

Zurich University of Applied Sciences  
School of Management and Law

## BACHELOR THESIS

Bachelor of Science in Business Administration

# Chinese Firms as Strategic Investors

A Multi-Case Study about M&A Business of Chinese Enterprises

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## Management Summary

The aftermaths of the financial crisis led to a significant decline in international capital flows. Meanwhile, China was able to maintain a strong economic growth, becoming the second largest global investor by 2016. Since the recession, especially Chinese privately-owned enterprises (POEs) were able to take advantage of new opportunities. This was in particular the case, as developed countries faced a massive lack of capital and prices for strategic assets were on a historical low. Those circumstances led to an intensification of cross-border mergers & acquisitions (M&A) conducted by Chinese POEs. This behavior is further encouraged by the Chinese government with its “Go Global” policy, generally facilitating cross-border M&A by financial aid and other various supportive instruments. Hence, internationalization of China’s POEs has recently attracted much attention within global media and politics.

Therefore, this bachelor thesis examines *how and why Chinese privately-owned enterprises engage in cross-border mergers & acquisitions*. The thesis is especially aimed to identify preferred strategic assets, and acquisition processes in general. It is further aimed to recognize a tendency within the examined enterprises.

The methodology of this paper contains three case studies which are based mainly on interviews with company presidents or top executives within different sectors. The case studies each contain an acquiring Chinese firm and several target companies, all based in developed countries, such as Switzerland, Germany and the United States of America. In order to reveal similarities and distinctions, and therefore be able to shed light on the research question, the case studies are then compared in a cross-case analysis. Aiming to optimally examine the acquisition processes, the case study structure is predetermined on grounds of a theoretical framework, provided by the supervisor.

The outcomes of this thesis are particularly remarkable, because they show that there are indeed various similarities in cross-border mergers & acquisitions behavior. It can be concluded, that Chinese POEs actively engage in strategic asset-seeking via a springboard approach, in order to obtain strategic assets like strong brands and different types of knowledge. The POEs – often led by visionary and charismatic company presidents – are also found to be “smart-targeting” when engaging in M&A deals, showing sophisticated

takeover preparation patterns. Facing incomplete product portfolios, Chinese POEs solely acquire companies in developed markets, which provide extensive bundling potential, enabling the acquiring party to become a total solution provider. In addition to that, it is found, that the firms prefer to follow a light-touch integration approach, leaving the acquired firms management unchanged.

Due to a lack of data and the recency of the analyzed takeovers in general, long-term integration processes could not been examined to an extent which would allow to draw additional conclusions. Hence, the author suggests to conduct future studies in this area.

# Table of Contents

|  |     |
|--|-----|
| List of Tables .....   | I   |
| List of Figures.....   | II  |
| List of Abbreviations .....  | III |
| 1. Introduction .....  | 1   |
| 1.1 Background.....  | 1   |
| 1.2 Present Situation .....  | 3   |
| 1.3 Scope of Thesis .....  | 4   |
| 1.4 Outline .....  | 5   |
| 2. Literature Review .....   | 6   |
| 2.1 Introduction.....  | 6   |
| 2.2 Internationalization and Cross-Border Mergers in General.....          | 6   |
| 2.3 Internationalization and Cross-Border Mergers in Emerging Markets..... | 9   |
| 2.4 Internationalization and Cross-Border Mergers in China.....            | 12  |
| 2.5 Findings .....   | 15  |
| 3. Research Gap.....   | 16  |
| 4. Theoretical Framework.....  | 17  |
| 5. Methodology.....  | 19  |
| 6. Case Studies.....   | 21  |
| 6.1 Hytera.....  | 21  |
| 6.1.1 About the Interviews .....   | 21  |
| 6.1.2 General Information about Hytera and PMR .....                       | 22  |
| 6.1.3 Competitive Advantages and Disadvantages of Hytera.....              | 25  |
| 6.1.4 Strengths and Weaknesses of PMR.....                                 | 30  |
| 6.1.5 Process of Acquisition.....  | 33  |
| 6.1.6 Post-Acquisition Integration .....                                   | 39  |

|  |     |
|--|-----|
| 6.1.7 Summary .....  | 46  |
| 6.2 Greatstar .....  | 47  |
| 6.2.1 About the Interviews .....                                     | 47  |
| 6.2.2 General Information about Great Star, Arrow and Goldblatt..... | 48  |
| 6.2.3 Competitive Advantages and Disadvantages of Great Star .....   | 52  |
| 6.2.4 Strengths and Weaknesses of Arrow.....                         | 54  |
| 6.2.5 Strengths and Weaknesses of Goldblatt.....                     | 57  |
| 6.2.6 Process of Acquisition.....                                    | 58  |
| 6.2.7 Post-Acquisition Integration .....                             | 66  |
| 6.2.8 Summary .....  | 71  |
| 6.3 Jinsheng .....   | 72  |
| 6.3.1 About the Interviews .....                                     | 72  |
| 6.3.2 General Information about Jinsheng, Saurer and Heberlein ..... | 73  |
| 6.3.3 Competitive Advantages and Disadvantages of Jinsheng.....      | 77  |
| 6.3.4 Strengths and Weaknesses of Saurer.....                        | 82  |
| 6.3.5 Strengths and Weaknesses of Heberlein .....                    | 85  |
| 6.3.6 Process of Acquisition.....                                    | 88  |
| 6.3.7 Post-Acquisition Integration .....                             | 93  |
| 6.3.8 Summary .....  | 96  |
| 7. Cross-Case Analysis .....   | 97  |
| 7.1 Introduction.....  | 97  |
| 7.2 General Comparison .....   | 98  |
| 7.3 Static Characteristics.....                                      | 99  |
| 7.3.1 Country-Specific Advantages & Disadvantages .....              | 100 |
| 7.3.2 Advantages & Disadvantages based on the Industry .....         | 101 |
| 7.3.3 Firm-Specific Advantages & Disadvantages .....                 | 102 |

|   |     |
|---|-----|
| 7.3.4 Advantages & Disadvantages based on the Management..... | 103 |
| 7.4 Process Analysis .....                                    | 104 |
| 7.4.1 Facilitation.....                                       | 105 |
| 7.4.2 Identification .....                                    | 106 |
| 7.4.3 Bundling Potential.....                                 | 107 |
| 7.4.4 Negotiation & Obtaining.....                            | 109 |
| 7.4.5 Post-Acquisition Integration .....                      | 112 |
| 8. Conclusion.....  | 113 |
| 8.1 Answers to the Research Question .....                    | 113 |
| 8.1.1 Chinese POEs as Strategic Investors.....                | 113 |
| 8.1.2 Strategic-Asset Seeking in Developed Countries.....     | 113 |
| 8.1.3 Post-Acquisition Process.....                           | 115 |
| 8.2 Future Predictions for Chinese POEs .....                 | 116 |
| 8.3 Limitations .....   | 116 |
| 9. Bibliography .....   | 117 |
| 10. Appendix .....  | 123 |
| 10.1 Interviews: Hytera.....                                  | 123 |
| 10.1.1 Ju Zhang .....   | 123 |
| 10.1.2 Kai Marquardt .....                                    | 154 |
| 10.2 Interviews: Jinsheng .....                               | 240 |
| 10.2.1 Heinrich Fischer .....                                 | 240 |
| 10.2.2 Eva Wang .....   | 279 |
| 10.3 Interviews: Greatstar.....                               | 317 |
| 10.3.1 Feng Li (1).....                                       | 317 |
| 10.3.2 Feng Li (2).....                                       | 365 |

## List of Tables

|  |     |
|--|-----|
| Table 1: Interview Mr. Ju Zhang .....                      | 21  |
| Table 2: Interview Dr. Kai Marquardt.....                  | 21  |
| Table 3: Summary Hytera.....                               | 22  |
| Table 4: Summary PMR.....                                  | 24  |
| Table 5: Bundling Potential Hytera - PMR .....             | 35  |
| Table 6: Different Point of Views .....                    | 42  |
| Table 7: Interview Mr. Feng Li (1).....                    | 47  |
| Table 8: Interview Mr. Feng Li (2).....                    | 47  |
| Table 9: Summary Greatstar .....                           | 48  |
| Table 10: Summary Arrow .....                              | 50  |
| Table 11: Summary Goldblatt .....                          | 51  |
| Table 12: Bundling Potential Greatstar - Arrow .....       | 60  |
| Table 13: Interview Heinirich Fischer.....                 | 72  |
| Table 14: Interview Eva Wang.....                          | 72  |
| Table 15: Summary Jinsheng .....                           | 73  |
| Table 16: Summary Saurer .....                             | 75  |
| Table 17: Summary Heberlein.....                           | 76  |
| Table 18: Bundling Potential Jinsheng - Saurer .....       | 89  |
| Table 19: Bundling Potential Jinsheng – Heberlein .....    | 92  |
| Table 20: Acquiring Firms .....                            | 98  |
| Table 21: Acquired Firms.....                              | 98  |
| Table 22: Country-specific Advantages & Disadvantages..... | 100 |

|  |     |
|--|-----|
| Table 23: Advantages & Disadvantages based on the Industry ..... | 101 |
| Table 24: Firm-specific Advantages & Disadvantages .....         | 102 |
| Table 25: Advantages based on the Management .....               | 103 |
| Table 26: Facilitation.....                                      | 105 |
| Table 27: Bundling Potential.....                                | 107 |
| Table 28: Negotiation .....                                      | 109 |

## List of Figures

|   |    |
|---|----|
| Figure 1: Value of cross-border M&A (UNCTAD, 2017, p. 24).....    | 3  |
| Figure 2: Theoretical Framework in Dependence of (Wu, 2018) ..... | 17 |
| Figure 3: Methodology .....                                       | 20 |
| Figure 4: Summary Hytera - PMR A.....                             | 46 |
| Figure 5: Summary Hytera - PMR B.....                             | 46 |
| Figure 6: Summary Greatstar – Arrow .....                         | 71 |
| Figure 7: Summary Greatstar - Goldblatt.....                      | 71 |
| Figure 8: Summary Jinsheng - Saurer .....                         | 96 |
| Figure 9: Summary Jinsheng - Heberlein.....                       | 96 |



## List of Abbreviations

|        |  |
|--------|--|
| AG     | Aktiengesellschaft                                 |
| CAGR   | Compound Annual Growth Rate                        |
| CEO    | Chief Executive Officer                            |
| CFO    | Chief Financial Officer                            |
| CMNE   | Chinese Multinational Enterprise                   |
| CSA    | Country-specific Advantage                         |
| CSDA   | Country-specific Disadvantage                      |
| DMR    | Digital Mobile Radio                               |
| DM     | Developed Market                                   |
| ECFR   | European Council on Foreign Relations              |
| EM     | Emergent Market                                    |
| EMNC   | Emergent Market Multinational Company              |
| ETH    | Eidgenössische Technische Hochschule               |
| FDI    | Foreign Direct Investment                          |
| FIFA   | Fédération Internationale de Football Association  |
| FSA    | Firm-specific Advantage                            |
| FSDA   | Firm-specific Disadvantage                         |
| GCA    | Government-created Advantage                       |
| GDP    | Gross Domestic Product                             |
| GmbH   | Gesellschaft mit beschränkter Haftung              |
| IB     | International Business                             |
| IPO    | Initial Public Offering                            |
| IT     | Information Technology                             |
| KPI    | Key Performance Indicator                          |
| LLC    | Limited Liability Company                          |
| LTE    | Long Term Evolution                                |
| M&A    | Mergers & Acquisitions                             |
| MBA    | Master of Business Administration                  |
| MNE    | Multinational Enterprise                           |
| NATF   | North American TETRA Forum                         |
| ODI    | Overseas Direct Investment                         |
| PDT    | Police Digital Trunking                            |
| PMR    | Professional Mobile Radio                          |
| POE    | Privately-owned Enterprise                         |
| PWC    | PricewaterhouseCoopers                             |
| R&D    | Research & Development                             |
| R&S    | Rhode & Schwarz                                    |
| RMB    | Renminbi   |
| SOE    | State-owned Enterprise                             |
| TETRA  | Trans European Trunked Radio                       |
| TSP    | Total Solution Provider                            |
| UNCTAD | United Nations Conference on Trade and Development |
| USD    | United States Dollar                               |
| WTO    | World Trade Organization                           |

# 1. Introduction

## 1.1 Background

Before the 1930s, China's enterprises enjoyed considerable development. However, their prosperity was only to be short-lived, since Japan's aggression against China and the following civil war were having terrible impact on economic growth. In addition to that, the planned economy (adopted in 1949) put an end to the further development of Chinese privately-owned firms (Xiao & Liu, p. 67). Consequently, the sound development of a market economy was prevented to an extent, that POEs lost the opportunity to thrive (Xiao & Liu, p. 74). Since then, state-owned enterprises (SOE) represented the dominant form in the Chinese economy (Xiao & Liu, p. 76). Not until the year 1978, when China adopted the policy of economic reform and integrated itself into the world economy, private firms were incrementally freed from the central plan system and finally experienced very rapid growth (Xiao & Liu, p. 1).

In order to enable a better-off society and safeguard the long-term welfare of China in general, the government has launched its 'Go Global' policy (*zou chuqu*), in 1999 (Xiao & Liu, p. 83). The Chinese government's indirect contribution has taken several key forms. Along with many other supportive instruments, the Chinese government especially began to facilitate internationalization of privately-owned enterprises in terms of financial aid (Ramamurti & Hillemann, 2017, p. 7). By sponsoring overseas expansion through the provision of low-interest loans by state banks, the government actively created a promising business environment for Chinese firms with an international focus (Luo & Tung, p. 492). As a result, Chinese firms are even more encouraged to invest abroad, since they realized the potential of further enhancing their competitiveness (Lattemann, Alon, Spigarelli, & Marinova, 2017, p. 2). As part of China's overall strategy of entering global competition, China joined the World Trade Organization (WTO) in December 2001 (Deng, 2009, P. 76) becoming its 143<sup>rd</sup> member (WTO, 2018). Due to the aftermaths of the global financial crisis and slow growth rates of firms in developed countries, international capital flows slowed down dramatically. Hence, global foreign direct investment flows decreased by more than 20% in 2008, whereas China has maintained a strong development momentum (Xiao & Liu, p. 90). In the post-financial crisis era, Chinese POEs were able to take advantage of new opportunities. The recession led to a

massive lack of capital in developed countries, which created demand for foreign investments. As a result, affected economies generally eased restrictions concerning Chinese foreign direct investment (FDI). In addition to that, the investment cost has been reduced since the price for strategic assets has plummeted and many enterprises in developed countries are at the risk of bankruptcy (Xiao & Liu, p. 91). Given these circumstances, the financial crises ultimately brought Chinese privately-owned enterprises in a favorable investment position. In order to exploit those beneficial circumstances, and in the same time offsetting their latecomer disadvantages, Chinese POEs therefore increasingly engage in strategic asset-seeking, with the additional intention of becoming highly competitive multinational companies. Thus, in the last few years, it was clearly observable, that M&A has become the mainstream mode for China's enterprises to undertake OFDI (Xiao & Liu, p. 91).

## 1.2 Present Situation

In 2016, China was becoming the second largest investing country in the world for the first time, following the United States (UNCTAD, 2017). However, In the same year, global FDI flows decreased by 2 per cent to \$1.746 trillion. While loans recorded a major decline, equity investments such as M&As were boosted (UNCTAD, 2017, p. 10) The total value of cross-border M&A sales rose by 18 per cent to \$869 billion (see Figure 1), which represents the highest level since the outbreak of the global financial crisis (UNCTAD, 2017, p. 24). The figure below, illustrates the value of cross-border M&A sales (in billions of dollars, by sector, over time).

China's outbound mergers and acquisitions reached \$111 billion in 2016 (China Daily, 2017) and therefore represents a major stake in the total value of 2016 cross-border M&A sales. According to PWC (2017), Chinese enterprises engaging in cross-border M&A further gained momentum. Record levels of activity for Chinese M&A, both in terms of deal values and the volume of transactions were achieved. In value terms, Chinese outbound M&A grew by 246% (PWC, 2017).

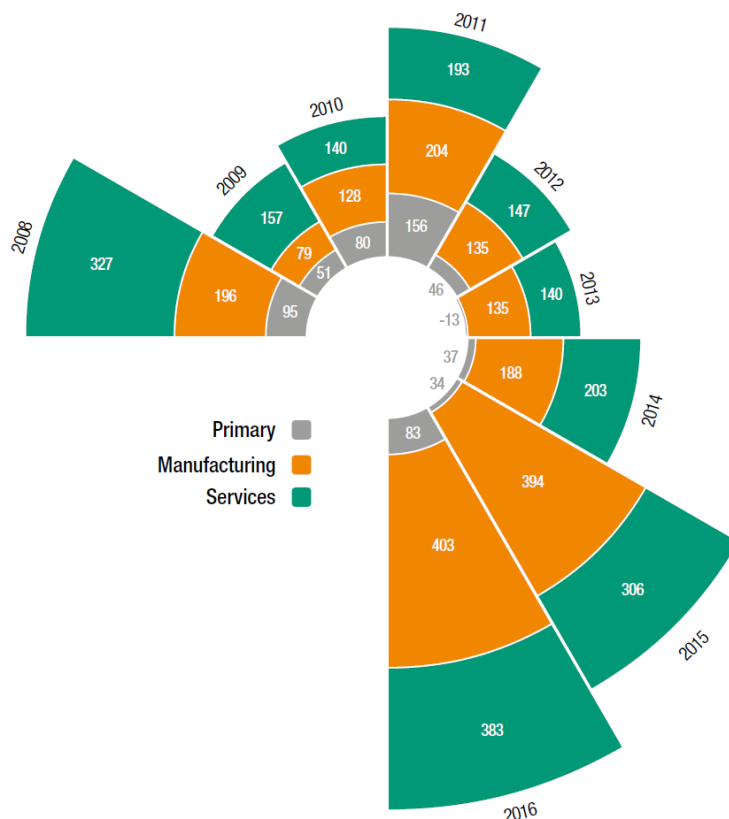


Figure 1: Value of cross-border M&A (UNCTAD, 2017, p. 24)

There were 51 outbound transactions valued at over US\$1 billion – more than double the previous record (PWC, 2017). One acquisition which attracted extensive media attention was ChemChina taking over Sygenta. The transaction – which with 43 billion USD represents the largest foreign takeover in China's M&A history – also triggered major (ongoing) political discussions in Switzerland (Tagesanzeiger, 2017).

### 1.3 Scope of Thesis

Given the theoretical background, the author decided to analyze Chinese POEs in more depth, in order to shed light on *how* and *why* Chinese POEs engage in cross-border mergers & acquisitions.

This is done through a multi-case study approach. The research basis is represented by three self-developed case studies which include the following enterprises:

- **Hytera**, which was founded in 1993 is specialized in manufacturing radio transceivers and radio systems. The firm is based in Shenzhen and currently employs around 8'000 staff. Within the industry, Hytera is considered second, after Motorola (see Case Study 6.1).
- **Greatstar** was established in 1993 and is specialized in developing and manufacturing hand tools for do it yourself (DIY) customers and professional industries. Around 6'600 employees are working for the Hangzhou-based firm. Although Greatstar managed to become the leader in the domestic market, the firm only ranks on the third place in international competition (see Case Study 6.2).
- The **Jinsheng Group** is a diversified industrial corporation, founded in the year 2000. In some of its operating fields, the firm managed to achieve a global leading position. The corporation engages mostly in manufacturing and engineering, as well as construction. Jinsheng has around 10'000 employees and is headquartered in Jintan (see Case Study 6.3).

Hytera, Greatstar and Jinsheng taking over firms based exclusively in developed countries such as Switzerland, Germany and the United States of America.

## 1.4 Outline

In the first chapter, the author reviews extensive literature regarding international business and cross-border mergers and acquisitions. The literature review intends to reveal the current level of research and further give the availability of identifying a potential gap. The research gap, which is described in chapter 3, enables the author to shape a relevant research question. In chapter 4, the theoretical framework of Mrs. Wu is presented. Furthermore, the author visualizes the link between theoretical framework and case studies. In chapter 5, the methodical approach is introduced. Chapter 6, which represent the main part of this bachelor thesis, consists the three case studies (Hytera, Greatstar and Jinsheng). In chapter 7, similarities and distinctions of the case studies are analyzed and compared with the aid of a cross-case analysis. The findings from the cross-case analysis are then summarized in the last chapter. Multiple answers to the research question are presented. In addition to that, the author gives future predictions for Chinese POEs. Lastly, limitations regarding the thesis are discussed.

## 2. Literature Review

### 2.1 Introduction

This chapter provides a review of international business literature with a focus of cross-border M&A and internationalization in general. The main objective is to recognize limitations of existing literature and subsequently identifying a potential research gap within the possible future research areas.

In the first subchapter the author will analyze which scholars already contributed major research with valid findings in terms of internationalization processes and cross-border mergers. Later on, the review will get more specific with a focus on emerging markets. Thus, widely accepted research regarding cross-border mergers and acquisitions in different emergent markets will be analyzed. Finally, the author analyzes literature regarding multinational enterprises with Chinese origin in more depth, in order to identify a research gap and ultimately provide a purpose for this bachelor thesis.

### 2.2 Internationalization and Cross-Border Mergers in General

Internationalization can be defined as an increasing level of commitment in international business (Xiao & Liu, p. 17). Due to the fast-paced business environment, the process of internationalization is subject to continuous change. Also, because of the varying stage of development of countries, internationalization is conducted in different ways depending on which countries are involved. Regarding established internationalization theory, only a few scholars provide generally accepted frameworks and models which explain internationalization in a general sense.

On the one hand, John H. Dunning developed the eclectic paradigm on grounds of the internationalization theory (Dunning, 1987 p. 11). The paradigm, also known as OLI-model, consists three variables: 1) O, for ownership advantages (or firm-specific advantages), which the firm can benefit from when engaging in internationalization; 2) L, for location advantages, which provide the firm with benefits in form of natural resources or infrastructure; 3) I, for internationalization advantages, which constitute advantages which occur in case of the firm engaging in foreign direct investment, instead of other forms of internationalization (Paul & Benito, 2017, p. 94). Dunning argues, that

his framework makes it possible to identify the factors influencing foreign production and its development (Dunning, 1987, p. 1). The OLI Model is probably the most widely used theory of the multinational firm (Paul & Benito, 2017, p. 94). Despite the robustness of the OLI Model, Dunning, (2000, p. 184) admitted that the model could require minor changes in order to uphold its position as the dominant analytical framework for examining the determinants of international production. Thus, Dunning (2000, p. 184) proposes to add a dynamic component to its model. A more recent theoretical model was introduced by Mathews (2002). The scholar named his model, LLL (Linkage, Leverage, Learning), and is meant to extend the OLI framework to newly industrialized countries, as well as latecomer multinationals which seek strategic assets.

On the other hand, John Johanson and Jan-Erik Vahlne developed the Uppsala Model on the basis of empirical research in 1977 (Johanson & Vahlne, 1977 p. 23). The Uppsala model states, that firms usually develop their international operations in small and successive steps. In order to increase their commitment to foreign markets, firms typically start first by exporting to a foreign country. If this proves successful, the firm should then establish a sales subsidiary. After it has done so, establishing production plants in the host country should be considered (Johanson & Vahlne, 1977 p. 30). Johanson & Vahlne (1977) argue that this successive advancement of internationalization procedure is needed since expanding firms suffer from liabilities of foreignness caused by psychic distance. John Child and Suzana B. Rodrigues (2005) defined psychic distance as cultural, linguistic, institutional, developmental level and other dimensions of difference between a firm's country of origin and other countries to which it may internationalize (Child & Rodrigues, 2005, p. 385). Extensive levels of psychic distance could cause significant disadvantages for the internationalizing firm. These disadvantages manifest in a rise of costs associated with a need to adapt to local environments. Costs of doing business abroad resulted by competitive disadvantages can be defined as liability of foreignness. Psychic distance and the liability of foreignness therefore stand in a positive correlation to each other. (Johanson & Vahlne, 1977, p. 24). This correlation implies that internationalization conducted in large steps should indeed bring drawbacks.

In addition to the above introduced scholars and their respective theories, strategy orientation determines the success or failure of internationalization. Firm strategies in international business are based either on industry-based view, represented by Michael E.



Porter (1980), who argues that conditions within the industry primarily determine the firms internationalization pattern, or alternatively, on resource-based view. The resource-based view got introduced by Jay B. Barney (1991, p. 99-121). The scholar suggests, that internationalization is mainly driven by differences in firm-specific advantages (Barney, 1991, p. 99-121). More recently, scholars came up with a third view on international business. For example, Mike W. Peng, Denis Wang & Yi Jiang (2008, p. 920) argue that both traditional opinions ignore the institutional underpinning, that provides the context of competition among firms, which resulted in an institutional-based view.

In the context of resource-based view, Alan M. Rugman (2007, p. 9) argues that the multinational enterprise primarily internationalize in order to expand its firm-specific advantages. According to Rugman (2007, p. 9) there are two building factors influencing strategies in international business. On the one hand, firm-specific advantages (FSA) such as strong brands, cutting-edge technology, or expertise in management can set a firm apart from its competition (Rugman, 2007, p. 9). On the other hand, there are country factors, called country-specific advantages (CSA). Country specific advantages are unique to the business in each country, and therefore have to be analyzed for each foreign target market. The availability of natural resources, the educational level of the labor force, or facilitative cultures in general, rank among the most common country-specific advantages (Rugman, 2007, p. 10).

### 2.3 Internationalization and Cross-Border Mergers in Emerging Markets

Before we will turn to Chinese-specific literature, the following subchapter will focus on literature of internationalization in emergent markets and multinational enterprises with origin in emergent countries, which engage in cross-border mergers and acquisitions. With the aid of renowned academic papers, the author will first give an understanding of emergent markets with a more specific attention on the Bric countries. Subsequently, the recent emergence of multinational enterprises originated from emerging markets will be illustrated. Last but not least, various theories and strategies which are appropriate to the differing business environments of emerging markets will be examined.

When reviewing literature on emerging markets, one can simply not overlook the extensive research conducted by Ravi Ramamurti (2008, 2012, 2017). As a pioneering international business scholar, Ramamurti contributed revolutionary insights concerning emergent markets and its multinational enterprises. The BRIC states, consisting of Brazil, Russia, India, and China, rank among the most known emergent market countries. Those states share a number of common attributes and represent today's world growth engines (Ramamurti, 2012, p. 45). Due to continuous growth, emergent market economies currently enjoy an increasing middle class and therefore a strongly improving purchasing power. Furthermore they usually have access to an enormous labor force. Operating in demanding and heavily growing market places enable emergent market firms to exploit a great number of opportunities. Ramamurti (2008, p. 1) defines firms which engage in internationalization and originate from emergent market as Emergent Market Multinational Enterprises (EMNEs). These firms, started to internationalize on a massive scale, and subsequently operate in various foreign markets, including developed countries. In contrast to Developed Market Multinational Enterprises (DMNEs), EMNEs distinguish themselves in various aspects. Most noteworthy are the varying sets of firm-, and country-specific advantages. Ramamurti (2012, p. 45) argues, that despite the significant differences, caused by the distinctive conditions of the respective home markets, firm-, and country-specific advantages of companies operating in emergent market economies, are not at all less valuable, in contrast to advantages exploitable by developed market enterprises. Ranked among the firm specific advantages, which differ most significantly from those of DMNEs, is the deep understanding of customer needs in emerging markets, and therefore the ability to steadily function in difficult business

environments. In addition to that, the capability to make products and services at ultra-low costs further distinguishes emergent market multinational enterprises from their more developed counterparts (Ramamurti, 2012, p. 42). In terms of country-specific advantages, EMNEs largely enjoy extensive government protection, including privileged access to natural resources and financial support in the form of low-interest funding, among many others (Rugman, 2007, p. 8).

John A. Mathews (2005, p. 1) created the term “Dragon Multinationals”. According to him, Dragon Multinationals represent firms from the Asia-Pacific region, which have successfully internationalized – and in some cases became leading global players. Despite starting from behind and simultaneously lacking various advantages generally found at industry leaders, they managed to become highly competitive multinational enterprises in astonishingly short periods of time (Mathews, 2005, p. 1). Indeed the concept of Dragon Multinationals helps to expose the weaknesses and limitations of traditional theories and frameworks in international business, since these firms seem to internationalize in a different way than suggested by Uppsala or OLI Model. Furthermore, Dragon Multinationals can be allocated to latecomers. By an accelerated internationalization and appropriate strategic innovations, Dragon Multinationals try to turn their latecomer status into a competitive advantage (Mathews, 2005, p. 2). As latecomers on the global stage, there is a urgent need to accelerate their pace of internationalization in order to catch up with the more established competition. Dragon Multinationals will therefore simultaneously invest in a variation of different markets, sometimes with great psychic distance. They are forced to expand their business activities through high-risk and high-control entry modes, such as acquisitions and greenfield investment (Luo & Tung, p. 490). Ramamurti (2008, p. 9) argues that Dragon Multinationals (or EMNE’s in general) mainly internationalize to obtain technologies and brands, primarily in order to exploit the newly gained resources in their home market. Therefore one can say, that emergent market multinational enterprises outward investments are mainly induced by “pull” factors (Luo & Tung, 2007, p. 485). According to Luo & Tung (2007, p. 485) pull factors are defined as factors which tend to “pull” the firm out of its home market in order to secure critical resources abroad, or acquire advanced technologies and managerial expertise in foreign markets. Obtaining technologies and intangibles assets, such as brands can be viewed as strategic asset-seeking. Strategic assets refer to those resources and capabilities, that are

valued by the firm for their potential to contribute to its competitive advantage (Deng, 2009, p. 74). Reputation, relationships, knowledge, brands and technologies rank among the most beneficial strategic assets (Deng, 2009, p. 74). Other scholars, agree in opinion, that foreign direct investment (FDI) is arguably the most effective way to access and source strategic assets. In order to catch up with competition, Dragon Multinationals are urgent to be engaged in strategic asset-seeking (Deng, 2009, p. 75).

In addition to that, Luo & Tung came up with a highly innovative approach, called springboard perspective (Luo & Tung, 2007, p. 481). By developing a new model of international expansion with a springboard perspective, Luo & Tung actively question the validity of traditional models like Uppsala, or the eclectic paradigm (Luo & Tung, 2007, p. 482). The scholars argue, that emergent market multinational enterprises (in particular Dragon Multinationals) conduct internationalization as a springboard, in order to acquire strategic resources, while at the same time reducing their institutional and market constraint in their respective home markets (Luo & Tung, 2007, p. 484). In so doing, they overcome their latecomer disadvantage in the global market place by acquiring strategic assets from mature multinational enterprises (Luo & Tung, 2007, p. 485). With this approach, EMNEs are able to overcome their critical bottlenecks, such as weak technological and innovation capabilities, as well as the lack of global experience, managerial competences and professional expertise (Luo & Tung, 2007, p. 495). In addition to that, the springboard approach is encouraged by their respective home governments, for example, by providing low-interest funding. Since sufficient funding represents a necessary precondition in order to purchase foreign firms (or their subunit), EMNEs are actively taking advantage of this opportunity (Luo & Tung, 2007, p. 482). Furthermore, the high willingness of global players in advanced countries to sell or share strategic resources, strongly facilitates a springboard approach. According to Luo & Tung (2007, p. 485) foreign firms' willingness to sell or share their technology, know-how or brands, is currently quite high. This is mostly due to their financial exigency or restructuring needs. In addition to that, Luo & Tung (2007, p. 485) argue, that springboard activities should be conducted in a recurrent fashion in order improve specific disadvantages of EMNEs. For example, after purchasing a foreign firm which helped the emergent market multination enterprise to improve a specific disadvantage, the firm should further acquire foreign companies, until all disadvantages are eliminated.

## 2.4 Internationalization and Cross-Border Mergers in China

The following literature review will provide insights about Chinese-specific internationalization theories and popular cross-border merger and acquisition procedures. By reviewing widely accepted academic papers, the author will first provide some background information about the rather new Chinese market economy and its governmental institutions. Afterwards, the author examines existing literature regarding Chinese-specific internationalization and cross-border merger & acquisition behavior.

China is slowly turning into a first-world destination since the open door policy got adopted in the 1970s (Lattemann, et al. 2017, p. 2). After the Chinese government has launched its 'Go Global' policy (*zou chuqu*), in 1999, Chinese firms are even more encouraged to invest abroad, in order to further enhance their competitiveness (Lattemann, et al. 2017, p. 2). By sponsoring overseas expansion through the provision of low-interest loans by state banks, the government actively creates a promising business environment for Chinese firms with an international focus (Luo & Tung, p. 492). As part of China's overall strategy of entering global competition, China joined the WTO in December 2001 (Deng, 2009, p. 76). Consequentially, the drive for Chinese companies to invest abroad has been gaining further momentum. The Chinese government expects its firms to respond to the its development plan, by building or acquiring strategic assets in order to compete more effectively in the global market place. To successfully bolster economic and social development, the Chinese government needs to rely on its firms capability of taking over strategic assets (Deng, 2009, p. 75).

In addition to that, governments per se represent a key institution, that frame many other institutions in the country and designs a business climate that influence the international competitiveness of its firms. According to Ramamurti & Hilleman (2017, p. 8) this is especially true in China, where the government is very much in the "driver's seat". Peng, Wang & Jiang (2017, p. 920) agree and add, that institutions constitute more than background conditions. In their words; "*institutions directly determine what arrows a firm has in its quiver*" (Peng, Wang, & Jiang, 2017, p. 923). Because of their conclusion on the importance of institutions in emergent markets, the scholars developed the institution-based view, which constitutes the third leg in the strategy tripod – along with industry- and resource-based view (Peng, Wang, & Jiang, 2017, p. 923).

International business scholars generally agree, that economic growth is strongly hindered by poorly regulated economies. Yet, China has achieved considerable rates of growth, while at the same time it was suffering from relatively underdeveloped formal institutions, such as a lack of effective courts (Peng, Wang, & Jiang, 2017, p. 927). A potential answer to this unusual situation, suggests that interpersonal networks (called *Guanxi*) cultivated by managers in the society, may serve as informal substitutes for formal institutional support (Peng, Wang, & Jiang, 2017, p. 927). Deng (2009, p. 75) further emphasizes the importance of institutions in terms of cross-border mergers & acquisitions. In his opinion, potential takeover strategies require a deep understanding of the institutional framework in which the firm is embedded. In addition to the (still) poorly regulated market place, Chinese firms are suffering from poor accountability and a general lack of transparency. These unfavorable circumstances tarnish organizational reputation and subsequently further negatively impact on country image (Luo & Tung, 2007, p. 494). Furthermore, government-created advantages (GCAs) have a distinct impact on Chinese internationalization strategies. To begin with, it is noteworthy that, the scope of government support far outreaches lending money through state owned banks for example. The Chinese government is strongly supporting the economy and its firms on multiple levels (Zhu & Zhu, p. 1135). Early investments in physical, human, and institutional assets enhanced China's attractiveness as a location for production of goods and services (Ramamurti & Hillemann, 2017, p. 7). Furthermore the Chinese government invested heavily in upgrading physical infrastructure, concerning fields such as energy, transportation, and communications. In addition to that, it created various special economic zones and industrial parks, in order to give Chinese and foreign firms the opportunity to set up factories, offices and laboratories (Ramamurti & Hillemann, 2017, p. 7). Today, the Chinese government also strongly supports research and development activities of Chinese companies by upgrading their educational and research infrastructure. Finally, the government actively encourages thousands of well-educated Chinese citizens, living abroad, to come back home (Ramamurti 2017 & Hillemann, p. 7). Such actions will continue with the governments 13th Five-Year Plan (2016–2020). In favor of future supportive investments, the government assigned 2 trillion USD (Ramamurti & Hillemann, 2017, p. 7). Ramamurti and Hillemann (2017, p. 7) argue, that

without these entrepreneurial and supportive moves, Internationalization to the extent which happened, would never have been possible.

Rugman (2007, p. 13) argues that Chinese acquisitions in developed countries reveal a search for management, and strategy skills, missing in Chinese firms. In his opinion, Chinese multinational enterprises still lack the managerial competences, to compete successfully. In addition to that, John Child & Svetla Marinova (2014, p. 361) found, that Chinese managerial styles and organizational practices are not compatible with acquired firms from developed countries. Instead, the new parent, prefers to employ local management – mostly leaving the former management in place, while also granting exceptional high levels of autonomy. This issue brings us to light-touch integration approaches (Liu & Woywode, 2013, p. 469).

Cross-border M&A has become a popular mode of international market entry for Chinese firms (Luo & Tung, p. 490). Acquiring firms generally aim to achieve long-term value creation from acquisitions. However, As many as 80% of mergers fail to create post-acquisition value for the acquiring firm, as a consequence of ineffective integration and therefore missed synergies (Zhu & Zhu, 2016, p. 1122). Effective integration with an acquired target in the post-acquisition period poses a highly challenging task for acquirers and their management teams. The turnover of top executives and general staff resistance of acquired targets constitute key issues in post-acquisition integration. However, Zhu & Zhu (2016, p. 1127-1131) found that target-employee reactions can be influenced, mainly through buying-firm behaviors such as positive future intentions and friendly orientation toward targets. Both of these attitudes, and the earlier mentioned lack of management competences in acquiring Chinese firms, stand in favor of light-touch integration. Liu & Woywode (2013, p. 469), developed a novel post-acquisition integration approach, called light-touch integration. Behind this concept stays the reflection, that an advanced understanding of culture and learning is able to facilitate and smooth the activities involved in the post-acquisition phase. Learning is an important motive of Chinese multinational enterprises entering the global market place. Chinese firms participating in internationalization want to learn both “hard” technologies, in order to catch up and potentially leapfrog the advanced economies, and “soft” managerial skills to play the global game according to “the rules of the game.” (Liu & Woywode, 2013, p. 471). By maintaining the domestic management team, and additionally providing a high degree of

decision-making autonomy, the acquiring firm is able to learn its missing competences, and is in the same time able to achieve value creation. Following this approach, the parent firm places Chinese directors on the advisory board in order to offer strategic guidance (Liu & Woywode, 2013, p. 471). A broad range of renowned international business literature suggests that the internationalization of Chinese multinational enterprises (CMNEs) has been distinctive in at least five ways (Ramamurti & Hillemann, 2017, p. 3): 1) CMNEs do not fear investing in risky host countries; 2) CMNEs are lacking firm-specific advantages and therefore have to seek them abroad, making strategic asset-seeking an important reason for internationalization (Mathews, 2006, p. 5-27).; 3) CMNEs internationalized rapidly rather than gradually (Deng, 2009, p. 74-84).; 4) CMNEs entered psychically distant markets in an early stage (Ramamurti, 2012, p. 41-47).; and finally, 5) CMNEs preferred to enter via high-commitment modes, such as M&As in an early stage of their internationalizing process (Deng, 2009, p. 74-84). Worth mentioning is that especially the last three distinctions of internationalization seem to be inconsistent with the Uppsala model. On the other hand, some scholars argue that certain firms bypass internationalization altogether (Mathews, 2006, p. 7). Such firms, defined as “born globals”, start operating on a global scale from the very beginning on. Back in 2004 (Knight & Cavusgil, 2004, p. 137) published first research findings regarding born-global firms. They came to the conclusion, that lack of experience, as well as financial constraints, no longer constitute major obstacles to large-scale internationalization and global success.

## 2.5 Findings

After reviewing extensive literature, it can be concluded, that the existing research currently doesn't clearly divide state-owned and privately-owned enterprises. Within the literature about privately-owned enterprises, it is further found, that research mainly focuses on the motives, rather than the processes. In addition to that, the author was not able to identify theoretical frameworks or models which have full explanation power for the phenomenon of OFDI from emergent markets and the aggressive asset-seeking behavior of Chinese Multinationals. Furthermore, various scholars, including Ramamurti (2012), Zhu & Zhu (2016), and Lattemann (2017) suggest to analyze the phenomenon on a multi-level context (Wu, 2018).



### 3. Research Gap

While reviewing the relevant literature, the author recognized that there seems to be an research gap concerning privately-owned enterprises with Chinese origin. Within international business literature, its is suggested to bridge this gap by engaging in multi-level context analysis.

In addition to that, several factors indicate that Chinese POEs will be the future backbone of the Chinese economy. Especially the more entrepreneurial thinking of its executives and open-minded attitude will boost the firms competitiveness in the global market place. In comparison to their state-owned counterparts, POEs are not able to lead a comfortable life under the protection of the Chinese government. Without the endorsement, and only partial support of the home country government, Chinese POEs are forced to be highly innovative in order to be competitive. On the other hand, POEs do enjoy further advantages in Western markets: due to the nonexistent (or only partial) connection to the home government, the POEs are not associated with the bad images and poor governance issues, which are prevalent at SOEs. Thus, Chinese POEs completely aligned their strategies in a much more global-oriented fashion. However, Chinese POEs are nonetheless lacking major strategic assets. Especially missing managerial experience, and poorly developed brands are influencing their performance negatively. In order to offset their disadvantages, Chinese POEs engage in strategic asset-seeking, which is conducted primarily through OFDI in form of cross-border mergers and acquisitions.

Thus, it can be concluded, that various factors indicate an increasing importance of Chinese POEs in global competition and therefore provide a justification of the author's thesis choice. Because of these grounds, the author decided to focus his research on Chinese POEs engaging in cross-border mergers. In addition to that, previous research has mainly focused on individual factors regarding merger and acquisition processes. Therefore, this bachelor thesis will compare Chinese POEs on a multi-level basis, in order to shed light on *how* and *why* Chinese POEs engage in cross-border mergers & acquisitions.

## 4. Theoretical Framework

In order to provide a general guideline while developing and comparing the case studies, Mrs. Wu offered the author to structure the thesis on basis of her recently developed theoretical framework. The theory frameworks, which is first of its kind, initially combines static characteristics with dynamic processes in a multi-level context. In order to enable a high comparability of the case studies, the author consistently structured his bachelor thesis according to mentioned framework. The figure below represents the theoretical framework of Mrs. Wu, which got graphically adjusted by the author for illustration purposes.

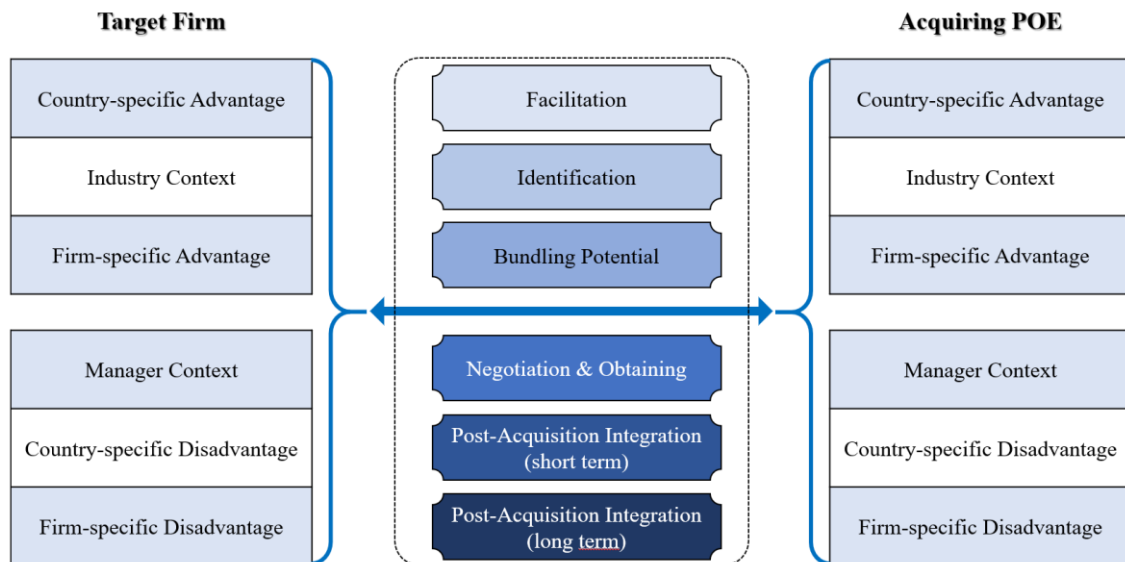


Figure 2: Theoretical Framework in Dependence of (Wu, 2018)

In the middle section, one can find processes, which – to varying extents – happen invariably in every takeover case. Facilitation is defined as processes which strongly facilitate the takeover intentions of the Chinese firms, e.g. the recognition of an opportunity to close an existing gap. Identification describes the process of how the Chinese firms recognized their targets. Bundling potential constitute future opportunities which could be exploited by both firms in case of a merger. Negotiation and obtaining are processes which influence the negotiation and obtaining process, either in a positive

or negative way. Last but not least, the model examines the integration processes which take place after the merger in the short and long term.

Both external sections represent static characteristics of the target firm (on the left), and the acquiring enterprise (on the right). These sections are divided into six factors, which exert influence on the takeovers in general. Depending on their extent and on the intensity of their consequences, firms may decide to engage in mergers and acquisitions – or rather not. Country-specific advantages represent positively influencing static factors, based on the relation between the involved countries, with the involved companies. For instance, the availability of a highly skilled labor force, gives the firm which operates in this country, an advantage over its competition operating abroad. The industry context might put firms in a beneficial position, e.g. if a firm is able to exert monopolistic power due to the nature of the industry it operates in. On the other hand, a noticeable consolidation trend and a oligopolistic structure might be disadvantageous for some firms. Manager context analyzes the availability of internationally experienced senior executives, which a firm can take advantage of in a case of a merger. Furthermore, this factor takes into account, if the respective president or CEO is able to create commitment and dedication among the firm's employees, through his charisma and visionary thinking. On the other hand, the theoretical framework analyzes the disadvantages, which occur in the context of host and home country, e.g. in case a country is experiencing rapidly rising labor cost and employee expectations. The last factor is concerned with firm-specific disadvantages. Issues, falling in this area might be a missing brand or an incomplete product portfolio.

## 5. Methodology

In this chapter the author explains the followed methodology of this paper. This bachelor thesis contains the development of three equally structured case studies which are based on the recently developed theoretical framework of the supervisor (Wu, 2018). This procedure enables the author to analyze similarities and distinctions in a novel approach, by doing a cross-case analysis.

Inspired by Yin's (2018) book: *Case Study Research and Applications*, the author was consistently following the suggested approach by the widely respected scholar. Following Yin's suggested approach, the author first reviews a broad range of international business literature – mainly in form of academic papers – in order to gain necessary insights. This is done in the beginning, in order to enable the author to recognize a key research gap. After defining the research gap, the author starts to collect corresponding data on the assigned enterprises and their takeover behaviors. Therefore, interviews with various company directors and top executives are conducted in cooperation with the supervisor. The interviews represent the author's key primary data source. As secondary data serve multiple sources in form of newspaper articles and information available on the respective company's website.

Once this task is completed, the author starts to develop the case studies. Three case studies are developed from a viewpoint of the acquiring firms. In order to enable cross-case analysis, the case studies are all formally structured in the same way. Thus, the case studies are supposed to contain extensive information about four predetermined static characteristics, and five dynamic process factors, which are part of the theoretical framework. The case studies therefore primarily focuses on these factors.

By combining all three case studies, the author subsequently conducts a cross-case analysis. In the cross-case analysis the author first offers a comparison between the acquiring Chinese POE's and between the acquired firms. Subsequently the author compares the specific firm's predetermined factors and processes according to the applied theoretical framework in order to draw conclusions.

After completing cross-case analysis, the author sorts the resulted key findings in order to bring them in an useful relation. Finally, all the preceding steps should lead to the

opportunity to draw unbiased conclusions, which hopefully provide new valuable insights concerning internationalization of privately-owned Chinese enterprises and their cross-border mergers and acquisitions behavior. In addition to that, the key findings might be able to determine the direction of future research in this field.

Below the author illustrated the methodology approach with its key elements.



Figure 3: Methodology

## 6. Case Studies

### 6.1 Hytera

#### 6.1.1 About the Interviews

##### 6.1.1.1 First Interview: Mr. Ju Zhang

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|                            |   |
|----------------------------|---|
| Interviewee:               | Mr. Ju Zhang (Jimmy Zhang), Vice President and CFO of Hytera Shenzhen   |
| Time:                      | Sep. 13 <sup>th</sup> 2017  |
| Location:                  | Headquarter of Hytera Mobilfunk in Shenzhen, China  |
| Background of Interviewee: | Mr. Jimmy Zhang is 42 years old and lives in Shenzhen. He holds a degree in Finance from Manchester University. Mr. Zhang has been a Director of Hytera Communications Corporation Limited since April 2012. Currently, Mr. Zhang is acting as the Vice President and CFO of Hytera Shenzhen. |

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*Table 1: Interview Mr. Ju Zhang*

##### 6.1.1.2 Second Interview: Dr. Kai Marquardt

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|                            |  |
|----------------------------|--|
| Interviewee:               | Dr. Kai Marquardt, CFO and Vice President of Hytera Mobilfunk GmbH   |
| Time:                      | Sep. 13 <sup>th</sup> 2017   |
| Location:                  | Headquarter of Hytera Mobilfunk in Shenzhen, China   |
| Background of Interviewee: | Dr. Kai Marquardt is a German top executive. He started to work for Rohde & Schwarz ten years ago and continued to work for Hytera Mobilfunk GmbH once it got acquired by Hytera Shenzhen. Dr. Marquardt is holding a total of four degrees from different universities in Europe and North America – 1) Business Informatics, 2) Marketing & Consumer Behavior, 3) a Doctors degree in Business Administration, and 4) a Master of Business Administration (MBA). Currently, Dr. Marquardt is acting as the Vice President and CFO of Hytera Mobilfunk GmbH. From July 2016 to December 2017, Dr. Marquardt is also in charge of IT projects on a global scale. He is currently positioned in Shenzhen in order to improve the company's IT system. |

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*Table 2: Interview Dr. Kai Marquardt*

## 6.1.2 General Information about Hytera and PMR

### 6.1.2.1 Hytera

|                             |   |
|-----------------------------|---|
| Name                        | <b>Hytera Communications Corporation Limited</b>            |
| Establishment (Date, Place) | 1993, Shenzhen  |
| Field of Industry           | Radio Transceivers and Radio Systems                        |
| Ranked within the Industry  | Second (behind Motorola)                                    |
| Headquarters                | Shenzhen, China   |
| President/Chairman          | Chen Qingzhou   |
| Number of Employees         | ~ 8'000   |
| Major Products/Services     | Radio Transceivers and Radio Systems                        |
| Listed (yes/no)             | Yes, in 2011, at Shenzhen Stock Exchange                    |
| Major Shareholder(s)        | Mr. Chen Qingzhou (51.48%)                                  |
| Acquisition History         | Took over several Companies                                 |
| Revenue (2017)              | 5'351 Billion RMB (849 Million USD)                         |
| Website                     | <a href="http://www.hytera.com/">http://www.hytera.com/</a> |

Table 3: Summary Hytera

Hytera (founded in 1993 in Shenzhen, China, listed in 2011 on the Shenzhen Stock Exchange) is the second largest global leading provider of Professional Mobile Radio (PMR) communication solutions. Hytera masters the professional network communication technology of the three mainstream standards – TETRA (Trans European Trunked Radio), DMR (Digital Mobile Radio), and PDT (Police Digital Trunking), and is able to provide a comprehensive product line – from terminal devices to systems and total solutions. It ranks among one of the few companies in the world, which control such a wide range of professional technology. The company is in possess of core technologies with independent intellectual property in networking of large-scale communication systems, software platforms, radio frequency development, industrial design, etc., all of which have reached a leading level in the industry. By now, the company has applied for 1'205 patents. The enterprise operates on a global basis. Following Motorola, Hytera ranks as the second largest global radio terminal manufacturer, with a market share of 12.6%. It has around 8,000 personnel working in 50 subsidiaries worldwide, serving customers in 120 countries, including governmental organizations, public security

institutions, and customers in utilities, transportation, oil & gas and other sectors. Around 40% of Hytera's personnel are engaged in engineering, research and development, and product design across eight R&D centers. Hytera is constantly pursuing technological innovation and keeps investing 15% of its revenue into R&D since many years (Hytera, 2018).

#### 6.1.2.2 The Internationalization of Hytera

a. Inbound Internationalization: Export Period (2001- 2011)

In 2001, Hytera received its first overseas order. Since then, Hytera was able to export its products to Asia Pacific, the US, and some African countries.

b. Outbound Internationalization: Greenfield Project and Cross Border M&A Period (2012 – today)

Shortly after its successful IPO in 2011, Hytera started with its outbound FDI activities. It has set up different subsidiaries and R&D centers in different continents and has also terminated few cross-border M&A activities.

- In March 2012, Hytera acquired the German company PMR GmbH (Rohde & Schwarz Professional Mobile Radio GmbH) from the German electronics group Rohde & Schwarz, which is now known as Hytera Mobilfunk GmbH.
- In May, 2017, Hytera completed its acquisition of the Sepura Group PLC, the UK-based company is a widely respected leader in TETRA technology with the ability to offer TETRA, DMR, P25 and LTE system solutions for organizations worldwide.
- In July, 2017, Hytera acquired ownership and control over 100% of the issued and outstanding Norsat Shares. Founded in 1977, Norsat International Inc. is a Canadian provider of customized communication solutions for remote and challenging applications.

Furthermore, together with many TETRA-product providers (for example EDAS), Hytera has built the NATF (North American TETRA Forum) organization.



### 6.1.2.3 Rohde & Schwarz Professional Mobile Radio GmbH

|                             |   |
|-----------------------------|---|
| Name                        | <b>Rohde &amp; Schwarz Professional Mobile Radio GmbH</b>                               |
| Establishment (Date, Place) | 1980, Germany   |
| Field of Industry           | Professional Radio Systems  |
| Ranked within the Industry  | Market Leader   |
| Headquarters                | Bad Münden am Deister   |
| CEO / Managing Director     | Matthias Klausning  |
| Number of Employees         | 250 (2017)  |
| Major Products/Services     | Customized Solutions for Professional Mobile Radio (TETRA&DMR)                          |
| Listed (yes/no)             | No  |
| Acquisition History         | Got took over by Hytera Shenzhen  |
| Revenue (2011)              | 20 Million Euro   |
| Website                     | <a href="https://www.hytera-mobilfunk.com/en/">https://www.hytera-mobilfunk.com/en/</a> |

Table 4: Summary PMR

The origin of the Rohde & Schwarz Professional Mobile Radio GmbH goes back to the foundation of the Engineer Company Heinz Blick in 1980 by Mr. Heinz Bick in Bad Münden, Germany. From this date on, the company enjoyed steadily growth. However, the firm got took over by Rohde & Schwarz – an international electronics group specialized in the fields of electronic test equipment and was renamed as Rohde&Schwarz Professional Mobile Radio GmbH (PMR). PMR was a total solution provider, offering radios, as well as the matching radio infrastructure, powerful system applications and a wide variety of accessories. The core competence of PMR lies in the development, planning and implementation of digital trunked radio systems. Each of its mobile radio systems is a customized solution with optimal performance. PMR pridefully provided digital terminals for TETRA and DMR mobile radio with country label "Made in Germany". In the year 2012, the firm got acquired by Hytera Shenzhen for a takeover price of only two million Euros (Hytera, 2018b).

### 6.1.3 Competitive Advantages and Disadvantages of Hytera

#### 6.1.3.1 Competitive Advantages of Hytera

##### 6.1.3.1.1 Country-specific Advantages (CSA)

a. Cheap Labor

China is still dominated by a very cheap labor force – some employees still earn only around 500 euros a month (Marquardt, 2017, p. 28).

b. Huge Domestic Market

The market scale of China's professional network communications industry is constantly on the rise. According to the “report of prospects and investment strategy planning analysis on China professional network communication industry (2018 – 2023)”, the market size of China's professional network communications industry will continue to grow at a rate of about 20% to reach 26.5 billion RMB (4.21 Million USA) by 2021. China is currently in a period of rapid urbanization. Creating smart cities will be an important task for urban informatization. The early digital communication systems for major events and conferences are facing upgraded needs. Civil aviation, ports, subways and high-speed rails will also need to be equipped with professional communication systems and constitute huge market opportunities for Hytera.

c. Government-created Advantages (GCA)

Furthermore, the Chinese government is actively encouraging firms to “*go out to bring in*” which can be translated to seeking strategic assets abroad, mainly to improve their competitiveness in the large home market (Ramamurti & Hillemann, 2017, p. 8). For that reason, the Chinese administration provides “government created advantages” (GCA). Hytera is actively exploiting these favorable circumstances and is therefore able to takeover promising businesses.

d. “One Belt and One Road Initiative”

The Silk Road Economic Belt and the 21st-century Maritime Silk Road, also known as the “One Belt and One Road Initiative”, is a development proposal put forward by the Chinese government. It focuses on the connectivity and cooperation among Eurasian countries. This initiative underlines China's active participation with a larger role in global affairs through this China-centered trading network. The Chinese government also takes it as a platform for

promoting the development of Chinese companies and their cross-border cooperation with foreign enterprises. Hytera is actively following the governmental initiative, winning large bidding projects one after another alongside the “Belt and Road regions”. The new projects of Hytera include the Tetra professional communication project for FIFA 2018 (45.9 Million RMB) in Russia, a local governmental project in Uzbekistan and a Philippian police office project in 2017.

#### 6.1.3.1.2 Industry Context

The Technavio’s market research predicted that the global professional mobile radio (PMR) market is going to grow at a compound annual growth rate (CAGR) of around 11% by 2020. PMR is one of the convenient means of communication and provides various advanced features, such as group calls, broadcast calls, prioritization of users, and emergency calls, that help in the efficient functioning of the enterprises and government establishments. PMR products operate in the harshest conditions and ensure communication support anywhere, anytime rightly suitable for remote applications. The high demand for PMR devices for public safety and mission critical applications (primarily among government organizations) will boost the growth prospects of this market during the forecast period (Technavio, 2016).

The market had always been competitive, with a large number of new vendors entering every year. Later on, the consolidation trend started to gain momentum. As a result, there were only eight operating companies left in the PMR sector back in 2008. Just now, an oligopoly market has been formed: Motorola is the number 1, Hytera the number 2, and Sepura became the number 3 as a consequence of the acquisition of the Spanish PMR giant Teltronic in 2014. However, in 2017 Hytera acquired Sepura. Dr. Marquardt stated, that Germans appeared to be very frustrating since they don’t want to be dependent on the Chinese (Hytera) and Americans (Motorola).

#### 6.1.3.1.3 Firm specific Advantages (FSA)

a. “Standard Maker”

Due to the monopolistic power of the American standard in the 90s (Tetra Standard) the entry barriers to develop an own system were very high. China wasn't able to manufacture these computer chips on its own and was therefore completely dependent on foreign imports. Furthermore, China was only able to purchase uncodified chips which posed a major security vulnerability. Hence, to escape this unfavorable situation, the Chinese government decided to establish its own standard, called PDT. 2008, Hytera was the first firm which was adapting to the new standard. And, because of its early engagement – the firm was invited to participate in further developments of the standard. This gives the company a major advantage.

b. Strong Position in Home Market and Extensive Sales Network in China

Hytera enjoys a high level of trust and received the approval of Chinese authorities to conduct business in the home market. In Chinese public PDT market, Hytera occupies a market share of 70%. Without an excellent sales network Hytera would not be able to have such a leading position. Until 2016, Hytera was able to set up more than 200 key distribution channels in China. In the entire wireless business sales revenue in 2016, channel sales accounted for 70% of the total sales. The cooperation with channel partners is an important factor for Hytera's business success.

c. Availability of Highly Educated Staff & Vast Amounts of Funds Devoted to R&D

Hytera has been regarding technological innovation as the core of corporate development. The research and development expenses in recent years are very extensive and keep growing: in 2016, the percentage reached 16.84% of the annual revenue; in 2017 17.10%. Additionally, by August 2017, the company had 8'000 employees, of whom 4'000 are R&D personnel. Meanwhile, more than 4'000 employees have a master's degree or an even higher education (Hytera, 2018).

d. Extensive Financial Resources

With constantly growing sales rates, the firm does have a vast amount of financial resources at its disposal (Zhang, 2017, p. 7-8). Also, the successful IPO in 2011 strongly increased the firm's financial position.

6.1.3.1.4 Management Context

a. Visionary Founder & Chairman (Mr. Chen Qingzhou)

At the beginning of 90s, as the mobile communication industry was still in a very early stage of its development, and as Shenzhen was declared as the “special zone” for reform and opening policy, Mr. Chen started his business as a “communication device vendor”. In 1993 he established Hytera, and in 1995, he developed the first Chinese walkie-talkie. Later on, he led Hytera to seize every technology and commercial trend in China and grown it up to an international integrator and consolidator within 20 years of time. In 2017, Chen ranked as number 75 in Forbes List of China. Dr. Marquardt said, Chairman Chen is a charismatic and charming leader, who keeps all his promises.

6.1.3.2 Competitive Disadvantages of Hytera

6.1.3.2.1 Country specific Disadvantages (CSDA)

a. Rising Employee Expectations and Increasing Wages

According to Mr. Marquardt, the Chinese workforce is expecting to get a pay rise of approximately 20% over the next two years. Their expectations highly increased since they all desire to enjoy consumer goods to a larger extent. This issue will cause major problems for Hytera, and for Chinese companies in general (Marquardt, 2017, p. 45).

b. Bad Country Image (Liabilities of Origin)

Especially in security network technology, China (as a country) has a bad image. A country without democracy and low privacy protection for its citizens, is obviously not considered trustful for western customers in such aspects. Due to these issues concerning privacy and data theft conducted by Chinese companies, the country struggles to be respected. The Western countries are very cautious and skeptical about the investment from China. They are particularly worried about

Chinese enterprises' mergers of their own high-tech companies. They expect to prevent the outflow of their advanced technology. In February 2017, Germany, France and Italy showed the European Commission a shared attitude to supervise investments from abroad as well as their concerns about increasing investment and takeovers from non-EU investors. Although, China is not directly mentioned in the documents, it is obviously addressed in Chinese direction due to its recent acquisitions of key European firms (ECFR, 2017). The USA are also on the alert of the investment from China. Recently, President Donald Trump blocked the proposed \$1.3 billion purchase of Oregon-based Lattice Semiconductor against Canyon Bridge Capital Partners, an investment firm with close ties to Beijing. Mr. Marquardt was also very concerned about the "country image" of China, and the trustworthiness of Chinese companies in the PMR industry. He said, Hytera alone, without the support from the acquired European companies, would have never been able to sign contracts with European police forces or government institutions. He emphasized that China is a non-trustful country in regards of data protection (Marquardt, 2017, p. 2).

#### 6.1.3.2.2 Firm specific Disadvantages (FSDA)

##### a. Missing Slice in Hytera's Product Portfolio

Before the acquisition, Hytera didn't have the possibility to manufacture base stations. It was considered a "missing slice" in its product portfolio. Not being able to provide major parts of its own industry constitutes a significant disadvantage for the company (Marquardt, 2017, p. 9).

##### b. Shortage of TETRA Technology

Although Hytera was the rule maker for PDT standard, it did not control the technology of TETRA standard (prevalent in Europe) prior to the acquisition of PMR GmbH.

##### c. Low Productivity in Research and Development Departments

According to Mr. Marquardt, 60 German developers were able to be more productive compared with 500 Chinese colleagues also working in R&D. While the Chinese engineers are laying their focus on "working as much as possible" –

the German employees were laying their attention on efficiency resulting in a considerable higher productivity in the end (Marquardt, 2017, p. 28).

d. No Market Access to Europe

Despite the hard work, Hytera was not able to win a significant European project until the takeover of PMR GmbH.

e. Missing Talents

Furthermore, the company experiences a shortage of talents with international business knowledge and language knowledge.

#### 6.1.3.2.3 Management Context

a. Lack of Highly Skilled Top Executives & Management Competences

Since the rise of Chinese economy and its intensified engagement in international business, there wasn't enough time for Chinese managers to develop distinctive management skills and competences. This issue constitutes some critical disadvantages for Hytera Shenzhen, since even its top executives sometimes lack extensive management experience.

#### 6.1.4 Strengths and Weaknesses of PMR

##### 6.1.4.1 Core Assets and Key Competences of PMR

###### 6.1.4.1.1 Country specific Advantages (CSA)

a. Excellent Country Image

Germany enjoys high reputation for its manufacturing products and high technology products. Today, "Made in Germany" constitutes a brand which stands for paramount product quality and reliability.

b. Availability of highly skilled Labor

Germany enjoys a very high concentration of well-educated and qualified engineers. The Professional Mobile Radio GmbH does take advantage of this circumstance, since it does not have any troubles to find qualified personnel.

#### 6.1.4.1.2 Industry Context

##### a. Considered trustful in European Market

According to Mr. Marquardt, Hytera Shenzhen would have never been able to sign contracts with European police forces or government institutions. There are still major concerns about the trustworthiness of Chinese companies. However, PMR enjoys the endorsement of various governments and key customers in the European market. The company is considered trustful to a very high extent (Marquardt, 2017, p. 2).

#### 6.1.4.1.3 Firm specific Advantages (FSA)

##### a. Excellent Technology linked to TETRA Standard

##### b. High Reputation, especially in PMR's Home Market and the European Market

PMR does enjoy a high reputation in the European market. Operating as a German firm (notabene under German and European law) does create trust among potential customers (Marquardt, 2017, p. 2).

##### c. High Productivity (threefold compared to Chinese Colleagues)

Furthermore, PMR's productivity – especially in its research and development departments – is astonishing high. According to Mr. Marquardt, 60 German developers were able to be more productive compared with 500 Chinese colleagues also working in R&D. While the Chinese engineers are laying their focus on “working as much as possible” – the German employees were laying their attention on efficiency resulting in a considerable higher productivity in the end (Marquardt, 2017, p. 28).

##### d. Outstanding Product Quality

PMR's products are considered very high quality among their customers. Not seldom, product quality is the crucial factor among telecommunication industry which determines whether the customer is going to order from the specific firm, or from its competitors (Marquardt, 2017, p. 32).



#### 6.1.4.1.4 Management Context

##### a. Highly skilled Top Executives & distinctive Management Competences

Since its establishment, back in the year 1980, PMR personnel was able to develop outstanding management competences. The way staff is managed is especially determining in the telecommunication business, since usually contracts are scarce, but of comprehensive extent, which means that individual decision-making is crucial. PMR was lucky enough to employ highly skilled and very well-educated personnel, such as Dr. Marquardt, and are eager on further developing their competences (Marquardt, 2017, p. 3).

#### 6.1.4.2 Competitive Disadvantages of PMR

##### 6.1.4.2.1 Country specific Disadvantages (CSDA)

##### a. High Labor Costs

Although, enjoying the availability of qualified engineers, the company has to deal with a major drawback: The wage level of well-educated personnel is extremely high in Germany.

