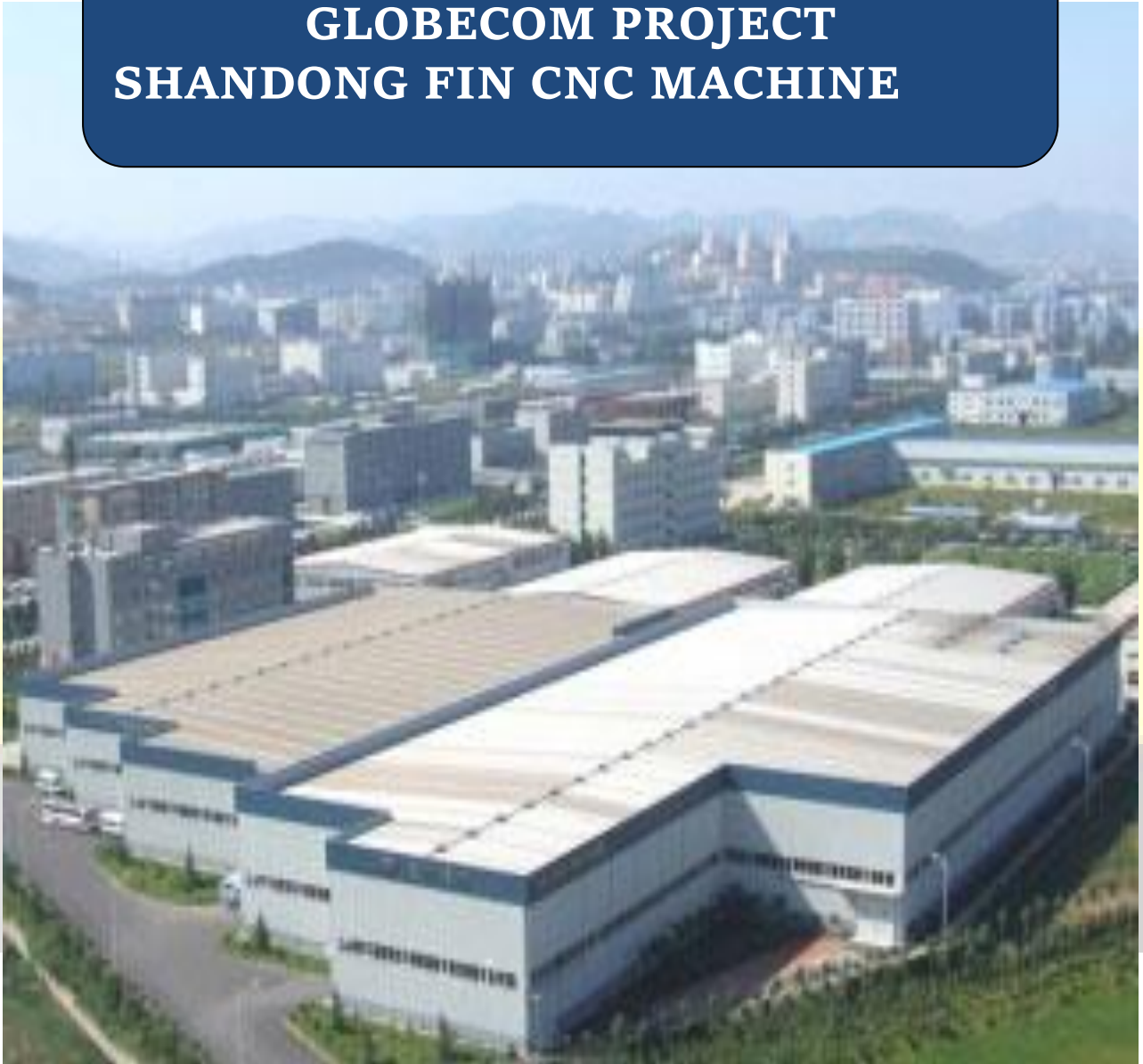


GLOBECOM PROJECT SHANDONG FIN CNC MACHINE



當人們共同努力下下山轉向黃金

FIN CNC MACHINE

*« Lorsque les hommes
travaillent ensemble,
les montagnes se
changent en or »*

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FIN CNC MACHINE

INTRODUCTION

簡介



About the Globecom project

The project Globecom of the Toulouse business schools fiction on a negotiation between two Partners from different cultures

The project brings together two masters whose domains are distinct but complementary at the same time, one is the master creative management: innovation and entrepreneurship, and other legal mastere management business, the alliance of legal and managerial to face his future partner in negotiations.

The project is divided into two phases: the first is or 4 teams.

Last phase 1 is the Spanish form TCI Cutting with onboard students of the master creative management assisted by lawyers, the company wants to set up in China to advance its sales abroad, his goal is to partner with our company, SHANDONG FIN CNC, a market leader in China's CNC machine.

At the end of Phase 1, an evaluation is to judge held four teams to established ranking of the team to eliminate the least efficient.

Phase 2 or are the Chinese teams who have to deal with teams from Phase 1. Phase 2 consists seen SHANDONG FIN CNC team with 3 entrepreneurships on board, Gregory RAVELINGHIEN team leader of the team, Matthew DELWAULLE specialist marketing and strategy, Nassim BRAHIMI technical manager, and two lawyers DUBESSET Pauline and Delphine DELIBES.

Phase 2 continues with negotiations between the two teams to enter one partnership for Spanish imports of machinery in China.

a report should be written in each of the 2 phases by the teams

here is our report

FIN CNC MACHINE

COMPANY PROFILE

該公司介紹,



1.1. Generality about the company

SHANDONG FIN CNC MACHINE Co., Ltd is a high-tech enterprise involved in the design, conception and manufacturing of CNC machines.

The company is located in the high-tech development zone of Jinan city, capital of the province of Shandong (Centre East Mainland), the company is certified by the Chinese Government.

1.2. History

Shandong Fin was created in 1998 by four associates:

- ✓ Mr Li Shengjun,
- ✓ Mr Liu Bangning,
- ✓ Mr Guan Tong,
- ✓ Mr Guo Tong.

The company knows a fast and continues growth from the beginning.

Today, with more than 800 employees, among which over 300 are undergraduates, Shandong Fin is mainly engaged in development, manufacture and sale of CNC machines such as drilling, milling, punching, sawing, cutting machines and other optical, mechanical and electronic integration equipment.

In 2007, the company decided to build a new plant, the base takes 158,000 sq.m, including a new workshop of 64,000 sq.m, and a new building of 76,530 sq.m.

The annual production of machines reaches the record of 803 units through 190 different ranges of products.

The construction has been finished in Sep. 2009.

On September 5th 2009, the company joined the Shenzhen stock exchange which allows to raise 300 Million yuans (36 M€), used mainly to build the manufacture base of complete set of machines for steel structure industry.

1.3. Strengths of Shandong Fin

FIN is the first enterprise to develop the complete CNC machines for steel structure industry in China and fill the gap of this kind of machine in the country.
It is five years later, some follow enterprises appeared in China.

With the advantage of early engage in the industry, technical reserves and brand reputation, FIN still is the leader in the industry.

The type of FIN's products is good. The machines designed by FIN is conform to the 12th item of 16 key project issued by the state council.

The downstream industry that can be served by FIN is the industries can get the policy encourage from national, such as electric transmission and transformer industry, power equipment manufacture industry, steel structure, petrochemical Industry, desalinization of seawater industry, heavy truck industry, engineering machine industry etc.

Above industries have persistent and brisk demand to the CNC machines. On the whole, FIN selected a different route. FIN's products can effective substitute for import machine and bring great profit for FIN.

Second point, the technical advantage. FIN has the powerful R&D team, about 200 technicians and engineers. They represent 25% of the staff of FIN. Based on it, FIN obtained the powerful integration and innovation capability.

The capability can be showed as the development level of completely, composite and software/hardware research.

The completely and composite development means the products can be designed to finish the manufacture of multi-function, multi-process automatically. It is the international development tendency of machinery manufacture industry. FIN's products can help the customers to improve the efficiency, quantity and reduce the cost of production.

Now, FIN has obtained many achievements in the technology innovation: four kind of product are listed as national torch program, several products are listed national key products, 20 patents rights, 22 patents is under applying
FIN is shouldering the drafting of 2 national standards.

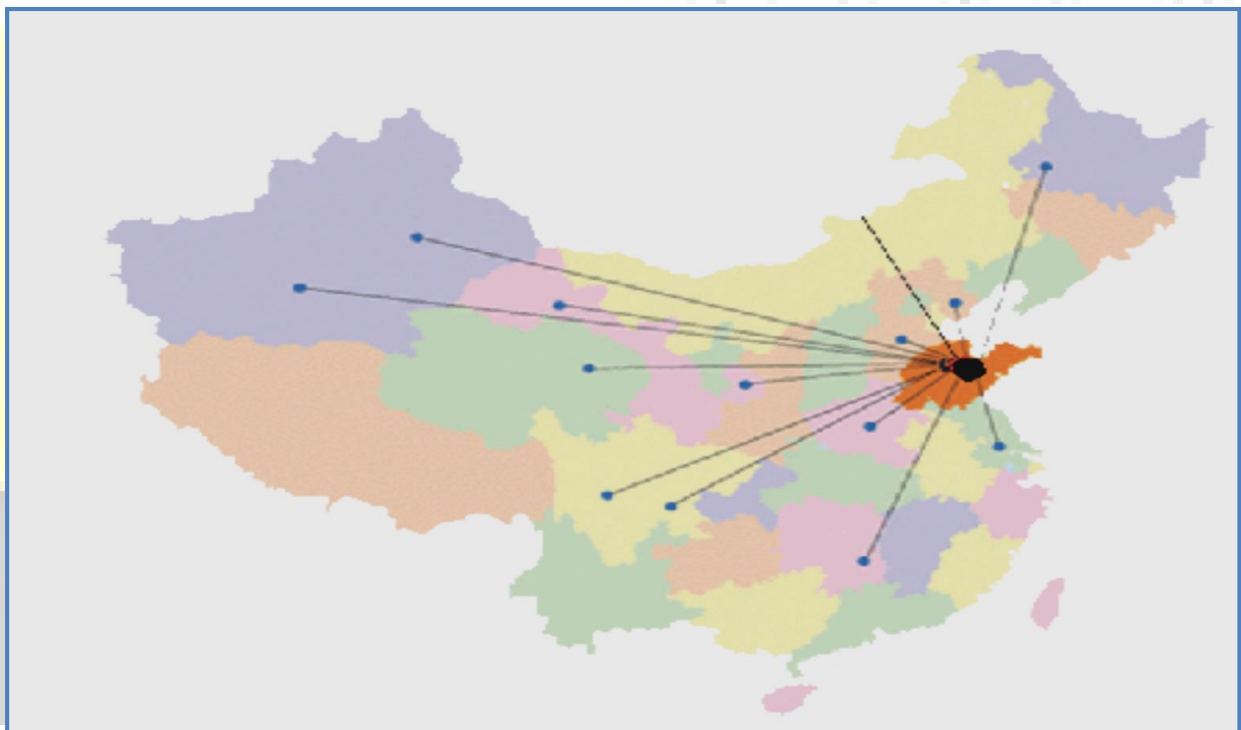
Today, FIN's customer has spread over China:

- ✓ Bao steel,
- ✓ Capital steel,
- ✓ Ma steel,
- ✓ Laigang group,
- ✓ Grandtower,
- ✓ Southeast space frameco.,ltd,
- ✓ Jinggong Science & Technology,

- ✓ Shanghai Zhenhua port machinery co.,
- ✓ Ltd. China railway turnout & bridge co.,ltd,
- ✓ Dongfang electric,
- ✓ Zhejiang shengda group,
- ✓ China first heavy industry, Northern heavy industry group, Shaanxi automobile group co., ltd, Jiangnan heavy industry co., ltd, Behlen steel structure company.

Shandong Fin is the leader in China, **with 62.14% of market share**, Fin becomes the unchallenged leader in its industry (CNC machine for steel structure).

