Compose the Chapter of Sinochem Group under the Belt and Road Initiative

——Exploration and practice on the international operation and management of Sinochem Group's Chemicals Segment

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Chairman of Sinochem International

Contents

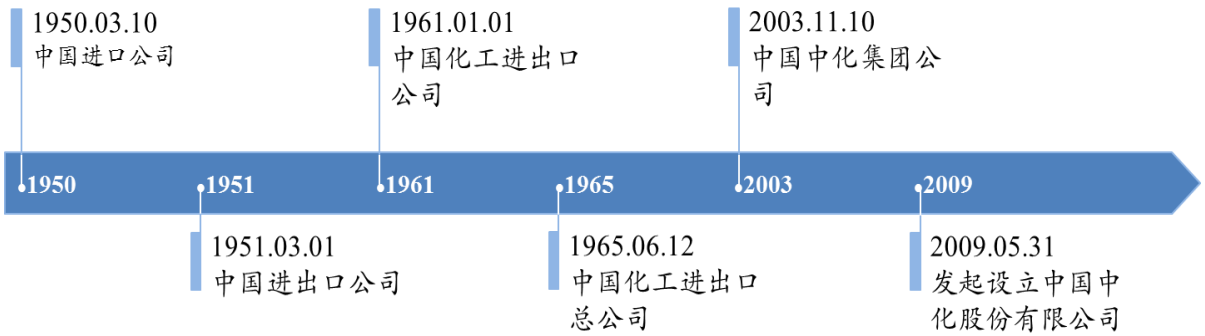
A：Sinochem Group and international operation overview

B：Exploration and practice on the internationalization strategy of Sinochem Group's Chemicals Segment

C：Strategies of Sinochem Group's Chemicals Segment and internationalization development

1. The history and the strategic target of Sinochem Group

The strategic target of Sinochem Group is to be an innovative petrochemical and specialty chemical enterprise, also including agriculture, real-estate and finance. Sinochem Group has been moving towards to the ultimate goal of becoming a great and respectful company and making new contributions to the country and society, by increasing the international competency and industrial positions of the main businesses.



- **In 2016, five segments have been established according to new strategic positioning and organization structure. The five segments are: Energy, Chemicals, Agriculture, Real Estate and Finance.**

2. International operations overview of Sinochem Group

Sinochem Group is the earliest Chinese company executing "Go global "strategy. Sinochem promotes greatly its international competency by developing main businesses related resources and markets. Now Sinochem Group owns more than eighty overseas operating units with about five thousands foreign employees. Sinochem has become one of the companies with a good degree of internationalization and rated as one of the "World's Most Admired Companies" by Fortune Magazine.

Organizer of global resources and markets

中化集团围绕"全球资源和市场的组织者"定位，发挥国际化运作经验，利用国际国内"两种资源、两个市场"，在全球范围内规划业务布局，优化配置资源、技术、市场、人才等要素，在天然橡胶、农药、化工物流等业务领域建立了国内外一体化经营、上中下游协调发展的产业价值链

International operation management system

中化集团在业务"走出去"的同时，积极推动企业经营理念、管理架构和人才队伍等各方面与国际接轨，建立了较完整的国际化运营管理体系

- 建立了战略管理协同化、日常运营属地化的国际化运营管理模式，搭建了适应国际化需要的经营管理组织体系，有效提高业务的整体运营效率，促进国际化良性发展
- 加强中外籍员工的文化融合，凝聚员工在"创造价值、追求卓越"的价值理念下，与企业共同发展

Contents

A：Sinochem Group and international operation overview

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1. Overview of Sinochem Group's Chemicals Segment

In the year of 2016, Sinochem Group's Chemicals Segment was established, focusing on agricultural chemicals, fluorine chemicals, rubber and plastics additives, intermediates and high performance materials businesses, also covering natural rubber, chemical logistics and pharmaceutical & nutrition businesses.

Sinochem Group's Chemicals Segment

Agricultural Chemicals	Fluorine Chemical	Rubber & Plastics Additives	Intermediates and High Performance Materials	Natural Rubber	Chemical Logistics	Pharmaceutical & Nutrition
中化作保 扬农股份 中化农化 南通江山 禾田化工	中化蓝天	圣奥化学	扬农集团 中化河北 中化塑料 中化国际高性能材料事业部	Halcyon	中化国际物流 Newport 中化兴中/兴源	中化江苏 中化青岛
覆盖农化产业链研发、生产、登记、市场、营销等环节的全球一体化运营商	国内领先的氟化工生产企业和ODS替代品品种最全的供应商	具备全球市场领导地位的橡胶化学品综合产业服务平台	细分市场全球领先的精细化工产品供应商	贯穿种植、加工、营销全产业链的全球天然橡胶产业领导者	涉及集装罐、化工船运、储罐等领域领先的第三方综合化工物流商	中国市场领先的医药健康产品分销商