##### 6.1.4.2.2 Firm specific Disadvantages (FSDA)

##### a. Missing Slice in Product Portfolio

Furthermore, PMR (before the acquisition) wasn't able to manufacture terminals. It was considered a "missing slice" in its product portfolio. Not being able to provide major parts of its own industry constitutes a significant disadvantage for the company (Marquardt, 2017).

##### b. Potential Conflicts with Customers & No Development Opportunities within the Rohde&Schwarz Group

Rohde & Schwarz was not keen on producing terminals on its own, since it would have got into competition with its own customers. Hence, existing customers would have discontinued the collaboration for sure. Accordingly, the company was facing a dilemma – either it continued to supply the market only partially (and therefore missing opportunities to further develop the company) or decided to start manufacture terminals on its own and therefore potentially losing major customers (Marquardt, 2017, p. 5).

c. Lack of Chinese Market Access

Lacking Chinese market access, was bringing PMR in an unpleasant situation. The economic rise led to booming Chinese subways and airports. Those represent major customers and are willing to pay any price for high-quality radio technology. However, according to Mr. Zhang it would have been impossible for PRM to conduct business with Chinese subways or airports without the participation of Hytera Shenzhen. In his opinion it would have been definitely impossible for PMR to open such doors without the help of Hytera (Zhang, 2017, p. 4).

6.1.4.2.3 Management Context

Unknown.

6.1.5 Process of Acquisition

From the point of view of Mr. Zhang, the acquisition process lasted two years. Due to the IPO preparation for Shenzhen Stock Exchange, Hytera had suspended the negotiation for a while in order to avoid uncertainties. According to Dr. Marquardt, the process took one year.

6.1.5.1 Facilitation – Knowing the Gap

a. Technology Gap

Mr. Zhang and Dr. Marquardt both claimed that Hytera was not able to deliver the product / system which met European TETRA standard prior to the acquisition.

b. Oligopolistic Structure

Facing oligopolistic structure, M&A is an important option for growth. The PMR industry is in far advanced consolidation, hence, mergers & acquisitions seem to be the only logical escape to be able to further increase growth rates.

c. Very Restricted Access to Western Markets

There is absence of trust for respective companies in the Western countries.

d. Ambition of Being a Total Solution Provider (TSP)

After the successful IPO, Hytera has the strong internationalization ambition to integrate the cutting-edge technology, in order to become a total solution provider and a true market leader (Marquardt, 2017, p. 9).

6.1.5.2 Identification

2010, Rohde & Schwarz (R&S) was actively seeking for a potential strategic investor for PMR. Mr. Marquardt said, at that time, they contacted all companies within this line of business. A consulting company did the preselection for R&S. Finally, 15 to 20 companies showed serious interest for the deal. It was clear for R&S, that the investor should also be a producer of terminals, which can give PMR division a better future. According to Mr. Zhang, Hytera was getting informed indirectly. News concerning major sales is spreading among fellows (Zhang, 2017, p. 2).

### 6.1.5.3 Bundling Potential

|   |
|---|
| a. <u>Perfect Product Match and the Opportunity to become a Total Solution Provider (TSP)</u>   |
| System, base station, engine (PMR) $\leftrightarrow$ Terminal (Hytera)  |
| Both Dr. Marquardt and Mr. Zhang confirmed, the products of Hytera and PMR totally matched with each other: Hytera had terminals but no system and base stations. The resource of PMR is just the opposite. Put together, the combined company is able to become a total solution provider. By acquiring PMR, Hytera even possesses a greater portfolio within this product range than Motorola – the recent number one in the market. Concerning tender projects, Hytera and PMR GmbH bid separately for system and terminal before the merger. In the future, they could bid for a whole project, which increase their chance to win.   |
| b. <u>Technology Match</u>  |
| Technology for TETRA standard (PMR) $\leftrightarrow$ Technology for PDT standard (Hytera)  |
| At present, two different standards - the TETRA standard and the PDT standard are prevalent in Europa and China respectively. PMR GmbH is the expert for the TETRA-linked technology. Hytera is the expert for PDT-linked. Together they can cover both standards.  |
| c. <u>Market Match</u>  |
| European market (PMR) $\leftrightarrow$ Chinese market (Hytera)   |
| Mr. Zhang said, there is no customer overlapping between PMR and Hytera. Both were experts for their own regional markets, but were lacking profound knowledge and experience of each other’s markets. Neither firm was able to access the competitor’s home market. While the Chinese market was restricted for PMR due to the fact, that the Chinese government did not authorize the foreign firm to conduct business, the European market was neither accessible for Hytera since it was not considered trustful among European customers (Zhang, 2017, P. 4). with the business combination of two companies, these obstacles will disappear. For example, Chinese companies are unable to enter the European security and public utility communication market on a large scale, but PMR can serve as a springboard for Hytera to achieve this goal (OEEEE, 2017). |
| d. <u>First-class Product with Competitive Cost Advantage</u>   |
| German country image, system design (PMR) $\leftrightarrow$ Chinese production (Hytera)   |
| With the Hytera system design, Chinese production and in addition the “German brand” effect, the Hytera group could deliver its client first-class products with very competitive price.  |
| e. <u>R&amp;D Match</u>   |
| R&D (PMR) $\leftrightarrow$ marketing capabilities (Hytera)   |
| PMR has an upper hand in technical research and development, and Hytera has a good marketing capability. This is also a reflection of the business match. Their combination can enable them to draw upon each other’s’ strengths to offset their own weaknesses.  |

Table 5: Bundling Potential Hytera - PMR

#### 6.1.5.4 Negotiation & Obtaining

##### 6.1.5.4.1 Negotiation

a. Acquisition Preparing Team of Hytera

Hytera set up a special team (consisting of Hytera's top executives with different backgrounds) to prepare the acquisition. The team contained 7 people from various departments, one internal lawyer, one from R&D, one as strategist, one from technique department, one financial expert, etc. All of them are fluent in the English language. For legal due diligence and finance due diligence, Hytera assigned external experts: one German M&A lawyer from a law office and one finance expert from a Big Four audit company (Zhang, 2017, p. 14).

b. Important Takeover Criterion: Strategic Investor with Social Responsibility

As mentioned in 6.1.5.2, R&S was looking for a strategic investor – a terminal provider. Therefore, putting PMR on sale, can be seen as a strategic decision. R&S was making sure, that the new parent indeed provided a promising business environment and support, in order to achieve economic prosperity for PMR. Hence, they were drawing up an extensive contract: Hytera wasn't allowed to lay off any personnel in the first three years. R&S was trying to maintain its high reputation since it has never resigned a single employee in its whole history (Zhang, 2017, p. 16).

c. Extremely low Acquisition Price

It's important to know, that the R&S group wasn't forced to put PMR on sale. With its 90-year-long tradition, R&S has been a very successful company. By selecting the buyer, it was really not about the best bidding price, but rather about a better future prospects for the spin-off division. R&S wanted to give over the division to the most suitable partner. Although at the beginning, the expected price had been 50 million EUR, the final price was only 2 million EUR, because R&S was primarily interested in maintaining the workforce. Mr. Zhang said, R&S almost passed over the PMR GmbH as a gift to Hytera.

d. Audit by Government

M&A in the field of radio are hypercritical. Whenever a possible merger or acquisition becomes apparent, the ministry (in this case the BMWi – Bundesministerium für Wirtschaft und Energie) assesses whether a takeover by the specific firm will be approved, or not. This is especially crucial since technologies

developed and manufactured by PMR can give an advantage to a possible aggressor, in case of a conflict. In the case of PMR takeover this audit lasted for a long time, but was finally approved (Marquardt, 2017, p. 8).

e. Difficult Negotiation due to Cultural Differences

During the obtaining process the negotiation was negatively influenced by some cultural differences. Both sides disconnected from the dialog for one whole week. In the end, Dr. Marquardt (motivated by the company's lawyer) had to enforce compromises for both sides (Marquardt, 2017, p. 23).

#### 6.1.5.4.2 Obtaining

##### 6.1.5.4.2.1 Reason for Selling

a. Financial Crisis & Conflict of Interest

R&S is an independent manufacturer of test and measurement equipment for mobile radios and radio communications. It is famous for being Apple and Samsung's tester supplier products, including the tester for iPhone and Galaxy. R&S produces the world's most advanced electronic testers and enjoys lion's market share. The daughter firm PMR, is specialized in professional communication network and did not belong to R&S' core business. As the global finance crisis took place, R&S decided to sell off its periphery business unit PMR. But this is not the only reason for the spinoff. "The conflict of interest" was another driver for the sale of PMR. With the PMR terminal business R&S got into competition with their own customers – the terminal device producers. As mentioned in 6.1.5.2, as a famous large company R&S took care of its public reputation. It would rather give PMR to a suitable company with the condition of retaining all staff than close down this business unit with a redundancy plan.

#### 6.1.5.4.2.2 Reason for Obtaining

a. The Amazing Success Story of Hytera

According to Dr. Marquardt, R&S decision makers were very impressed by the success story of Hytera. Hytera has grown disproportionately high during the last years. It also went public. In 2009, despite of the global finance crisis, Hytera's revenue reached 159 million USD and has a 5-year-compound-annual growth rate of 34%. It became one of the top 5 professional network communication providers in the world – a strong competitor for Motorola and Kenwood (Wenku, 2012). By due diligence process, the dynamics of the city where Hytera's headquarter bases also convinced the R&S delegation.

b. The Visionary Chairman Mr. Chen

For Dr. Marquardt and many R&S managers, Mr. Chen was a trustful and charming leader. Because of him many people stayed at Hytera. The success of the acquisition was also thanks the active engagement of Mr. Chen in the whole negotiation process.

c. Dr. Marquardt as Bridge Person

As explained in 6.1.5.4.1, Dr. Marquardt played the role as bridging person regarding cultural conflicts during the negotiation.

d. Excellent Timing

Mr. Zhang said, the triumphant merger of PMR GmbH was also due to the good timing – on the one hand, the well-developed business in China and the successful IPO in Shenzhen brought Hytera abundant financial resource; on the other hand, because of the financial crisis, R&S planned to spin-off the periphery business units. For Mr. Zhang, it was purely good luck. Since PMR was not a public firm, a hostile takeover would have been impossible.

e. Promise of Social Responsibility

Hytera promised not to dismiss any employees of PMR GmbH and keep social responsibility for staff.

## 6.1.6 Post-Acquisition Integration

### 6.1.6.1 Short Term Integration

#### 6.1.6.1.1 Light-Touch Integration Approach: Board Control +

Light-Touch Integration approach can be translated by maintaining the domestic management team and providing a high degree of decision-making autonomy (Liu & Woywode, 2013). In the case of the PMR takeover, this light-touch integration approach – board control model got applied.

According to Mr. Zhang, Hytera didn't touch any management issues. Also, there were no directors or other executives sent to the newly acquired subsidiary. Hytera left the original management untouched (Zhang, 2017, p. 7). In the words of Mr. Qingzhou (President of Hytera): "Leaving the operation and exploration of the European market to the Europeans" (OEEEE, 2017). The German company is almost enjoying a total free decision. In line with the signed contract, Mr. Qingzhou was not planning to lay off any personnel. Instead, he ensured to keep "Germans in charge of Germans" and tried to establish a mutual trust mechanism through in-depth communication. There were no layoffs, no restructuring. However, the Hytera headquarter provide the German subsidiary with a roadmap – a road map for technology development. Also, the KPIs would be defined by the headquarter.

#### 6.1.6.1.2 Communication

There are different channels of communication, like daily communication and regularly planned meetings between sales teams, R&D teams, or between financial teams from both sides.

#### 6.1.6.1.3 Introduction of Incentive Plan

According to Mr. Zhang, to his surprise, Rohde&Schwarz had not set any incentive mechanism for PMR GmbH. Hytera has drafted an incentive plan linking the bonus with the company's business performance, as so to break the "common big rice pot system" – Hytera takes 25% of the subsidiary's profits to be shared by the German team members as bonus.



#### 6.1.6.1.4 Challenges

##### a. Brain Drain shortly after the Acquisition

During the long negotiation process, many PMR employees threatened the decision maker: “In case our company would be sold to Chinese, we will quit our job immediately!”. The first three months after the merger proofed this was not a verbal threat – Hytera witnessed a stiff resistance from some employees of PMR. Over 10% of its employees resigned their jobs. It was mainly the younger people – well-trained graduates. Staff was worried about several issues, including technology transfer and potential lay-offs, according to Dr. Marquardt. Mr. Zhang confirmed the fact of staff fluctuation. He also announced two reasons: 1. German pride; 2. Worries about job-cuts. He said, the German still considered themselves as “Master race”, felt ashamed if PMR is acquired by Chinese; Some employees of PMR kept the unpleasant reports about a few Taiwanese companies, which took over European companies and then transferred technologies over to Asia, and finally closed down the plant. As a consequence, many employees in Europe lost their job.

##### b. Lack of Trust

Both interviewees emphasized the trust problem between Hytera and PMR sides. Mr. Zhang said, the lack of trust was reflected in the issue of sharing the technical document. The Germans were very reluctant to share the technology with Chinese side.

##### c. Cultural Differences / Difficulties

Mr. Zhang claimed: all apparent problems, such as technical talking, discussion of market issues, KPI conflict, etc. all stem from cultural conflict and different understanding of “hardworking”. Mr. Zhang recognized the different understandings of “hardworking”: for Chinese people, it means overwork – work during off-duty hours, or on weekend; for German employees, hardworking means one works eight hours per day with high efficiency. Furthermore, Mr. Zhang mentioned the KPI problem: Hytera group set 100% as the target profit growth rate for Chinese teams, while only 50% for the Germany subsidiary. But for the European people a growth rate of 5% could be reasonable, 50% was an impossible requirement. However, Chinese teams have reached the goal on the

average; the German team almost. Mr. Zhang stated: *“European people are like frogs, staying in tepid water for too long time, losing their ambition [...] you can hardly change their mind. On the contrary, Chinese people are working hard in order to buy a flat in Shenzhen and enabling a good education for their children”*.

- Inaccurate Work Attitude of Chinese Employees

Dr. Marquardt claimed that error notifications and wrong delivery happened too often by the Chinese side.

- Cannibalism Problem

According to Dr. Marquardt, the chairman Chen enjoyed to watch that two teams of his own company competing for the same customer or the same project. Instead of promoting the success of the whole enterprise, he acquiesced the cannibalism. For example, in the ESPIRT project, the UK team and German team both entered the final round, made suicidal price cuts. Dr. Marquardt was very angry about this situation and all European employees could not understand this business culture.

d. Inefficient Working Style of Chinese Employees

According to Dr. Marquardt, German developers were almost ten times more efficient than the Chinese developers. He claimed, in China more work is being done to achieve a result through the masses, and in Germany, a result will be achieved through the quality and efficiency.

e. Problem with Data Confidentiality

Some Hytera personnel (including Chairman Chen) ignore the seriousness of the data confidentiality – they transferred data of European clients to China. Dr. Marquardt saw a hiding danger in the issue.

f. Overlapping Problem

Due to the rapid expansion in 2017, Hytera has “acquired” an overlapping problem. While PMR GmbH and Hytera have a perfect business match, the newly bought British firm Sepura has many overlapped business units with Hytera. Dr. Marquardt claimed, that Hytera group has to consolidated one day.

g. Different Point of Views

The following table illustrates two viewpoints of differing opinions regarding major post-acquisition problems by both interviewees.

|                                 |  | <i>According to...</i>   |   |
|---------------------------------|--|--|---|
| <b>Manager</b>                  |  | Dr. Marquardt (PMR)...   | Mr. Zhang (Hytera Shenzhen)...  |
| <b>Problem</b>                  |  |  |   |
| Cultural Tensions               |  | <b>“Anger”</b><br>“...We were very angry, we lost a lot of money. It does not seem logical for us Germans. That culture and logic and the way things are sometimes incompatible” (Marquardt, 2017, p. 39).   | <b>“Hardworking”</b><br>“...for instance, German people will feel unfair if we say they are not hardworking. Then we found out that we didn’t share the same definition of “hardworking”. For Chinese people, it means overwork; For German people, hardworking means that he works 8 hours per day during which he finishes his work with high efficiency” (Zhang, 2017, p. 12). |
| Consideration of Staff (Talent) |  | <b>“No Talents with Global Vision”</b><br>“...Chen knows that Hytera lacks internationalization. Hytera bought many talents, but the firm miss people with global vision” (Marquardt, 2017, p. 42).  | <b>“So many Master’s Degrees”</b><br>“...over half of our personnel holds a master’s degree or even a higher educational degree” (Zhang, 2017).   |
| Integration                     |  | <b>“Not completed”</b><br>“...the integration process is still not fully completed” (Marquardt, 2017, p. 27).  | <b>“Completed”</b><br>“...the integration process lasted for more than three years” (Zhang, 2017, p. 10).   |
| KPI                             |  | <b>“Mission Impossible”</b><br>“...the given KPI’s were “mission impossible”. The European colleagues considered them as a joke” (Zhang, 2017, p. 21).   | <b>“Frogs Staying in Tepid Water”</b><br>“...the dictated KPI as normal (achievable) – says, it’s not about westerns market saturation; Instead he compares his European colleagues with “frogs staying in tepid water” (Zhang, 2017, p. 21).   |
| Business Morale                 |  | <b>“Cannibalism”</b><br>“...the prices dropped to a point where Motorola got out and only 2 firms were in the race. Both firms were from Hytera. But the price went down. We immediately called the UK branch and told them to stop because we won as a group. But the other unit has offered further lower prices and we have lost as Hytera EUR 60’000.00” (Marquardt, 2017, p. 39). | <b>“Cost of Manpower”</b><br>“...In China, many things are defeated by people. If I need more capacity, I’ll just hire new people. I can’t do that in Germany. The manpower is far too expensive - I have to trim for efficiency” (Marquardt, 2017, p. 32).   |
| Integration                     |  | <b>“Not Completed”</b><br>“...the integration process is still not fully completed” (Marquardt, 2017, p. 27).  | <b>“Completed”</b><br>“...the integration process lasted for more than three years” (Zhang, 2017, p. 10).   |

Table 6: *Different Point of Views*

#### 6.1.6.1.6 Various Attempts to Solve the ProblemS

a. Intercultural Training

Hytera organized intercultural training for every employee in Europe. The training was led by Doctor Holzmann, a German specialist for intercultural Chinese trainings.

b. Important Speech of Chairman Chen and Promise of new Investment

In order to stabilize the situation, Chairman Chen made an important speech in Germany. He pointed out the fact that PMR had experienced losses for the past 10 consecutive years. The main reason was the high cost and limited market in Europe. So, the production should be replaced to China (Even within the R&S group, PMR GmbH did not produce by itself but outsourced the production to some European deliverers). In addition to that, he promised to invest in the global sales network for PMR for opening new markets, and to invest in R&D in Germany. While keeping PMR GmbH operating autonomously, he provided 10 million Euros as further investment fund. The speech comforted the employees. In 2014, Hytera kept the promise and paid 10 million euros to maintain the smooth operation of the German subsidiary. Furthermore, a new research centre was build in Germany.

c. Retention Program

In order to stop the brain drain, Chairman Chen introduced a retention program, which meant that whoever stayed in the company for two years during the transition period, will receive an extensive compensation.

d. Lowering the KPI Criterion

After a while Hytera had to lower the KPI's for the German subsidiary, since it was impossible to reach (Zhang, 2017, p. 21).

e. Introducing the Incentive Scheme.

In addition to that, staff received a pay rise and started to work under incentive schemes.

#### 6.1.6.1.7 Performance

Dr. Marquardt said, the German subsidiary could operate relatively independently, gain new business areas. Its sales increased dramatically.

a. Sales and Annual Report

In 2012, as PMR GmbH was taken over, its sales was 20 million EUR; at the end of 2017 the sales reached 100 million EUR. Dr. Marquardt anticipated, the sales will increase with additional 20 million by the end of 2018. On April 3, 2018, the annual report of Hytera 2017 was officially released. The annual results indicated a rapid growth. The overall revenue reached 5.351 billion RMB (849 million USD), a year-on-year increase of 55.77%. The proportion of overseas revenue increased steadily, accounting for 60.34% of the total revenue.

b. Job Creation – Staff Increase

Hytera and PMR as well, could successfully increase their workforce. Within the Hytera group, the total number of employees increased from 6'000 to about 8'000 in no time. Before the merger, PMR had 106 employees and now the number of employees in Hytera's German subsidiary has risen to 250. The new recruits are mainly sales staff and R&D personnel. The figure represents an exceptional growth rate for an European firm.

c. Cost Reduction

According to Mr. Zhang, due to the internalization of the production, the costs of PMR products could have been reduced by 50%.

d. Projects

After the takeover, both firms were initially able to land major projects, located in each other's home market: PMR started to do business with Chinese subways (Zhang, 2017, p. 4). Furthermore, Hytera (as group) was able to win a significant project in the Netherlands. The project involves a nation-wide network for the Dutch Police Force, amounted 100 million EUR (Marquardt, 2017, p. 2). In addition to their voluminous dimension, such projects will help both firms to further establish their brands and gain trust among potential customers. Those projects are very good references and are able to open the doors of new markets (Marquardt, 2017, p. 37).

#### 6.1.6.2 Long Term Integration

According to Mr. Zhang, staff resistance is now almost zero and the new parent is fully accepted. This favorable status is also partially owned to the various benefits PMR staff started to witness after the takeover took place. In the words of Mr. Zhang: *“As a matter of fact, we have got on well with each other later on. They saw their development and witnessed advantaged of joining us. If they had not got benefits from the acquisition, things would have been different”* (Zhang, 2017, p. 10). According to Mr. Zhang the integration process lasted for approximately three years.

## 6.1.7 Summary

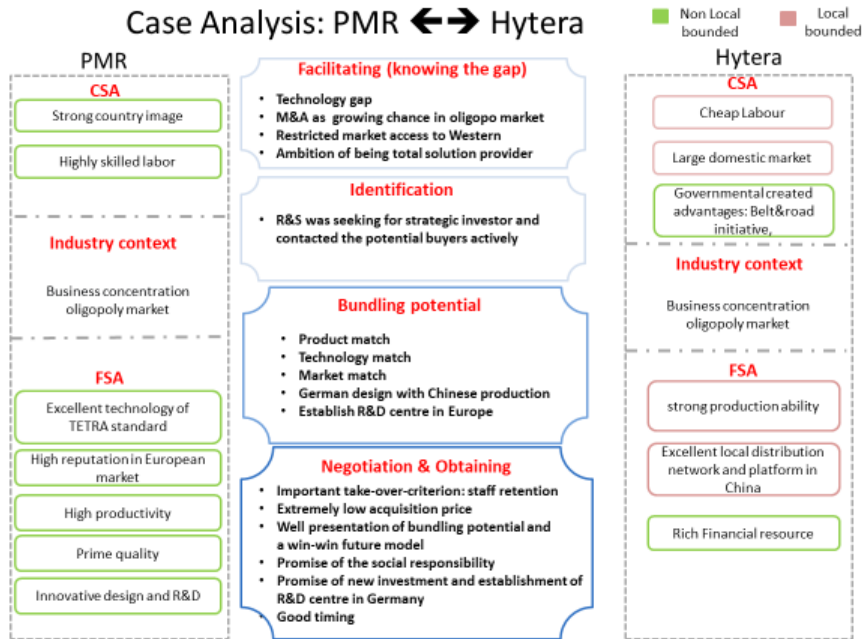


Figure 4: Summary Hytera - PMR A

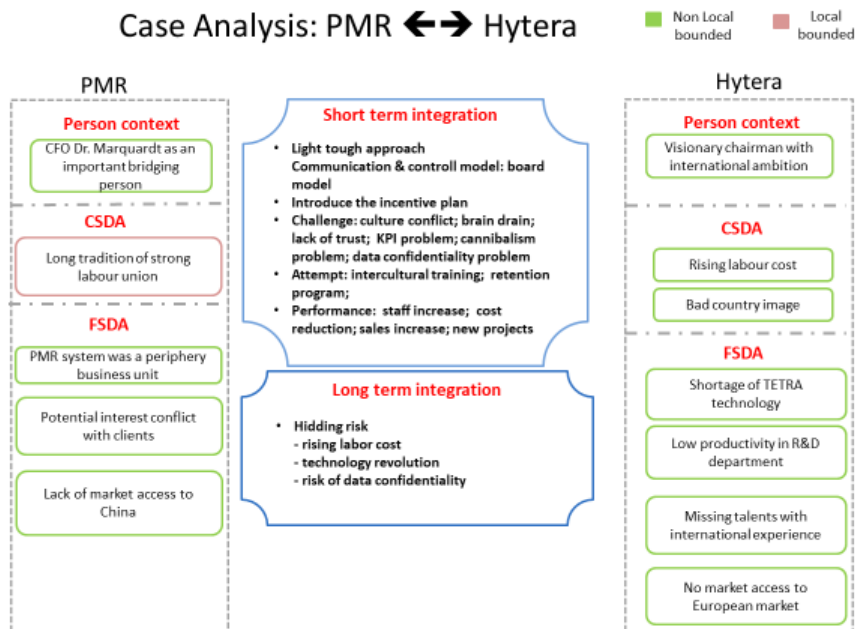


Figure 5: Summary Hytera - PMR B

## 6.2 Greatstar

### 6.2.1 About the Interviews

#### 6.2.1.1 First Interview: Mr. Feng Li

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|                            |  |
|----------------------------|--|
| Interviewee:               | Mr. Feng Li  |
| Time:                      | September 9 <sup>th</sup> , 2017, 15:00-17:30  |
| Location:                  | Greatstar Headquarters in Hangzhou   |
| Background of Interviewee: | Mr. Feng Li is 38 years old and currently serving as Vice President in Hangzhou Great Star Industrial Co. He is serving the company from the very beginning on. Mr. Feng Li is holding a degree in International Trade from Zhejiang University. |

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*Table 7: Interview Mr. Feng Li (1)*

#### 6.2.1.2 Second Interview: Mr. Feng Li

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|                            |                                 |
|----------------------------|---------------------------------|
| Interviewee:               | Mr. Feng Li                     |
| Time:                      | January 29 <sup>th</sup> , 2018 |
| Location:                  | Via Telephone                   |
| Background of Interviewee: | Same as above                   |

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*Table 8: Interview Mr. Feng Li (2)*



## 6.2.2 General Information about Great Star, Arrow and Goldblatt

### 6.2.2.1 Great Star

|                             |   |
|-----------------------------|---|
| Name                        | <b>Hangzhou Greatstar Industrial Co Ltd</b>                                       |
| Establishment (Date, Place) | 1993, Hangzhou  |
| Field of Industry           | Tools   |
| Ranked within the Industry  | 1 <sup>st</sup> (domestic), 3 <sup>th</sup> (global)                              |
| Headquarters                | Hangzhou, China   |
| President                   | Mr. Jianping Qiu  |
| Number of Employees         | ~ 6'600 (2018)  |
| Major Products/Services     | Tools   |
| Listed (yes/no)             | Yes, Shenzhen Stock Exchange  |
| Acquisition History         | Took over several Companies   |
| Revenue                     | 500 Million USD   |
| Website                     | <a href="http://www.greatstartools.com/en/">http://www.greatstartools.com/en/</a> |

*Table 9: Summary Greatstar*

Great Star is a leading developer, manufacturer, and supplier of tools, located in Hangzhou, China. The firm was established back in 1993. Despite its young age, the company managed to become the biggest hand tool vendor in Asia. It specializes in designing and manufacturing high quality products for DIY, professional and industrial markets. The company has around 6600 employees. Although Greatstar seeks to become an internationally-recognized brand, it is still producing equipment as an OEM as well. In order to reach this goal, Greatstar took over several well-known and tradition-rich firms – mostly in the U.S. (Greatstar, 2018).

### 6.2.2.2 The Internationalization of Greatstar

The first three years of its company history, Greatstar used to be an OEM only. The firm subsequently moved to an advanced pattern of internationalization. Greatstar enjoyed a rapid internationalization development. The company first started to internationalize by exporting to US clients (Li, 2017, p. 5). There were two driving forces for internationalization; 1) Greatstar did not have an own brand, and 2) the company was

strong in copying others' products. In order to leave the position of being an OEM and start to manufacture products on its own (and therefore become a price setter) the firm started to engage in foreign direct investment in form of cross-border acquisitions (Li, 2017, p. 6). Greatstar then took over several tradition-rich firms, including Goldblatt, Arrow and Jorgensen & Pony. Almost all merged companies are American ones, producing high-quality tools (Li, 2018, p. 7). Nowadays, 90% of Greatstar's products are sold overseas. The U.S. accounts for 60% of Greatstar's market, Europe has a 30% share, and China accounts for only 5%. The company managed to get ranked on the very top in China and the US. However, on a global scale it is only the number three, after SBD Stanley Black & Decker, and APEX (Li, 2018, p. 3). In the near future, Greatstar is planning to take a more professional approach, engaging in B2B (Li, 2017, p. 2).

### 6.2.2.3 Arrow

|                             |   |
|-----------------------------|---|
| Name                        | <b>Arrow</b>  |
| Establishment (Date, Place) | 1929, USA   |
| Field of Industry           | Tools   |
| Ranked within the Industry  | Leader  |
| Headquarters                | Saddle Brook, NJ  |
| CEO / Managing Director     | Gary DuBoff   |
| Number of Employees         | ~ 200   |
| Major Products/Services     | Tools (especially Staple Guns)  |
| Listed (yes/no)             | Yes   |
| Acquisition History         | Got took over by Greatstar  |
| Revenue                     | ?   |
| Website                     | <a href="https://www.arrowfastener.com/">https://www.arrowfastener.com/</a> |

*Table 10: Summary Arrow*

Arrow was founded in 1929. The company (based in Saddle Brook, NJ, USA) is an absolute leading manufacturer of staple guns and heavy-duty staples in North America. The firm sells its products through a large network of retailers and through its online portal. Arrow enjoys a well-known brand which is mostly owed to its absolute iconic Arrow T50 staple gun, which is considered the by far best-selling heavy-duty staple gun in the world. Despite its well-known brand and iconic products, Arrow got took over by Greatstar in 2017 (Arrow, 2018).

#### 6.2.2.4 Goldblatt

|                             |   |
|-----------------------------|---|
| Name                        | <b>Goldblatt Tool Company</b>   |
| Establishment (Date, Place) | 1885, Olathe  |
| Field of Industry           | Tools   |
| Ranked within the Industry  | Leader  |
| Headquarters                | Saddle Brook, NJ  |
| CEO / Managing Director     | Derek Seitz   |
| Number of Employees         | > 100   |
| Major Products/Services     | Hand tools  |
| Listed (yes/no)             | Yes   |
| Acquisition History         | Got took over by Greatstar  |
| Revenue                     | ?   |
| Website                     | <a href="https://www.goldblatttool.com/">https://www.goldblatttool.com/</a> |

*Table 11: Summary Goldblatt*

Goldblatt was founded in 1885 and is based in Olathe, Kansas. The company specializes in concrete, masonry, tile, and drywall tools. It is considered a famous company with a very well-known brand. Goldblatt markets its products mostly through hardware stores and home centers to do-it-yourself homeowners, contractors, and professional installers in the United States and internationally. Because of declining sales, the company got took over by Greatstar in 2011. Greatstar also used to be an OEM of Goldblatt (Goldblatt, 2018).

## 6.2.3 Competitive Advantages and Disadvantages of Great Star

### 6.2.3.1 Competitive Advantages

#### 6.2.3.1.1 Country-specific Advantages (CSA)

##### a. Cheap Labor

The main advantage on a country-specific basis, is certainly the (still) very cheap Chinese labor force. According to Mr. Li, the cheap labor force of China is giving Greatstar the competitive advantage over American firms (Li, 2017, p. 8).

#### 6.2.3.1.2 Industry Context

In Mr. Li's opinion, the Chinese people working in this industry are more flexible compared with their American colleagues. While the American workers are feeling relaxed and are generally satisfied with their situation, the Chinese employees are starving for more work, in order to improve their financial and social position. So, in case clients require to change a feature of a specific product, Americans are not keen on coming up to meet the customer's changed needs. According to Mr. Li, the Americans working in the tool industry are therefore inflexible towards clients' demand and turn a deaf ear to their desires. In contrast, the Chinese are much more flexible (Li, 2017, p. 9).

#### 6.2.3.1.3 Firm-specific Advantages (FSA)

##### a. Manufacturing Expertise

Due to its long history of being an OEM, and therefore being on constant pressure regarding low cost production, Greatstar learned how to manufacture their products highly efficient. In addition to that, the company has a lot of very highly skilled employees working in production (Li, 2017, p. 15).

##### b. Speed of Innovation

The firm's innovation force lays still in China. According to Mr. Li, this is mainly because innovations are developed around ten times faster than they would have in the acquired American firms. While the American engineers develop each new product step-by-step, in a very time-consuming fashion, Chinese employees working in research and development departments, are engaging in innovations simultaneously with state-of-the-art infrastructure available (Li, 2017, p. 27).

c. Flexibility

The above-mentioned flexibility of Greatstar and its employees towards changing customer needs, can be considered as a firm-specific advantage as well. Also, Mr. Li describes himself as a flexible person, who does not spare his efforts to adapt to customers' needs (Li, 2017, p. 9).

6.2.3.1.4 Management Context

In order to motivate senior executives, Greatstar is following the "361" pattern. 361 refers to three managers who were the most successful in the past year, six doing ok, and one executive who underperformed and therefore gets demoted (Li, 2017, p. 21). In Addition to that, Greatstar usually lays off the general manager of newly acquired firms, since they typically earn very high salaries. By promoting the former vice general manager and therefore slightly increasing his or her salary, the firm figured out an efficient way of saving vast amounts of wage costs (Li, 2017, p. 24).

6.2.3.2 Competitive Disadvantages

6.2.3.2.1 Country-specific Disadvantages (CSDA)

a. Rising Wage Level

In the long run, the expectations of Chinese employees will rise significantly. Therefore, Greatstar has to observe the increasing wage level and include it in the its strategic planning.

6.2.3.2.2 Industry Context

None.

6.2.3.2.3 Firm-specific Disadvantages (FSDA)

a. Missing Brand

According to Mr. Li, the main reason (together with the missing market channels) for Greatstar's internationalization in the first place, is the fact that the company is missing a strong brand. Without a strong brand, Greatstar would have never been able to escape the OEM position and move on to more promising business conditions (Li, 2017, p. 6).

b. Missing Channels

On the other hand, Greatstar's engagement in foreign direct investment was motivated by missing channels. According to Mr. Li, Greatstar simply couldn't spot enough opportunities to sell its products and would have never been able to gain access to foreign markets like the US (Li, 2017, p. 6).

6.2.3.2.4 Management Context

According to Mr. Li, before the engagement in cross-border acquisitions, Greatstar unfortunately couldn't rely on highly skilled top executives (Li, 2017, p. 7). It is a widely-known fact, that Chinese executives often lack necessary management competences, since successfully enterprises only just started to emerge and therefore wasn't enough time for managers to accumulate a broad set of such skills and experiences.

6.2.4 Strengths and Weaknesses of Arrow

6.2.4.1 Core Assets and Key Competences

6.2.4.1.1 Country-specific Advantages (CSA)

a. High Customer Purchasing Power

According to Mr. Li, the purchasing power between China and North America still varies significantly. In order to cope with the different levels of purchasing power, Greatstar chose to sell the products containing out of high-quality material overseas and using low-quality materials for products intended to sell domestically. Since around 90% of Greatstar's sales are generated overseas, this issue is considered a competitive advantage for every company (including Arrow) operating in the north American market (Li, 2017, p. 4).

6.2.4.1.2 Industry Context

Arrow has very much gained ground in the United States. The company owns nearly 60% of market share in major US supermarket chains. Furthermore, the firm accounts for 38% market share regarding professional industries. Therefore, Arrow is considered the absolute leader in this industry (Greatstar, 2017).

#### 6.2.4.1.3 Firm-specific Advantages (FSA)

##### a. Very Strong Brand & Reputation

According to Mr. Qiu Jianping (President of Greatstar), Arrow enjoyed a highly renowned reputation and was said to have a very strong brand (Greatstar, 2017). Mr. Li agrees, and adds that Chinese companies such as Greatstar simply are not able to compete with century-old brands like Arrow (Li, 2017, p. 7).

##### b. Marketing and Sales Capabilities

According to Mr. Champin Chou (CEO of Greatstar), Arrow does have extensive marketing and sales capabilities. This specific advantage was increasing Greatstars' interest in taking over the company (Prnewswire, 2017).

##### c. Strategic Market Position

Arrow President Gary DuBoff, mentioned that the Arrow's New Jersey facility is strategically well located in order to serve the North American market. The facility later became the primary distribution center for Greatstar products, which further improved Greatstars proximity to US customers (Prnewswire, 2017).

#### 6.2.4.1.1.4 Management Context

None.

#### 6.2.4.2 Competitive Disadvantages

##### 6.2.4.2.1 Country-specific Disadvantages (CSDA)

##### a. Expensive Labor Costs

What is considered the main advantage on a country-specific basis for China, is simultaneously representing the most disadvantageous factor for the U.S.: According to Mr. Li, the American firms are suffering from high level of labor costs, which is having a strongly negative impact on the competitiveness of firms such as Arrow (Li, 2017, p. 8).

##### b. Slow Growing Economy

In addition to the expensive labor costs, the country is currently experiencing very slow growth rates.



#### 6.2.4.2.2 Industry Context

None.

#### 6.2.4.2.3 Firm-specific Disadvantages (FSDA)

a. Poor Innovation

Due to a time-consuming, step-by-step developing procedure, American firms such as Arrow, only accomplish innovations very slowly. According to Mr. Li, Arrow is up to ten times slower in developing new innovations, compared to Greatstar (Li, 2017, p. 27).

b. Poorly managed Automatization

Although Arrow adapted to the ongoing trend of automatization, the company still has much higher operating costs in comparison to Greatstar. With the same level of automatization (including robots) as their American colleagues, Greatstar is able to operate at much lower costs (Li, 2017, p. 9).

c. Missing Investment Capabilities

According to Mr. Chou, Arrow was lacking investment capabilities in order to accelerate its growth rate (Contractorsupply, 2017).

#### 6.2.4.2.4 Management Context

During the interviews with Mr. Li, the senior executive mentioned the bad habits of American managers. In his opinion, American senior executives are lacking the aspiration to make progress. Comparing their Chinese colleagues who are always thirsty for development, Americans tend to read the newspaper, have a cup of coffee and leave the office around 3 p.m. In addition to that, American top executives, such as general managers, often earn salaries which are tremendously high. For example, the former CEO of Pony (which got acquired by Greatstar in 2013) used to earn 1.2 million USD. (Li, 2017, p. 24).

## 6.2.5 Strengths and Weaknesses of Goldblatt

### 6.2.5.1 Core Assets and Key Competences

#### 6.2.5.1.1 Country-specific Advantages (CSA)

a. High Customer Purchasing Power

Same as Arrow, therefore see 6.2.4.1.1

#### 6.2.5.1.2 Industry Context

None.

#### 6.2.5.1.3 Firm-specific Advantages (FSA)

a. Very Strong Brand & Reputation

Goldblatt is enjoying a very high reputation, combined with a strong brand. According to Mr. Li, Goldblatt represents a century-old-fame and is loved by everyone (Li, 2017, p. 10).

b. Price Setter

Furthermore, the firm holds the pricing power. Mr. Li explained during the interview, that OEM's (such as Greatstar before the mergers) are in a bad situation. According to him, OEMs are only able to compete with competitive pricing. The favorable position of a brand company (which designs products and leaves manufacturing to OEMs and therefore is able to set the price) is what firms such as Greatstar strive for (Li, 2017, p. 6).

#### 6.2.5.1.4 Management Context

None.

## 6.2.5.2 Competitive Disadvantages of Goldblatt

### 6.2.5.2.1 Country-specific Disadvantages (CSDA)

#### a. Expensive Labor Costs

Same as Arrow, therefore see 6.2.4.2.1

### 6.2.5.2.2 Industry Context

The company was operating in fierce competition. For example, Goldblatt's products were copied by OEMs such as Greatstar, which were able to redesign tools and reproducing them at half of Goldblatt's price. Thus, Goldblatt experienced missing sales and shrinking profits. In addition to that, the company was not competitive compared with Chinese rivals regarding working hours. While Goldblatt's factories were running around six hours a day, the Chinese firms (operating in the same industry) recorded working hours around twelve hours a day (Li, 2017, p. 8).

### 6.2.5.2.3 Firm-specific Disadvantages (FSDA)

#### a. Declining Sales

Due to the unfavorable industry circumstances (threat of being copied and low competitiveness to Chinese rivals) Goldblatt was experiencing declining sales. According to Mr. Li, once they spotted the declining sales of Goldblatt, Greatstar approached Goldblatt and finally targeted the century-old brand (Li, 2017, p. 10).

### 6.2.5.2.4 Management Context

Same as Arrow, therefore see 6.2.4.2.4

## 6.2.6 Process of Acquisition

There are extensive similarities between both acquired firms (Arrow and Goldblatt) in terms of their individual advantages and disadvantages, the takeover process they have gone through, and the available potential which they offer. Both mergers mainly focus on the strong brands and distribution channels which can be offered by Arrow and Goldblatt.

## 6.2.6.1 Arrow

### 6.2.6.1.1 Facilitation – Knowing the Gap

#### a. Offsetting each other's Weaknesses

Both firms know that they are lacking the other's strengths and are more than willing to merge in order to offset each other's weaknesses. While Greatstar is mainly lacking a strong brand and market channels, Arrow has to face stagnant growth rates, a very inefficient innovation force and high labor costs, including overpaid – and underperforming – senior executives.

### 6.2.6.1.2 Identification

#### a. Personal Relationship between Top Executives

Mr. Li used to know an Arrow top executive and established a good relationship with him. In times of trouble, the manager (at that time still working for Arrow) assisted Mr. Li by advising him how to deal with some problems. The identification process was heavily facilitated by this relationship. Once the takeover was completed, he transferred to Greatstar. (Li, 2017, p. 3).

#### b. Greatstar used to be an OEM for Arrow

According to Mr. Li, Greatstar was always well aware of Arrow, since they not only operated in the same industry, Greatstar also used to be an original equipment manufacturer, supplying Goldblatt (Li, 2017, p. 8).

#### c. Personal Relationships

During a long period of time, Mr. Qiu Jianping repeatedly visited Arrow in order to keep up a good relationship and investigate the firm's development. According to him, Arrow was indeed giving a good impression, however, their changes in business and manufacturing procedures only changed very slightly over the years. Thus, Arrow wasn't able to keep up with the modernization of Greatstar (Greatstar, 2017).

### 6.2.6.1.3 Bundling Potential

---

a. Brand Match

---

Brand (Arrow) ↔ Investment Capabilities (Greatstar)

---

During the Interviews, Mr. Li mentioned the strong brand of Arrow and its beneficial impact on Greatstars prominence (Li, 2017, P. 6). In addition to that, Greatstar's investment capabilities will help to increase Arrow's growth rates (Contractorsupply, 2017).

---

b. R&D Match

---

Marketing Capabilities (Arrow) ↔ Innovation and Manufacturing Expertise (Greatstar)

---

The marketing capabilities of the American firm combined with the rapid innovation process of Greatstar and its distinctive manufacturing expertise with focus on low operating costs, enable the both firms to gain competitive edge over their remaining rivals (Prnewswire, 2017).

---

c. Market Match

---

Strategic Market Position (Arrow) ↔ Global Reach (Greatstar)

---

According to Mr. Chou, the strategic market position and market channels of Arrow, in combination with Greatstar's global reach is from significant value for both firms (Prnewswire, 2017).

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*Table 12: Bundling Potential Greatstar - Arrow*

#### 6.2.6.1.4 Negotiation & Obtaining

##### 6.2.6.1.4.1 Negotiation

a. Secret Bidding Process

The sale of Arrow was conducted in a secret bidding process. According to Mr. Li, every potential buyer was labeled with letters and engaged in private negotiations (Li, 2017, p. 12).

b. Investigating Arrow's Clients Base

Greatstar was actively investigating Arrow's client base and engaged in conversations with its major present and future customers (Li, 2017, p. 15).

c. Preparation Team

According to Mr. Li, Greatstar set up its own preparation team, consisting of senior executives with different backgrounds, including lawyers, financial personnel, senior executives involved with manufacturing and R&D (Li, 2017, p. 14).

d. Help of External Parties

During the takeover process, Greatstar received help from external parties, such as investment banks (Li, 2017, p. 10).

e. Due Diligence

According to Mr. Li, legal and financial due diligence were conducted on both sites (Li, 2017, p. 11).

f. 5 Million Deposit

Since Arrow disclosed many business and manufacturing secrets, it required potential buyers to underpin their interest and promise to not exploit this situation. Greatstar paid a 5 million USD deposit, in case the contract would have been breached (Li, 2017, p. 15).

g. Promise of Leaving Arrow unchanged

Greatstar promised to leave the company (staff) unchanged (Li, 2018, p. 4).

h. Takeover Price

After the negotiations, the takeover price was set at 125 million USD, which is equivalent to 860 million RMB (Greatstar, 2017).

#### 6.2.6.1.4.2 Obtaining

##### 6.2.6.1.4.2.1 Reason for Selling

a. Shareholders

According to Mr. Li, the majority of Arrow shares were held by family members. By selling their firm, the shareholder's financial situation improved significantly. (Li, 2017, p. 13).

b. Unfavorable Market Conditions

At that time, Arrow was stuck in an unfavorable market condition. The company was facing declining sales, a stagnating economy and no resources for future investment (Contractorsupply, 2017).

c. Stanley Black & Decker

Arrow's biggest competitor, Stanley Black & Decker (SBD) was involved in the bidding process. According to Mr. Li, if Arrow would have got taken over by its competitor, SBD would have had almost 100% of market share. However, Arrow feared that once SBD would dominate the market on their own, they would have an incentive to assimilate Arrow into their own brand. Thus, Arrow was keen on being sold to some other firm (Li, 2017, p. 12). Mr. Li was sure that, once SBD would have bought Arrow, there would have soon followed a mass lay off (Li, 2017, p. 13).

#### 6.2.6.1.4.2.2 Reason for Obtaining

a. Promising Projects in Pipeline

With a takeover price of 125 million USD (or 860 million RMB), the price was 5% over budget. According to Mr. Li, the 5% were justified, since Arrow had promising projects in its pipeline (Li, 2017, p. 26).

b. Opportunity to become a Price Setter

Greatstar was actively looking for ways to escape its unfavorable situation as an OEM. In order to become a price setter, instead of a price taker, the company had to acquire strong brand such as Arrow (Li, 2017, p. 6).

c. Greatstar Observed a Decline in Arrow's Sales

Arrow repeatedly experienced declining sales – which got noticed by Greatstar. The Chinese firm took this opportunity and approached Arrow in order to declare interest (Li, 2017, p. 10).



## 6.2.6.2 Goldblatt

### 6.2.6.2.1 Facilitation – Knowing the Gap

#### a. Offsetting each other's Weaknesses

Same as Arrow, therefore see 6.2.6.1.1

#### b. Declining Sales of Goldblatt

Greatstar spotted the opportunity when it witnessed the recurring declining sales of Goldblatt (Li, 2017, p. 10).

### 6.2.6.2.2 Identification

#### a. Former Client

According to Mr. Li, before the merger, Goldblatt used to be Greatstar's client. (Li, 2017, p. 8).

#### b. Same Terminals

Furthermore, both firms were sharing the same terminals. Goldblatt and Greatstar used to sell their products in Lowe's retail shops and in OBI (Li, 2017, p. 8).

### 6.2.6.2.3 Bundling Potential

The bundling potential between Greatstar and Goldblatt is identical to Arrow's case, therefore see 6.2.6.1.3

### 6.2.6.2.4 Negotiation & Obtaining

#### 6.2.6.2.4.1 Negotiation

#### a. Very short Process & Due Diligence

According to Mr. Li, it took Goldblatt only about three months to make the final decision. Also, the due diligence process lasted no longer than three to six months (Li, 2017, p. 16).

#### b. Government Investigations

After Goldblatt conducted due diligence and consequently decided to make an official offer, four or five additional investigations conducted by the American government followed (Li, 2017, p. 16).

c. Problems with former Owner

Shortly after Greatstar took over Goldblatt, the former owner set up a new company and started to copy Goldblatt's products. However, according to the contract which got signed by both parties, this was strictly forbidden. Thus, Greatstar filed a lawsuit against the former owner. In the end, he had to remove his products from the shelves and additionally had to pay a large compensation (Li, 2017, p. 19).

d. Other Interested Parties invited

According to Mr. Li, Goldblatt invited 5-10 other potentially interested companies (Li, 2017, p. 11).

e. Promise of Leaving Arrow unchanged

Same as Arrow, therefore see 6.2.6.1.4.1

f. Preparation Team

Same as Arrow, therefore see 6.2.6.1.4.1

g. Help of External Parties

Same as Arrow, therefore see 6.2.6.1.4.1

6.2.6.2.4.2 Obtaining

6.2.6.2.4.2.1 Reason for Selling

a. Unfavorable Market Conditions

Same as Arrow, therefore see 6.2.6.1.4.2.1

6.2.6.2.4.2.2 Reason for Obtaining

a. Opportunity to become a Price Setter

Same as Arrow, therefore see 6.2.6.1.4.2.2

## 6.2.7 Post-Acquisition Integration

### 6.2.7.1 General

#### a. American Labor Law

The United States Labor Law prohibits to lay off employees within the first year after a takeover. According to Mr. Li, this constitutes a nonnegotiable prerequisite (Li, 2018, p. 4).

#### b. Acceptance of Mergers

According to Mr. Li, the acquired American firms accept the mergers very well. This is mainly because of the positive future direction which is set by Greatstar, and the fact the firms were in constant contact for the previous years. In addition to that, there is a high level of trust, since the acquired firms entrusted their century-old brand to Greatstar. Hence, Arrow and Goldblatt expect Greatstar to bring them towards a more promising future (Li, 2018, p. 4).

#### c. Unexploited Markets for American Firms

For Arrow and Goldblatt, China used to be an unexploited country. The merger helped them to access the Chinese market. This is also the case with the European market (and especially the German Market), where Arrow's and Goldblatt's products haven't been available (Li, 2018, p. 5).

### 6.2.7.2 Arrow

#### 6.2.7.2.1 Short Term

##### a. Light-touch Integration & "Addition"

Only slightly changes in staff and management imply that, in the case of Arrow's takeover, Greatstar applied a light-touch integration approach. In the words of Mr. Li: "*Other enterprises such as Stanley tend to do subtraction after the merger since the company had a lot of overlaps - we are not doing subtraction, but addition.*" (Li, 2017, p. 16).

##### b. Wholly Owned Subsidiary

Greatstar took over a 100% stake. Thus, Arrow now is a wholly-owned subsidiary (Li, 2017, p. 17).

c. No Staff Lay off

According to Mr. Li, there was no employee layoff at all. However, some staff got reassigned to different locations (Li, 2017, p. 14).

d. Product Range Extension

Arrow is widely known as a nail gun manufacturer. However, the company tends to refuse to manufacture other similar products. In the opinion of Mr. Li this behavior is narrow-minded and uncompetitive. After the merger, Greatstar started to push the acquired firm to expand its product portfolio (Li, 2018, p.5).

e. Adopting to Global Strategies

According to Mr. Li, the family enterprise had some limitations before it got merged by Greatstar. The firm is for example, carried on from generation to generation with insignificant changes. After the merger, Arrow is expected to adopt a more competitive global strategy (Li, 2018, p. 5).

f. New Markets Available

As above mentioned, after the merger, Arrow gained access to various markets with significant future potential (Li, 2018, p. 5).

g. Increasing Turnover

Due to the new channels, Arrow was able to increase its turnover by 30%, only one year after the takeover (Li, 2018, p. 8).

h. Staff Relocation

After merging Arrow and Goldblatt, Greatstar combined their sales personnel. Consequently, the work that used to be done by three people, now can be completed by two. The newly available employee then got shifted to another position (Li, 2017, p. 3).

i. Staff Rotation

Since the staff was retained completely, no Chinese executives were sent to Arrow in order to take over their predecessor's work. However, Management staff, will visit the subsidiaries and vice versa. There is also an exchange between the sales, marketing and production personnel, which is called "Rotation". By doing so, Greatstar tries to ensure, that every employee would be able to switch job position instantly (Li, 2017, p. 18).

j. Culture Differences

According to Mr. Li, Greatstar was experiencing some cultural differences during the integration process. In his opinion, American staff is living a totally different lifestyle, and using a different way of thinking. Employees of Arrow tend to relax and enjoy their lives, rather than be eager to work hard (Li, 2017, p. 7).

6.2.7.2.2 Long Term

According to Mr. Li, there must be an integration sooner or later. At the moment Greatstar is maintaining its previous approach and is not planning to make any changes in the first three years. However, After the fourth year, Greatstar will start to integrate the acquired firm (Li, 2017, p. 27).

### 6.2.7.3 Goldblatt

#### 6.2.7.3.1 Short Term

a. Light-touch Integration

Same as Arrow, therefore see 6.2.7.2

b. Wholly Owned Subsidiary

Same as Arrow, therefore see 6.2.7.2

c. Staff Relocation

Same as Arrow, therefore see 6.2.7.2

d. Staff Rotation

Same as Arrow, therefore see 6.2.7.2

e. Product Range Extension

According to Mr. Li, Greatstar pushed Goldblatt to extent its product portfolio after the merger. By doing so, Goldblatt managed to double its products available for sale (Li, 2017, p. 26).

f. Incentive Scheme

After the merger, Greatstar immediately introduced an incentive scheme. Goldblatt employees are newly getting paid in accordance to their performance (Li, 2017, p. 22).

g. No Resistance during Merger

According to Mr. Li, no resistance from the American companies and their staff was felt, during the integration process (Li, 2017, p. 3).

h. Improved Reachability

According to Mr. Li, American managers are often on vacation. In order to improve their reachability, Greatstar set up a new rule: every employee is obliged to check his or her E-mails at least once a day (Li, 2017, p. 25).

i. Vice General Manager becomes General Manager

Greatstar always tries to promote the former vice general manager while simultaneously rise his or her salary, in order to be able to dismiss the former general manager, often earning a very large salary (LI, 2017, p. 24).

#### 6.2.7.3.2 Long Term

a. Declining Staff

After the acquisition the number of the staffs declined every year with a progressive rate of 3-5% in order to improve the facility (Li, 2017, p. 23).

b. “Investment vs. Layoffs”

In the future, Greatstar is only willing to provide financial support when at the same time the subsidiary is dismissing employees. For every million invested, two employees have to be laid off (Li, 2017, p. 23).

## 6.2.8 Summary

### 6.2.8.1 Arrow

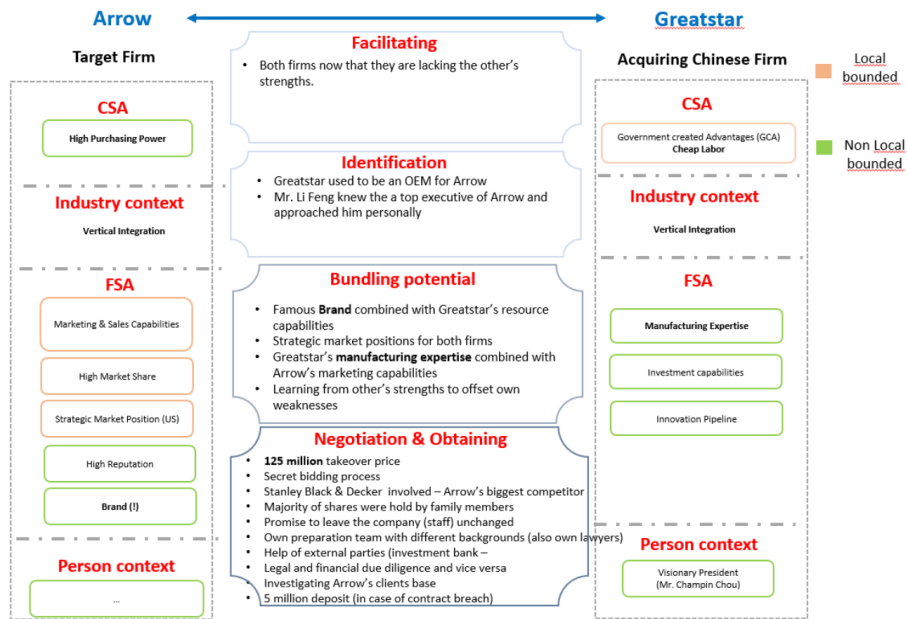


Figure 6: Summary Greatstar – Arrow

### 6.2.8.2 Goldblatt

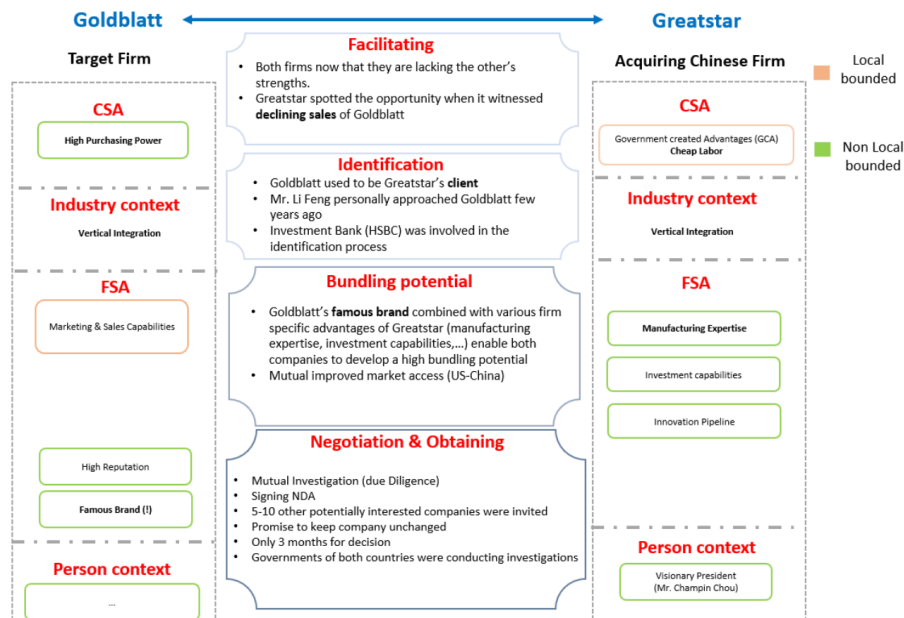


Figure 7: Summary Greatstar - Goldblatt



## 6.3 Jinsheng

### 6.3.1 About the Interviews

#### 6.3.1.1 First Interview: Mr. Heinrich Fischer

|                            |   |
|----------------------------|---|
| Interviewee:               | Mr. Heinrich Fischer, former CEO, and current President of Saurer AG  |
| Time:                      | July 24 <sup>th</sup> 2017  |
| Location:                  | Unknown   |
| Background of Interviewee: | Mr. Heinrich Fischer grew up in Neuhausen am Rheinfall, Switzerland. He is holding a master's degree in Applied Physics & Electrical Engineering from the Swiss Federal Institute of Technology in Zurich. In addition to that, he is holding a MBA degree from Zurich University. Once Saurer got took over by OC Oerlikon (2007), Mr. Fischer resigned from the CEO position. However, once Saurer got purchased by Jinsheng, Mr. Xueping Pan invited Mr. Fischer to take over the role of the President of the Board of Directors. |

*Table 13: Interview Heinrich Fischer*

#### 6.3.1.2 Second Interview: Mrs. Eva Wang

|                            |   |
|----------------------------|---|
| Interviewee:               | Mrs. Eva Wang, CEO, and Director of Heberlein AG  |
| Time:                      | Unknown   |
| Location:                  | Unknown   |
| Background of Interviewee: | As an Australian citizen with a Chinese background, Mrs. Eva Wang is not only perfectly bilingual, she does further have comprehensive working experience in China and Overseas. Mrs. Wang is holding a bachelor's degree in Finance from the Shanghai University of Finances & Economics. Furthermore, she completed her studies with an MBA degree from Monash University. Currently, Mrs. Wang is acting as a Managing Director of Heberlein AG. Additionally, she is holding the position of the Director of the Board. |

*Table 14: Interview Eva Wang*

## 6.3.2 General Information about Jinsheng, Saurer and Heberlein

### 6.3.2.1 Jinsheng

|                             |  |
|-----------------------------|--|
| Name                        | <b>Jinsheng Group</b>  |
| Establishment (Date, Place) | 2000, China  |
| Field of Industry           | Diversified Industrial Corporation   |
| Ranked within the Industry  | Global Leader (in specific fields)   |
| Headquarters                | Jintan (Jiangsu), China  |
| CEO / Managing Director     | Mr. Xueping Pan  |
| Number of Employees         | ~ 10'000   |
| Major Products/Services     | <ul style="list-style-type: none"><li>- Machinery Manufacturing</li><li>- Textile Engineering</li><li>- Bio-Engineering</li><li>- Construction</li><li>- Real Estate</li></ul> |
| Acquisition History         | Took over several high-tech Companies  |
| Revenue                     | CHF 1 Billion (2012)   |
| Website                     | <a href="http://www.jinshenggroup.com/en/">www.jinshenggroup.com/en/</a>   |

*Table 15: Summary Jinsheng*

Jinsheng Industry Limited Company was founded by Mr. Xueping Pan back in the year 2000 as a manufacturing firm. However, it started to diversify its market segments quite early. Jinsheng enjoyed continuous growth and started to align its business in a more international fashion. In 2005, Jinsheng launched two different Joint Ventures in close collaboration with Saurer. Already in 2012, Jinsheng was awarded the “Advance Open Economy Enterprise of Jiangsu Province”. The Oerlikon group purchased Saurer in the year 2007. However, in June 2013, Jinsheng took over the entire textile division from Oerlikon group – including the former Saurer corporation. Therefore, Jinsheng now ranks among the leading international manufacturers in the area of natural fiber textile machinery and customized CNC machine tool industries (Jinsheng, 2018).

#### 6.3.2.2 Internationalization of Jinsheng

Mr. Xueping Pan is attempting to turn Jinsheng into a world-famous firm with strong brands. He therefore has to compensate for Jinsheng's weaknesses by leapfrogging to advanced technologies and superior competences. While acquiring foreign high-quality manufacturers, he is enjoying the Chinese government's support, which is itself eagerly interested to boost Chinese internationalization. Tradition-rich businesses, with highly innovative R&D departments such as Saurer or Heberlein are able to provide these missing key competences and are also willing to transfer their accumulated technological and managerial knowledge. In this way, Jinsheng tries to become a powerful and well-known brand. The massive scale of Jinsheng also enables the company to access on a broad range of various resources needed in order to internationalize through mergers & acquisitions. Compared with state owned enterprises Jinsheng does have a much stronger International orientation (Jinsheng, 2018).

### 6.3.2.3 Saurer

|                             |   |
|-----------------------------|---|
| Name                        | <b>Saurer AG</b>  |
| Establishment (Date, Place) | 1853, Switzerland   |
| Field of Industry           | Textile Machinery Manufacturer  |
| Ranked within the Industry  | Global Market Leader  |
| Headquarters                | Wattwil, Switzerland  |
| CEO / Managing Director     | Clement Woon (since Aug. 2016)  |
| Number of Employees         | 4'000   |
| Major Products/Services     | Textile Machines & Components   |
| Listed (yes/no)             | Yes   |
| Acquisition History         | Got took over by Jinsheng   |
| Revenue                     | ~ 1 Billion Euro  |
| Website                     | <a href="http://saurer.com/en/saurer/">http://saurer.com/en/saurer/</a> |

*Table 16: Summary Saurer*

Saurer was founded in 1853 by Mr. Franz Saurer as an iron foundry. Later on, Saurer was becoming a manufacturer for cars and trucks. After the relocation to Arbon (1869), Saurer started to produce textile machinery. In the following years Saurer enjoyed rapid growth, mainly through acquisitions. However, Saurer eventually got took over by OC Oerlikon in 2007. Dealing with financial issues, OC Oerlikon saw itself forced to resell Saurer in the year 2012. Therefore, Saurer got took over by Jinsheng group in 2012. The company could finally re-establish itself by 2013. Nowadays, the Saurer group consists of five different business units: 1) Spinning, 2) Twisting, 3) Pre-Spinning, 4) Embroidery, and 5) Components (Saurer, 2018).

#### 6.3.2.4 Heberlein

|                             |   |
|-----------------------------|---|
| Name                        | <b>Heberlein AG</b>   |
| Establishment (Date, Place) | 1835, Switzerland   |
| Field of Industry           | High-tech Ceramics (Components)   |
| Ranked within the Industry  | Market Leader   |
| Headquarters                | Wattwil, Switzerland  |
| CEO / Managing Director     | Eva Wang  |
| Number of Employees         | 84  |
| Major Products/Services     | Ceramic Components for Machinery  |
| Listed (yes/no)             | Preparing   |
| Acquisition History         | Got took over by Jinsheng   |
| Website                     | <a href="http://www.heberlein.com/en/">http://www.heberlein.com/en/</a> |

*Table 17: Summary Heberlein*

Heberlein was founded more than 180 years ago, back in 1835 by Georg Philip Heberlein in Wattwil, Switzerland. Since this date on, the company was always heavily influenced by its pioneering spirit and innovative thinking. In its early days Heberlein acted as a yarn dyeing plant – and operated in this sector until 1950. Since the year 1978, all developments in textile machinery construction were discontinued, in favor of a new focus on components. Heberlein introduced ceramic hard machining in the year 1991. The company enjoyed growth through several acquisitions in the early 2000s. However, Heberlein got sold to Saurer in 2005. Two years ago, Heberlein has become a corporation (Heberlein AG). By Swiss Law this is a requirement to get listed publicly. (Heberlein, 2018).

### 6.3.3 Competitive Advantages and Disadvantages of Jinsheng

#### 6.3.3.1 Competitive Advantages of Jinsheng

##### 6.3.3.1.1 Country-specific Advantages (CSA)

a. Cheap Labor

According to Mr. Fischer, China is still dominated by a very cheap labor force – which is why the whole industry moved towards China in the last decades (Fischer, 2017, p. 2)

b. Huge Domestic Market

The Chinese market does provide massive potential and is considered by many business leaders as the most important market for textile machinery manufacturing (Wang, 2017, p. 3).

c. Government created Advantages (GCA)

The Chinese government is actively encouraging firms to “*go out to bring in*” which can be translated to seeking strategic assets abroad, especially in developed countries, mainly to improve their competitiveness in the large home market and using that as a stepping stone for international competitiveness (Ramamurti, 2017). For that reason, the Chinese government is creating attractive advantages such as lending vast amounts of funding through state-owned banks. Without these supportive moves, firms like Jinsheng would not have been able to internationalize on this extent. Jinsheng is actively exploiting these favorable circumstances and is therefore able to takeover promising businesses. According to Mr. Fischer, the Chinese Government actively supported Jinsheng during the bidding process in various ways (Fischer, 2017, p. 17).