1.4 Network Distribution



Shandong Fin has established a network of sales companies, and divided the domestic market into 10 different regions:

- ✓ Northeast Sales Branch Company
- ✓ Northern Sales Branch Company
- ✓ Taiyuan Sales Branch Company
- ✓ Northwest Sales Branch Company
- ✓ Jinan Sales Branch Company
- ✓ Nanjin Sales Branch Company

- ✓ Shanghai Sales Branch Company
- ✓ Southwest Sales Branch Company
- ✓ Southern Sales Branch Company
- ✓ Wuhan Sales Branch Company

1.5 Financial Indicators

A few digits for year 2011:

- Market Value Capital : 135 M€
- Total of Sales 2011 : 45 M€ among 20% for exportation (Kuwait, Kazakhstan, South Africa, Indonesia, Russia, South Korea, Morocco, Iran, Dubai)
- Net Income : 3.291 M€

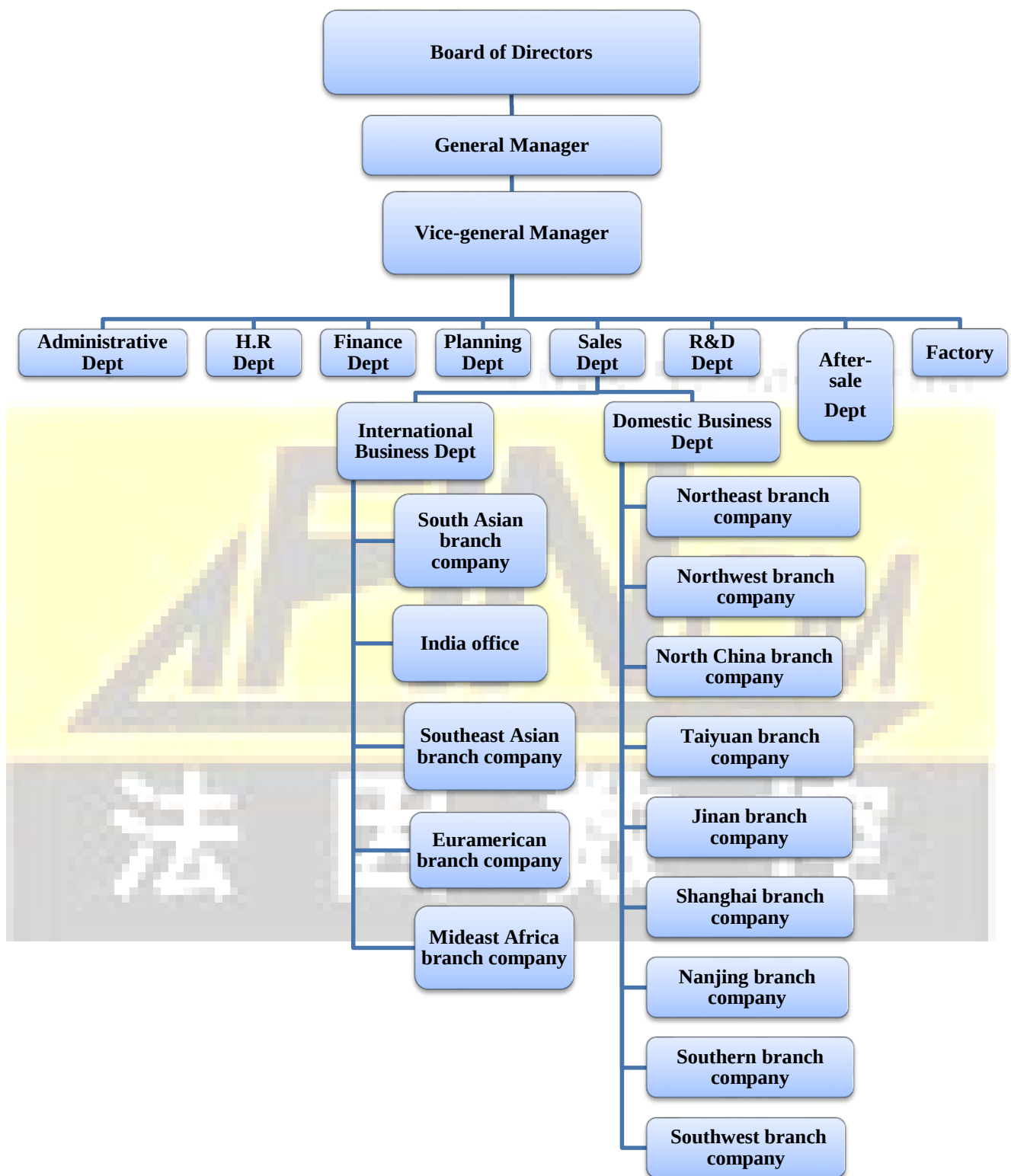
The production reaches 816 machines manufactured for a variety of 190 ranges of products. Shandong Fin is a wealthy company according to the good financial results (see annex financial datas).

More details and figures in appendix.

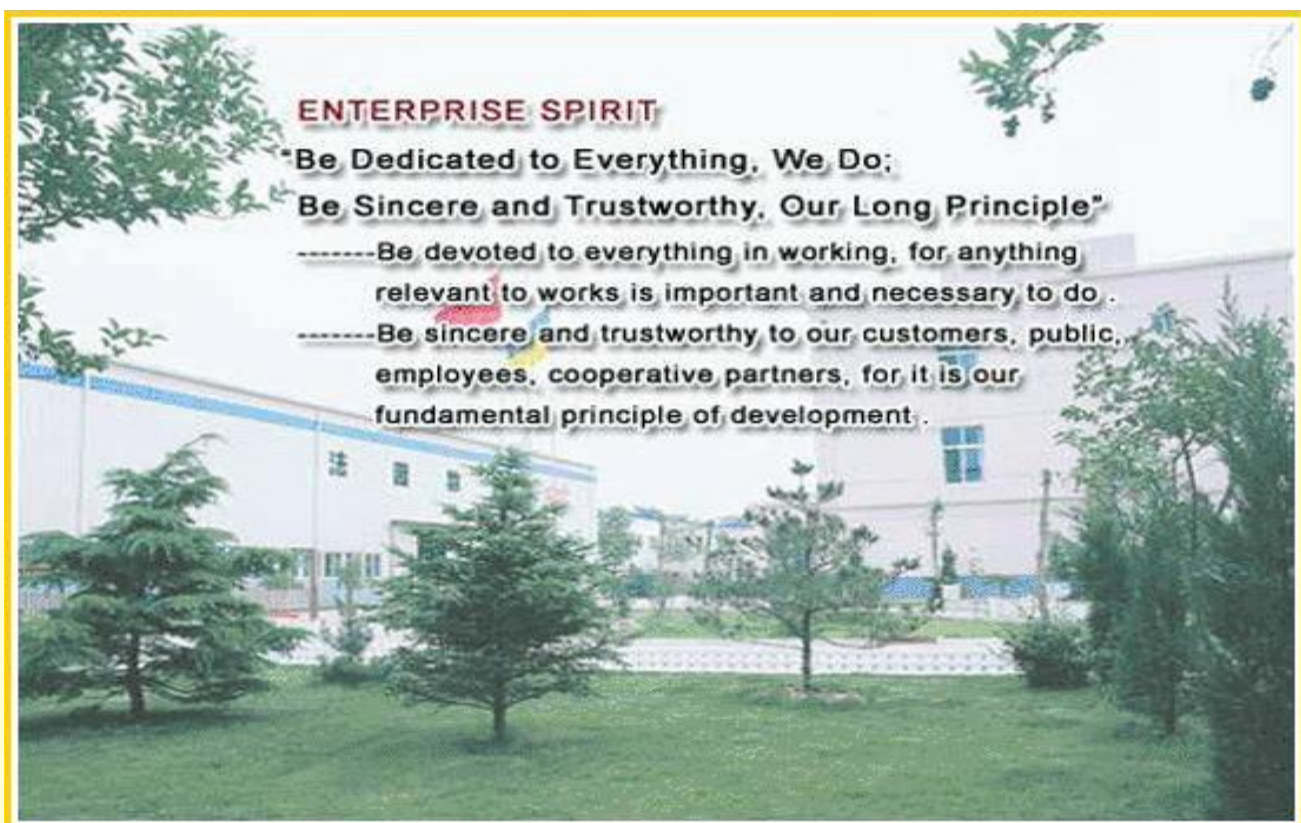
1.6 Organigramm

FIN CNC MACHINE





1.7 Enterprise Spirit and values



The most important wealth of FIN is not profit but various talents who are helpful for FIN's development.

Those talents will own the world, so we should try our best to continuously build and enlarge our talent troops and supply them with the best conditions to encourage them to exert themselves to the largest extent in FIN. This is the value idea we have been aspired after.

As to profit, it is a necessity for an enterprise, just like the importance of air, sunshine and water for human beings which are the basic factors for human beings' lives, but it is not the final purpose.

1.8 Objectives and targets

At first, we should be benignant to our own employees so as to make them feel confident and proud.

Supply the staff with material and spiritual conditions which are much better than the craft brother's conditions.

The employees with his feeling can produce products of high quality and we can provide much better services because of such high quality products.

If such enterprise goes further, it can pay more taxes to the society and more jobs can be offered.

More respect and reliance from its customers and provide a first-class products

By this way the development of our society will be pushed forward

The future mission of FIN is if we help the talents become rich and gather more talents into FIN, the group full of cooperative talents is certain to become the giant in the mechanical industry.

So talents are the most important wealth and are the embodiment of value. This is also the embodiment of humanism.

In the near future, we plan that our company's turn over will exceed 1 billion yuan (120 M€), then, we should consider an international development, to enter into a large scale of international competition.

SCOPE AND ACTIVITIES

範圍和活動



2.1 Manufacturing machine tools

Punching machine



Punching is a metal forming process that uses a punch press to force a tool , called a punch, through the work piece to create a hole via shearing .

The punch often passes through the work into a die. A scrap slug from the hole is deposited into the die in the process.

Punching is often the cheapest method for creating holes in sheet metal in medium to high production volumes.

Punching is the most cost effective process of making holes in strip or sheet metal for average to high fabrication

It is able to create multiple shaped holes

Punches and dies are usually fabricated from conventional tool steel or carbides

Drilling machine



A drilling machine, called a drill press, is used to cut holes into or through metal, wood, or other materials

Drilling machines may be used to perform other operations. They can perform countersinking, boring, counterboring, spot facing, reaming

The size or capacity of the drilling machine is usually determined by the largest piece of stock that can be center-drilled

In most drilling machines, the spindle is vertical and the work is supported on a horizontal table

The column of most drill presses is circular and built rugged and solid. The column supports the head and the sleeve or quill assembly.

The head of the drill press is composed of the sleeve, spindle, electric motor, and feed mechanism. The head is bolted to the column.

CNC machine



Computer Numerical Control (CNC) machines are automated milling devices that make industrial components without direct human assistance. They use coded instructions that are sent to an internal computer, which allows factories to fabricate parts accurately and quickly.

There are many different types of CNC machines, ranging from drills to plasma cutters, so they can be used to make a wide variety of parts. Though most are used industrially in manufacturing

Numerical control (NC) is the automation of machine tools that are operated by abstractly programmed commands encoded on a storage medium, as opposed to controlled manually via hand wheels or levers, or mechanically automated via cams alone.

Component design is highly automated using computer-aided design (CAD) and computer-aided manufacturing (CAM) programs.

CNC-like systems are now used for any process that can be described as a series of movements and operations. These include laser cutting, welding, friction stir welding, ultrasonic welding, flame and plasma cutting, bending, spinning, pinning, gluing, fabric cutting, sewing, tape and fiber placement, routing, picking and placing (PnP), and sawing.

In an industrial setting, CNC machines can be combined into entire cells of tooling machines that can operate independently of each other. They are often driven by completely digital designs, which eliminate the need for design blueprints to be physically drawn up.

Many are capable of running for several days without human intervention.

In fact, some are so sophisticated that they can contact the operator's cell phone and send an alert if a malfunction occurs. These automated features make it possible to produce thousands of parts with minimal supervision, and free the operator to perform other tasks.

CNC machine can form parts with a level of precision that is nearly impossible using older tools. In a conventional factory, workers must control different tools by hand, and errors are common, but a machine can perform the same task without becoming tired, and can work non-stop.

This saves a lot of time, and the improved accuracy can help eliminate waste, since there are less faulty parts that¹ have to be thrown away.

CNC machines are more expensive than older types of machines, which can make them unaffordable for smaller operations. They're also expensive to repair and maintain.

Also, though they do limit the potential for errors, they don't eliminate it entirely, since operations can still program or operate the machine incorrectly.

¹ <http://www.directindustry.com>

Additionally, these machines need to be operated by a skilled workforce with a specific type of training, which may not be available in all areas.

Laser machine



Laser cutting is a technology that uses a laser to cut materials, and is typically used for industrial manufacturing applications, but is also starting to be used by schools, small businesses, and hobbyists.

Laser cutting works by directing the output of a high-power laser, by computer, at the material to be cut. The material then either melts, burns, vaporizes away, or is blown away by a jet of gas leaving an edge with a high-quality surface finish. Industrial laser cutters are used to cut flat-sheet material as well as structural and piping materials.

Advantages of laser cutting over mechanical cutting include easier work holding and reduced contamination of work piece.

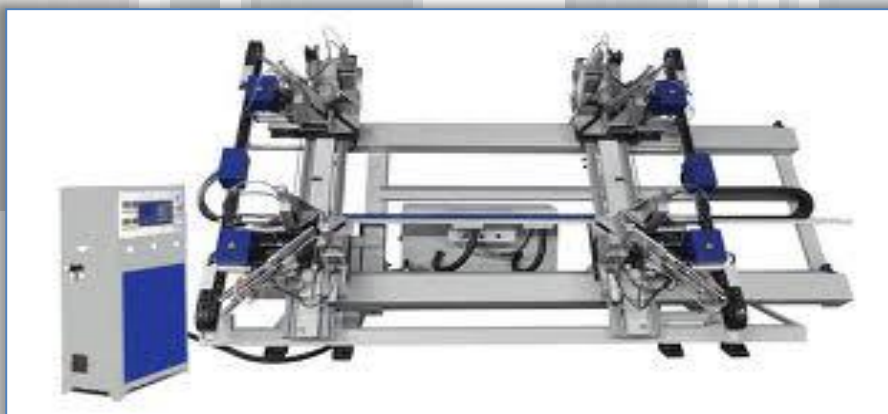
Precision may be better, since the laser beam does not wear during the process. There is also a reduced chance of warping the material that is being cut, as laser systems have a small heat-affected zone.

