Driving forward with a global vision

Sinotruk is developing technical partnerships to accelerate its push into overseas markets

By WANG QIAN
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Despite shrinking domestic and overseas demands, China National Heavy-Duty Truck Group Co, the nation's largest heavy truck maker by revenue, which is also known as Sinotruk, still secured orders for 165,237 vehicles last year, up almost 20 percent from 2012, and its sales revenue grew 10.8 percent to 62 billion yuan ($9.95 billion).

A total of 24,500 vehicles were sold abroad, making the Shandong-based company the largest exporter of heavy trucks in the country for nine years in a row. Revenue from overseas sales amounted to $740 million, a year-on-year increase of 2.97 percent.

Wei Zhihai, deputy Party chief of the State-owned truck maker, emphasizes the globalization strategy that it has implemented for 10 years as a key element of today's success.

"We realized we have to become global as early as 10 years ago when few China-made heavy trucks were being exported. It is a fundamental requirement for sustainable growth in the long run," said Wei.

Since then, Sinotruk has developed strategic technical partnerships with major international brands, such as Steyr, Volvo and Mann.

In 2009, Europe's leading heavy commercial vehicle maker MAN SE, the owner of the Mann brand, bought a 25 percent stake in Sinotruk Hong Kong and signed an agreement to transfer some advanced technologies to the Chinese truck maker.

"Teaming up with global heavyweights enables us to not only introduce advanced technologies and management experience, but also greatly improve our own R&D capability," Wei said.

Sinotruk now holds the largest number of patents among Chinese vehicle makers with 2,218 patents licensed in total. Its product lineup for heavy trucks alone has grown from one series and 78 variants in 2001 to nine series and more than 3,000 variants today.

An outstanding series is the Sitrak heavy truck jointly developed by Sinotruk and MAN SE. More than 6,000 units have been sold since the model was launched last March, making it one of the company's best-sellers.

"With high performance, driver comfort and low fuel consumption, the new model is expected to rival foreign high-end brands in the domestic market and help Sinotruk penetrate developed countries," said Yang Zhengxu, general manager of Sinotruk Import and Export Co.

The company has exported products to more than 96 countries and regions and has six overseas branches, more than 400 service centers and 300 parts dealers across the world, Yang says.

Meanwhile, it is speeding up construction of overseas assembly plants to further boost its competitiveness by saving transport and labor costs.

Last month the company signed a $100-million deal with Africa's industrial giant Dangote Group for a new knocked-down assembly plant to produce trucks in Lagos, Nigeria.

Backed by the China-Africa Development Fund, the plant is expected to produce 10,000 heavy trucks a year when completed.

It is also the eighth such plant the company has built overseas.

With these efforts, Sinotruk's sales revenue is expected to exceed 200 billion yuan in five years, and exports are expected to account for 20 percent of its total revenue, making it a top player in the sector worldwide, Wei said.

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Sinotruk delievered 1,500 Howo heavy-duty trucks to Africa in 2011.

Moon Group's future looks very bright

By ZHAO RUIXUE and XU ZHENLI

Thanks to its globalization strategies, the Moon Group has maintained sustainable growth during the past five years, despite growing competition in the market.

Located in Yantai, Shandong province, the group focuses on products such as air-conditioning and refrigeration systems for industrial use, castings, sealing materials and heat exchange equipment.

Its revenue has grown 17.3 percent annually over the past five years to reach 5.14 billion yuan ($86.4 million) last year, while its profits increased 30 percent annually during the same period reaching 540 million yuan last year.

"The Moon Group cannot maintain sound growth without globalization strategies," said Li Zengqun, chairman of the group.

Its products have been sold to more than 70 countries and regions, thanks to its global network of sales and service offices that cover Asia, Africa, the Middle East, South America and Russia-speaking regions.

Li said cooperating with foreign companies to build joint ventures in China is part of the group's globalization strategy.

"By cooperating with foreign heavyweights, we can get access to advanced technologies and efficient management skills, as well as investment," said Li.

Its foreign investment has reached $80 million, and the group has set up joint ventures with companies such as Dunham-Bush in the United States, Ebara Corp in Japan, Hyundai Heavy Industries in South Korea.

With regard to exploring overseas market, Li said the group has set its sights on building branches and acquiring foreign companies.

In 2006, it spent $5.52 million to build a branch in Vietnam. Revenue generated from the branch reached 41.87 million yuan in 2013, more than 10 times the amount in 2009.

In 2012, the group spent $173.9 million to buy a stake in Dunham-Bush, one of the world's top five companies in central air-conditioning systems. The acquisition package includes Dunham-Bush's factories in Malaysia, Britain, South Africa and China, as well as its global network of sales and service centers.

Li said the acquisition has helped the company expand its business in overseas markets and sharpened its competitive edge in the manufacturing of cooling facilities.

The group is the first in China to have mastered the technology of producing refrigeration systems using CO2 as the refrigerant. The technology has been recognized by the Multilateral Fund of the United Nations and the Chinese Ministry of Environmental Protection as being environmentally friendly.

The group's globalization strategies are supported by technological innovations, Li said.

Technologies developed by the Moon Group for producing screw compressors are up to the world's leading standards, and since 2010, the group has used information technologies to raise efficiency of its businesses worldwide.

These include online systems for enterprise resource planning, research and development management and office automation.

Li said the company's globalization strategies will help the group become a world-renowned name in the temperature control field.

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An open-pit coal mine operated by Yankuang Group in Moolarben, Australia.