##### 6.3.3.1.2 Industry Context

According to Mr. Fischer, the Chinese market place for textiles is highly competitive. In his opinion, it possesses a significant risk for Jinsheng, if it would neglect innovation efforts (for instance in order to cut costs), since the competing firms are also highly innovative (Fischer, 2017, p. 35). Furthermore, the market for high-end quality textile machinery can be viewed as rather oligopolistic. Mr. Fischer states, that only two competing firms (Rieter and Trützschler) are able to manufacture comparable machines (Fischer, 2017, p. 30). In addition to that, it is noticeable, that the market is currently

undergoing strong consolidation. According to Mr. Fischer not only Jinsheng was eager to takeover Saurer. There have been various firms with high interest in purchasing competing rivals, including Rieter (Fischer, 2017, p. 10).

#### 6.3.3.1.3 Firm-specific Advantages (FSA)

##### a. Endorsement of Chinese Government

Jinsheng was able to establish a trustful relationship with the Chinese government and other relevant parties through social and political connections. Enjoying the Chinese government's endorsement enables Jinsheng to operate freely and consequently fully access the Chinese market (Fischer, 2017, p. 38).

##### b. Massive Funds provided by China Development Bank

By providing low-interest loans, to fund acquisitions of foreign companies, the government actively creates a promising business environment for firms like Jinsheng (Luo & Tung, 2007, p. 492). According to Mr. Fischer, Jinsheng used funds provided by the China Development Bank in order to purchase Saurer (Fischer, 2017, p. 14).

##### c. Distribution Network

Jinsheng was able to establish a broad distribution network across the country.

#### 6.3.3.1.4 Management Context

##### a. Visionary Founder & Chairman (Mr. Pan Xueping)

Both interviewees agreed that Mr. Pan Xueping is considered a highly visionary business leader. In addition to that, Mr. Fischer also has a personal relationship with Mr. Pan.

- *“He is a very famous person, He is a man of great charisma. Whoever has worked for him has never left him. Up to now, he is very powerful. Unlike other bosses who lead a hard life to employees, he is a man of generosity, and a kind of nobility and generosity” (Wang, 2017, p. 21).*
- *“I don't need a contract when working with Mr. Pan - We are close friends” (Fischer, 2017, p. 9,14).*

b. Mr. Fischer as Advisor

As a highly experienced executive, Mr. Fischer helped Mr. Pan during the takeover. He was giving Mr. Pan advice concerning strategic and economical questions and was helping the firm to solve legal issues (Fischer, 2017, p. 9,14).

6.3.3.2 Competitive Disadvantages of Jinsheng

6.3.3.2.1 Country-specific Disadvantages (CSDA)

a. Rising Employee Expectations and Increasing Wages

The Chinese government actively creates an advantageous business environment for Jinsheng. However, the Chinese workforce is expecting to get a significant pay rise over the next couple of years. Their expectations highly increased since they all desire to enjoy consumer goods to a larger extent. This issue will cause major problems for Jinsheng, and for Chinese companies in general (Fischer, 2017, p. 32).

b. Bad Image

According to Mr. Fischer, Chinese employees usually prefer to work in a western company, since they get treated very badly when working for Chinese companies. Western companies are generally showing more appreciation for their employees which simultaneously constitutes a competitive disadvantage for Chinese companies since they get labeled with a bad image (Fischer, 2017, p. 5).

c. Patent Infringements

Western companies are often getting betrayed when engaging in joint ventures with Chinese business partners. In some cases, the Chinese partner company is simultaneously setting up a second firm in order to apply the learned skills without permission (Fischer, 2017, p. 3).

d. Weak institutional protection

After noticing cases of patent infringement, the Western companies usually try to sue the copying Chinese firm. However, due to the weak Chinese institutional protection, received compensation is not at all covering the damage caused by the betraying Chinese partner (Fischer, 2017, p. 4).



#### 6.3.3.2.2 Industry Context

Jinsheng does not constitute a highly competitive rival (at least in some key areas) compared to firms like Rieter or Trützschler. Many competing firms are more advanced regarding innovation and technological competences. Without those abilities, Jinsheng was forced to leave the high-quality (and high-margin) sectors, to their more advanced rivals (Fischer, 2017, p. 6).

#### 6.3.3.2.3 Firm-specific Disadvantages (FSDA)

a. Low Productivity in R&D departments

Compared with firms like Saurer and Heberlein, Jinsheng is still a very young corporation and does not have access to such rich research & development insights. The company therefore does have difficulties to design, manufacture and maintain high-end quality machinery. It only makes sense to obtain these key competences and insights by acquiring highly innovative and successful business in order to have access to desired technologies and know-how. According to Mrs. Wang, the productivity of Chinese employees engaged with research and development tasks is six times lower compared with German employees (Wang, 2017, p. 14).

b. Missing Ability to Manufacture high-quality Machines, Missing Access to high-end Customers

The lack of key competences forces the company to operate in the medium-quality segments. However, profits are usually much higher in high-end segments. Thus, Jinsheng is stuck with lower profits than firms which can supply machinery to more demanding, and generous customers (Fischer, 2017, p. 6). The high-end machinery market therefore constitutes a “Missing slice” in Jinsheng’s product portfolio. The firm is accordingly not able to provide total solutions.

c. Missing well-established, and well-known Brand

Both acquired firms were established more than 150 years ago. They did, accordingly have a lot of time, to establish an internationally-known brand and reputation. Jinsheng does lack of this strategic asset. It is highly difficult to compete internationally – especially in the high-end quality segments – without a

well-known brand. Jinsheng therefore has to catch up with competitors (Wang, 2017 p. 21).

#### 6.3.3.2.4 Management Context

a. Lack of highly skilled Top Executives & Missing Management Competences

Despite enjoying major advantages, Jinsheng was not able to forge key competences and skills needed for competing internationally. According to Mr. Fischer, Mr. Pan came to the realization, that for technological and marketing issues, the firm did not have employees as good as he would have needed (Fischer, 2017, p. 22).

## 6.3.4 Strengths and Weaknesses of Saurer

### 6.3.4.1 Core Assets and Key Competences of Saurer

#### 6.3.4.1.1 Country-specific Advantages (CSA)

a. Access to highly skilled Labor

Saurer actively takes advantage of the highly skilled work force available in Switzerland. Especially the proximity to the Swiss Federal Institute of Technology (ETH) is highly beneficial to the company. Mr. Fischer graduated from ETH himself (Fischer, 2017, p. 10).

b. Renowned Country Label: Made in Switzerland

In the textile industry, Swiss-manufactured machinery is considered as the highest possible quality standard available. Thus, machines with “Made in Switzerland” Labels are highly wanted.

#### 6.3.4.1.2 Industry Context

As mentioned above, markets in which textile machinery are designed, manufactured and traded are highly competitive. Furthermore, the industry is rather oligopolistic, with only a few major firms competing. In addition to that, the market is currently undergoing massive consolidation (Fischer, 2017).

#### 6.3.4.1.3 Firm-specific Advantages (FSA)

a. Highly prestigious Brand and Reputation

With continuous operations running for more than 150 years straight, Saurer was able to establish a highly prestigious brand and reputation, which gave the company a competitive edge over its competitors (Saurer.ch).

b. High-quality Products & Very Innovative R&D

Due to intense research and development activities, Saurer repeatedly developed innovative high-end quality machinery. While doing so, the company accumulated a broad range of critical competences which distinguishes Saurer in terms of technological knowledge (Fischer, 2017).

#### 6.3.4.1.4 Management Context

During its company history, Saurer successfully founded a vast number of subsidiaries and took over several business rivals. Since the second half of the 20<sup>th</sup> century, the company also strongly engaged in vertical integration (Saurer, 2018). During this long-lasting process, Saurer gained a broad range of managerial knowledge. This knowledge does help executives to manage staff and processes effectively.

#### 6.3.4.2 Competitive Disadvantages of Saurer

##### 6.3.4.2.1 Country-specific Disadvantages (CSDA)

###### a. High Labor Costs

Compared to Chinese Labor costs, Swiss employees expect much higher salaries and additional benefits.

##### 6.3.4.2.2 Industry Context

###### a. Weak Protection for Intellectual Property

The Chinese government does provide insufficient protection for intellectual property (Fischer, 2017, p. 4).

###### b. Few Honest Business Partners

Furthermore, various Chinese business partners are trying to betray and exploit Western companies when engaging in joint ventures (Fischer, 2017, p. 3).

###### c. Business Partners with low Understanding of Technology

Saurer also experienced throwbacks while cooperating with Chinese business partners in another way: After forming a joint venture with a Chinese partner, Saurer soon realized that they overestimated their Chinese partners, since they were not able to understand the complex machinery (Fischer, 2017, p. 3).

#### 6.3.4.2.3 Firm-specific Disadvantages (FSDA)

a. Lack of Capital

In contrast to many Chinese firms, Saurer did not have access to enormous amounts of funding.

b. Lack of Market Access

Despite being highly innovative, well-known and successful in developed economies, Saurer was not able to access the Chinese market in a way the company desired. The insufficient market access to China does constitute the most serious disadvantage for Saurer. The Chinese market for professional textile machinery is viewed by many business leaders as the most important. Thus, this does pose a significant threat to Saurer (Fischer, 2017, p. 25).

c. Lack of Distribution Network

With no proper market access, the company does suffer in the same moment by not having access to functional distribution network, which makes it almost impossible to operate efficiently in the specific country. This problem gets even more intensified since Saurer does not enjoy government created advantages (GCA) – in the contrary, for foreign businesses are plenty and severe restrictions in place.

#### 6.3.4.2.4 Management Context

None.

### 6.3.5 Strengths and Weaknesses of Heberlein

#### 6.3.5.1 Core Assets and Key Competences of Heberlein

##### 6.3.5.1.1 Country-specific Advantages (CSA)

a. Access to highly skilled Labor

Heberlein can take advantage of the highly skilled work force available in Switzerland.

b. Renowned Country Label: Made in Switzerland

Furthermore, the company benefits from the renowned country label “Made in Switzerland”.

##### 6.3.5.1.2 Industry Context

Within the industry, Heberlein is considered the leading expert among the competition. According to Mrs. Wang, Heberlein is giving full play to innovation. Thus, the company’s products are ranked number one in the global industry. Competing firms in the same industry are usually waiting for Heberlein to release new products and then trying to imitate them (Wang, 2017, p. 4).

##### 6.3.5.1.3 Firm-specific Advantages (FSA)

a. Very well-known Brand & more than 180 Years of Company Tradition

Heberlein does have a very rich company tradition (founded in 1835). The company was able to establish a brand which is very-well known for high-quality products and reliability. In addition to that, the quality seal “Made in Switzerland” does enjoy very high prestige in this industry (Heberlein, 2018).

b. Excellent R&D & very high Productivity

The company is also enjoying an outstanding productivity – especially compared to its Chinese competitors. Surprisingly this achieved without employees working overtime. Major accomplishments are sometimes made by employees thinking about solutions during their spare time – the commitment for the company and the product innovation seems to be so high that employees see their work as their hobby. According to Mrs. Wang, the productivity of Chinese employees engaged with research and development tasks is six time lower compared with Swiss employees (Wang, 2017, p.14).

c. Very high-quality Products

Furthermore, Heberlein's products are considered flawless – the attention for perfection lived by the company's executives and employees makes the difference compared to competitor's products (Wang, 2017, p. 2).

d. Pioneering Spirit and Innovative Thinking & Focus on Perfection

The company's pioneering spirit and innovative thinking caused the customers and competitors likewise to realize that Heberlein really is the expert in the field of Bio Ceramics (Wang, 2017, p. 2).

#### 6.3.5.1.4 Management Context

Worth mentioning in the context of management performance is especially Heberlein's general manager, Eva Wang. Due to her international background, and her deep insights in both cultures, she is considered irreplaceable.

### 6.3.5.2 Competitive Disadvantages of Heberlein

#### 6.3.5.2.1 Country-specific Disadvantages (CSDA)

a. High Labor Costs

Compared to Chinese Labor costs, Swiss employees expect much higher salaries and additional benefits.

#### 6.3.5.2.2 Industry Context

None.

#### 6.3.5.2.3 Firm-specific Disadvantages (FSDA)

a. Lack of Market Access & Distribution Network

Despite being highly innovative, well-known and successful in develop economies, Heberlein was not able to access the Chinese market in a way the company desired. The insufficient market access to China does constitute the most serious disadvantage for Heberlein since the Chinese market is considered as the most important within the whole industry (Wang, 2017, p. 3). With no proper market access, the company does suffer in the same moment by not having access to a functional distribution network which makes it almost impossible to operate efficiently in the specific country.

b. Small Workforce and Lack of Financial Resources

In addition to that, Heberlein represents a very small company. With only 84 employees the firm does not have sufficient resources (concerning funds and workforce) to efficiently compete in the international market place. This fact becomes even more clear, when realizing that the major part of the work force is employed in the research and development department – therefore, Heberlein is lacking qualified experts in business development and strategy (Heberlein, 2018).

#### 6.3.5.2.4 Management Context

None.



### 6.3.6 Process of Acquisition

#### 6.3.6.1 Saurer

##### 6.3.6.1.1 Facilitation – Knowing the Gap

a. Technology Gap

According to Mr. Fischer, both firms were serving different sectors. While Saurer was serving the high-quality sector, Jinsheng was serving the low-quality sector (Fischer, 2017, p. 6).

b. Oligopolistic Market

Facing oligopolistic structure, M&A is a plausible option for growth. The textile machine manufacturing industry is in fairly advanced consolidation; hence, mergers & acquisitions seem to be a logical escape to be able to further increase growth rates.

c. Motivated by the Chinese Government

The Chinese government actively encouraged Jinsheng to take over Saurer by providing funds for the takeover and providing strategic assistance with legal issues (Fischer, 2017, p. 14).

d. Ambition of being a Total Solution Provider (TSP)

In order to become a total solution provider, Jinsheng has strong ambition to integrate Saurer's cutting edge technology and become a true market leader (Fischer, 2017, p. 6).

##### 6.3.6.1.2 Identification

Mr. Fischer personally approached Mr. Pan at the trade fair, in the year 2004, and suggested to merge their business activities, since the Chinese market was split up into two different segments – a high-quality sector, primarily served by Saurer, and a lower-quality sector, served by Jinsheng. Mr. Pan realized the synergy potential and agreed to form a joint venture company (Fischer, 2017, p. 6).

### 6.3.6.1.3 Bundling Potential

|  |
|--|
| a. <u>Product Match &amp; Opportunity to become a Total Solution Provider (TSP)</u>  |
| High-end quality machinery (Saurer) $\leftrightarrow$ Low- and medium-quality machinery (Jinsheng)   |
| There is an immense bundling potential between both firms – both Mr. Fischer and Mr. Pan believe that the products of Saurer and Jinsheng totally matched with each other. Through synergies Jinsheng and Saurer are able to serve the entire Chinese market and are able to provide a total solution, which means that they can provide lower-, medium-, and high-quality products in order to meet the needs of all Chinese customers. |
| b. <u>Market Match</u>   |
| European and US market (Saurer) $\leftrightarrow$ Chinese market (Jinsheng)  |
| Jinsheng does have the support and endorsement of the Chinese government, which enables the firm to freely operate in this massive market. However, this opportunity cannot be fully exploited, since Jinsheng does lack the competences to manufacture high-quality machinery. Saurer, on the other hand, is not able to fully access the Chinese market.   |
| c. <u>Brand Match</u>  |
| Well-known Brand (Saurer) $\leftrightarrow$ Chinese production capabilities (Jinsheng)   |
| Combining the know-how of manufacturing high-quality products and a strong brand with Jinsheng’s production capabilities enables Jinsheng to deliver first class products with very competitive price.   |
| d. <u>R&amp;D Match</u>  |
| R&D (Saurer) $\leftrightarrow$ funding and resource capabilities (Jinsheng)  |
| While Saurer does possess a highly innovative research & development department and a broad range of accumulated skills and competences, it does lack the needed resources to actually take the product innovation to a next level.  |

*Table 18: Bundling Potential Jinsheng - Saurer*

In summary, both firms offer solutions to the respective firm’s issues and disadvantages – creating a total solution and activating an immense bundling potential and competitive edge.

#### 6.3.6.1.4 Negotiation & Obtaining

##### 6.3.6.1.4.1 Negotiation

Before the actual takeover, there were continuous conversations between both firms. Once Saurer got put up for public sale, Jinsheng got an invitation to participate.

a. Acquisition Preparing Team (including Mr. Fischer)

Jinsheng put up a special task force of 3-4 top executives, with different backgrounds in order to prepare the acquisition. Mr. Fischer acted as a consultant and gave legal and economical advice when needed (Fischer, 2017, p. 16).

b. Public Sale & Cartel Law Problems

Jinsheng won the public sale and consequently took over Saurer – maybe also because a rival bidder (*Rieter*) would have risked breaching cartel and competition law by taking over Saurer. Rieter decided to withdraw its bid for this reason (Fischer, 2017, p. 11).

c. Takeover Price

According to Mr. Fischer the takeover price was market-conform (Fischer, 2017, p. 15).

d. Financial Advice by International Law Firm (PwC)

Jinsheng was advised in financial issues by an international law firm (Fischer, 2017, p. 14).

e. Support by Chinese Government

According to Mr. Fischer, Jinsheng enjoyed full government support by the Chinese administration. This included the provision of funds by the China Development Bank (Fischer, 2017, p. 14). Jinsheng is very well connected with the state-owned bank and does enjoy its endorsement.

f. Language and Culture Difficulties

All following negotiations were held in English language, sometimes with the support of translators. Adequate translating turned out to be of high importance, since the cultural differences between both companies seemed to negatively influence the conversation (Fischer, 2017, p. 17).

#### 6.3.6.1.4.2 Obtaining

##### 6.3.6.1.4.2.1 Reason for Selling

###### a. Oerlikon in Financial Troubles

The main reason why Saurer got put up for sale was because of financial difficulties experienced by Oerlikon. According to Mr. Fischer, Oerlikon was largely diversified back in 2008. Due to the global financial crisis, they nearly collapsed – because of the high indebtedness. The firm experienced a severe drop in revenue and had to restructure everything. Oerlikon’s management finally realized, that maybe they were active on a too broad scale and, therefore started to sell various divisions, so they could again focus on their core business (Fischer, 2017, p. 9).

##### 6.3.6.1.4.2.2 Reason for Obtaining

###### a. High Bundling Potential & Government Support

Jinsheng showed high interest in purchasing Saurer since their product folios matched perfectly and Mr. Pan was encouraged by the Chinese government to engage in foreign direct investment and strategic asset-seeking.

#### 6.3.6.2 Heberlein

##### 6.3.6.2.1 Facilitation – Knowing the Gap

###### a. Technology Gap

Jinsheng would have never been able to learn the skills and competences available at Heberlein. According to Mrs. Wang, Heberlein is the true expert in the field of ceramic components (Wang, 2017, p. 2).

###### b. Missing Key Competences

Mrs. Wang further states, that Jinsheng employees are in need of training (Wang, 2017, p. 10). The company lacks key competences in various areas.

###### c. Motivated by Chinese Government

As a part of the strategic asset-seeking policy, the Chinese government actively motivates firms like Jinsheng to “go out and bring in” (Ramamurti, 2017). In order to maintain good relationships with government officials, Mr. Pan therefore has to follow this approach.

### 6.3.6.2.2 Identification

The contact between both companies was realized due to the fact that Heberlein was a part of the Saurer group.

### 6.3.6.2.3 Bundling Potential

---

|  |
|--|
| a. <u>Product Match</u>  |
| High-quality Products (Heberlein) $\leftrightarrow$ Low- and Medium quality Products (Jinsheng)  |
| Jinsheng does have the support and endorsement of the Chinese government, which enables the firm to freely operate in this massive market. However, this opportunity cannot be fully exploited, since Jinsheng does lack the competences to manufacture high-quality machinery.  |
| b. <u>R&amp;D Match</u>  |
| Innovative R&D (Heberlein) $\leftrightarrow$ Access to vast Resources (Jinsheng)   |
| Furthermore, both firms vary in terms of their competitive advantages and disadvantages. While Heberlein does possess a highly innovative research & development department and a broad range of accumulated skills and competences, it does lack the needed resources to actually take the product innovation to a next level. In addition to that, Heberlein does represent a very small firm, compared to Jinsheng. Heberlein is therefore very much restricted in terms of work force and financial resources. |
| c. <u>Synergies</u>  |
| Heberlein $\leftrightarrow$ Saurer   |
| There is a large bundling potential between both firms – especially since Jinsheng already purchased Saurer. As a former supplier to Saurer, Heberlein does now constitute a business partner and internal supplier. This does enable Jinsheng to exploit synergies between its subsidiaries.  |

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Table 19: Bundling Potential Jinsheng – Heberlein

In summary, both firms offer solutions to the respective firm's issues and disadvantages. Furthermore, the takeover enables the favorable condition of exploiting synergies between its subsidiaries.

### 6.3.7 Post-Acquisition Integration

#### 6.3.7.1 Saurer

##### 6.3.7.1.1 Short Term

a. Light-Touch Integration Approach: Board Control +

In the case of the Jinsheng-Saurer takeover, light-touch integration approach – board control model got applied. According to Mr. Fischer the Chinese mother company did not send any of its managers. In this sense, Saurer’s management stayed untouched. Jinsheng only sent directors in order to participate at board meetings (Fischer, 2017, p. 19).

b. Mr. Fischer as Consultant

Jinsheng was fortunate to have Mr. Fischer’s help during and after the takeover. He does have a lot of experience and outstanding managerial skills, which were highly helpful during the whole process. In addition to that, there was a high level of trust between Mr. Fischer and Mr. Pan. Because of their personal and trustful relationship, the post-acquisition process got positively influenced.

c. No Integration

There was barely an integration to manage, which constituted an advantage for Jinsheng – the company simply took over the whole business and intended to leave it in its original state. There was no, or very few restructuring – but rather the question how exactly to proceed once both businesses were merged together. Jinsheng was monitoring the financial performance in the background, while leaving the company operating very freely (Fischer, 2017, p. 18).

##### 6.3.7.1.2 Long Term

a. Loans & Refinancing

Despite Chinese banks are acting very generous and patient when dealing with foreign investments, Jinsheng does nonetheless have to pay back the loan to the China Development Bank. Motivated by this fact, Mr. Pan does need refinancing in order to repay the bank loan. Initial Public Offering (IPO), or going public, would get the company the necessary liquidity. So, one can say, that IPO is a long-term post-acquisition target for Jinsheng in this context (Fischer, 2017, p. 22).

b. Relocation of Production

Another long-term objective was pushing the production division towards China. Therefore, Saurer send Swiss instructors for training purposes to China. Saurer employees were not reluctant at all, since they were grateful, that Mr. Pan and Jinsheng did not rip apart the company in a way many other acquiring parties would have done it – there was very little and insignificant downsizing (Fischer, 2017, p. 25). The Swiss employees (and executives) did not have any concerns regarding job losses anyway. According to Mr. Fischer this is because the Swiss realized, that not having a strong leg in China does mean losing business in the long-run. Therefore, there was no concerns regarding technology transfer – European experts and engineers were going to China in order to train their Chinese colleagues with pleasure (Fischer, 2017, p. 26).

### 6.3.7.2 Heberlein

#### 6.3.7.2.1 Short Term

a. Light-Touch Integration Approach: Board Control +

In the case of the Jinsheng-Saurer takeover, light-touch integration approach – board control model got applied. According to Mrs. Wang the Chinese mother company did not send any Chinese managers. In this sense, Heberlein's management stayed untouched. Jinsheng only send directors in order to participate at board meetings (Wang, 2017, p 3).

b. No Integration

As in the case of Saurer, as well as Heberlein, there were very few typical post-acquisition integration tasks to manage. Heberlein got took over by Jinsheng as a strategic asset in order to compensate for Jinsheng's weaknesses – Jinsheng's intentions were predominantly motivated by letting the tradition-rich company operate freely while exploiting their paramount skills and competences.

#### 6.3.7.2.2 Long Term

According to Mrs. Wang, Jinsheng operates as follows, concerning post-integration process: *“after taking over a foreign company, Jinsheng will let the acquired company maintain its stability for one or two years; secondly, it will extend its production to Asia”* (Wang, 2017, p. 4).

Mrs. Wang described the integration process as follows:

*“In my opinion, integration should be conducted like this: our group has 5 units and each of them operates in different business. We provide each business unit with a SAP system. But each business units runs its SAP in a relative independent way. Each unit has its own SAP, different from others. We issue a consolidation report – kind of core report—, which receives all SAP system reports, and at the end we will get an overall look of our company's situation. That's about reports”* (Wang, 2017, p. 9).

*“The second concerns management. Each company has a Board structure. In every group, in every business unit, we have our people sit on the board. We hold board meetings regularly. [...] the Chinese mother company will send the*



majority of directors in order to have the majority in the Boards". (Wang, 2017, p. 9).

### 6.3.8 Summary

#### 6.3.8.1 Saurer

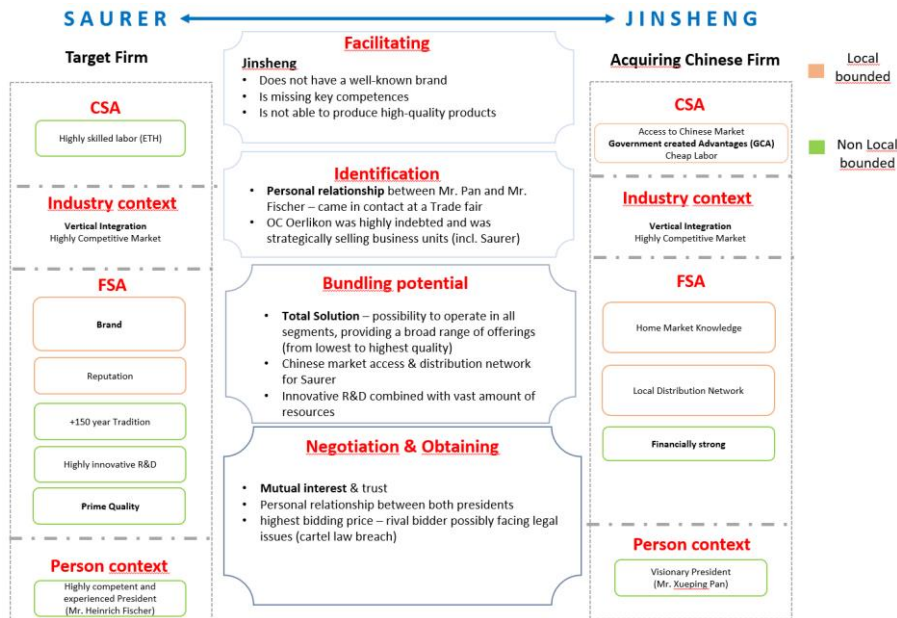


Figure 8: Summary Jinsheng - Saurer

#### 6.3.8.2 Heberlein

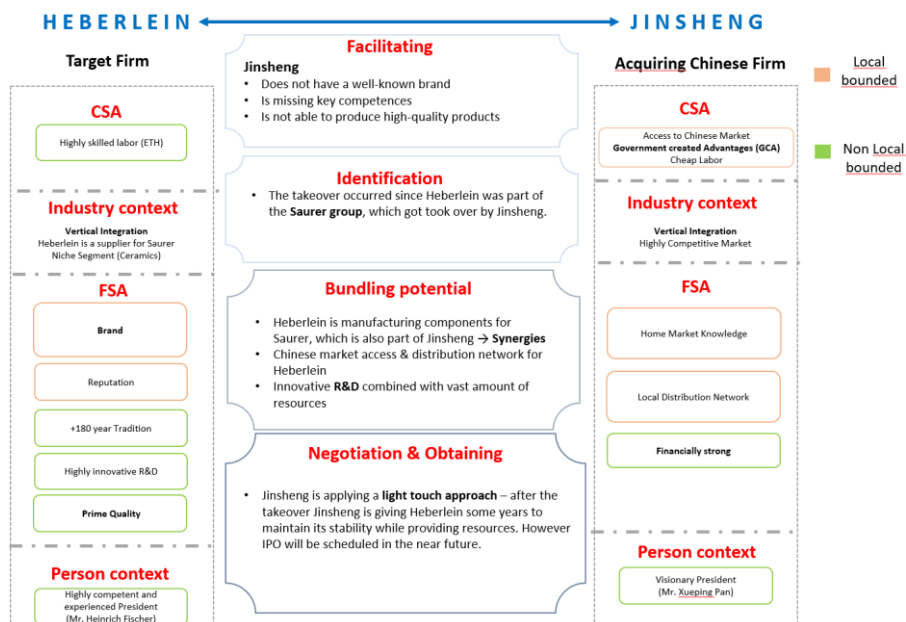


Figure 9: Summary Jinsheng - Heberlein

## 7. Cross-Case Analysis

### 7.1 Introduction

The cross-case analysis is conducted with two different approaches; first, static characteristics of target and acquiring firms will be compared; second, the case studies will be compared on basis of dynamic processes, which took place during, or after the takeovers. However, to start with, the author presents a general comparison between the acquiring firms and their target companies. In the following the author will highlight the most prominent similarities and distinctions between all three case studies. These factors will be elaborated on the basis of the theoretical framework, which got introduced earlier. Accordingly, the newly gained findings will make it possible to draw expressive conclusions.

## 7.2 General Comparison

The table below illustrates major characteristics of the examined acquiring firms. Most noteworthy is that despite their young age, all firms managed to become very large in terms of revenue and workforce. However, only the Jinsheng Group achieved to become a true market leader within its industry.




| Target Firms   | Industry                   | Ranked within the Industry | Revenue (Billion USD) | Establishment | Country of Origin   | Headquarters    | Number of Employees |
|--|----------------------------|----------------------------|-----------------------|---------------|---|-----------------|---------------------|
| <b>Hytera Communications Corporation Limited</b>         | Professional Radio Systems | 2 <sup>nd</sup>            | 0.85                  | 1993          |  | Shenzhen, China | 8'000               |
| <b>Jinsheng Group</b>                                    | Diversified                | Market Leader              | 1                     | 2000          |  | Jintan, China   | 10'000              |
| <b>Hangzhou Greatstar Industrial Corporation Limited</b> | Tools                      | 3 <sup>rd</sup>            | 0.5                   | 1993          |  | Hangzhou, China | 6'600               |

Table 20: Acquiring Firms

Stated below, one can find the same characteristics (as above) of the acquired firms. While most target companies are small (with exception of Saurer AG), they all managed to become market leaders, operating in different manufacturing industries. In addition to that, most of these firms (with exception of R&S Professional Mobile Radio GmbH), represent very old, and well-known brands.






| Target Firms                                  | Industry                     | Ranked within the Industry | Revenue (Billion EUR) | Establishment | Country of Origin   | Headquarters         | Number of Employees |
|---|------------------------------|----------------------------|-----------------------|---------------|---|----------------------|---------------------|
| <b>R&amp;S Professional Mobile Radio GmbH</b> | Professional Radio Systems   | Market Leader              | 0.02                  | 1980          |  | Bad Mündel, Germany  | 250                 |
| <b>Saurer AG</b>                              | Textile Machinery            | Market Leader              | 1                     | 1853          |  | Arbon, Switzerland   | 4'000               |
| <b>Heberlein AG</b>                           | High-tech Ceramic Components | Market Leader              | ?                     | 1835          |  | Wattwil, Switzerland | 84                  |
| <b>Arrow Fastener LLC.</b>                    | Hand Tools                   | Market Leader              | ?                     | 1929          |  | Saddle Brook, NJ     | 200                 |
| <b>Goldblatt Industries LLC</b>               | Hand Tools                   | Market Leader              | ?                     | 1885          |  | Saddle Brook, NJ     | 100                 |

Table 21: Acquired Firms

### 7.3 Static Characteristics

In the following the author examines similarities and distinctions of static characteristics with the aid of cross tables. The three cases will be compared by:

1. Country-Specific Advantages & Disadvantages;
2. Advantages & Disadvantages based on the Industry (Industry Context);
3. Firm-Specific Advantages & Disadvantages; and
4. Advantages & Disadvantages based on the Management (Management Context)

### 7.3.1 Country-Specific Advantages & Disadvantages

| Target Firms |           | Advantages              |                         |                        |                  | Disadvantages    |                      |  |  | Acquiring POE |   |           |            |
|--------------|-----------|-------------------------|-------------------------|------------------------|------------------|------------------|----------------------|--|--|---------------|---|-----------|------------|
|              |           | Skilled Labor Available | Excellent Country Image | Renowned Country Label | Purchasing Power | High Labor Costs | Slow Growing Economy |  |  |               |   |           |            |
| Case Nr. 1   | R&S PMR   | X                       | X                       | X                      |                  | X                |                      |  |  |               |   | Hytera    | Case Nr. 1 |
| Case Nr. 2   | Saurer    | X                       |                         | X                      |                  | X                |                      |  |  |               |   | Jinsheng  | Case Nr. 2 |
|              | Heberlein | X                       |                         | X                      |                  | X                |                      |  |  | X             | X |           |            |
| Case Nr. 3   | Arrow     | X                       |                         |                        | X                | X                | X                    |  |  |               |   | Greatstar | Case Nr. 3 |
|              | Goldblatt | X                       |                         |                        | X                | X                | X                    |  |  |               |   |           |            |

| Advantages            |                      |                          |                     | Disadvantages           |           |                             |                      |
|-----------------------|----------------------|--------------------------|---------------------|-------------------------|-----------|-----------------------------|----------------------|
| Cheap Labor Available | Huge Domestic Market | Government C. Advantages | One Belt & One Road | Rising Employee Expect. | Bad Image | Weak Institutional Protect. | Patent Infringements |
| X                     | X                    | X                        | X                   | X                       | X         |                             |                      |
| X                     | X                    | X                        |                     | X                       | X         | X                           | X                    |
| X                     |                      |                          |                     | X                       |           |                             |                      |

Table 22: Country-specific Advantages & Disadvantages

The availability of highly skilled labor, which is shared by all acquired firms, can be seen as the most advantageous factor. In addition to that, firms like R&S PMR, Saurer and Heberlein hugely benefit from renowned country labels. Labels like “Made in Switzerland” are especially important in high-tech manufacturing industries. In terms of country-specific disadvantages, all acquired firms are negatively impacted by the high labor costs, which are common in more developed countries. Furthermore, Arrow and Goldblatt are operating in a very slowly growing economy, which largely diminishes their future prospects.

On the other hand, all acquiring firms benefit from cheap labor, which is commonly available in China. Hytera and Jinsheng further take advantage of Chinese government support. Additionally, all the acquiring firms (with exception of Greatstar) are operating in a strongly growing and already very extensive market. However, the Chinese companies are all facing rising employee expectations, which will – if not properly counteracted – constitute serious problems in the near future. In addition to that, Hytera and Jinsheng are strongly suffering from a bad country image.

### 7.3.2 Advantages & Disadvantages based on the Industry

| Target Firms |           | Advantages                 |                      |                   | Disadvantages    |                         |                           |                      | Acquiring POE |  |           |            |
|--------------|-----------|----------------------------|----------------------|-------------------|------------------|-------------------------|---------------------------|----------------------|---------------|--|-----------|------------|
|              |           | Trustful Image in Industry | Leading the Industry | Huge Market Share | High Competition | Oligopolistic Structure | Few Honest Business Part. | Risk of being copied |               |  |           |            |
| Case Nr. 1   | R&S PMR   | X                          |                      |                   |                  | X                       |                           |                      |               |  | Hytera    | Case Nr. 1 |
| Case Nr. 2   | Saurer    |                            |                      |                   | X                | X                       | X                         |                      |               |  | Jinsheng  | Case Nr. 2 |
|              | Heberlein |                            | X                    |                   |                  |                         |                           |                      |               |  |           |            |
| Case Nr. 3   | Arrow     |                            | X                    | X                 |                  |                         |                           |                      |               |  | Greatstar | Case Nr. 3 |
|              | Goldblatt |                            |                      |                   | X                |                         | X                         | X                    |               |  |           |            |

| Acquiring POE |           | Advantages       |                  |  | Disadvantages          |                  |                         |  |
|---------------|-----------|------------------|------------------|--|------------------------|------------------|-------------------------|--|
|               |           | High Flexibility | Growing Industry |  | Industry Uncompetitive | High Competition | Oligopolistic Structure |  |
| Case Nr. 1    | Hytera    | X                |                  |  | X                      | X                |                         |  |
| Case Nr. 2    | Jinsheng  |                  |                  |  | X                      | X                |                         |  |
| Case Nr. 3    | Greatstar | X                |                  |  | X                      | X                |                         |  |

Table 23: Advantages & Disadvantages based on the Industry

In terms of industry-based advantages only R&S PMR and Arrow are in a (more or less) favorable position. While R&S PMR actively takes advantage of its trustful image within the industry, Arrow benefits from its leading position within the industry and its huge market share (60%). Especially Saurer faces various disadvantageous based on industry context: first, it is operating in fierce competition, second, there are only very few honest business partners, and lastly, the firm is facing a consolidating, and therefore rather oligopolistic market structure. Goldblatt is in a rather unfavorable industry position as well: the firm is experiencing fierce competition, fraudulent business partners and the ever-present risk of being copied by Chinese rivals (such as Greatstar).

The Chinese companies are also not able to truly benefit of industry-based advantages – with partial exception of Hytera: the firm is operating in a very strongly growing industry and therefore experiences full order books. On the other hand, the oligopolistic structure (and the fierce competition which comes with it) represent major disadvantages for the acquiring firms. In addition to that, Greatstar suffers from an uncompetitive Chinese industry.

### 7.3.3 Firm-Specific Advantages & Disadvantages

| Case Nr.   | Target Firms | R&S PMR | Brand & Reputation | High Productivity | R&D Performance | High-Quality Products | Disadvantages             |                         |                         |                        | ↔ | Extensive Financial Res. | Strong Position in H. Market | Manufacturing Expertise | Innovation and R&D | Disadvantages |                  |                  |                           | Acquiring POE | Case Nr.   |
|------------|--------------|---------|--------------------|-------------------|-----------------|-----------------------|---------------------------|-------------------------|-------------------------|------------------------|---|--------------------------|------------------------------|-------------------------|--------------------|---------------|------------------|------------------|---------------------------|---------------|------------|
|            |              |         |                    |                   |                 |                       | Incomplete Product Portf. | No Chinese Market Acce. | No Distribution Network | No Financial Resources |   |                          |                              |                         |                    | Missing Brand | Missing Channels | Low Productivity | Incomplete Product Portf. |               |            |
| Case Nr. 1 | R&S PMR      | X       | X                  | X                 | X               | X                     | X                         | X                       | X                       |                        | X | X                        |                              | X                       |                    |               | X                | X                | Hytera                    | Case Nr. 1    |            |
| Case Nr. 2 | Saurer       | X       |                    | X                 | X               | X                     | X                         | X                       | X                       |                        | X | X                        |                              |                         |                    | X             |                  | X                | Jinsheng                  | Case Nr. 2    |            |
|            | Heberlein    | X       | X                  | X                 | X               |                       |                           | X                       | X                       | X                      |   |                          |                              |                         |                    |               |                  |                  |                           |               | Case Nr. 2 |
| Case Nr. 3 | Arrow        | X       |                    |                   |                 |                       |                           |                         |                         |                        |   | X                        | X                            |                         |                    |               |                  |                  |                           | Greatstar     | Case Nr. 3 |
|            | Goldblatt    | X       |                    |                   |                 |                       |                           |                         |                         |                        |   |                          |                              |                         |                    |               |                  |                  |                           |               | Case Nr. 3 |

Table 24: Firm-specific Advantages & Disadvantages

Most noteworthy in terms of firm-specific advantages, is that all acquired companies share a very strong brand and a good reputation. Furthermore, RS PMR, Saurer and Heberlein are all able to take advantage of their high-performing R&D departments, which enable the firms to manufacture high-quality products. Heberlein and R&S PMR additionally enjoy very high manufacturing productivity. However, RS PMR, Saurer and Heberlein also lack Chinese market access and a functional distribution network. The small firms (Heberlein, Arrow and Goldblatt) further don't have sufficient financial resources in order to give their R&D departments full play. At the same time, both large firms (R&S PMR and Saurer) are suffering from an incomplete product portfolio.

The Chinese companies on the other hand, are quite the opposite: especially Hytera and Jinsheng are able to access extensive financial resources. Furthermore, they can take advantage of their strong position in the Chinese home market. Hytera and Greatstar are also positively impacted by their strong innovation force and high-performing R&D departments. In terms of firm-specific disadvantages, Greatstar and Jinsheng are mainly missing a strong brand. Hytera and Jinsheng both experience low productivity in general.

In addition to that, both firms are suffering from an incomplete product portfolio, which would enable them to become a total solution provider.

### 7.3.4 Advantages & Disadvantages based on the Management

| Target Firms |           | Advantages         |                 |                       | Disadvantages                     |               |  | Acquiring POE |           |            |
|--------------|-----------|--------------------|-----------------|-----------------------|-----------------------------------|---------------|--|---------------|-----------|------------|
|              |           | Skilled Executives | Outstanding CEO | Managerial Experience | Lacking Aspirations of Management | Disadvantages |  |               |           |            |
| Case Nr. 1   | R&S PMR   | X                  |                 | X                     |                                   |               |  |               | Hytera    | Case Nr. 1 |
| Case Nr. 2   | Saurer    | X                  |                 | X                     |                                   |               |  |               | Jinsheng  | Case Nr. 2 |
|              | Heberlein | X                  | X               | X                     |                                   |               |  |               |           |            |
| Case Nr. 3   | Arrow     |                    |                 |                       |                                   | X             |  |               |           |            |
|              | Goldblatt |                    |                 |                       |                                   | X             |  |               | Greatstar | Case Nr. 3 |

| Acquiring POE |           | Advantages          |                        |                           |                         | Disadvantages                           |  |  |
|---------------|-----------|---------------------|------------------------|---------------------------|-------------------------|---|--|--|
|               |           | Visionary President | Mngt. Incentive Scheme | Promoting Vice G. Manager | Experienced Consultants | No Managers with IB and M&A Experience. |  |  |
| Case Nr. 1    | Hytera    | X                   |                        |                           |                         | X                                       |  |  |
| Case Nr. 2    | Jinsheng  | X                   |                        |                           | X                       | X                                       |  |  |
| Case Nr. 3    | Greatstar |                     | X                      | X                         |                         | X                                       |  |  |

Table 25: Advantages based on the Management

In terms of management context, the acquired European firms have two advantages in common: first; R&S PMR, Saurer and Heberlein all strongly benefit from their skilled top executives, second; management staff possess a broad range of managerial experience and knowledge. The American firms on the other hand, are suffering from one disadvantage: the American managers are lacking aspiration and are said to be greedy and lazy.

Hytera and Jinsheng both benefit from a visionary president with great charisma. In addition to that, Jinsheng also takes advantage of highly experienced consultants like Mr. Fischer.



## 7.4 Process Analysis

In the following similarities, and distinctions of general takeover processes will be examined. The three cases will be compared by:

1. Facilitation;
2. Identification;
3. Bundling Potential;
4. Negotiation & Obtaining; and
5. Post-Acquisition Integration

### 7.4.1 Facilitation

The factors illustrated in the table below strongly facilitated the takeover intentions of the Chinese firms.

|  | Target Firms       |               |                  |              |                  |
|--|--------------------|---------------|------------------|--------------|------------------|
|  | <i>R&amp;S PMR</i> | <i>Saurer</i> | <i>Heberlein</i> | <i>Arrow</i> | <i>Goldblatt</i> |
| Exploiting Opportunity (due to financial troubles) |                    | X             |                  | X            | X                |
| Offsetting each other's weaknesses                 | X                  | X             |                  | X            | X                |
| Technology Gap                                     | X                  | X             | X                |              |                  |
| Missing Key Competences                            | X                  | X             | X                |              |                  |
| Motivated by Chinese Government                    |                    | X             | X                |              |                  |
| Oligopolistic Market                               | X                  | X             |                  |              |                  |
| Ambition of being a Total Solution Provider (TSP)  | X                  | X             |                  |              |                  |
| Very restricted access to Western markets.         | X                  |               |                  |              |                  |
|  | Hytera             | Jinsheng      |                  | Greatstar    |                  |
|  | Acquiring POEs     |               |                  |              |                  |

Table 26: Facilitation

#### 1. Hytera

Hytera's intentions to take over Rhode&Schwarz's PMR subsidiary was influenced by various facilitation factors. To begin with, both companies were operating in a strongly consolidation, and rather oligopolistic structured market. Thus, M&A seemed to be the only solution to keep up with the competition. In order to offset Hytera's weaknesses, the company was forced to take care of its missing key competences. The consisting technology gap between Hytera and PMR seemed to provide a solution for this issue. In addition to that, Hytera's access to Western markets was heavily restricted. Therefore, the company was eager to take over PMR, since it enjoyed high reputation and trustworthiness in Western countries.

#### 2. Jinsheng

In the case of Jinsheng taking over Saurer, almost the same facilitating factors applied. However, there are two major differences; first, Jinsheng exploited the opportunity of buying Saurer, since Oerlikon was in financial troubles; second, the takeover was strongly motivated by the Chinese government.

### 3. Greatstar

Greatstar taking over the American firms, was only facilitated by the weak financial performance of both firms, and in order to offset Greatstar's weakness of not having a strong and well-known brand.

## 7.4.2 Identification

The identification process describes how the Chinese firms recognized their targets.

### 1. Hytera → R&S PMR

Rohde & Schwarz was the only firm which was actively seeking for a potential strategic investor for PMR. Potential interested parties were getting informed by the help of a consulting firm.

### 2. Greatstar → Arrow

The identification process of Arrow was influenced by the various relationships between top executives of both firms. Once Arrow was put up on sale, Greatstar therefore already knew a lot about the firm.

### 3. Greatstar → Goldblatt

There have been various commercial relationships between both firms. For example, Goldblatt used to be Greatstar's client, and both firms shared the same sale terminals. Greatstar actively contacted the century-old firm, in order to make a takeover offer.

### 4. Jinsheng → Saurer

Oerlikon was looking for a potential acquiring party, since it was in financial troubles. Therefore, the firm put Saurer up on a public sale and actively contacted potential buyers. Jinsheng already knew Saurer very well, since Mr. Fischer always had a personal relationship with Mr. Pan.

### 5. Jinsheng → Heberlein

The contact between both companies was realized due to the fact that Heberlein was a part of the Saurer group.

### 7.4.3 Bundling Potential

Bundling potential constitute future opportunities, which could be exploited by both firms. In the table below, the bundling potential is based on matches either on brands, R&D, markets, products or technology.

| Target Firms                 | Brand ↔ Investment Capabilities | Brand ↔ Chinese Production Capabilities | Country Image (Brand) ↔ Chinese Production | R&D ↔ Financial Resources | R&D ↔ Marketing Capabilities | R&D ↔ Financial Resources | Marketing Capabilities ↔ R&D & Manuf. Expertise | European Market ↔ Chinese Market | Western Market ↔ Chinese Market | Strategic Market Position ↔ Global Reach | High-Quality Machinery ↔ Low-quality Machinery | Systems & Base Station ↔ Terminals | High-quality Products ↔ Low-quality Products | Technology for TETRA ↔ Technology for PDT | High-tech Manufacturing ↔ Low-tech Manufacturing | Acquiring POE's |
|------------------------------|---------------------------------|---|--|---------------------------|------------------------------|---------------------------|---|----------------------------------|---------------------------------|--|--|------------------------------------|--|---|--|-----------------|
| <i>R&amp;SPMR</i>            |                                 |   | X  |                           | X                            |                           |   | X                                |                                 |  |  | X                                  |  | X   |  | Hytera          |
| <i>Saurer</i>                |                                 | X                                       |  | X                         |                              |                           |   |                                  | X                               |  | X  |                                    | X  |   | X  | Jinsheng        |
| <i>Heberlein</i>             |                                 |   |  |                           |                              | X                         |   |                                  | X                               |  | X  |                                    |  |   |  | Jinsheng        |
| <i>Arrow</i>                 | X                               |   |  |                           |                              |                           | X   |                                  |                                 | X  |  |                                    |  |   |  | Greatstar       |
| <i>Goldblatt</i>             | X                               |   |  |                           |                              |                           | X   |                                  |                                 | X  |  |                                    |  |   |  | Greatstar       |
|                              | Brand Match                     |   | R&D Match                                  |                           |                              | Market Match              |   | Product M.                       |                                 | Tech M.                                  |  |                                    |  |   |  |                 |
| Bundling Potential based on: |                                 |   |  |                           |                              |                           |   |                                  |                                 |  |  |                                    |  |   |  |                 |

Table 27: Bundling Potential

#### 1. Hytera ↔ R&S PMR

The bundling potential between Hytera and Rhode&Schwarz's PMR subsidiary features matches on all categories. After the takeover, Hytera is able to take advantage of PMR's brand and reputation – in return the German company benefits from Hytera's production capabilities. Furthermore, PMR's research and development department, combined with Hytera's marketing capabilities, provide a substantial advantage over the competition. In addition to that, both firms are eventually able to access the others' home markets. There are also technology and product matches between both firms – Hytera manufacturing terminals on basis of PDT technology and PMR producing systems and base stations on basis of

TETRA. Combining these products, enables Hytera to become a total solution provider.

2. Greatstar ↔ Arrow

The bundling potential between Greatstar and Arrow mainly focuses on the prestigious brand of the American firm. Thus, after the takeover, Greatstar is finally able to become a price setter instead of being a price taker. In return, Arrow is able to take advantage of a heavily improved financial situation. The Chinese firm is in control of a high-performing R&D department and knows very well how to manufacture at lowest costs possible. Combining these advantages with Arrow's strong marketing capabilities, enables the firm to significantly improve its competitiveness. Lastly, the combination of Arrow's strategic market position with Hytera's global reach, helps the merged firm to approach new customers.

3. Greatstar ↔ Goldblatt

The bundling potential between Greatstar and Goldblatt is identical to Arrow's.

4. Jinsheng ↔ Saurer

The Bundling potential between Jinsheng and Heberlein is mainly based on the market and technology match. While Saurer is producing high-quality machinery, Jinsheng is only able to manufacture low-quality machines. Once the takeover is completed, Jinsheng is becoming a total solution provider. Furthermore, the merger enables both firm to improve their market access to the former rival's home market. in addition to that, the improved financial situation of Saurer enables the Swiss firm to give full play to its R&D department.

5. Jinsheng ↔ Heberlein

Heberlein is considered an absolute expert and the leading innovative force within its industry. However, the small Swiss firm is very much restricted in terms of financial resources. On the other hand, Jinsheng is able to provide the needed funds in order to take Heberlein's R&D to the next level. Thus, the bundling potential between both firms is mainly focused on an innovative R&D combined with financial resources.

## 7.4.4 Negotiation & Obtaining

### 7.4.4.1 Negotiation

The table below illustrates the main factors which influenced the negotiation process during the takeovers. These factors are divided into four groups; 1) Preparation Process; 2) Sale Mode; 3) Takeover Price; and 4) Other Influencing Factors.

|             |  | Target Firms      |               |                  |              |                  |
|-------------|--|-------------------|---------------|------------------|--------------|------------------|
|             |  | <i>R&amp;SPMR</i> | <i>Saurer</i> | <i>Heberlein</i> | <i>Arrow</i> | <i>Goldblatt</i> |
| Preparation | Acquisition Preparing Team               | X                 | X             |                  | X            | X                |
|             | Due Diligence                            | X                 |               |                  | X            | X                |
|             | Help of External Parties                 | X                 | X             |                  | X            | X                |
|             | Government Investigations                | X                 |               |                  |              | X                |
| Sale        | Public Sale                              |                   | X             |                  |              |                  |
|             | Bidding Process within Preselected Firms | X                 |               |                  |              |                  |
|             | Secret Bidding Process                   |                   |               |                  | X            |                  |
| Price       | Low Takeover Price                       | X                 |               |                  |              |                  |
|             | Medium Takeover price                    |                   | X             |                  |              |                  |
|             | High Takeover Price                      |                   |               |                  | X            |                  |
| Oth.        | Language and Culture Difficulties        | X                 | X             |                  |              |                  |
|             | Promise of Leaving Target Unchanged      |                   |               |                  | X            | X                |
|             |  | Hytera            | Jinsheng      |                  | Greatstar    |                  |
|             |  | Acquiring POEs    |               |                  |              |                  |

Table 28: Negotiation

#### 1. R&S PMR

The preparation process conducted during the R&S PMR takeover was extensive in various ways; along with a range of government investigations, both parties performed due diligence. In addition to that, Hytera set up its own preparation team, consisting out of several top executives and received help of external parties. The sale was conducted via a bidding process with preselected companies. In the end, Hytera managed to convince Rhode&Schwarz, that selling to the Chinese firm would constitute the best alternative among all interested parties. Additionally, the takeover price of two million Euros is considered very low.

#### 2. Saurer

While taking over Saurer, Jinsheng also set up an own preparation team. In addition to that, the firm received external help from international law firms. Saurer was sold in a public sale. The takeover price was considered market

conform. However, during the takeover process both firms experienced difficulties based on culture and language differences.

3. Heberlein

Unknown.

4. Arrow

Similar to the firms above, Greatstar set up an own preparation team, performed due diligence and received help of external parties such as investment banks. In contrast to the other acquired firms, Arrow was sold in a secret bidding process. Since the company had promising future projects in its pipeline, Greatstar agreed to pay a high takeover price of 125 million USD. In addition to that, Greatstar officially promised to keep the purchased firm unchanged and avoid layoffs.

5. Goldblatt

The negotiation process of Goldblatt is almost identical to its American counterpart, with the exception that the American government was involved by conducting a range of investigations.

#### 7.4.4.2 Obtaining

1. PMR

Rhode & Schwarz was facing a strong conflict of interest regarding its subsidiary. By further developing PMR, it would have risked putting the subsidiary into competition with its own customers. Thus, Rhode&Schwarz was eager to sell off PRM. At the same moment, Hytera was taking advantage of this favorable situation – the timing was considered excellent. Hytera promised not to dismiss any employees and assist in PMR's further development. Hence, the firm was considered as the most promising new parent and was allowed to take over PMR by paying only two million Euros to Rhode&Schwarz.

2. Arrow

Since Arrow was in possession of a powerful brand, the firm provided the possibility for Greatstar to finally become a price setter. Furthermore, Greatstar observed a decline in Arrow's sales. Arrow offered a well-known brand and promising projects in its pipeline. Greatstar therefore was willing to pay 125 million USD in order to take over Arrow, which in fact was 5% over its budget.

3. Goldblatt

While Greatstar was spotting the opportunity to finally become a price setter (with aid of Goldblatt's powerful brand), Goldblatt was simply not having any other choice, but to get sold. The firm was facing unfavorable market conditions and had no prospects of future development.

4. Saurer

Oerlikon was experiencing financial troubles, and therefore was eager to sell off the subsidiary. The firm was actively looking for potential buyers. Jinsheng targeted Saurer due to the high bundling potential. Furthermore, Jinsheng was motivated by the Chinese government, which was heavily interest in seeing the tradition-rich firm in Chinese hands.

5. Heberlein

Unknown.



#### 7.4.5 Post-Acquisition Integration

Since the data available is considered insufficient by the author, the post-acquisition integration solely focuses on short term matters. Most noteworthy, is the fact that all takeovers are based on the light-touch integration approach, which was developed by Liu & Woywode (2013). While Chinese directors joined the advisory boards of the German and Swiss firms, there is no data, that this also happened with the American firms – Arrow and Goldblatt. As a rule, the new Chinese parent send preselected directors in order to make sure to have the majority in the acquired firms’ boards. An additional characteristic of light-touch integration is to keep management unchanged. This was the case with most of the acquiring firms – with exception of Greatstar, which use to dismiss general directors, and in the same moment promoting vice general managers, in order to reduce labor costs. Furthermore, it is worth mentioning, that the new parents do not lay off any personnel within the first couple of years after the takeover – on the contrary, in the most cases, the number of staff is constantly increasing each year. The only exception is Greatstar, which forces Goldblatt to dismiss employees, in case of requesting additional financial resources for investments. Due to the minor changes and the positive development which followed after the takeovers, staff morale of the acquired firms was at least satisfactory. Resistance from staff was insignificant and rare.

## 8. Conclusion

In the following the author will draw multiple conclusions on the basis of the cross-case analysis. The multi-level analysis was able to shed light on *how* and *why* Chinese POEs engage in cross-border mergers and acquisitions.

### 8.1 Answers to the Research Question

#### 8.1.1 Chinese POEs as Strategic Investors

In order to offset their weaknesses and be able to become more competitive in the global market place, Chinese privately-owned enterprises had to change their strategy. The lack of strategic assets had influenced their performance negatively. Due to the aftermaths of the financial crisis and slow growth rates of firms in developed countries, Chinese POEs actively exploit this advantageous opportunity. Furthermore, the firms are generally motivated by the Chinese government and its go global initiative, to “*go out and bring in*”. Thus, Chinese POEs are targeting well-known and century-old firms in developed countries, which are in possession of valuable strategic assets. Given these points, the author comes to the conclusion, that privately-owned enterprises with Chinese origin, which engage in cross-border M&A in developed markets can be indeed seen as strategic investors.

#### 8.1.2 Strategic-Asset Seeking in Developed Countries

Due to their young age and the still (partly) existing bad image of China in general, Chinese POEs were not able to develop their own brands to an extent they wished. Strong and well-known brands, together with a good reputation therefore represent the number one strategic asset, which Chinese POEs are looking for. The takeovers in all three cases, were mainly motivated on these grounds. In addition to that, the targeted firms are in possession of highly innovative R&D departments, which enable the companies to manufacture high-quality products in a very efficient way. Besides that, Chinese POEs are actively looking for skilled executives, who have significant experience in international business and cross-border mergers. Managerial experience in general represents a heavily missed strategic asset in Chinese firms. Hence, the bundling potential between target and acquiring firm is enormous.

In case of a merger the POE is able to match with the acquired firm on multiple levels:

- Brand Match: enables the POE to take advantage of strong brands and offset its own bad image.
- R&D Match: enables the POE to take advantage of an innovative R&D, which it then combines with its own strength in cost-efficient manufacturing.
- Market Match: enables the POE to take advantage of new markets, while at the same time, supporting the acquired firm in accessing the Chinese market, ensuring an increase in growth.
- Product and Technology Match: enables the POE to take advantage of more advanced, high-quality products, in order to become a total solution provider.

While taking advantage of the large bundling potential, the merger does not cause extensive overlapping's. Hence, the acquiring POE is not forced to integrate the purchased business and is able to let it run under heavily improved circumstances.

Since most examined industries are currently undergoing massive consolidation and therefore represent an increased oligopolistic structure, the moment is now or never, to engage in the battle of the last available firms – otherwise rivaling large-scale competitors will have bought up the remaining businesses. In addition to that, Chinese POEs mostly lack strategic assets, which cannot be developed in short periods of time, such as strong brands or R&D expertise. For these reasons Chinese POEs prefer to engage in FDI via a springboard approach. By so doing, Chinese POEs are able to offset their latecomer disadvantage. In order to secure the strategic assets, the firms primarily engage in cross-border mergers and acquisitions.

In order to facilitate cross-border mergers & acquisitions, presidents and top executives of POEs normally develop and maintain personal and commercial relationships with potential target firms. Thereby, the fact that most Chinese POEs are led by visionary presidents with great charisma, positively impacts relationship building.

Beside the strategic match of acquiring and target firm, it is further noteworthy, that the examined Chinese POEs show an advanced approach regarding takeover preparation. Facing a takeover opportunity, Chinese POEs actively seek help from external parties such as investment banks or international law firms. Furthermore, the firms build an

acquisition preparing team, mostly consisting of 5-7 top executives with different backgrounds. Lastly, no firm made an official takeover offer without comprehensive due diligence investigations. Thus, Chinese POEs can be said to be “smart-targeting” asset seekers.

In addition to that, Chinese POEs engaging in cross-border mergers & acquisitions are usually granting the target firms extensive compromises: e.g. promising to leave the firm unchanged concerning staff, and promising future investment willingness. Hence, staff resistance can be generally minimized, and in the case of PMR, takeover prices can be held very low. Therefore, it can be further concluded, that Chinese POEs choose to internationalize through cross-border M&A, in the search of strategic assets – and are doing so in a highly sophisticated fashion.

### 8.1.3 Post-Acquisition Process

After the takeovers, Chinese directors joined the advisory boards of the target firms in order to represent the majority, and therefore have full control over the entity. On the other hand, the newly acquired firms were left unchanged regarding their management team. Furthermore, the acquiring party communicated, that it was not having the intention to lay off any personnel. Since the merger heavily improved the overall situation of the acquired firms, they were able to increase their number of staff. Due to the positive post-acquisition development, staff morale could have kept high. Thus, employee resistance was an insignificant and rare occasion. In conclusion, Chinese POEs can therefore be seen as light-touch integrators.

However, the examined Chinese firms intend to push the acquired companies to go public. Initial public offering is meant to generate liquidity and in the same moment put increased pressure on the acquired firms. In order to further improve the performance, the Chinese parent usually introduces incentive schemes for employees and management. In addition to that, it introduces KPIs for the acquired firm in general. During the takeover process, and the following integration all Chinese POEs experienced cultural differences. Clash of mentalities and work procedures, as well as language differences caused the most problems. However, these problems seem not to diminish the success of the takeovers on a large scale.

## 8.2 Future Predictions for Chinese POEs

Due to their global-oriented strategy, and smart-targeting approaches, the analyzed Chinese POEs managed to get as large as some DMNEs in a fraction of the time – and continue to grow. However, there is an indicator that the growth rate will slow down in the near future. Due to the enormous development, which the country had undergone in the last decades, employee expectations have begun to rise, and an overall rising wage level is observable. Until now, growth within the Chinese firms has been simply realized through employing more staff. In the future, Chinese firms will no longer be able to follow this practice and will have to lay their focus on efficiency. Nevertheless, by engaging in strategic asset-seeking, Jinsheng, Greatstar and Hytera managed to lay the foundation of becoming an internationally competitive heavy weight within their specific industries.

## 8.3 Limitations

Despite careful preparation of research, as well as professional supervision, the author still has to point out certain limitations and shortcomings of this thesis.

- Due to insufficient data and the recency of the takeovers in general, only the short-term behavior of acquiring firms could have been observed.
- In order to not exaggerate the scope of the thesis, the analysis only contains three case studies. Inclusion of a greater number of case studies would have further ensured the findings made in this paper.
- The Greatstar case study was mainly developed on grounds of two expert interviews. However, in contrast to the other cases, no executives of the target firms were interviewed. It is therefore possible, that the results, found in the case study are biased to some extent.