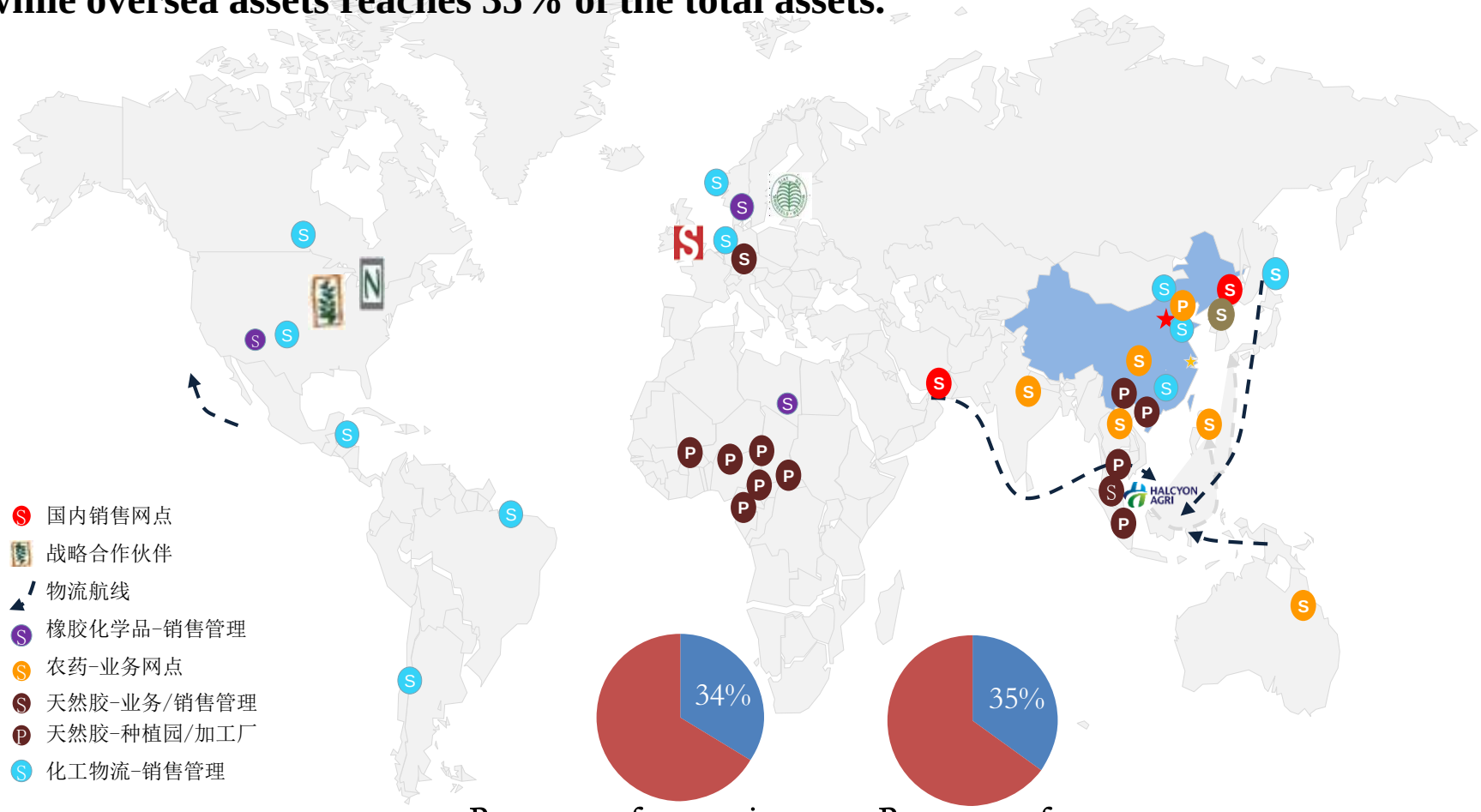
2. International operation layout of Sinochem Group's Chemicals Segment

International operations mainly involve natural rubber, pesticide and chemical logistics businesses, which have significant impacts on countries and regions along "the Belt and Road" region.

Natural Rubber	**Core resources + Global markets**	• 近年来，通过上下游延伸和产业横向拓展，形成了覆盖中国、东南亚、南亚、欧洲、非洲和美洲等地的全球一体化业务格局。2016年通过收购新加坡上市公司Halcyon Agri，进一步加速整合天然橡胶国际产业链，目前拥有天然橡胶种植面积5万公顷，年加工能力150万吨，成为全球最大的天然橡胶产业平台
Pesticide	**Brand distribution + Region duplicate**	• 2008年中化国际并购了美国孟山都公司在东南亚六国和我国台湾地区的酰胺类除草剂农药业务网络和相关资产，在东南亚地区拥有40个产品品牌，获得了"农达"品牌农用除草剂在澳大利亚、新西兰地区的独家分销权，带动了自有农药品种走出国门，促进了农药业务在国内外的布局优化和一体化发展
Chemical Logistics	**International cooperation + Globally operation**	• 是国内最大的液体化工品船东和国内最大的专业集装罐罐东，是台海两岸液体化学品直航运输主力军，并在中东航线拥有较高的市场份额；2013年收购美国NPT公司40%股权，借助其全球销售网络，进一步强化集装罐全球航线运营能力，业务加速扩张，业绩显著提升，集装罐规模位居亚洲第一，全球前五

3. The main international domain of Sinochem Group's Chemicals Segment

By the end of year 2016, the international businesses have covered important countries and markets in Asia-pacific, Middle East, Africa and Europe along "the Belt and Road" region. Oversea income contributes to 34% of the total income while oversea assets reaches 35% of the total assets.