Some materials are also very difficult or impossible to cut by more traditional means. Laser cutting for metals has the advantages over plasma cutting of being more precise and using less energy when cutting sheet metal.

Newer lasers machines operating at higher power (6000 watts, as contrasted with early laser cutting machines' 1500 watt ratings) are approaching plasma machines in their ability to cut through thick materials, but the capital cost of such machines is much higher than that of plasma cutting machines capable of cutting thick materials like steel plate.

The main disadvantage of laser cutting is the high power consumption. Industrial laser efficiency may range from 5% to 15%. The power consumption and efficiency of any particular laser will vary depending on output power and operating parameters. This will depend on type of laser and how well the laser is matched to the work at hand.

Welding machine



A welding power supply is a device that provides an electric current to perform welding. Welding usually requires high current (over 80 amperes) and it can need above 12,000 amperes in spot welding. Low current can also be used; welding two razor blades together at 5 amps with gas tungsten arc welding is a good example. A welding power supply can be

as simple as a car battery and as sophisticated as a modern machine based on silicon controlled rectifier technology with additional logic to assist in the welding process. Welding machines are usually classified as constant current (CC) or constant voltage (CV); a constant current machine varies its output voltage to maintain a steady current while a constant voltage machine will fluctuate its output current to maintain a set voltage.

FIN CNC MACHINE

FINCM

GLOBAL PRESENTATION OF CHINA 介紹的中國



3.1 History and geography

China is one of the eldest country in the world, its civilization one of the earliest, beginning 2,000 years BC.

The Chinese empire has been formed in 221 BC, since that time, the country has known several changes, it has been formed and reformed several times.

From latitude 18° to 54° north, and longitude 73° to 135° East, China covers approximatively 9.6 million sq.m; the country is the fourth largest of the world by its area.

China has the longest combined land border in the world measuring 22,117 km long.

China borders 14 foreign countries.

The climate is mainly dominated by dry seasons and wet monsoons, which lead to pronounced temperature differences between winter and summer.

China is losing 4,000 sq. km per year due to desertification.

Today, China is the world most populous country of the world, its population reached 1.35 billion people.

In 2011, more than 180 cities² are above one million of inhabitants, nevertheless 57% of the population lives in the countryside.

²www.telegraph.co.uk/news/worldnews/asia/china



3.2 Economy, Politic & Social

➤ A few digits :

- ✓ China GDP (Gross Domestic Product) for year 2011³
- ✓ China is the second by the \$ 7.298 trillion just behind the USA.
- ✓ China is ranked 90th with \$ 5,413 per capital
- ✓ Growth: 9.30%
- ✓ Inflation: 7.6 %

The People's Republic of China is a single party state governed by the Communist Party of China.

It exercises jurisdiction over 22 provinces, 5 autonomous regions, 4 directly controlled municipalities (Beijing, Tianjin, Shanghai, Chongqing).

The actual president is Hu Jintao elected 2 times since 2002, he is also General Secretary of the Communist Party. The next election will be in Nov 2012.

Since the introduction of economic reforms in 1978, China has become the world's fastest-growing major economy.

The 12th Five Year Plan (2011 - 2015) came at a time when the need to rebalance toward a more domestic demand-led, service sector-oriented pattern of growth is stronger than before, partly due to the less favorable global outlook. The Plan has set five main objectives:

³www.worldbank/eng/country/china

- Maintaining stable and fast economic growth, with a focus on price stabilization, more job creation, improved balance of payment, and higher quality of growth.
- Achieving major progress in economic restructuring, with higher share of household consumption and the service sector, further urbanization, more balanced rural-urban development, lower energy intensity and carbon emissions, and better environment.
- Increasing people's incomes, reducing poverty and improving the living standards and quality of life.
- Expanding access to basic public services, increasing the educational level of the population, developing a sound legal system, and ensuring a stable and harmonious society.

Deepening the reforms in the fiscal, financial, pricing and other key sectors, changing the role of the state, improving governance and efficiency, and further integrating into the world economy.

3.3 High Technology

By the number of research papers published, of patents, and the 1.84% of the GDP⁴(\$ 251.8 Billions), China is becoming second in R&D, just behind the USA.

Few examples:

- **High Voltage Transmission.** China has deployed the world's first Ultra High Voltage AC and DC lines -- including one capable of delivering 6.4 gigawatts to Shanghai from a hydroelectric plant nearly 1300 miles away in southwestern China. These lines are more efficient and carry much more power over longer distances than those in the United States.
- **High-Speed Rail.** In the span of six years, China has gone from importing this technology to exporting it, with the world's fastest train and the world's largest high-speed rail network, which will become larger than the rest of the world combined by the end of the decade. Some short distance plane routes have already been cancelled,

⁴ en.wikipedia.org/wiki/List_of_countries_by_research_and_development_spending

and train travel from Beijing to Shanghai (roughly equivalent to New York to Chicago) has been cut from 11 hours to 4 hours.

- **Advanced Coal Technologies.** China is rapidly deploying supercritical and ultra-supercritical coal combustion plants, which have fewer emissions and are more efficient than conventional coal plants because they burn coal at much higher temperatures and pressures. Last month, Secretary Chu toured an ultra-supercritical plant in Shanghai which claims to be 45 to 48 percent efficient. The most efficient U.S. plants are about 40 percent efficient. China is also moving quickly to design and deploy technologies for Integrated Gasification Combined Cycle (IGCC) plants as well as Carbon Capture and Storage (CCS).

- **Nuclear Power.** China has more than 30 nuclear power plants under construction, more than any other country in the world, and is actively researching fourth generation nuclear power technologies.

- **Alternative Energy Vehicles.** China has developed a draft plan to invest \$17 billion in central government funds in fuel economy, hybrids, plug-in hybrids, electric and fuel cell vehicles, with the goal of producing 5 million new energy vehicles and 15 million fuel-efficient conventional vehicles by 2020.

- **Renewable Energy.** China is installing wind power at a faster rate than any nation in the world, and manufactures 40 percent of the world's solar photovoltaic (PV) systems. It is home to three of the world's top ten wind turbine manufacturers and five of the top ten silicon-based PV manufacturers in the world.

- **Supercomputing.** Last month, the Tianhe-1A, developed by China's National University of Defense Technology, became the world's fastest supercomputer. While the United States -- and the Department of Energy in particular -- still has unrivalled expertise in the useful application of high performance computers to advance

scientific research and develop technology, America must continue to improve the speed and capacity of our advanced supercomputers.

en.wikipedia.org/wiki/China

www.worldbank/eng/country/china

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www.fincm.com/english/index.asp



The Shandong region 地區山東



4.1 Location

Located on the East coast of China, about 300 kms from Beijing, the province of Shandong is very dynamic, the main port Qingdao is number 4th in China.

The capital of the province named Jinan is a city of 6 M inhabitants.



4.2 Economy

With the shift of the Yellow River to a new bed right to the north of Jinan (in 1852) and the establishment of a railroad hub, the city became a major market for agricultural products from the productive farming regions to the north.

Following the trade in agricultural goods, the city developed a textile and clothing industry, flour mills, oil presses, as well as factories producing paper, cement, and matches.

In the 1950s, large iron and steel works as well as chemical factories were established around Jinan. The large metal works produce pig iron, ingot steel, as well as finished steel. In 2008, steel manufacturing was restructured with the formation of the Shandong Iron and Steel Group. In parallel, the 1970s, factories for the production of trucks and construction vehicles (Sinotruk) were added.

Jinan has a pool of high-quality labor resources. There are 18 universities and colleges in the city where more than 200,000 students are studying. Among the 200+ research institutes in the city, 10 are national laboratories.

The focus on technology intensive industries has transformed Jinan from a city supported by heavy industry and textiles to a city with more diverse industrial structure. Information Technology, transportation tools, home appliances, and bio-engineered products, among others, have become important components of the area's industry. Jinan's IT-related economic output was ranked to be in the fourth place nationally.

➤ **Industrial zones include:**

- **Jinan High-tech Industrial Development Zone**

Founded in 1991, the Jinan High-tech Industrial Development zone was one of the first of its kind approved by the State Council. The zone is located to the east of the city and covers a total planning area of 83 square kilometers that is divided into a central area covering 33 square kilometers, an export processing district of 10 square kilometers, and an eastern extension area of 40 square kilometers. Since its foundation, the Jinan High-tech Industrial Development Zone has attracted enterprises as LG, Panasonic, Volvo, and Sanyo.

In 2000, it joined the world science and technology association and set up a China-Ukraine High-tech Cooperation Park. The Qilu Software Park became the sister park of Bangalore park of India.

- **Jinan Export Processing Zone**

The export processing zone is located in the eastern suburbs of Jinan, to the east of the Jinan High-tech Industrial Development Zone and to the north of the Jiwang highway. The distances to the Jiqing Highway and the Jinan Airport are 9 and 18 km respectively.

4.3 Transportation

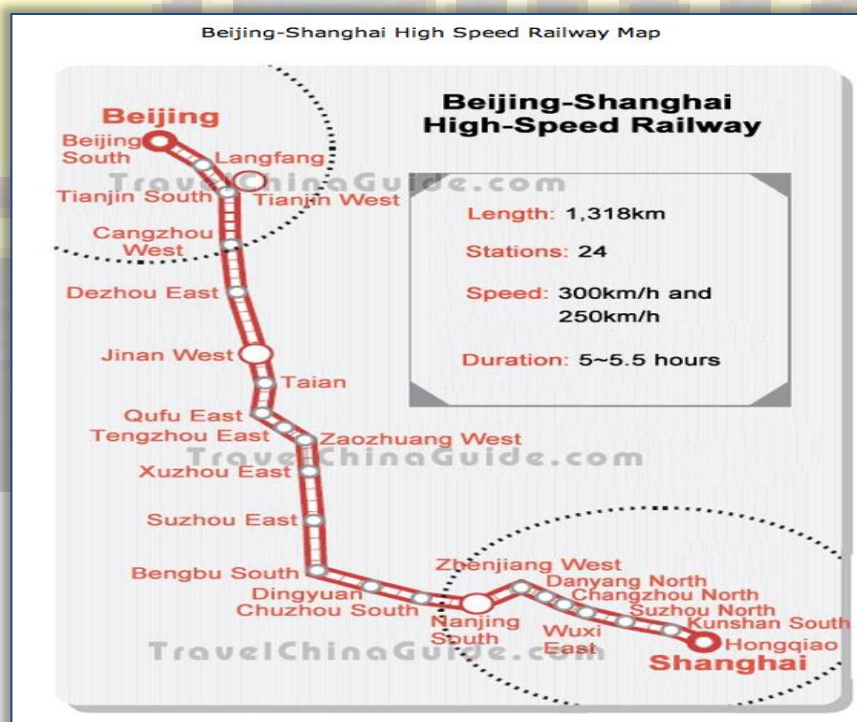
4.3.1 Railways

Jinan is positioned at the intersection of two major railways: The Jinghu Railway that runs from Beijing to Shanghai is the major north-south backbone of the railway system in eastern China.

In Jinan, it intersects with the Jiaoji Railway that connects Jinan to the sea port of Qingdao to the east. In addition, the Hanji Railway connects Jinan to the city of Handan (Hebei Province) in the west.

Within Shandong province, the Jinghu Railway connects Jinan with the cities of Dezhou, Tai'an, Jining, and Zaozhuang; the Jiaoji Railway provides a link to the cities of Zibo, Qingdao, and Weifang; the Hanji Railway serves the cities of Yancheng and Liaocheng. Central Jinan is served by the Jinan Railway Station (nearer to the center of town) and the Jinan East Railway Station (just by Daming Lake).

The Beijing–Shanghai High-Speed Railway calls at the new Jinan West Railway Station, which is outside the central metropolitan center and is in suburban western Jinan's Huaiyin District. It will become a future hub with west-east running high speed railways to Taiyuan, Shijiazhuang and Qingdao.



4.3.2 Expressways

Major expressways include China National Highway 104, China National Highway 220, and China National Highway 309.

Because of Jinan's location and role as a road and rail transportation hub, the Jinan Coach Terminus has one of the largest passenger flows in China. On peak travel days, as many as 92,000 passengers per day have been counted, on off-peak days the number is around 42,000 passengers per day.

4.3.3 Airports

Jinan Yaoqiang International Airport is located about 33 kilometers northeast of the city. The airport is connected to the city of center of Jinan by expressways. It has domestic flights to many of the major cities in China as well as to international destinations, in particular Seoul (Korea) and Singapore.



CULTURE AND ATTITUDE

文化和態度



5.1 Chinese Culture & Attitude

China has a long history and it is one of the four greatest ancient civilizations. Chinese culture is relationship-driven (guan xi) and people-oriented. Friendship first, then business will follow.

Relationships in China are based on mutual trust and respect; equality, commitment and common goals, communication and compromise. It takes time and effort to build relationships.