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## 10. Appendix

### 10.1 Interviews: Hytera

#### 10.1.1 Ju Zhang

|    | 中文  | 英语翻译  |
|----|---|---|
| 吴娟 | 其实我们到这来，最关心的就是海能达的国际化的问题。我曾给您寄过一个问题单。海能达作为一个民营企业，他的国际化能够做得这么好。我在网上搜到了几则关于你们并购了德国的企业消息。看到你们最后是以非常低的价格把这个企业最有价值的部分并购过来了。您能不能简单的讲讲这个案例。  | Indeed, when we come here to visit, what interests us mostly is Hytera's internationalisation. I sent you a questionnaire before. As a privately -owned enterprise, it has achieved an outstanding internalisation process. By browsing around the Internet, I have collected some information about your acquisition of a German company. I saw that you have finally taken over the most valuable part of the company at a very low price. Could you please give us more details of that?   |
| 张钜 | 德国收购的案例，是吗？   | Is the case of our acquisition in Germany?  |
| 吴娟 | 对。  | Yes   |
| 张钜 | 其实德国收购案例，正好是08年欧洲金融危机。他们总公司是罗德史瓦茨公司Rohde&Schwarz（以下简称）。罗德史瓦茨公司很大，我不知道你是否知道罗德史瓦茨公司，罗德史瓦茨在德国是非常大的公司，在全球来说，他最有名的就是苹果的全部的测试仪，包括iPhone那些都是用他的。他的电子测试的仪器是全球最领先的，而且市场占有率极高。那是他主营业务，但是在他下面其中一个子部门的专网通信是他的非主营业务。 | Actually we were right in the middle of European financial crisis at the time of our acquisition. The target was a part of Rohde&Schwarz, which is a large company in Germany. I don't know if you've ever heard about Rohde&Schwarz. In the global market Rohde&Schwarz is famous for being Apple's supplier for all testers, including iPhone's testers. Rohde&Schwarz produces the world's most advanced electronic testers and enjoys lion's share in the market. Tester is its key business, meanwhile it has a subsidiary of private communication network which is not its core business |
| 吴娟 | 就是那个PMR（Professional Mobile Radio GmbH）？  | Is it PMR, Professional Mobile Radio GmbH?  |
| 张钜 | 对，PMR不是他的主营业务。所以，可能他们在金融风暴的时候，就想把这些非主营业务剥离。   | Yes. PMR is not its core business. So they were seeking to sell off these non-core business when financial storms were coming   |
| 吴娟 | 这个消息你们是怎么得到的呢？  | How did you get the information?  |

|    |  |  |
|----|--|--|
| 张钜 | 得到这个消息是因为大家都在这个行业里面。其实并没有公开的信息说，挂个牌子在那里叫卖，大家都是同行，所以会传出来的。                      | We were informed because we all operate in the same business community. In fact there had not been any official news indicating a “for sale” sign. We are all fellows so we spread the news.   |
| 吴娟 | 噢，同行传出来的。<br>你们会不会企业内部也有一个组，专门收集这样一些信息呢？                                       | Oh, news is spread among fellows. Inside your company, is there any special team charged exclusively to collect this kind of information?  |
| 张钜 | 会有一个专门的组，但这个组的作用更多的是执行。其实打听（Scouting）的话是靠所有人的。这个触觉是靠所有，几千个员工的。这个触觉远远超过一个部门级别的。 | We do have a team of this kind, but it mainly sees to implementation. As a matter of fact it’s the job for everyone to do “scouting”. We should rely on our thousands of employees, which outperform greatly any single team                         |
| 吴娟 | 但是他的消息要集中啊？  | But news must be gathered together?  |
| 张钜 | 当然会有这样的部门啊，但实际上很难只靠这个部门去收集信息，因为这个行业很专很精，不象你说的收集一个饮料的信息。                        | Of course we have a department to do such jobs. In reality it’s very difficult to solely count on the team for information collect because the team is specialised in highly sophisticated issues, not only for information collect as you mentioned |
| 吴娟 | 它不是一个消费品，它是一个很专业的科技的行业.....  | It is not a consumable item; it’s a very specific and scientific branch...   |
| 张钜 | 是的，他不是消费品。   | Yes, it’s not consumable   |
| 吴娟 | 您的意思就是，同行做这个其实也不是很多。信息的话，大家在行业里传递的也很快。   | You mean, there are actually not many players in our profession. Information gets spread very quickly among us.  |
| 张钜 | 其实就是什么意思呢，就是说，这些信息，不是你靠成立一个部门能做的。  | What does it mean exactly? You mean, to manage this kind of information, it’s not about setting up such a department   |
| 吴娟 | 明白。我看到你们好像有6000多个员工吧？  | I see. I saw that you had about more than 6000 employees?  |
| 张钜 | 现在可能8000多了。  | We have more than 8000 now.  |
| 吴娟 | 在百度上还没有刷新，写的是6000多个员工  | Baidu has not made the update and still put the number of 6000.  |
| 张钜 | 现在应该有8000个，超过8000个了，其中4000个都是研发。   | Now it’s about 8000, more than 8000 and 4000 among them are dedicated to R&D   |
| 吴娟 | 4000都是研发，就是有2/3的？  | 4000 dedicated to R&D, more than 2/3?  |
| 张钜 | 1/2，4000，8000。   | 1/2, 4000 vs.8000  |

|    |   |   |
|----|---|---|
| 吴娟 | 噢，4000，8000，1/2的员工是做研发的，那这些具有研发能力的人，他们都应该有这种触觉。   | Oh, 4000, 8000, half of employees are working for R&D and with such capacities, they should have such business sensibilities  |
| 张钜 | 做研发的应该没有这种触觉。<br>只有高层的人，俯瞰这个行业。比如说销售的老大们在全世界跑，他们有很多触觉；或者研发的老大们，他们在全世界同行参展啊，开会啦...<br>...  | People in R&D have not this kind of business sensibilities. Only executives at top level have because they have got an overview of the situation. For instance, top sales heads are running around the world and have many sensibilities; or top R&D heads are meeting with fellows in international conferences.                           |
| 吴娟 | 就是通过这样的方式...  | Then it was through this approach   |
| 张钜 | 对啊，你肯定不能通过4000开发人员，他坐在办公室，他能知道这些信息。<br>都是靠销售老大们在全世界跑。研发老大，公司的高管们在全世界跑。大家共餐时，这些信息就会共享啊。全球开个展会啊，全球的会议啊，或者朋友之间啊，就会共享。因为我是这个公司的高管，我肯定会认识同行业公司的高管。 | Yes. You can't count on 4000 R&D people who sit in office to get this kind of news. It comes from these globetrotting top salesmen. Information will be shared during dinners, expositions, seminars, and simple meetings with friends. Since I am top executive of the company I will certainly meet my counterparts from other companies. |
| 吴娟 | 通过这样一个圈。<br>从你们得到这个信息 – “罗德施史瓦茨有问题，可能要出售掉这个部门”，然后一直到最后你们正式宣布要去并购他，用了多长时间？然后再从正式宣布并购，一直到最后你们并购成功又花了多长时间？                                       | Via a circle, you got the information, “Rohde&Schwarz has some problem and will probably sell off the department”, afterwards how long did it take from this moment to your official declaration of intention to acquire? Then how long did it take from official declaration to final takeover?  |
| 张钜 | 是这样的，从我们知道消息到最终并购是花了两年时间的。花了两年时间呢，其实并不需要，只是中间有个事情，我们正好在做IPO上市，所以迟了一点。   | Things went this way. It took us two year from getting the information to final takeover. Well two years, indeed we didn't need so much time, but we had something else to deal with, to prepare our IPO, which caused a little delay.  |
| 吴娟 | 噢，就是你们等你们上市了以后。你们是在深交所上市的？  | Oh so you were waiting to proceed after your going public? Are you listed in Shenzhen Stock Exchange?   |
| 张钜 | 对，深交所。本来是可以先收他的，再上市的。但先收他再上市，就会导致我公司上市有可能会存在不   | Yes, in SZSE. In fact, we could have made the acquisition before our going public, but if we had done it, there would have created uncertainties for our IPO. As a result we chose to go public firstly and then to make the  |

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|    | 确定因素。所以我们就先上市，做完之后再收购他，所以会delay一段时间。实际上并不需要两年时间，可能几个月就搞定了。但是当时其它事情都要给上市让路嘛。   | acquisition, which resulted in the delay. In reality it did not need two years. Several months would have been enough. But at the time all other issues should give way to IPO.  |
| 吴娟 | 但是您有没有觉得，就是因为delay了这段时间，反而给你们带来了好处？   | Well, have you felt that you instead benefited from such delay?  |
| 张钜 | 是啊，价格更便宜了。  | Yes, we got a cheaper price.   |
| 吴娟 | 价格更便宜了，那也更划算了。  | Cheaper price, a better deal   |
| 张钜 | 因为他找了一圈，买家很少，因为这个行业是一个比较寡头垄断的行业。  | Because he looked around and found no other buyers. Because our industry operates in a rather oligopoly market.  |
| 吴娟 | 你们为什么要买他们？他们到底好在那里？我是外行。  | Why did you want to buy them? What are their strengths? I am an outsider.  |
| 张钜 | 就是说我们有终端的产品，他们公司是系统的产品。   | That's to say, we have terminal products, and they have system products.   |
| 吴娟 | 噢，他们是system。  | Oh they are a system   |
| 张钜 | 对，他们是一个system的，我们是terminal的，这样两个加起来就变成total solution，即有系统，又有产品，变成一个整的。        | Yes. They are a system and we are terminal. Put together, we become a total solution with both system and products. We become a whole.   |
| 吴娟 | 噢，那你们就很完善，一个系列都能提供了。  | Oh, then you become perfect and able to supply products of a system  |
| 张钜 | 就象原来招投标，必须这个标必须分开来招开挂，要么单独投系统，要么单独投终端，我们才去投。现在他投一个整的我们也能投，而且我们投一个整的，中标概率会高很多。 | Look, before, concerning tendering and bidding, the project should be split for calling tenders. It was only when you may bid either for system or for terminal that we could bid. Now we may also go for a whole project, which increase our chance to win. |
| 吴娟 | 那就更好，而且你们这是Total solution，不是只是一个产品了。  | It's much better, what's more, you have a total solution, not only products  |
| 张钜 | 是的，不是一个设备了  | Yes, more than just equipments   |
| 吴娟 | 那就说，通过并购他们，你们自己的实力也增强了很多。   | That means, you have enhanced a lot your own competitiveness.  |
| 张钜 | 是的，我们拿到了：第一个是空白的技术，我们之前没符合欧洲主要  | Yes, we have got: firstly an entirely new technology, before we had not a system which could meet European standards. We had   |

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|    | 标准这个系统；我们有符合这个标准的终端，但是没有系统。所以这个并购是 $1+1>2$ 的。   | terminals that could meet the standards, but not a system. So this takeover may be seen as $1+1>2$  |
| 吴娟 | 一个是他有一个技术空白，他对准的欧洲一个很流行的标准。   | Firstly they had a technology achieving popular European standards  |
| 张钜 | 对，第一最重要的就是填补我的技术空白，第二这个技术空白加上我们的技术，变成total solution，在市场更有利于我们拿到这些标，更有利于销售；第三，他还是有一些他自己的客户，也是我非常想要的。                                     | Yes, then the first and most important thing is to fill our technical blanks. Secondly, new acquired technology combined with our own becomes the total solution that will enable us to win bids and favour our sales; thirdly we were also attracted by their customer base.   |
| 吴娟 | 噢，客户群。  | Oh, customer base   |
| 张钜 | 他的客户群是我想要的。   | It was their customer base that I wanted  |
| 吴娟 | 跟你没有重合吧？  | Was there any overlapped part between you two?  |
| 张钜 | 没有重合，我的客户群是他想要的。比如PMR的东西就卖到了中国的地铁，没有我们他们肯定卖不到中国地铁去的。  | No overlapped. What they wanted was our customer base. For instance, they sold PMR to subways in China. Without our participation it would have been impossible for them to make business with Chinese subways  |
| 吴娟 | 他在没有被你们并购之前，他们是不是仅限于欧洲市场？   | Before the acquisition, was it operating in Europe only?  |
| 张钜 | 欧洲市场或者美洲市场。比如我们收购了之后，我们就把他的产品卖到了中国的地铁，那就打开了中国的地铁啊，机场啊这些客户大门。没有我们他肯定打不进来。  | In Europe market or American market. For instance, after taking it over, we have sold its products to subways in China, which brings them new clients from subways and airports industries. It was definitely impossible for them to open such doors without our help.  |
| 吴娟 | 这个并购能够这么成功，至少我在网上看到的是非常非常成功的，是...   | It is such a successful acquisition, at least according what I have read on the Internet, is it....   |
| 张钜 | 最重要的是什么呢，一定要 $1+1>2$ 。就是他的公司来到我的平台，更大的平台，能够让他发展更大，这是奠定了收购成功最重要的案例。最担心的是什么呢， $1+1=2$ 或者 $<2$ ，收购失败的最大的原因是什么呢，人家加到你这个平台来，发挥不了你这个平台，他越做越小。 | What's the most important? It must be $1+1>2$ . That's is to say, I provide his company with my platform, bigger than his, to make him develop more, which lay the most important ground for a successful acquisition.<br>What do they worry about mostly? $1+1\leq 2$ or $<2$ . What is the biggest reason behind failure of acquisitions? They come to your platform but can't take the most of it, so their business would shrink. |



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|    | 因为很多我们以前看到很多失败的案例：比如许多贪污的企业，把欧美企业收购了之后，把别人的技术拿到台湾去，把欧洲公司关掉。  | That's why we have seen many unsuccessful takeovers: for example, many corrupt companies chose to close down European or American plants after having bought them and take their technologies to Taiwan   |
| 吴娟 | 其实这也是欧美最担心的。   | Indeed, that's what Europeans and Americans worry about the most  |
| 张钜 | 欧洲很害怕的，确实有些先例是这样的，但我们是把他越做越大，我们收购的时候大概100人，现在250人。   | Europeans are very afraid of it. Actually there are such previous examples of acquisition but we make it develop bigger and bigger. They had about 100 employees at the moment of our acquisition, and now they have 250 people   |
| 吴娟 | 哇，用了多长时间呢？我看了一下，你们是2011年收购的？   | Wahoo, how long did it take? Let me see, you made the acquisition in 2011?  |
| 张钜 | 对，11年收购的。  | Yes, in 2011  |
| 吴娟 | 过了五年的时间。   | Five years have passed since  |
| 张钜 | 员工翻了一倍多。   | The number of employees has doubled   |
| 吴娟 | 这也是我很重要的   | That is also very important   |
| 张钜 | 最重要的是取得双方的互相信任。您明白吗？<br>以前很多台湾人，他收购完你之后，就把你的技术全部拿到我这里来，然后把你关掉，你的job就没有掉，所以他很害怕这种事情。<br>但我们去，是不断加大对他的投入。第一，我的平台在帮你卖你的东西，你的收入提升的更快；第二，我不断投资源给你，你去招研发人员，招销售人员，我们还帮他建了一个大楼。这在当地是很久都没有见到的，不象在深圳，天天见到，还上了当地报纸的头版头条。<br>他们很高兴。为什么，建楼，当地的市长觉得可以请工人啊..... | The most important is to gain the trust of your partner and vice versa. Do you understand? There were many Taiwanese making acquisitions. They would close down your factories once they obtained all your technologies after taking over your company, therefore you would lose your job. That's what people are afraid of.<br>But when we go there, we increase our investment into their business. Firstly my platform will facilitate your sales and improve your revenue more quickly; secondly, we keep investing in their company by enlisting R&D and sales staffs and we have helped them construct a big building. Unlike people in Shenzhen where such things happen quite often, almost daily, people there had not seen this kind of things since a long time and even put them on the front page in local newspaper |
| 吴娟 | 给他创造就业率呀。  | You created jobs for them   |
| 张钜 | 对呀，创造就业嘛。他的工人都是当地local的工人，不可能说是我们中国的工人去啊，都是当地的，创造就业嘛，带动他的GDP增长，他   | That's it, creating jobs. Their workers are all local people and you can't say that we send Chinese workers there. They are local people. We create jobs for them and enhance their GDP. Every contract we signed with them will generate taxes income. It should contribute to taxes and job creation.   |

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|    | <p>签的合同都算是他的税收嘛，要贡献税收，创造就业。</p> <p>创造就业就是，比如说工人，去建大楼的工人都是他当地的工人；第二个，从他原来收购时他100人，现在250人，又多了这些，也是给他创造就业，给他创造税收。</p> <p>最重要的呢，所有的员工感受到我们在不断投入他，而不是说窃取他，抽取他，这个很重要。而且他觉得得到了我这个大平台，他能做更大的事。</p>               | <p>By creating jobs, we mean, for example, workers, those who work on construction site are local ones; secondly, they had 100 employees before our acquisition, now they have 250, so we've created jobs for them and brought taxes income to them.</p> <p>The most important is that all their staffs may fell that we are putting constantly more resources into their company, but not taking things away from it, or stealing something from it. That's very important. What's more they think that our big platform would enable them to do bigger business.</p>   |
| 吴娟 | <p>可这是要时间来证明的，你们在刚开始并购的过程中，有没有遇到困难啊。</p> <p>刚开始你去并购他，他就很着急卖出去，很快就卖给你们了吗？还是你们要做出很多证明，做出很多努力才能够拿到他？</p> <p>还有刚刚开始两个企业在一起的时候，你怎么能够马一让他们就知道，结果就有这么好？会不会，我看到报道，刚刚并购完后，有1/10技术人员就流失了。可是你怎么稳定人心呢？这是在网上我看到的。</p> | <p>But it should need time to prove it. Did you encounter difficulties at the beginning of your acquisition?</p> <p>At the starting of your operation, they were eager to sell off. Had they concluded the deal very quickly? Or had they required you to provide lots of certifications and make great efforts before final conclusion?</p> <p>Another issue: when you got in contact with them at the beginning, how did you do to let them foresee the good outcome? Well, according to reports that I read, 10% technical staffs quitted right after the deal concluded. What did you do to set people's mind at ease? That's what I read on the Internet.</p> |
| 张钜 | <p>十分之一有没有？应该也有吧，1/10正好。对，一百人可能流失了几个，十个人，大概这样。</p>   | <p>Is it 10%? It should be. Exactly 10%. Yes, about 10 persons among 100. Something like that.</p>   |
| 吴娟 | <p>那一开始你们怎么让他们信服？</p>  | <p>Well, how did you proceed to make them believe you?</p>   |
| 张钜 | <p>因为是这样的，一开始有些隐忧。我跟他们谈的/他隐忧的地方在于什么呢？第一个，以前有些先例，台湾人的不好的先例...</p>   | <p>Well, it was like this, there were some snags at the beginning. I had talks with them about that. What were these snags? Firstly, they still kept in mind the unpleasant Taiwanese precedent...</p>   |
| 吴娟 | <p>他们自己跟你们说的？</p>  | <p>It was them who told you about it?</p>  |
| 张钜 | <p>对，他们跟我说的。</p>   | <p>Yes, they told me that themselves</p>   |
| 吴娟 | <p>噢，怪不得您反复强调台湾。</p>   | <p>Oh, that's why you repeatedly emphasized on Taiwan</p>  |
| 张钜 | <p>是啊，台湾就这么干的。</p>   | <p>Yes, that's how Taiwan had done</p>   |

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| 吴娟 | 不是，您刚才举了几次...  | No, you mentioned several examples....  |
| 张钜 | 是他们跟我说的。   | It was them who told me   |
| 吴娟 | 台湾的哪个公司，可不可以？  | May I know which Taiwanese company was?   |
| 张钜 | 不知道，也不合适提人家的公司   | I don't know. It's not appropriate to mention the company either  |
| 吴娟 | 对对，不用提。  | You are absolutely right. No use mentioning it  |
| 张钜 | 收了他们之后，收了一些欧洲的企业，就把技术转移过去，然后就把他们关掉，他们job就lost掉了。这是第一个担心。担心我们也是，因为对他来说，台湾和中国都是中国人，这是第一个担心。<br>第二个担心呢，就是说，德国人还是有那种日耳曼的高傲。他认为他是优等民族，被我们中国人收购了，不服。就好像我们公司被印度阿三收了，或者被越南人收了。 | After the acquisition, Taiwanese company (吴娟，这是我自己的理解，主语是台湾公司) took over some European companies and then transferred technologies over there and closed down the plant here, so they lost jobs. That was their first concern.<br>Their second concern, well, it was about their German or Germanic pride. They considered themselves as "master race" and now they were bought by we Chinese. So they refused to yield. It is just like that our company is bought by Indies or Vietnamese |
| 吴娟 | 相当于我们中国人的这种心理。   | It is quite similar to Chinese psychology   |
| 张钜 | 这是一样的。比如我们公司被非洲人收了。也是他们跟我说的，他们觉得，他们周围的亲戚朋友都会说，Chinese company，都会觉得他low了。   | It's the same. For instance, just think that Africans would acquire our company. That's all what they told me, they felt that he would be considered as "low" by his family and friends if they knew that he was bought by a Chinese company  |
| 吴娟 | 变Low了。   | He became "low"   |
| 张钜 | 对，变low了，   | Yes, he would become low  |
| 吴娟 | 我太理解您了，我在德国读了书的嘛。  | I can't understand you better. I had made my studies in Germany   |
| 张钜 | 他觉得他变low了，但是现在他说他很proud，就是很自豪。因为他看到他们业务做得更大，公司发展更好，人员更多，又有新的大楼，收入也更多。  | He had felt that he became low, but now he said he is very proud because he saw they got bigger business and the company has kept developing with more staffs, new building and better revenue  |
| 吴娟 | 刚开始的时候，他们有这样一些担心，第一、您说的高傲；第二个技术的流失。  | At the setoff, they had these concerns, firstly, it was pride, as you said; secondly it was loss of technologies  |
| 张钜 | 第一个担心是工作会丢掉，这是trust；第二个就是面子，就是担心   | Firstly they were afraid of losing their jobs, it was a matter of trust: secondly, it was about "face", which made him feel that his friends would look upon on him: you would become low if you work for a Chinese company   |

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|    | 朋友会看低他：你服务一个中国公司，好象档次变低了。   |  |
| 张钜 | 一开始的时候，信任需要时间建立。  | At the beginning, we need time to build trust  |
| 吴娟 | 那你们一开始有什么措施来安抚他们呢？  | Then, which kind of measures did you put in place to appease them?   |
| 张钜 | 比如说我们给他们资金的支持啊。   | For example, we gave them financial support  |
| 吴娟 | 许诺马上到位。   | You kept your promise?   |
| 张钜 | 那肯定啊。资金一上来我们先给他打钱啊。用资金支持他去做大；第二个就是给他们加工资啊，设立奖励激励方案啊。  | Sure. We made bank transfer as soon as funds arrived. We help them to develop with our money; secondly we give them pay rise and set up incentive schemes  |
| 吴娟 | 这个奖励方案是和他们一起共同制定的吧？   | You have drafted incentives schemes together with them?  |
| 张钜 | 那肯定呀，他们原来没有的，他们是共产主义社会，我们是资本主义。   | Of course. They didn't have this kind of policy. They are living in a communist society and we are from a capitalist one   |
| 吴娟 | 啊？  | Really?  |
| 张钜 | 真的。   | Really.  |
| 吴娟 | 德国是很共产主义，他们的工会也很强大。<br>您的这句话太精典了。   | Germany has much of communism and they have powerful unions. What a memorable wit!   |
| 杨阳 | 太幽默了。   | How humorous you are!  |
| 张钜 | 不是幽默。   | It's not a humour.   |
| 吴娟 | 不是幽默，这是真的，我原来到德国一个企业，读书时候去实习。我记得，当时有一个技术总监，他就指着一个工会的人，告诉我，他说这个人，他是工会的，你要想辞掉他，至少要用三到六年的时间，所以这样的人我们也都不动他，免得麻烦多。<br>许诺，加工资，然后在管理和他们的交流上是怎么交流啊？ | It's not a humour. That's true. I once worked in a Germany company as an intern when I was a student. I remember that a chief technical officer pointed at a man and told me, "this man is from the Union. It will take us at least 3 or 6 years to send him packing. So we won't touch him because we don't want to get into trouble. Promises, pay rise, apart from that, how do you build communication with their management team? |
| 张钜 | 其实的话，我们没有对他进行管理，还是用的他们原班人马，我们没有派任何一个人去。   | In fact we didn't touch any management issue. We have not sent any person there. We have kept their original team.   |
| 吴娟 | 原班。   | Original team  |

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| 张钜 | 我们给他资源，首先资金资源啊，技术资源啊，我们这些销售平台的资源啊。                                     | We provide them with resources coming from our sales platform, financial resources and technical resources  |
| 吴娟 | 把资源到位，不光是给了他们钱，资金，还给他们....   | You brought them resources as promised, not only money, funds, but also....   |
| 张钜 | 加人啊。   | Human resources, more people  |
| 吴娟 | 加人，销售...   | More people, sales,   |
| 张钜 | 销售的平台给他共享啊，就是帮他卖东西啊。我们的平台比他的平台大很多。                                     | We share our sales platform with him; we help them to sell their products. Our platform is much bigger than theirs  |
| 吴娟 | 那就是一开始就把你们的资源都要...   | Then, from the very beginning you put your resources there.   |
| 张钜 | 共享给他。  | To share with him   |
| 吴娟 | 对的，共享给他了。  | Yes, share with him   |
| 张钜 | 都是相当于帮他，不是Push他，是让他长大。   | To him, it amount to aides, not push, to make him grow up   |
| 吴娟 | 您觉得跟他们那边的高管好交流吗？   | Do you have an easy communication with their executives?  |
| 张钜 | 好交流。   | A very good communication   |
| 吴娟 | 他们是不是也很坦诚的告诉你他们的担心？  | Have they told you frankly about their concerns?  |
| 张钜 | 嗯，没有，比如他们不会说，“我担心你来之后，把技术拿走，然后我们的工作丢掉，我怕我的job没有了“，他不会跟说: „我害怕我的job没有了“ | Eh, no, for instance, they would never say, “I’m afraid that your arrival will take away our technologies and make me lose my job. I’m afraid of being jobless.”  |
| 吴娟 | 嗯。   | Oh  |
| 张钜 | 不会的，他会采取一些防御性的措施。  | No. But they would take some preventive measures  |
| 吴娟 | 比如说呢？  | For example?  |
| 张钜 | 比如说不是很愿意跟你共享他的资料。  | For example, they are not willing to share their documents with you   |
| 吴娟 | 嗯，包括技术资料？  | Eh, including technical documents   |
| 张钜 | 对，由其是技术资料.   | Yes, in particular technical document   |
| 吴娟 | 这不是你们一家公司。在瑞士的那个企业，他们也反映了这样的情况，他说开头非常的谨慎，非常的小心，而且很怕人把一些技术拿走。           | That does not concern your company only. The company in Switzerland has encountered the same problem. He said that at the beginning they were very cautious, very careful, afraid that their technologies would be taken away |

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| 张钜 | 对，很怕把技术拿走。  | Yes, they were afraid of their technologies being taken away  |
| 吴娟 | 不愿意共享资料，可能也不太愿意把客户共享  | They don't share their documents, probably they don't want to share customers' network either   |
| 张钜 | 客户还好。最怕的是技术资料，技术参数，我们要卖东西嘛，需要一些技术参数。  | It's fine as far as customers are concerned. What is important to us, it's about technical data, technical parameter. For sales operations, we need some technical parameters   |
| 吴娟 | 那你们有没有派一个财务人员，虽然你们在经营上让他们自己来干   | Have you send any financial people, although you let them run management on their own?  |
| 张钜 | 没有  | No  |
| 吴娟 | 连财务都没有，一个人都没有？  | Not even for financial issues? Nobody at all?   |
|    | 一个人都没有。   | Nobody at all.  |
|    | 完全放手。但是他们业绩的考核，你是通过什么形式？除了业绩考核外，第二个交流怎样。肯定还是要保持和他们交流呀？  | Give them totally free rein. But how do you manage their performance evaluation? Besides performance assessment, how about your communication? You should keep contact with them  |
|    | 交流啊。  |   |
|    | 交流是怎样一套机制在交流？   | Via what communication mechanism does your communication take place?  |
| 张钜 | 交流是各个渠道的交流，就好像销售和研发交流，研发和研发交流，财务和我交流。   | There are different channels of communication, like communication between sales teams, or between R&D teams, or between their financial team and me   |
| 吴娟 | 那这个是不是也跟他们规定了周期性，有没有把交流制度化。   | Does it take place on regular basis? Have you institutionalised?  |
| 张钜 | 有啊。会有例行的会议啊，然后下面职能部门自己定。  | Of course. We have meetings regularly, every team fixes its own meeting schedule  |
| 吴娟 | 每个职能部门，他们都要定下一个周期性的交流？  | Every team should fix its periodic communication?   |
| 张钜 | 是的，其实并不太需要一个周期性的。为什么？因为很多东西都在日常沟通解决。<br>好像你有个事情，你不会等着说说，下个月有个例行会，你等那个时候说。你有事情可能会马上跟我说。那马上说，我们就解决了。等到下次例会时，可能你这个问题就不用提了。不会那么死板，把问题积累到例行会议上再去提。 | Yes. Indeed we don't need a periodic one. Why? Because many stuffs can be dealt with through daily exchanges. For example, if you meet with a problem, you won't wait until the meeting scheduled for next month to sort it out. You may speak to me about it right now then we can fix it in the immediate aftermath. When the next regular meeting takes place, there would be no need for you to mention your problem. We don't have to be that rigid to pile up problems and bring them to regular meetings |

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| 吴娟 | 有什么东西可以激励他们来跟你们沟通呢？  | Are there any incentives to motivate them to better communicate with you?  |
| 张钜 | 因为他们也想做好啊。   | Because they want to do better as well   |
| 吴娟 | 是不是主动积极的来沟通？   | Do you maintain communication actively?  |
| 张钜 | 因为他们也想做好事情，大家的目标是一致的就好。大家目标一致就是把事情做好，公司有前途，他们才能生存下去，才能加薪，才能有年终奖。                           | Because they want to better perform as well. It's good for us to have same goals. We aim at working well together to create better future for the company, then they can live on, get pay rise and annual bonus  |
| 吴娟 | 你们内部有没有一个机制，比如他们那边的产品那边的技术，中国这边要用。那边有没有合同，我们要用你什么东西，我们就有一个协议，怎么样...                        | Is there a system inside your company? For instance, when teams in China need their products or technologies. Is there any contract for provisions for such situations when we need something from you?  |
| 张钜 | 什么意思呢？   | What do you mean?  |
| 吴娟 | 因为我们采访了，还有几家企业，他们就是，内部就是，如果欧洲的公司帮他们在中国的做了什么，他们内部就像有一个市场一样的...                              | Because concerning several companies that I interviewed, they have such provisions indicating what will happen inside the company when European subsidiary helps Chinese colleagues for business in China, it runs like a market inside the company  |
| 张钜 | 会有，会有。<br>我们会有结算。包括他们帮我们定制化开发东西，我们会给他们钱。   | Yes we have.<br>We have clearing and settlement systems, including payment procedure when we should pay them for helping us develop customizing product  |
| 吴娟 | 实际上到现在为止，是不是基本上是你们给项目给他，他们来完成？   | In reality, until now, it has been essentially you who give them projects and let them carry them out, is that so?   |
| 张钜 | 也不是，他们也会自己去打单。我们也会帮他们销售，他们自己也会去销售；他也销售我的东西。就比较融合一些。我的渠道卖他的东西，也卖我自己的东西，他的渠道卖他自己的东西，也卖我们的东西。 | Not really. They also take care of their own order book. We may help them for sales and they also have their own sales process. They may also sell our products. That's more integrated. My market channel is used to sell both my products and his; and his market channel sells his own products and ours. |
| 吴娟 | 这个方面互动的好吗？   | What about interactions in this field?   |
| 张钜 | 还好，还算可以。就是他的东西比较复杂一些。  | It fares not bad, well, his products are a little bit more complicated   |
| 吴娟 | 那我们卖他们的东西，可能需要他们那边很多的技术支持？   | Then, when we sell their products, we may probably need greatly their technical support?   |
| 张钜 | 是要很多技术支持。  | Yes, a lot of technical support  |

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| 吴娟 | 但他们肯定会很热情，我们帮他们卖东西呀，帮你提高你的销售。  | But they should be very friendly, since it is us who help them, who increase their sales  |
| 张钜 | 是啊。  | Yes   |
| 吴娟 | 可能更多的像您说的，是一体化的，您既然是提供全套的解决方案，可能许多项目里面，即有你们也有他们。                     | Maybe it looks more like what you've said, it has been integrated, as you provide total solution, you may include them into many of your projects   |
| 张钜 | 其实到后来就好了，大家就顺了。他们看到他们的发展，看到加入我们集团有好处，就什么都顺了。如果他发现加入我们集团没有好处就不会这样合作了。 | As a matter of fact, we have got on well with each other later on. They saw their development and witnessed advantaged of joining us. If they had not got benefits from the acquisition, things would have been different.                              |
| 吴娟 | 现在已经这么多年了，5年了。您觉得这个融合的过程用了多长时间？                                      | It has been such a long time, five years. How long did it take, according to you, to achieve such integration?  |
| 张钜 | 我觉得还是挺长的，可能得3年以上。  | I feel it quite long, more than 3 years, probably   |
| 吴娟 | 开头难，难在那里呢？   | The beginning was hard, why?  |
| 张钜 | 难在跨文化，第一个就是信任建立需要时间。   | Difficulties lie in culture differences. It needs time to build trust   |
| 吴娟 | 您觉得他们到了什么时候开始非常相信你们了？  | In your opinion, from which moment did they begin to trust you truly?   |
| 张钜 | 大概是过了两三年吧。   | Probably, after two or three years  |
| 吴娟 | 两三年以后啊.....  | After two or three years  |
| 张钜 | 从心底认同  | Approval from the bottom of their hearts  |
| 吴娟 | 心服口服的？   | Thoroughly convinced?   |
| 张钜 | 是。   | Yes   |
| 吴娟 | 刚开始，您觉得他们不是很信任，主要是表现在资料共享方面的？  | At the beginning, you felt that they did not trust you because they did not want to share documents?  |
| 张钜 | 对，资料的共享。   | Yes, it was about document sharing  |
| 吴娟 | 还有没有其它方面？  | Anything else?  |
| 张钜 | 我觉得就这方面吧。  | I found only this.  |
| 吴娟 | 没有正面的冲突过？  | No head-on conflicts?   |
| 张钜 | 没有。正面也很难冲突。  | No, and it would be hard to get one   |
| 吴娟 | 我们中国人吵架是吵不起来的，老外是很容易吵架的。您别看，但他们吵架吵完后，第二天又可以一起工作。他们比较就事论事。            | It is hard for us Chinese to quarrel with someone, while foreigners are more likely to argue. But, it's amazing to see them working together again after their dispute the day before. They behave rather matter-of-factly. Do you often go to Germany? |



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|    | 您经常到德国那边去吗？   |   |
| 张钜 | 也不经常，一年去一次或者两次吧。  | Not quite, once or twice per year   |
| 吴娟 | 您去的话，主要是和他们的哪些人员会谈？   | When you go there, who are your main interlocutors?   |
| 张钜 | 财务吧。  | Financial colleagues  |
| 吴娟 | 他这个东西的生产是不是都搬到中国去了？我看到那上头说的。  | Have they moved their production unit to China? I saw something like this   |
| 张钜 | 对。  | Yes   |
| 吴娟 | 那你说他们人增加到了两百多人，翻了一倍。  | Well you said the number of employees has doubled, more than 200 now  |
| 张钜 | 对，1.5倍  | Yes, the number is increased by a factor of 1.5   |
| 吴娟 | 是不是有一个转换，就是你增加的人更多的是搞技术的，以前搞生产的人？   | Has any transformation occurred? I mean, you have enlisted new employees, are they technical people or for production?  |
| 张钜 | 没有，他以前没有搞生产的。   | No, they had not employees for production   |
| 吴娟 | 他可能也是外包的？   | They may outsource?   |
| 张钜 | 他是外包的。就好像我对他的1+1>2是全方位的。原来他要外包，成本价要100块；现在外包我帮他做，成本只要50块钱，我们大幅度降低了他的成本。                       | They outsource. The 1+1>2 that I mentioned operates in an all-round way. Before they had an outsourcing cost of 100 Yuan; now I help him to outsource for only 50 Yuan. We've greatly reduced their cost.   |
| 吴娟 | 噢，但是...   | Oh, but   |
| 张钜 | 大幅度降低他的成本，实际上就是大幅度提高他的赢利水平。   | We greatly reduced his cost, which means we greatly increased his profits   |
| 吴娟 | 您觉得跟他们合作以后，除了您刚才说的那些优势 --“一体化你们可以提供全方位的方案”，还有没有这样一个优势：因为PMR是一个德国企业，德国制造，德国品牌的效应有没有对你们也有很大的帮助？ | As you said, you have got an integrated total solution system via your collaboration with them. Aside this advantage, have you noticed other advantages? I mean, since PMR is a German enterprise, have you got considerable benefits from “Made in Germany” and German brands? |
| 张钜 | 有啊，当然有  | Of course we have   |
| 吴娟 | 他是提供解决方案的。以前他是不是都在欧洲寻找外包、delivery，而现在你们海能达（Hytera）就是他们最大的delivery，这个有没有影响他在欧洲拿单呢？             | He is a solution-provider. Before, he was seeking outsourcing and delivery inside Europe. But now you Hytera have become his biggest delivery, does it have impact on his European orders?  |
| 张钜 | 不会。   | No.   |

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| 吴娟 | 可能反而会有好处，因为降低了成本。  | It may bring benefits instead, because it had reduced costs.   |
| 张钜 | 对。   | Yes  |
| 吴娟 | 这是蛮经典的。  | A wonderful example.   |
| 张钜 | 第一个，是要互相信任，这是第一个难点。第二个难点就是文化的差异，文化差异很大的，举个例子来说。  | The first point, mutual trust, which is hard to achieve. Second point, cultural differences, enormous. Let me give you an example  |
| 吴娟 | 对，我最喜欢听例子。   | Well, I love listening to examples.  |
| 张钜 | 勤奋。  | Hard-working   |
| 吴娟 | 欧洲人没有？   | Europeans are not hard working?  |
| 张钜 | 不是没有。比如我们觉得德国人一点都不勤奋，德国人会觉得很冤枉。后来才发现，大家对勤奋的定义是不一样的。中国人对勤奋的定义就是，下了班之后，晚上加班；平时工作日之外，周六周日加班，这叫勤奋。德国人的勤奋，就是他一天工作8个小时，他在工作时间内很高效的完成工作，这叫勤奋。 | Not that they are not. For instance, German people will feel unfair if we say they are not hardworking. Then we found out that we didn't share the same definition of "hardworking". For Chinese people, it means overwork: work during off-duty hours, or work on weekend after having worked during weekdays. For German people, hardworking means that he works 8 hours per day during which he finishes his work with high efficiency, that's what they called "hard-working". |
| 吴娟 | 这个很经典。   | Very classic example.  |
| 张钜 | 大家对勤奋的定义都不一样，我们说的东西都不在一个频道上。   | We differ on definition of hard working. We are not on the same page.  |
| 吴娟 | 我们好像是把时间，我们看在你的时间的量上   | It seems that we emphasize on quantity of time   |
| 张钜 | 是啊。  | Yes  |
| 吴娟 | 他是说，同样一个任务，但是我在我工作时间以内完成。  | He means, for the same task, I will carry it out within my working period  |
| 张钜 | 这就是什么呢？我们同样在说一句话，但不在一个频道上。我说你不勤奋，你说你很勤奋；后来才发现，说的勤奋不是一个东西。  | What does it mean? We are talking about the same thing but not on the same wavelength. I found you not hardworking, you said you are hardworking; and then we found out that we were not talking about the same hardworking.   |
| 吴娟 | 那后来怎么...   | Then how did you   |
| 张钜 | 就好象我说我在和椰子汁，你说你也在和椰子汁。后来我们发现我们说的不是一个东西，原来你说的椰子汁是可乐。  | It was just like I said that I am drinking coconut juice, you too said you are drinking coconut juice. Afterward we found that we were not talking about the same thing and what you were drinking was indeed cola   |

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| 吴娟 | 因为我也采访了其它一些公司，他们都反映欧洲人太舒适了，懒散，他们欧洲人也很反感。欧洲人觉得中国的企业里，比如说没有人权。          | I interviewed several companies and they all find that Europeans are too comfort-seekers and lazy. But European people are also prejudiced against Chinese. For example, they think that there is no human right inside Chinese company.                                 |
| 张钜 | 德国人不懒散。   | Germans are not lazy.  |
| 吴娟 | 对，其实他很严谨。   | No, they are quite rigorous actually.  |
| 张钜 | 意大利人可能懒散一些，希腊人懒散一些。德国人很勤奋，按照他的标准来说，很勤奋。                               | Italians may be lazy as well as Greeks. Germans are very hardworking, according to their own standards   |
| 吴娟 | 而且是有板有眼的，守时遵纪   | They are very organised, disciplined and punctual.   |
| 张钜 | 他一点都不懒散。  | They are not lazy at all.  |
| 吴娟 | 那后来你们怎么解决的呢？他们也看不惯，他们觉得中国的企业不尊重员工，把人家用在家庭的时间，也用来工作。出现这样的问题，你们是怎么解决的呢？ | Then how did you handle the problem? They could not stand Chinese company's behaviour and feel that Chinese company does not treat employees with respect by making them work while they should stay with their families. Facing such problems, what are your solutions? |
| 张钜 | 我觉得不用解决，互相合适就好。   | I don't think it should be resolved. We can only get adapted to each other   |
| 吴娟 | 怎么样合适呢，是不是通过时间来   | How to adapt? Through time passing by?   |
| 张钜 | 没有。   | No.  |
| 吴娟 | 来磨合？  | To put some water in the wine?   |
| 张钜 | 没法改变，不用去改变。   | It can't be changed. No use changing   |
| 吴娟 | 就是有的时候，没有办法.....  | You mean, sometimes, you have no other ways but  |
| 张钜 | 是你很难跟一个国家的特性抗争，没必要。   | It's hard for you to fight with some characteristics of a whole nation, no necessary   |
| 吴娟 | 也就是说都包容下来，这个企业也包容下中国人不分日夜和节假日地工作。                                     | So we tolerate all, including Chinese people working day and night and on weekend days   |
| 张钜 | 中国人就勤奋一些喽，你就别那么勤奋，或者是按照你的勤奋标准，来做到你能做到的事情。                             | Chinese are really hardworking, and you don't have to do like them, just be hardworking according your criteria, do what you are able to do  |
| 吴娟 | 那有没有中国员工会很不满，觉得欧洲员工的工资那么高，但他们工作的时间又短？                                 | But as a result, have any Chinese employees become unsatisfied when they see European staffs are highly paid although working fewer hours?   |
| 张钜 | 普通员工有可能会这么想着，不排除。我是不会这么想。   | Common employees might think so, it's possible. But I won't.   |

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| 吴娟 | 其它的领导呢？其它的领导也这么认同？   | What about other executives? Do they think like you?  |
| 张钜 | 领导层可能不会这么想，普通员工有可能。  | Executives won't think like this. Ordinary staffs probably do.  |
| 吴娟 | 普通员工这么想，怎么办呢？  | If ordinary staffs think so, how will you do?   |
| 张钜 | 没有办法，让他们就这么想呗。   | There is nothing we can do. Leave them with their ideas.  |
| 吴娟 | 但是有没有说，中国员工后来看到，德国姊妹公司的同事，他们虽然工作时间相对短，但他们交的东西很好，他们的技术非常精准，能让海能达（Hytera）拿到标，最后这些中国员工反而心服口服。有没有这样的事情？  | But would it happen one day that Chinese staffs become totally convinced of German colleagues' capacities? For example, when Chinese see that German colleagues deliver good products with highly precise technologies that would permit Hytera to win bids, although they work less time. Has this kind of situation ever occurred?  |
| 张钜 | 应该也有。但是我觉得，我为什么会坦然接受这个事情呢？<br>第一个，我觉得大家舒服就好，没有必要逼着你去硬改变，而且我知道我改变不了你，因为你背后有家人，有整个社会   | There should be. But as far as I am concerned, why can I accept it with complete peace of mind?<br>Firstly I think it's important to put everyone at ease. It's no use forcing people to make any changes; what's more I know I can't change you, because you have your family and the whole society behind you.  |
| 吴娟 | 体制   | System  |
| 张钜 | 整个事情你是扭转不了的，你不可能去改变他们，不可能去改变那些习俗的。<br>第二个，我也挺开心的，因为他们这样，中国人肯定赢定了，那你就这样呗。就中国人赢了嘛，挺高兴的，我就这么想的。中国人又聪明，又勤奋，你没我聪明，又不如我勤奋，那就等着我们收购你，等着我把你打掉。挺好，我觉得。<br>否则就是欧洲人收购中国人啊，我觉得挺好的。 | You can't turn the downward trend. It's impossible for you to change them, to modify customs....<br>Secondly, I am quite happy with that, because if they behave like this, we Chinese will surely win. So be what you are. Let's Chinese win. I really think it's nice, like this. Chinese are clever and hardworking. You are less clever, less hardworking, as a result, just you wait, and we will come to knock you down. Very well, I think. If not, it should be Europeans who take over Chinese. I think it's a good thing. |
| 杨阳 | 他们欧洲人也有对我们不理解的地方。比如他们就不可以理解为什么中国人过年就要搞两次全国人民大迁徙。   | Sometimes Europeans can't reach a good understanding of Chinese. For example, they can't understand why Chine people are obliged to make two nationwide moves every year when Spring festivals are coming?  |
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| 吴娟 | 您是广东人吗？   | Are you Cantonese?   |
| 张钜 | 深圳人。对，算是吧。<br>真的，吴老师，中国人又聪明，又勤奋，那就让欧美人去懒吧，挺好的，别让他们太勤奋。  | Shenzhenner. Ok, let's suppose I am. Really, Professor Wu, Chinese people are clever and hardworking. Let Europeans remain lazy. It's fine like this. Don't make them too hardworking.   |
| 吴娟 | 但您觉得会不会有一天，我们的日子都过得很舒适了，我们的体制也会向他们靠拢？   | But do you think that one day our system will get closer to theirs when our life becomes very comfortable?   |
| 张钜 | 肯定会。  | Sure.  |
| 吴娟 | 劳工保护啊？我们开始也会象他们那样子？   | Labour protection? We will manage in their way?  |
| 张钜 | 肯定会，那没有关系。  | Of course. But it does not matter.   |
| 吴娟 | 只不过我们现在是处于一个此消彼长的时间。  | It's nothing but we are in a period of "as one falls another rises."   |
| 张钜 | 所以没有任何感觉到不公平，他们做的事情少，付出比我们少，挣的钱比我们多。我没有感觉。我恰恰认为这是我们的机遇。你觉得不公平，怨天尤人，不干了，或者干的懒散一些，这样吃亏的只是自己。你越是看到这点，越是觉得赶紧干，就把他们干掉。 | That's why I have never felt any unfairness, they work less, make less input and get more paid. I don't feel like this. On the contrary, I find it's our opportunity. You feel unfair and spending your time complaining, you stop working or become lazy, all this will only bring about our own loss. More you understand this, more urgent you feel like taking actions, to knock them down |
| 吴娟 | 还有，就是你们当时去并购他的时候，那个时候你们有没有专门的筹备组来做这个事情？   | Well, when you began to prepare the acquisition, had you set up a special team to deal with it?  |
| 张钜 | 有啊。   | Yes  |
| 吴娟 | 那个筹备组有多少人组成？  | How many persons in the team?  |
| 张钜 | 那涉及好多人。   | Many persons involved  |
| 吴娟 | 分别有那些背景的人，主要的，几个核心成员？   | How many core members? With what backgrounds?  |
| 张钜 | 公司高管啊；技术啊，去评判他的技术的；评判他销售的；评判他财务的；当然还有法务。  | The company's top executives: technical, sales, financial and legal  |
| 吴娟 | 有没有外语人才？  | Any experts in foreign languages?  |
| 张钜 | 外语人才？我们都讲外语。  | For foreign languages? We all speak foreign languages.   |

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| 吴娟 | 噢，不需要专门的。因为有些公司还要专门从外面聘。                | Oh, you have no special need, because some companies have to call in experts from outside   |
| 张钜 | 我们不需要。                                  | We don't need   |
| 吴娟 | 主要是就技术、销售、财务、法务，然后就是高管里代表。              | There were mainly technical, commercial, financial and legal people, plus top executives.   |
| 张钜 | 对。                                      | Yes   |
| 吴娟 | 有老总亲自参加吗？                               | Your CEO participated as well?  |
| 张钜 | 对，老总亲自。                                 | Yes, our CEO in person  |
| 吴娟 | 你们当时并购的团队的决策是怎么形成的？就是你遇到一个问题，大家如何行动？    | How did the acquisition team function for decision making? When a problem rises, how would you react?                                   |
| 张钜 | 大家会开会。                                  | We would hold a meeting   |
| 吴娟 | 开会如果大家有意见分歧的时候呢？                        | If team members disagreed in the meeting?   |
| 张钜 | 其实没有意见分歧的，有问题解决嘛。                       | Indeed there was not disagreement. When there was a problem, we found a solution.   |
| 吴娟 | 你们当时并购有没有动用外部的资源？                       | Did you mobilize resources from outside the company for this acquisition?   |
| 张钜 | 尽职调查。                                   | Due Diligence investigation   |
| 吴娟 | 是通过四大吗，没有投行啊？                           | By one of the Big Four? Not by Investment Banks?  |
| 张钜 | 没有投行，但是法务是做了尽职调查，财务也做了尽职调查              | No investment banks. But we conducted both legal and financial Due Diligence Investigations   |
| 吴娟 | 就是请了两个外部的资源，一个是法务，一个是财务就是象PWC呀，有没有请这么大？ | So you called in two outsourcing services: one is legal, one is financial, like PWC, a big firm like this?                              |
| 张钜 | 具体我不记得是不是PWC，好象不是PWC，忘记是谁了。             | I don't remember exactly, it may not be PWC. I forget it.   |
| 吴娟 | 但是这样子，是这种很大的国际的事务所？                     | But like this kind of big global firms?   |
| 张钜 | 我们今年收购的几家公司是用了很大的。当年好象不是，不记得了。          | We have made several big acquisitions this year with help of a big firm, but it seemed that we did not do that before, I don't remember |
| 吴娟 | 并购德国之前，你们有海外并购的经验吗？                     | Have you had already overseas takeover experiences before your acquisition in Germany?  |
| 张钜 | 有，但是没这么大。                               | Yes, but not as big as this one   |
| 吴娟 | 但我看最后成交额很小啊？                            | But the turnover seemed quite small..   |
| 张钜 | 最后成交额很小，相当于于是白送的，原因是什么呢？                | The final turnover is very small, akin to giving away for nothing, why?   |

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| 吴娟 | 他有很多债务？  | Because he was heavily indebted?   |
| 张钜 | 不是有很多债务，是他们总公司想让我们承接他的员工，因为罗德史瓦茨（Rohde&Schwarz）在德国是很大的公司，是很有public reputation的。如果说他裁员 -- 如果他卖给我们，没人买嘛，他要关掉这个业务，就要裁人。他裁人可能会对他reputation有很大的负面的影响。 | Not that they had lots of debts, but that they wanted us to take over their staffs. Because Rohde&Schwarz is a big company in Germany and takes care of its public reputation. If they should lay off employees – if they didn't sell it to us, nobody else would buy, so they would be obliged to close down the factory with a redundancy plan, which would tarnish the company's reputation seriously |
| 吴娟 | 什么叫很大呢？你们当时也承接了100多个人，这个对他来说是很大了。  | What do you mean by “seriously”? You took over more than 100 employees, which was already a great number   |
| 张钜 | 不是很大，就是对reputation，就是说，媒体会报道：罗德施瓦公司裁员了了。   | Not “great”, “Seriously”, it was about his reputation, in other words, media would make headlines as follows: Rohde&Schwarz makes redundancies   |
| 吴娟 | 100多人？   | More than 100 employees?   |
| 张钜 | 不管是100多人，还是10人，大家会说罗德施瓦公司裁员了。就好像说苹果公司裁员了。这就是Reputation。  | No matter it concerned 100 employees or 10, people would say that Rohde&Schwarz made redundancies, it's like redundancies made by Apple. It a matter of reputation   |
| 吴娟 | 你们当时的承诺是？  | What was your promise at the time?   |
| 张钜 | 全部接收。  | We would take over all employees.  |
| 吴娟 | 有没有保证多少年不裁人？   | Have you guaranteed that you would not make any layoff for a certain period?   |
| 张钜 | 有，三年不裁员。   | Yes, no layoff during three years  |
| 吴娟 | 三年不裁任何人？   | You would fire nobody during three years.  |
| 张钜 | 对。   | Yes  |
| 吴娟 | 其实结果是三年以后你们也没有裁，而且还有招聘了更多的人。   | In fact, even after three years, you have laid off anyone, what's more you've recruited more   |
| 张钜 | 对。他（Rohde&Schwarz）相当于就是把这些人交给我：兄弟，你帮我把这些接过去，你要什么我给什么。  | Yes. It somehow went this way: Rohde&Schwarz gave these people to us in a way or another saying: Brother, give me a hand and take these people and I will give you what you want.  |
| 吴娟 | 帮我照顾一把吧。   | Help me look after them  |
| 张钜 | 对，就是这样的。   | Yes, something like that   |
| 吴娟 | 而且接过来就等于接过来很多社会责任啊。  | And in addition, you take these people together with so many social responsibilities   |
| 张钜 | 是啊。  | Indeed   |

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| 吴娟 | 还有他们的养老金啊.....   | And their pensions  |
| 张钜 | 这些都没所谓。其实在价钱上，基本上算白送，因为他之前投入的钱，相当于全部给我了。   | We don't care. Actually it didn't cost us a penny, because we received practically all the money Rohde&Schwarz had invested before  |
| 吴娟 | 工厂？不是工厂。   | A factory? Not a factory?   |
| 张钜 | 主要是研发技术。   | Mainly R&D  |
| 吴娟 | 有不动产吗？有没有办公啊，什么的？  | Any real estate? Something like offices?  |
| 张钜 | 有，有不动产但不值钱。你不可能是因为那里有不动产去收购他。  | There is, but real estate isn't worth much. You won't buy a company because of its real estate  |
| 吴娟 | 不，不，我只是想问一下，看他到底还有些啥东西。设备啊，什么的？  | No no, I only want to ask, to see what they had in possession, equipment, or else?  |
| 张钜 | 都有。  | They did have some  |
| 吴娟 | 都给你们了。   | They gave all to you  |
| 张钜 | 对，全是白送的。   | Yes, all, for free  |
| 吴娟 | 您觉得这次并购的成功有那几点，比如说时机啊，天时地利人和啊？   | What are the most important factors leading to this successful acquisition according to you? For example, timing, people, place?  |
| 张钜 | 当然都需要啊，再晚几年并购，就错过这个市场时机了。  | Of course, we needed them all. If the operation had taken place several years later, we would have missed market opportunity  |
| 吴娟 | 这个时机很好，主要是人为还是？  | The good timing was due to human elements or?   |
| 张钜 | 这有几个时机，比如他（Rohde&Schwarz）早点给我，他能发挥他很多的功能；晚几年再给我，市场机遇可能就错失了。这是第一点。<br>第二点就是市场，你觉得时机好，就是刚刚08年金融风暴之后，他可能就把一些非主营业务切掉，如果不是这个事情..... | There were several opportunities, for example, if Rohde&Schwarz gave it to me earlier, we could make the most of it; if not, several years later, we would have lose market opportunities. That's the first point.<br>The second point, it's the good timing, it was just after 2008 financial crisis, he may probably cut off derivative business, if not... |
| 吴娟 | 低位点，刚好是.....   | It was just at the low point  |
| 张钜 | 是啊，不是低位点。如果不是金融危机是不会触动他想去把非主营业务切掉。   | Yes, if not the low point, if there had not been financial crisis, they would not have taken decision to get rid of non-core business   |
| 吴娟 | 您觉得这里面人为因素更多，还是有很多运气？比如由于你们自己要上市...  | Do you think that your success was due to human factors or good luck? For instance, it was because you had planned your own IPO   |



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| 张钜 | 我觉得纯粹是运气啊。因为如果他不卖你，你能怎样他呢？他不是公众公司。如果公众公司，我硬买（hostile take over）....                             | In my opinion, it was due purely to good luck. Because you can do nothing if they refuse to sell it to you. He is not a public company. If he is a public company, I may launch a hostile take over.   |
| 吴娟 | 他是不是在PE手上？  | Did he belong to a PE?   |
| 张钜 | 不是，就是在他总部的手上，百分一百的，我觉得所有的非公众公司，你能把他收进来，我觉得运气因素占很大部分。比如他不想卖给你，你能怎么样呢？你不能怎么样他的。                   | No, he wholly belonged to his mother company, 100%. In my view, concerning all non-public companies, whether you can take them over depends particularly on luck, for instance, if he does not want to sell it to you, how can you do? You can do nothing with him   |
| 吴娟 | 他的母公司也不是上市？   | Is his mother company listed?  |
| 张钜 | 罗德史瓦茨不知道上没上市，好像不是上市公司吧。<br>明白我在说什么吗？他不想卖你能怎样呢，说再好也没有用，出再高价也没有用，再给多少资源也没有用。他不想卖，你是没办法的。          | I don't know if Rohde&Schwarz is listed. It seems that it's not a public company. Do you see? If they don't want to sell to you, no matter what you say, no matter what high price you offer, no matter how much resources you supply, you can do nothing if they don't want to sell                               |
| 吴娟 | 你们未来会不会在德国再扩大生产，还是说，有计划.....当然他是一个技术公司，他跟那个不同，他没有生产。<br>不像我们那天采访的那个，他是属于生产型的，他所以有计划，每一年裁员一到两个人。 | In the future, do you have the plan to increase your production in Germany, or, a project... of course he is an enterprise of technologies, different from that one, he has no production, not like the one we interviewed the other day which made production, so they had a plan to lay off 1-2 persons per year |
| 杨阳 | 像末位淘汰那种。  | Like "lay off the last one" elimination  |
| 张钜 | 在德国能末位淘汰吗？  | Can "lay off the last one" elimination take place in German?   |
| 吴娟 | 他不光末位淘汰，他是有一个机械自动化的计划，末位淘汰两个人，明年再两个人。   | Sure, what's more, he has a self-operating plan which eliminates the last two persons, and next year, two more employee would be eliminated  |
| 杨阳 | 工人。   | Workers  |
| 吴娟 | 是啊，工人啊  | Yes, workers   |
| 杨阳 | 那个是在美国。   | That happens in USA  |
| 吴娟 | 噢。<br>他有这个计划，就跟这个不一样。因为PMR是个技术型的公司，他没有生产，是轻资产。  | Oh. He has a plan that differs from this one. Because PMR is a high tech company without production, it's a asset-light structure  |
| 张钜 | 是的。   | Yes  |

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| 吴娟 | 可以这么说吗？PMR的价值东西就在于人。                                      | May we say that the value of PMR lies in its people?   |
| 张钜 | 是的。   | Yes  |
| 吴娟 | 他是一个技术型的公司，海能达（）本身是做高科技的，做对讲机啊，通信技术的，是技术型公司，所以套路也不一样。     | He is a tech company. Hytra produces high tech products, like intercom, communication, so you have different channels  |
|    | 聊天  | Talks  |
|    |   |  |
| 张钜 | 我觉得最成功的，源自于1+1>2，他（PMR）来到我们这个平台，他能够不断发展，给他很多资源。           | For me, the most successful comes from 1+1>2. PMR comes to our platform, he can develop increasingly and we provide him with lots of resources                       |
| 吴娟 | 怎么样保证他们创新呢？以及你们的创新是怎么安排的？                                 | How can you make sure that they will continue to innovate? And how do you make your innovation layout?   |
| 张钜 | 我们会给他roadmap，就是技术发展roadmap。                               | We will provide him with a roadmap, a road map for technology development  |
| 吴娟 | 欧洲人的创新，不是有很多艺术性，这是我们采访了解到的。                               | European innovation isn't much artistic? That's what we have learnt during our interviews  |
| 张钜 | 应该不会吧，德国人的艺术性，我觉得应该不至于。                                   | It should not be. Germans' artistry? I don't think they may go that far  |
| 吴娟 | 他说的是这个意思，我可能表达的不对。他们的创新就是自己的一种理想，我们这边的创新很多是..             | He wanted to mean that, I probably didn't speak clearly. Their innovation represents some kind of their ideals, while our innovation are much more                   |
| 张钜 | 应用。   | For application  |
| 吴娟 | 对，我们要怎样从客户的角度，从成本降低的角度，这样一些推动因素，他们搞很多原创的东西。               | Yes. We should proceed from viewpoints of our customers, to seek cost reduction, all these driving factors, whereas they are engaged in creativity with originality. |
| 张钜 | 是有这样一些，但是还好，因为他是商业公司。                                     | They do function like this sometimes, yet, it's ok, because it's a commercial company  |
| 吴娟 | 他们欧洲人很担心，如果他们要是卖给了中国企业的话，可能就会泯灭掉这种原创性，最后就成为一种应用型，改良型的创新了。 | They Europeans have big concerns. If they sell it to Chinese companies, original creativity may dry up and end up being kind of applied and modified innovation      |
| 张钜 | 应该也不会，因为好多东西都是客户驱动的。                                      | That should not happen, because many innovations are driven by customers   |

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| 吴娟 | 那你们这边的创新主要也是以面向客户的这种创新，他们企业原来的创新理念跟你们是不是比较一致？                             | Well your innovations are mainly driven by customers' needs. Do you share the same innovation conception?   |
| 张钜 | 我觉得大致是一致的，不会有原则上的冲突，都是满足客户的需求。  | I think we have practically the same conception and we won't have fundamental conflicts. We both are looking for satisfying customers' requirements   |
| 吴娟 | 他们当时问题出在那里呢，为什么落魄到一定要把他卖掉呢？   | What happened to them at the time? Why did they go down the drain in such a dreadful way that they must sell it?  |
| 张钜 | 其实他（PMR）没有问题，就是...  | Actually PMR had not problems, it was just  |
| 吴娟 | 这个分支运营的好不好？   | Did this branch operate well?   |
| 张钜 | 还可以吧。不说好不好，就是一根平衡线，亏也不亏，赚也不赚。   | Rather OK. We can't say good or bad, it was like a balanced line, no loss, nor benefit  |
| 吴娟 | 为什么不能做得更好一点呢？   | Why couldn't they do it better?   |
| 张钜 | 不能做更好的原因在于他们母公司太大了，他母公司完全不做这个的。   | The reason that they could not fare better is that their mother company is too huge. His mother company does not operate in the field at all  |
| 吴娟 | 他（PMR）就成了Roschi Rohde & Schwarz AG的边缘业务，不受重视。                             | Then PRM became a periphery business inside Roschi Rohde & Schwarz AG, and was not made much of in the group.   |
| 张钜 | 很边缘了，董事会也不愿意为不到1%的业务，开什么董事会呀，研究这个东西。一样的，每个公司都是这样子的。                       | Very marginal. The Board was reluctant to hold a board meeting to study such issues whose weight was less than 1% of the company's business. In the same situation, every company will proceed in the same way.                                   |
| 吴娟 | 他是一个不受重视的业务。  | He was a branch to which the company attached little importance   |
| 张钜 | 就象你们大学很偏门的东西，估计你们校长肯定去不去，看都不看。  | It is like some byway departments in a university, I doubt that president of the university would ever go to have a look  |
|    |   |   |
| 张钜 | 我觉得成功最重要的还是1+1>2，他来到我的平台，能够发展的更快更好更强大，业务能够支持、资金能够支持、人员能够支持、市场能够支持，技术能够支持。 | For me, the most successful is still 1+1>2. He comes to my platform, he can develop faster, better and more powerfully and we provide him with business support, financial support, human resources support, market support and technical support |
| 吴娟 | 有没有在文化上对他们很尊重？  | Have you showed respect to their culture?   |
| 张钜 | 我觉得彼此尊重是最基本的。   | I consider mutual respect as fundamental base   |
| 吴娟 | 您觉得现在的这个企业（PMR）的员工比五年以前，和你们的关系和   | According to you, compared to five years ago, has there been any change in your relationship with PMR employees? How about your mutual  |

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|    | 对你们的尊重有改变吗？德意志的那种高傲感有没有收缩一点，有没有比以前好一点？  | respect? Have they had their Germanic pride shrunk a little? Better than before?  |
| 张钜 | 对呀，因为他看到我们发展太快了，  | Of course, because they eyed our rapid development  |
| 吴娟 | 也有一些欧洲人，看了会很害怕，有没有对他有一种鞭策感呢？  | Are there any Europeans who have got worried about this and viewed it as a stimulus?  |
| 张钜 | 应该会有鞭策感。  | They should have felt spurred   |
| 吴娟 | 你们有没有定期有交流，他们到这边来？  | Have you established regular communication? They come here?   |
| 张钜 | 会有。   | Yes   |
| 吴娟 | 可不可以大概介绍一下这方面的。   | Could you please make a short presentation of this?   |
| 张钜 | 比如他们会述职啊，比如他们会到我们公司的参加战略会议啊，他们会做报告、汇报。  | For example, they make working reports, or they come to our place for strategies meetings, they give speeches and reports   |
| 吴娟 | 拿到一些项目的话，相关的技术人员肯定也会经常过来。   | When you undertake projects, related personnel should come here quite often?  |
| 张钜 | 那是。两边会互相走动。   | Yes, we visit each other.   |
| 吴娟 | 您能不能举一个例子，你们在融合或者并购的过程中，遇到了一些困难，在当时看起来好像都不可解决的，但最后用一种方法解决了，最后大家达到了一个和谐点。                                    | Could you please give us an example of integration or acquisition which hit obstacles, seemingly insurmountable, but ended up with harmonized convergence in a way or another?  |
| 张钜 | 你只要互相理解，所有问题都不会是问题。大家如果有个共同的目标，这个目标就是把你的企业做大做强，技术更有创新，更有市场竞争力，把市场份额做大。目标是一致的，其他问题都不是事。如果你目标不一致，那所有问题都会成大问题。 | Based on mutual understanding, there would be no problems that can't be resolved. If you all pursue the same goal which consists of developing better the company with more innovative technologies and higher competitiveness, other problems won't matter. If you don't have the same goal, every problem could become a big one. |
| 吴娟 | 你们的目标就是要共同的发展，共同的赢利，共同的开发客户。  | Your goal is to work hand in hand to improve joint profits and to develop customer network  |
| 张钜 | 要帮他（PMR）成功。   | To help PMR succeed   |
| 吴娟 | 我这里有一个简单的问卷，7、8个问题。您可以填写一下吗？  | Here I have a short questionnaire with 7 or 8 questions. Could you please fill it?  |
| 张钜 | 可以。   | Yes   |

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| 吴娟 | 就是刚并购完的时候，他们也是.....   | Well, right after the acquisition was finalised, they still   |
|    | 双方都很尊重，唯一就是，他们对我们来说，有点害怕，有点心里不踏实，不知道我们会怎么样。   | We respected each other. The only point was that they did not feel assured, they were worried, they didn't know our next steps  |
| 杨阳 | 有戒备心理？  | Somehow hostile?  |
| 张钜 | 对，有戒备心理，就是忐忑，我觉得用中文来说忐忑这个词就比较好。<br>这是对方，我们就没有，因为我们知道我们做什么。  | Yes, they were on their guard, very nervous. In Chinese we may say "TAN TE". That was their feeling, not ours because we knew what we were doing.   |
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| 吴娟 | readiness，是不是有这样一种准备，I am ready，我已经准备好了，我全心全意的就准备着，期待着跟你合作，刚刚并购完的时候，可能他还不是.....但是后面的.....   | Readiness, is that this kind of readiness, I am ready, I have been fully prepared, I'm looking forward to working with you, right after the acquisition, he may probably not, yet, afterwards,  |
| 张钜 | 我觉得在****和*****中间，就是可能他的愿望是好的，他觉得他的心里做好了ready，其实他是ready，但是可能做的过程中，他显示出来可能未必能那么好。   | I feel that between....and..., his expectation may be great, he thought he was already ready, and indeed he was ready, but during the process he may behave not as well as expected   |
| 吴娟 | 他有一个转变的过程。  | He needed a transition period   |
| 张钜 | 就是说，心里的愿望和现实，理想和现实会有个gap。   | In other words, interior wishes and reality, there is a gap between ideal and wish  |
|    |   |   |
| 张钜 | 你显示出来的conflict，实际上背后的原因，实际上你深层去看就是culture difference，就是所有的表面的东西，我们在谈的是技术的什么事情，身后我们为什么在谈这些问题，或市场问题，其实背后的就是culture conflict，就看你怎么看了，广义的去看还是狭义的去看，狭义的看表面，表面表现的是比如我们finance，在谈KPI performance的问题。背后所有的东西都是culture conflict。 | On the surface you may make it appear as a conflict; in reality, if you look inward more deeply, it is all about culture difference, that's to say, all apparent problems, such as technical talking, or discussions of market issues, they all stem from cultural conflict. It's up to you to decide your viewpoint, in broad terms or in narrow terms. Narrow terms may be applied for problems on surface, for instance, apparently, we are talking about finance, KPI performance, etc. But behind that, it's all about culture conflict. |
| 吴娟 | 你们有没有KPI?   | Have you KPI?   |