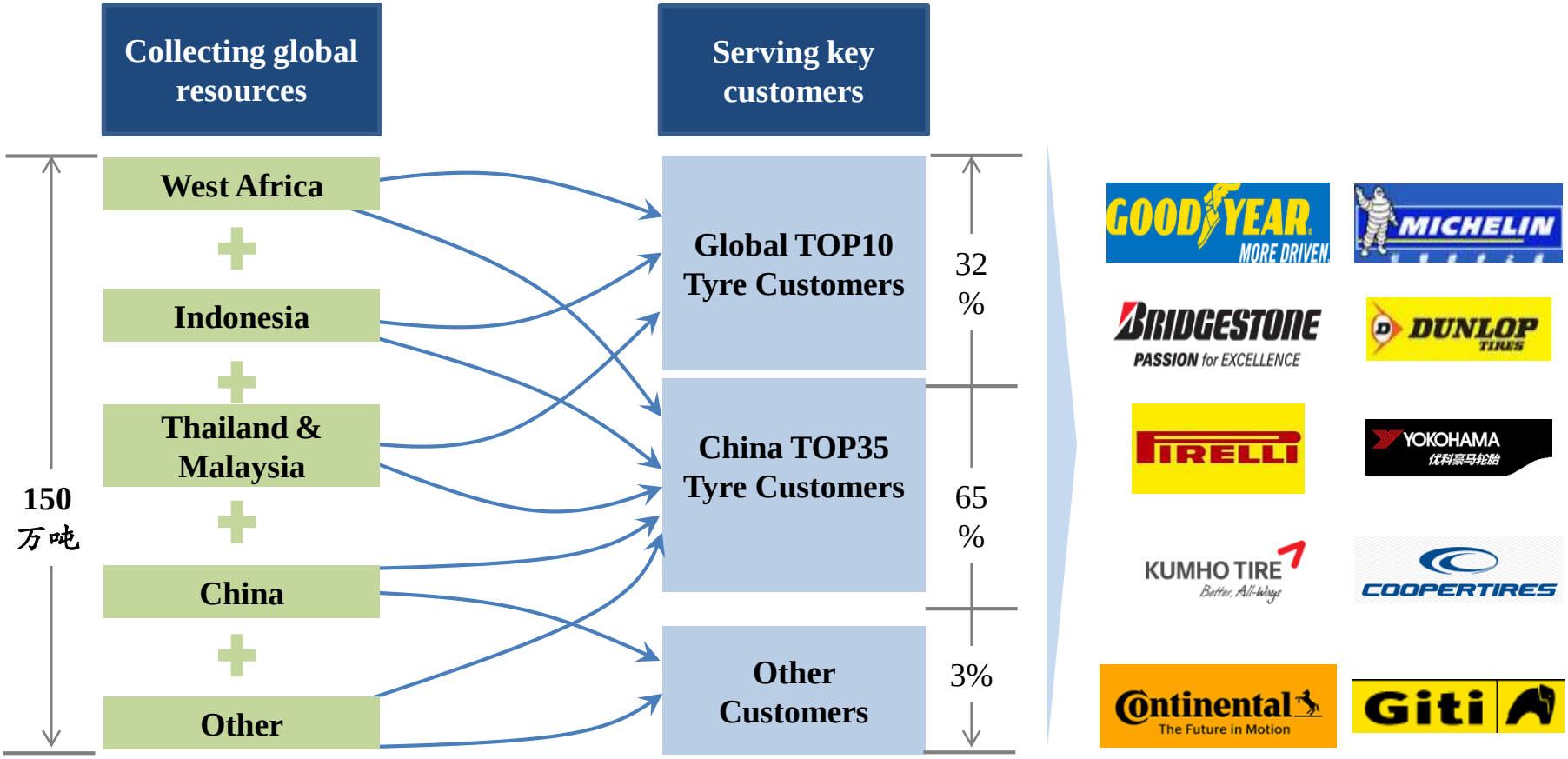


Percentage of oversea income
Year 2016

Percentage of oversea assets
Year 2016

4. Natural rubber industry——
“Core Markets + Global resources”

Natural rubber business has already established a business model to serve global customers with global resources.



4.1 Business overview

In the Year 2016， Sinochem International obtained a 55% shares of Halcyon Agri, a Singapore-listed company, through cash and share swap. Now， Sinochem International owns 50 thousand hectares of natural rubber plantation land and 1.5 million tons/year processing capacity. It is the biggest natural rubber platform worldwide and takes the responsibility of securing China's natural rubber resource.

Development positioning

- 成为全球主要轮胎生产商的稳定的、高品质的供应商
- 天然橡胶工业品、消费品的优质供应商
- 实现种植、加工、分销一体化管理、和分区域管理相结合的协同管理

	工业品销售&乳胶	全球主要轮胎生产商	中国主要轮胎生产商
销售网络	美国 欧洲 中国 东南亚	新加坡	中国
生产	喀麦隆 (1) 中国 (5) 泰国 (5)	印尼 (14) 科特迪瓦 (2)	马来西亚 (3) 泰国 (5) 中国 (8)
种植	喀麦隆 (2)	科特迪瓦 (1)	马来西亚 (1)

Centro Chem The HalcyonAgri Group | HRC The HalcyonAgri Group | SINRIO The HalcyonAgri Group

消费品&工业用品　　主要轮胎厂的供应商

4.2 Development history

Since year 2003，natural rubber business has followed the“from China to oversea, from downstream processing to upstream plantation”strategic path to continuously extend industry chain with the aim of serving global tyre customers best.

