doctor learned that a huge sum of money for the surgery was raised for Kevin in only one day, he could not help giving a thumb up. He said emotionally, "It is lucky for our people to be able to work in such a good Chinese enterprise. I am pleased for them. I will do my best to make the surgery a success."

On the third morning, Kevin was admitted into the hospital as scheduled. However, another problem came up—blood transfusion for the cardiac surgery. The hospital's blood bank meant another sum of money,

and his family could be of little help—his two daughters were too young and in poor health.

The doctor said that if five people could donate a certain amount of blood of any type, the hospital would provide the type needed for Kevin's surgery free of charge. On hearing the news, CMEC employees in Colombo all said they would donate their blood as the hospital requested. Finally, CMEC staff donated far more blood than what was needed for Kevin to have the surgery.

In the third morning in the hospital, Kevin had the surgery. A local employee went to the temple early in the morning to pray for him. At around 17:00 that day, Kevin came out of the operating room. He recovered from his anesthetics and opened his eyes, wearing a relieved smile.

Kevin's wife could not speak English. She had been in tears and distress before the surgery. After the operation, whenever she saw CMEC employees coming to visit Kevin at the hospital, she would hold their hand before thanking them with her eyes and gentle patting. One week later, Kevin was discharged. He recovered and returned to his post after a few months.



The Weirdo Subcontractor Who Offers a Discount Voluntarily

Chandika Rasanjana is a subcontractor for the Puttalam Coal-Fired Power Plant. The other day he drove to the office of his international trading company to check the power supply. He did not want the business to be interrupted due to a power failure.

His main task that day was to help the Chinese Embassy in Sri Lanka and CMEC secure the approval for funding the renovation of the campus and gate of the primary school of Fa Hien Cave Village. For this, Chandika had made many trips between Colombo and Fa Hien Cave Village.

The village is located in a narrow valley over 50 km south of Colombo, the capital of Sri Lanka. It got its name from Fa Hien, a Chinese monk of the Eastern Jin Dynasty (317-420), who took a break in a nearby cave and preached Buddhism. The local people renamed the village after him in commemoration of his achievements.

In the 1980s, the village ushered in a large-scale civil engineering project with the help of the Chinese government. A number of farm houses and other buildings were built together with the primary school. After 30 years of vicissitudes, the campus of the primary school has become decrepit.

In October 2016, the Chinese Embassy in Sri Lanka decided to fund the renovation of the campus and gate of the school. The embassy brought in CMEC to find an appropriate construction team. On hearing the news, Chandika approached CMEC and offered to help. It was not the first time for him to get involved in a social welfare campaign of CMEC in Sri Lanka.



Early in May 2015, Chandika received a notice from the Ceylon Electricity Board (CEB) that invited his company to undertake the project of the playground reconstruction for Ananda National School in Puttalam. The project was co-sponsored by the minister of Electricity of Puttalam, CEB and CMEC, while the funds were fully provided by the Puttalam Coal-Fired Power Plant Project.

After three months of design, approval and construction material preparation, the playground upgrade project of Anand National School was launched in September 2015.

After it was launched, the project encountered some unexpected changes in the design budget. Chandika insisted on financing them out of his own pocket. He would always say with an artless laugh, “The Chinese people have given us so much help. They have built power stations and schools which are full of friendship for the people of Sri Lanka. Now, I just want to show my gratitude and participate in building the shared memories and history of China and Sri Lanka!”

Near the end of the project, he was injured in a car accident. However, he made a point of requesting his employees to report the

progress of the project. As he gradually recovered, he began to pay actual visits to the site where he could check on the construction. After the completion of the project, he personally funded a volleyball court for the school.

Merely nine months after, at the end of June 2016, the playground of Anand National School was good as new, and the venues were opened for use. Chandika said that when he saw children running about happily on the new playground with a sunny smile, he felt that it was all worthwhile.

A child-like pure smile would appear on his face whenever he talked about social welfare and the children. He has signed a contract with CMEC for renovating the buildings and gate of Fa Hien Cave Primary School for which he offered a 10% discount.

To connect two countries, you have to connect their people. No links at heart, no links in economy and trade. Along the Belt and Road, these kind and resourceful CMCEers have sown seeds of love on the land of Sri Lanka. Through public-welfare projects one after another, people of the two countries are connected at heart.



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