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| 张钜 | 有啊。   | Yes   |
| 吴娟 | 他们是不是觉得你们定得太高了？   | Have they considered that you set them too high?  |
| 张钜 | 是啊。   | Yes   |
| 吴娟 | 这是普遍的问题，都觉得mission impossible。  | That happens in a general way, they will think it mission impossible  |
| 张钜 | 都是mission impossible 或者是crazy，但对我们来说就是normal，甚至我对你的要求比其它人低。   | Well, in their eyes, it's a "mission impossible", or crazy, but for us, it is normal, even easier for you than for others   |
| 吴娟 | 那后来？  | Then after?   |
| 张钜 | 就好像我花了钱买你，你的表现比别人更好才是啊，否则我买你干什么呢？   | Let's put it this way, I bought you with my money, you should perform better than others, if not, why did I buy you?  |
| 吴娟 | 那后来你们怎么解决这个问题？  | How did you get the problem resolved later?   |
| 张钜 | 没法解决？   | No solution?  |
| 吴娟 | 往下调低，还是？  | Or, lower your standards?   |
| 张钜 | 只能往下调低，那能怎么办呢？  | We had no other choice but made them lower, what could we do otherwise?   |
| 吴娟 | 顺着他们啊，我以为就要调高。  | You followed their direction? I thought that you would have made a rise   |
| 张钜 | 调高没有用啊，调高做不到，能怎样呢，你给老外调。就好像，你知道吗？我们设的目标百分之百增长，他们提的目标5%的增长，对欧洲人来说已经很好了，我们再乘以10，50%，你提这个目标在中国你就下岗了，我们现在所有的BU-leader (business unit leader)，年初提的目标全是三位数的增长，谁提个50%的增长，这个人就要下岗了。50%的增长是10倍于老外提出的增长，老外提的是5%的增长。你就乘以10，50%的增长，在中国来说，你也下岗了。 | There is no use asking them to increase. They just can't do it. What can we do? Make adjustment for foreigners. Well, let's see, we set objectives for ourselves to achieve an increase of 100% while they proposed a 5% which is rather good for Europeans. We then multiplied their objective by ten, it would be 50% but with such an objective you would be laid off in China. Nowadays all our BU-leaders set a three-digit rate for yearly increase. Whoever puts forward an increase of 50% would be fired. 50% is tenfold higher than the objective set by foreigners who proposed 5%. Even multiplied by ten, 50%, you should be fired in China. |
| 吴娟 | 但他都觉得太高了？   | But they considered it too high?  |
| 张钜 | 是啊，他觉得crazy，乘以10，开玩笑。但我们告诉他再乘以10，你也下岗了，但我不能让你下岗啊。   | Yes, they found it crazy, ten-fold, a joke. If we told him that he would be fired even with the ten-fold figure,...but I can't lay you off  |
| 吴娟 | 那后来怎么办呢？  | Then what happened?   |

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| 张钜 | 没有办法。  | We could do nothing  |
| 吴娟 | 后来他能够达到吗？  | Later on did he achieve the objective?   |
| 张钜 | 肯定达不到嘛，你说你提50%增长，他能达到吗？  | Of course not. Ask them to do 50%, how can he?   |
| 吴娟 | 他们本来也是一个饱和市场，跟中国的国情也不一样。   | Their market has already been saturated, which differs from Chinese market.  |
| 张钜 | 不是饱和市场，他们温水煮青蛙煮太久了，你改变不了他的那种作法。  | It's not about market saturation, but they are like frogs that have been staying in tepid water for too much time. You just can't make them change.  |
| 吴娟 | 可是我们这边百分之百都可以达到吗？  | Yet, on our side, can we achieve the 100%?   |
| 张钜 | 可以啊，百分之百都能达到。无非是你达到，他没达到，但是你达到多些，他达到少一些，加总一下都达到了。  | Sure. We all reach 100%. At least, you get it, while he not, but you have achieved more, and he less, but putting all together, the total will be ok   |
| 杨阳 | 平均是三位数的增长，中国发展也确实太可怕了。   | On average, three-digit increase rate. It's terrifying, China's development  |
| 张钜 | 中国发展太快了。   | China has been developing too fast   |
| 吴娟 | 太可怕了。  | Terrifying   |
| 张钜 | 是啊，所以对别人来说是crazy的，为什么？你（中国这边）的投入很大，你（中国人）又聪明又勤奋。   | Yes, so it seems crazy in their people's eye. Why? You, Chinese, make significant investment, you, Chinese, are clever and hardworking   |
| 吴娟 | 是不是他们那边，说的50%的是销售额，还是什么？我们这边指得是profit？   | What does it refer to exactly, the 50%? Sales revenue for them, profits for us?  |
| 张钜 | 是销售额或者是profit。<br>举个例子吧，就是说，我们提的要求对他看来是不可实现的。  | Sales revenue or profits. Let's me show you an example, when they consider our requirement impossible to be realised   |
| 杨阳 | 那有没有市场原因呢，就像吴老师说的，那边的市场已经饱和了。  | Does market matter? Like Prof Wu mentioned just now, a market saturation   |
| 张钜 | 所有的东西都是有原因的，你做不成事情肯定是有原因的。但为什么我们能做成，你做不成呢？大家面对的客观问题是一样的。<br>你的问题确实存在，但你的问题不是说只有你面对，我也面对呀，那为什么我做成，你做不成呢？你做不成，回来告诉我一堆问题，是啊 | Every issue has its own factors. If you can't fix it, you surely have your own reasons. But why can we fix it but you can't? We are facing the same objective problems.<br>You have your own problems, that's true, but you are not the only one who should face your problem, me too. Therefore, why did I fix it, but you did not? You come to see me with a list of problems and tell me you can't do it. Well these problems do exist; me too, I have a list of problems. The life is neither easy nor smooth for me either. Why can I handle my problems? |

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|    | ，是有这堆问题啊，我也面对啊，难道这些问题只有你面对，我不面对？我就是一马平川？那为什么我能克服这个问题，我能实现，你实现不了，那是你的问题吧。<br>他会说，这是客观市场问题。是啊，客观市场问题，我也面对啊，没有一个客观的问题难点是只有你面对，我不面对的，没有。为什么我能克服得了，我能实现，你实现不了。 | If I can do it but you can't, then it should be you who have problems. He will say, these are objective problems of market. Sure, market has problems that I am facing as well. There is not a single market obstacle that you alone should overcome but not I, no such obstacle. Why can I overcome it, why can I fix it, but you can't |
| 吴娟 | 我在想他们面对的是欧美的市场？   | I am thinking, they are facing European and American markets?  |
| 张钜 | 不是的，体现在最深层的都是 culture conflict。   | No. The root of all this lies in culture conflict  |
| 吴娟 | 这不是culture，这是strategy，这是发展了。  | It's not culture, it's strategy, it's development  |
| 张钜 | 就是culture。  | It is culture  |
| 吴娟 | 噢，是大文化。   | Oh, broad culture  |
| 张钜 | 就是大的文化嘛，为什么我要100%的增长呢？他觉得5%的增长很好了。  | Yes, it is broad culture. Why do I set objectives of 100% for increase? He found 5% would be enough.   |
| 杨阳 | 那天我们也说过，中国人是遇山劈山，遇河架桥，国外的人看到山..   | We had talks the other day, Chinese people hew out path up the mountain and build bridges over the river, while when foreigners come in front of the mountain  |
| 吴娟 | 慢慢的绕过去。   | They will get around it carefully  |
| 杨阳 | 看到河就停到那儿了。  | And will make a stop when they arrive at the riverside   |
| 张钜 | 对的，我觉得所有东西归根到底就是culture conflict。   | Yes, so I think all can be reduced to "culture conflict"   |
| 吴娟 | 最后就依着他们了？   | In the end, we should follow them?   |
| 张钜 | 为什么？因为中国穷。  | Why? Because China is poor   |
| 吴娟 | 可能连50%他都实现不了。   | But they can't even realise the 50%  |
| 张钜 | 是啊，这些人要在深圳买个房子，他要拼命工作，在欧洲他不用拼命工作，他也能买。  | Sure. They need to sweat their guts out if they want to buy a flat in Shenzhen, but in Germany, you don't have to work hard and you can also buy a flat.   |
| 吴娟 | 不是的，你在欧洲不买房，很穷的人，最后有国家帮你担着，就是不会把你逼到一个流落街头的惨地。   | It's not like this. In Europe, governments will take care of these poorest people who are unable to buy housing, in other words, you won't be reduced to such a sad plight and end up on the street  |



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| 张钜 | 绝路。   | Dead-end  |
| 吴娟 | 是的。   | Yes   |
| 杨阳 | 请教一下您的背景，我看到您是CFO。  | May I ask your background? I saw that you are CFO   |
| 吴娟 | 您是财务出身吗。  | Are you from finances?  |
| 杨阳 | 就上学的时候本身学的是财务？  | I mean, did you study finances when you were in university?   |
| 张钜 | 对，我在曼大读的研究生。  | Yes, I undertook my graduate study in Manchester University   |
| 吴娟 | 曼彻斯特大学。   | Manchester University   |
|    | 聊天  | (talks)   |
|    | 继续填问卷   | Questionnaire goes on   |
| 张钜 | 什么是最重要的？Same goal, Trust each other, respect each other, understand each other, support each other, 1+1>2 | What's the most important? Same goal, trust each other, respect each other, understand each other, support each other, 1+1>2                      |
| 吴娟 | 你们有没有想过对策，怎么样能够刺激，激励，逼迫欧洲人？   | Have you thought about strategy to stimulate, to spur, to force Europeans   |
| 张钜 | 有啊，我们给他Incentive Plan，让他的收入跟公司业绩挂钩啊，打破他的大锅饭。  | We have. We drafted incentive plan, and linked his revenue to the company's business performance, so as to break his "common Big rice pot" system |
| 吴娟 | 我都有点不可思议，他们以前到底是怎么样的？   | It seems incredible to me. How did they operate before?   |
| 张钜 | 没有Incentive   | Without incentive   |
| 吴娟 | 可能是在投行工作，那我们的业绩指标都很厉害的。   | Maybe due to my job in vestment banks, we all have very vigorous KPI  |
| 张钜 | 研发机构可能不一样。  | Things may be different in R&D  |
| 吴娟 | 他这个可能不好量化，可是你们怎么跟他们量化呢？   | It may be tricky to quantify their work, but how do you make the quantisation?  |
| 张钜 | 我们是这样的，举个例子，把他公司赢利的25%拿出来，所有员工share。  | Well, we do like this, look, we take 25% of the company's profits and make them shared by all employees   |
| 吴娟 | 25%拿出来，给他们作bonus，但bonus就得跟你的业绩挂勾，有team的，也有个人的？  | 25%, like bonus, but it should be indexed to performance, bonus both for the team and for individuals?  |
| 张钜 | 对。  | Yes   |
| 吴娟 | 这对他们来说，居然是全新的东西？  | It has turned out to be an entirely new thing to them?  |
| 张钜 | 对。  | Yes   |
| 吴娟 | 他们欢迎这个吗   | Did they welcome it?  |

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| 张钜 | 当然欢迎了。   | Of course  |
| 吴娟 | 还有没有别的办法，对付欧洲人还真的不容易，说来说去。                         | Have you any other measures? In all honesty, it's not easy to deal with Europeans  |
| 张钜 | 我觉得最重要的还是能够看得到公司在不断发展，他个人也不断发展，收入也高了，公司收入也高，他收入也高。 | For me, the most important is to let them see that business is developing, and their own revenues, as well as the company's turnover, are increasing |
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| 吴娟 | 能否帮助我，采访德国子公司的管理人员？                                | Could you please help me and make me interview some German managers in your subsidiary?  |
| 张钜 | 可以。  | OK   |
| 吴娟 | 我也可以登门去看一下。  | I may pay them a visit   |
| 张钜 | 正好德国总公司CFO在母公司，你呆会儿可以去跟他聊一下。                       | It happens that the CFO from Germany is here, in the headquarters, you may have a talk with him later.   |
| 吴娟 | 太好了。今天就可以？我都不敢相信我这么幸运。                             | Great. Can I meet him today? I just can't believe I'm so lucky   |
| 杨阳 | 是德国人吗？   | Is he a German?  |
| 张钜 | 是德国人。  | Yes  |
| 吴娟 | 我可以跟他说德语。您觉得德国人的英语好吗？                              | I may talk with him in German. Do you think Germans speak English well?  |
| 张钜 | 高管好。   | Their executives speak English very well   |
| 吴娟 | 您觉不觉得他们有很浓的腔调？                                     | Do you think they have a strong accent?  |
| 张钜 | 我觉得没有，因为高管还好，有腔调是下面的人，有些甚至不懂英文。                    | I don't think so, because executives have no accent, some in lower grade may have accent, some even don't understand English at all                  |

### 10.1.2 Kai Marquardt

|      | German   | English  |
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| Wu:  | Sind Sie in Deutschland oder in Shenzhen stationiert?  | So you are based in Germany ? or are you based in Shenzhen?  |
| Kai: | Ich bin bereits seit 14 Monaten hier.  | I have already been here for 14 months.  |
| Wu:  | Ah das wusste ich nicht. Ich dachte Sie kämen hier um etwas zu rapportieren.   | Oh, that's new to me. I thought you just came here to report something.  |
| Kai: | Nein. Ich bin bereits seit 14 Monaten mit meiner Familie hier. Ich arbeitete für die deutsche Unternehmung und ich bin immer noch der CFO für die deutsche Unternehmung.   | No. I have already been here for 14 months with my family. I worked for the German company and I am still the CFO of the German company.   |
| Wu:  | Wie war es während der Zeit im 2011 als die Transition war und der Deal erfolgreich abgeschlossen wurde.   | How about the time, in 2011, was the transition so they closed the deal?   |
| Kai: | Ich schloss den Deal ab.   | I closed the deal.   |
| Wu:  | Das ist sehr gut. Also, das ist ja mein glück. Ich habe sehr glück, dass ich Sie interviewen darf.   | That's very good. So that's my luck. I am in a big luck that you are here and I can interview you.   |
| Kai: | Also, ich arbeitete bereits für die deutsche GmbH, die von Hytera übernommen wurde. Ich hatte bereits während 10 Jahren dort gearbeitet.   | So I already worked for this German GmbH which is a company acquired by Hytera. I had already worked there for 10 years.   |
| Wu:  | Lassen Sie mich Notizen machen. Also das ist demnach die alte Muttergesellschaft?  | Let me take some notes. So that's the old former mother company?   |
| Kai: | Nein. Das ist die deutsche GmbH. Sie blieb eine GmbH. Damals waren wir Teil der Rohde & Schwarz Gruppe von München. Ihr Hauptgeschäft sind Messungstechniken. Rohde & Schwarz entschied sich zu sagen, dass die deutsche GmbH «TETRA base stations», welches ein Spezialprodukt ist, herzustellen hat. Hytera entwickelt | No. that's the German limited company. It remained a GmbH. Before, we were part of Rohde & Schwarz group in Munich. Its main business is measurement equipment. Rohde & Schwarz decided to say you are making base stations in the TETRA ( <i>Trans European Trunked Radio</i> ) business which is a special product. Hytera is now developing such products. I always compare Hytera to |

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|     | <p>nun solche Produkte. Ich vergleiche Hytera immer mit Volkswagen. Die Firma hat einen Porsche, einen Skoda, einen Volkswagen und sogar einen Maserati. Die gehören alle zu Volkswagen. Aber selbstverständlich, mit einem Maserati kann man 300 km/h fahren, mit einem Skoda jedoch nicht – er sieht nicht so schön aus, hat nicht dieselbe Funktionalität, denselben Motor etc. . Wir haben verschiedene Produkte. Also im Bereich «Professional mobile radio», in dem Hytera tätig ist, können wir an Ministerien, an Unternehmungen oder was auch immer, verkaufen. Wir haben jegliche Produkte – von analog zu digital. Als wir von Hytera aufgekauft worden waren, entwickelten wir «TETRA base stations», welche die Polizei benutzt. Das ist ein Produkt, welche Hytera verkauft. Aber wir haben auch andere «base stations» die von Unternehmen verwendet werden. Zum Beispiel gehören Volkswagen oder Energieunternehmen dazu. Diese Unternehmen benutzen «DMR base stations». In Deutschland produzieren wir den Maserati. Das ist eine «High end base station» für die Polizei und Ministerien. Zum Beispiel arbeiten wir momentan an einem «nation wide network» für die Polizei in Holland.</p> | <p>Volkswagen. They have a Porsche. They have a Skoda. They have a Volkswagen. They have an Audi. They have even a Maserati. These are all Volkswagen cars. But of course, with a Maserati you can go 300 km/h but with a Skoda you cannot – it doesn't look so nice and it doesn't have the functionality and such an engine and so on. We have a lot of different products. So, if someone wants to get into professional mobile radio, which is Hytera doing, we can sell to ministries, to companies, to whatever. We have all kind of products – from analog to digital. And for example, what we were developing when we became Hytera is TETRA base station which is used by the police. It is one kind of product which we are now also selling in Hytera. But we have other base stations which is used by companies. For example, Volkswagen is our customer or Energy companies which are using DMR base stations. So, in Germany, we are making the Maserati. This is a very high-end base station for the Police and ministries. For example, we are now doing the nationwide network for the police in the Netherlands.</p> |
| Wu: | Ah Ja. In der Zeitung habe ich gelesen, dass Sie dieses Projekt gewonnen haben.  | Ah yes, I have read it in a newspaper that you won this project.  |

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| Kai: | <p>Das ist ein Projekt, dass wir von Deutschland bearbeiten. Die chinesische Firma, das könnte nun für Ihre Recherche besonders interessant sein, hätte nie die Möglichkeit gehabt einen solchen Vertrag abzuschliessen. Die holländische Regierung hätte nie gesagt «Okay, wir werden dies mit Shenzhen China unterzeichnen». Wir sind eine deutsche GmbH, dem deutschen und europäischen Recht unterstellt, daher können wir den Vertrag mit der holländischen Regierung unterzeichnen. Und im Vertrag steht beispielsweise, dass wir gewisse Informationen an China nicht geben dürfen. Also für uns in Deutschland ist es deshalb sehr wichtig, dass wir mit der «Karte, deutsche GmbH» spielen und dies so unseren Kunden kommunizieren.</p> | <p>Yeah. So, this is a project we are making out of Germany. The Chinese company, this is maybe also interesting for your research. The Chinese company would have never been able to sign such a contract. The Netherlands government would have never said: “Okay we will sign it with Shenzhen China” You are a German GmbH, you are under the German law, you are on the European law, so we are able to sign the contract with you</p> <p>And in the contract for example, it said, you can’t give some information to China and so on and so forth. So, it is very important to us, as a GmbH, that’s why I am telling you in the beginning, that we are still playing the card, “we are a German GmbH” to customers.</p> |
| Wu:  | <p>Ich denke, dass das auch für die Muttergesellschaft in China wichtig ist. Dadurch bleiben Sie eine deutsche Gesellschaft.</p>  | <p>I think this is also important for your mother group in China. So, you keep being the German company.</p>  |
| Kai: | <p>Korrekt. Allerdings ist dies das Problem. Weil gewisse Leute in China das nicht verstehen wollen, dass wir diese «Karte» spielen müssen und gewisse Informationen nicht nach China leiten. Ich denke Sie wissen, dass die Chinesen alles kontrollieren wollen. Sie wollen alles wissen. Sie sammeln Daten wie die Hölle. Sie sammeln alles.</p>  | <p>Correct. But this is the problem. Because some people in China don’t want to understand this that we have to play this card. That we have to say we can’t give some information to China. I think you know that Chinese people want to have control. They want to know everything. They are collecting data like hell. They are collecting everything.</p>   |
| Wu:  | <p>Ja.</p>  | <p>Yes.</p>   |
| Kai: | <p>Und wenn man sagt, dass wir Informationen nicht weiterleiten</p>   | <p>And if you say, sorry, we can’t give this information to China. They are always like,</p>  |

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|      | können, fragen sie warum und behaupten, dass die Deutschen uns nicht informationen weitergeben während dies die Amerikaner tun. Das Recht in der Welt ist verschieden.   | why, and the Germans don't want to give us the information and so on but the Americans do that. The law is different in the world.  |
| Wu:  | Ja   | Yes   |
| Kai: | Vielleicht wissen Sie dies, in Europa ist das Datenschutzgesetz sehr unterschiedlich als in China. Wir benutzen jeweils den Begriff «China ist ein nicht-vertrauensvolles Land in Sachen Datenschutzgesetz.»               | And you may know it, in Europe, the data protection law is so much different than China. I must say that we are always using this term "China is a non-trustful country in regards to data protection law." |
| Wu:  | Da bin ich total einverstanden.  | I totally agree.  |
| Kai: | Tut mir leid dies zu sagen.  | Sorry to say this.  |
| Wu:  | Ja die Institutionen sind verschieden. Wie lösen Sie dieses Problem nun?   | Yes, the institutions are different. So how do you solve this problem?  |
| Kai: | Wir sind immer noch daran.   | We are still solving this problem.  |
| Wu:  | Wie können Sie die Chinesen überzeugen?  | How can you convince the Chinese?   |
| Kai: | Können wir vielleicht später zu diesem Punkt kommen wenn wir zum Start zurück gehen und über die Geschichte sprechen, damit Sie dies verstehen. Wie ich Ihnen gesagt habe, startete ich vor 10 Jahren bei Rohde & Schwarz. | Maybe we come to this later when we will go back to the start and we make the history that you understand what happened. I told you that I started 10 years ago at Rohde & Schwarz.                         |
| Wu:  | Ja. Was ist Ihr Hintergrund?   | Yes. What is your background?   |
| Kai: | Ich habe mehrere Hintergründe.   | I have multiple backgrounds.  |
| Wu:  | Können Sie mir über Ihr Studium, früheren Arbeitgeber und wie Sie zu dieser Gruppe kamen erzählen?   | Maybe you can tell me about your study and your former employer and how you came to this group.   |
| Kai: | Ich habe vier Abschlüsse. Der erste war Wirtschaftsinformatik.   | I have four degrees. My first study was business computing.   |
| Wu:  | Ah ich habe das als Nebenfach studiert.  | Ah. I completed this as a minor.  |
| Kai: | Anschliessend ging ich nach Chicago wo ich Marketing studierte.  | Then, I went to the US and studied in Chicago where I started marketing.  |

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| Wu:  | Nachdem Sie Wirtschaftsinformatik abgeschlossen haben?  | After you finished your study in business computing?   |
| Kai: | Ja und Nein. Es war zur selben Zeit. Sie haben mich zu einem Program in Chicago geschickt wo ich Marketing/Consumer Behavior studierte und dann nach Deutschland zurückging.  | Yes and no. It was at the same time. So, they sent me to a program in Chicago where I did concurrently marketing/consumer behavior and then I went back to Germany.  |
| Wu:  | Da hat es also Überschneidungen?  | So, there are some overlaps here?  |
| Kai: | Ja. Etwas, aber nicht alles. Weil Wirtschaftsinformatik ist selbstverständlicherweise nicht nur Marketing/Consumer behavior. Marketing und Consumer behavior fand ich sehr interessant. Aufgrund meiner Noten haben sie mich in die Staaten geschickt. Deswegen bekam ich dich Möglichkeit. | Yes. Some overlaps but not everything. Because business computing is of course not only marketing/consumer behavior. Studying marketing/consumer behavior was very appealing to me. So due to my grades they sent me to the US and I became the possibility. |
| Wu:  | War es ein partnerschaftliches Programm?  | So, it was a joint program?  |
| Kai: | Ja. Die Universitäten arbeiteten zusammen.  | Yes, the Universities worked together.   |
| Wu:  | Wie hiess die deutsche Universität?   | What was the German University?  |
| Kai: | Leibniz Universität Hannover  | Leibniz Universität Hannover   |
| Wu:  | Oh. Dort war ich.   | Oh, I have been there.   |
| Kai: | Es ist ein paar Kilometer von Hannover.   | It's a few kilometers from Hannover.   |
| Wu:  | Man sagte mir, dass dies nicht Norddeutschland sei. Es ist Westdeutschland. Für mich ist es jedoch bereits sehr Norddeutschland.  | People told me, this is not North Germany. It is the West Germany. To me it is already very North.   |
| Kai: | Ja. Dann ging ich zurück nach Hannover von Chicago, beendete Wirtschaftsinformatik und dann fragten Sie, ob ich den Doktor machen möchte. Es war über BWL. Nachdem habe ich einen weiteren Master, einen MBA, absolviert.   | Yeah, yes. Then I went back to Hannover from Chicago and finished business computing and then they asked me to do my doctors thesis. This was on business. Afterwards, I did another MBA.  |

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| Wu:  | Oh. Sie haben so viel Energie.  | Oh, you have so much energy.  |
| Kai: | Nachdem ich von Chicago zurückkam, habe ich bereits gearbeitet.   | After I returned from Chicago, I already started to work.   |
| Wu:  | In welche Richtung war Ihr MBA und Doktor These?  | In which direction were your MBA and Doctor thesis?   |
| Kai: | In Finance und Controlling.   | The MBA: finance and controlling,   |
| Wu:  | Bei derselben Universität?  | At the same University?   |
| Kai: | Nein. In Haagen, Deutschland  | No, in Haagen, Germany.   |
| Wu:  | In welchem Bereich war Ihre Doktor These?   | So, your PhD was in which direction?  |
| Kai: | In BWL. Ich kam näher und näher zu Business. Ich kam von Wirtschaftsinformatik zur echten Wirtschaft, fokusierte mich dann auf Finance und Controlling und deshalb bin ich nun einen CFO, jedoch mit einem detaillierten Hintergrund in Wirtschaftsinformatik. Und dies ist der Grund weshalb ich in China bin – für globale IT-Projekten während den letzten 14 Monaten.   | In Business. I came closer and closer to business. I came from business computing to real business and then, I focused on Finance and Controlling and that's why I am now a CFO, but with a detailed background in business computing. And that's why I am in China – for global IT projects, during the last 14 months.  |
| Wu:  | Sie versuchen daher Finance und Controlling global zu integrieren?  | So, you try to integrate the Finance and Controlling globally?  |
| Kai: | Korrekt. Nicht nur Finance und Controlling, sondern alle IT systeme. In Deutschland bin ich der CFO und für Finance und IT verantwortlich. Mr. Chen gefiel unsere IT integration in Deutschland und deshalb durfe ich nach China um die IT systeme ebenfalls zu verbessern. Deshalb bin ich seit 14 Monaten hier. Wir haben bereits eine Menge an IT Verbesserungen abgeschlossen. Wir waren die erste übernommene europäische Unternehmung im Jahr 2011. Letztes | Correct. Not only Finance and Controlling. All IT systems. In Germany, I am the CFO and responsible for Finance and also IT and Mr. Chen liked what we did on the IT side in Germany and so I came to China to improve the IT also in China. That's why I have been here for 14 months. We finalized already a lot of IT improvements. We were the first acquired European company in 2011. But last year, there were another two acquired in Europe. Now in the US and Canada. So, we have to integrate a lot of different things. Lots of different |



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|      | <p>Jahr wurden zwei weitere europäische Firmen übernommen – nun folgen Firmen in der USA und Kanada. Wir haben viele Sachen zu integrieren. Dabei auch gegenwärtig viele verschiedene Kulturen und Unternehmen. Wir waren die erste Unternehmung, welche übernommen wurde.</p>  | <p>cultures. Lots of different companies now. We were the first one.</p>   |
| Wu:  | <p>Jetzt können Sie von Ihren Erfahrungen lernen.</p>   | <p>Now, you can learn from the experience which you get from.</p>  |
| Kai: | <p>Ja. Das hat auch unser CEO gesagt. Wir können die europäischen Firmen in verschiedenen Bereichen unterstützen, weil wir bereits seit 6 Jahren zu Hytera gehören. Wir haben bereits erfolgreich unsere Erfahrungen und unser Weg gemacht bei Hytera. Es wäre schön, wenn die Tochtergesellschaften in England, Spanien und so weiter, ebenfalls einen erfolgreichen weg gehen. Allerdings ist es nicht einfach, weil die Kulturen so sehr verschieden sind.</p> <p>Zurück zum Punkt als wir noch Rohde &amp; Schwarz waren und Teil von Hytera wurden. Rohde &amp; Schwarz sagte: «Wir wollen diesen Teil verkaufen.»</p> | <p>Yes, this is also what our CEO always said. We can give the other European companies some guidance on a lot of topics because we are already Hytera for 6 years and we already made our experiences and our way at Hytera and it is successful. Of course, it would be nice if Hytera UK, Hytera Spain and so on would also make a successful way. But it is not easy. Because the cultural differences are very big.</p> <p>Coming back to when we were Rohde &amp; Schwarz and becoming Hytera, Rohde &amp; Schwarz said: “We want to sell this business unit.”</p> |
| Wu:  | <p>Warum?</p>   | <p>Why?</p>  |
| Kai: | <p>Dies ist eine interessante und gute Frage. Wie ich erwähnte fabrizierten wir zu dieser Zeit «base stations» in Deutschland. Dieses Produkt, wenn wir zurück zum Volkswagen Beispiel gehen, ist der Motor für den Maserati.</p>   | <p>Because, very interesting and a good question, as I told you, we made in Germany at that time a base station, which is for me, if we go back to the Volkswagen example, is the engine for the Maserati. But it is only the engine, one part that what the customer must buy to have a</p>   |

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|      | <p>Aber es ist nur den Motor - ein Teil welcher der Kunde zu kaufen hat, um ein «nationwide network» zu produzieren. Die «base station» ist ein Teil davon. Desweiteren benötigt man «terminals», ein Rückgrat und so weiter. Diese Komponenten möchte aber Rohde &amp; Schwarz nicht produzieren. Rohde &amp; Schwarz verkauft bereits Messtechniken an Unternehmen wie Apple, Samsung, Huawei und Hytera die «terminals» produzieren. Wenn Rohde &amp; Schwarz nun entschieden hätte, «Um erfolgreich zu sein produzieren wir nun nicht nur «base stations» sondern auch «terminals».», dann stände die Firma im Wettbewerb mit ihren eigenen Kunden.</p> | <p>nationwide network. Because the base station is one thing, you also need the terminals, you need the backbone and so on. This is something what Rohde &amp; Schwarz doesn't want to build because they are selling measurement equipment and all companies in the world that make terminals, even, Apple, Samsung, Huawei, Hytera, is buying measurement equipment from Rohde &amp; Schwarz. If they had said at that time "okay, to be successful, we would also need not only base stations but also terminals", they would get into competition with their own customers if they told them we would now also be making terminals for the police, we are also making Radios for the people.</p>   |
| Wu:  | <p>Also das bedeutet, dass Rohde &amp; Schwarz auch Messtechniken und «terminals» produziert?</p>   | <p>So, this means, they (Rohde &amp; Schwarz) also have measurements and terminals</p>   |
| Kai: | <p>Rohde &amp; Schwarz hat keine «terminals». Sie haben nur «base stations». Die Unternehmung kam zum Schluss «Wenn wir dieses Business weiterwachsen möchten, dann müssten wir auch radios kaufen oder produzieren.» Das wollten Sie aber nicht. «Wir suchen eine strategische Partnerin für diese Division die «base stations» produziert. Darauf hatten wir viele Diskussionen mit Unternehmen welche daran interessiert waren, den Motor des Maseratis zu kaufen, in Form einer Unternehmung. Und um es offen zu sagen, Hytera hatte nicht diese Art von Technology. Sie hatten keine</p>   | <p>They don't have terminals. They only had base stations. They said "if we want to grow that business, we would also need to buy or to build radios". Then, they said "we will not do that, we will look for strategic partners for this division who produces the base station." Then, we made a lot of talks, what I did, to many companies who are interested to buy the engine of the Maserati, as a company. And honestly saying, Hytera did not have this kind of technology. They didn't have any TETRA base station for the police. They said "Oh that fits to our portfolio." So, we had a lot of talks. We had around 15 to 20 companies saying "We want to acquire you." And Rohde &amp; Schwarz made an active decision to sell us to Hytera,</p> |

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|      | <p>«Tetrabase station» für die Polizei.<br/>Daher sagte Hytera «Ah, das passt in unser Portfolio». Wir hatten dann viel Diskussionen mit 15 bis 20 Unternehmen welche bereit waren die Division zu kaufen. Dabei entschied sich Rohde &amp; Schwarz aktiv für Hytera. Rohde &amp; Schwarz sagte «Dies ist die beste Möglichkeit für unsere Division, wir verkaufen sie an eine neue Mutter.»</p> | <p>because they said “It’s the best choice for our division, we are selling you to a new mother.”</p>   |
| Wu:  | <p>Ich denke ich hab das nicht ganz richtig verstanden. Deshalb auf Deutsch.<br/>Also ist es so, dass Rohde &amp; Schwarz zuerst die Idee hatte, diese Division zu verkaufen und er sie einen Mutterkonzern als Käufer zu finden lies?</p>   | <p>I think I didn’t understand that correctly. That’s why I am speaking now German.</p>   |
| Kai: | <p>Mhm</p>   | <p>Mhm</p>  |
| Wu:  | <p>Und Sie haben erwähnt, dass Rohde &amp; Schwarz’s Hauptprodukt sei «Measurement»/Messtechniken, und er möchte die PMR (<i>Professional Mobile Radio</i>) verkaufen, weil dies nicht zu seinem Kerngeschäft gehört ? und deswegen wurden sie auch beauftragt, eine richtige gute Mutter wieder zu finden?</p>  | <p>And you mentioned that Rohde &amp; Schwarz’s main product would be «measurement» and it wants to sell its «PMR (Professional Mobile Radio)» since it does not belong to its main business? And that’s the reason why you were commissioned to find a very good mother company?</p> |
| Kai: | <p>Genau, ...die auch Endgeräte hat.</p>   | <p>Exactly, ... anoter very good mother which also produces terminals.</p>  |
| Wu:  | <p>...und damit sie auch eine komplette Lösung hat. War denn diese Division «PMR» nicht rentabel für Rohde &amp; Schwarz ?</p>   | <p>and which also has a complete solution. Was then this division «PMR» not profitable enough four Rohde &amp; Schwarz?</p>   |
| Kai: | <p>Doch sie war rentabel. Aber in dem Moment hätte Rohde &amp; Schwarz mehr investieren müssen und sagen müssen</p>  | <p>Yes, it was profitable. Though at that moment Rohde &amp; Schwarz would have needed to invest and to say «We are now also building</p>   |

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|      | «Wir bauen auch Endgeräte. Wir bauen auch andere Produkte in dem Bereich.»<br>Aber dann wäre man wie gesagt zu seinen eigenen Kunden die Measurement equipment gebrauchen in Konkurrenz getreten.  | terminals. We are now building also other products within this field. » But then Rohde & Schwarz would have been in competition with its customers.   |
| Wu:  | Aha. Jetzt verstehe ich dies. Deswegen war es besser, zu verkaufen.  | Aha. Now I see. That why it was better to sell the division.  |
| Kai: | Ja. Sie können es nicht wachsen lassen. Sie konnten nicht sagen, wir bauen auch Terminals. Z.b. um ein Iphone zu bauen, hat Rohde & Schwarz damals von Apple einen riesigen Auftrag bekommen um das Messequipment. Jedes Gerät das ausgegeben wird, wird getestet, ob es funktioniert und so weiter. Dazu brauchen sie Messgeräte von Rohde & Schwarz. Jetzt hätte man nie sagen können, «Wir bauen auch Endgeräte.» Weil dann hätte Apple oder Motorola gesagt, dann kaufe ich bei dir keine Messgeräte mehr, die kaufe ich dann bei der Konkurrenz. Und dann hat man gesagt, «wir können das nicht wachsen lassen, weil dann müssten wir investieren im Prinzip, wir verkaufen diesen teil.» | Yes. You cannot let it grow. They couldn't say, we are also going to build terminals. For example, in order to build an iPhone, Rohde & Schwarz received a huge order about its measurement. Each device which goes out, will be tested whether it works and so on. Thereby, you need the measurement tools of Rohde & Schwarz. Now, you could never have said «We are going to produce such terminals as well. » Because then, Apple or Motorola would say, «we are not going to purchase measurement equipment's from you anymore. I would rather buy it from your competitor. » And then, one said «we cannot let it grow, because otherwise we would need to invest, so we are going to sell this division. » |
| Wu:  | Das heisst es war nicht nur aufgrund der Finanzkrise   | That means it was not only because of the financial crisis.   |
| Kai: | Nein. Nein.  | No. No.   |
| Wu:  | Eher eine strategische Lösung.   | Rather a strategic solution.  |
| Kai: | Ja   | Yes   |
| Wu:  | Und dann haben Sie auch eine neue strategische Mutter gefunden.  | And then you also found a new strategic mother.   |
| Kai: | Ja. Und das war der Punkt. Rohde & Schwarz hat nicht gesagt, wir müssen  | Yes. And that was the point. Rohde & Schwarz did not say, we must now sell to anyone and  |

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|      | jetzt an irgendjemanden verkaufen und nehmen das beste Angebot. Es war bei weitem nicht der Chinese oder Herr Chen, der das beste Angebot gemacht hat. Rohde & Schwarz hat entschieden, vor dem Hintergrund, was macht Sinn für diese GmbH. Also, sie wollten nicht einfach die Leute auf die Strasse setzen.   | take the best offer. It was by far not the Chinese or Mister Chen who offered the best price. Rohde & Schwarz decided against the background, what makes sense for the division. So, they didn't mean to throw out the employees on the street.  |
| Wu:  | Sie haben auch sehr günstig verkauft. Ich habe sehr gestaunt. Am Anfang wollte man für 50 Millionen verkaufen aber am Ende nur zwei Millionen.  | You sold at a cheap price. I was amazed. In the beginning, it was intended to sell for 50 million but ended up at 2 million.   |
| Kai: | Es ging da nicht mehr um den Preis, sondern um eine bessere Zukunft für diese Division. Man muss sich vorstellen, dass Rohde & Schwarz eine sehr erfolgreiche Firma ist. Ihnen gehts nicht um 50 Millionen. Es ging darum, dass die Leute, Rohde & Schwarz hat noch nie Leute entlassen, noch nie, das ist ein sehr erfolgreicher und bodenständiger Konzern und ebenfalls sehr alt – mittlerweile schon fast 90 Jahre am bestehen. Damals ging es nicht darum den besten Preis zu bekommen oder so. Es ging darum wirklich zu sagen diese Division wollen wir abgeben und wir suchen jemand wo das bei ihnen passt. Z.B. hatten wir eben auch Gespräche von Interessenten die sagten, wir wollen die Basisstation rauskaufen, wir schliessen den Standort. Da war das Gespräch sofort beendet, darum ging es nicht. Es ging darum die Arbeitskräfte zu erhalten. | It was not about the price anymore, but rather about a better future for the division. One must consider that Rohde & Schwarz is a highly successful company. For them, it is not about 50 million. Rohde & Schwarz has never dismissed employees. It is a very successful, old – meanwhile nearly 90 years old, and down-to earth company. At that time, it was not about reaching the best price possible or so. It was really about giving over the division to someone being most suitable. For example, we also had talks where interested parties pointed out that they would only buy the basis station and close down the factory. At that point, the negotiations were immediately terminated. It was about maintaining the workforces. |

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| Wu:  | ...und um die Firma strategisch weiterentwickeln zu können oder um eine gute Zukunft zu haben.   | ..and in order to strategically further develop the company or about a bright future for the entity.   |
| Kai: | Genau. Und das ist ja auch passiert. Wir haben die Belegschaft in den fünf Jahren mehr als verdoppelt.   | Exactly. And that's what happened. We have more than doubled the workforce during the last five years.   |
| Wu:  | <b>Ja da war Jimmy auch sehr stolz.</b>  | Mister Jimmy was proud of it as well.  |
| Kai: | Haben Sie auch mit Herr Chen gesprochen?   | Have you also talked to Mister Chen?   |
| Wu:  | No   | No   |
| Kai: | Ja wir sind mittlerweile 230 Leute in Bad Münde. Als wir übergegangen sind waren wir rund 100.   | Meanwhile, we are about 230 employees in Bad Münde whereas during the transition phase, we were around 100.  |
| Wu:  | Also das heißt, sie haben eigentlich zuerst aktiv Hytera kontaktiert.  | So, you actually first actively contacted Hytera?  |
| Kai: | Wir haben alle Firmen die möglich sind in dem Bereich kontaktiert ob sie interesse daran hätten uns zu kaufen.   | We have contacted all companies within this line of business, whether they are interested to buy us.   |
| Wu:  | Wie haben Sie diese Firma gefunden?  | How did you find the company?  |
| Kai: | Also wir hatten damals aus München heraus, eine Gesellschaft die Acquisitionen durchführt und die hat aktiv Firmen angeschrieben «haben Sie interesse daran die Rohde & Schwarz Professional Mobile Radio zu kaufen?». Man hat nur ausgewählte Firmen angeschrieben. | At that time, we consulted a company conducting acquisition which actively contacted companies whether they are interested in purchasing the Professional Mobile Radio or not. They only addressed selected companies. |
| Wu:  | Also das heißt durch eine Agentur. Und dann, wie war diese Zeit, können Sie ein bisschen mehr darüber erzählen?  | So, it was through an agency. And then, how was that time, could please tell me a bit more?  |
| Kai: | Ja ich weiß es noch genau. Die Gespräche haben immer in München stattgefunden.   | Yes. I can remember it precisely. The discussions happened always in Munich.   |
| Wu:  | Wann war das erste Gespräch? 2011?   | When was the first discussion? In 2011?  |

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| Kai: | Das war sogar im Jahr 2010. Im 2011 war ja dann das Closing. Es hat relativ lange gedauert.                  | That was even in the year 2010. In 2011 was the closing. It lasted relatively long.                                 |
| Wu:  | Ich habe gesehen, dass erst im Jahre 2012 geschlossen wurde.   | I have seen that it was only closed in 2012.  |
| Kai: | Ähm, wie war das? Genau, im März 2012 war das Closing. So war es. Und wir hatten die Gespräche im Jahr 2011. | So how was it? Yeah exactly, in March 2012, there was the closing. It was then. And we had the discussions in 2011. |
| Wu:  | Jimmy hat mir erzählt, der Verlauf der Gespräche hätte mehrere Jahre gedauert.                               | Mister Chang told me that the discussions took place for several years.   |

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| Kai: | <p>Nein. Nicht mehrere Jahre. Es hat ungefähr ein Jahr gedauert. Und zwar, Sie müssen sich das vorstellen, dass wir Dual-Use-Güter herstellen die von der Polizei und so weiter benutzt wird. Und in Europa, wenn so eine Firma verkauft wird, will das deutsche BMWI (Bundesministerium für Wirtschaft und Energie) mitsprechen. Und zwar das AWG (Aussenwirtschaftsgesetz). Und zwar behält sich die deutsche Regierung vor, wenn solche Firmen verkauft werden, dass dann eine Prüfung stattfindet ob das überhaupt rechtens ist. Es ist ja so, nicht jeder Chinese kann einfach sagen «ich kaufe eine deutsche Firma». Und vorallem eben wenn es um solche Techniken geht. Z.B. auch Waffentechniken. Sie können ja nicht sagen, ich kaufe irgendeine Waffentechnik einer Waffenfirma. Das ist nicht möglich. Da wird eine Prüfung von Ministerium durchgeführt – dies hat bei uns sehr lange gedauert.</p> | <p>No. Not several years. It took about one year. You have to consider that we produce Dual-Use-goods which are used by the police etc.. In Europe, when such a firm is about to get acquired, the ministry (BMWI-Bundesministerium für Wirtschaft und Energie) wants to have a say in discussions. This issue affects the AWG (Aussenwirtschaftsgesetz). In case of acquiring such firms, the German ministry reserves the right for itself, to assess whether this can be done from a legal point of view. It is not that every Chinese can simply say “I am now buying a German firm.” And especially when it is about such techniques, for example also weapon technology. You cannot say “I purchase any weapon technology.” That’s not possible. Thereby, a check from the ministry will be conducted. In our case, it lasted for a long time.</p> |
| Wu:  | <p>Von welchem Ministerium wurde die Prüfung vorgenommen?</p>   | <p>Which ministry did the check conduct?</p>   |



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| Kai: | <p>Es war damals das BMWI (Bundesministerium für Wirtschaft und Energie). Die haben damals gesagt «können wir die firma überhaupt den Chinesen verkaufen oder nicht, weil es um ein Dual-Use-Gut handelt.» Das war die Verschlüsselungstechnik – wir bauen keine Waffen, Panzer, Pistolen, Maschinengewehre, aber wir haben ein Dual-Use-Gut das Exportpflichtig ist. Wir können die Basisstation nicht in jedes beliebige Land liefern. Z.B. verbietet der deutsche Staat dass wir die Basisstation nach Sudan verkaufen. Also sie müssen sich vorstellen, ich bin ja gerade mit meinem Telefon eingeloggt, irgendwo steht hier eine Antenne – da drüben vielleicht, und an jeder dieser Antenne, genau wie in unserem Privatbereich und professionellen Bereich ist eine Basistation dran, die die Gespräche entgegennimmt. So ein Schaltschrank in der Computertechnik drin ist, nimmt das Signal auf und verwertet sie. Eine unserer Basisstation kann 50'000 Gespräche abhandeln.</p> | <p>At that time, it was the BMWI (Bundesministerium für Wirtschaft und Energie). They decided whether we can sell the firm to China or not since our products are dual-use-goods. It affected the encryption technique – we don't build weapons, tanks, pistols, machine guns but we have a dual-use good. This is export obligatory. We cannot export the base station to any country. For example, the German government forbids selling base stations to Sudan. So, you have to imagine, I am currently signed in on my phone. Somewhere, there is an antenna – maybe over there. And on all these antennas, in private and profession, there is a base station attached which receives our conversations. Such a switch cabinet which consist of computer technology takes the signal and utilizes it. One of our base station can deal with 50'000 conversations.</p> |
| Wu:  | <p>Diese Technologie darf also nicht an jede Firma verkauft werden.</p>  | <p>Such technology can therefore not be sold to any company.</p>   |
| Kai: | <p>Genau. Unsere Basisstation ist ein Dual-Use-Gut. Es ist nicht eine Waffentechnik, aber es kann z.B. einem Aggressor/einem Staat in einem Kriegsfall einen Vorteil verschaffen. Unter Dual-Use-</p>  | <p>Exactly. Our base station is a dual-use-good. It is not a weapon technology but it can give an advantage to an aggressor/state in case of the event of war. Dual-use-goods also include chemical. They are export obligatory. And our base station is an encryption technique which is so high that it can give an advantage to an</p>  |

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|      | <p>Gütern fallen auch viele Chemikalien, z.B..Sie sind exportpflichtig. Und unsere Basisstation ist eine Verschlüsselungstechnik die so hoch verschlüsselt ist, dass ein Agressor damit einen Kommunikationsvorteil hat. Es kann nicht entschlüsselt werden. Deswegen ist es ein Dual-Use-Gut. Es gibt eine Liste in Europa, da stehen Produkte drauf die unter dieses Gesetz fallen – und darunter fallen auch die Tetra-Basisstation.</p>   | <p>aggressor. It can't be decoded. That's why it is a dual-use-good. There is a list in Europe including products which fall under the law. Tetra base station are on that list as well.</p>  |
| Wu:  | <p>Okay. Aber warum wollten Sie dann Hytera als idealer Käufer?</p>   | <p>Okay. Why did you want then Hytera as an ideal acquirer?</p>   |
| Kai: | <p>Die Story von Hytera war sehr beeindruckend. Das heisst die Produkte von Hytera aber auch wie wird sich Hytera entwickeln. Hytera war in den Jahren überproportional gewachsen. Sie sind auch an die Börse gegangen. Die Produkte haben total gematcht. Nämlich, Hytera hatte Endgeräte, aber keine Basisstation. Wir hatten den Motor und Hytera hatte das Gehäuse. Jetzt kann Hytera sagen, wir haben alles. Hytera ist mittlerweile, sogar vor Motorola, in diesem Bereich, die Firma mit dem grössten Portfolio. Wir haben alles. Deswegen vergleiche ich uns immer gerne mit Volkswagen. Bei Volkswagen können Sie Busse kaufen, da können sie alles mögliche kaufen.</p> | <p>The story of Hytera was very impressive. That means not only the products of Hytera but also how Hytera will develop. It has grown disproportionately high during the last years. They also went public. The products totally matched. Namely, Hytera had terminals but no base stations. We had the engine and Hytera the core. Now, Hytera can say we have it all. Hytera does even possess a greater portfolio within this product range than Motorola. They have everything. That's why I always compare ourselves with Volkswagen. At Volkswagen, you can buy buses, you can buy everything. And we do not only have a sports car if you compare us with Ferrari.</p> |

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|      | Und wir haben nicht nur, wenn man uns mit Ferrari vergleicht, ein Sportwagen.  |  |
| Wu:  | Das heisst, das Businessmodel, das Wachstum, alles hat gematcht. Aus wie vielen Firmen haben Sie sich für Hytera entschieden? Zuerst hat es ja eine Long-list gegeben und dann eine Short-List oder? Wie viel waren am Ende auf der Short-List?  | That is to say the business model, the growth, everything matched. Among how many companies did you choose for Hytera? First, there was a long-list and then a short list, right? How many were at the end on the short-list?  |
| Kai: | Es waren drei Firmen, mit denen wir uns noch intensiver beschäftigt haben. Lustigerweise darunter eine die jetzt auch von Hytera gekauft worden ist – Sepura von Grossbritannien. Und Sepura hatte damals auch ein Angebot für uns gemacht. Sepura wurde letztes Jahr gekauft. Diese Firma hat auch TETRA Endgeräte, jedoch sehr spezielle- sehr high-end Endgeräte mit vielen Features. Hytera hat auch TETRA Endgeräte, aber ich sag jetzt einmal – ein bisschen billiger und nicht so gute features. Die features machen ein Produkt aus und beispielsweise Sepura kann seine Geräte an die deutsche Polizei verkaufen. Das TETRA Highendgerät von Hytera welches in China produziert wird, würde von Deutschland nie gekauft werden. Übrigens ist das eine ganz grosse Diskussion. Bei uns war das nicht so weil wir nicht an die deutsche Regierung verkauft haben, die Basisstationen. Sepura ist jetzt gekauft worden und es gibt nun Untersuchungen in Deutschland und Österreich. Beide kaufen von Sepura Endgeräte und beide | They were three firms which we closely paid attention to. Funnily enough, there was also one which was now also bought by Hytera – Sepura from Great Britain. And Sepura also submitted a tender. Sepura was acquired last year. This firm does also produce TETRA terminals but very special ones with a lot of features. Hytera produces also TETRA terminals but rather cheap ones and not that good features. The features distinguish its product. For example, Sepura can also sell its products to the German police. The TETRA terminal from Hytera produced in China would never be sold in Germany. By the way, that is a huge discussion. With us, it was not the case since we did not sell base stations to the German government.<br><br>Sepura has now been bought and there are ongoing investigations in Germany and Austria. Both countries purchase terminals from Sepura. Both parties' initiated an investigation to clarify whether they can still use the terminals since it is now a Chinese shareholder. We are also very well connected to the Ministry. There was a meeting where the Germans appear to be very frustrating since the market is now |

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|      | <p>haben über die Ministerien eine Untersuchung angeordnet ob sie die Geräte überhaupt noch einsetzen können, weil es jetzt einen chinesischen Shareholder ist. Wir sind da auch gut zum Ministerium vernetzt und da gabs jetzt eine Sitzung, die Deutschen sind sehr frustriert weil der Markt sich im moment konsolidiert. Es gibt eigentlich nur noch zwei Anbieter in der Welt – Motorola, Nr. 1, Hytera Nr. 2. Hytera hat die Nr. 3 aufgekauft und die Nr. 3, Sepura hat vor Jahren die Rohde &amp; Schwarz-Segmentierung aufgekauft. Das heisst, der Markt hat sich sehr konsolidiert. Und es gab eine Aussage «Wir haben ein Problem, wir wollen nicht abhängig von den Chinesen und Amerikanern sein.» Das ist jetzt das Problem. Und in Europa gab es drei Firmen die in dem Bereich tätig gewesen sind, das war wir – mit der deutschen Gesellschaft, das war Sepura mit den Endgeräten und die spanische Firma Teltronic die vor drei Jahren von Sepura aufgekauft worden ist.</p> | <p>consolidating. There are actually only two providers left in the world – Motorola, nr. 1, Hytera nr. 2. Hytera acquired nr. 3 and nr. 3, Sepura has acquired the Rohde &amp; Schwarz segmentation some years ago. That is to say, the market has been being consolidated. And there was a statement «We have a problem, we don't want to be dependent on the Chinese and Americans.» That is now the problem. And in Europe, there were three companies which were operating in this industry. It was we, with the German company, Sepura with its terminals and the Spanish company Teltronic which was acquired by Sepura three years ago.</p> <p>»</p> |
| Wu:  | Das ist ja eine sehr starke Marktkonzentration.   | That is sort of say a huge market concentration.   |
| Kai: | Vor 10 Jahren gab es ca. acht Firmen, die sich im PMR-Bereich getummelt haben. Vor Jahren hat die vier die fünf gekauft, um grösser zu werden. Die drei hat die vier übernommen. Und jetzt wurde die drei von der zwei übernommen.  | 10 years ago, there were about eight companies operating in the PMR sector. Some years ago, the nr. four bought nr. five in order to grow. Nr. Three acquired nr. four. And now nr. three got acquired by nr. two.   |

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| Wu:  | Aber Hytera ist immer noch nicht die Nummer eins, immer noch die Nummer zwei.  | Though Hytera is not yet nr. one, it remains nr. two.   |
| Kai: | Wir sind im Endeffekt die Nr. 2 von den Endgeräten, Umsatzweise sind wir das noch lange nicht. Es gibt noch eine Firma die noch dazwischenhängt. Eigentlich sind wir vom Umsatz her nicht die Nr. 2, doch wir bezeichnen uns immer als Nr. 2. Es gibt die Firma Airbus noch.   | We are ultimately nr. two when it comes to terminals. From a sales point of view, we are not by any means. There's another company which is between. Actually, from a sales point of view, we are far from being nr. 2 though we always call ourselves nr. 2. There still remains Airbus as well.                             |
| Wu:  | Die Flugzeugfirma?   | The aviation company?   |
| Kai: | Genau. Airbus macht z.B. das deutsche Sicherheitssystem. Wenn Sie es genau wissen wollen, sind im Moment Gerüchte im Markt, dass Motorola eventuell Airbus kauft. Also nicht die gesamte Airbus-Sparte, sondern nur die PMR Sparte.  | Exactly. Airbus produces for example the German security system. If you want to know it precisely, there are rumours in the market saying Motorola may acquire Airbus. That is to say not the airbus division but rather the PMR.   |
| Wu:  | Das ist schon interessant wie dieser Markt ist.  | Interesting to see how this market is going.  |
| Kai: | Ja die Investitionen sind auch sehr hoch. Wenn man jetzt überlegt, so eine Basisstation für die Polizei hat sehr hohe Anforderungen- wie bspw. Ausfallsicherheit, wenn einem Polizisten das Mobilephone herunterfällt, darf es nicht kaputt gehen. Der kann nicht mehr telefonieren. Also ich sag immer, da gibts auch Geschichten, ich weiss nicht ob Jimmy Ihnen den Showroom gezeigt hat? | Yes, the investments are very high. If you think about, such a base station for the police has high requirements – e.g. fail safe, if the police man's phone fall off, it should still function. Otherwise, he can't phone anymore. There are also stories, I am not quite sure whether Jimmy brought you along the showroom? |
| Wu:  | Nein. Er war so beschäftigt.   | No, he was so busy.   |
| Kai: | Also da gibt es auch ein Video; wo ein Polizist, sich mit dem Endgerät, die  | So, there's also a video where a police man defends himself by using a terminal. The  |

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| <p>sehen nicht wie ein Iphone aus, ganz anders, der hat sich damit verteidigt. Der hat damit einen Messerangriff von einem Terroristen abgewehrt und das Messer war im Gerät, aber es funktionierte noch. Ein Polizist muss sein Gerät ebenfalls mit Handschuhen bedienen können. Also es gibt ganz bestimmte Anforderungen. Z.B. das Telefon wird heiss, wenn man viel telefoniert. Wir liefern für Öl und Gas-Plattformen, da darf das Gerät nicht heiss werden in bestimmten Bereichen. Und wenn es runterfällt, darf kein Funke entstehen. Wir haben auch Geräte die können in explosionsgeschützten Bereichen genutzt werden, auf Ölplattformen, in Minen und so weiter. Wir haben ca. 350 verschiedene Endgeräte, für verschiedenste Einsatzmöglichkeiten. Das was Herr Cheng nun bei Sepura gekauft hat, ist wieder ein ganz bestimmter Typ, nämlich der der von Polizei benutzt wird, in Europa. Die Sepura verkauft an die deutsche Polizei, an die österreichische Polizei, an die italienische Polizei, und so weiter – ein sehr Highendgerät welche in solchen Bereichen benutzt wird. Ich mach Ihnen ein Beispiel – die Technik muss ganz schön funktionieren. Wenn Sie ihr Iphone benützen, hören Sie ihr gegenüber manchmal nicht – also es gibt Unterbrechungen. Bei uns, erstens, das Gespräch muss innerhalb von dreihundert milli sekunden übertragen</p> | <p>terminal does not look as an iPhone. The police man repelled a knife attack from a terrorist whereby the knife got stuck in the phone but it continued to work. The police also need to navigate the phone by gloves. So, there are specific requirements. For example, the phone is heating up when you are phoning. We deliver for oil and gas platforms where the device must not be heated up in specific areas. And if it falls off, it should not spark. We also have devices where you can use them in explosion protected areas such as oil platforms, mines and so on. We have around 350 different types of terminals for different deployments. What Mister Cheng now bought by Sepura is once again a highly specific type, namely it will be used by the police in Europe. Sepura sells to the German, Austrian, Italian Police etc. It is a high-end device which is used in such areas. Let me give you an example. This technique has to function flawlessly. If you use your Iphone, sometimes you cannot properly hear your person on the other line – there are interruptions occurring. By us, the conversation has to be transmitted within three hundred milliseconds. These are high requirements. Imagine you are about to call to another person standing next to our room, you will hear the delay. It will arrive one second later. Suppose the task force decides «shoot» and it is transmitted being one second in delay! Another example, «do not shoot» and the «do not» is omitted due to technical problems. That is to say, the requirements about language quality and transfer speed are far more different to those in private.</p> |
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|      | <p>sein. Das sind hohe Anforderungen.</p> <p>Wenn Sie beispielsweise hier telefonieren und jemand draussen steht, hören sie den Verzug. Es kommt eine Sekunde später an. Stellen Sie sich vor, der Einsatzkommandeur sagt «schiessen», und es kommt dann schiessen mit Verzug. Oder es heisst «nicht schiessen» und das «nicht» wird verschluckt weil die Übertragung nicht vernünftig stattgefunden hat. Also die Anforderung an die Sprachqualität, an die Übertragungsgeschwindigkeit ist eine ganz andere als im privaten Bereich. So müssen sie sich das vorstellen.</p> |   |
| Wu:  | <p>Okay. Da Sie nur eine Stunde zeit haben, muss ich dies besser planen. Können Sie etwas über den Verhandlungsprozess erzählen? War dies gut oder gab es auch Kulturkonflikte? Wie hat man sich am Ende geeinigt? Können Sie ein paar beispiele geben. Jimmy sagte mir ich soll Ihnen solche Fragen stellen. Er sagte, «Wissen Sie Frau Wu, am Ende ist das immer ein Kulturunterschied. Fragen Sie die Kai. Er findet bestimmt noch weitere Beispiele.»</p>   | <p>Okay. Since you only have one hour left, I have to plan better. Could you tell me something about the negotiation process? Was it good or were there cultural conflicts? How did you finally come to an agreement? Could you give some examples? Jimmy told me I should ask you such questions. He told me: « You know Ms Wu, ultimately, it is always a culture difference. Please ask Kai. He for sure gives you more examples.»</p> |
| Kai: | <p>Ja. Ich habe Jimmy damals kennen gelernt. Er war bei ein zwei Meetings dabei, aber federführend hat ein Chinese den Deal durchgeführt der aber nicht mehr hier im Hause ist. Der hat die Firma danach verlassen. Mit ihm habe ich in erster Linie verhandelt.</p>  | <p>Yes. I met Jimmy at that time. He attended on one or two meetings but he was not highly in charge. Another Chinese intensely conducted the deal but he does not work here anymore. I primarily negotiated with him.</p>  |

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| Wu:  | Wie viele Personen waren bei der Vorbereitung dieser Acquisition involviert? Ich nehme an da gab es ein Team?  | How many people were involved in the preparation of the acquisition? I presume there was set up a team.   |
| Kai: | Korrekt. Von chinesischer Seite waren es, ich würde jetzt einmal behaupten zwischen sex oder sieben Leute, aus verschiedenen Bereichen. Man hat dann da auch eine Due Dilligence durchgeführt – was kauft man denn da eigentlich? Bspw. war eine Person aus den Finanzen, eine aus dem R&D, ein Stratege und ein Anwalt dabei.                       | Correct. As far as the Chinese are concerned, I would say between six or seven people from various departments. There was also conducted a Due Dilligence – what do we actually buy? For example, there were a person from Finance, one from R&D, a strategist and a lawyer present.                                      |
| Wu:  | Waren die Personen von Hytera oder extern wie bspw. von PwC?   | Were the people employees from Hytera or externally from a company such as PwC?   |
| Kai: | Wir hatten damals den Consultant aus München, der Rohde & Schwarz beigestellt hatte. Und auf der Seite der Chinesen, war wie gesagt ein Anwalt dabei, ein M&A Anwalt, der Stratege war dabei, ein Finanzer – aus dem Haus, einer aus dem R&D, ausser dem M&A Anwalt waren alle intern. Der einzige Externe bei den Chinesen war der deutsche Anwalt. | We had an external consultant from Munich, who served for Rohde & Schwarz. And on the part of the Chinese, as mentioned, there was a lawyer, an M&A lawyer, a strategist, one from Finance and R&D. Except for the M&A lawyer, they were all internal. The only external party on the Chinese side was the German lawyer. |
| Wu:  | Und Sie, von Rohde & Schwarz, hatten auch einen Anwalt?  | And you, on the side of Rohde & Schwarz, did you also refer to a lawyer?  |
| Kai: | Ja. Wir hatten auch einen Anwalt. Also im Prinzip; Hytera hatte damals ein Team hier im Hause zusammengestellt und für den offiziellen Part brauchten Sie ein Vertreter in Deutschland und das war ein M&A Anwalt, den hatten Sie engagiert. Dieser Anwalt hatte die offizielle Verhandlungsmacht gehabt.  | Yes. We also had a lawyer. So, in essence, Hytera set up a team in house whereas they needed a deputy in Germany for the official part. This was a M&A lawyer which was empowered with the official bargaining power.   |



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| Wu:  | Ist das ein Chinese oder ein Deutscher?  | Was it a Chinese or German?   |
| Kai: | Es war ein Deutscher.  | It was a German.  |
| Wu:  | Ok, sie lassen Europäer mit Europäer verhandeln.   | Okay, so they let Europeans negotiate with Europeans.   |
| Kai: | Ja, der Anwalt war nur die Gallionsfigur des Rohde&Schwarz, er musste ja ein Vertrag verhandelt werden, die eine Offizielle Person in Deutschland haben, damit da Verhandelt wird. Derjenige der wirklich verhandelt hat, das war der Stratege Mr. Tay. Der ist aber nicht mehr im Unternehmen. Der hat den ganzen Deal gefärbt und rundgemacht. | Yes, the lawyer was only the figurehead of Rohde&Schwarz , he had to negotiate a contract with an official person in Germany, so that negotiations could take place. The one who negotiated was the strategist, Mr. Tay. But he is no longer with the company. He coloured and rounded up the whole deal. |
| Wu:  | War die Chinesische Seite professionell? Kann man das behaupten?   | Was the Chinese side professional? Can you say that?  |
| Kai: | Also wenn sie Rohde&Schwarz -Leute fragen, die am Ende den Deal abgeschlossen haben, sagen sie: gab es kurz vor dem Vertragsabschluss die Bedenken, das machen wir nicht. Man hat gesagt, das macht Sinn, als Mutter also vom Portfolio aus und dann waren die Verhandlungen so zäh....  | So when they ask Rohde&Schwarz people who made the deal at the end, they say: "There were concerns before signing the contract, we won't do that." They said that makes sense, as a parent-company from the portfolio side but then the negotiations were so tough..                                      |
| Wu:  | Das heisst die Chinesen sind bezüglich Preis sehr stur?  | That means the Chinese are very stubborn about price?   |
| Kai: | Also ich weiss, dass es ein ganz grosses Thema vom Preis gab. Es gab alle Surroundings. Also was wird  | Well, I know that the price was a big issue. but also all Surroundings. So what will take over, what won't take over. All that due diligence. I   |

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|      | übernommen, was wird nicht übernommen. Die ganze Due Diligence. Ich weiss, dass die R&S Leute gesagt haben, die gehen so auf die Nerven, das machen wir nicht mehr.  | know R&S people said: "this is getting on our nerves, we don't want to do that anymore".   |
| Wu:  | Aber weshalb hat es doch geklappt?   | But why did it work?   |
| Kai: | Ja, weil man sich dann doch überlegt hat, was die beste Alternative ist.   | Because then you have to consider what the best alternative is.  |
| Wu:  | Hatten die Chinesen irgendeine Strategie angewendet mit dem Gedanken, die Deutschen zu überzeugen?   | Had the Chinese applied any strategy with the intention of convincing the Germans?   |
| Kai: | Also das interessante war, das sie nicht immer versucht haben einzuwilligen. Also man muss sich das in einer 3er-Konstellation vorstellen. Rohde&Schwarz : Mutterkonzern will Deutsche GmbH in der Nähe von Hannover, verkaufen. Rohde&Schwarz als Headquarter. Und dann haben wir Hytera. | So the interesting thing was that they didn't always try to agree. So you have to imagine it in a 3-person constellation. Rohde&Schwarz : The parent company wants to sell the German limited liability company near Hanover. Rohde&Schwarz as headquarter. And then we have Hytera. |
|      | <i>Kai figured a triangle on the paper.</i>  |  |
|      | Der Verkauf wird als zwischen den beiden (R&S and Hytera) abgeschlossen Die GmbH sollte ja verkauft werden. Wir waren ein Verkaufsobjekt   | The acquisition contract should be signed between these two parties(R&S and Hytera). The LLC should be sold. We are an acquisition object.   |
| Wu:  | Das war ein Asset  | This was an asset  |
| Kai: | Ja, so und ich war eigentlich der, der aus der Gesellschaft gekommen ist und dafür sorgen sollte, dass von den Konzern daraus ein Konzern wird. Das heisst, wenn die beiden nicht  | Yes, so and I was actually the one from the LLC, who supposed to make the LLC out from the R&S to be a firm. That means, if they couldn't talk to each other, then both sides  |