向上游产业链延伸

种植 | 加工 | 分销 | 终端客户

天胶产业发展思路逐步形成

- 04-07年向上游加工环节拓展，并购国内外加工厂
- 08年，收购GMG，进入天胶种植领域，提升盈利能力和全球产业地位
- 08年之后，以GMG为平台，按照全产业链全球化战略，不断整合全球资源，提升产业价值
- 16年，收购Halcyon，进一步做大做强全球化天胶产业平台

1.1 Strengthen competency in China：
为全球产业拓展积累宝贵经验教训

- 04-06年，通过收购海南及云南加工厂，在国内原料聚集地布局加工资源

1.2 Go globally：
构建海外桥头堡

- 2007，通过收购马来西亚欧马加工厂，为进一步海外拓展磨练团队

2 Construct platform：
参与全球竞争之始

- 2008，收购新加坡GMG，真正迈开进军国际的步伐

3.3 Europe“alliance”：
强化非洲优势，构建铁三角

- 2012，参股比利时SIAT，搭建欧洲平台，撬动非洲资源

3.2 “Focus on”Africa：
拓展土地资源，提升加工规模

- 凭借GMG在非洲的坚实基础，持续上游拓展

3.1 Dive in Southeast Asia：
储备资源，提升管理与品质

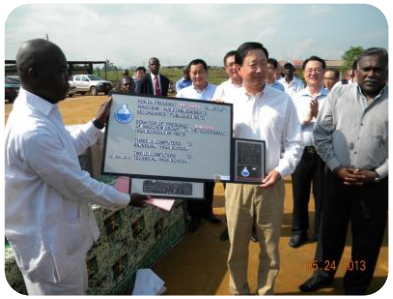
- 09-11年，以GMG为平台获取TBH，为整合全球加工资源奠定基础，同时持续获取种植资源

4 Synergy：
资源整合，做大做强平台

- 2016，收购Halcyon（合盛），打造全球最大天胶产业平台

4.3 Achieve win-win situation and fulfill social responsibility

Natural rubber industry of Sinochem Group is mainly distributed in Africa and ASEAN regions. We have actively integrated into the local community, helped local people to get rid of poverty , took the initiative to undertake social responsibility， promoted local economic and social development and achieved long-term sustainable development of Sinochem Group's rubber industry.



以长期实业投资提供就业机会、改善民生、增加税收为主要特点，企业可持续发展有了保障，同时也大大增强了抵抗政治风险的能力

- 喀麦隆HEVECAM园区内有1所中学、1所技校、13所小学、13所幼儿园、1间120张床位的综合医院。园区内的生活属喀麦隆领先水平

4.4 Internationalization in the future

With “the Belt and Road "Initiative, we will further promote the integration of natural rubber industry platform, build the high-end brand of HEVEAPRO®, construct global marketing channels and networks, establish the brands of natural rubber products, globalize the management of the whole industry chain and maximize comprehensive benefits.