Yankuang Group generates growth with global strategy

By JU CHUANJIANG and WANG QIAN

China's leading coal mining company Yankuang Group is still confident about its overseas investment, despite plunging coal prices and the continuing global economic slowdown, a senior company executive said.

"Against the backdrop of tough market conditions, we are meeting the challenges by delivering higher volumes and lower costs," Li Xiyong, general manager of the Yankuang Group, said in a recent interview with China Daily.

Despite the tough environment, the company reported an operating profit of 160 million yuan ($25.6 million) last year. Its combined coal output reached 84.2 million tons, bringing in 105.6 billion yuan.

Although its business in Australia last year was hit by the depreciation of the local currency, Li said the company would continue with its expansion plans in the country.

Yankuang announced last week it has received approval from the local planning assessment commission for a $120 million expansion of its operations at the Moolarben Coal Mine in New South Wales.

The plan includes a new open-pit mine and two underground operations, which are expected to boost its annual output from 8 million tons a year to 13.1 million by 2016.

"Moolarben was a low-cost operation that it made sense to expand," Li said, adding that the Australian market has long been one of the most important parts of the company's "go-global" strategy.

During the past few years, the company has invested more than 44 billion yuan in expanding its business in Australia through a series of mergers and acquisitions.

Its Hong Kong-listed unit, Yanzhou Coal Mining Co Ltd — or Yanzhou Coal for short — merged its Australian unit with the Sydney-based Gloucester Coal in an A$700 million deal in 2012. The move created Australia's largest listed coal companies, Yancoal Australia Ltd, which is 78 percent owned by Yanzhou Coal.

In Australia alone, Yanzhou Coal now has nine operating mines and six exploration projects under way, which have total exploitable reserves of over 1.4 billion tons and potential reserves of 5.3 billion tons.

Meanwhile, the company's investment in potash exploration and mining in Canada's Saskatchewan is expected to yield promising returns, due to the world's increasing potash demand, especially from China, Brazil, and India.

Yancoal Canada Resources Co, a subsidiary of Yanzhou Coal, acquired an aggregate of 19 potash mineral exploration permits in Saskatchewan from JSC Acron Inc for $260 million in 2011. After years of preparation, a potash mine will be put into operation in 2018 and is expected to produce 2 million tons of potash minerals annually.

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Railway company finds new engines for growth

By WANG QIAN
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Founded in 2004, China Railway 10th Engineering Group Co has realized robust growth during the past decade through optimizing its industrial structure.

A subsidiary of the State-owned China Railway Engineering Corp, the Shandong-based company has completed construction projects worth a total of 246.7 billion yuan ($40 billion), bringing in 164.3 billion yuan in revenue. Its total assets have grown to 20.3 billion yuan from only 1.7 billion yuan in 2004.

"We have become a competitive construction contractor both in domestic and overseas markets, with more than 30 billion yuan worth of construction projects completed annually. The value is about 10 times of that in 2004," the company's Party chief Wan Guanqun said.

With advanced construction technologies, the company has been engaged in the construction of more than 1,000 bridges and tunnels, 1,500 kilometers of highways, as well as 100 national key railway projects, including the 1,318-km high-speed railway linking Beijing and Shanghai.

Besides the construction of infrastructure projects, the company also sets its eyes on commercial property development and overseas investment for a sustainable growth.

"As the Chinese central government has slowed its investment in railway construction in recent years, property development and overseas projects have contributed about 60 percent of the company's total profits and become our new growth engine," Wan said.

The company has 22 construction projects with a combined value of $3 billion in nine countries and regions, such as Venezuela, Kenya, Uganda, Sri Lanka and Indonesia.

In Venezuela, the company has completed almost $2 billion worth of projects, including the construction of railway and port facilities, and it operates an iron ore mining and trading business.

"Our return on the investment in the iron ore mining and trading operation has been very satisfactory. It has so far produced 450,000 tons of iron ore, bringing in $33 million in sales revenue," Wan said.

With abundant iron ore reserves, the project is projected to bring $1 billion for the company.

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The groundbreaking ceremony for a hospital in Uganda being constructed by China Railway 10th Engineering Group.

Technology fires up Shandong Energy's development

By JU CHUANJIANG and ZHAO RUIXUE

Visitors to the shale oil production base in Longkou, a coastal city in Shandong province, don't smell the usual tainted air. Instead, there are met with fresh air, clean roads and large patches of grassland at the plant.

The plant run by Shandong Energy Group represents the group's move into the shale oil business.

During the past three years, the group, which used to focus on coal-related industries, extended its industrial chain to cover electricity, oil and gas, in a bid to maintain momentum in the context of the sluggish coal market.

Located in Jinan, the capital city of Shandong province, the group was founded in 2010 with the merger of six coal companies in the province. Now the group is on the Fortune 500 list with total assets amounting to 230 billion yuan ($37.38 billion) last year.

The group is also building plants that integrate coal production and electricity generation in Hulun Buir and Ordos in the Inner Mongolia autonomous region, and the power generated from these plants will be used by Shandong.

The group is promoting a recycling system, in which waste from its coal mines such as coal gangues, coal ash and wastewater are processed and transformed into other energies, said Bu Changsen, chairman of the group, adding technology is the backbone of the group's development.

The technology developed by Longkou Mining Co Ltd — one of the six companies with the group — is able to transform the shale oil which is valued at around 110 yuan a ton into shale oil valued at 6,000 yuan ($960) a ton.

The group now has two technology centers, an engineering center and a lab at the national level. It also has four research centers for doctorates and two centers for academicians, as well as 17 provincial-level research centers.

Last year, the group had 67 patents approved.

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Shandong Energy's strength in technology has ensured its safety in production.