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|      | miteinander sprechen konnten, dann haben die mich immer gefragt sprich doch mal mit denen.   | (R&S and Hytera) always asked me to talk to other party.   |
| Wu:  | Aha sie waren die Bridgeperson.  | Aha. You were the bridge person.   |
| Kai: | Genau. Ich hatte da immer die Aufgabe als die Kommunikationsbrücke ...<br>Durch viele Hin und Her, irgendwann habe ich gemerkt, dass der Deal zustande kommen wird.  | Exactly. I always had the task for bridging the communication... Through so many back and forth, someday I realized at some point that the deal was going to happen.   |
| Wu:  | Also hatte Hytera Sie persönlich überzeugt?  | So Hytera convinced you personally?  |
| Kai: | Ja, mit dem Portfolio schon, trotzdem wusste ich nicht was kommt. Weil es gibt immer negative Beispiele. Jeder kommt mit dem BenQ-Beispiel wo alles runtergefahren wird usw. Ich habe ja immer gehofft und die Aussage von Mr. Tay und Mr. Chen haben mich immer davon überzeugt, dass es eine gute Geschichte ist mit den Chinesen zusammenzugehen. Und ich hatte damals ein CEO hier. Der ist irgendwann später zu Rohde&Schwarz gewechselt. Er hat den Übergang mitgemacht. Zwei Jahre noch und dann hat er gesagt er wolle nicht mehr weitermachen. Der hat immer gesagt...(wird unterbrochen) | Yes, with the portfolio, but I didn't know what was coming afterwards. Because there are all kinds of negative examples. Everyone comes with the BenQ example where everything is shut down and so on. I've always hoped and the testimony of Mr. Tay and Mr. Chen have always convinced me that it's a good story to get along with the Chinese. And I had a CEO here at the time. He switched to Rohde&Schwarz sometime later. He was involved in the transition. Two years and then he said he doesn't want to go on. He used to say... |
| Wu:  | ...das heisst während der Verhandlung ist er weg.  | That means he's gone during the negotiations.  |
| Kai: | Nein, zwei Jahre später. Zwei Jahre hat er noch bei Hytera mitgemacht. Hat dann aber wo er aus München gekommen ist – er wurde damals eingesetzt. Er hat die Firma zwei Jahre begleitet noch. Hat aber dann gesagt er,   | No, two years later. He has worked two years by Hytera. When he returned from Munich, he was deployed. He's been with us for two years. He went back to Munich. But he always said at that time: "Honestly, when you look at the market, consolidation will take place", that was  |

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|      | wolle zurück nach München. Der ist zurück nach München gegangen. Aber er hat immer damals gesagt: „Ehrlich, wenn man den Markt angucken und die Konsolidierung findet statt“, das war uns damals klar dass sie dann irgendwann Jahre später Tempura und Techtronic kaufen würden, war uns unbedingt klar. Aber der Markt konsolidiert sich.  | clear to us at the time. we knew that they would buy Tempura and Techtronic at some point, years later. The market is in consolidating.  |
| Wu:  | dieser Trend sieht und spürt man schon ganz klar.  | You can see and feel this trend quite clearly.   |
| Kai: | In vielen Bereichen sieht man ja auch, dass sich der Markt konsolidieren muss, wenn es zu viele Gesellschaften, vor allem wenn viele kleine da sind. Heutzutage kauft man den dritten oder vierten auf und so konsolidiert sich das Ganze. Und ja, damals gesagt, wenn ich mir überlegen muss auf welcher Seite dann ich am Ende kämpfen will dann will ich auf der Chinesischen kämpfen. Weil er gesagt hat, dass er zu Motorola nicht wechseln will. | In many areas, it is evident that the market has to consolidate. If there are too many societies, especially if there are many small ones. Nowadays, the third or fourth one is bought up and the whole thing is consolidating. And yes, I had to think on which side I want to fight in the end, then I decided to fight on the Chinese side. Because he said he didn't want to switch to Motorola. |
| Wu:  | Warum nicht? Warum nicht zu den Amerikanern?   | Why not? Why not on the American side?   |
| Kai: | Die Amerikaner waren nicht interessiert. Das hat nicht stattgefunden. Die hatten ja ihre eigenen Motoren und sie hatten ihre eigenen NASA-Stationen.   | The Americans weren't interested. They had their own engines and they had their own NASA stations.   |
| Wu:  | Das hätte dann auch viel Arbeitslosigkeit bedeutet oder?   | That would have meant a lot of unemployment, wouldn't it?  |
| Kai: | Ja, die haben auch kein Angebot gemacht. Motorola war nie interessiert uns zu übernehmen. Das waren die  | Yeah, they didn't make an offer either. Motorola was never interested in taking us over. Those were the people who didn't have   |

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|      | <p>Leute die eben nicht das gesamte Portfolio hatte. Die Nummer 1 hat nicht an uns interessiert. Aber die Nummer 2, 3 und 4 schon sehr interessiert waren, um grösser zu werden. Und da haben wir damals gesagt. Ja Hytera wird eine Zukunft haben. Und das ist ja so. Die Dynamik die wir hier in Shenzhen spüren ist unglaublich. Shenzhen ist die aktuell schnellst wachsende Stadt der Welt. Und da war die Aussage, das macht Sinn auch wenn es Chinesen sind. Und wir haben sicherlich davon überzeugt. Und warum ich immer noch bei Hytera bin ist Herr Chen selber. Sie haben ihn wahrscheinlich nicht kennengelernt oder? Haben sie Herr Chen, den Firmengründer und CEO, kennengelernt?</p> | <p>the whole portfolio. Number 1 wasn't interested. But number 2,3 and 4 were already very interested to get bigger and so we thought:"Yes, Hytera will have a future". And that's the way it is. The dynamics we feel here in Shenzhen is incredible. Shenzhen is recently the fastest growing city in the world. And there was the affirmation that it makes sense even if they are Chinese. And we were convinced of that. And why I'm still with Hytera is Mr. Chen himself. You probably haven't met him, have you? Have you met Mr. Cheng, the company's founder and CEO?</p> |
| Wu:  | <p>Mir ist der Name des Firmengründers, Herr Chen, bekannt aber ich kenne ihn persönlich nicht.</p>   | <p>I know the name of the company founder, Mr. Cheng, but I don't know him personally.</p>  |
| Kai: | <p>Also er ist für mich wirklich eine Persönlichkeit. Alles, was er damals im Deal mit verkauft hat, ist eingetreten. Er ist sehr trustful.</p>   | <p>So he's really a personality to me. All he promised with the deal is then stepped in. He's very trustful.</p>  |
| Wu:  | <p>ER ist ein Visionär oder?</p>  | <p>He's a visionary, isn't he?</p>  |
| Kai: | <p>Ja. Und deswegen sind auch sehr viele bei Hytera geblieben. Weil wenn er spricht, glauben ihn auch alle.</p>   | <p>Yes. Because of him many people stayed at Hytera. Because when he speaks, everyone believes him.</p>   |
| Wu:  | <p>Also er hat sie überzeugt. Der Charm eines Leaders?</p>  | <p>So he convinced you. The charm of a leader?</p>  |
| Kai: | <p>Er ist nicht nur charmand sondern er hält sein Wort auch ein.</p>  | <p>He is not only charming but he also keeps his word.</p>  |
| Wu:  | <p>Auch sehr glaubwürdig.</p>   | <p>so very credible, too.</p>   |

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| Kai: | Ja, er hat uns wachsen lassen. Wir durften vor 2 Jahren ein neues Technologiezentrum in Deutschland bauen.  | Yes, he let us grow. Two years ago we were allowed to build a new technology center in Germany.  |
| Wu:  | Also er hat immer sein Wort gehalten.   | So he always kept his word.  |
| Kai: | Ja, und ich glaube er wusste, wenn er anfängt dieses chinesische Spiel - sie nehmen die Technologie raus, dann wäre das Thema gestorben. Und er muss in Europa erfolgreich sein, um zu wachsen. Europa ist einer der grössten PMR Märkten der Welt und er braucht die Europäer. Er hat vorher mit seinen Chinesen alles versucht, in Europa zu verkaufen. Er kommt bei den Kunden nicht an. Er muss mit den Deutschen-Face vorstellig werden. | Yes, and I think he knew, that if he starts handling things in Chinese way, that they take out the technology, then this topic would die. And he must be successful in Europe in order to grow. Europe is one of the largest PMR markets in the world and he needs Europeans. He tried all to sell his products with his Chinese employees in Europe before. But he was unable to reach the customers. He had to introduce himself with a German face. |
| Wu:  | Also das heisst der Hytera hat eigentlich die Strategie gehabt, Sie als Bridge-Person zu nutzen; und auf der anderen Seite, der Leader, Herr Chen, hat sie überzeugt.   | So that means Hytera had the strategy to use you as a bridge person and on the other side the leader, Mr. Chen, convinced you.   |
| Kai: | ja, also Herr Tay hat den Deal gemacht mit uns aber Herr Chen ist vorstellig geworden. Er war in München und hat uns seine Vision erklärt.  | Yes, so Mr. Tay has made the deal with us but Mr. Chen has made the representation. He was in Munich and explained his vision to us.   |
| Wu:  | War er häufig dabei?  | Was he a frequently present?   |
| Kai: | Er war bei dem Gespräch dabei. Also bei den grossen Meetings. Es sind viele Emails geflossen. Ich hatte am Ende des Tages hunderte von Emails bekommen. Er hat uns alles verkauft und er hat Jahre danach alles eingehalten. Also, die Story kann man heute nur als erfolgreich bezeichnen. Was Herr Chen   | He was there at the meeting. At the big meetings only. Many emails have passed through the mailbox. I had received hundreds of emails at the end of the day. He sold us everything, and he kept everything year after year. Well, the story today can only be described as successful. What Mr. Chen has   |

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|      | mit der deutschen GmbH gemacht hat ist sehr erfolgreich.   | done with the German LLC (PMR) is very successful.   |
| Wu:  | Ja, das behauptet auch Jemmy.  | Yes, Jemmy also says so.   |
| Kai: | Alleine das er dieses Polizeinetz in der Niederlande gewonnen hat. Das ist ein 3-stelliger Millionen-Betrag. Über 100 Millionen Auftrag. Deutlich drüber. Denn hätte er nie bekommen, wenn er die deutsche GmbH nicht gehabt hätte.  | Alone that he has won this police net project in the Netherlands shows the success. That's a three-digit million EUR project. Over 100 million Project. Clearly beyond that. He would never have gotten it, if he hadn't acquired the German LLC PMR.  |
| Wu:  | Dieses Sicherheitssystem?  | This security system?  |
| Kai: | Ja, obwohl auch da muss man kämpfen, weil auch in den Niederlanden gibt es Diskussionen. Hätte man diesen Auftrag überhaupt vergeben dürfen? Das ist eine chinesische Mutter. Da gibt es immer noch sehr, sehr grosse Vorbehalte in Europa. Aber wir sind da ziemlich „safe“, weil wir einen guten Job machen. Und der Kunde ist zufrieden und deswegen kommt die Diskussion nicht allzu sehr auf aber wie Depura an uns verkauft worden ist, ist die Diskussion in Deutschland, Österreich und sonst überall wieder aufgefacht. Oh, die Chinesen kaufen wieder alle Firmen auf was heisst das für unsere Sicherheitstechnik. Da sind grosse Vorbehalte vorhanden. | Yes, although there is a need to fight here too, because there are discussions in the Netherlands as well. Could this assignment have been given at all? That's a Chinese parent company. There are still very, very big doubts in Europe. But we're quite safe because we're doing a good job. And the customer is satisfied and therefore the discussion doesn't come up too much but as Sepura has been sold to us, the discussion in Germany, Austria and elsewhere has been reopened. Oh, the Chinese are buying up all the companies again, what does that mean for our security technology. There are great reservations. |
| Wu:  | Aber wie versuchen sie die Chinesen zu überzeugen. Da, haben sie gesagt diese Datasecurity. Also das ist ein Thema, und wie kämpfen sie dagegen. Und wie versuchen sie, sie zu überzeugen.   | But how do you try to convince the Chinese? Data security is an issue, and how do you deal with it?  |
| Kai: | Ganz schwierig. Grundsätzlich ist das ein Thema seit dem wir bei Hytera sind. Das sehe ich jetzt in der Zeit wo ich hier   | It's very difficult. Basically, that's been an issue since we joined Hytera. I have not with many but with some Chinese a problem, because they  |

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|      | <p>bin, nicht mit vielen aber mit einigen chinesen ein Problem, weil sie nicht verstehen was hier in Europa abgeht.</p> <p>Man muss dazu sagen es sind vor allem die Chinesen, die nicht ausserhalb von China studiert haben, die die Welt nicht kennen. Die vielleicht ein Besuch in Europa gemacht haben als Urlaub.</p>  | <p>do not understand what is going on in Europe.</p> <p>It has to be said that it is mainly the Chinese who have not studied abroad, who don't know the world. Those who may have made a visit to Europe as a vacation.</p>  |
| Wu:  | Aber die Leute mit oversea background sind besser?  | Are Chinese with oversea background better?  |
| Kai: | <p>Das ist auch ein grosses Problem. Die guten Leute wissen, dass sie gut sind und die wandern im Moment von Firma zu Firma und verdienen immer wieder mehr Geld. Ich sehe das hier, das ich ganz ehrlich sagen muss ich freunde mich gerne mit Leuten an und ich merke wow dieser hat es drauf und drei Monate später ist er weg. Und die die da bleiben sind schon 20 Jahren hier aber haben sich nicht weiterentwickelt. Und das ist ein Problem. Und ich das Problem das ich habe wenn ich neuen Leute treffe die zum Beispiel in UK studiert haben oder die sonst einen internationalen Background haben.</p> <p>Klar, du kannst nicht alle Daten hier in China speichern. Und gerade mit diesen Leuten die schon seit 20 Jahren in China hier sind sagen. Ich bin schon seit 20 Jahren und das sollte kein Problem sein.</p> <p>Wir muss das alles in China machen.</p> <p>Dann muss ich sagen Leute,</p> | <p>That is also a major problem. The good people know that they are good and they are changing from company to company and earn more and more money. I see this here. I must honestly say, I like to meet new people and I notice: wow this one has it in him and three months later he is gone. And those who stay here have been here for 20 years and haven't evolved.</p> <p>And that's a problem. I have this problem when I meet new people who have studied in the UK for example or who have an international background. They won't stay long. Sure, you can't store all the data here in China. And especially the people who have been here in China for 20 years say:"I've been here for 20 years and that shouldn't be a problem. We have to do all this in China. Then I must say...</p> |
| Wu:  | Und dann kriegen wir diesen Auftrag nicht mehr...   | And then we can't get this contract anymore....  |



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| Kai: | Ja, und vor allem gehen noch andere Aufträge verloren da das Vertrauen kaputt geht.   | Yes, and above all, other contracts get lost as trust is destroyed.  |
| Wu:  | Das lustige war, wir hatten ein Management-Meeting in China und es war das erste Mal. da wurde mit Komplettübersetzung gearbeitet, das heisst echte Übersetzer. Weil wir waren jetzt nicht nur 3 Leute die auf Englisch gesprochen haben, sondern es waren um die 20. Von den verschiedenen Gesellschaften: Kanada, UK, Frankreich, Spanien usw. Warten Sie, jetzt habe ich den Faden verloren. | The funny thing was, we had a management meeting in China and it was the first time we worked with complete translation. We had real translators. Because we were now not only 3 people who spoke in English, but there were about 20 of the different societies: Canada, UK, France, Spain etc.<br>Wait, now I have lost track... |
| Wu:  | War das Dolmetschen schwierig?  | Was the translation tricky?  |
| Kai: | Die Dolmetscher waren gut. Es war das erste Mal das ich ein Management-Meeting hatte mit Übersetzungskabinen und alles, sehr professionell.   | The interpreters were good. It was the first time I had a management meeting with translation booths and everything, very professional.  |
| Wu:  | Waren die Dolmetscher Extern?   | Were the interpreters external?  |
| Kai: | ja  | Yes.   |
| Wu:  | Simultan Dolmetscher.   | Simultaneous interpreter.  |
| Kai: | Ja genau. Sie waren richtig gut. Hier sieht man den internationalen Charakter. Ah genau, da war eben unteranderen einer dabei der sich in Europa mit Ministerium auf uns zu kam. Der sich mit Regierungsgeschäften auskennt und ich sass neben jemandem, dem ich erklärt habe wieder: wir müssen compliant sein. Wir müssen Regeln einhalten. In China werden nicht alle Regeln eingehalten.    | Yes, exactly. They were really good. Here you could recognize the international character. Ah, there was one of them who knew about government matters and I sat next to him and I explained: we must be compliant. We have to play by the rules. In China, not all rules are followed.  |
| Wu:  | Ja.   | Yes.   |

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| Kai: | <p>Ich weiss aber in Europa können wir uns das nicht erlauben, weil wenn wir das tun und es kommt raus dann verlieren wir das gesamte Geschäft. Dann ist das Vertrauen, die Reputation weg. Dann kommt wieder dieser Klischee. Der Chinese, der hält keine Regeln ein. Und dann sind wir keine deutsche GmbH mehr; in dem Moment sind wir alle Chinesen. Dann bin ich auch ein Chinese. Und man sagt mir: "Kai, das ist so toll das du den Leuten immer wieder erklärst. Ich weiss, dass du schon seit Jahren tust. Aber wir müssen das ihnen immer wieder erklären. Weil diese Diskussionen in Europa anhalten. In jeder Ministeriumssitzung, in den Niederlanden, in Österreich, in Deutschland sprechen die über die Chinesen. Und wenn wir einen Fehler machen, dann reden sie schlecht über uns. Im Moment performen wir. Wir machen einen guten Job. Wir haben tolle Produkte. Und das muss so bleiben. Das sage ich auch Herrn Chen immer. Und er sagt dann ja, es ist ja noch nichts passiert.</p> | <p>I know, but in Europe we cannot afford to do this because if we do that and it comes out, we lose the entire business. Then trust is gone, reputation is gone. Then this cliché comes back. The Chinese doesn't follow any rules. And then we are no longer a German limited liability company at that moment we are all Chinese. Then I'm a Chinese, too. And they tell me: "Kai, it's so great that you explain to people over and over again. I know you've been doing this for years. But we have to explain it to them over and over again". Because these discussions are continuing in Europe. In every ministry meeting, in the Netherlands, in Austria, in Germany, they talk about the Chinese. If we make a mistake, they talk badly about us. Right now we're performing well. We're doing a good job. We have great products. And that must be maintained. That's what I always say to Mr. Chen. And then he says: yes, nothing has happened yet.</p> |
| Wu:  | <p>Das ist ja Risikomanagement. Das ist auch ein Problem. Sie haben ja immer diese kleine Wahrscheinlichkeit. Man sollte nicht darauf spekulieren.</p>   | <p>That is risk management. That is also a problem. You always have that little chance. One should not speculate on that.</p>   |
| Kai: | <p>Ich habe schon sehr viele Interkulturelle Trainings mitgemacht. In Europa schon auch im Vorfeld als wir übergegangen sind.</p>  | <p>I have already taken part in much intercultural training. In Europe, even before we went over.</p>   |

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| Wu:  | Gibt es diese Trainings auch intern?  | Are these trainings also available internally?  |
| Kai: | ja, wir bilden jeden weiter bei uns. Wir haben eine Frau Doktor Holzmann - Seelenmann ist eine in Deutschland sehr anerkannte für interkulturelle Trainerin für China. Jeder neue Mitarbeiter wird bei uns geschult. Jeder, egal was er macht.  | Yes, we train everyone. We have a Doctor Holzmann - Seelenmann. She is a highly recognized expert for intercultural training for China in Germany. Every new employee will be trained. Everyone, no matter what they do.  |
| Wu   | Wie heisst sie?   | Whats her name?   |
| Kai  | Dr. Holzmann-Seelenmann, Doppelnamen.   | Dr. Holzmann-Seelenmann, it's a double name.  |
| Wu   | Sie ist Deutsche?   | And she is German?  |
| Kai  | Ja, sie ist Deutsche, hat aber auch in China gelebt. Und sie ist Spezialistin für interkulturelle chinesische Trainings und sie sagt immer, ja sie könne das bestätigen. Jimmy hat am Anfang gesagt. Kai, Ihr kennt einen Weg. Wir kennen tausende. Das heisst, der Chinese hält sich die Wahrscheinlichkeiten offen. Er würde sich nicht entscheiden für einen Weg. Wir hingegen entscheiden uns für einen Weg und den gehen wir und den planen wir. | Yes, she is German, but she also lived in China. And she is a specialist for intercultural Chinese trainings and she always says that she can confirm this. Jimmy said at the beginning: Kai, the Germans know a way. We (the Chinese) know thousands. That means the Chinese keep their chances open. He wouldn't choose a path. We, on the other hand, choose a path and we go and plan it. |
| Wu   | ...und dieser wird auch strukturiert.   | ... and it is also structured.  |
| Kai  | Genau. Sie sagt immer: „Der Chinese geht los. Der plant nicht.“ Und wenn die Mauer vor einem steht, bleibt der Chinese stehen und kommt nicht rum. Ich warte mal hier, vielleicht löst sich dann die Mauer in Luft auf. Er bleibt stehen und sieht, die Mauer bleibt da. Ok. Dann gehe ich der Mauer entlang  | Exactly. She always says: "The Chinese is on the move. He's not used to plan anything. When a wall stands in front of him, the Chinese stops and can't get around. He says: "I'll wait here for a while, maybe the wall will disintegrate into thin air. But that's not happening. Okay. Then I walk along the wall and watch, maybe it will end sometime soon. And then go around it         |

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|     | und gucke vielleicht hört sie dann irgendwann auf. Und gehe dann wieder drum rum. Und sie sagt: Der Deutsche würde mit den Hammer auf die Mauer einschlagen und sich einen Loch bohren und dann durchgehen. Und der Chinese läuft der Mauer nach und wenn er nichts findet dann läuft er weiter.                         | again". And she says:"The Germans would hit the wall with a hammer and drill a hole and then go through. And the Chinese follows the wall and if he does not find anything, he continues to walk".   |
| Wu  | Chinesen sind da manchmal opportunistisch. Sie halten sich die Optionen offen.   | Chinese people are sometimes opportunistic. They keep their options open.  |
| Kai | Ja, das hat sich mal so und anders bewegt. Das ist für uns Deutsche natürlich schwierig und das wissen wir aber auch. Aber da ist Herr Chen glücklicherweise nicht so sprunghaft. Herr Chen ist sehr klar in seiner Vision. Trotzdem hält er sich mega auf   | Yeah, it used to change a number of ways. This is of course difficult for us Germans and we know that too. But fortunately, Mr Chen is not so erratic. Mr. Chen is very clear in his vision. Still, he gets upset.   |
| Wu  | Das heisst Herr Chen ist ein toleranter Mensch?  | Mr. Chen is an inclusive person  |
| Kai | Er weiss, was die Europäer erwarten. Er kann mit Kulturen umgehen. Er ist ein Weltmensch.  | He knows what the Europeans expect. He can handle different cultures. He's a man of the world.   |
| Wu  | Er hat ja auch ein Background.   | He has a background.   |
| Kai | Eigentlich nicht soviel ich weiss.   | Actually not as far as I know.   |
| Wu  | Er spricht ja Englisch oder?   | He speaks English, doesn't he?   |
| Kai | Nein, er lernt es. Das ist natürlich auch wichtig, weil er auch merkt, wir sind ein internationaler Konzern. Er lässt sich häufig nicht mehr übersetzen. Er sagt er habe verstanden. Er redet sehr ungerne Englisch. Obwohl er es mit mir manchmal tut. So „hello“, und „how are you“ fängt er so an aber er versucht es | No, he's learning. This is also important, of course, because he also realizes that we are an international company. be translated. He says he understood. He doesn't like to speak English. Although he does it with me sometimes. So "hello", and "how are you" he starts in this way, but he tries to make it from a distance, also |

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|     | entschieden aus der Distanz zu machen auch anderen Leuten gegenüber. Das heisst er lässt sich übersetzen....   | towards other people. That means he gets some translation.....   |
| Wu  | Das ist auch wichtig denn in China ist das auch ein Statussymbol.  | This is also important because in China it is also a state-symbol.   |
| Kai | Also mir gegenüber oder auch gegenüber bestimmten Leuten die er schon lange kennt dann fängt er auch persönlich an zu reden und so weiter. Dann lässt er sich auch nicht mehr übersetzen. Habe ich verstanden. Aber das weiss er und das spielt er gegenüber den Deutschen und spielt auch gegenüber den Chinesen anders. In China führt das ganz anders eben mit viel grösseren Spannweiten. Und er weiss das in Deutschland...   | So he starts talking to me personally or to certain people he has known for a long time. Then he won't get a translation anymore. He knows and plays it differently in front of the Germans and the Chinese. In China, the lead is quite different with much larger spans. And he knows that in Germany...   |
| Wu  | Herr Chen hat einen dynamischen Führungsstil gegenüber Europäer. Dann ist er Herrisch mit Chinesen sonst funktioniert das nicht. Das merke ich aber selber auch.   | Mr. Chen has a dynamic management style towards Europeans. Because with the Chinese he is bossy, otherwise it doesn't work. I'm noticing that myself.  |
| Kai | Und das würde ich mir mehr von seinen Leuten wünschen. Das sie verstehen, dass es eben Unterschiede gibt. Wir wissen das. Wir haben uns auch arrangiert. Wir können von den Chinesen nicht erwarten, dass sie alles durchplanen und durchtasten, einen Weg, und wir machen das so. Es gibt auch viele Chinesen hier im Headquarter, die das verstehen. Und die das mitgeben. Ich sage, das sind die Guten. Die auch wirklich einen Custom haben. Die man merkt, sie können Englisch, die haben einen | And I'd like to have more of his people. They understand that there are differences. We know that. We arranged ourselves too. We can't expect the Chinese to plan and check everything. Find a way and follow it. There are also many Chinese here at headquarters who understand that. And they pass that along. I say these are the good guys. Who also really do have a custom. You can tell they speak English. They have an international background. They're good at it. And there are many who say: It is my China. But I can say in exactly the same way: My Germany. But it's not that. I say we're |

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|     | internationalen Background. Die haben das drauf. Und es gibt viele die sagen, es ist mein China. Ich kann genau so sagen: Mein Deutschland. Aber das ist es nicht. Ich sage wir sind Hytera. Wir sind mein China oder mein Deutschland, denn wir sind Hytera.  | Hytera. We are my China or my Germany, because we are Hytera.  |
| Wu  | Ihr seid ein Konzern. Die Chinesen sind Chinesen und sie bleiben so. ihr behauptet nicht ihr seid Chinesen, sondern wir sind Hytera.   | You're a corporation. The Chinese are Chinese and they will stay that way. You're not saying you're Chinese, but we're Hytera.   |
| Kai | Genau. Im Endeffekt können wir gemeinsam erfolgreich sein.   | Exactly. In the end, we can be successful together.  |
| Wu  | Also man hat gemeinsame Ziele. Und der Erfolg basiert auch darauf, oder?   | So you have common goals. And the success is also based on that, isn't it?   |
| Kai | Ja, wir produzieren alles in China. Wir haben eine riesen grosse Produktion in Longdang. Da kommen tolle Produkte raus. Da sind wir auch aufeinander angewiesen. Und deswegen das noch mehr Verständnis da ist von vielen Leuten. Aber das ist so in jedem Unternehmen. Man kann nicht verlangen, dass alle, wie sagt man, offen sind und alle einen super Background haben. Das geht nicht. Das Problem, das wir hier haben in China ist die aus meiner Sicht hier in Shenzhen auch in China selbst noch der Erfolg ist sehr schnell gekommen. Viele Leute können nicht damit umgehen und viele verändern sich auch nicht in dieser Geschwindigkeit. Ich sage in Deutschland haben wir die Zeit gehabt, Autos, Telefone, überall 30-50 Jahre um einzuführen. Hier in Shenzhen | Yes, we produce everything in China. We have a big production plant in Longdang. Great products are coming out. We are also dependent on each other. And that's why there are a lot of people understanding. But this is the case in every company. You can't expect everyone to be open and have a great background. I can't do that. In my opinion, the problem we have here in China and Shenzhen is the success that has come much too quickly. Many people can't handle it and many can't change at this pace. I say in Germany we had a period of 30-50 years to introduce cars and phones. Here in Shenzhen it will work within 3-5 years. All the people already drive a car, they all have smartphones. They all have a lot of money. They can all afford things. I'm telling you, no one's starved to death anymore. That was 30 years ago in China still existing. There may still be areas in China where people are |

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|     | <p>funktioniert es innerhalb von 3-5 Jahren. Die Leute fahren schon alle ein Auto, sie haben alle ein Smartphone. Sie haben alle viel Geld. Sie können sich alle was leisten. Ich sag jetzt mal, dass keiner verhungert mehr. Das gab es vor 30 Jahren in China noch. Es gibt vielleicht noch Gegenden in China, wo Leute verhungern oder nicht gut gehen aber hier in Shenzhen...</p>   | <p>starving or not doing well, but here in Shenzhen...</p>   |
| Wu  | <p>Ja, China hat 2 Seiten. Der Teil des Landes, das sich sehr schnell entwickelt und es gibt ca. 0.4Milliarden Menschen die anders leben.</p>  | <p>Yes, China has two sides. The part of the country that is developing very fast and there are about 0.4 billion people living in poverty.</p>  |
| Kai | <p>Ja das sehen sie hier vor 6 Jahren. Das erste Mal als ich hier in Shenzhen gewesen bin brauchte man vom Hotel, wo ich nicht mehr wohne, wo ich in den ersten Jahren 2011, 2012 25 Minuten mit dem Auto. Heutzutage braucht man 45 Minuten. Es gibt viel mehr Autos. Die Stadt wandelt sich immer noch obwohl sie schon sehr international ausgerichtet ist, gute Infrastruktur hat und alles aber für manche Leute ist diese Veränderung zu schnell. Sie verändern sich nicht. Sie sagen immer noch mein China.</p> | <p>Yeah, that's what I saw six years ago. The first time I was here in Shenzhen it took 25 minutes by car to the office from the hotel, where I lived in the first years of 2011-2012. It takes 45 minutes nowadays. There are many more cars. The city is still changing, although it is already internationally oriented, has a good infrastructure and for some people this change is too fast. They do not change. You're still saying my China.</p> |
| Wu  | <p>Also der Wohlstand und die Technologie veränderte sich zu schnell aber die Mentalitätsanpassung ist langsamer.</p>  | <p>So the prosperity and technology changed too quickly, but the mentality adjustment is slower.</p>   |
| Kai |  | <p>Yes, well, I notice this with many people who have been with the company for 20 years, who say: It should not change, we are headquartered here, we are China. We're doing this the way</p>   |

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|     |   | we want. If I would always say: Look, we do what we want in Germany so that we are successful because I don't want to let China tell me anything. But no, that's why I came to China. Mr. Chen has been asking me for 3 years:"Come to China and work from China". I'm the only one in management who's not Chinese. You won't find anyone else in the house. |
| Wu  |   | This is a challenge for you.  |
| Kai | Absolut.  | Absolutely.   |
| Wu  | How do you survive?   | How do you survive?   |
| Kai | Ja, das ist eine gute Frage. Das grösste Problem, das ich noch habe ist die Sprache. Es gibt so viele die kein Englisch können. Einiger meiner wirklichen Ansprechpartner sind in den Projekten die ich hier habe vor allem Finanzbereich. Hinter Jimmy gibt es eine Dame, die im Prinzip das gesamte Finanzgeschäft macht. Mit ihr muss ich ziemlich intensiv zusammenarbeiten. Sie kann kein Englisch | Yes, that's a good question. The biggest problem I still have is the language. There are so many who don't speak English. Some of my key contacts are in financial projects. Behind Jimmy there is a lady who basically does all the financial business. I have to work very intensively with her. She doesn't speak English at all.                          |
| Wu  | Aber wie lösen sie das Problem?   | But how do you solve this problem?  |
| Kai | Da muss jemand übersetzen. Und wie sie das wissen, geht vieles verloren. Ich erwarte von keinem dass er Deutsch spricht. Aber Englisch ist irgendwo...  | Somebody has to translate. And as you know, a lot of things get lost. I don't expect anyone to speak German. But English is ordinary somewhere.   |
| Wu  | Soll ich hier arbeiten? Soll ich ihre Assistentin werden? Ich habe CFA. Das heisst International Chartered financial analyst. Ich habe 10 Jahre im Investment Banking gearbeitet.   | You want me to work here? You want me to be her assistant? I have CFA. This means International Financial Chartered financial analyst. I have worked in Investment Banking for 10 years.  |
| Kai | Ok. Wir haben in Deutschland zum Beispiel. Das von für Herr Chen auch   | Okay. We have, for example, in Germany. What was also a very important aspect for Mr.   |



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|     | <p>ein ganz wichtiger Aspekt auch für diese Akquisition. Wir haben keine Chinesen reingesetzt bekommen. Wir haben allerdings 2 Chinesen eingestellt von uns aus. Weil wir gesagt haben: Wir brauchen die Sprache. Also Herr Chen hat nie gesagt, wenn ihr kriegt jetzt denn, denn und denn und der sitzt jetzt bei euch in der GmbH. Das würde auch nicht funktioniert.</p>  | <p>Cheng, also for this acquisition. We didn't get any Chinese in there. We hired two Chinese from our side. Because we said: We need the language. So Mr. Chen never forced us to hire a Chinese, that would not have worked.</p>   |
| Wu  | <p>Das hat er nie gesagt? Wow, das finde ich grossartig. Sogar niemand, der für die Finanzen zuständig ist, weil ich habe viele Firmen interviewed. Sie haben immer ein Chinese als Finanzkontrolleur eingestellt. Die anderen Managementteams lassen sie in Ruhe.</p>   | <p>He never said that? Wow, I think that's great. Even no one in charge of finance? Because I interviewed a lot of companies. They always hired a Chinese guy as a financial controller. The other management teams don't get bothered.</p>  |
| Kai | <p>Das war wahrscheinlich deswegen, weil ich diesen Deal gemacht habe. Also Jimmy hat von Anfang an sein Vertrauen ausgesprochen. Komplet. Und es ist auch so. Das sagen auch alle hier in China. Die Deutsche Gesellschaft ist Finanztechnisch, also von der Ausbildung her, wie sie arbeitet mit Abstand die beste ist. Sie wollen von uns lernen. Das Problem ist natürlich, das wir nach GmbH-Gesetz berichten. Und das können wir nicht übernehmen.</p> | <p>That was probably because I made the deal. So Jimmy put his trust in me right from the start. Completely. And so it is. That's what everyone here in China says. The German company is financially sound, i. e. it is by far the best in terms of training. They want to learn from us. The problem is, of course, that we report according to the German (limited liability company) law. And we can't do that here.</p> |
| Wu  | <p>Nein, natürlich nicht. Das hier ist eine kotierte Unternehmung und es ist ganz anders.</p>  | <p>No, of course not. This is a listed company and it's completely different. I need to take a look. You don't have much time. But I'm allowed to contact you later, right?</p>  |

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|     | Ich muss schauen. Sie haben ja nicht so viel Zeit. Aber ich darf Sie ja später auch kontaktieren.   |  |
| Kai | Ja.   | Yes.   |
| Wu  | Also Das heisst bei der Verhandlung hat es viele Probleme gegeben aber der Herr Chen hat alle Leute überzeugt. Gibt es momente, wo sie sagen so kann es nicht weitergehen. Aber können sie noch andere ganz konkrete Beispiele geben?   | This means that there have been many problems during the negotiations but Mr Chen has convinced everyone. Are there moments when you say it can't go on like this? Can you give other specific examples?   |
| Kai | Ja, wie gesagt. Es ging ja auch darum, das ganze zu verschriftlichen. Also man hat darüber gesprochen.  | Yeah, like I said. It was also about writing the whole thing down. So they talked about it.  |
| Wu  | Ja, das ist keine Stärke des Chinesen.  | Yes, that's not a Chinese strength.  |
| Kai | Ja, der Deutsche wollte ein Vertrag haben. Was geht über, wie geht es über, was wird gemacht, was wird festgehalten. Welchen Preis bekommen wir. Die Unterlagen habe ich immer noch in meinem Büro in Deutschland stehen. Das war natürlich so ein Pamphlet. Ich würde fast meinen um die 1000 Seiten. Und sie können sich vorstellen: Der Chinese hat kein Bock drauf. Ist doch alles klar. Lass uns unterschreiben und den Deal abschliessen. | Yes, the German wanted a contract. What passes, how does it pass, what is being done, what is being recorded. What price do we get? I still have the documents in my office in Germany. I'd almost mean about 1,000 pages. And you can imagine: The Chinese doesn't want to do it. It's all clear. Let's sign the deal and close it. |
| Wu  | Und dann? Haben wie haben sie die Chinesen überzeugt?   | And then what? How did you convince the Chinese?   |
| Kai | Ja, wir haben gesagt: So machen wir nicht weiter. Und da hat der Chinese gesagt: Ok wir fangen, wir kümmern uns drum.   | Yes, we said we're not continuing like this. And then the Chinaman said, "Okay, we'll take care of it."  |
| Wu  | Ja aber Sie müssen es übersetzen. Sonst verstehen sie es nicht.   | Yes, but you have to translate it. Otherwise they won't understand.  |

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| Kai | Ja, viele Seiten sind nur auf Englisch gemacht worden. Und sind dann auch von Herrn Tay unterschrieben worden. Da muss man sagen, da hat Hytera immer wieder eingelenkt. Die Deutschen haben gesagt. Denn Deal wollen wir abschliessen und wenn ihr das wollt, müsst ihr das und das machen. Und wenn ihr das nicht macht dann hören wir auf. Es gab auch für eine Woche Funkstille. Da keiner was gesagt/geantwortet hat. Von beiden Seiten. | Yes, many pages have been made in English. And then Mr Tay also signed it. It has to be said that Hytera has given in to it again and again. The Germans said. We want to make a deal and if you want to proceed, you have to do that and that. And if you don't do that, we'll stop. There was a week of radio silence. Since no one said anything. From both sides. |
| Wu  | Und dann? Wer hat das Eis gebrochen?  | And then what? Who broke the ice?   |
| Kai | Am Ende musste ich Mal wieder verhandeln. Das lustige war, das der Anwalt von Rohde&Schwarz mich angerufen hat. Sprechen Sie doch mal mit Herrn Tay. Ich soll das und anderes machen, damit wir vorwärtskommen. Und andersrum hat mit Herr Taylor angerufen: Sprechen sie doch mit Rohde&Schwarz , wir wollen das und das andere nicht haben.   | In the end, I had to negotiate again. The funny thing was that the lawyer from Rohde&Schwarz called me: Why don't you talk to Mr. Taylor? I'm supposed to do this and other things to get us moving. And the other way around, Mr. Taylor called:"Talk to Rohde&Schwarz , we don't want this and the other one.   |
| Wu  | Hat man beidseitig Kompromisse gesucht?   | Have compromises been sought on both sides?   |
| Kai | Ja schon aber am Ende hat sich Rudolf Schwarz schon durchgesetzt. Weil Rudolf Schwarz am Ende am längeren Hebel gesessen hat. Wir mussten.  | Yes, but in the end Rudolf Schwarz won through. Because Rudolf Schwarz had the final hand at the end.   |
| Wu  | Ja so gibt es einen guten Preis.  | Yes, so there is a good price.  |
| Kai | Ja, es ging um den Preis. Es ging, was alles übernommen wird usw. Rudolf Schwarz hat immer gesagt: Pass auf, wenn wir nicht einig werden, wir   | Yeah, it was about the price. Rudolf Schwarz always said:"Look, if we don't agree, we don't have to sell the company. We want to sell the company. Thus Rudolf Schwarz naturally sat  |

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|     | müssen die Gesellschaft nicht verkaufen. Wir wollen die Gesellschaft verkaufen. Dadurch sass Rudolf Schwarz natürlich am längeren Hebel. Hytera wollte kaufen. Und Schwarz sagte: Wir müssen nicht verkaufen. Wir wollen verkaufen.   | on the longer lever. Hytera wanted to buy. And Schwarz said:"We don't have to sell. We want to sell.   |
| Wu  | Das natürlich ein grosses Glück für Hytera.   | That of course a great fortune for Hytera.   |
| Kai | Wie sie gesagt haben sie haben einige Gespräche mit anderen Beispielen. Es ist eine andere Situation. Die Situation mit uns war anders. Der Verkauf war eher behindert durch dieses AGB-Thema. Durch dieses Dubios-Geschäft. Dass die Regierung plötzlich gesagt hat, schaut mal das wollen wir prüfen, ob das überhaupt rechtens ist. Das hat lange gedauert. Ich glaube, dass zwischen den Gesellschaften.....Es war ja so. Man hat Sepura gekauft. Man hat den gesamten Konzern gekauft. Hier hat man eine Division aus dem Konzern heraus gekauft. So dass der Konzern weiterbestanden hat. Und sie konnten sich ja auch Rudolf Schwarz konnte sich immer sagen: Wir müssen nicht. Wir behalten die Division. Und dem entsprechend hatte die Verhandlung einen ganz anderen Anreiz wie jetzt eben Sepura. | As you said, you had some conversations with other examples. The situation with us was different. The sale was rather hindered by this general terms and conditions issue. Through this dubious business. That the government suddenly said, let's see if this is right. It took a long time.<br>Sepura would sold completely. The counter party bought the entire corporation. Here, a division was bought out of the Group. So the group continued to exist. Rudolf Schwarz always said:"We don't have to. We'll keep the division. Accordingly, the negotiation had a completely different incentive than Sepura. |
| Wu  | Können sie etwas über die Integration sagen? Weil dann waren beide endlich verheiratet aber der Weg ist noch lang. Jimmy hat gesagt, die Integration habe 3 Jahre gebraucht. Was sagen sie dazu?  | Can you say anything about integration?<br>Because then both were finally united but the way is still long. Jimmy said that the integration took three years. What do you think  |

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|     | Oder sind sie immer noch dabei? Bis ein Rhythmus gefunden wurde.   | of that? Or are they still in the process of finding a rhythm?   |
| Kai | ja, also es hat schon lange gedauert. Also wichtig war, dass wir die Leute davon überzeugen konnten, dass das eine gute Story ist in Deutschland.  | Yes, well, it's been a long time. So it was important that we could convince people that this is a good thing to do in Germany.  |
| Wu  | Ja, aber was hat man getan?  | Yeah, but what did they do?  |
| Kai | Erst mal war es so. Das wenn wir es an die Chinesen verkaufen, wir die Kündigung bekommen. Sofort auf dem Tisch. Es gab Leute die gesagt haben: Ja, auf kein Fall an Chinesen. Das gab's.  | First of all, if we sell it to the Chinese, we get the resignation. Right away on the table. There were people who said: Yes, no way to the Chinese. It happened.  |
| Wu  | Wie viel Prozent waren solche Leute.   | How many percent were such people.   |
| Kai | Ja, ungefähr 20% von den Leuten.   | Yeah, about 20% of people.   |
| Wu  | Ja, erstaunlich. Das ist ein hoher Wert.   | Amazing. That's a high figure.   |
| Kai | Ja, also wir waren auch nicht so viele.  | Yeah, well, we weren't that many.  |
| Wu  | Ja aber trotzdem. Dieser Wert. Waren diese Leute denn wirklich wichtige Personen? Experten etc.?   | Yes, but still. That value. Were these people really important people? Experts etc.?   |
| Kai | Ja, das interessante war, das wir festgestellt haben, dass es vor allem die jüngeren Leute waren, die andere Optionen nahmen. Derjenige der schon Familie hatte und sich ein Haus gebaut hat, der Kinder hat, sagte: Ok. Ich schau mir das mal an. Die Story hört sich gut an. | Yes, the interesting thing was that we found out that it was mainly the younger people who preferred other options. The one who already had a family and built himself a house with children said: Ok. I'll take a look at this. Sounds like a good Story. |
| Wu  | Also diese 20% waren also mehrheitlich jüngere Leute.  | So these 20% were mostly younger people.   |
| Kai | Ja, jüngere Leute. Gut ausgebildet Absolventen, die gesagt haben: Ich habe   | Yes, younger people. Well-trained graduates who have said: I have chances, then I go   |

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|     | <p>Chancen, dann gehe ich wo anders hin.</p> <p>Man hatte in diesem Moment das Problem das man gesagt/festgestellt hat.</p> <p>Ja, die ganzen älteren Leute bleiben da und die ganzen jungen verlassen die Firma. So haben wir das Gefühl gehabt.</p>   | <p>somewhere else. At that moment it became clear that all the older people stayed while the young ones left the company. We felt that way.</p>  |
| Wu  | <p>Ok. Die Kernbelegschaft, die Leute, die die Technologie beherrschen sind geblieben?</p>  | <p>Okay. The core staff, the people who control the technology have remained?</p>  |
| Kai | <p>Nein, kann man nicht sagen. Wir hätten gerne die jüngeren Leute, die wirklich auch gut sind gerne behalten. Die sich in 2-3 Jahre bei uns eingearbeitet haben.</p>   | <p>No, you can't say that. We would have liked to keep the younger people who are really good. Who have become acquainted with us in 2-3 years.</p>  |
| Wu  | <p>Man hat auf diese Leute sehr viel investiert.</p>  | <p>They've invested a lot of money in these people.</p>  |
| Kai | <p>Wir haben kaum Fluktuation. Das muss man sich immer vorstellen. Wir sprechen von 2-3% Fluktuation in Deutschland sprechen. Dann haben wir hier in der Firma viel. Das ist aktuell wieder so. In der Übergangsphase hatten wir eine relativ hohe Fluktuation, weil viele gesagt haben: oh, wir wissen nicht was passiert wenn.....</p> <p>Was aber auch geholfen hat, alles zu beruhigen ist das wir Herr Chen vorgeschlagen haben er soll ein Retentionprogramm machen. Also Retentionprogramm hiess, wer die nächsten 2 Jahre in der Firma bleibt, bekommt eine Entschädigung ausbezahlt von 2 Jahre.</p> | <p>We hardly have any fluctuation. You always have to imagine it. We are talking about 2-3% fluctuation in Germany. Compared to that, we have a lot here at the company. That's the way things are now. During the transition period we had a relatively high fluctuation rate because many people said: oh, we don't know what happens when....</p> <p>But what has also helped to calm the situation is that we have proposed to Mr Chen to introduce a retention program. So retention program means that whoever stays in the company for the next 2 years will receive a compensation of 2 years.</p> |
| Wu  | <p>Bekommen die Leute auch einen besseren Lohn?</p>   | <p>Will people get better pay?</p>   |
| Kai | <p>Ja, das hat Herr Chen damals gesagt.</p> <p>Wir haben auch Anpassungen gemacht</p>   | <p>Yes, that is what Mr Chen said at the time. We also made adjustments but the interesting thing</p>  |

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|     | aber das interessante für die Leute war weiterhin das Retentionprogramm. Das war unabhängig vom Lohn.   | for the employees was the retention program. That was independent of the salary.   |
| Wu  | War es viel?  | Is it a lot?   |
| Kai | Das war Prozentual zusätzlich jedes Jahr 20-30% on Top.   | This was an additional 20-30% on top in percentage terms each year.  |
| Wu  | Wow, ist das zusätzlich....   | Wow, is that additional.....   |
| Kai | Ein Bonus.  | A bonus.   |
| Wu  | Also ein Bonus. Ein Mal ein Bonus.  | So it's a bonus. Once a bonus.   |
| Kai | Jedes Jahr. 2 Jahre hintereinander. Wir haben gesagt, wenn die Leute 2 Jahre während dem Übergang halten, dann sehen wir ob die Story fliegt, ob die Leute glücklich sind. Und wenn sie 2 Jahre bleiben, dann bleiben sie auch und das war auch so. Wir konnten die Leute überzeugen, in der Firma zu bleiben. Also die 20% die gekündigt haben, die haben gekündigt bevor wir zu Hytera..... | Every year. Two years in a row. We said if people stay 2 years during the transition, we'll see if the story starts flying, if people are happy. And if they stay for two years, then they stay and that's what happened. We convinced people to stay in the company. So the 20% who quit have quit, they quit before we went to Hytera..... |
| Wu  | Schade.   | Too bad.   |
| Kai | Also in dem Jahr bevor wir dieses ganze AGB-Thema. Das Closing hat lange gedauert, bis es zu diesem Closing kam. Und in der Zeit haben wir Leute verloren.  | So the year before we had this whole AGB issue. It took a long time for this closing to take place. And in the meantime, we lost people.   |
| Wu  | Jimmy hat gesagt, es hat lange gezögert. Es lag auch ein an Hytera Seite, weil sie bei der IPO-Phase waren, weil Hytera in der Börse kotiert war. Er meint, das hat zusätzlich alles in die Länge gezogen.  | Jimmy said that there were long delays. It was also on Hytera's side because they were in the IPO phase because Hytera was listed on the stock exchange. He thinks that this has also lengthened everything.   |
| Kai | Ja, was ich weiss ist, dass in Deutschland eben auch dieses AWG-  | Yes, what I know is that in Germany this AWG topic was also relevant. This approval took a   |

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|     | <p>Thema. Diese Genehmigung lange gedauert hat. Ob der IPO eine Rolle gespielt hat...ein bisschen aber nicht so viel. Weil am Ende wollte man warten, damit der Börsenkurs sich dann, wenn wir an die Börse gehen alles klar ist, ob die Firma gekauft wird. Ja, da waren ein paar Wochen aber der Grund weshalb dass es über ein Jahr gedauert hat, lag es an der Genehmigung. Weil die deutsche Regierung kann sich 6 Monate rausnehmen, diesen Fall zu Prüfen. Und das haben sie dann auch gemacht.</p> | <p>long time. Did the IPO play a role? A little bit, but not that much. In the end, they wanted to wait to see if the company was bought, so that the stock market price would be stable when we went to the stock market. Yes, that was a few weeks but the reason why it took more than a year was due to the approval. Because the German government is allowed 6 months to investigate this case. And that's what they did.</p> |
| Wu  | <p>ok, und dann?</p>   | <p>Okay, and then what?</p>   |
| Kai | <p>Und dann hat sich alles beruhigt. Die Leute haben gesehen, dass die Story fliegt. Wir haben neue Geschäftsfelder bekommen, wir haben neue Produkte dazubekommen, wir haben ein Vertriebsgebiet in Europa bekommen, für das wir verantwortlich sind und dann hat sich das Ganze beruhigt. Und ja, die Aufgabe war, das Geschäft in Europa wachsen zu lassen. Das ist auch passiert. Wir haben mit 20 Millionen angefangen und werden dieses Jahr mit fast 100 Millionen abschliessen.</p>                | <p>And then everything calmed down. People have seen this story is taking off. We have gained new business areas. We have received new products. We became a distribution area in Europe, for which we are responsible and then the whole thing calmed down. And yes, the task was to grow the business in Europe. That's what happened. We started with 20 million and will close this year with almost 100 million.</p>           |
| Wu  | <p>Wow, das ist ein sehr grosser Sprung.</p>   | <p>Wow, that's a very big jump.</p>   |
| Kai | <p>Ja, da kamen jedes Jahr um die 20 Millionen dazu. Und es wird nächstes nach wieder mehr werden. Das Wachstum ist da, und wir werden das ständig ausnehmen. Und das ist die Story die funktioniert, wenn man erfolgreich ist. Ich muss dazu sagen,</p>   | <p>Yes, about 20 million more were added every year. And there will be more next after that. The growth is here, and we are going to keep on exploiting it. And this is the story that works when you're successful. I have to say that integration with China is still not really completed, because at certain levels...</p>  |



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|     | dass die Integration mit China immer noch nicht so richtig abgeschlossen ist, weil es auf bestimmten Ebenen...   |   |
| Wu  | Aber viele Reibungspunkte hatten sie nicht, weil Deutschland relativ selbständig funktionierte.  | But they did not have many points of friction, because Germany functioned relatively independently.   |
| Kai | Korrekt.   | Correct.  |
| Wu  | Aber wo gab es die?  | But where were they?  |
| Kai | Aber wo es Reibungspunkte gibt und das sind immer die Punkte wo wir von China abhängig sind. Ein Reibungspunkt ist der, wenn wir ziehen die Produkte aus China. Was glauben Sie wie oft wir Falsche Ansagen bekommen? Falsche Lieferung bekommen? Oder zu spät ankommen?   | There are friction points where we are dependent on China. One friction point is the purchase of products from China. What do you think? How often do we get error notifications? Wrong delivery. Or the order arrives too late.  |
| Wu  | Die Chinesen Arbeiten nicht so genau.  | The Chinese do not work so precisely.   |
| Kai | Genau. Manchmal steht da drin, wir kriegen 100 Geräte und es sind 140. Und wir fragen: Weshalb sind es so viele? Und sie antworten: Ja, die die wir übrig hatten, haben wir reingepackt. Ich habe doch keine bestellt.   | Exactly. Sometimes it says we buy 100 units and there are 140, and we ask why are there so many? And they answer: "Yes, the devices we had left were packed in". But I still didn't want to order anymore than 100.   |
| Wu  | Jimmy hat heute einen sehr guten Punkt gemacht. Ich denke ich gebe ihnen den weiter. Er hat gesagt: Am Anfang hat man sehr viel über Fleiss diskutiert. Und viele Chinesen sagen sie sind sehr fleissig. Sie seien via Handy 24/7 bereit einzuspringen falls nötig. Europäer nicht. Die Chinesen sagen: Wir sind immer bereit unsere Freizeit zu opfern. Es gibt keine Freizeit, Familie, diese Trennung. Aber Jimmy versteht auch | Jimmy has made a very good point today. I think I'll give you this one. He said: "In the beginning there was a lot of discussion about diligence. And many Chinese say they are very hardworking. They are available 24/7 via mobile phone. Europeans, however, are not. The Chinese say: We are always ready to sacrifice our spare time. There is no separation between work and leisure/family. But Jimmy also understands the Germans better. Because within working hours, I work so efficiently, so |

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|     | die Deutschen besser. Denn innerhalb der Arbeitszeit, arbeite ich so effizient, so korrekt, so genau, dass ich pünktlich meine Aufgabe sehr gut fertig machen kann. Aber die Chinesen meinen mehr Zeit und Flexibilität, das sind 2 unterschiedliche Sachen. Die Chinesen sollten auch Deutsche verstehen. Und er macht auch viel bei dem Punkt. | correctly, so precisely that I can finish my task on time. But the Chinese are more into time and flexibility. But these are two different things. The Chinese should also understand Germans. And he's doing a lot of work on that one, too.              |
| Kai | Ja, da gebe ich Ihnen recht. Also die Diskussion geht dann immer da hin. Wir in Deutschland haben 60 Entwickler. Und diese 60 Entwickler schaffen mehr als 500 Chinesen.   | Yes, I agree with you. So the discussion always leads there. We in Germany have 60 developers. And these 60 developers reach more than 500 Chinese.  |
| Wu  | Ist das so?  | Is that so?  |
| Kai | Ja, das ist Fakt. Das hat mit der Ausbildung zu tun. Das hat mit den Arbeitspreisen zu tun. Wir könnten uns gar nicht erlauben so viele Leute einzustellen. Wir haben aktuell 3000 Entwickler.   | Yes, that's a fact. This has to do with the education. This has to do with the labor costs. We couldn't afford to hire so many people. We currently have 3000 developers.  |
| Wu  | Hier?  | Here?  |
| Kai | Ja, hier in China, 3000. Aber wieso sag ich 60 sind so gut wie 500? Das Problem das ich immer sehe. Nicht, dass das kein Problem ist. Das können andere Firmen sicher auch bestätigen. Ich glaube, dass wenn Hytera eine deutsche Firma wäre, sie insolvent wären. Sofort.   | Yes, here in China, 3,000. But why do I say 60 is as good as 500? The problem I always see. Not that that's not a problem. I'm sure other companies can confirm that. I believe that if Hytera were a German company, they would be insolvent. Right away. |
| Wu  | Aber am Ende sind sie ja nicht insolvent.  | But in the end, they're not insolvent.   |
| Kai | Die Frage ist, warum funktioniert es in China? Weil erstmal in China haben wir 7000 Angestellte. Mit dem Aktuellen   | The question is, why does it work in China? Because for the time being in China we already have 7000 employees. With the current   |

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|     | <p>Umsatz der Hytera macht, sehen sie auch an der Börse, könnten sie nicht mal die Gehälter bezahlen in Deutschland. Das heisst China funktioniert aus meiner Sicht deswegen, weil die Leute nicht das hohe Niveau haben im Vergleich zu Deutschland. Allerdings steigt das Niveau aktuell extrem. Die Leute wollen mehr haben oder sie gehen. Die Guten gehen. Das heisst Herr Chen hat jedes Jahr höhere Ausgaben. Im Moment steigt der Umsatz, weil wir ganz viel wachsen. Aber irgendwann wird diese Wachstumskurve abnehmen. Das ist so.</p> | <p>turnover Hytera makes, they see also on the stock market, they could not even pay the salaries in Germany. In my opinion, China works because people do not have the same standards of living as people in Germany. However, the level is currently rising extremely. People want more or they leave. The good employees are leaving. In other words, Mr Chen has higher expenditure every year. At the moment, sales are increasing because we are growing a lot. But at some point this growth curve will decline. That is a fact.</p> |
| Wu  | <p>Ja es kann ja nicht unendlich so wachsen.</p>  | <p>Yeah, it can't grow like this forever.</p>   |
| Kai | <p>Ja und dann wird es für chinesische Firmen schwierig. Weil da müssen sie die Leute gucken. Ja ich 7'000, ich habe 10'000 Leute, die wollen alle Geld haben. Also ganz ehrlich, ich könnte alle diese Leute nicht in Deutschland bezahlen mit dem Umsatz. Funktioniert nicht. In China funktioniert immer noch auf der Basis, dass es Leute gibt, die für 500 Euro noch arbeiten im Monat.</p>  | <p>Yes, and then it's going to be difficult for Chinese companies. Because that's where people have to consider. I have 7,000,10,000 people who all want money. So quite honestly, I could not pay all these people in Germany with the revenue we generate. It doesn't work. In China it still works on the basis that there are people who still work for 500 euros a month.</p>  |
| Wu  | <p>Also das heisst, das Lohnniveau basiert hier auf Arbeitsintensivbasis.</p>   | <p>In other words, wage levels are based on labour-intensive factors.</p>   |
| Kai | <p>Deswegen sag ich ja, es ist kein Problem 10 Leute zusätzlich „reinzuschmeissen“. Nicht teuer. Und in Deutschland, wenn ich sage: Ich zusätzlich 10 Leute reintun, da gehen mir die Preiskosten durch die Decke. Hier in China wird mehr daran</p>  | <p>That's why I'm saying it's no problem to "throw in" 10 more people. Not expensive. And in Germany, when I say: I want to hire an additional 10 people, the price goes through the roof. Here in China, more work is being done to achieve a result through the masses, and in Germany, a result will be achieved through the</p>   |

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|     | gearbeitet, über die Masse ein Ergebnis zu erzielen und in Deutschland wird daran über die Klasse ein Ergebnis zu erzielen. Das will der Chinese natürlich nicht hören. Aber das ist so.  | quality. Of course, the Chinese don't want to hear that. But that's the way it is.  |
| Wu  | Nein, ich denke da irren Sie sich. Ich habe jetzt so viele Firmen interviewet, da hat eine Firma eine Schweizer Firma übernommen. Dieser chinesische Manager sagte, seine Firma habe extra ein Effizienztest machen lassen. Und da haben sie gemerkt, in der Schweiz arbeitet man pro Kopf 3 Mal effizienter. Und die Genauigkeit der Schweizer war noch höher. Und wenn man alles zusammennimmt, ist ein Schweizer nicht so teuer. Die Chinesen sehen das schon.   | No, I think you're wrong. I have interviewed so many companies now that one company has taken over a Swiss company. This Chinese manager said his company had an efficiency test done. And they noticed that in Switzerland, people work three times more efficiently per capita. And the accuracy of the Swiss was even higher. And when you put it all together, a Swiss worker is not that expensive. Chinese can see it already.  |
| Kai | Ich sage aus meiner Sicht, was ich immer versuche zu predigen: Die Wahrheit liegt in der Mitte! Natürlich ist es gut viele Leute zu haben. Denn viele Köpfe können viel bringen aber man muss auch Leute haben, die auch wirklich die richtigen Ideen haben, und schnell. Das lustige war immer am Anfang. Das ist ein schönes Beispiel. Die Entwickler haben gesagt: Wir haben ein schönes Feature entwickelt. Dieses Feature haben wir so und so genannt. Und unser Deutscher Entwickler hat gesagt: Ja, das ist Standard. Das gibt's schon im Standard. Und heisst so und so. Und der Chinese hatte sich sehr gefreut, dass er was Neues erfunden hat. Aber nein, das gab es schon. Als hätten | I say from my point of view, what I always try to tell: The truth is in the middle! Of course, it's good to have a lot of people. Because many minds can achieve a lot, but you also need to have people who really have the right ideas, and quickly. The funny thing was always at the beginning. That's a fine example. The developers said: „We have developed a nice feature. We have called this feature so and so. And our German developer said: Yes, this is standard. This is already available in the standard version. And it's called one way or another. The Chinese man was very happy to have invented something new. But no, there was already such a thing. It's like they said, "Our car has four tires!", but each car has already 4 tires. |

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|     | sie gesagt: Unser Auto hat 4 Reifen!<br>Jedes Auto hat 4 Reifen.   |   |
| Wu  | Ja, verstehe. Was für Europäer selbstverständlich ist, denken Chinesen es ist eine sensationelle Idee von Ihrer Seite.   | Yes, I understand. What is self-evident for Europeans, Chinese think it is a sensational idea on their side.  |
| Kai | Genau, zum Beispiel rühmen sie sich in China, dass sie das erste Unternehmen sind, dass sie mit T3/RT3 Produkt entwickelt hat. Wie sie den Standard umgesetzt haben, ist allerdings eher zweifelhaft. Es ist vieles einfach zusammengebaut worden, dass es funktioniert.   | Exactly, for example, they are boasting in China that they are the first company to have developed a product with the T3/RT3 standard. How they implemented the standard, however, is rather doubtful. A lot of things have been put together to make it work.  |
| Wu  | Das ist ja inkrementell. Sie haben viele, überall verschiedene Technologien zusammengebastelt. Das ist keine Nische Invention. Eher eine Exploitation. Nicht eine Exploration.   | That's incremental. Everywhere, they have put many different technologies together. This is not a niche invention. More like an exploitation. Not an exploration.   |
| Kai | Ja, ich verstehe was sie meinen. Genau, die Frage ist, kann der Chinese innovativ sein oder kopiert er? Ich glaube das ändert sich aber auch über die Zeit. Man hat ja früher gehört der Chinese kann nur kopieren. Ich glaube dass sich das mittlerweile ändert. Ich glaube die beiden Welten wachsen langsam zusammen. | Yes, I know what you mean. Exactly, the question is, can the Chinese be innovative or does he copy? But I think this is also changing over time. Earlier it was used to be said that the Chinese can only copy. I think this is changing now. I think the two worlds are slowly coming together.  |
| Wu  | Und die Chinesen sagen so. Ich habe gestern einen Manager gefragt: Was ist der Unterschied zwischen Europäer, Chinesen in Bezug auf Innovation. Er sagte: Ich finde Europäer brauchen viel zu viel Zeit und Ressourcen, weil das ist für sie (Version/Vision?). Die Chinesen sind Kundenorientierter. Sie wollen         | And the Chinese say so. I asked a manager yesterday: what is the difference between Europeans and Chinese in terms of innovation? He said:"I think Europeans need far too much time and resources, because that is for them (Version/Vision?). The Chinese are more customer-oriented. They want to know what the customer wants and this is what they are trying |

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|     | wissen, was will der Kunde und das versuchen das so einzubauen. Es ist Incremental. Ist nicht so eine verrückt originelle Idee. Diese primäre Idee.  | to implement. It's incremental. So this primary idea is not such an incredibly original idea.   |
| Kai | Ja, Schritt für Schritt.   | Yes, step by step.  |
| Wu  | Also sie meinen Initiale Ideen sind zu aufwändig. Sie brauchen viel zu viel....  | So they mean initial ideas are too laborious. They need far too much...   |
| Kai | Ja, das erlebe ich in China jedes Mal.   | Yes, I see that in China every time.  |
| Wu  | Ja, und das bestätigen sie auch?   | Yes, and you're confirming that?  |
| Kai | Ja, also ich hab jetzt versucht hier IT-Projekte voranzubringen. Und wir haben zum Beispiel. Wir haben das RAP-Projekt umgestellt. Also das RAP-System auf ein neues Release. Und wollten viele Funktionalitäten einbauen. Und irgendwann haben sie gesagt: Nein, das ist zu komplex, zu kompliziert. Was sie jetzt gemacht haben, wirklich, ist kein Spass. Sie haben das alte System ins neue kopiert und das ist dasselbe System wie vorher auch. Mit ganz, ganz kleinen Anpassungen. | Yeah, well, I've been trying to move IT projects forward here. And we have changed the RAP project, for example. So the RAP system had a new release. And we wanted to implement much functionality. And at some point they said: No, it's too complex, too complicated. What they've done now, really, I'm not joking. They copied the old system into the new one and this is the same system as before. With very, very small changes. |
| Wu  | Aber vielleicht mit Verbesserungen...  | But maybe with improvements...  |
| Kai | Ja, aber wirklich ganz klein.  | Yes, but really very small ones.  |
| Wu  | Und das ist es aber sicher viel günstiger.   | And that was certainly much cheaper.  |
| Kai | Günstig? Es war sehr teuer. Es war sehr teuer sogar. Also wir haben IBM dafür gekauft. Auch chinesische IBM Gesellschaft und mit dem Output ist keiner zufrieden. Alle haben sich gewünscht ein ganz grosses....   | Cheap? It was expensive. It was very expensive even. So we bought IBM for it. The Chinese IBM company. But nobody is satisfied with the output. Everyone wished for a very big one...   |

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| Wu  | Aber warum haben Sie...  | But why did you...   |
| Kai | <p>Ich konnte mich nicht durchsetzen. Da sind wir wieder bei den 20 Jahren Chinesen, die sich nicht verändern können. Ich bin hier an Leuten gescheitert die seit 20 Jahren in dieses Unternehmen sind, die sich nicht verändern können. Die können nur mit Excel arbeiten. Meine Frau sagt immer, sie arbeitet auch hier vormittags, sie sagt: Was passiert, wenn jemand hier Excel abschalten würde? 2000 Leute würden dasitzen und wüssten nicht was zu tun sollen. Es wird alles händisch gemacht. Und deswegen kann ich mir vorstellen, dass nochmals 10 Leute in der Finanzabteilung und nochmals 10 Leute in die Supply Chain braucht aber alles wird händisch gemacht.</p> | <p>I couldn't succeed. Here we are again with the "I'm here since 20 years"- Chinese, who can't change. I have failed here because of people who have been with this company for 20 years and who cannot change. They can only work with Excel. My wife works here in the morning and she always asks: What would happen if someone turned off Excel? 2,000 people would sit there and wouldn't know what to do. Everything is done by hand. And that's why I can imagine that another 10 people in the finance department and another 10 people in the supply chain will be needed. Everything is done by hand.</p> |
| Wu  | Ich kann mir vorstellen das mit dem neuen System....   | I can imagine that with the new system...  |
| Kai | <p>Viel mehr Leute (einsparen). Als ich vor einem Jahr hier angefangen habe zu meiner Frau gesagt: Was macht Herr Chen, wenn wir fertig sind? Da kann er 1000 Leute entlassen. Wir brauchen die alle nicht mehr. Ist nicht passiert. Weil die genau wieder händisch arbeiten, wie vorher auch. Die Idee war ja sogar dieses System zu internationalisieren und nach Deutschland zu übernehmen. Da habe ich gesagt: ich kann dieses System nicht in Deutschland übernehmen. Ich kann nicht so viele Leute einstellen die diesen Prozess</p>   | <p>Much more people (use less). When I first came here a year ago, I told my wife: What will Mr Chen do when we are finished? He can discharge a thousand people. We don't need them any longer. It didn't happen. Because they're doing their work exactly like they did it before. The idea was even to internationalize this system and take it over to Germany. I said: I cannot adopt this system in Germany. I can't hire so many people to do this process manually. We're arguing about that right now.</p>  |