Business positioning

> 覆盖全球的轮胎及非轮胎市场

> 全产业链覆盖，重点发展加工营销环节，种植业务独立发展

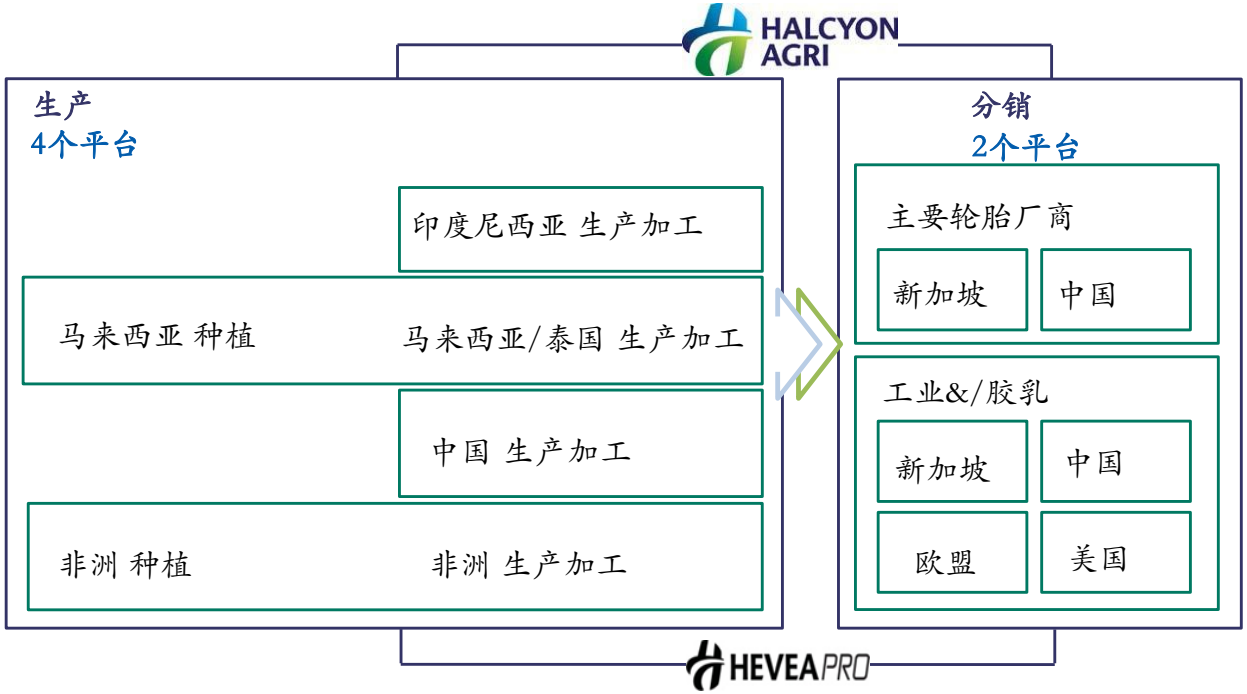
Business model innovation

> 形成全球统一的生产标准和产品品牌，获取产品销售溢价

> 通过组合式产品的协同，为客户提供供应链解决方案

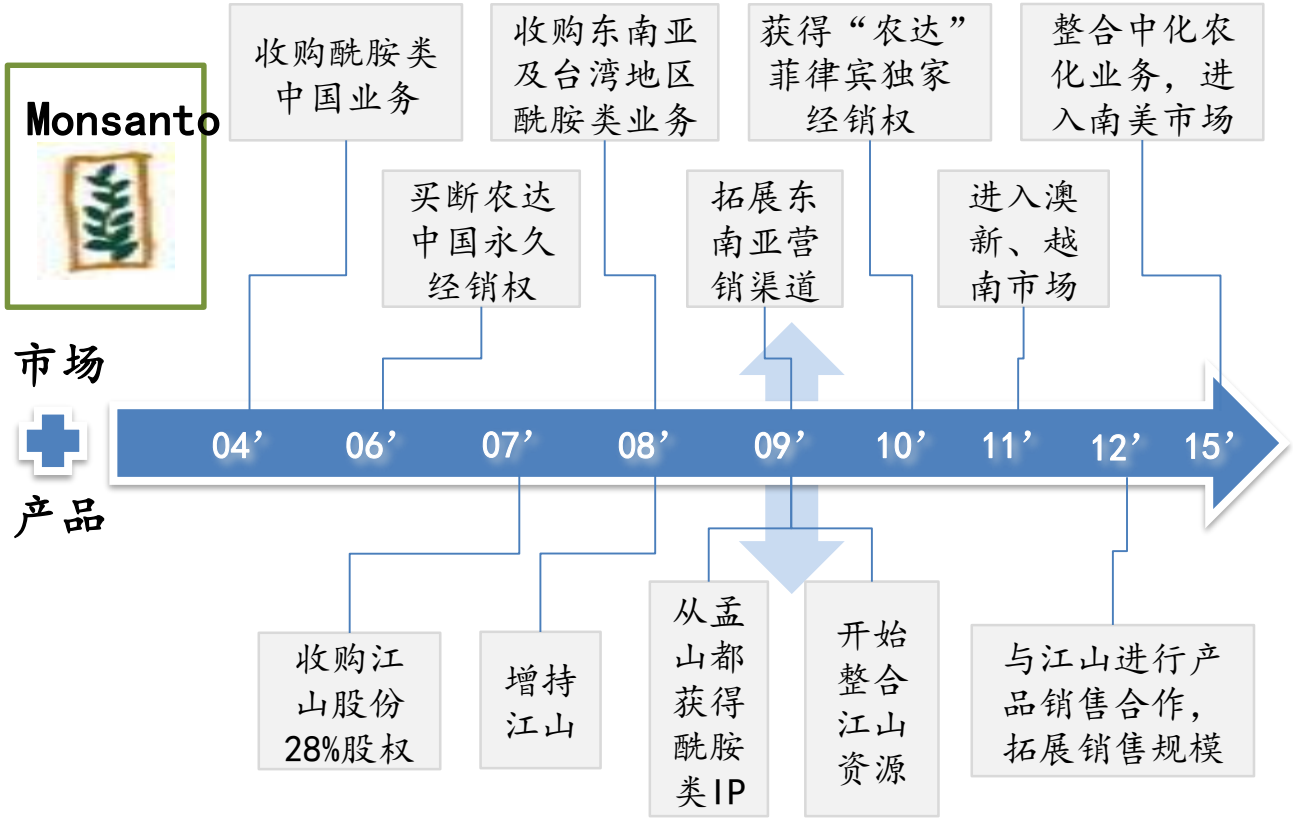
> 制品行业全球分销业务模式

Integrated new platform and brands



5. Agrochemical industry——
“Brands distribution + Region duplication”

Agrochemical industry is centered around the "brand effect", develops the market of the countries and the Asia pacific region along “the belt and road” region. Expanding the overseas product lines through a variety of ways e.g. cooperation, merger & acquisition and distribution.



- 出口业务行业领先，收入＞50亿人民币，其中原药收入超35亿元，制剂收入超15亿元
- 分销业务国内领先，覆盖东南亚、南亚、澳新等主要市场

5.1 Business profile

For the agrochemical business，there are two global business models: distribution and export. The distribution business has covered key markets in Asia Pacific and the export business covers more than 70 countries worldwide.

Develop export business on the basis of self-produced products

- 出口业务覆盖**全球六大洲70余个**国家及地区，180多家客户，具有稳定的客户基础
- **与多家跨国公司具有定制加工、长期采购合作关系**，具有**国家层面合作项目的运作经验**
- 规模国内领先，2016中国农药出口20强：**扬农第5，江山第7，中化农化第11**
- 麦草畏、菊酯类等核心原药产品出口市场占有率较高
- **卫药具备完备的全球布局，全球市场份额领先**

- **丰富的分销与国际贸易经验，300多人的专业化、国际化的业务团队**
- **丰富的登记资源：>1000个**

Focus on Asia Pacific, strengthen the core brand distribution business

- 亚太区市场覆盖率达60%
- **印度/菲律宾/泰国/澳大利亚**等市场具有较完备的渠道客户基础
- **海外分销自主产品与品牌>80个**，草甘膦、酰胺类等产品享有较高市场份额和知名度

5.2 Development history

Agrochemical business started from taking over Monsanto's Roundup and amide business in the Asia-Pacific region, then promoted the new products and the internationalization of independent brands. To realize the global distribution of our own brands and self-developed products , we are focusing on the market space expansion in key areas along "the Belt and Road " regions, continuous integration of resources and the quality promotion of the management and services.