In Chinese culture, communication is a continuous process, critical for building relationships, in addition to the exchange of information.

There may be sensible and intellectual discussions, but individuals know their place in the team or organization (hierarchy), e.g., contributing or deciding role.

They know when to stop or when pushing too hard may be offensive or counterproductive.

- **Feedback**- Chinese generally do not volunteer information or give feedback. If you want feedback, ask persistently and politely.

Negative feedback – Chinese do not want to convey bad news. Giving negative feedback is perceived as confrontation that causes loss of face.

Positive feedback – This is well received if done in a low-key way and shared by the team. Chinese prefer to receive praise privately. Similarly, Chinese are not comfortable giving praise.

- **Self-glorification or promotion** - Expressing one's attributes or accomplishments runs contrary to Chinese values of modesty and humility. The norm is to be self-deprecating, and any praise should come from others. Sending a company letter ahead of your meeting that gives bio data with accomplishments (academic titles, positions held, major deals or projects completed) of the visiting team members is appropriate.
- **Confrontation**- Chinese avoid confrontation altogether. This is done to save face and preserve group harmony (as confronting can translate to there being a winner and a loser). Individuals should discuss different viewpoints and try to build consensus. This holistic culture does not compartmentalize work and personal feelings. It's important to note everything is personal.

Negotiation strategies

- **Chinese negotiating style** - Chinese are relationship-oriented. They focus on harmony and flexibility, and are patient in getting the job done. They do all they can to avoid '*tong chuan yi meng*' which translates to 'same bed, different dreams'. Chinese are known to be tough negotiators. (See, also: "Chinese authority Dr. Kerry Brown on China's issues and western ways").
- **Building trust** - Begin to build trust based on mutual respect, modesty, equality and harmony. Chinese are not comfortable being rushed, or jumping right into business discussions without proper introduction. They believe getting to know each other and building trust is necessary in negotiations.
- **Rationale** – Chinese take time to understand the reason, logic and motivating factors in a holistic manner – connecting the dots. They must be convinced there's a win-win deal to be made. They think long term. A bottom line approach or a quick fix may be perceived as simplistic and short-term thinking.
- **Cultural priorities** – In negotiations, Chinese cultural priorities are relationship first followed by rationale, and legal. Check your cultural assumptions in relation to these priorities – they may be in reverse order.
- **Style** – Chinese listen more than they talk. They may appear to be delaying, but they are gathering pertinent details on issues and personalities. The indirect, unemotional style accompanied by vagueness allows room for maneuverability and outs. Silence is 'constructive ambiguity'. It is rude to interrupt. To build a productive relationship each side must accept different styles of team building and group dynamics.
- **Compromise** – Chinese know what they want and are willing to compromise. 'Give and take' is a means to achieve harmony in Chinese culture. As such, compromise is not considered weak or giving in.
- **Revisiting agreed items or terms** – It is not unusual for Chinese to revisit items previously discussed and agreed upon, and try to renegotiate. If this happens, graciously enter into talks, be flexible and well prepared for what you are willing and unwilling to do, and prepare your organization that there may have to be changes.
- **Attitude matters and yours will be constantly read by the Chinese.** Your patience, professionalism, and courtesy are sending messages of your personal integrity. Understand that you must take many small steps before taking a larger step. Focus on developing a consensus.
- **Listen empathetically and observe.** Pay attention to details. Note Chinese body language and hidden meanings.

- Understand cross-cultural communication barriers such as cultural frames, traditions, etiquette, time and place, status and power, English comprehension level.
- **Always bring your own interpreter**, even when the Chinese offer to provide one for you.
- **The one who speaks least in a meeting may actually be the most powerful.** Be sure to know the position and affiliation (company, Communist party) of those you're dealing with.

Don't rush to give your opinion or advice. Take the time to diagnose and understand the problem first. Respect viewpoints of others.

Make your 'self' easy to understand. Speak clearly, concisely, and slowly. Avoid asking 'or' questions (you may get a 'both' answer). Ask questions and clarify politely.

Focus on issues. Take the blame out of discussions. Don't insist you are right even if you are. Leave room for 'outs' (face-saving maneuvers).

Be tactful when you must say no. A direct and blunt no may be perceived as a slap in the face. Use wording such as like "It's very difficult for me to.....", "It's really not possible to...."

Do not interrupt. Unless the presenter or the leader makes a point to allow so, asking questions during a presentation is considered interrupting and rude. Whenever possible, use laser pointers.

Avoid pointing with any one finger; use whole-hand gestures instead.

However your meetings go with your Chinese counterparts, focus on building the relationship for the long term, and extending your guan-xi network.

Patience, politeness and persistence will bring opportunities for you and your Chinese customers, suppliers or coworkers.

Recognize that social-personal relationships drive business culture in a holistic way. They're cultivated over time. Remember, relationships first and results will follow.

5.2 Chinese general environment

➤ Commercial Environment

The French view their business culture as singular, much in the same way that they view themselves as a special European people. Business is a means to an end, not an end in itself. The French don't often define themselves in terms of what they do for a living. Business is rarely conducted with a sense of urgency, and personal relationships are important.

The French are generally considered to be a highly educated and sophisticated people. Well-read and cosmopolitan counterparts are appreciated. The economy tends towards socialism, and many of the large industries are partially state owned. Social issues are often a major concern when business is discussed.

➤ **Common Strategies**

For Trade: Indulgent, Intimidating

For Investment: Intimidating, Hierarchical, Social.

➤ **Notes For Negotiators**

Unless you speak fluent French, use an interpreter. Proper use of the language is a sensitive cultural issue. Even when selling, the French consider rushing to be vulgar. The more you rush, the more they'll slow the process clown. Don't try out-French the French. Even if your counterpart lacks basic social graces, allow him the sense of superior sophistication. Exploit it if you choose.

Corruption is tolerated rather than promulgated. If graft is part of your program, be discreet.

Be well prepared for every negotiation session. "Getting back" to someone will not do.

The French will discuss every point at length and will have a position on every topic. Avoid direct confrontation unless you're in a strong buying position. The French love debate but not intense criticism. It will be taken as a personal attack.

The French men and women fancy themselves to be philosophers. Early meetings may have a large component of non business discussion. Your opinions will be solicited and evaluated. Not having an opinion in France is worse than having a badly formulated one. Even if you're in an extremely strong buying position, resist the urge to "cut to the chase."

The French are notorious for coming to the table with a single strategy and its accompanying tactics.

If they've made a completely inappropriate choice, major postponement, may result while they reformulate their position.

Possibly exploitable, always annoying.

This is a very social culture, and negotiators may find themselves at two-hour lunches. Drinking wine will be part of the process. Keep your wits about you. You may be wearing a US\$2,000 suit, but it will mean nothing if you pick up the wrong silverware or shy away from the oysters.

Contracts may be long and involved, even when you are buying. All contracts must be completely in French, and commonly used foreign words cannot be substituted (e.g., computer).

This is the land where bureaucracy was invented. Red tape can be a big part of negotiating, especially when dealing with government-connected companies. Business abounds with regulations. No matter how intense negotiations become, avoid raising your voice. Doing so is a sign of poor breeding.

5.3 The French seen by the Chinese

The Chinese are like this, the Chinese are like that. But what the Chinese think of the French?

For most Asians, the French are eternal "romantic". The French stereotype (love, glamor, fashion and beauty).

Their stories are as many answers to the game of "Chinese portrait" of French-type. A complex picture which does not always avoid clichés and contradictions.

If the French had an atmosphere

That would be usability. They are friendly, polite, they like to joke.

French companies are more humane than the U.S and Japan.

If it was a work of art

That would be the Statue of Liberty. Chinese managers speaking like flexible hours and the freedom of speech. It is expected to be more free in a French company, to be able to say what we think.

However, debates and discussions disconcerting other executives who prefer.

They find that the French are too much autonomy, because, they were raised in a culture where the leader, highly respected decides everything

If it was a civilization

That would be the Chinese.

It is said that in Asia the Japanese equivalent of Germans, Italians, Indians and Chinese to the French

In my business, we rely on values found in Chinese culture: sharing, respect, exemplary. The same passion for cooking.

If it was an art

That would be lifestyle. A balance between work and private life, between history and modernity, do not talk to money, work, family, but also art, fashion, culture.

If it was a gift

That would be creativity. The Chinese admire the inventiveness of the French, and make it a model to be copied. They have an aggressive development of their intellectual property.

If it was a quality

That would be know-how. The product quality of the French is excellent. France could teach Chinese expertise, and therefore the requirement to work for the long term, especially in sectors such as luxury, nuclear, high-tech, industry, retail, service, transportation, defense.

If it was a defect

The list is long, but it would probably be slow, not in execution but for the decision. Only those who have lived in France speaks of the high productivity rates.

And if it was a sin

Undoubtedly anger, which is not good adviser in China.

If it was a place

That would be a shambles. French companies are often misdirected; we never understand what the boss really wants.

If it was a famous person

That would be Uncle Scrooge. French would be the best fathers caution, and at worst, large stingy. Rather paradoxical for people associated with the image of luxury. "French companies operate in the economy. They want to earn money without spending too much. The French have the money discreet. Bad strategy in China, where we expect an international company head office luxurious in a prestigious neighborhood.

If it was a feeling

That would be mistrust. The French do not trust us, they repeat. French companies always want to have someone from the parent company at the head of the subsidiary. In U.S. companies, it is different, even a Chinese who does not speak English very well may become the number one.

FIN CNC MACHINE

CHINESE MARKET OF CNC MACHINES 中國市場機



6.1 Market of CNC machine

The output of CNC machine tools in China was 126,000 units in 2007, up by 47% compared to 2006, and China-produced CNC machine tools having gradually replaced imported CNC machine tools, taking 30% shares in domestic market in 2007, up by 2% compared to 2006.

According to China Custom, China has imported 5,700 metal machine tools during Jan-Aug 2007, decreased by 4% compare to the same period of 2006, with an import value of US \$ 4.35 billion, up by 11.5%.

During Jan-Aug 2007, china has imported 10,000 CNC machines tools, decreased by 17.6% compared to the same period of 2006, with an average import price of US \$164,000, up by 25.3%.

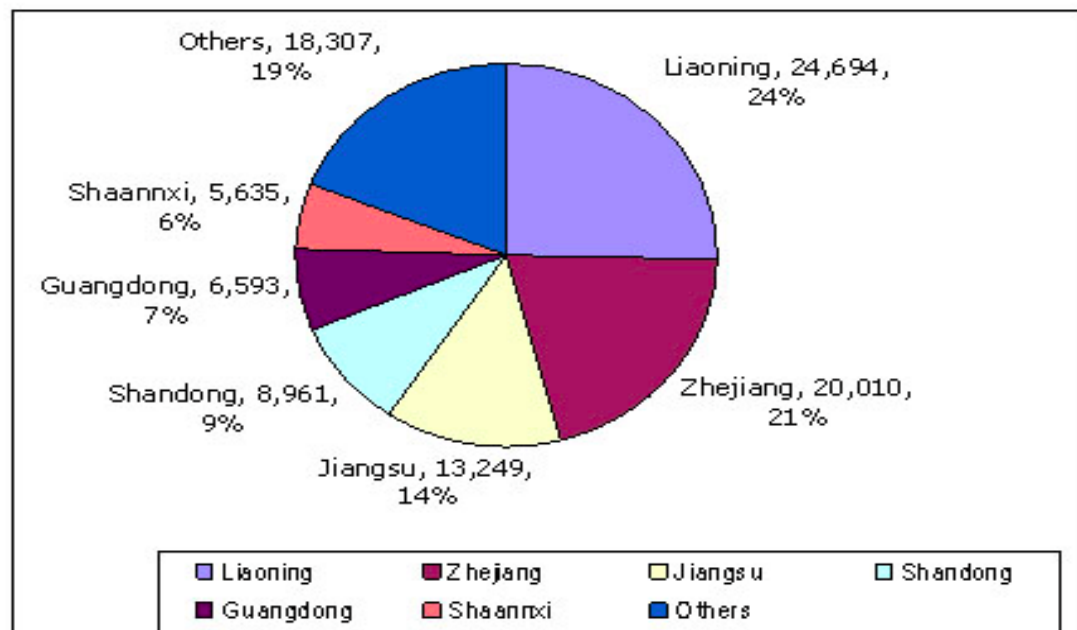
In terms of CNC machine tool output in china during Jan.-Oct. 2007, the provinces of Liaoning, Zhejiang and Jiangsu were the top three, especially the overall output percentage of Liaoning province was 25%.⁵



⁵ <http://www.reportbuyer.com>

Regional CNC Machine Tools Output in China according to Proportion, Jan.-Oct. 2007

(Unit, %)