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|     | manuell machen. Darüber streiten wir uns gerade.  |  |
| Wu  | Das sind sie noch dabei. Ah sehr gut, da kann ich die Evolution dieser Firma sehen. Ich hoffe, das sie beide am Ende eine gute Lösung finden.   | You're still at it. Ah very good, so I can see the evolution of this company. I hope that both of you will find a good solution in the end.  |
| Kai | Das ist sehr schwierig. Wir sind da auf dem Thema, dass die Qualität, da steht es übrigens, Nummer 3: Quality of EBS is not „Ok“. Mit diesen Themen kämpfe ich gerade. Es ist sehr interessant. Also das sind meine 4 Punkten.  | That's very difficult. We are on the subject of quality. By the way, number 3: Quality of EBS is not "Ok". I'm struggling with these issues right now. It's very interesting. So these are my four points.   |
| Wu  | ..... 1:39.37   | ?????  |
| Kai | Sie verstehen manchmal nicht, dass man bestimmte Sachen, Legaly wie man das sagt: Wir können nicht alle Daten in China speichern. Das verstehen sie. Das ist mein Punkt Nummer 1. Ich muss legally compliant sein. Das zweite Thema ist. Es werden nicht alle Lizenzen bezahlt. Ich werde keine gecrackte Lizenzversion in Europa nutzen. Chinesen bezahlen für Software nicht. Sie wissen was ich meine? Es gibt Software, die hier benutzt wird, die ist nicht lizenziert. China die bezahlen für Lizenzen nicht. | They sometimes don't understand certain legal things. We can't store all data in China. They understand that. That's my point number one. I have to be a legally compliant. The second issue is that not all licenses are paid for. I can't use a cracked license version in Europe. Chinese don't pay for software. You know what I mean? There is software used here that is not licensed. The Chinese don't pay for software. |
|     | (TELEFON UNTERBRUCH)  |  |
|     | Could you understand me?  | Could you understand me?   |
|     | I didn't listen.  | I didn't listen.   |
| Wu  | Also es war sehr einfaches Chinesisch. Ich habe extra einfache Wörter benutzt, damit sie verstehen.   | So it was very simple Chinese. I used extra simple words to make you understand.   |
| Kai | Ach so, ich habe nicht zugehört.  | Well, I wasn't listening.  |
| Wu  | Darf ich diese 4 Punkte fotografieren?  | Can I take a picture of these 4 points?  |



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| Kai | Ja, klar. Die Qualität die jetzt rausgekommen ist, ist in Europa nicht anwendbar. Dieses EBS-System ist ja das RAP-System. Und keine neue Funktionalität.  | Yes, sure. The quality that has now come out is not usable in Europe. This EBS system is the RAP system. And no new functionality.   |
| Wu  | Also keine oder wollen sie neue Funktionen?  | So none or do you want new features?   |
| Kai | Wir würden gerne neue Funktionalität nutzen aber die Chinesen möchten das nicht. Also ich sage immer: Es gibt Kulturunterschiede und es gibt Arbeitsunterschiede. In China wird vieles erschlagen durch People. Wenn ich noch Kapazitäten brauche, dann stelle ich einfach neue Leute ein. In Deutschland kann ich das nicht. Da ist die Arbeitskraft viel zu teuer. Ich muss auf Effizienz trimmen. Ich muss mit 100 Leuten so viel Umsatz machen wie möglich. Herr Chen stellt in China jedes Jahr 1500 Leute ein. Ich sage: Kannst du das in 5 Jahren auch noch? Oder sind die Leute dann auch so teuer, weil jeder hier will ein Auto fahren. Jeder hier möchte ein schönes Haus haben. Jeder möchte ein iPhone haben. Das iPhone kostet hier genau so viel wie in Deutschland. Das Auto kostet vielleicht noch mehr als in Deutschland. So das heisst die Leute wollen Geld verdienen. Deswegen sag ich immer: Kann man überhaupt in China, in den nächsten 10 Jahren, noch vorstellen 15'000 Angestellte zu haben? | We would like to use new functionality but the Chinese don't want it. So I always say: there are cultural differences and there are differences in work. In China, many things are defeated by people. If I need more capacity, I'll just hire new people. I can't do that in Germany. The manpower is far too expensive. I have to trim for efficiency. I have to make as much revenue as possible with 100 people. Mr. Chen hires 1500 people in China every year. I say, can you do that in five years? Or will people be that expensive by then. Everybody here wants to drive a car. Everyone here wants to have a nice house. Everyone wants an iPhone. The iPhone costs exactly the same as in Germany. The car may cost even more than in Germany. That means people want to make money. That's why I always say: Is it possible to imagine having 15,000 employees in China in the next 10 years? |

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| Wu  | Hier sehe hier haben sie schon einen Hacken gemacht. Heisst das, das Problem sei gelöst?  | I see you've already hacked here. Does that mean the problem is solved?  |
| Kai | Nein. Ich sage, wenn das Problem gelöst würde, weil das sind die ersten beiden Punkte. Gehen wir davon aus, legaly. Wir gucken wir nicht aufs Recht. Wenn ich jetzt mal sage für die Chinesen: Wir gucken nicht aufs Recht. Wir gucken nicht, das ihr Lizenzen benutzt, die ihr eigentlich bezahlen müsstet, dann komme ich auf das Thema Qualität und da mach ich mir so ein Fragezeichen. Da, komme ich am Punkt, wo ich sage: Das kann ich meinen Leuten nicht mal anbieten. So kann ich nicht arbeiten in Deutschland. Und sie lachen sich tot. | No. I say if the problem were solved, because these are the first two points. Imagine we're not looking at the law. If I say to the Chinese, we're not looking at the law. We look over the unpaid licenses that you would have to pay for, which brings us to the subject of quality. I get to the point where I say, "I can't even offer that to my people. I can't work like this in Germany. And they laugh their heads off.   |
| Wu  | Und dann? Wie geht es weiter?   | And then what? What's the next step?   |
| Kai | Das hat Miss Wong mittlerweile verstanden. Weil ich sage, ich brauche ein eigenes System in Deutschland, weil das kann ich nicht benutzen.  | Miss Wong has already understood that. Because I say: I need my own system in Germany, because I can't use it.   |
| Wu  | Aha, und deswegen funktioniert diese Systemintegration im Moment nicht.   | Aha, and that's why this system integration doesn't work right now.  |
| Kai | Das Problem ist zum Beispiel die erste Aussage, wir internationalisieren das System. Das heisst, wir stellen es auf Englisch. Wenn sie heute das System gucken, 80% steht auf Chinesisch. Ich kann kein Chinesisch. Wie soll ich das in Deutschland nutzen. Ich kann kein Chinesisch und alle anderen Deutschen auch nicht. Ich könnte es vielleicht verstehen aber ich kenne alle Zeichen nicht und da sind chinesische Zeichen  | The problem, for example, is the first statement: We are internationalizing the system. That means we'll put it in English. If you look at the system today, 80% is Chinese. I don't speak Chinese. How should I use this in Germany? I don't speak Chinese and neither do all the other Germans. I might be able to understand it, but I don't know all the signs and there are Chinese signs in it. How does that work? This self-image. This is also the case, for example, if companies have not been bought |

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|     | <p>drin. Wie soll das funktionieren? Dieses Selbstverständnis. Das ist ja auch so, wenn zum Beispiel nicht Firmen aufgekauft worden sind, wie jetzt wir in Deutschland, wie Sepura in UK oder Techtronic in Spanien. Wenn der Chinese eine eigene Gesellschaft gründet. Das haben sie zum Beispiel in den USA gemacht. Dann setzten sie auch Chinesen ein. Dann ist es auch kein Problem, ein System zu nutzen das chinesische Zeichen benutzt. Zum Beispiel in der USA-Gesellschaft sind, glaube ich, 80% Chinesen. Gut ok.</p>                     | <p>up, such as we now have in Germany, like Sepura in the UK or Techtronic in Spain, when the Chinese establish their own company. That's what they did in the USA, for example. They used Chinese too. Then it is no problem to use a system that uses Chinese characters. For example, the U.S. company, I think 80% of the employees are Chinese. Good ok.</p>   |
| Wu  | <p>Dort gibt es genügend Chinesen.</p>   | <p>There are plenty of Chinese there.</p>   |
| Kai | <p>Das Problem ist, dass in den USA mittlerweile, die Nicht-Chinesischen Mitarbeiter alle kündigen. Weil sie sagen: Die Story gefällt mir nicht. Also die Story die Herr Chen in Europa im Moment fährt, hat er in USA nicht gefahren. In den USA haben ganz viele Leute, die er eingestellt hatte, in Bezug auf amerikanische Staatsbürger, oder lokale Leute, die haben alle gekündigt. Und im Moment sind in den USA chinesische Geschäftsführer eingesetzt und viele chinesische Salesleute usw. Das ist in Europa im Moment nicht der Fall.</p> | <p>The problem is that in the US, meanwhile, the non-Chinese employees all quit. Because they say I don't like the situation. So the strategy Mr. Chen is applying in Europe at the moment, he didn't apply in the USA. In the U. S., quite a lot of people he had hired, speaking about American citizens and local people who have all quit. And at the moment there are Chinese managers in the USA and many Chinese sales people and so on. That is not the case in Europe at the moment.</p> |
| Wu  | <p>Also in Deutschland kann man ja nicht so viele Chinesen finden, die eine Arbeiterlaubnis finden. In den USA leben sehr viele Chinesen. Das heisst Europa lässt er momentan noch in Ruhe.</p>  | <p>So in Germany you can't find so many Chinese people who have a work permit. There are a lot of Chinese people in the USA. This means that he is still leaving Europe untroubled.</p>   |

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| Kai | Ja, da gebe ich Ihnen Recht. Die Frage ist wie lange. Das ist der Punkt.   | Yes, I agree with you. The question is how long. That's the point.   |
| Wu  | Haben Sie diese Sorgen?  | Do you have these worries?   |
| Kai | Ja, ich habe die Sorgen vor dem Hintergrund das er im Prinzip nicht nur uns hat, sondern 3 Gesellschaften in Europa. Der Anteil der Nicht-Chinesen in diesem Konzern ist schlagartig angestiegen. 800 Leute dazugekommen.  | Yes, I am concerned about the fact that in principle he has not only us, but 3 societies in Europe. The proportion of non-Chinese employees in this group has risen sharply. 800 people joined us.   |
| Wu  | Das ist in Deutschland? Da habe ich gesehen haben sie...   | That's in Germany? That's where I saw them...  |
| Kai | 200.   | 200.   |
| Wu  | Und dann?  | And then what?   |
| Kai | Und dann mit Spanien und UK zusammen sind ca. fast 800. Das heisst wir haben 1000 Leute in Europa. Die brauche ich aber nicht.   | And then with Spain and the UK together there are nearly 800, which means we have 1000 people in Europe. I don't need them.  |
| Wu  | Das heisst in Europa muss man...   | This means that in Europe you have to...   |
| Kai | Konsolidieren. Man muss konsolidieren. Vor dem Hintergrund dieser Aquisition jetzt. Und die Frage ist, jetzt hat er 3 Gesellschaften. Wie arbeiten diese 3 Gesellschaften mit China zusammen. Jeder einzeln? Oder wird es eine Holding geben? Oder eine Primus-in-der-Paaris. Da ist er sich, ich habe heute ein Gespräch um 14.00Uhr, noch nicht klar darüber. Das heisst, er hat sich jetzt ein Problem eingekauft, dass er davor noch nicht hatte. Also das Thema Aquisitionen. Wie gesagt, wir hatten, als wir übergegangen sind eine sehr gute Situation. Wir hatten keinen | Consolidate. We need to consolidate. Against the backdrop of this acquisition. And the question is, now he has three societies. How do these three companies cooperate with China? Everybody individually? Or will there be a holding company? Or a primus-in-the-pair. I have a meeting at 2:00 pm today. He's not quite sure yet. That means he's bought himself a problem he didn't have before. So the topic of acquisitions. As we said before, when we went over we had a very good situation. We didn't have an overlap. We didn't have to consolidate. It's different now. |

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|     | Overlap. Wir mussten nicht konsolidieren. Jetzt ist es anders.   |   |
| Wu  | Also spanien und Italien.  | So Spain and Italy.   |
| Kai | Nein, Deutschland. Deutschland, Spanien und Italien sind 3 Gesellschaften. Er wird jetzt was tun müssen. Er ist das erste Mal in dieser Situation, er muss sich überlegen und Entscheidungen treffen, die eine der 3 nicht gefallen wird. Das ist Fakt.  | No, Germany. Germany, Spain and Italy are 3 companies. He's gonna have to do something now. It's his first time in this situation, he has to think about it and make decisions that one of the three will not like. That's a fact.  |
| Wu  | Vielleicht hat er allen 3 versprochen, die Leute nicht zu kündigen. Vielleicht ist er in ein Problem reingetappt.  | Maybe he promised all three of them he wouldn't quit. Maybe he slipped into a problem.  |
| Kai | Ja, also davon gehe ich fast so aus.   | Yes, so that's what I'm assuming.   |
| Wu  | Wissen sie die Konditionen die er mit den anderen ausgehandelt hat?  | Do you know the terms he negotiated with the others?  |
| Kai | ja, ich war auch da beteiligt gewesen. Ich weiss nicht wie die Situation in Moment ist. Deswegen bin ich ein bisschen beunruhigt. Natürlich gucke ich immer wieder auf Deutschland. Weil ich in Deutschland auch arbeite und ich in der deutschen Gesellschaft auch eingestellt bin. Aber es ist jetzt eine andere Situation jetzt. Es gibt Overlap. Er muss konsolidieren. Jetzt wo er Gesellschaften in Kanada gekauft hat.....???.mit den USA gab es kein Overlap. Er hat eine Organisation in Brasilien gegründet auch da kein Overlap. Neugründungen. Aber in Europa, hat er das erste Mal, dass er sich überlegen muss, wie gehe ich am besten mit diesen 3 Gesellschaften um, weil sonst sind die Gemeinkosten zu | Yes, I was also involved. I don't know what the situation is right now. That's why I'm a little worried. Of course I keep looking at Germany. Because I also work in Germany and I am also employed in the German company. But it's a different situation now. There's overlap. He has to consolidate. Now that he has bought companies in Canada, .....???.there has been no overlap with the USA. He has founded an organization in Brazil, even there no overlap. New foundations. But in Europe, it is the first time he has had to think about how best to deal with these three companies, because otherwise the overhead costs are too high. I wonder how he'll do it. That's interesting. He bought himself new problems with it. Acquisitions are not only.....???.That's been easy for him so far. Now he comes to a situation, where he also times people..... |

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|     | hoch. Ich bin gespannt wie er das hinkriegt. Das ist interessant. Er hat sich neue Probleme damit eingekauft. Also Akquisitionen ist nicht nur ....???.....mit anfassen. Das war für ihn bis jetzt einfach. Jetzt kommt er an einer Situation, wo er Leute auch mal....   |   |
| Wu  | Wie ist der Entscheidungsweg in Deutschland.  | How is the decision-making process in Germany?  |
| Kai | Also unser CEO berichtet direkt an Herr Chen.   | So our CEO reports directly to Mr. Chen.  |
| Wu  | Er berichtet an Herr Chen. Und sie berichten auch direkt an Herr Chen?  | He reports to Mr. Chen. And you also report directly to Mr. Chen?   |
| Kai | Also ich berichte als CFO finanztechnisch direkt an Jimmy.  | So as CFO, I report financially directly to Jimmy.  |
| Wu  | Achso. Sie berichten nicht direkt an den CEO in Deutschland, sondern an Jimmy.  | Oh, well. You do not report directly to the CEO in Germany but to Jimmy.  |
| Kai | Doch, ich arbeite für den CEO in Deutschland. Er arbeitet an den Monats- und Jahresabschluss. Denn berichte ich aber an Jimmy. Und Jimmy ist auch mein Chef. Der CEO in Deutschland kann mich nicht entlassen. Das kann nur Jimmy. Was sie gesagt haben: Normalerweise setzt der Chinese einen CFO ein oder ein Finanzer. Jimmy hat gesagt: Ich bin für Kai verantwortlich und Kai macht mir das Geschäft in Europa und ich bin derjenige der auch Kai entlassen kann. Der CEO kann Kai nicht entlassen, er kann mir keine Vorschriften machen. | Yes, I'm working for the CEO in Germany. He is working on the monthly and annual financial report. I report those to Jimmy. Jimmy's my boss, too. The CEO in Germany cannot fire me. Only Jimmy can do that. What you said: Usually, the Chinese would choose a CFO or a financier. Jimmy said:"I am responsible for Kai and Kai runs the business in Europe and I am the one who can fire Kai. The CEO can't fire Kai". He can't tell me what to do. |
| Wu  | Das ist sehr typisch. Ich sehe auch am Fall mit einem Schweizer. Diese 3 Chinesen. Sie übernahmen eine  | It's very typical. I also see this in the case with a Swiss company. Those three Chinese took over a Swiss company in Switzerland. But this   |

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|     | Schweitzer Firma in der Schweiz. Aber dieser CFO berichtete direkt nach China aber der CEO hatte kein Recht ihn zu entlassen.   | CFO reported directly to China but the CEO had no right to dismiss him.   |
| Kai | Ich kann Entscheidungen treffen, die ich dann an Jimmy und Herrn Chen sagen muss, falls Matthias etwas nicht gut macht. Es gibt Kontrollinstanzen. Dafür bin ich der Finanzer.  | I have to tell Jimmy and Mr. Chen if there is something that Matthias doesn't do well. There are control authorities. I'm the man in charge of finance.   |
| Wu  | Funktioniert es dem Fall gut? Matthias ist ja neu.  | Does it work well in this case? Matthias is new.  |
| Kai | Er war schon vorher in der Firma er war der Entwicklungsleiter R&D und ist dann CEO geworden.   | He's been with the company before. He was the R&D development manager and then became CEO.  |
| Wu  | Und dieser Arte ist dann zurück nach München und hat aufgehört.   | And this Arte went back to Munich and stopped.  |
| Kai | Genau. Er kannte die Firma, und er wusste von Hytera und Herr Chen. Es war damals die Entscheidung ob ich oder Matthias Geschäftsführer werden sollten. Da Jimmy gesagt hat, Kai kann gar nicht der Geschäftsführer werden, weil der CFO kann kein Geschäftsführer sein. Weil dann ist er in einer Zwickmühle, Zahlen gut machen, weil man der CEO ist. Also die Ergebnisse. Und das andere ist, ich muss die Finanzen behandeln. | Exactly. He knew the company, and he knew about Hytera and Mr. Chen. At that time the decision was whether I or Matthias should become managing director. As Jimmy said, Kai can't even become the managing director, because the CFO can't be a managing director. Because otherwise this person is in a quandary. Since he may want to improve figures and results, because he is the CEO. And the other thing is, I have to handle the finances. |
| Wu  | Genau. Sonst gibt es ein Interessekonflikt. Sonst gibt es Interessekonflikt? Funktioniert das gut mit Mathias und chinesische Parteien.   | Exactly. Otherwise there is a conflict of interest.<br>Are there any conflict of interest?<br>Does it work well with Mathias and the Chinese counterparts.  |
| Kai | Ich denke, mit der Zeit wird es schwierig. In die ersten paar Jahre läuft es gut, wie die Flitterwochen nach der  | I guess, it's going to be tougher in the future. In the first couple of years it works well like the honeymoon at the start of marriage and after a   |

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|     | Hochzeit und danach entstehen mehr und mehr Probleme. Chen hat seine eigenen Vorstellungen hat wie das Geschäft weiterentwickeln soll.  | while the problems start. Chen has his own perception how to do business.  |
| Wu  | Performance Indicator: Chinesen seien nicht nur gewohnt double-digit, sondern auch triple-digit Wachstum, aber die Deutschen sind mit 5% zufrieden. Es besteht ein Konflikt bei den Wachstumsvorstellungen.   | Performance Indicator: Chinese are not only accustomed to double digit, but also triple digit growth, but the Germans are satisfied with 5%. There is a conflict in the ideas of growth.   |
| Kai | Ja, das ist weil das Wachstum in Europa ist ein ganz anderes als in China. Wenn Sie überlegen, wenn wir von einem Wachstum von 40% rechnen, was denken Sie, wie viele Unternehmungen in Europa haben Sie, welche das können. Wenn man ganz klein ist, dann okay. Aber wenn man seit 20 Jahren auf dem Markt ist und eine Firma, die 50% Umsatzwachstum hat, werden Sie nicht finden. Wenn wir mit 20% oder 30% Wachstum das Jahr abschliessen, dann sind wir glücklich. Chen sagt: ja und, das habe ich jedes Jahr und noch viel mehr. Es ist in Europa viel schwieriger einen Kunden zu überzeugen Hytera zu kaufen. Wir versuchen den Markt unsere Brandawareness zu übermitteln. Wir versuchen die Marke weiterzuentwickeln und nicht nur als chinesische Marke, sondern als Weltmarke. Um Kunden vom Motoralla (Amerikaner ) zum Chinesen zu wechseln. Es ist nicht so einfach. Chen denkt sich das sehr einfach vor. In Asien hatte er keine Probleme. | Yes, that's because growth in Europe is quite different than in China. If you think about 40% growth, what do you think, how many companies in Europe are able to do achieve this? When you are very small, then okay. But if you've been on the market for 20 years, than it's impossible to have 50% sales growth. If we finish the year with 20% or 30% growth, then we are happy. Chen says: "Yes, but I have that every year and so much more."<br>It is much harder in Europe to convince a customer to buy Hytera. We try to transmit our brand awareness to the market. We try to develop the brand and not just as a Chinese brand, but as a global brand. To change customers from Motoralla (American) to Chinese. It is not so easy. Chen thinks it's easy. He had no problems in China. |



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| Wu  | Wie gehen Sie mit solchen Vorstellungen um? Das ist doch ein grosser Konflikt?  | How do you deal with such ideas? That's a big conflict?   |
| Kai | Konnten Sie die Chinesen überzeugen?  | Were you able to convince the chinese?  |
| Wu  | "seufzer"   | a deep-drawn sign   |
| Kai | Jimmy glaubt, weil sie viel fleissiger sind, könnten sie mehr erreichen? Die Europäer sind zu lange im Wohlstand gewesen und sind nicht mehr ehrgeizig genug.   | Jimmy believes that because they are much more diligent, could they achieve more? The Europeans have been in prosperity too long and are no longer ambitious enough.  |
| Wu  | Das ist ein falscher Ansatz. Wir würden gerne 50%, 70% Wachstum haben in Europa, aber ist unrealistisch in Europa. Sie können die Kunden nicht überzeugen, indem man dem Kunden die Produkte anschmeisst und sagt, kauf, friss.   | That's a wrong approach. We would like to have 50%, 70% growth in Europe, but it's unrealistic in Europe. You cannot convince the customers by throwing the products on the customers and shout at them: "buy, eat"     |
| Kai | Sie müssen in Europa Vertrauen aufbauen, um die Leute zu überzeugen. Man muss jemanden überzeugen, welcher schon eine Basisstation hat. Sie müssen ihn nun überzeugen Hytera zu nehmen.   | You have to build trust in Europe to convince people. You have to convince someone who already has a base station. You must convince him now to take Hytera.  |
| Wu  | Es ist einfacher mit "made in Germany" nach Asien zu gehen, denn umgekehrt. Das Staatsimage von China steckt in den Köpfen der Menschen in Europa. Versucht man nicht den Chinesen zu erklären, dass ihr Ruf weniger beliebt ist? | It is easier to go to Asia with "made in Germany", than vice versa. The state image of China is in the minds of people in Europe. Do not try to explain to the Chinese that their reputation is less popular?           |
| Kai | Es ist zum Beispiel so, dass ich weiss, dass die Amerikaner schlechte Zahlen haben. In Amerika arbeiten mehr Chinesen als CEOs. Chen geht mit den Amerikaner ganz anders um. Aber mit   | For example, I know Americans have bad numbers. In America, more Chinese work as CEOs. Chen deals with them in a completely different approach. But with the numbers still does go along with 50%, 60% growth. This can |

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|     | den Zahlen stimmt trotzdem nicht mit 50%, 60% Wachstum. Kann man nur in China erreichen, weil der Markt viel grösser ist. China hat viel mehr Provinze.   | only be reached in China, because the market is much bigger. China has much more provinces.  |
| Wu  | Der Markt in Europa ist am konsolidieren - schon viele Regulierungen.   | The market in Europe is consolidating - already many regulations.  |
| Kai | Genau, in China gibt es noch keine landesweiten Netze. Hier, sind wir nicht die ersten, welche einen Netz aufbauen. Das Netz wird schon Jahrzehnte benutzt. Motoralla war schon da. Wir haben die Regierung in den Niederlande überzeugt Hytera zu nehmen. Wir haben einen besseren Preis und bieten weitere Features an, welche Motoralla nicht anbietet. Deshalb haben sie sich für die Chinesen entschieden. | Exactly, in China there are still no nationwide networks. Here we are not the first to build a network. The network is already used for decades. Motoralla was already there. We have the government in the Netherlands convinced to take Hytera. We have a better price and offer more features that Motoralla does not offer. That's why they chose the Chinese. |
| Wu  | Die niederländische Regierung ist eine gute Referenz.   | The Dutch government is a good reference.  |
| Kai | Genau, dieser Auftrag kann weitere Türen aufmachen.   | Exactly, this order can open more doors.   |
| Wu  | Deswegen ist Licence-Legal so wichtig.  | That's why License-Legal is so important.  |
| Kai | Genau, sie wissens. Punkte 1 und 2 müssen da sein. Wenn Sie da einen Fehler machen, verlieren man das Gesamte...  | Exactly, you know it. Points 1 and 2 must be there. If you make a mistake, you lose everything ...   |
| Wu  | Reputation einmal verschlechtert, braucht man 10 Jahre zum es wieder zu verbessern.   | Once reputation deteriorates, it takes 10 years to improve it again.   |
| Kai | Natürlich ist noch nichts passiert.<br>(01:57:14)   | Of course there is still nothing serious happend.  |
| Wu  | Haben Sie diese beide mindest Disziplin umgesetzt.  | Have you implemented both of these minimum disciplines.  |

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| Kai | Wir haben momentan sehr viel Stress in München. In beiden Punkten. Die Chinesen wollen es nicht verstehen. Es gibt bestimmte Leute im Headquater, welche es nicht verstehen wollen.   | We currently have a lot of stress in Munich. In both points. The Chinese do not want to understand it. There are certain people in the headquater who do not want to understand it.  |
| Wu  | Reden Sie mit den Topmanagern.  | Talk to the top managers.  |
| Kai | Chen hat auch seine Vertrauten hier hat. Ich hab ihnen gesagt, dass mit den einzigen Leute, die ich Probleme habe, sind die Leute, welche seit 20 Jahren nichts gesehen haben als Hytera China.   | Chen also has his confidants here. I told them that the only people I have any problems with are the people who have seen nothing but Hytera China for 20 years.   |
| Wu  | Glaubt er daran?  | Does he believe it?  |
| Kai | Ja, er hat mir heute im Gespräch gesagt, er weiss das, er versteht das! Aber er kann es nicht lösen. Weil er ist nicht derjenige, welche es umsetzen muss. Umsetzen müssen es seine Peers.  | Yes, he told me today in conversation, he knows that, he understands that! But he can not solve it. Because he is not the one who has to implement it. It must be implemented by its peers.  |
| Wu  | Eine Schweizer Firma, welche 100 Jahre altes Brand hat. Chinesische Firma war früher ihr ODM. Die Chinesen haben für sehr viele Jahre für die Schweizer Firma produziert, aber nun hat sie die Schweizer Firma übernommen. Chinesen wollen nun mehr Chinesische Produkte verkaufen mit dem Schweizer Brand. Zum Glück hat die Chinesische Firma eine chinesische CEO, welche über 20 Jahre in Schweiz gelebt hat und dieser liebte die Brand so sehr und deshalb hat er sie geschützt. Deswegen kämpfte er und kontrolliert nun jede Produktion. Und sagt sofort, wenn die Produktion zu weit weg vom Unternehmungsspirit sei. Er | A Swiss company, which has 100 years old brand. Chinese company was formerly their ODM. The Chinese have been producing for the Swiss company for many years, but now they have taken over the Swiss company. Chinese now want to sell more Chinese products with the Swiss brand. Luckily, the Chinese company has a Chinese CEO who has lived in Switzerland for over 20 years, and he loved the brand so much, so he protected it. That's why he fought and now controls every production. And immediately say, if the production is too far away from the spirit of enterprise. He does not know how much longer he can fight like that. |

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|     | weiss nicht, wie lange er noch dagegen kämpfen kann.  |  |
| Kai | Ja das ist ein Punkt mit der Kraft dagegen zu kämpfen. Chen ist eben sehr überzeugt vom Wettbewerb. Zwei Leute, die gegeneinander kämpfen mag er. Zum Beispiel, wenn wir auf einen Kunden zugehen und schon jemand anders den gleichen Kunden anspricht, sagen wir, sie sollen aufhören. Damit nur immer jemand auf den Kunden zugeht. Chen sagt, es sei in Ordnung. Der Kunde ist verwirrt, weil zwei Einheiten von der selben Firma mit verschiedenen Preis den Kunden anspricht.   | Yes, that is a point with fighting against it. Chen is very convinced of the competition. He likes two people who fight against each other. For example, if we approach one customer and someone else already addresses the same customer, we say stop them. So that only someone always approaches the customer. Chen says, it is acceptable. The customer is confused because two units from the same company with different price offered to the customer.  |
| Wu  | Sogar gleiche Kunde? Kanibalismus!  | Even the same customer? Canibalism?  |
| Kai | Das mag er, der stärkere gewinnt.   | He like that - the stronger person wins.   |
| Wu  | Ist das gut?  | Is this good?  |
| Kai | Nein. Das kennen wir Deutschen nicht. Das ist Chens Führungssti und es ist schwierig seine Meinung zu ändern. Für ihn sei der Wettbewerb untereinander auch in Ordnung. Chinesen verdrehen gerne die Wahrheit, um ihre Ziele zu erreichen. Dazu sagen sie zum Beispiel, dass wir Deutschen bald zumachen werden oder dass sie das definitive billiger anbieten können. Man sorgt nicht dafür, dass die ganze Unternehmung erfolg hat, sondern grösserer Fokus auf individuelle Erfolge. Beispiel: Die Firma Esprit. Hat Funksysteme in Deutschland ausgeschrieben. Funkgeräte wurden in | No. We Germans do not know that. This is Chen's leadership and it is difficult to change his mind. For him, the competition among his employees is acceptable. Chinese like to twist the truth to achieve their goals. For example, they say that we Germans will soon go bankrupt or that they can offer a cheaper price. One does not make sure that the whole enterprise succeeds, but more focus on individual successes. Example: The company Esprit. Has advertised radio systems in Germany. These systems were sold in an auction. The prices dropped to a point where Motorola got out and only 2 firms were in the race. Both firms were from Hytera. But the price went down. We immediately called the |

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|     | <p>einer Auktion verkauft. Die Preise sanken bis zu einem Punkt, wo Motorola ausgestiegen ist und nur noch 2 Einheiten im Rennen waren. Beide Einheiten waren von Hytera. Doch der Preis sank weiter. Wir haben sofort der Einheit aus UK angerufen und haben gesagt, sie sollen stoppen, weil wir als Hytera gewonnen haben. Aber die andere Einheit hat weitere tiefere Preise angeboten und haben als gesamte Unternehmung Hytera EUR 60'000.00 verloren. Chinesischer Geschäftsführer aus der UK.</p> | <p>UK branch and told them to stop because we won as a group. But the other unit has offered further lower prices and we have lost as Hytera EUR 60'000.00. Chinese CEO from the UK.</p>  |
| Wu  | <p>Aber haben Sie das nicht mit Chen besprochen?</p>  | <p>But have you discussed that with Chen?</p>   |
| Kai | <p>Er hat gesagt, es sei nicht gut, aber sanktioniert es nicht, weil es war ein Chinese. Wir haben uns sehr geärgert, wir haben sehr viel Geld verloren. Es scheint für uns Deutschen nicht logisch. Das ist Kultur und Logik und vorgehensweise sind manchmal nicht vereinbar.<br/>Sie sind sehr europäisch geprägt.<br/>Lustigerweise sind die Deutschen jetzt mehr Chinesisch geprägt.</p>   | <p>He said it was not good, but he does not sanction it, because it was a Chinese. We were very angry, we lost a lot of money. It does not seem logical for us Germans. That's culture and logic and the way things are sometimes incompatible.<br/>You are very European influenced.<br/>Funny enough, the Germans are now more influenced by Chinese.</p> |
| Wu  | <p>Vlt. sind Sie auch flexibler geworden, Sie können viel mehr Kritik aufnehmen und für chinesische Art und Weise sind Sie nicht mehr sofort verärgert.</p>   | <p>You might have also become more flexible, you can take much more criticism and like the Chinese, you are no longer immediately annoyed.</p>  |
| Kai | <p>Es gibt eben nicht den Deutschen Weg und den Chinesischen Weg, sondern den Hytera Weg. Ob ich mehr Chinesische Mentalität übernommen habe, kann ich nicht beurteilen. Aber</p>   | <p>There is just not the German way and the Chinese way, but the Hytera way. Whether I have adopted more Chinese mentality, I can not judge. But from the beginning I said, people (Germans) are not always so strict and Chinese,</p>  |

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|     | <p>von Anfang an habe ich gesagt, Leute (Deutschen) seid nicht immer so strikt und Chinesen, seid nicht immer so flexible. Wir müssen den richtigen Weg finden. Gemäss Porter gibt es die Differenzierung und den Preisvorteil. Ich sage immer, wir müssen schnell und gut sein. Das heisst für mich gut, weil die Deutschen immer eine gute Möglichkeit/ Qualität anzubieten. Chinesen versuchen nur schnell zu sein. Bestes Beispiel, ich finde es immer lustig mit der Brücke nach Hong Kong. Die Briten und die Chinesen wollten zusammenarbeiten. Die Chinesen waren schnell fertig, aber waren Monate lang beschäftigt die Fehler zu korrigieren. Die Briten haben später angefangen und waren schlussendlich früher fertig ohne Fehler. Meiner Meinung nach ist beides wichtig, schneller anfangen, aber mit einer guten Qualität. Für viele ist es hier schwierig. Viele Chinesen machen und wursteln herum. Und ich frag dann immer, was kommt dabei raus?</p> | <p>are not always so flexible. We have to find the right way. According to Porter there is the differentiation and the price advantage. I always say we have to be fast and good. That means "good quality" for me, because the Germans always have a good option to offer quality. Chinese just try to be fast. Best example, I always find it funny with the bridge to Hong Kong. The British and the Chinese wanted to work together. The Chinese were quick to finish, but spent months correcting the mistakes. The British started later and finished earlier without any mistakes. In my opinion, both are important, start faster, but with a good quality.</p> <p>For many it is difficult here. Many Chinese make and muddle around. And I always ask:“ what ist the outcome?“</p> |
| Wu  | Gibt es in Deutschland Integrationstraining?  | Does Germany offer integration-training?   |
| Kai | In Deutschland gibt es, aber nicht in China. Ich glaube nicht, dass sie jemals gelernt haben oder viele überhaupt wissen, was alles in Europa abgeht. Viele haben eine Idee davon aus dem Fernsehen und so weiter. Ich glaube nicht, dass viele Oversees gewesen waren und sich mit den Gesetzten und   | In Germany, there are, but not in China. I do not think that they have ever learned or many even know what's going on in Europe. Many have an idea of it from television and so on. I do not think that many have been overseas and are familiar with the laws and situations in Europe. It's true, Hytera is also 20 years on the market. If you look around here, 1 out of 2 is  |

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|     | Situationen in Europa auskennen. Es ist ja so, auch Hytera ist 20 Jahre am Markt. Wenn hier umschauen, 1 aus 2 ist 30 Jahre alt mit schwarzen Haaren und kommt gerade aus der Uni.  | 30 years old with black hair and just comes out of college.   |
| Wu  | In China ist man mit 30 Jahren abgeschrieben. Als ich 28 Jahre alt und noch nicht verheiratet war, haben meine Eltern die Krise bekommen.   | In China, you are written off at the age of 30. When I was 28 years old and not married, my parents got the crisis.   |
| Kai | Bei uns gibt es praktisch keinen mehr, der 50 oder 60 Jahre alt ist. Wenn sie nach Deutschland kommen, ist der Durchschnittsalter bei 44.   | With us there is practically no one who is 50 or 60 years old. When you come to Germany, the average age is 44.   |
| Wu  | Sie haben gesagt, es gibt auch Leute, die seit 20 Jahren dabei sind?  | You said there are people who have been there for 20 years?   |
| Kai | Ja, das sind die Leute, die was zu Sagen haben. Chen sagt auch, dass seine Leute, die im Board sind, müssten sich ändern, weil das sind die, die seit 20 Jahren sich nicht geändert haben. Soll ich (Chen) sie vor die Tür stellen? Die haben mich (Chen) 20 Jahre lang begleitet. Ich sag immer ja! In den ersten 20 Jahre brauchten wir andere Leute und als in den nächsten 20 Jahren. | Yes, these are the people who have something to say. Chen also says his people on the board need to change, because those are the ones who have not changed for 20 years.<br>Chen said: "Shall I (Chen) give them the sack? They accompanied me (Chen) for 20 years. I said yes! For the first 20 years, we needed other people and over the next 20 years. |
| Wu  | Chen sollte vielleicht das Problem wie Huawei lösen. Die alten Mitarbeiter wurden mit hohen Kompensationen freigestellt. Sie haben ein System aufgebaut: Wenn man für 20 Jahre gearbeitet hast, musst du auf die Seite gehen.   | Chen should perhaps solve the problem like Huawei. The old employees were released with high compensation. You have set up a system: If you have worked for 20 years, you have to   |
| Kai | Das wäre eine gute Idee, weil die langjährigen Mitarbeiter bremsen zu sehr. Vor 20 Jahren hatte Hytera 500 Mitarbeiter und nun 10'000.  | That would be a good idea because the long-time employees are slowing down too much. Twenty years ago Hytera had 500 employees and now 10'000.  |

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| Wu  | <p>Bei einem High-Tech-Unternehmung muss das so sein! Auch bei Barbara/Burberry Mode wird man mit 35 Jahren gekündigt, damit die jüngeren Generationen eine Chance erhalten.</p> <p>Also ich sehe, das ist ein langer Weg auch für Sie. Sind Sie glücklich hier zu arbeiten? Also, was ich Ihnen versprechen kann. Ich bin sehr dankbar, dass Sie so offen mit mir reden. Ich habe eine NDA unterschrieben, dass was Sie mit mir besprochen haben, wird nicht an Dritte weitergegeben. Es ist für die Research sehr wichtig; Ich bin ein Schooler. Ich habe 10 Jahre im Investment-Banking gearbeitet. Früher war mein kleinster Deal 5 Millionen. Deshalb verstehe ich auch Business so schnell, weil ich in solch einem Bereich gearbeitet habe. Sie werden von mir und einem Professor einen unterschriebenen Brief erhalten, dass ich die Daten vertraulich behandeln werde.</p> | <p>That's what it must be like for a high-tech company! Even at Barbara / Burberry fashion one is quit at 35, so that the younger generations get a chance.</p> <p>So I see, that's a long way for you too. Are you happy to work here? So, what can I promise you. I am very grateful that you speak so openly with me. I have signed an NDA that what you have discussed with me will not be shared with third parties. It is very important for the research; I am a schooler. I worked in investment banking for 10 years. In the past, my smallest deal was 5 million. That's why I also understand business so fast, because I worked in such an area. You will receive from me and a professor a signed letter that I will treat the data confidentially.</p> |
| Kai | <p>Ich habe es mir ganz anders vorgestellt hier zu arbeiten. In Deutschland habe ich ein ganz klarer Status und aufgrund der Sprache und so weiter, ist es mir besser möglich mit den Leuten vernünftig zu arbeiten. Chen weiss, dass Hytera an Internationalisierung fehlt. Ich bin einer der wenigen Nicht-Chinesen. Ich habe viele Blockaden.</p>   | <p>I have a very different idea to work here. In Germany, I have a very clear status and because of the language and so on, it is better for me to be able to work reasonably with the people. Chen knows that Hytera lacks internationalization. I am one of the few non-Chinese. I have many blockages.</p>  |
| Wu  | <p>Hytera hat viel dazugekauft, aber es fehlt Talente, die globale Vision haben.</p>   | <p>Hytera bought many talents, but the firm miss people with global vision.</p>  |
| Kai | <p>Aus meiner Sicht, bin ich in den letzten 14 Monaten an vielen Leuten</p>  | <p>In my opinion, in the last 14 months I have failed at many people who do not want to</p>  |



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| <p>         gescheitert, die keine Veränderung haben wollen. Ich merke auch, die Version hier im Compount wo viele hier in Shenzhen, in vielen Firmen wurden internationale Leute eingekauft haben. Wir haben die Expatriats von Huawei, wir haben Daimler, die chinesische Kooperation Byd haben. Ganz viele Expatriate, die hier in Shenzhen wohnen, wohnen im gleichen Compount, in dem wir wohnen. Das interessante hier in Shenzhen ist, dass es immer weniger werden. Immer weniger Leute, die hier in Shenzhen von Ausserhalb arbeiten. Warum? Aus meiner Sicht, die Chinesen wollen wieder selber machen. Also vor 10 bis 15 Jahren brauchten wir die Europäer, damit sie uns zeigen, wie wir es machen sollten. Wir wollen nicht kopieren, wir wollen besser werden. Jetzt habe ich das Gefühl, die Chinesen glauben, sie können es selber. Deshalb gehen viele verärgert wieder Nachhause oder kommen gar nicht hier her. Im Compount war es so, dass man international sein musste, um dort zu wohnen. Nun wohnen dort 60% Chinesen, weil keine Internaitonals finden, um dort zu wohnen. Die Chinesen holen weniger Leute von Oversees und brauchen mehr von Ihren eigenen Leute. Auch in der Schule, wo meine Tochter ist, muss ein Elternteil international sein. Trotzdem sehe ich in der Klasse von meiner Tochter aktuell nur 2 Nicht-Chinesen. Es kommen       </p> | <p>         change anything. I also notice, the version here in the Compount where many here in Shenzhen, in many companies have bought international people. We have the expatriates of Huawei, we have Daimler, the Chinese cooperation Byd. Quite a lot of expatriates who live here in Shenzhen live in the same place we live in. The interesting thing here in Shenzhen is that it's getting less and less. Fewer and fewer people who work here in Shenzhen who are from oversees. Why? In my view, the Chinese want to do it on theirself. So 10 to 15 years ago, the Chinese needed the Europeans to get the knowledge of how to do it. They do not want to copy, they want to get better. Now, I feel like the Chinese believe they can do it themselves. Therefore, many Eruopean go back home angry or do not come here at all. In the Compount, it was so that one had to be international to live there. Now 60% Chinese live there because they do not find any Internationals to live there. The Chinese are bringing less people from Overseas and need more from their own people. Even at the school, where my daughter is, a parent must be international. Nevertheless, I see in the class of my daughter currently only 2 non-Chinese. There are fewer and fewer non-Chinese coming to Shenzhen to work.       </p> <p>         Chen always said I should come here, he needs me. I do not think he'll say that again after the 14 months. Because the Chinese do not want to       </p> |
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|     | <p>immer weniger Nicht-Chinesen nach Shenzhen zu arbeiten.</p> <p>Chen hat immer gesagt, ich soll hierher kommen, er braucht mich. Ich glaube nicht, dass er das wieder nach den 14 Monaten sagen wird. Weil die Chinesen wollen nicht mehr auf die Europäer hören. Ich denke, dass es einen Wandel gibt.</p>   | <p>listen to the Europeans anymore. I guess, the environment is changing.</p>   |
| Wu  | <p>Vielleicht wollen sie keine Europäer, weil sie viel zu teuer sind.</p> <p>Das Selbstvertrauen, dass China gewonnen hat durch Ihr angesammeltes Reichtum in den letzten Jahren. Die Chinesen denken, dass Europäer von ihnen lernen sollen. Besonders die Leute, die in den 80er geboren sind. Die haben nicht die harte Zeit von früher erlebt und sie glauben, sie können die Weltregeln neu bestimmen.</p>   | <p>They might not want European because they are too expensive.</p> <p>The self-confidence that China has gained through their accumulated wealth in recent years. The Chinese think that Europeans should learn from them. Especially, the people who were born in the 80s. They have not experienced the hard times of the past and they believe they can redefine world rules.</p>                           |
| Kai | <p>Es ist auch mein Gefühl. Man kann es in vielen Bereichen sehen. Früher haben die Chinesen auf die Europäer gehört, wenn sie die eingekauft haben. Ich habe mittlerweile das Gefühl, sie wollen nicht mehr gehorchen. Sie wollen es selber versuchen. Aber ganz ehrlich, der Output, der in diesen Projekten hier rausgekommen ist, ist nicht gut. Das weiss der Chen aber auch. Das heisst, sie haben es versucht, aber es sind nur minimale Verbesserungen, keine Innovation.</p> | <p>It is also my feeling. You can see it in many areas. The Chinese used to listen to the Europeans when they bought them. In the meantime, I have the feeling that they no longer want to obey. You want to try it yourself. But honestly, the output that came out of these projects is not good. Chen knows that too. That is, they have tried, but there are only minimal improvements, not innovation.</p> |
| Wu  | <p>Welche Innovations-methode haben Sie? Haben Sie versucht die Innovation</p>  | <p>Which innovation method do you have? Did you try to secure innovation in Europeans through investments?</p>  |

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|     | <p>in Europäern zu sichern durch Investitionen?</p> <p>Jimmy hat ganz stolz erzählt, man hat in Deutschland ein Gebäude gekauft und sehr viel investiert. Stimmt das?</p> <p>Funktioniert die Innvation in Deutschland sehr gut?</p>  | <p>Jimmy proudly said that they bought a building in Germany and invested a lot. Is that correct?</p> <p>Does the Innvation in Germany work very well?</p>   |
| Kai | <p>Wir haben ein Innovations-hub gebaut und wir entwickeln dort auch neue Produkte, aber Chen findet, es sei nicht innovative genug. Man kann darüber streiten. Er würde sich mehr vorstellen.</p>  | <p>We've built an innovation hub and we're also developing new products there, but Chen thinks it's not innovative enough. You can argue about that. He would imagine more.</p>  |
| Wu  | <p>Gibt es ständig ein Know-how-Transfer von Deutschland nach China?</p>  | <p>Is there always a know-how transfer from Germany to China?</p>  |
| Kai | <p>Nein, weil wir die Produkte als Made-in-Germany verkaufen. Wir helfen Ihnen bei mach ihrer Produkten mit. Wir sagen, wenn ihr Probleme habt, helfen wir gerne. Wir entwickeln Hard- und Software für die Chinesen. Die Produkte, welche in Deutschland entwickelt werden, bleiben auch in Deutschland.</p> | <p>No, because we sell the products as Made in Germany. We help them to make their products. We say that if you have problems, we are happy to help. We develop hardware and software for the Chinese. The products, which are developed in Germany, remain also in Germany.</p> |
| Wu  | <p>Produktion ist doch in China?</p>  | <p>Production is still in China?</p>   |
| Kai | <p>Design in Germany, aber Produktion in China.</p>   | <p>Design in Germany, but production in China.</p>   |
| Wu  | <p>Können Sie eifach produzieren ohne Wissenstransfer?</p>  | <p>Can you produce without transferring knowledge?</p>   |
| Kai | <p>Was Hytera gut kann, ist die Produktion. Ich sage immer, warum ist Hytera erfolgreich? Kucken Sie sich die Produktion in Longgang an. Die ist Weltklasse. Wir haben die besten Maschinen von Siemens, alles Roboter. Dort arbeiten nicht so viele Leute. Nur</p>   | <p>Hytera is good at production. Watch the production in Longgang. That's world class. We have the best machines from Siemens, all robots. There are not that many people working there. Only 500 or 600 people. Most of it is now automated.</p>                                |

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|     | 500 oder 600 Menschen. Das Meiste ist mittlerweile automatisiert.   |   |
| Wu  | Warum können Europäer nicht die Maschinen so günstig kaufen?  | Why are europeans not able to produce the machines so cheaply?  |
| Kai | Das passiert gerade und sage China kriegt dann ein Problem. Wissen Sie, was Addidas gerade macht? Die Schuhe waren bis jetzt made-in-Taiwan oder made-in-China. Nun hat Addidas glaube schon umgestellt, dass zukünftig, wenn man Schuhe bestellt, kann man diese mit 3D-Druck drucken. Das heisst, die ganzen Turnschuhfabriken, die Addidas in Asien aufgebaut haben, werden bald Dicht machen. Ich glaube, dass China einen Wandel mitmachen wird. | This is happening and I say, China will get a problem. Do you know what Addidas is doing? The shoes were made-in-Taiwan or made-in-China so far. I believe, Addidas has already changed that in the future, when you order shoes, you can print them with 3D printing. In other words, all the sneaker factories that have built up Addidas in Asia will soon be closed. I believe that China will endure a change. |
| Wu  | China wird nicht mehr weiterleben können von der Produktion (Made in China).  | China won't be able to grow by being the world-factory.   |
| Kai | Nicht mehr World-Factory.<br>Genau, nicht nur Plastik kann man 3-D drucken, sondern auch Glas, Metal und sogar Flugzeuge werden gedruckt. Dieser 3-D Drucker wird China das Genick brechen. Viele Produktionen werden zurück nach Deutschland gehen, um selber zu produzieren.  | No more world-factory.<br>Exactly, not only plastic can be printed 3-D, but also glass, metal and even airplanes are printed. This 3-D printer will break China's neck. Many productions will go back to Germany to produce themselves.   |
| Wu  | Aber es erzeugt dann auch keine neuen Arbeitsplätze in Deutschland?   | But it does not generate any new jobs in Germany?   |
| Kai | Nicht im Bereich der Produktion, aber im Bereich des Management und Wartung und der Nutzung. Raumschiff enterprise (sendung), die haben einen Replikator. Etwas fällt mir runter und es geht kaputt und man kann einen Neuen mit dem Replikator erstellen. Gläser   | Not in the field of production, but in the field of management and maintenance and use. Spaceship enterprise (consignment), which have a replicator. Something falls down and it breaks and you can create a new one with the replicator. You can now print 3D glasses. You   |

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|     | <p>kann man mittlerweile 3D-Drucken.<br/>Den muss man nicht mehr giessen und so weiter. Der kann gedruckt werden.<br/>Aluminium wird gedruckt.</p>  | <p>do not have to pour it anymore and so on. It can be printed. Aluminum is printed.</p>  |
| Wu  | <p>Wie lange werden Sie hier noch arbeiten?</p>   | <p>How long will you work here?</p>   |
| Kai | <p>Es ist schon fix. Ich werde ende Oktober wieder nach Deutschland gehen. Werde dort als CFO weiterarbeiten. Wenns nach Jimmy geht, werde ich hier 5 Jahre weiterarbeiten. Er möchte mich weiter hier sehen. Ich sage, ich kann ihnen nicht helfen.</p>  | <p>It is already fixed. I will go back to Germany at the end of October. Will continue working there as CFO. If it goes to Jimmy, I will continue to work here for 5 years. He wants to keep seeing me here. I say I cannot help them.</p>  |
| Wu  | <p>You don't see your Value here. It seems to be better for you to work from Germany.</p>   | <p>You do not see your value here. It seems to be better for you to work from Germany.</p>  |
| Kai | <p>Ist ja nicht so, dass ich nicht meine Leistung verkaufen will. Ich habe mit vielen Externen darüber gesprochen. Wir haben Leute von Orakel und IBM eingeladen. Sie haben gesagt, Kai, Sie haben recht, aber sie wollen es nicht tun. Ich hatte zwar Leute aus Manchester eingeladen, extern, die sich das angeguckt. "Ach Gott, was machen Sie hier? Ich arbeite hier. Warum ändern die das nicht? Sie wollen es nicht. Klar, wir sagen, wir wollen Effizienz erreichen. Wie Sie gesagt haben, es ist ein Weg. Ich bin da voll davor. Ich will hier kein EAP-System einführen, dass hoch innovative ist und plötzlich Tausend Leute überflüssig macht. Aber so kleine Schritte macht. (Deutung auf China).</p> | <p>It's not like I do not want to sell my performance. I talked to many external people about it. We invited people from Oracle and IBM. I invited people from Manchester, externally, who looked at it. They all said:"Oh God, what are you doing here? Why are they not changing it?" They do not want to change it. Of course, we say, we want to achieve efficiency. As you said, it's a way to do it. I do not want to introduce any EAP system with cutting-edge and high-innovtive technology here, because it can make thousand people employless. (interpretation in China).</p> |

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| Wu  | Innovation mit Massen?   | Innovation with masses?  |
| Kai | <p>Momentan kommt etwas dabei raus, dass ich nicht gebrauchen kann. Weil wenn ich das in Deutschland benutzen will, dann brauchen ich erstmal von hier nach hierhin bewegen kann. (Zeigt etwas vor).</p> <p>Man muss erst Mal eine gewisse Qualität heranbringen. Ich kann nicht alles in alles in Excel machen. Hier in China können Sie das machen und stellen weitere 1000 Leute an. Wir haben aktuel im IT-Abteilung 70 Leute eingestellt. Das kann sich Deutschland gar nicht mehr Leisten. Ich habe 6 Leute. Das ist das Problem. Die denken hier noch anders.</p> | <p>There is something coming out right now that I can not use. Because if I want to use that in Germany, then I need to be able to move from here to here. (Showing something).</p> <p>First you have to bring a certain quality. I can not do it all in Excel. Here in China, you can do that and hire another 1000 people. We have currently employed 70 people in the IT department. Germany can no longer afford that. I have 6 people. That's the problem. They think differently here.</p>   |
| Wu  | Glauben Sie an die Zukunft von Hytera?   | Do you believe in the future of Hytera?  |
| Kai | Gute Frage. Ich glaube, dass es Probleme geben wird. Aber ich glaube, dass man die bewätigen kann.   | Good question. I believe that there will be problems. But I think it is possible to handle it.   |
| Wu  | Wieso versuchen Sie es, wenn man es beseitigen kann. Trying error?   | Why try it if you can get rid of it. Trying error?   |
| Kai | <p>Jein, erstmal glaube ich. Der Chen noch nie hingefallen; Er ist immer gewachsen. Er ist der Nummer 75 in Forbes list China. Also, sehr reich.</p> <p>Wieso soll ich so einem Mann sagen, dass er vielleicht Probleme bekommt. Vorallem dieser Hintergrund, dass er sehr effizient werden muss. Das Chinesische Unternehmungen sehr effizient werden müssen, weil Chen geht davon aus, dass er im 2020 15'000 Angestellte hat. Ich sage Ihnen Herr</p>   | <p>Yes and No, it could be possible on the first sight. Chen never fell down; He has always grown. He is the number 75 in Forbes list China. So, very rich. Why should I tell such a man that he might get in trouble? Especially this background that he has to become very efficient. The Chinese enterprises must be very efficient, because Chen believes that in 2020 he has 15,000 employees. I told him:" Mr. Chen, they want a salary that 20% higher in 2 years. They all want to drive a car. They want to travel. Many fellows of Hytera did holidays</p> |

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|     | <p>Chen, die wollen in 2 Jahren 20% mehr Lohn haben. Die wollen alle Auto fahren. Die wollen reisen. Sehr viele Leue von Hytera fliegen in den Uraub. Die wollen alle Geld haben. Da kann man nicht mit 15'000 Leuten rechnen. Ich glaube, dass das ihm irgendwann bewusst wird. Das er sagt, ja gut, ich muss auch auf effizienz schauen. Was ja in Deutschland eben passiert ist.</p>                         | <p>abroad. They all want to have money. You can not count on 15,000 people. I believe that he will eventually become aware of it. That he says, alright, I also have to look at, what happened in Germany just now.</p>  |
| Wu  | <p>Glauben Sie, dass er es eines Tages begreifen wird? Und dann, muss er etwas tun? Er wird etwas tun, wenn gezwungen ist.</p>  | <p>Do you think that someday he will understand? And then, does he have to do something? He will do something when forced.</p>   |
| Kai | <p>Und dann ist die Frage, trifft er die richtige Entscheidung, so dass es im Wohle des Unternehmungs. Davon gehe ich eifach mal aus, weil ich viel von Chen halte. Ich glaube, dass er die Probleme meistern kann.</p>   | <p>The vital question would be if he will make the right decision for the long-term prosperity of the company. I guess, it will be alright since I believe in Chen's abilities. I believe that he can master the problems.</p>   |
| Wu  | <p>Wenn man sagt, diese PML und Ihre Produkte sind nicht high-end Produkte. Welche level haben Ihre Produkte. Middle, Low.end?</p>  | <p>If one says, these PML and your products are not high-end products. What level do your products have? Middle, Low.end?</p>  |
| Kai | <p>Wir haben alle! Von Low-end bis High-end. Wir haben das grössere Portfolio weltweit. Ich glaube nicht, dass das Portfolio das Problem ist. Wir haben sehr gute Produkte, aber wir sind börsenkotiert und die Investoren wollen etwas sehen. Im Moment geht es steil aufwärts und irgendwann wird es abflachend werden. Es geht nicht anders. Von einem Marktanteil von 10% auf 20%, ist ein Wachstum von</p> | <p>We have it all! From low-end to high-end. We have the big portfolio worldwide. I do not think the portfolio is the problem. We have very good products, but we are listed and investors want to see something. At the moment, it is going up steeply and eventually it will be flattening. There is no other way. From a market share of 10% to 20%, growth is 100%, but with a market share of 50%, you cannot grow 100%. Chen knows that too. That's why I always say that it has to become more efficient.</p> |

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|     | 100%, aber bei einem Marktanteil von 50%, können Sie nicht mehr 100% wachsen. Chen weiss das auch. Ich sage deshalb immer, dass er effizienter werden muss. Aber heute ist er nicht gezwungen. Heute funktioniert noch und ich kann 1000 Leute mehr einstellen. | But today he is not forced. Today it still works and I can hire 1000 more people.  |
| Wu  | Er muss selber lernen. Sie meinen jetzt, weil dieses Problem noch nicht aufgetaucht ist. Vielleicht glaubt er an Sie, aber er glaubt auch an sich selber.   | He has to learn by himself. You mean now because this problem has not yet cropped up. Maybe he believes in you, but he also believes in himself.   |
| Kai | Er glaubt immer an die Chinesen. Er glaubt noch an die billige Arbeitskraft der Chinesen. Ich denke darüber viel nach und bin wissenschaftlich oft unterwegs. Ich glaube, dass China in den nächsten 2-4 Jahren muss ein Wandel geben.                          | He always believes in the Chinese. He still believes in the cheap labor of the Chinese. I think about it a lot and am often on the scientific side. I believe China needs to change over the next 2-4 years.   |
| Wu  | Man sagt auch, "made in China 2025".  | It is also said, "Made in China 2025".   |
| Kai | Viele Leute, die sich selbstständig gemacht haben bei der Hytera, wir fangen an Produkte zu importieren und nicht zu exportieren, weil der Markt fordert Produkte von Europa.   | Many people who have become self-employed at the Hytera, we start to import products and not to export, because the market calls for products from Europe.   |
| Wu  | Das ist so. Chinesen vertrauen Ihren eigenen Produkten (Milch) nicht. Die Mittelklasse versucht. Mit Alibaba kaufen Sie ausländische Produkte.  | That is so. Chinese do not trust their own products (milk). The middle class is trying. With Alibaba you buy foreign products.   |
| Kai | Wie gesagt, ich glaube, dass es auch Hytera treffen wird. Viele andere Firmen wird es auch treffen, dass es einen Wandel geben wird und ich hätte gerne mit Hytera mehr an Internationalisierung geschafft. Das ich gehoffte hätte, dass ich hier im HQ         | As I said, I think it will hit Hytera as well. Many other companies will also find that there will be a change and I would like to have more internationalization with Hytera. That I would have hoped to get more internationalization here at HQ because I believe it is necessary for |



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|     | <p>mehr Internationalisierung hinzubekommen, weil ich glaube, dass es notwendig ist für den Wandel in China. Im Moment ist es so, die Gehaltskosten spielen nicht so eine Rolle.</p> <p>Ich habe 2 Punkte:</p> <p>1. Personalkosten steigen und Europäer versuchen etwas anderes zu produzieren, statt in billigen Lohnländern sondern durch Technologie. Wenn diese beiden Bruch zusammenkommen, dann muss hier auch dementsprechend reagieren. Diese Zeit wird bald kommen.</p> <p>Wir haben aktuell 7000 Angestellte im HQ, China. Von diesen 7000 würde ich mal schätzen; 2000 in Produktion und Verpackung. Es gibt schon Leute die Zwei/Drei/Vier-Tausend verdienen. Da gehe fest davon aus. In Deutschland werden Sie keinen Produktionsmitarbeiter für 300/400 Euro anstellen können. Das kann Hytera jetzt noch. Diese Leute sind nach 3, 4, 5 Jahren nicht mehr relevant.</p> <p>1. Fallen sie weg. Es wird immer mehr Automatisiert.</p> <p>2. Wird das anders produziert. Und dann haben wir noch die Entwickler, welche gleichviel verdienen wie in Europa. Und dann ist die Ungleichheit zwischen China und Europa nicht mehr da.</p> | <p>the change in China. At the moment it is so, the salary costs do not play such a role.</p> <p>I have two points:</p> <p>1. Personnel costs are rising and Europeans are trying to produce something different, rather than in cheap wage countries, but through technology. If these two break together, then must react here accordingly. This time will come soon.</p> <p>We currently have 7000 employees at HQ, China. Of these 7000, I would guess that 2000 in production and packaging. There are already people who earn two / three / four thousand. So be sure. In Germany, you will not be able to hire a production employee for 300/400 euros. Hytera can still do that. These people are no longer relevant after 3, 4, 5 years.</p> <p>1. Fall off. It is becoming more and more automated.</p> <p>2. Wird das anders produziert. Und dann haben wir noch die Entwickler, welche gleichviel verdienen wie in Europa. Und dann ist die Ungleichheit zwischen China und Europa nicht mehr da.</p> |
| Wu  | Sind die Entwickler gut?  | Are the developers good?  |
| Kai | Da sind wir wieder beim Thema, dass sie nicht so effizient sind wie in  | Here we are again on the subject that they are not as efficient as in Germany. That the output, the quality is 1-to-1.  |

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|     | Deutschland. Dass der Output, die Qualität 1-zu-1 ist.  |  |
| Wu  | Aber dieses Feeling für richtige Genauigkeit. Das haben sie noch nicht? Ich merke das sehr. Früher, wenn mich jemand nach einem Papier gefragt hat, habe ich irgendein Blatt Papier gegeben (dreckige, halb verschriebenes). Das habe ich gemacht bis zum Zeitpunkt als ich in Deutschland gelebt habe und vieles dazugelernt habe.   | But this feeling for correct accuracy. They do not have that yet? I realize that very much. Earlier, when someone asked me for a paper, I gave some paper (dirty, half-prescribed). I did that until the time when I lived in Germany and learned a lot.   |
| Kai | Wenn ich zum Thema Akquisitionen zurückkomme. Ich glaube diese Acquisitionszeit, Chinesen kaufen Firmen auf und transferieren Technologien und Wissen. Das war in den vergangenen Jahren eine Hochzeit. Ich denke, dass es sich in Zukunft ändern wird. Ich habe gehört, dass 75% der Chinesischen Firmen nicht profitabel wären, wenn sie nicht unterstützt werden würden, wenn sie nicht diesen Vorteil hätten, weil immernoch Leute vom Land kommen für paar Euro und arbeiten. Dass dann 75% der Firmen quasi pleite gehen würden. Ich glaube, dass die Situation ändern wird - die Weltwirtschaft wird sich wieder ändern. Es ist immer so. Von Matrix und zum Kleinen und vom Kleinen zum Matrix. Es sind immer diese Wechseldaten. Wann geschieht der Wechsel in China wieder und wie passiert er? | When I come back to acquisitions. I believe this acquisition time; Chinese are buying up companies and transferring technology and knowledge. We had a peak in the past few years. I think it will change in the future. I've heard that 75% of Chinese companies would not be profitable if they did not get support, if they did not get that benefit because people are still coming in from the countryside for a few bucks and working. That then 75% of the companies would go almost broke. I believe that the situation will change - the world economy will change again. It's always like this. From matrix and to the little one and from the little one to the matrix. It is always this change data. When will the change in China happen again and how will it happen? |
| Wu  | Deutschland ist durch die Finanzkrise in 2009 sehr, sehr gut durchgekommen,   | Germany got through the financial crisis in 2009 very, very well, because the policy was   |