	2003--2006	2007--2013	2014--至今
Export business	传统贸易模式	定制加工业务模式+自主登记贸易模式 大型国家层面贸易项目	内部协同+创制产品国际化
Distribution business	代理	通过合作与收购，扩展分销区域 设立海外公司，导入自主品牌	深化内部协同，推动创制产品及自主品牌分销

5.3 Internationalization in the future

In accordance with the strategy of "taking root in China and focusing on the key regional markets in Asia Pacific", Sinochem integrated existing resources and businesses， developed overseas markets and customers, and provided green and efficient agrochemical products and technical services.

Distribution business

海外市场	战略定位
印度	印度农化市场领先的品牌制剂型企业
菲律宾	菲律宾农化市场的领导者
泰国	中化系统内上游自主产品的销售平台
澳大利亚	澳大利亚农化市场领先的除草剂品牌分销企业，中化系统内上游自主产品的销售平台

Export business

1 深化与跨国公司的合作

- 稳定现有合作范围，不断拓展新的产品供应
- 充分发挥中化产能与技术优势，寻求其它全球性及区域性公司产品供应合作机会

2 加快自主登记，推进创制产品国际化

- 围绕南美/东欧等重点市场，加快海外自主登记布局
- 筛选合适的创制产品，分步推进自主登记

3 加强内部资源协同

- 客户渠道：各经营单元共享全球客户渠道资源
- 登记：以各生产单元产品为登记来源进行出口业务的自主登记、支持客户登记
- 生产：海外区域市场导入各生产单元产品，形成产销协同

6. Chemical logistics industry—
"International co-operation+ Rental vessel"

To have a high market visibility and improved internationalization in the chemical logistics market, Sinochem learned from international cooperation，constantly improved the specialized management ability of chemical logistics industry.

2003 — 2005 — 2009 — 2010 — 2016

learning → **cooperation** → **development**

- 03年与Stolt成立傲兴船务

- 05年 与Stolt合资成立中化思多而特船务
- 06年 进入中东航线
- 09年 获得台海直航资格
- 09年 进入东北亚航线

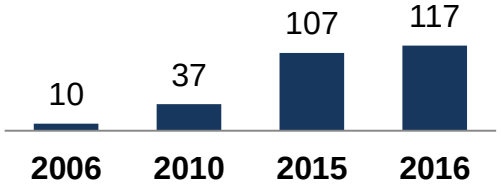
- 10年 中化国际物流公司成立，完成下属物流企业整合
- 12年 收购日本德宝，拓展澳新航线

Offshore business → **ocean business**

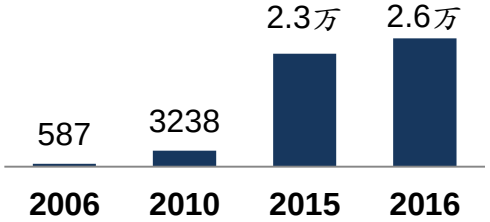
- 05年 进入集装罐业务，成立思尔博化工物流
- 07年 拓展至特种罐
- 08年 首次出运欧洲

- 09年 NPT Pool 合作，启动国际远洋航线
- 09年 欧洲/美洲/中东航线
- 10年 进入食品罐业务
- 12年 与NPT就收购方案达成一致，13年完成合作
- 16年 推进Newport全面收购

船舶运力（万吨）



罐队规模（个）



运营区域	船舶运输	中国大陆/台海 东北亚、东南亚 中东/印度 澳新
	集装罐运输	中国/亚太 欧美 印度 中东

6.1 Business profile

☐ Shipping business：

- 通过化工品船舶，为全球主要化工品及石油、其他大宗液体制品商提供运输服务，获取运费收入。**目前主要境外运营区域航线：中东航线、美湾航线、澳新航线、台海航线。主要客户包括全球主要化工品制造商、化工品贸易商、大型石油公司等**