Source: ResearchInChina

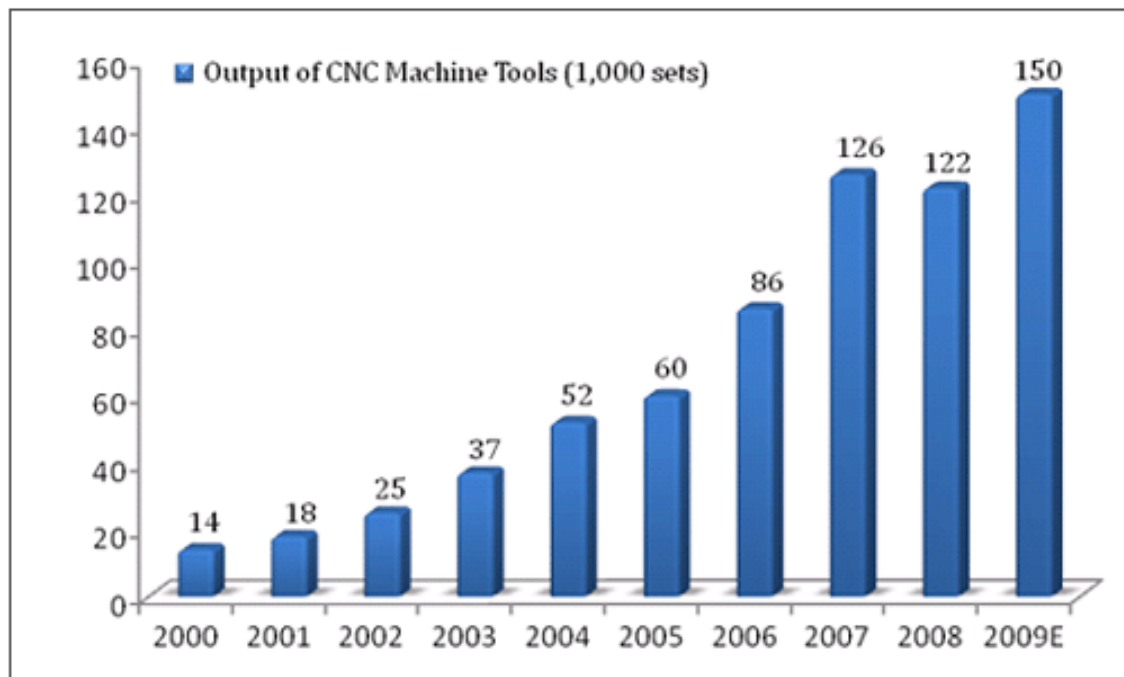
After three decades of development, the CNC (Computer Numerical Control) rate of China machine tools by output value increased from 26.2% in 2001 to 55.8% in 2009.

During the first eleven months of 2009, China produced 139,000 CNC machine tools, including 125,000 sets of CNC metal cutting machine tool and 9,628 sets of CNC forming machine tool.

It is evaluated that China's output of CNC machine tool will be 150,000 sets in 2009.⁶

⁶ <http://trade.e-to-china.com>

Output of CNC Machine Tools in China, 2000-2009

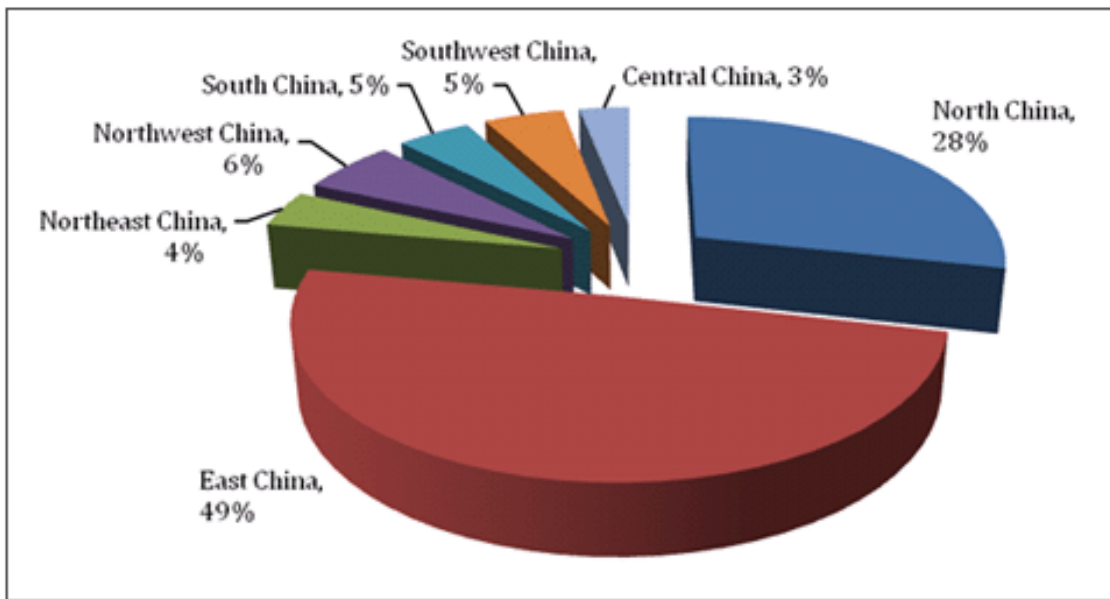


Source: ResearchInChina

In China, CNC machine tool is mainly produced in Liaoning, Jiangsu and Zhejiang. In 2009, the output of three provinces accounted for 29%, 23% and 19% of the total output respectively.

By region, Eastern China produced the largest amount of CNC machine tools, accounting for 49% of the total output, while the output of Northern China took 28%.

Output of CNC Machine Tools in China by Region, 2009



Source: ResearchInChina

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6.2 Competitors on CNC machine

We are the market leader, here's these are one of our competitors.

- Nanjing Sisuo CNC Arc-Tooth Machine Limited Company



Is a hi-tech company which integrates CNC research and development, production, marketing and services.

7

Nanjing realize the importance of quality and service of the product.
The annual Turnover is about 1 ~ 2.5 Million US \$.
There are 77 employees in this company.

With a professional team that sticks to follow the advanced standard of the international and self-creates, this company can develop new products every year.
At present, the chief products are CNC milling machine, CNC spiral bevel gear milling machine and CNC machine center which have been applied to many fields, such as car, electric, military industry, mould and so on.

- **Jinan Penn CNC Machine CoLtd Jinan Penn CNC Machine Co.,Ltd.**



The company is specialized in manufacturing CNC Router, Laser engraving and cutting machine, CNC Plasma cutting machine, CNC machining centre, CNC milling machine, CNC lathe, and Laser Marking machines.

There are between 5 and 50 employees in the company and an annual turnover of approximately 2.5 ~ 5 Million US \$.

A wide variety of industries depend on Penn CNC systems such as cabinetmaking, advertisement, furniture production, woodworking, metalworking, sign making, Stone processing, aerospace, marine construction, solid surface and plastics fabrication

After years of research, development, upgrades and tests PC series is extremely user friendly and meets all requirements for the industry.

After installing thousands of machines worldwide, this company know what its customers

need, at the same time it listen to the comment from customers, and work vigilantly to keep up with market demands while remaining price conscious.

Up to now, machines have exported to many countries and areas, customers always give highly speak of the quality and great after-sale service of PC series machines. The customers find the machines to be a reliable and indispensable addition to their company.

In order to provide more efficient machines to the related Industries, the R&D department concentrate on the research of whole lathered structure design, the best applied software.

6.3 Market of Waterjet technology

The target is to grow at a CAGR of 16.1 % over the period 2011–2015.

One of the key factors contributing to this market growth is the need for quality product development. The chinese Waterjet Machine market has also been witnessing increased competition forcing reduction in waterjet machine costs. However, the higher cost of waterjet machines decreases the adoption rate which could pose a challenge to the growth of this market.

The china Waterjet Machine Market 2011–2015, has been prepared based on an in-depth analysis of the market with inputs from industry experts. The report covers china ; it also covers the Global Waterjet Machine market landscape and its growth prospects in the coming years. The report also includes a discussion of the key vendors operating in this market⁸

Key vendors dominating this market space include Flow International Corp., OMAX Corp., and Dardi International Corp. Market of Waterjet technology WJC, with its pressure of as high as 550MPa, is used to cut a great number of materials, including stone, metal, glass, ceramic, cement products, paper, food, plastic, cloth, polyurethane, wood, leather, rubber, ammunition, etc. Such countries as the U.S., Germany, Russia and Italy have all achieved breakthrough in ultrahigh-pressure WJC technology, with Flow, Ingresoll Rand and Bystronic as the representatives. So far there are more than 10,000

⁸ www.cia.gov

units of WJC machine tools in operation across the world, with the annual increase rate of more than 20% in the last few years.

As a new industry, WJC is growing fast in China, but it has problems, too.

Firstly, China's technology falls far behind the world's leading technology. Secondly, there are no policies to regulate the industry but only the Standard of Ultrahigh-Pressure WJC Products JB/T10351-2002.

The table below shows the options that relate to the waterjet market, demand continues to climb last 10 years

The Latent Demand for Waterjet Cutting Machines in Greater China: 2006 - 2016	
Year	Greater China US\$ Million
2006	83.382
2007	89.522
2008	96.138
2009	103.269
2010	110.886
2011	118.662
2012	126.938
2013	135.816
2014	145.342
2015	155.560
2016	166.498

Source: Philip M. Parker, INSEAD, copyright 2010, www.icongrouponline.com

➤ The global waterjet market

Global Waterjet Cutting Machines market is projected to reach US\$904 million by the year 2018, driven primarily by expanding application areas and increasing end-user awareness about the utility of Waterjet Cutting Machines.

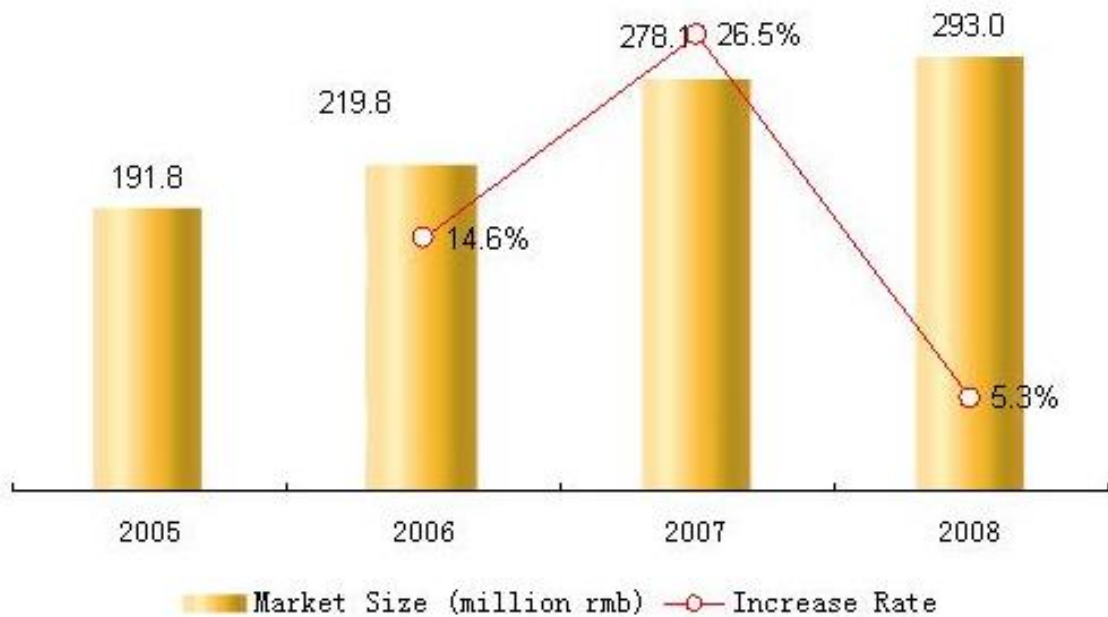
Increasing composite material usage in a variety of industry sectors, especially in aircraft manufacturing and the subsequent use of Waterjet Cutting Machines for precision cutting of these lightweight, high strength materials and the associated cost benefits offered by the technology also augur well for the future of this market.

The table below shows the evolution of the global market for water jet machine

Figure 1: Size of Global WJC Machine Tool Market, 2004-2008



Figure 2: Consumption of WJC Machine Tools in the World, 2004-2012



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⁹ <http://globaledge.msu.edu/>

¹⁰ <http://www.prweb.com>

6.4 Competitors on waterjet machine

- **KMT Waterjet**



KMT Waterjet Systems is a leading manufacturer of waterjet cutting systems for water and develops solutions for customers in various branches of industry. KMT Waterjet is represented worldwide by sales agencies and services

The annual turnover of the company is about 150 million Euros with one thousand of employees.

Systems manufactured by KMT Waterjet are known for their friendliness, their concept thought and proven reliability. Systems have shown their performance in production environments sophisticated interaction with robotic applications ultrafast applications and cutting mono / bi, and on several fronts.

The machining of various materials such as metal, glass, ceramics, plastics, composites layers, as well as food and many other products, is optimally with cutting plants Waterjet KMT Waterjet.

The many years of experience and expertise in the development and maintenance of the facilities now allow KMT Waterjet propose specific solutions to customers very versatile.

KMT Waterjet is also able, through the global network of companies cutting jet of water, develop solutions, even for the most specific applications and sharper.

KMT Waterjet manufactures and implements the first installation of water jet cutting used for commercial purposes.

In the early days of the development of the technology of water jet cutting, it used scanning force mainly water.

Since the mid-20s of last century, an application spray high pressure water is quoted when the company had to face increasing foundry needs new and more productive methods for the treatment of wet castings, and in the mining sector, the need to extract coal and specialty metals from deep deposits and readily accessible.

The water pressure is technically feasible at the time was about 100 bar.

In 1968, Dr. Norman Franz, a professor at the University of British Columbia in Canada, patented the first concept of a cutting jet of water at high pressure. Water pressure can then reach about 700 bars. The first system cutting water jet pressure of 4000 bar is commissioned in 1971 by sector of activity of the company Papertube Alton Box Board Co. The low rate of erosion of the material then allowed not to cut metal.

This problem is solved in the early eighties by improving the rate of abrasion of the material by mixing solid particles (abrasive) waterjet.

Said method now allows the abrasive cutting and machining even the hardest materials.

KMT Waterjet Systems is a manufacturer of advanced, globally, facilities for water jet cutting and develops solutions for many industries and various applications. Since 1971, the company maintains close relationships with its clients. Constant innovation gives KMT Waterjet position of market leader in the field of water jet cutting. High pressure pumps, cutting heads, abrasive management systems, high pressure component, spare parts and original international service are among the key products and services.

- **DARDI International Corporation**



This company takes a leading position in China with global influence, is a high-tech enterprise specializing in R&D, manufacturing, sales and technical service of Ultra-high pressure waterjet technology application products.

Its main product, namely “ultra-high pressure numerical control universal waterjet cutting machine”, is the latest cold-cutting technology and advanced manufacturing equipment in the world.

It is a kind of world-level high-tech products with application of various technologies such as electromechanical integration, ultra-high pressure waterjet, CNC automation, automatic inspection and compensation, CAD, manufacturing ¹¹and robots etc.

With its rapid development in technology and increasing demand for cold cutting process by more and more industries, Dardi has become a world famous brand based on its excellent price-performance ratio.

Dardi International Corporation owns over 40 patents related to ultra-high pressure numerical control waterjet cutting machine and ultra-high pressure water cleaning. It takes the lead in compiling of the first Industrial Standard and National Standard for Ultra-high Pressure Waterjet Cutting machine in China.

¹¹ <http://www.dardi-waterjet.eu>

The "400MPa ultra-high pressure waterjet cutting machine" won Gold Prize as a New Patent Product and Grade 1 Prize in Jiangsu Provincial Technology Innovation. DWMC waterjet cutting processing center is given the national fame as key new product and listed in technological achievements transformation projects in 2009.

Its ultra-high pressure numerical control universal waterjet cutting machine has passed ISO9001 and CE certification. The "ultra-high pressure numerical control universal waterjet cutting machine" has been appraised as Jiangsu Provincial and Nanjing Municipal famous product; "Dardi" trademark has also been appraised as famous trademark at the same level. The annual Turnover of the company is more than 100 Million US \$ with 246 employees.

- **Nanjing Bitong Technology Co., Ltd**



It's a China-American joint venture of waterjet manufacturing and services. It is a world's leading manufacturer of ultra high pressure waterjet and CNC cutting machines. The brand name is BTECH. The company has between five and fifty employees.

The main products are waterjet cutting machines and water blast cleaning machines. With many years of research and study in waterjet technology and long term cooperation experience with American company, this company proudly supply high quality products and competitive prices to our highly valued customers.

Bitong Technology Co. Ltd is the sole distributor and partner with USA waterjet manufacturer IWN Waterjet. Bitong's waterjet products are CE certified.

Indeed, the company is government authorized import and export agent. BTECH products have been exported to many countries such as USA, Canada, Russia, Australia, Croatia, Romania, Mexico, Argentina, Brazil, Pakistan and India.

MARKETING ANALYSIS

市場營銷分析



7.1 Pestle

A PESTLE analysis, sometimes referred to as a PEST Analysis, is a useful tool for understanding the industry situation as a whole, and is often used in conjunction with a SWOT analysis to assess the situation of an individual business.

A PESTLE Analysis is one of the most important frameworks of macro-environmental scanning, framework which comprises the most important factors used in environmental scanning, as part of advanced strategic management.

Throughout the last few years, the acronym PESTLE has suffered a number of changes, but PESTLE seems to be the most commonly spread and almost unanimously accepted "concept".

PESTLE stands for "Political, Economic, Sociological, Technological, Legal and Environmental" factors.

Each and every category of factors is of crucial importance to advanced strategic management, and the PESTLE analysis in itself is definitely a must for any business or company, regardless of its industry. It is true that the importance of each category of factors will always vary from business to business and from company to company, but nonetheless PESTLE remains a mandatory analysis technique that is usually a part of the larger and more comprehensive SWOT analysis.

Political factors

- Politic risk: the politic is stable, only one party, the communist party composed of 80 M of members.
- The labor law doesn't change.
- The tax policy doesn't change in China this year.
- Trade restriction: China belongs to the WTO since 2001.

Economic factors

- Rate interest, rate inflation, rate of exchange: doesn't change because China has the power. China is looking for the growth. Inflation is around 8% in China.
- Monetary convertibility: The Yuan is very low versus USD, to boost the exportation.
- Level of life continues increase since 1978. The middle class gets bigger.

Social factors

- Demography: First world demography which still growing, the population is getting older, in 2015, 200 Million inhabitants over 60 years old.
- Style of life and consumerism: regular growth due to the middle class, the new generation is different, they consume more and save less.

Technological factors

- Expenditure of the State in Research and Development: There is a lot of investment (china is number after USA with 251 Billions USD).
- Pole of skills : China has developed new pole of skills
- Students : Chinese's university have some partnership with European's university, Canada's university and American's university
- Impact on the transfer of technologies: China does a lot of transfer of technologies, so the impact is big (JV with foreign companies).

Legal factors

- Law job: doesn't change now.
- Legislation on the health: doesn't change now.

Environmental factors

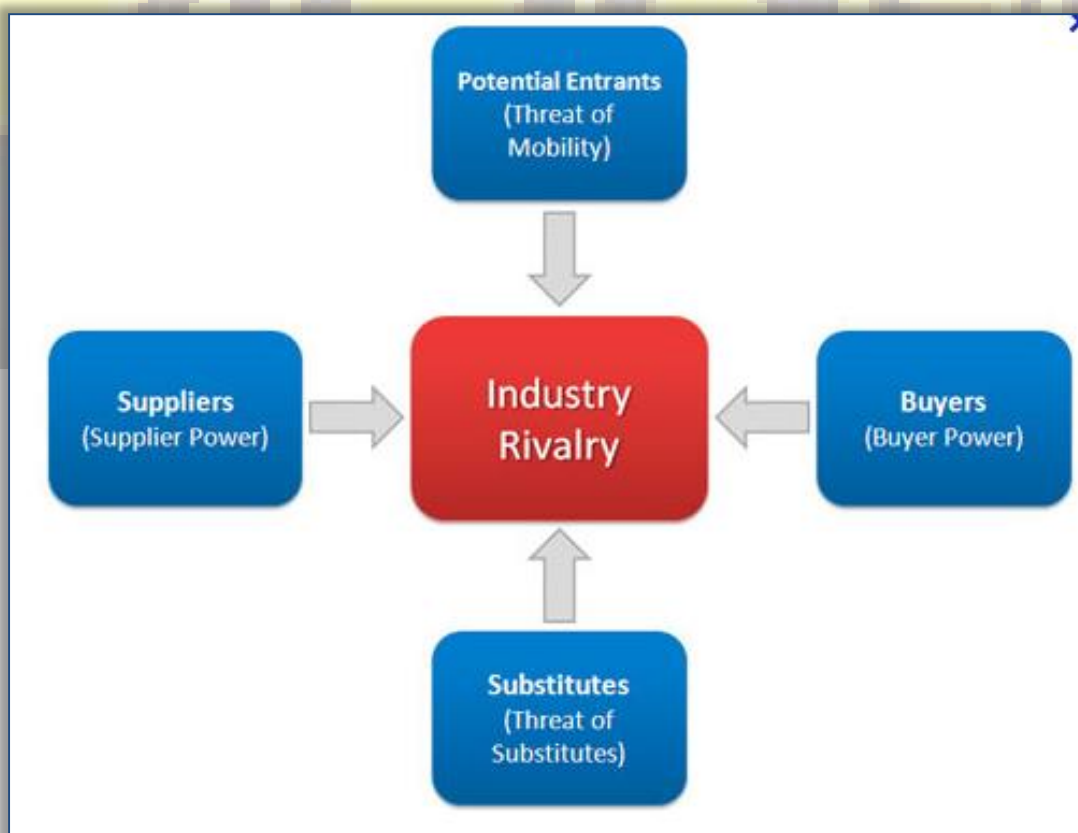
- Political economy of energy: China has developed sustainable energy as (solar panels and wind turbine). After a few problems, they are building 27 Nuclear reactors
- Social responsibility: China is trying to create a social security financed by new taxes.
- Sensitivities and environmental strengths: Due to high level of pollution, China is now aware of environmental effects.

7.2 PORTER

The Porter's Five Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're considering moving into.

With a clear understanding of where power lies, you can take fair advantage of a situation of strength, improve a situation of weakness, and avoid taking wrong steps. This makes it an important part of your planning toolkit.

Conventionally, the tool is used to identify whether new products, services or businesses have the potential to be profitable. However it can be very illuminating when used to understand the balance of power in other situations.



Supplier

- Quality of products : we know the quality, and we have quality certification
- Production time: it's very important, we need more information
- Delivery : we know it's 3-4 weeks, if there are on late delivery, we will charge TCI Cutting
- Exclusivity : we need to establish a contract, to be protected

Potential Entrants

- Who are they? They are companies like us, or others cutting companies.
- Are they able to realize economy of scale? With 62% of market share on the steel industry market, we don't scare to the others companies.
- What will be the reaction of our competitor? May be they will try to increase their sales force.

Substitutes

Was it produced by substitution of another? Not directly, because it's the best product on the market. We have the entire product panel.

Buyer (customer)

It was very important, but we have touch with them. So, we have already buyers like: Bao Steel Ltd, Shougang Group, Ma Steel or in new market (aerospace, plastic)

7.3 SWOT

SWOT Analysis is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to you and the Threats you face.

Used in a business context, a SWOT Analysis helps you carve a sustainable niche in your market. Used in a personal context, it helps you develop your career in a way that takes best advantage of your talents, abilities and opportunities.

➤ **Business SWOT Analysis**

What makes SWOT particularly powerful is that, with a little thought, it can help you uncover opportunities that you are well placed to exploit. And by understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise catch you unawares.

More than this, by looking at yourself and your competitors using the SWOT framework, you can start to craft a strategy that helps you distinguish yourself from your competitors, so that you can compete successfully in your market.

How to Use SWOT Analysis

Originated by Albert S Humphrey in the 1960s, SWOT Analysis is as useful now as it was then. You can use it in two ways - as a simple icebreaker helping people get together to "kick off" strategy formulation, or in a more sophisticated way as a serious strategy tool.

Strengths

- Company traded and financial strength.
- Capital Net Property Plant & Equipment (€ 41 million, EBITDA of € 5 million, € 45 million Revenue).
- Clients large number and strong.
- Market share of 62%.
- New Factory.
- Location of 10 branches (distribution network).

Weakness

- No presence in waterjet technology.
- New customers to find (plastic, aerospace, automotive, packaging, mechanical).
- Training of our technicians.
- First time that company working with a foreign supplier.

Opportunities

- A growing market (Mainland China).
- China increases its technological level so it needs to have ultra modern machines (finite machines Ming era).
- The internal market is the priority of the Chinese government which should boost the market and focus less on export.

Threats

- Competition on the market : Dardi (Flow waterjet) ,
- Decline in demand for finished products in Europe and USA (Chinese factories will export less need of machines).
- Boycott of Chinese products in the U.S. and Europe, consumer behavior becomes more patriots.
- Strong increase in raw material costs, so the labor share in the final price is no longer significant (ie export course).
- Strong increase of Yuan, parity of Yuan versus USD disadvantage for Chinese this time.

FIN CNC MACHINE

FINCM

OUR STRATEGY 戰略



We have elaborated 2 strategies: "Strategy A" and "Strategy B", because we know that it will be difficult to find an agreement.

8.1 Plan A: Distribution contract

Depending on the negotiations, the price and the manufacturing capabilities announced, I will choose my strategy.

Our strategic plan is to buy their equipment through an exclusive distributor agreement for China Mainland Including Hgkg& Macau (China whole territory).

Delivery: the incoterm that we choose is "CIF Port of Qingdao" or "CIF Port of Shanghai" it depends on the negotiation with our partner.

Price: Likely to be higher relative to assembly and manufacturing machines in China.

We will order it and we will send the machines.

Knowing that this is an investment in a company, this is something that was planned ahead. This is supposed to set the problem of delivery time.

Advantages

- No worries manage production (purchase and resale, it is simply the business of trading + + commercial role after sales service).
- A product of superior quality and in principle available relatively quickly.
- Using our strong sales network of our significant sales force Dirty 30 engineers in the field.
- No taxes on these products there (customs code custom code 845690 gregXXX see Appendix).
- Our skills "Guanxi" allow us to reach other areas that are Packaging, Mechanical, Automotive, Aerospace, Plastic Industry.