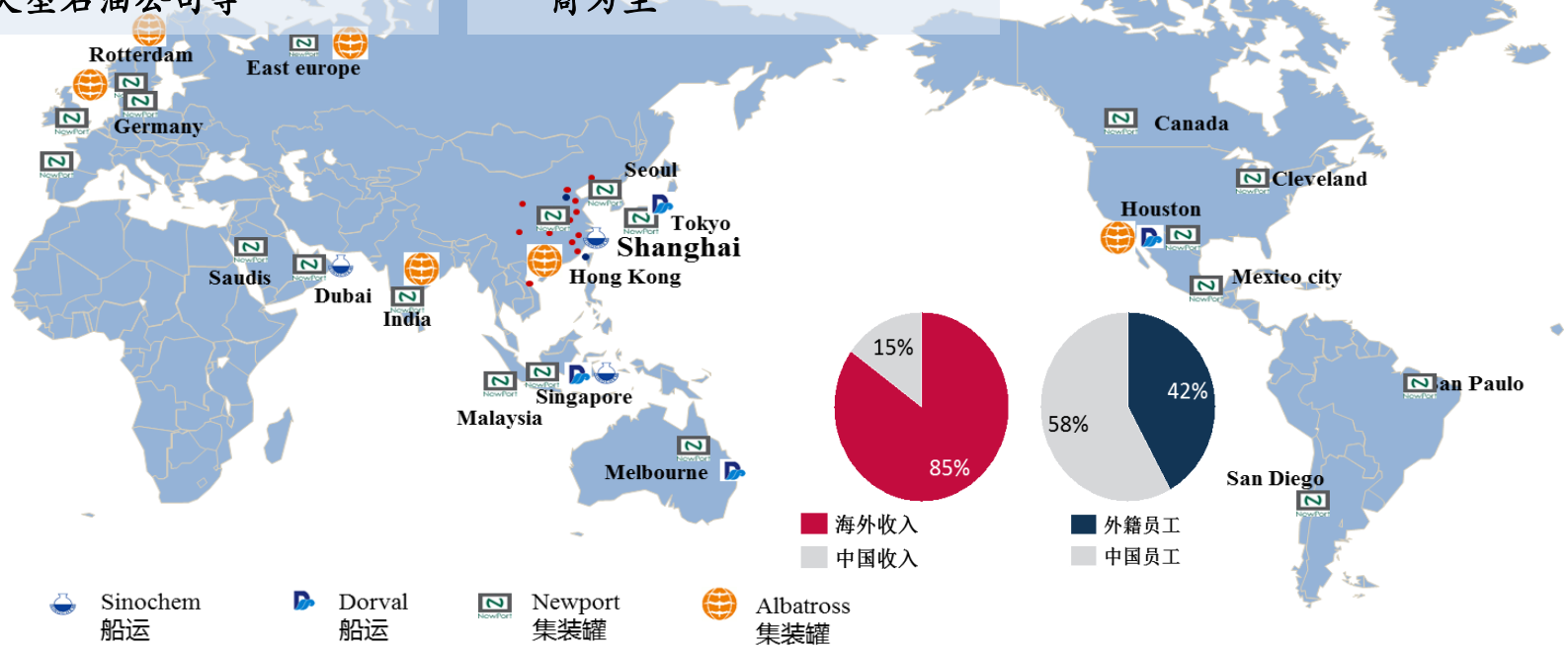
☐ ISO Tank Business：

- 通过罐式集装箱为全球主要精细化工品生产公司提供化工品及其他液体的点对点运输及租赁服务。**目前集装罐国际物流业务覆盖区域主要包含亚洲、欧洲、美洲。主要客户以大型精细化工品生产商、大型石油公司、化工品贸易商为主**

☐ Storage Tank Business：

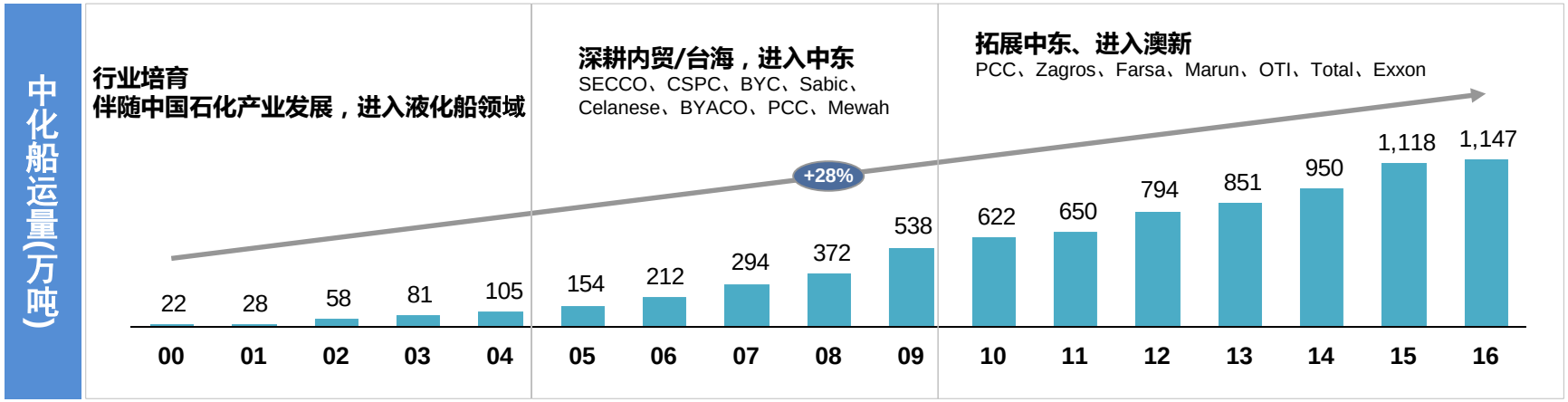
- 与连云港港口集团成立合作公司，开发码头储罐业务，共同挖掘东北亚市场和“一带一路”机会。**目前一期两个5万吨级码头和16.65万立方储罐于2016年开始运营。目标是成为中国液体化工品仓储行业中最值得信赖的仓储物流服务商**