Drawbacks

If the supplier is not able to do so:

- Production time from TCI, they stock machines available in Spain? They have the capacity to provide in due time. This is not safe.
- Our hypothesis provider "TCI (50 peoples, 9.5 M €)" appears calibrated to provide the entire Chinese market where there is a strong demand.
- Delivery time due to transport have between 4 to 6 weeks between leaving the factory and arriving in China for the final customer consumption (ground transportation in China is at our expense).
- Risk that the production time + transport time = total accumulated a little long.

This is a point that we must take into account during our negotiations. ITC will provide the company with its load transport. So we will not have stock. We avoided the costs of storage and insurance that would be high. It does not raise the capital note.

They have to establish a "consignment, stock of spare parts" to help our customers.

8.2 Plan B : Licence and distribution contract

For Plan B, we intend to sign a licensing and distribution (plan A), that is to say, on-site fabrication. We want to make machines TCI. We want to diversify by expanding our product line to use our marketing capabilities to improve our profitability with a product that has been proven.

This is an horizontal Integration in terms of strategic marketing. A horizontal integration (or horizontal concentration) will allow the company to expand its network by acquiring or developing economic activities at the same level of the value chain and products.

The license agreement is an agreement by which an enterprise of a country (the licensor or licensor) grants a company located in another country (licensee) the right to use or exploit, for a limited time and under certain conditions, one or more intellectual property rights it holds in a defined territory.

The advantages of a license 1:

- is acquired with the experience and know-how of the company that developed the product.
- This new product can offer us the opportunity to enter a new market, taking advantage of our experience in other markets.
- The licenses allow us to be competitive
- It minimizes our costs and risks.
 - ✓ purchase a license is less expensive than buying a whole company;
 - ✓ We did not incur research and development is expensive and time consuming;
 - ✓ You do not have to pay development costs up front; we will have to pay royalties based on sales figures.
 - ✓ We will not bear losses if the product does not work in your market.

The disadvantages of a license:

- A licensing agreement usually covers long periods and may provide the payment of an annual fee.
- A new technology that can make the product covered by the license becomes obsolete.
- The license agreement can compel us to accept restrictions on its marketing activities.

After having manufactured, we will distribute through our distribution network.

FIN CNC MACHINE



LEGAL ISSUES

法律問題



GLOBECOM 2012

SHANDONG FIN CNC MACHINE

Page 66



There are several kinds of cases which require intervention of the legal expert. For example negotiate commercial and industrial agreements or investment project about litigations and regulatory compliance.

In our case: a hypothetical partnership between Shandong Fin and TCI Cutting it's important to considerate "the law part". Indeed, the legal expert has to intervene to draft the agreement (distribution or license and distribution) and to negotiate the clauses of the contract.

9.1 Exclusive Distribution contract: Our first legal strategy

TCI Cutting wants to sell us their Water jet cutting machines with a distribution agreement.

Before sign a distribution agreement, we have to determine if TCI Cutting has the certificate CCC to sell in China and after we have to protect our confidential information with a Non-Disclosure Agreement (NDA).

9.1.1 The First steps before the Distribution Agreement:

- **The certificate CCC:**

The China Compulsory Certificate mark, commonly known as CCC Mark, is a compulsory safety mark for many products imported, sold or used in the Chinese market. It became implemented on May 1, 2002 and fully effective on August 1, 2003. The CCC mark is required for both domestically manufactured products and products imported into China.

There is a catalogue of CCC-compulsory products. The catalogue contains among other products the electric tools: the water jet cutting machines belong to this category.

So TCI Cutting needs to obtain the certificate CCC to sell in China.

The CCC mark is administered by the CNCA (Certification and Accreditation Administration) and the China Quality Certification Centre(CQC) is designated by CNCA to process CCC mark applications and defines the products that need CCC. The certification process usually takes between 4-8 months.

The team of TCI Cutting tells us that they would have the certificate CCC before the last negotiation: the 23rd November (2012).

- **The Non-Disclosure Agreement:**

We have to sign with TCI Cutting a Non-Disclosure Agreement before any business relationship to protect our confidential information¹²

Indeed, a non-disclosure agreement (NDA) is a legal contract between at least two parties that outlines confidential material, knowledge, or information that the parties wish to share with one another for certain purposes, but wish to restrict access to or by third parties. It is a contract through which the parties agree not to disclose information covered by the agreement. An NDA creates a confidential relationship between the parties to protect any type of confidential and proprietary information or trade secrets (an NDA protects nonpublic business).

TCI Cutting presented us a NDA on our first meeting, and then we wanted to change some clauses of this contract:

- **Article 1: Confidential information**

The confidential information must be listed in the appendix of the main contract.

- **Article 3: Violation of the Obligation**

The amount of damages is fixed at 500 000 Euros and will be paid only if the applicant provides evidence of the violation and the evidence of the existence of a causal link between the breach and the injury.

- **Article 4: Termination and Return**

This Agreement shall remain in force for the duration of the main contract. When the main contract is not renewed, this Agreement shall automatically terminate.

- **Article 6: Arbitration**

all efforts shall be made to resolve any dispute relative to performance or interpretation of

¹²Appendices 1

this agreement amicably. If a dispute cannot be resolved, the dispute shall be submitted to the Arbitration Chamber of Madrid in Agreement with the Spanish law.

9.1.2 The Exclusive Distribution contract

- **The choice of an exclusive distribution contract**

The product on the market is unknown; Shandong FIN will devote his time and financial resources to the development, reputation and marketing of the product. Consequently, the exclusivity is a major incentive for Shandong FIN which must market a product that does not belong to him and a little notoriety.

Work done before marketing a product becomes profitable is a major investment. That is why these investments, Shandong FIN must ensure that benefit future benefits. No guarantee of exclusivity over a defined territory, the risk of marketing the product is too large for the company then refuse to invest.

- **The most important articles of the contract:**

Article 1: the territorial exclusivity clause simple

1.1 Licensor (TCI Cutting) grants to Licensee (Shandong FIN), who accepts, the exclusive distribution of the products: water jet cutting machine BP-M model.

1.2 Territorial exclusivity granted to Licensee in the Chinese territory for the period of the contract.

1.3 This provision does not prohibit a distributor to carry on business outside the area covered by the contract.

1.4 The TCI Cutting will not be a ban to purchase from other suppliers

1.5 Non-compliance with the exclusivity clause:

If TCI Cutting disregards the clause, the common law contractual liability applies. TCI must pay damages and the distribution agreement will risk being terminated.

Article 2: Brands and distinctive signs

The licensor accepts to remove the logos of the products.

Article 3: Licensor assistance

3.1 To facilitate the installation of the Concessionaire, TCI Cutting undertakes, in order to improve the marketing of products and services under this contract to provide assistance to the Concessionaire and its services in the following areas:

- The study of the implementation
- The installation, the layout

3.2 TCI Cutting undertakes, furthermore, to assist Shandong FIN during the contract in the following areas:

- Dealer and training of its staff,
- Research and development,
- Sales promotion,
- For the maintenance of the machines

3.3 For the training of the technical member of Shandong FIN in Spain, the travel expenses and accommodation of the Shandong FIN's technical assistants will be taken at the expense of TCI Cutting.

Article 4: Delivery

4.1 TCI Cutting undertakes to ensure the provision of regular and exclusive dealer in the Chinese territory. The Licensor refrains for supplying other dealers in this area.

4.2 TCI Cutting under takes to deliver 50 machines in the maximum delay of 31 days.

4.3 The incoterm CIF Shanghai is chosen for the maritime transport from the port of Barcelona to the port of Shanghai. This incoterm included the cost, the insurance and the freight.



What is the CIF incoterm?

Cost Insurance and Freight (CIF) is only applicable to maritime transport. It implies that the seller is responsible for the goods to the port of arrival.

Thus, the supplier must insure the goods throughout the transportation, choose the port and shipping company, dealing with the declaration of goods to customs, administrative documents and the payment of duty for export.

For its part, the buyer gets the output port and must take care of unloading, transporting its goods to its warehouse, as well as customs and import duties.

As the name suggests this Incoterm, the cost, insurance and freight are supported by the provider. The responsibility is greater for the seller and the purchaser

Incoterms	Load to truck	Export-duty payment	Transport to exporter's port	Unload from truck at the origin's port	Landing charges at origin's port	Transport to importer's port	Landing charges at importer's port	Unload onto trucks from the importers' port	Transport to destination	Insurance	Entry - Customs clearance	Entry - Duties and Taxes
EXW												
FCA												
FAS												
FOB												
CFR												
CIF												
CPT												
CIP												
DAF												
DES												
DEQ												
DDU												
DDP												

Seller
 Buyer

4.3 In the event of late of supply, TCI Cutting shall bear a compensation for delay at the rate of 1% per a day(calculated of the current command) not exceeding 20%.

4.4 T CI Cutting shall bear this compensation for delay without prior notice and without prejudice.

4.5 Repeated late in the delivery give the right to Shandong FIN to terminate the contract.

Article 5: Payment

5.1 The currency used in the present contract is the dollar.

How to choose the currency?

The invoicing currency is the currency in which the contract is denominated purchase or sale internationally. The parties to the contract have the freedom to choose the invoicing currency may choose one currency rather than another in order to minimize the currency risk. It is advisable to charge or pay in any currency and easily transferable in the usual way for international payments (U.S. dollar, pound sterling, yen, euro). "The first global currency: the dollar is like a "safe haven currency" of choice".

What are the prospects of the dollar?

The dollar will fall relative to the euro by the end of the year, but this decline will be short term. Indeed, there are no structural changes which could lead to its devaluation significantly. Instead, the discovery of energy resources (oil, gas ...) in the country is clearly a positive factor for the currency. In the long term, this is probably the best candidate for this status.

5.2 The unit cost of the water jet cutting machine is about 50 000 USD.

5.3 The exchange risk will be borne half by each party to the contract.

5.4 Shandong FIN will pay through an international transfer.

Les Echos, interview with HANS REDEKER, RESPONSIBLE GLOBAL STRATEGY CHANGES AT MORGAN STANLEY:
 "The safe haven currency status of the dollar is undervalued", 27/07/2011

Why to choose the documentary credit?

	International transfer	check	bill of exchange	Documentary credit
Pro	- rapid - inexpensive - safe		- possibility of mobilizing the debt	- offers the best safety: ->For Shandong Fin, it guarantees the respect in terms of delivery in the price and timely delivery. ->For TCI Cutting, it guarantees the payment risks. - Its implementation meets uniform rules in each country.

Pro	- rapid - inexpensive - safe		- possibility of mobilizing the debt	- offers the best safety: ->For Shandong Fin, it guarantees the respect in terms of delivery in the price and timely delivery. ->For TCI Cutting, it guarantees the payment risks.
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				- Its implementation meets uniform rules in each country.
Cons	- currency risks	- risk of theft, loss, lack of provision and currency risks - regulation is different from one country to another	- Risk of theft, loss, of outstanding. - regulation is different from one country to another	- administrative burden - high cost

5.5. 5% of the payment at the moment of the order, 25% of the payment when the machines are on the boat and 70% of the payment when the machines reach the final customer.

Article 6: Warranty

6.1 TCI Cutting guarantees goods sold for a period of 10 years from the date of delivery of the goods to the final consumer.

This warranty does not cover wear parts (listed in appendix).

6.2 The products must have been controlled the quality of the products in Spain at the expense of TCI Cutting.

6.3 TCI Cutting shall ensure to Shandong FIN the peaceful enjoyment of The patent TCI Cutting is charged to maintain the patent in force by paying the annuities.

Article 7: Insurance

7.1 Shandong FIN is obliged to subscribe an insurance policy guaranteeing the civil and professional liability for all activities and obligations under this contract.

7.2 Shandong FIN also undertakes to report to the licensor any modification, suspension or termination of the said insurance policies, regardless of cause, in the shortest possible time.

Article 8: Resale price of products

Shandong FIN is free to determine the resale price of the contract products to customers.

Article 9: declaration of mutual independence

The parties declare that they are and will remain for the duration of this contract business partners and independent professionals, each assuming the risk of his own farm.

Article 10: contract period

10.1 This contract is concluded for a period of one year renewable.

10.2 It takes effect upon signature of the parties.

Article 11: extinction of contract

11.1 The contract goes out to the end. Failing renewal, parties resume their freedoms but remain bound by the obligations which have survived to the contract.

11.2 A break before the term is possible for each party in the presence of severe behavior of the other party or with the presence of a termination clause of right.

11.3 The contract will be automatically terminated (without the Intervention of the courts to declare the termination of the contract) in

Case of:

- Breach of his obligations
- Commission of a fault,
- Insolvability
- Loss of the patent for TCI Cutting

Article 12: Force majeure

12.1 For purposes of this clause, force majeure shall mean and include any occurrence or event beyond the reasonable control of any one of the parties, in consequence of which such party cannot execute its obligations in terms of this agreement.

12.2 The party enduring such force majeure shall be entitled to suspend the execution of this agreement for the duration of the prevention or delay, caused by such force majeure, without being held responsible for any damages resulting there from, to the other party.