中化物流全球业务网点

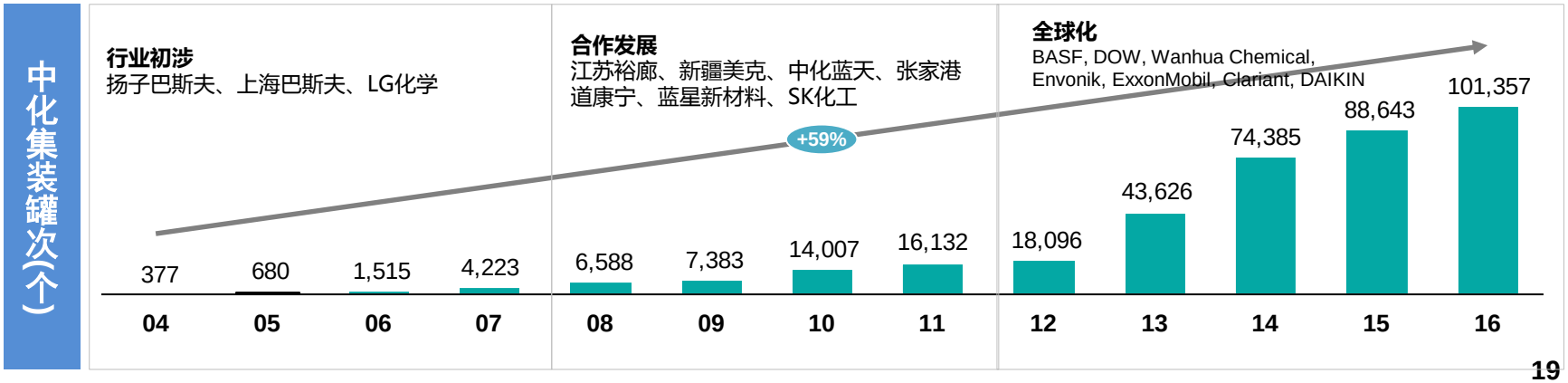


6.2 Development history

- **In 2001， Sinochem became one of the editors of China's shipping standards for liquefied goods and the market leader in domestic, Taiwan, Middle East and Oceania regions**



- **In 2004， started the ISO tank logistics industry. In 2014, achieved the 4th ranking of the global ISO Tank industry , the largest owner of professional ISO tanks in Asia and the only global operator in Asia.**



6.3 Internationalization in the future

Sinochem logistics has initially established a global network platform. With "The Belt and Road" opportunities， in addition to new outlets in emerging markets such as Russia and Africa, would also focus on strengthening the one-stop service capabilities on the key nodes of global logistics and build the core competitiveness of providing supply chain product design and integrated logistics services to customers.

Contents

A：Sinochem Group and international operation overview

B：Exploration and practice on the internationalization strategy of Sinochem Group's Chemicals Segment

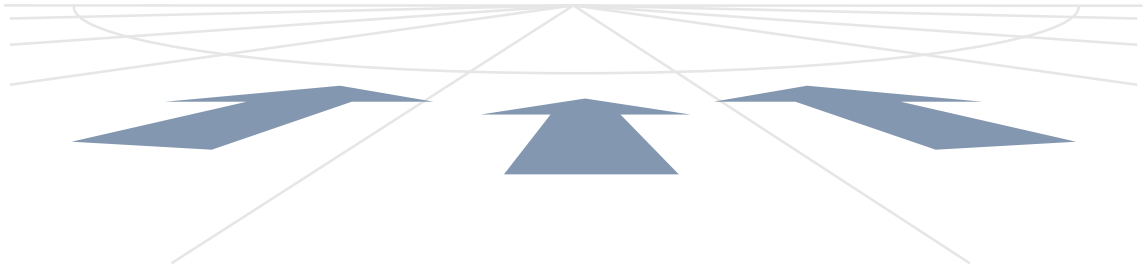
C：Strategies of Sinochem Group's Chemicals Segment and internationalization development

Vision of Sinochem Group’s Chemicals Segment

中化 SINOCHEM

精细化学 绿色生活

Fine Chemistry Green Life



--To be a China's leading innovative specialty chemical enterprise

--promote the innovation of Chinese specialty chemical industry

--fulfill the safety, environmental protection, health and social responsibility

Mission of Sinochem Group's Chemicals Segment

***Our mission*：*To be an innovative leading company in specialty chemicals industry* that is based in China and operates globally . To provide innovative, high quality, green products and integrated solutions in *agricultural chemicals, automotive chemicals and electronic chemicals*. To share our growth with our customers and employees.**

追求卓越，实现高业绩、高增长

- 中化集团精细化工的平台
- 整合全球技术资源，嫁接中国的高增长市场
- 产业规模和ROE行业领先

聚焦核心业务，可持续发展

- 加强HSE能力建设，持续推进节能减排，实现可持续发展
- 创新驱动，科技投入占产业收入5%以上，新产品销售收入占比25%以上
- 有机增长与并购整合并举

构建“6S+”管理体系，实行战略偏运营管控模式

- 产业战略制定与执行能力
- 并购整合能力
- 科技创新能力
- 卓越运营能力
- 快速市场响应能力
- 职能支持能力

Internationalization development of Sinochem Group's Chemicals Segment

To focus on the core businesses of agricultural chemicals, automotive chemicals and electronic chemicals and build the world's leading specialty chemical enterprise with the international operation and sustainable development capability .

core businesses

Specialty Chemical Industry

- Agrochemical Industry
- Rubber& Plastics Additives
- Fluorine Chemical Industry
- High Performance Polymers
- Lithium Battery Material
- Electronics Chemical
- Intermediates

Coordination Development

- Natural rubber
- Chemical logistics

整合全球技术资源，嫁接中国的高增长市场

打造国际化运营能力，推动产业的可持续发展

Key applications

- Advanced Agriculture
- New Energy Vehicle
- Information Products
- Health and Nutrition
- Green Construction
- Electrical Appliance

Closing words

China is transforming from a large chemical country to a powerful chemical country . The supply-side reform , innovation driven development strategy, “The Belt and Road” strategy and other national strategies provide us the important development opportunities and transition growth power. Sinochem Group’s Chemicals Segment would take the innovation as the core value, further participate in the "The Belt and Road’ construction and create an innovative specialty chemical enterprises!

Thank you very much !