12.3 Force majeure must be unforeseeable, irresistible and external.

Force majeure will include, but not be limited to natural disaster, war, civil war, insurrection, fire, flood, strike, and epidemic and freight embargo.

12.4 The party enduring the force majeure shall, as soon as possible after the occurrence of the event constituting force majeure, inform the other party of such occurrence in writing.

Article 13: litigation and law

13.1 The present contract is subject to the Chinese law.

13.2 All disputes arising from this contract may result, especially regarding its validity, interpretation, performance or termination, shall, unless such dispute can be settled between the parties, be finally settled by the court of Shanghai.

Why in China?

The first reason is that we are Chinese and it's most easy for us to find lawyers, the second is that China is the territory of the partnership. Finally, it is more consistent than either the Chinese court who applies Chinese law.

Why to choose a court and not arbitration?

We have chosen a court because it's cheaper than arbitration. The other reason is because for the little deal, the court is very efficiency and the judgment is quickly. It's also important to know that the small deals are not accepted for the arbitration.

Why to choose the Shanghai court?

The Shanghai court is very impartial in the settlement of international disputes unlike provincial courts.

Article 14: non- competition

Shandong FIN shall not during the term of this contract to be interested directly or indirectly in activities similar or competing with those performed by the exclusive distribution of TCI Cutting, and in any form and by any means whatsoever.

Article 15: Prohibition of transfer

This contract is concluded on a person, it may not be assigned or transferred in any way for any reason and to any person whatsoever, and in particular in the form of transfer of goodwill, development lease management of goodwill or sale of securities or intake society business carried on by Shandong FIN without the express, prior written consent of TCI Cutting.

Article 16: the language of the contract

The contract can be written in Chinese and in English. If there are inconsistencies between the two texts, the English version will prevail over the Chinese version.

Why to specify that?

We have had this clause to reassure the members of TCI Cutting but in fact, if there is litigation, the Chinese court will read the Chinese version and not the English.

- **The possible change of strategy during the negotiation**

The first strategy will continue until the end if Shandong FIN able to negotiate a very good price considering the acquisition target property (water jet cutting machines model BP-M), and benefits (exclusive, technical assistance, important guarantee lifetime of machines).

Current prices offered by TCI Cutting are too high compared to the prices offered on the Chinese market.

Not only Shandong FIN will pay its machines at a high price but in addition to that the company will pay the cost of logistics and taking into account the risk factor for delayed orders,

Furthermore, Shandong FIN will get little benefit because the company will reduce the maximum margin to resell the machine at an affordable price to Chinese buyers.

Under these conditions, the strategy of entering into a distribution agreement with TCI Cutting is risky and no real interest in Shandong FIN.

It will then begin to consider with TCI Cutting our second strategy: the exclusive license agreement.

9.2 The License Agreement: our second legal strategy

- **Our objective**

Our objective is to acquire the water jet cutting machine technology to open up a new market and remain autonomous with respect to TCI Cutting.

- **The important clauses**

Article 1: Nature and extent of the license

1.1 TCI Cutting grants to Shandong FIN a total license. The Licensee acquires the enjoyment of all the privileges attached to patent of the BP-M water jet cutting machine.

1.1.1 The Shandong FIN is authorized to use the patent for all possible applications (field of construction, automotive, etc.)

1.1.2 The Shandong FIN is authorized to use the patent for all modes of operation: manufacture, sale and use.

1.2 The license is granted exclusively to the manufacture and the sale in China. TCI Cutting may not grant other licenses of this patent in China for the duration of the license.

1.3 This agreement shall take effect upon signature and shall be valid for the duration of the licensed patents in each country is granted the license.

Article 2: Sub-license

Patent license agreement attaches great importance to the personality of the other party.

Shandong FIN shall personally exploit the patent, it cannot grants sub-licenses.

If a sub-license is granted:

- the sub-license will be cancelled
- the sub-license and Shandong FIN would be liable contractual

Article 3: Technical Assistance

TCI Cutting must put Shandong FIN in possession of the patent and must communicate this know-how.

Shandong FIN will benefit of the TCI Cutting's assistance for the development of the product. This assistance will be free the first year. Travel expenses and accommodation of technical team of Shandong FIN are taken at the expense of the Chinese company.

Article 4: Confidentiality

Each party shall not disclose confidential information of the other party to any third party without the written consent of this party. This prohibition remains valid for 3 years after the termination of this Agreement (see the Non-Disclosure Agreement for more details).

Article 5: Exploitation

5.1 The licensee has an obligation to exploit the patent.

5.1.1 The operation must be personal.

5.1.2 The operation must be effective; the licensee shall operate the invention of a real and serious.

5.1.3 The operation must be fair.

5.2 No major changes will be made to the product without the prior written consent of TCI Cutting.

5.3 Products sold by Shandong FIN will be labeled "PATENT LICENSE-TCI CUTTING-". The same words must appear on any advertising and article.

Article 6: Price

Shandong FIN has to pay a fee each year for the use of the patent.

The fee is calculated in proportion of the turnover of the products sales during the year. The rate is about 5% of these sales.

Article 7: Accounting

7.1 Shandong FIN shall submit its accounts to the control of Licensor, as the fee is proportional. Shandong FIN shall hold in a special account which will include all the elements necessary for the evaluation of the sales of water jet cutting machines.

7.2 The other elements of accounting will be required at all times at the disposal of TCI Cutting until the expiration date of this contract.

7.3 This accounting will be terminated on December 31 of each year and send to TCI Cutting later than January 31 following the year in question. This accounting included the annual turnover (taxes deducted) for the calculation of the total fee due to TCI Cutting. TCI Cutting, upon receipt of the state sales shall issue an invoice for the amount of the fee. The amounts owed by Shandong FIN will be paid at TCI Cutting in the 2 months following the receipt of the invoice.

Any amount not paid within the aforementioned deadlines; produce an interest rate of 1% per calendar month of delay. For any month started, provided that for any month, interest will be calculate in proportion to the day late.

7.4 In cases where no sale is made, Shandong FIN will nevertheless address to TCI Cutting in the deadlines a statement certifying the absence of sales during the year.

Article 8: Warranty

8.1 TCI Cutting shall ensure Shandong FIN against the eviction and the hidden defects.

8.1.1 The warranty against eviction: TCI Cutting shall ensure to Shandong FIN the peaceful enjoyment of the patent. TCI Cutting must guarantee the company against its own facts (maintain of the patent) and against third parties facts (infringement).

8.1.2 TCI Cutting is charged to maintain the patent in force by paying the annuities.

8.1.3 Each party shall inform the other as soon as possible of any case of infringement of the license patent by a third party which they are aware. TCI Cutting will conduct prosecutions alone and at his own expense.

8.2 The warranty against the hidden defects: TCI Cutting shall ensure all the defects of the good which affect the use.

Article 9: Improvement

9.1 Improvements are all innovations of the patent in question. These innovations can be patentable or not.

9.2 Each party shall notify to the other as soon as possible, these improvements.

9.3 Each party shall be free to file a patent for improvements it has brought. The requests shall be made in the name and at the expense of the party who has brought the improvement.

Article 10: extinction of contract

10.1 The contract goes out to the end. Failing renewal, parties resume their freedoms but remain bound by the obligations which have survived to the contract.

10.2 A break before the term is possible for each party in the presence of severe behavior of the other party or with the presence of a termination clause of right.

10.3 The contract will be automatically terminated (without the intervention of the courts to declare the termination of the contract) if a party breach his obligations. It's a termination clause of right.

Article 11: pre-emption

Shandong FIN may acquire the patent for which it has the enjoyment, in priority to any third party, when the patent is sold.

Article 12: Arbitration and law

13.1 All disputes arising from this contract may result, especially regarding its validity, interpretation, performance or termination, shall, unless such dispute can be settled

between the parties, be finally settled by the court of Shanghai.

13.2 The present contract is subject to Chinese law

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APPENDIX

附錄



Appendice I : gross domestic product for 2011

Rank	Country	Expenditures on R&D (billions of US\$, PPP)	% of GDP PPP
1	United States	405.3	2.7%
2	China	251.8	1.84%
3	Japan	144.1	3.3%
4	Germany	69.5	2.3%
5	South Korea	44.8	3.0%
6	France	42.2	1.9%
7	United Kingdom	38.4	1.7%
8	India	36.1	0.9%
9	Canada	24.3	1.8%
10	Russia	23.8	1.0%
11	Brazil	19.4	0.9%
12	Italy	19.0	1.1%

13	Taiwan	19.0	2.3%
14	Spain	17.2	1.3%
15	Australia	15.9	1.7%
16	Sweden	11.9	3.3%
17	Netherlands	10.8	1.6%
18	Israel	9.4	4.2%
19	Austria	8.3	2.5%
20	Switzerland	7.5	2.3%
21	Belgium	6.9	1.7%
22	Turkey	6.9	0.7%
23	Poland	6.9	0.9%
24	Mexico	6.4	0.4%
25	Finland	6.3	3.1%
26	Singapore	6.3	2.2%

Appendix II : R&D expenditures for the year 2011

Rank	Country	Expenditures on R&D (billions of US\$, PPP)	% of GDP PPP
1	United States	405.3	2.7%
2	China	251.8	1.84%
3	Japan	144.1	3.3%
4	Germany	69.5	2.3%
5	South Korea	44.8	3.0%
6	France	42.2	1.9%
7	United Kingdom	38.4	1.7%
8	India	36.1	0.9%
9	Canada	24.3	1.8%
10	Russia	23.8	1.0%
11	Brazil	19.4	0.9%

12	Italy	19.0	1.1%
13	Taiwan	19.0	2.3%
14	Spain	17.2	1.3%
15	Australia	15.9	1.7%
16	Sweden	11.9	3.3%
17	Netherlands	10.8	1.6%
18	Israel	9.4	4.2%
19	Austria	8.3	2.5%
20	Switzerland	7.5	2.3%
21	Belgium	6.9	1.7%
22	Turkey	6.9	0.7%
23	Poland	6.9	0.9%
24	Mexico	6.4	0.4%
25	Finland	6.3	3.1%

Appendix 3 : Shandong Fin financial breakdowns

Fiscal Year End	31 Dec 11	31 Dec 10	31 Dec 09	31 Dec 08	31 Dec 07
Period	12 M	12 M	12 M	12 M	12 M
Display Currency (Thousands)	EUR	EUR	EUR	EUR	EUR
INCOME STATEMENT	2011	2010	2009	2008	2007
Net Sales	44 347	35 803	40 574	32 807	24 146
EBITDA	5 232	3 998	8 145	7 018	5 774
EBIT	2 813	2 279	6 694	5 893	5 178
Earnings before Tax	3 855	3 626	7 508	6 845	5 234
Income Tax	-564	-721	-1 157	-931	-274
Earnings after Tax	3 291	2 905	6 352	5 914	4 960
Other, Minority Interests, Exceptionals	0	0	0	0	0
Net Profit	3 291	2 905	6 352	5 915	4 960
Ordinary Dividends	-893	-1 651	-2 978	-1 526	0
BALANCE SHEET - ASSETS	2011	2010	2009	2008	2007
Cash & Short Term Investments	12 419	23 209	23 213	28 039	2 760
Accounts Receivable	10 451	8 455	8 005	6 082	4 343
Inventories	17 651	17 050	11 175	13 125	8 471
Total Current Assets	46 293	53 726	47 589	52 634	17 822
Net Property Plant & Equipment	41 290	28 389	19 450	11 587	7 309
Intangible Assets	10 124	9 556	8 832	9 207	8 390
Other Long Term Assets	1 193	1 146	1 054	961	780
Total Assets	98 901	92 817	76 924	74 390	34 299

BALANCE SHEET - LIABILITIES	2011	2010	2009	2008	2007
Total Current Liabilities	24 626	24 925	14 266	16 058	15 291
Total Long-Term Debt	0	0	0	0	0
Total Financial Debt	6 716	8 714	2 250	3 983	6 285
Minorities	0	0	0	7	7
Provisions	0	0	0	0	N/A
Total Liabilities & Debt	30 062	30 585	20 427	21 480	20 147
Book Value-Total Shareholders' Equity	68 839	62 232	56 497	52 910	14 152
Total Liabilities & Equity	98 901	92 817	76 924	74 390	34 299
Preferred Stock	0	0	0	0	N/A
CASH FLOW	2011	2010	2009	2008	2007
Net Income (starding line)	0	0	0	0	N/A
Cash From Operating Activities	2 349	4 159	6 610	4 427	6 312
Cash From Investing Activities	-9 881	-7 585	-9 516	-5 882	-5 566
Cash From Financing Activities	-4 602	-4 174	-1 489	26 409	-1 061
Net Change Cash	-12 011	-7 469	-4 404	24 955	-315
Capital Expenditure	-10 760	-6 042	-10 457	-5 887	-9 006
Free Cash Flow	-8 411	-1 883	-3 847	-1 460	-2 694
METRICS	2011	2010	2009	2008	2007
Net Debt	-5 704	-14 495	-20 963	-24 056	3 525
Number of Employees	816	863	894	889	N/A
Tangible Net Worth	58 715	52 676	47 665	43 703	5 763

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