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|     | <p>weil die Politik das gut gestützt hat. Kurzarbeit. Deutschland ist sehr gut durch die Krise durchgekommen, weil sie gut gemanagement hat. Alle haben zusammen gearbeitet. Die Frage ist wie wird China darauf reagieren, wird das Govt. und werden die Firmen das alles wieder hinbekommen oder nicht? Die Frage ist nicht, ob sie es hinbekommen, sondern wie sie es hinbekommen. Wie schon gesagt, Produktionstechnisch wird sich viel ändern. Im Moment ist China wie Sie gesagt haben, das Produktionsland der Welt. Die Frage ist, ist es auch in 5 oder 10 Jahren auch.</p> | <p>well supported. Short-time work. Germany got through the crisis very well, because it was a good management. Everyone worked together. The question is, how will China react to this, the will the govt. and will the companies do it all again or not? The question is not whether they can do it, but how they get it done. As I said, production technology will change a lot. At the moment China, as you said, is the world's producing country. The question is, is it also in 5 or 10 years too.</p> |
| Kai | <p>Deswegen haben sie einen Plan Made-in-China 2025.</p>   | <p>That's why they have a Made in China 2025 plan.</p>   |
| Wu  | <p>Davon sind sie, meiner Meinung nach, weit, weit weg. Kucken Sie sich an, heute wurde das neue Iphone vorgestellt worden. Huawei ist grosse Konkurrent. Jimmy sagt, Huawei wird Nr. 1 werden auf lange Sicht.</p>  | <p>Of that they are, in my opinion, far, far away. Kick on, today the new Iphone has been introduced. Huawei is big competitor. Jimmy says Huawei will be No. 1 in the long run.</p>   |
| Kai | <p>Aber nicht bei initial Innovation. Das hat Huawei-Chef selber gesagt, In den letzten 15 Jahren ist kein einziger disruptive Innovation aus China gekommen. Alle Erfindungen waren inkrementel.</p>  | <p>But not at initial innovation. Huawei boss himself said that. In the last 15 years not a single disruptive innovation has come from China. All inventions were incremental.</p>   |
| Wu  | <p>Heute ist wieder Iphone X mit Gesichtserkennung vorgestellt worden. Es wird erstmal so bleiben und die Frage ist, wie wird China sein Mehreffekt dienen, wenn die Produktionsstätten nicht mehr hier sind und was passiert, wenn so viele Leute</p>   | <p>Today again Iphone X with face recognition has been presented. It will stay that way for a while, and the question is, how will China serve its mischief effect when production facilities are no longer here and what happens when so many people are likely to become unemployed? Look at how many people are working on the</p>  |

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|     | dann wieder wahrscheinlich arbeitslos werden. Kucken Sie sich an, wie viele Leute arbeiten auf dem Bau in Shenzhen. Aber auch das wird abnehmen. Man kann nicht immer bauen.  | construction in Shenzhen. But that too will decrease. You can not always build.  |
| Kai | Irgendwann ist es gesättigt. China ist eigentlich bei Post-Industrialisierung.  | At some point it is saturated. China is actually at post-industrialization.  |
| Wu  | Es werden nicht 100 Städte entstehen wie Shenzhen. Im Moment, alle Leute gehen nach Shenzhen und deshalb wächst die Infrastruktur extrem.   | There will not be 100 cities like Shenzhen. At the moment, all people are going to Shenzhen and therefore the infrastructure is growing extremely.   |
| Kai | Wenn weiter so gebaut wird in China, wird China wegen der Umwelt kolabieren.  | If China continues to build this way, China will collapse because of the environment.  |
| Wu  | Haben Sie da Erfahrung? Das wäre interessant zu wissen. Man sieht ja, dass viele mit 25 bis 30 in die Stadt (Shenzhen) ziehen. Man kann das mit der Landflucht in Deutschland in den 60er/ 70er Jahre vergleichen. Heisst das jetzt, dass Tier 2 und Tier 3 verreisen. Also, die ältere Menschen leiden darunter. Gehen alle diese Kinder nach Shenzhen und diese Tier 1 Städte zu studieren/ um dort zu bleiben. Das heisst, dass diese Städte dann aussterben, weil dort keine Kinder mehr leben. | Do you have experience there? That would be interesting to know. As you can see, many people move to the city (Shenzhen) from 25 to 30 years old. One can compare this with the rural exodus in Germany in the 60s / 70s. Does that mean that Tier 2 and Tier 3 are traveling? Well, the elderly suffer from it. Go all these kids to Shenzhen and study these tier 1 cities / stay there. This means that these cities die out because there are no children anymore. |
| Kai | Deswegen hat man in der Nähe von Peking versucht man das zu steuern. In China ist steuern einfacher als in Deutschland. In China bestimmt jemand und sofort wird das ausgeführt. Jetzt kommt die Zeit, dass man versucht die grossen Städte zu entlasten. In Peking   | That's why they tried to control it near Beijing. In China, taxes are more cheaper than in Germany. In China. If somebody makes a decision, It is usually executed immediately. Now comes the time that one tries to relieve the big cities. In Beijing, it is planned to close 3,000 factories.   |

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|     | <p>ist geplant, dass man 3000 Fabriken abbaut.</p> <p>Spannend. Ich versuche Sie auch zu verstehen. Für mich ist dieses Thema in China hier in Shenzhen, es sind alle zwischen 25 und 30. Als ich vor 5 Jahren hierher kam, gab es keine Kinder und jetzt sehe ich zum ersten Mal eine schwangere Frau. Shenzhen ist ja etwa 30 Jahre alt. Wer ist dort hingegangen? Nicht diejenigen, welche 50 oder 60 sind, die schon ein Haus gebaut haben, sondern es sind die Kinder, die sagen, sie bauen eine neue Existenz in Shenzhen. Deshalb sehe ich jetzt Kinder, jetzt sehe ich Familien. 2011 war diese Stadt voller junger Leute.</p> | <p>Exciting. I also try to understand you. For me, this is the topic in China here in Shenzhen, it's all between 25 and 30. When I came here 5 years ago, there were no children and now I see a pregnant woman for the first time. Shenzhen is about 30 years old. Who went there? Not those who are 50 or 60 who have built a house, but it is the children who say they are building a new life in Shenzhen. That's why I see children now, now I see families. In 2011, this city was full of young people.</p> |
| Wu  | <p>Ich sende Ihnen gewisse Unterlagen diesbezüglich und möchte gerne nochmal in Kontakt mit Ihnen treten, wenn Sie in Deutschland leben. Danke für Ihre Offenheit. Die Hierarchie ist sehr stark in China. Kann man mit Chen streiten oder toleriert er nur sie?</p>   | <p>I send you certain documents in this regard and would like to get in touch with you again if you live in Germany. Therefore, for your openness. The hierarchy is very strong in China. Can you argue with Chen or does he only tolerate you?</p>   |
| Kai | <p>Es ist besser geworden. Am Anfang war es hierarchischer. Man merkt jetzt, dass auch mal Wederworte gegeben werden. Ich denke, dass es auch einen kulturellen Wandel in China ist.</p>   | <p>It got better. In the beginning, it was more hierarchical. Now, you realize that subordinates disagree with the boss and are openly telling their opinion. I think that it is also a cultural change in China.</p>   |
| Wu  | <p>Können Sie mir paar gute Beispiele vom Widersprechen aufzeigen?</p>   | <p>Can you show me some good examples of contradiction?</p>   |
| Kai | <p>Die Dynamik, hier zu arbeiten, ist extrem gut. Es macht Spass, weil es bewegt sich. Man kann viel bewegen. Eine chinesische Firma ist nicht bürokratisch langweilig. Es gibt sehr</p>   | <p>The momentum to work here is extremely good. It's fun because it's moving. You can move a lot. A Chinese company is not bureaucratically boring. There are many obsolete companies in Germany. The</p>   |

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|     | viele veraltete Unternehmungen in Deutschland. Die Firmen gibt es seit 100 Jahren und die Arbeiten und sind erfolgreich und man hat seinen Job.   | companies have existed for 100 years and the work and are successful and you have your job.   |
| Wu  | Hier hat man einen Job und arbeitet. Hier ist viel mehr dynamik. Die Unternehmung wächst viel schneller und verändert sich dabei.   | Here you have a job and work. There is much more momentum here. The company grows much faster and changes in the process.   |
| Kai | Fühlt sich dann an wie ein Startup. Die Chinesen haben keine Systematik und Struktur. Sie sind sehr offen. Es ist eine Ameisenstadt. Alle wursteln und alle sind unterwegs, aber es funktioniert.   | Feels like a startup then. The Chinese have no systematics and structure. They are very open. It is an ant town. Everyone is muddling and everyone is on their way, but it works.   |
| Wu  | Ich war mit meinem Mann in Guilin. Bei einer Show. Die Show sollte um 8 Uhr beginnen. 19:45 wussten wir nicht, wohin wir gehen müssen. Doch wir haben es doch noch pünktlich erreicht. Die Unternehmungen sehen von aussen sehr ordentlich aus. Doch das Problem ist, wenn es in einem Bereich keine Kontrolle gibt, wird nichts gemacht. | I was with my husband in Guilin. At a show. The show should start at 8 o'clock. 19:45 we did not know where to go. But we reached it on time. The companies look very neat from the outside. But the problem is, if there is no control in one area, nothing is done.   |
| Kai | Womit ich Probleme habe, ist, wenn man nicht an die Gesetze hält. Da ärgere ich mich manchmal sehr, wenn das die Chinesen nicht verstehen wollen.   | What I have problems with is not respecting the law. Sometimes I feel very annoyed when the Chinese do not want to understand that.   |
| Wu  | Bitte versuchen Sie noch weiter daran zu arbeiten.  | Please try to keep working on it.   |
| Kai | Chen sagte vorletzte Woche, wir müssen compliant sein. Wir müssen Gesetze einhalten. Tut ers schlussendlich - Nein. Uns sagen sie immer, seit nicht immer so "korrekt". Aber wenns dann Schief geht, dann hat man ganz andere, grössere Probleme. Wir sagt man so   | Chen said last week, we must be compliant. We have to comply with the law. Does he finally - no. They always tell us, don't always be so "correct". But if it goes wrong, then you have completely different, bigger problems. We say it so beautifully in Germany: once you lie, you do not believe it, even if it speaks the truth. |

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|     | schön in Deutschland: Wer einmal lügt, glaubt man ihm nicht, auch wenn er die Wahrheit spricht.  |  |
| Wu  | Und die Chinesen sagen, einmal ist keinmal.  | And the Chinese say, once is like never have I ever done it.   |
| Kai | Deswegen sage ich, das wichtigste ist, was sein muss, ist ein reines Herz haben. Ich kann nicht gegen Leute kunden, wenn er sagt, wir sollen alles korrekt machen - wir machen dann alles korrekt. Der Chinese sagt, jaja... Wir deutschen brauchen ein reines Herz zum Leben und damit habe ich hier ein Problem. Wir wursteln uns mal durch, auch wenn nicht ganz korrekt ist. Bestes Beispiel: Am Anfang vor 14 Monaten, Chen sagte, "Kay, du kriegst ein Auto und du fährst selber." Ich habe geantwortet, dass ich hier nicht fahren könnte, weil niemand an die Regeln hält. Ich würde in Unfälle verwickelt werden. Deshalb benötige ich einen Fahrer. Als meine Tochter mich zum ersten Mal besuchte, habe ich sie gefragt, was am besonderen ist in China? Sie sagt zur Mutter, dass die Autos nie beim Fussgängerstreifen anhielten. | That's why I say, the most important thing is to have a pure heart. I cannot go against people customers when he says we should do everything correctly - we'll do everything correctly. The Chinese says, yes ... We Germans need a pure heart to live and I have a problem here. We muddle through, even if it is not quite correct. Best example: At the beginning 14 months ago, Chen said, "Kai, you get a car and you drive yourself." I replied that I could not drive here, because no one obeys the rules. I would be involved in accidents. That's why I need a driver. When my daughter visited me for the first time, I asked her what is most special in China? She tells the mother that the car never stops at the pedestrian crossing. |
| Wu  | Mein Sohn sagte, in der Schweiz würden die Autos warten bis man die Strasse überquert hat.   | My son said in Switzerland, the cars would wait until you crossed the road.  |
| Kai | Man muss es verstehen in China zu leben. Ich kann mit dem umgehen, aber ob ich das mag, ist eine andere Frage. Viele Probleme sind uns bewusst, aber man muss lernen mit diesen Problemen  | You have to understand how to live in China. I can handle that, but if I like that, that's another question. We are aware of many problems, but you have to learn to deal with these problems. I have trouble with the legal issues in China. I'm  |

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|     | <p>umzugehen. Bei den Legal-Themen habe ich mühe in China. Ich sage nicht, wir müssen "effizienter" werden. Wir müssen dieses und jenes machen. Im erster Linie geht es darum, die Gesetze einzuhalten, weil ich weiss, wenn wir in Europa geschäften wollen, müssen wir den Leuten beweisen, dass wir eben nicht die Gesetze brechen - dass wir nicht Korrupt sind - dass wir nicht irgendwelche schmutzigen Sachen machen. Sonst werden wir das Geschäft verlieren. Chen hat es gar nicht notwendig die Gesetze zu brechen. Er ist mittlerweile so erfolgreich, dass er es nicht mehr braucht.</p> | <p>not saying we have to become more efficient. We have to do this and that. First and foremost, it's about complying with the law because I know that if we want to do business in Europe, we have to prove to people that we do not break the law - that we're not corrupt - that we're not doing any dirty things. Otherwise we will lose the deal. Chen does not have to break the law. He's so successful now that he does not need it anymore.</p> |
| Wu  | <p>China ist kein richtiger Rechtsstaat. Es ist durch Beziehung. Chinesische Gesetze sind nicht schlechter als Deutsche Gesetze. Vieles wurde von den Deutschen abgeschrieben. Chinesen sagen, für die Deutschen muss alles strukturiert sein, während die Europäer meinen, die Chinesen seien wie Wasser. Die Schweiz schaut mehr auf die Finger als die Deutschen. In Deutschland haben Sie Pauschalgebühren, während in der Schweiz bezahlen Sie pro Kehrtrichtersack.</p>  | <p>China is not a proper state of law. It's through relationship. Chinese laws are no worse than German laws. Much was written off by the Germans. The Chinese say everything has to be structured for the Germans, while the Europeans think the Chinese are like water. Switzerland looks more on the finger than the Germans. In Germany, you have flat rates, while in Switzerland you pay per garbage bag.</p>                                      |
| Kai | <p>Herzlichen Dank</p>   | <p>Thank you!</p>  |



## 10.2 Interviews: Jinsheng

### 10.2.1 Heinrich Fischer

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| Wu:      | <p>Ich habe gestern noch im Internet Ihren Werdegang recherchiert. Ich habe gesehen: Sie waren von 1996 bis 2007, wenn ich mich nicht irre, der CEO von Saurer. Danach als Saurer von Oerlikon gehörte, waren Sie weg. Aber als Jinsheng übernommen hat, wurden Sie eingeladen, die Position des Verwaltungspräsidenten zu sein. Ich finde, Sie haben sehr spannende Zeit erlebt.</p> <p>Ich habe auch gelesen, dass Saurer unter Ihrer Führung dein Jointventure mit chinesischer Firma gegründet hat. Es war vielleicht eine gute Basis für die spätere Übernahme.</p> <p>Ich möchte sehr gerne genau über diese für mich sehr spannende Zeit erfahren. Vielleicht erzählen Sie mir zuerst, wie das Jointventure zustand kam; dann im zweiten Teil erklären Sie mir, wie war die Übernahme von Jinsheng und wie war die Integration nach der Übernahme.</p>  | <p>Just yesterday, I've done some research about your professional career. You were in the CEO position from 1996 to 2007 at Saurer. Once Saurer got sold to Oerlikon you left the company.</p> <p>However, as soon as Jinsheng took over, you got once again invited, to take up the role as President of the Board of Directors. I am sure, you must have experienced an exciting time.</p> <p>I also read, that – under your direction – Saurer formed a joint venture company together with a Chinese firm. This was probably a good foundation for an acquisition later on.</p> <p>I would like to hear more about this exciting time. Maybe you first tell me more about the realization of the Joint venture; second, it would be interesting to hear, how the takeover by Jingsheng happened exactly and lastly, I would be interested to hear more about the integration process once the acquisition was finally realized.</p> |
| Fischer: | <p>Ok. Ich beginne, vielleicht ich hole gleich etwas raus. Saurer war eine und ist eine grosse Textilmaschinehersteller. Als ich 1996 bei Saurer angefangen habe, da haben wir in Textilbereich so etwa 1.1, 1.2 Mrd. Umsatz, hauptsächlich in Europa, in der Türkei und in den USA, relativ wenig in Asien, Indien war noch, aber auch nicht sehr viel, relativ wenig sonst in Asien. Und man hat es gesehen, dass der ganze Textilproduktionsmarkt aus Kostengründen, vor allem wegen der tiefen Personalkosten, sich nach Asien verschoben hat, dass China immer grösser wurde und Indien immer grösser wurde, aber auch andere asiatische Staate wie Indonesien und später Vietnam, aber auch Türkei, dass einfach diese asiatische Länder substanziell Bedeutung gewann. Und wir haben uns dann entschlossen, relativ viel in diese Länder zu investieren. Wir haben am Anfang in China ein</p> | <p>To answer these questions, I must first tell you more about the company. Saurer was, and still is, a large producer of textile machines. Once I started to work at Saurer in 1996, the revenue in textile division was around 1,1 to 1,2 billion. Our major markets were in Europe, in Turkey, and in the US.</p> <p>Markets in Asia and India were relatively small at that time. However, it was clearly noticeable, that the whole industry was moving towards Asia – especially towards China and India. The reason for that was obviously the low labor costs.</p> <p>Also, other Asian countries like Indonesia, Vietnam, and later Turkey followed. Generally speaking, one could say, that all these countries gained major importance to the industry. Therefore, we decided to boost our investments in these countries.</p> <p>First, we signed an agreement with a Chinese textile machine producer. Based on</p>         |

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|          | Kooperationsabkommen mit einem chinesischen Textilmaschinenhersteller, die vor allem unsere Spinnmaschinen, einen Lizenzvertrag mit (uns hatten für) unseren Spinnmaschinen...  | a license contract they were buying our spinning machines.  |
| Wu:      | Das war aber nicht Jinsheng   | But that wasn't Jinsheng?   |
| Fischer: | Nein, nicht Jinsheng. Das war 1996, 97.   | No, that wasn't Jinsheng. That was in 1996, 1997.   |
| Wu:      | Die von Ihnen erwähnte Umwandlung, dass sich die Textilindustrie nach Asien umgesiedelt war, passierte in Anfang 90er Jahren.   | The mentioned transition of the industry towards Asia happened in the 90s.  |
| Fischer: | Genau. Das hat man gesehen, dass das kommt. Wir waren (dort) relativ schwach vertreten, hatten danach erstes Lizenzvereinbarung zur Unterstützung mit, ich muss überlegen, wie diese Firma schon wieder hiess...ich muss es nachschauen. Es ist ein Name wie Shanghai Textil... Es war grosser Spinnereimaschine  | Exactly. That trend was predictable. We had a relatively small stake at this time. However, we managed to agree on a license deal with a Chinese company.   |
| Wu:      | Ich habe etwas gelesen, sollte es in Suzhou sein?   | Was it Suzhou?  |
| Fischer: | Ich weiss nicht, ob es die war.   | I don't know if it was that company.  |
| Wu:      | Ok.   | Ok.   |
| Fischer: | Auf jeden Fall. Sie hatten eine Lizenz mit Spinnmaschinennachbau. Das war aber weniger erfolgreich gemacht.   | Anyway, they held a license for machinery construction. However, it wasn't quite successful.  |
| Wu:      | Liegt es daran, weil der Preis zu teuer war?  | Was that because of the high prices?  |
| Fischer: | Nein, ich glaube es nicht. Das ist einfach, das ist eine komplexe Maschine. Sie (chinesische Firma) war einfach nicht in der Lage, stabil das nachzubauen.  | No, I don't think so. You see, that's a highly complex machine. They were simply not capable to reconstruct these machines in a way that the building quality was satisfying.   |
| Wu:      | Also: man lieferte die Komponenten, die Firma sollte es zusammensetzen und sie dann verkaufen.  | So, Saurer provided the parts, which the Chinese company should then assemble, and sell the finished machine.   |
| Fischer: | Ja, genau. Sie haben einfach eine Lizenz, das nachzubauen. Wir haben gewisse Module geliefert, dann haben sie selbst gebaut. Das war nicht wirklich erfolgreich.  | Yes, exactly. They held this license to rebuild our machines. We delivered some modules and the firm was merging them together. However, it wasn't quite successful.  |
| Wu:      | Gab es keine Schulung?  | Was there no sufficient training?   |
| Fischer: | Jede Menge Schulung. Aber die Leute waren hart sehr volatil. Das war einfach eine, sagen wir mal, nicht sehr erfolgreiche Sache, weil die chinesische Firma hat vielleicht die Komplexität unterschätzt, aber auch die Leute, die man ausgebildet hat, nicht bei der Stange halten können. Viele waren weg, dann hat die Firma die Technik nie wirklich beherrscht. | There was a lot of training. But, the people were quite volatile. That was simply not a very successful story - mostly because the Chinese firm underestimated the complexity. But also because of high fluctuation. Due to the loss of employees, the firm was never capable to master the technology. |

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|          | <p>Ja, wir haben dann, mit Parmac zusammen haben wir mit verschiedenen Jointventures in China für andere Firmen, z.B. für Kunstfaser, für Textilmaschinen, hatten wir in China zwei Jointventures. Die waren einfach ein Problem, weil die chinesischen Partner, uns nicht korrekt behandelt haben. Sie haben mit uns eine Exklusivvereinbarung gehabt, hat aber parallel eine zweite Firma aufgebaut, das alles kopiert; wir haben die Leute ausgebildet, und die Leute gingen in die nächste Firma und so weiter. Wir haben dann in 2001 und 2002 alle dieser Jointventures aufgegeben.</p> | <p>We then had - together with Parmac - some joint ventures in China for man-made fibers and textile machines. The problem there was that our Chinese partner did not treat us justly. While they had an exclusive contract, they build up a second company simultaneously which copied everything. Once we've trained the staff, they left to the mentioned company. Hence, we finally resigned from all joint ventures in 2001 to 2002.</p>   |
| Wu:      | Es waren mehrere Jointventures. Zwei?   | There were two joint ventures?  |
| Fischer: | Ja, Zwei. In Wuxi, weiss aber nicht mehr, wie diese (chinesische) Firmen hiessen.   | Yes, two, in Wuxi. However, I cannot remember the names of these companies.   |
| Wu:      | Wuxi  | Wuxi  |
| Fischer: | Die waren eigentlich ok. Wir haben auch Profit gemacht. Aber die Jointventurepartner haben uns hintergangen. Sie haben einfach parallel eine zweite Firma aufgebaut haben, mit, Obwohl das vertraglich nicht gestattet war, es war dann der Bruder,...  | These joint ventures were actually profitable. However, our partners betrayed us by simultaneously setting up a second company even though that wasn't permitted according to our contract.   |
| Wu:      | Kann man sie nicht anklagen?  | Wasn't it possible to file a lawsuit against them?  |
| Fischer: | Nein. Wir können sie nicht, weil...Problems ist, der Bruder hat es dann gemacht, oder die Mutter, oder der Vater, das war einfach eine Verwandte. Es gibt keine <del>sieben-Haften</del> (Sippenhaftung), wenn Sie in China klagen,   | No. You know, that (setting up the other firm) was done by the brother or someone else from the family. There is no kin liability in China. To sue somebody in China.   |
| Wu:      | Viel Aufwand  | That would be very time-consuming.  |
| Fischer: | Ja. Ich kann Ihnen viele Beispiele erzählen, wie es dann läuft. Wenn Sie in China klagen, z.B. wir hatten viele Patentklagen. Die haben wir am Schluss gewonnen nach etwa 4, 5 Jahren, dann wurden wir vielleicht mit 10000 Franken entschädigt, obwohl der Schaden vielleicht 10 Millionen waren, oder. Das ist ja, was man bei China nach wie vor beklagt und warum ich immer auch der Meinung bin, dass man China die Türe nicht öffnen sollte, solange China alle dieser Sachen nur einseitig interpretiert.  | <p>Yes. I can tell you about a lot of examples, how that (filing a lawsuit) really works.</p> <p>We had to deal with a lot of patent infringements. In the end (after 4,5 years) we won all of them. Although the estimated damage went up to 10 Million Francs, we only got compensated by maybe 10'000 Francs.</p> <p>That's why businesses still complain about China. Also, in my personal opinion, I think we shouldn't "open the door" as long as China interprets these issues unilaterally.</p> |
| Wu:      | Die Institution ist noch sehr schwach und die Gesetze sind nicht komplett.  | China's institutions are still very weak. Furthermore, the laws are not comprehensive.  |

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| Fischer: | <p>Nein, ich denke es ist eine Statussache – man versucht die westlichen Firmen auszunutzen. Oder man möchte die Technologie gerne haben, aber den Preis nicht zahlen. Das ist ja heute zum Teil noch so. Das ist ja was jetzt wieder auch in der EU und in den USA beklagt wird, dass der chinesische Staat in Europa Firmen kauft, aber keine Gegenrechte gibt.</p> <p>Das denke ich, das sollte man unterbinden. Man sollte es einfach nicht mehr zulassen, so lange das in dieser Einseitigkeit gehandhabt wird. Das wird sehr wahrscheinlich in Europa und in den USA, so kommen. In den USA ist es schon so, als die sich der amerikanische Staat gegen Übernahme aus China wehrt. In Europa wird das kommen. Weil man sagte, das ist eine einseitige Geschichte. Und das wird so nicht weiter gehen können, glaube ich. Das ist auch wahrscheinlich richtig, dass man dies so macht.</p> <p>Auf jeden Fall, wir hatten auch solche Jointventure, die wir dann aufgegeben hatten, und neu gestatten sind, mit eigenen wholly for our own companies.</p> | <p>No, I think it's a matter of status. They are trying to exploit the western companies. Although, they would like to have the technology, they are in the same moment not willing to pay the price for it. This is by the way still a consisting problem.</p> <p>This is also a concern in the EU and US. The Chinese State buys European companies, but yet, they are not offering some form of credit. In my opinion this practice should be stopped and prohibited as long as it gets handled in such an imbalance. And exactly this will probably happen in the US and in Europe.</p> <p>In the US, the government is already opposing against Chinese acquisitions intentions. The same will happen in Europe. In my opinion this is the right thing to do.</p> <p>In any case, we had some joint ventures, which we have given up subsequently. However, we've decided to start with "wholly-for-our-own"-subsidiaries.</p> |
| Wu:      | Das passiert in 2001  | That was happening in 2001  |
| Fischer: | 2001, 2002  | Yes, 2001, 2002   |
| Wu:      | 2006 haben Sie versucht, dort zu investieren, Jointventure...   | In 2006 you've tried to invest in another joint venture...  |
| Fischer: | <p>Nein, wir haben nichts investiert. Die Chinesen haben ein Lizenz gekauft, und haben uns dafür bezahlt. Wir waren aber nicht beteiligt. Es war ein Lizenzabkommen.</p> <p>Zuerst war Lizenzabkommen, wo wir einfach Technologie geliefert haben, und Ausbildung gemacht haben, und gewisse Komponenten geliefert haben.</p>   | <p>No, we did not invest at all. The Chinese bought a license and payed us for it. However, we didn't have a stake there. It was license agreement. On grounds of this agreement, we delivered technology, training, and modules.</p>   |
| Wu:      | Und Lizenz und dann Jointventure, und am Ende hat man beschlossen..   | So firstly, there was this license agreement, second the joint venture and lastly you decided to...   |
| Fischer: | <p>Jointventure war eine andere Geschichte.</p> <p>Es war eine Anlage A, die hat Lizenzabkommen, das war 1995 und 1996. Das war Lizenzabkommen.</p> <p>Und dann in 1998 haben wir paarmal Jointventures gehabt, für andere Maschinen, wo wir Jointventure 50/50 machen.</p>   | <p>No. The joint venture was another story. There was one plant, with a license agreement – that was in 1995, 1996. Afterwards, in 1998, we did set up some joint ventures for other machines, where we had a stake of 50%.</p>   |
| Wu:      | Ok. Und 2002..  | Ok. And in 2002?  |

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| Fischer: | 2002 haben wir die Jointventure aufgekündigt, aufgelöst, und haben selber mit wholly for our own Aktivitäten selber gestartet. Das war für uns relative erfolgreich, weil die Mitarbeiter aus den Jointventures, die sind alle zu uns gekommen. Weil die wollten lieber, bei einer westlichen Firma sein, als eine chinesische. Ich glaube, es hat was damit zu tun, mindestens damals, vielleicht heute noch, wie chinesische Firma mit den Mitarbeitern umgehen. Wir haben, westliche Firmen haben einfach mehr Wertschätzen für Mitarbeiter. Das ging für uns relativ gut über die Bühne. Wir haben dann in China grosse Werke gebaut, in Suzhou. | In 2002, we abandoned all joint ventures and started with “wholly-for-our-own”-subsidiaries. That was relatively profitable, mostly because all the former joint venture employees started to work in our company. They wanted to work for a western company, instead of a Chinese one. I think that was mainly because of how (badly) Chinese firms treated their employees. Western companies are simply showing more appreciation for their employees. That was working pretty well for us. Consequently, we started to build large plants in Suzhou. |
| Wu:      | Oh, das ist der Werke in Suzhou.   | Oh, that’s the factory in Suzhou.  |
| Fischer: | Da haben wir grosse Fabriken gebaut. Von dort haben wir für den chinesischen Markt, aber auch für Asien und auch zum Teil für den Weltmarkt Anlagen produziert. Wir haben am Schluss in China, ich weiss nicht mehr genau, über 800 Millionen Umsatz gemacht. Also war sehr erfolgreich.   | Yes, we build large factories there. From up there we started to serve the Asian markets, and even some machines which we build there were meant to serve the global market. In the end, we managed to raise our revenue to 800 million. Hence, that was very successful.  |
| Wu:      | Dieser Erfolg passierte nach 2001, und dauerte ein Paar Jahre, und es führte auch dazu, dass später Oerlikon Saurer übernehmen wollte?   | This achievement happened after 2001, and lasted for a couple of years. Was it this development which led to the fact, that Oerlikon wanted to take over Saurer?   |
| Fischer: | Ja, klar. Und wir hatten dann in China in diesen neuen Anlagen viele verschiedene Maschinen lokalisiert und dort produziert. Zwirnmaschinen, das war ein Texturiermaschine, das war eine Ringspinnmaschine, und so verschiedenen speziellen Komponenten, die man dort gefertigt hat. Vor allem für den Baumwollerei, hatten wir für gewisse Maschinen nicht in unserem Programm.<br>Und die Jinsheng von Herrn Pan, die hat solche Maschine ausgestellt an einer Messe in Shanghai.  | Yes, of course. We’ve started to produce those machines. We’re talking about yarn-, texturize- and ring spinning machines and special components, which got produced on site. Especially in the cotton division, we did not have the necessary machines in our program. However, the Jinsheng group (from Mr. Pan) did have them at a trade fair.  |
| Wu:      | Das heisst, Sie haben Herrn Pan von Jinsheng bei einer Messe...  | So, you met Mr. Pan from Jinsheng at an exhibition?  |
| Fischer: | Bei einer Messe bin ich auf seinen Stand gegangen, habe seine Maschine geschaut, und habe gesagt: „die Maschine, die Sie haben, könnte in unserem Programm gut ergänzen. Und wir können doch uns schauen, dass wir das Programm zusammen fügen. Weil für die ganze Fabrikbau braucht es  | Yes. I went to see one of his machines at their booth and said to him: “this machine could fit well in our operation - we could (should) merge our program”. His program (set of machines) was necessary (missing part) to be finally capable of fully equipping a whole factory on our own.   |

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|          | dieses Programm: diesen Teil haben wir und diesen Teil haben Sie. Wenn wir das zusammenfügen, können wir die ganze Fabrik ausrüsten.“  |  |
| Wu:      | Und hat die Jinshengprodukte gute Qualität?  | How was the product quality of Jinsheng by that time?  |
| Fischer: | Das haben wir damals nicht gewusst.  | We didn't know about the quality at that time.   |
| Wu:      | Wann war es?   | When was that?   |
| Fischer: | Das war 2004 oder so.<br>Und, dann habe ich ihm gesagt: wir können das irgendwie zusammen machen. Und wir hatten schon das Gefühl, dass die exakte Qualität der Maschinen war noch ein weit Stück unter der Weltmarktführer wie wir, Rieder von Deutschland für diese Anlagen. Aber wir haben auch in China, das war auch geteilt, es gab diesen Hochqualitätssektor die wir bedient haben; und es gab auch ein einfacher Webmaschinensektor, den Jinsheng bedient hatte. Für den wir auch immer mehr in China gefertigt haben.<br>Wir sagen auch, es muss nicht alles hoch automatisiert sein. Weil wenn die Arbeitskraft so billig ist, dann muss es nicht sein. Und dann haben wir gedacht, ok, wir können in diesem Niedrigpreissektor, uns beide noch ausdehnen, mit unsern Maschinen, die wir dafür angepasst haben, die sind dann mit den Niedrigpreissektor-Einfachmaschinen in China für Asien bedienen können, mit den Maschinen von Jinsheng und mit unseren. | That was in 2004 – maybe. I told him, that we could do this together.<br>However, we still had the impression, that the building quality was lower than, say, the one of the market leader (for example Rieter).<br><br>The market in China was divided in two parts. While we were serving the high-quality sector, Jinsheng was serving the low-quality sector. In fact, we already produced some of the lower-quality machines too.<br>We did that because we said it does not need high levels of automatization, because of the very low labor costs. So, we thought, that we both could expand in this low-cost sector. To do so, we customized our machines in a way that we could serve the Asian market. With the machines from Jinsheng and with our owns. |
| Wu:      | Verstehe ich richtig: dann war Jinsheng am Anfang Ihrer Unterlieferant   | Do I understand right: Jinsheng was your sup supplier in the beginning?  |
| Fischer: | Nein, nein. Er war nie Unterlieferant. Wir haben dann diskutiert, ob wir dann ein Jointventure machen können. (Herr Fischer zeichnet auf ein Blatt Papier)<br>Wenn das die ganze Fabrik ist, dann gibt es vorne einer Fabrik, das ist Cable, Öffnung, da hinten gibt es das Spinnen, das Spulen, das Zwirnen. Wenn vorne Baumwolle kommt, da kommt zu einer Öffnung, dann wird es gesponnen, gespult und gezwirnt. Das hat Saurer gemacht,   | No. They were never sup suppliers. We were talking about setting up a joint venture.<br><br>(Mr. Fischer draws a process of producing textiles on a piece of paper – how Saurer did it.)   |
| Wu:      | Diese Vorstufe macht Jinsheng  | And this pre-stage was done by Jinsheng?   |
| Fischer: | Das war Jinsheng.  | Yes, that's correct.   |

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| Wu:      | Bevor Ihr über Jointventure geredet habt, hat man zusammen geliefert.   | Before you were talking about setting up a joint venture, you were serving the market together?  |
| Fischer: | Nein, man hat nie zusammen geliefert vorher. Dann habe ich Pan gesagt: schau mal, wenn wir es zusammen tun, dann könnten wir die ganze Fabrik bedienen. Dann haben wir für diesen Teil ein Jointventure gemacht, Saurer, Jinsheng. Für diesen Teil. (das Zeichnung deutet, dass es bei diesem Jointventure Saurer 70% Anteil besitzt und Jinsheng 30%). Das war separat. Weil er hat keinen Zugang zu dem Markt, und wir hatten die Möglichkeit. Aber er hat eine Basismaschine, die für uns interessant war. Dann haben wir an seine Firma beteiligt.  | No, we've never serving a market together. I said to Mr. Pan; see, if we do it together, we would be able to manage the whole plant. So that's why we set up the joint venture. While we had a 70% stake, Jinsheng had only 30%. He did not have access to the market. However, he had a basic machine, which was interesting for us. That's why we engaged in this company.   |
| Wu:      | Ich habe gelesen, Jinsheng produziert auch selber Stoffe.   | I read that Jinsheng also produced textiles on their own?  |
| Fischer: | Er hat auch Spinnerei. Das war aber etwas anderes. Er hat solche Fabrik.  | Yes. They have a spinning factory, but that was another story.   |
| Wu:      | Ja.   | Ok.  |
| Fischer: | Wir hatten Interesse an diesem Teil der Maschinen. Wir machen dafür ein Jointventure. Das Jointventure war 70 zu 30. 70 Saurer und 30 Jinsheng. Wir haben einfach 70% seiner Firma gekauft.   | We were interested in those machines. Therefore, we've created the mentioned joint venture with a 70/30 spread. We simply bought 70% of his company.   |
| Wu:      | War das erfolgreich?  | Was it succesful?  |
| Fischer: | Das war bescheiden erfolgreich. Es hat mit Technologie zu tun. Auch mit der Art, wie... und Chinesen haben auch eine gewisse Stolz. Es war schwierig, ihnen zu helfen, in der Technologie etwas breiter aufzustellen, sich vielleicht etwas breiter Technologie anzuschauen, so dass man mit diesen Maschinen auf dieser Seite nie wirklich einen sehr hohen Standard erreichte. Mit den Führern auf der Weltliste wie Rieder oder Tüchler irgendwie konkurrieren konnten, weil sie haben dann auch angefangen, in China, in Indien Maschinen zu produzieren, sind ihre Preise auch herunter gekommen. Dann waren wir technologisch immer etwas schlechter, oder? | It wasn't quite succesful. That's a matter of technology. You see, the Chinese are proud people. It was complicated to move them towards broad technology. Like that, it would have been possible to compete with market leaders such as Rieter and Tüchler.<br><br>Rieter and Tüchler also started to produce their machines in China and India, which was giving them a cost advantage. Thus, they managed to lower their prices. In the same time, we were always having inferior technology. |
| Wu:      | Liegt es vielleicht auch daran, Textilbranche in China hat sehr tiefe Margin. Es gab damals auch nicht so viele gute Techniker?   | Is this maybe because of the low margin in Chinese markets? There were only a few well-educated technicians at that time.  |

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| Fischer: | Ja. Aber man muss dann auch willens sein, Techniker weltweit zu rekrutieren, dann zu integrieren.   | Yes. However, you have to be willing to recruit and integrate technicians on global scale.   |
| Wu:      | Chinesen wollen immer die Kosten sparen und sparen.   | The Chinese always want to reduce their costs.   |
| Fischer: | Das war irgendwie einfach nicht wirklich gut möglich.   | That (recruitment & integration process) was not really possible.  |
| Wu:      | Liegt es auch daran, weil sie zu geizig und zu sparsam waren?   | Was this maybe because of their stingy attitude?   |
| Fischer: | Das war vielleicht auch ein Teil, aber es hat etwas, irgendwie, es war schwierig, auch Herrn Pan, ihn zu überzeugen, dass man hier einfach nochmals andere Leute braucht, die besser ausgebildet sind, die diese Technologie, diese neue beherrschen, und diese Leute zu engagieren und zu integrieren. Weil die konnte man in China natürlich nicht finden, weil sie in China noch nicht gab.  | Maybe. It was complicated to convince Mr. Pan, that we were in need of staff, which was better trained, and was capable to handle this sort of technologies. However, highly trained staff was not available in China at that time.  |
| Wu:      | Techniker vom Ausland. Das ist natürlich sehr teuer.  | International technicians – that comes with a high price.  |
| Fischer: | Und man muss dann paar Leute investieren, dann kann man voran, oder. Wir sind nie so weit vorangekommen, wie wir es vorgestellt haben. In dem Sinne, wir haben Umsatz gemacht, aber nicht in dem Ausmass, wie wir uns das vorgestellt haben.  | We should have hired those technicians. However, we've never managed to get to that point. We did have a solid revenue, but not on a scale which we hoped for.   |
| Wu:      | Und dann später?  | And later on?  |
| Fischer: | Und dann wurde Jahr 2007 Saurer von Oerlikon übernommen, weil die hat dann Interesse einfach an diese starken Marktpositionen in Asien, die wir hatten, weil sie auch ganz andere Produkte, wo sie den Weltmarkt sucht. Sie haben gesehen, dass Saurer eine Mark ist und ein Knowhow hat, wie man in Asien Geschäft erfolgreich macht, weil wir haben am Schluss in Asien, 1,5, 1,6 Milliarden Umsatz gemacht, was für damalige Firmen in Maschinenbau einzigartig war. | In the year 2007 Oerlikon took over Saurer - mainly because of their strong interest in our well-established market position.<br><br>Oerlikon saw that Saurer had the necessary know-how to be successful in the Asian market. Furthermore, we (in the end) managed to raise our revenue to 1.5-1.6 Billion only in Asia - which was exceptional for a machine producing firm at that time |
| Wu:      | Milliardenumsatz  | Billion Dollar Revenue.  |
| Fischer: | Ja,   | Yes.   |
| Wu:      | Am Anfang 700, 800 Million, später...   | In the beginning it was around 700 to 800 million, later...  |
| Fischer: | In Asien haben wir anfänglich 80 Million gemacht, als ich angefangen habe, war in Asien 70, 80 Million Anfang. Am Schluss waren wir in Asien allein 1,3, 1,4, 1,5 Milliarden,   | When I started doing business in Asia, our revenue was something between 70 to 80 million. In the end, it was 1.3 to 1.5 billion.  |
| Wu:      | Als Oerlikon damals Saurer übernommen hat, war sie schon in der Hand des russischen Investors?  | Did Saurer already belong to the Russian investor when it got sold to Oerlikon?  |



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| Fischer: | Damals waren noch diese österreichischen Investoren, waren hauptsächlich beteiligt. Der Russe war damals am Einstieg. Er ist eigentlich, entweder während oder kurz danach dazu gekommen.<br>Es war damals der Österreicher, Herr Stumm und der Herr Lindberger. Er war CEO und der andere war der Präsident. Die haben eine Akquisition vorangetrieben.  | To that time, only the Austrian investors were involved. However, the Russian investor already started to look at the company. He joined either during or maybe shortly after the acquisition process. The Austrian investors (Mr. Stumm, CEO and Mr. Lindberger, President of the Board of Directors) were encouraging the takeover.   |
| Wu:      | Und später verkaufen sie wieder. Das war für mich fast wie eine Finanzinvestition von Oerlikon.   | And later Oerlikon sold Saurer again. That's more like a financial investment.  |
| Fischer: | Ich glaube, sie haben vielleicht alles in der Summe, was Oerlikon gemacht hat. Oerlikon war sehr diversifiziert. Als dann in 2008 die Finanzkrise kam, mit der hohen Verschuldung sind sie fast zusammengebrochen. Dann gingen die Umsätze natürlich drastisch zurück. Sie haben dann grosse Verluste gemacht, mussten alles restrukturieren. Sie haben dann gemerkt, dass vielleicht sie haben vielleicht in zu vielen Gebieten tätig sind, dann angefangen, gewisse Sache wieder zu verkaufen, um sich auf wenige zu konzentrieren. | Oerlikon was largely diversified back then. Due to the global financial crisis in 2008, they nearly collapsed – because of the high indebtedness. They experienced a severe drop in revenue, had to restructure everything. They finally realized, that maybe they were active on a too broad scale – and, therefore started to sell various divisions, so they could again focus on their core business. |
| Wu:      | Das passiert wirklich nach dem Ausbruch der Finanzkrise.  | That was happening after the global financial crisis?   |
| Fischer: | Ja, ja. Sie hatten dann schon in 2008 mit Herrn Fang das erste Gespräch, um Oerlikon das Textilgeschäft abzukaufen, in der Krise. Weil sie Geld brauchen, kaufen wir es ihnen jetzt wieder ab.  | Yes. They were having a first meeting with Mr. Fang during the crisis in order to sell the textile division. We thought: when they need money, we could rebuy it.   |
| Wu:      | Wer kauft was ab?   | Who buys what?  |
| Fischer: | Herr Pan..  | Mr. Pan   |
| Wu:      | Das heisst, nach 2007 waren Sie immer noch in Kontakt mit Herrn Pan.  | That means, after 2007, you were still in touch with Mr. Pan?   |
| Fischer: | Ich bin mit ihm befreundet. Also. Wir haben ein Geschäft hinterher, das war, Sagen wir mal, mittelmässig erfolgreich. Aber persönlich sind wir gut befreundet, nach wie vor.  | He's a friend of mine. Our business record wasn't that successful. Nonetheless, from a personally view, we are still close friends.   |
| Wu:      | Sie sind auch derjenige, der Technologie kennt.<br>Ich habe gelesen: Sie haben zwei unterschiedliche Studiengänge hinter sich. An der ETH haben Sie Technik und später dann an der Uni Zürich Management studiert. Das sind zwei schwierige Studiengänge.   | You are very familiar with technology. You graduated with different degrees. At ETH you studied technology, later on you successfully graduated from business school at University of Zurich. Both are difficult courses.   |
| Fischer: | Management ist nicht schwierig. Wenn man mehr als ein Jahr, um das zu studieren... dann [Herr Fischer meint   | If you need more than one year to master management... [ <i>...something is wrong with you</i> ]  |

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|          | <i>damit, dass man Management in <b>nur</b> einem Jahr verstehen kann/sollte]</i>  |   |
| Wu:      | An der ETH haben Sie damals schon spezialisiert für ...  | You specialized at ETH in...  |
| Fischer: | Physik und Elektroniktechnik.  | Physics and Electronic Engineering  |
| Wu:      | Sie sind nicht spezialisiert für Textilmaschinen?  | You are not specialized in textile machine engineering?   |
| Fischer: | Nein, nein.<br>Eben, dann haben wir, wir hatten dann 2008, als die Krise war, und Oerlikon ja wirklich in der Schieflage war und die Finanzierung brauchte, hat man schon zum ersten Mal ein Gespräch aufgenommen, und gefragt, ob sie Textilbranche verkaufen wollen, um sich finanziell wieder zu verbessern.  | No.<br>In 2008, when Oerlikon was in big trouble and in need of financial resources we started to seek the dialog with the company in order to ask them, if they would be willing to resell the textile division, so that they could improve their financial situation.   |
| Wu:      | Also, 2008 hat Herr Pan schon versucht bei Oerlikon.   | So, in 2008, Mr. Pan already tried that with Oerlikon?  |
| Fischer: | Und dann hat das nicht geklappt. Dann in 2012, dann, hat Oerlikon eine Auktion gemacht, um den Baumwollmachinenteil. Sie haben nicht alles von Textil verkauft. Sie haben einen Teil, Kunstfaser, den haben sie behalten. Den haben sie immer noch. Und einen Teil Baum Dann einen Teil Baumwollefaser - Maschinen für Baumwollefaser, die haben sie verkauft. Oder haben Sie eine Auktion gemacht, um sie zu verkaufen.<br>Da war auch verschiedene Bidder, verschiedene Firmen angetreten.   | And it did not work out. Then, in 2012 Oerlikon signed up their cotton machines division at a public sale. The kept the man-made fibers. There have been some bidder, which showed interest.  |
| Wu:      | Zum Beispiel   | For example?  |
| Fischer: | Da war sicher Rieter, und wir, die andere weiss ich jetzt nicht.   | Of course, we have been there, then there was Rieter, and some others.  |
| Wu:      | Ungefähr wieviel?  | How many?   |
| Fischer: | Zwei, oder drei. Ich weiss nicht, wieviele Leute waren da.<br>Ich habe nur, Rieter haben wir ja gewusst. Wir und Rieter waren sicher die interessantesten Bidder, weil beide haben am besten gepasst, oder? Und wir haben das dann – Herr Pan hat es dann bekommen. Es gab zwei Gründe, wie so es am ende zu Herrn Pan ging.<br>a. haben wir vielleicht am meisten geboten, weil Rieter hat einfach ein Problem, weil da war ja auch Maschinen dabei waren in Spinnen, wo Rieder selber, und Rotorspinnen, wo Rieter selber schon grosse Marktanteile hatte. Das Rieter befürchten musste, das sie ein Kartellproblem bekommen. Weil man zum Beispiel Rieter und wir zusammen Rotorspinnen geleich da, | Two, or maybe three. I don't really know.<br><br>It was clear, that Rieter and our company ranked among the most interesting nominees. Both of them would have fit in the best.<br>In the end, we, well, Mr. Pan won the deal.<br><br>There were two main reasons, why Mr. Pan obtained this division. First, compared to Rieter our offer was probably higher. Due to the fact, that Rieter had a big problem:<br><br>One part of that deal, would have contained rotor spinning machines. However, Rieter did already have this kind of machines in their product range – and actually got a large market share. Hence, they were |

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|          | <p>80% bis 90% vom Weltmarkt beherrscht hätte.</p> <p>Das heisst, Rieter hätte dann Teile wieder verkaufen müssen. Das war dann natürlich auch eine Exposure finanziell, zu welchem Preis man es verkaufen kann, weil es der eventuelle der Käufer weiss, das man verkaufen muss - aus Kartellgründen.</p>   | <p>worrying to face problems, or even breach cartel law.</p> <p>Because, say in the rotor spinning machine division, we (Rieter and Saurer) would have dominated around 80 to 90% of the global market in this case.</p> <p>In order to not come across problems regarding cartel law, Rieter, therefore would have to sell some of their own divisions, which involved a major financial risk – especially because this issue could have been known by potential buyers.</p>   |
| Wu:      | Es würde vielleicht auch verursachen, Arbeitsplätze abzubauen.   | It would also cause a loss of jobs.   |
| Fischer: | <p>Anderer, der zweite Punkte war: die Mitarbeiter von Saurer, eher für Pan waren, weil sie wussten, dann bleibt alles zusammen. Weil, dann kommt das ganze und bleibt zusammen. Wenn Rieter das übernahmte, dann hat man es aufgespalten, man hätte die Werke teilen müssen, weiter wären gewisse Sachen zugemacht.</p> <p>Das heisst, dass aus der Sicht der Mitarbeiter war das die verträgliche Lösung, weil man bei Rieter wegen grosse Synergie, aber auch aus Kartellgründen befürchten musste, dass zu substanzielle Teile entweder weiter verkauft, hätten werden müssen, oder das es auch zu substanzielle Restrukturierungen gekommen wäre.</p> | <p>Secondly, the Saurer employees were favoring Mr. Pan – because they knew, that (in case Mr. Pan wins the bid) everything stays together.</p> <p>If Rieter would have won the bid, they would have split the whole plants – some would even have to close.</p> <p>That means, from the employee point of view, it would have been the most tolerable solution. The risk of breaching cartel law – and moreover because of broad synergies between the two firms, the employees were afraid that essential parts would get sold or restructured. Both options would have caused a massive loss of jobs.</p>                        |
| Wu:      | Vergleichen Sie mal den Preis, was Herr Pan in 2008 angeboten hat mit dem Preis in 2012, was er zur Übernahme bezahlt hat.   | Could you compare the prices which Mr. Pan offered in 2008 and what he finally payed for the takeover in 2012?  |
| Fischer: | <p>Der Preis in 2008 war natürlich relativ tief, weil man hat grosse Verluste gemacht, man hat nicht gewusst, wie lange die Krise geht, da hat man natürlich wenig geboten.</p> <p>Man muss denken, Oerlikon hat ein anderes Problem, die hat in den Bilanz eine sehr hohe Verschuldung, durch den Übernahmenpreis, den sie finanzieren mussten, hat durch Übernahme sehr viele Goodwillen in der Bilanz. Wenn sie jetzt die Firma billig verkaufen, dann müssen sie den Goodwill abschreiben. Wenn sie den Goodwill abgeschrieben hätten, dann haben sie keine Equity mehr, dann wären sie... Sie</p>   | <p>The 2008 price was of course relatively low. We made large losses. Furthermore, nobody knew how long the crises would last. Therefore, the bid was relatively low.</p> <p>Additionally, Oerlikon had a second problem. They were heavily in debt because of the outstanding target price which they had to finance. They were having a massive goodwill in their balance sheet. So, if they would have sold the company, they would also have to depreciate the goodwill, what would have caused a loss of equity. They had sufficient funds, but no equity. The only solution would have been an enormous recapitalization.</p> |

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|          | hatten zwar die Liquidität gehabt, aber keine Equity. Dann hätten sie rekaptalisieren müssen, in eine sehr grosse Aussmasse.   |  |
| Wu:      | In 2008 wäre Rekapitalisierung sicher sehr schwierig.  | What would have been very difficult in 2008  |
| Fischer: | <p>Dann war es teuer geworden, obwohl sie eigentlich die Rekapitalisierung, die hätten sie nicht gebraucht, aus Liquiditätsgründen, aber aus Bilanztechnikgründen, weil die Gesetze ja so sind. Aber so hätten wir eine Firma gehabt, die hat zwar Cash gehabt, aber keine Equity. Das war damals der Grund, wiese es auch aus technischen Gründen nicht möglich war.</p> <p>Auch wenn es vielleicht für die Oerlikon Aktionäre am Schluss eigentlich besser gewesen wäre, man hätte dann verkauft, weil man hat am Schluss doch sehr verwässerte Kapitalerhöhung gemacht, wo ihre Aktien im Vergleich zu dem, was sie vorher für Wert waren, sind sie heute nicht mehr sehr viel wert, wenn man die ganze Verwässerung durch die Mehraktien anschaut, oder? Also wenn man die ganze Finanztrack von Oerlikon anschaut, den Anteilswert der Aktien, dann ist heute immer noch ein Zehntel von was es einmal war. Das hat dort sehr viel Schaden verursacht, das wäre vielleicht besser gewesen, wenn man dort hätte verkaufen können, aber es war technisch nicht möglich, weil man diesen Goodwill nicht so einfach abschreiben konnte, ohne in bilanztechniklegale Probleme zu kommen.</p> | <p>That would have been expensive. Although they did not need the recapitalization for reasons of liquidity, but they needed it by law.</p> <p>In this sense we would have had a company with cash, but zero equity. That's the reason why it wasn't possible.</p> <p>Maybe it (selling at this point) would have been even better for Oerlikon shareholders in the end. Because they finally increased the capital in a very diluted way.</p> <p>The shares are worth only a fraction compared to the value which they had back then. This is mainly because of the increased number of shares, which caused a share dilution. Nowadays, the shares are only worth 10% from their original price. The damage was so high, that it would maybe even been better if they sold it at that time. However, as I mentioned, that was technically impossible, because of the unmanageable depreciation of goodwill without risking legal consequences.</p> |
| Wu:      | Hat Herr Pann in 2012 die Firma Saurer auch mit einem grossen Goodwill übernommen?   | Was there also a large goodwill on the company, when Mr. Pan bought it in 2012?  |
| Fischer: | Ja, man hat auch dort auch mit dem Verkaufspreis einen Teil des Goodwills übernommen. Nicht so viel wie Oerlikon, weil, die mussten es schön billiger verkaufen, als sie es gekauft hatten.  | Yes. A small part of the price paid was due to goodwill. Not as much as Oerlikon paid – of course the selling price was cheaper, than the price which they paid, at the time when they bought it.  |
| Wu:      | Schade   | Too bad!   |
| Fischer: | Das ist sicher so. Sie wollten einfach dann diesen Teil loswerden, weil es extrem volatil war, und haben es dann verkauft, sicher zu einem besseren Preis als 2008. Es ist keine Frage.  | That's for sure. However, they wanted to get rid of this part, because it became so volatile. They finally sold it - certainly for a better price, than in 2008.   |

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| Wu:      | Ist Herr Pan in 2012 im Vergleich zu 2008 mit seiner eigenen Firma, eigener Gruppe stärker geworden? Kann ich so sagen?   | Comparing 2008 and 2012, do you think Mr. Pan gained strength with his group?  |
| Fischer: | Das kann ich jetzt nicht beurteilen. Der Jointventureteil war damals bei Oerlikon.  | I cannot evaluate that. The joint venture part was at Oerlikon at that time.   |
| Wu:      | Das Lointventure lief noch weiter.  | So, the joint venture was still continuing?  |
| Fischer: | Ja, der ging dann mit Oerlikon weiter. Die haben ja auch Saurer übernommen, damit hatten sie die 70% Anteil an Textilmaschinenteile von Jinshen nun. Pan hat dann seine eigene Textilfabriken, er hat noch eine Jointventure in Deutschland gehabt, mit dieser Maschinenbaufirma,   | Yes. Of course. It proceeded through Oerlikon (Oerlikon also took over Saurer) thereby, they had a 70% stake in Jinsheng's textile machine division. Mr. Pan had his own factories, as well as, a joint venture in Germany with a machine producing company.                                 |
| Wu:      | Ja, das habe ich gesehen. Wie heisst sie, Demac.. Und er hat mehrere Firmen in Deutschland.   | Yes, I've seen that. What's the name again? Also, he had various companies in Germany.   |
| Fischer: | Und das war einfach ein Jointventure mit einem deutschen Maschinenbau, der für Automobilindustrie Maschinen gebaut hat.   | That was simply a joint venture with a German machine producing company, which was manufacturing parts for the automobile industry.  |
| Wu:      | Demac   | Demac  |
| Fischer: | Ja Demac. Das hat er auch, aber zum Teil mit Fremdverschuldung. Das hat er in 2008 und 2009 gemacht. Während dieser Finanzkrise war diese Firma auch in Schwierigkeit, die hat eine Kapitalerhöhung eingebraucht. Pan hat dann die Kapitalerhöhung reingebracht, er kam hinzu zu sehr günstiger Kondition, nach hinein, an diese Firma zu beteiligen. | Yes, Demac. That was also one of his companies – though with borrowed capital. He did that in the year 2008, 2009. During the financial crisis this company got into troubles and therefore needed an increase in capital. Mr Pan. got joined and bought a stake for a relatively low price. |
| Wu:      | Dann kommt die Phase, von 2007 bis 2012 waren Sie für mich fast wie Berater für Herrn Pan funktioniert.   | Then, there was this time (from 2007 to 2012) were you operated as a consultant/advisor to Mr. Pan   |
| Fischer: | Ja, wir haben natürlich sehr viele darüber zusammengesprochen.  | Yes, we've talked a lot about it.  |
| Wu:      | Haben Sie irgendeinen Vertrag mit Herrn Pan?  | Did you have a contract with Mr. Pan?  |
| Fischer: | Nein. Wir sind einfach gut befreundet.  | No. We are simply good friends.  |
| Wu:      | Dann, 2012 hat Herr Pan Sie wieder zurückgeholt, kann ich so sagen?   | Then, in the year 2012, Mr. Pan got you back in the boot?  |
| Fischer: | Ich war einfach als Freund mit dabei, habe bei dieser Übernahme ein wenig geholfen, die rechtlichen Fragen zu klären, die wirtschaftlichen und auch die strategischen, was man machen könnte, als Diskussionspartner.   | I was working with him (as a friend) on the takeover. I was helping him to solve legal issues. Furthermore, I was giving advice concerning strategic and economical questions.   |
| Wu:      | Das war nicht in Rahmen eines richtigen Vertrags?   | So, not on a contractual basis?  |
| Fischer: | Nein, ich hatte nie einen Vertrag mit Herrn Pan. Wir sind befreundet.   | No. We never had a contract. We are friends.   |

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| Wu:      | In diesem Sinn sind Sie schon sehr chinesisch.  | In this sense, you are almost Chinese.  |
| Fischer: | Nein, - ich brauche keinen Vertrag - wir hatten nie einen Vertrag.  | I don't need a contract when working with Mr. Pan.  |
| Wu:      | Hat Herr Pan für diese Übernahme noch Berater oder andere Hilfe geholt? Z.B. bei der chinesischen Botschaft oder bei den schweizerischen, irgendwelchen Organisationen?   | Did Mr. get more help – say, by other consultants? Maybe from the Chinese, or Swiss embassy? Or from other organizations?   |
| Fischer: | Wir hatten durch Legal advice von einer internationalen Kanzlei, dann hatten wir noch PwC,  | We received legal advice form an international law firm. Furthermore, we received support by PwC.   |
| Wu:      | Ist dieser Kanzlei in der Schweiz?  | Was this law firm located in Switzerland?   |
| Fischer: | Nein, in Deutschland. Viele dieser Assets sind in Deutschland gewesen. Aber es muss eine Legalfirma sein, die in China und Deutschland, in Europa, zwar international überall, für alle Ländern, (wo saurer tätig ist) mehr oder weniger abdecken.<br>Und daneben hatten wir noch PwC als Finanzberater einfach für die ganze Investition und buchhalterische Frage, alle dieser Sachen.<br>Und das war eine relative komplexe Geschichte, weil, die Finanzierung kommt dann von der China Development Bank | No, in Germany. Many of those helping institutions were located in Germany.<br><br>Many of those assets were in Germany. The legal firm needs to be international – respectively, operating (more or less ) in the same regions as Saurer.<br><br>In addition, we had support from PwC as a financial advisor. That was a relatively complex story, because the funds came from the China Development Bank. |
| Wu:      | Das ist eine staatliche Bank  | That's a state-owned bank.  |
| Fischer: | Ja, sie hat es finanziert.  | Yes. They were providing the finance.   |
| Wu:      | Das heisst, Jinsheng hat doch staatliche Hilfe von China bekommen.  | That means, they got government funds after all.  |
| Fischer: | Ja, sie haben bei allen Übernahmen der <b>chinesischen Firmen gemacht</b> , direkt oder indirekt. Wenn man es genau anschaut, dann ist der chinesische Staat, der kauft, nicht die Firma, CHEMCHINA oder so. CHEMCHINA war nicht liquid, so etwas zu machen.  | Yes. They always did that – for every Chinese takeover, either directly or sometimes indirectly.<br><br>If you take a look at Syngenta – there it is the Chinese state, which actually buys, not ChemChina. ChemChina is not as liquid as they need to be to make such a deal.  |
| Wu:      | Jinsheng ist doch mehr oder wenig eine Privatfirma.   | Jinsheng is more or less a private company.   |
| Fischer: | Ja, aber Finanzierung, wenn Sie in China eine Privatfirma sind, Sie wollen im Ausland etwas kaufen, was brauchen Sie dann?  | Yes. What do you need, when you (as a private Chinese company) want to buy another company abroad?  |
| Wu:      | Finanzierung  | Funding   |
| Fischer: | Nein, nicht nur. Sie brauchen die Bewilligung vom Staat, dass Sie überhaupt finanzieren dürfen. Sie können kein Geld in diesem Ausmass aus China heraus, also wenn nicht der Staat den zustimmt, gibt Ihnen auch keine chinesische Bank auch privat die Finanzierung.   | Not, only sufficient funding. You need a permission from the state in order to be authorized to make an investment.<br><br>You are not allowed to make investments (in this extent) abroad, unless the Chinese government agrees. Therefore, no Chinese   |

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|          | Das wissen Sie doch besser als ich.  | bank would give you the necessary funding. You know that very well.   |
| Wu:      | Kann man so sagen  | Indeed  |
| Fischer: | Das ist nicht privatwirtschaftlich organisiert.  | It is not organized on a private approach.  |
| Wu:      | Dann ist Herr Pan bestimmt auch sehr eng bei Politiker   | Accordingly, Mr. Pan needs to maintain close relationships with Chinese politicians.  |
| Fischer: | Man muss. Alle chinesischen Unternehmer, die erfolgreich sein möchten, müssen vernetzt sein mit Politiker. Sonst funktioniert gar nicht.   | Every single Chinese businessman (who wants to be successful) needs to be very well connected with Chinese politicians. Otherwise nothing will work at all.   |
| Wu:      | Ja.  | Yes.  |
| Fischer: | Das ist so. Das ist für China vielleicht gar nicht mal schlecht, weil die chinesische Politik, die überlegt sich ja relativ systematisch, was sind die interessanten Gebiete für China, um investiert zu sein, damit ist Textil sicher eine der wichtigste, weil China macht etwa 200 Mrd. Exportüberschuss. Für China jedes Jahr, das heisst, netto 200 Mrd. ausländische Devisen. Für China, es ist ein sehr interessantes Gebiet, weil es einfach grosser Devisenbringer für China, damit hat auch der chinesische Staat das Interesse, dass man die Textilindustrie in China und auch in der Ganzwertschöpfungskette, das beginnt bei den Maschinen, bei den Rohstoffe, dass man das beherrscht. Dann konnte auch die Finanzierung bereitstehen. | Which is – maybe – not even as bad as it sounds. The Chinese government reflects relatively systematic, what areas would be of interest for investments. The textile industry certainly ranks among the most important. China has an export surplus of around 200 Billion – for each year. That means, 200 Billion foreign currency.<br><br>That’s a huge bearer of foreign currency for China. Hence there is large interest for China to control the whole supply chain for the textile industry. That starts by building machines, resources, ... You need to be in control of such things. By doing so, there is no dissent in financing. |
| Wu:      | War Herr Pan mit dem Übernahmepreis zufrieden?   | Was Mr. Pan satisfied with the takeover price?  |
| Fischer: | Ja. Sonst hätte man ja nicht abgeschlossen. Zufrieden ist man nie. Aber ich glaube es war ok.  | Yes. Otherwise the deal would not have been completed. Well, you’re never satisfied with it – but I think it was ok.  |
| Wu:      | War der Übernahmepreis in seiner Vorstellung? Oder war es übertrieben.   | Did he expect a price in this extent? Or was it exorbitant?   |
| Fischer: | Nein, es war nicht billig, aber ich glaube, es war ok.   | It wasn’t cheap, but I think it was ok.   |
| Wu:      | Hatte Herr Pan damals auch eine Arbeitsgruppe für die Übernahme? Hat er dafür eine Arbeitsgruppe gebildet, in Ihrer Erinnerung?  | Did Mr. Pan form a task force for the takeover?   |
| Fischer: | Das waren einfach die Leute von PwC dabei. Dann waren die Leute von der Legalfirma dabei.  | There were people involved from PwC and from the legal firm.  |
| Wu:      | Ich meine, von seinen eigenen Leuten?  | I mean his own employees?   |
| Fischer: | Von seiner eigener Firma? Ja, er hat auch 3, 4 von Jinsheng, die da mit dabei waren.   | Yes. He had 3-4 Jinsheng employees working for this case.   |
| Wu:      | Mit welchem Hintergrund?   | With what kind of professional background?  |

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| Fischer: | Das eine war einer, jemand, der hat schon für eine amerikanische Firma gearbeitet. Der war vor allem in Produktionsbereich schon international tätig. Ein guter Mann. Keine Frage.  | One (who already worked for an American company) was mainly operating in the production area – a very useful person.  |
| Wu:      | Ein Ausländer?  | A foreigner?  |
| Fischer: | Ein Chinese, der aber für eine amerikanische Firma schon gearbeitet hat, hat lange, einfach auch die Erfahrung, wie international die Sachen funktionieren, und noch gut Englisch konnte.<br>Dann war ... Leute. Natürlich hat er auch Finanzleute, von ihm selber. Die waren vielleicht nicht so Zentral.  | A Chinese, who already worked for an American company for a long time, and therefore knew how “things” work from an international point of view. Additionally, he was proficient in English. Then, there were some other people, who weren’t that important.  |
| Wu:      | Gab es auch Techniker, der alle Know How kennt?   | Was there also a technician, who would have the technical know-how?   |
| Fischer: | Nein, den hat er nicht.   | No.   |
| Wu:      | War Herr Pan selber auch aktiv in diesem Team?  | Was Mr. Pan himself, also very active in that team?   |
| Fischer: | Er selber? Ja, er hat natürlich da immer wieder rein gehängt, weil es war für ihn auch eine grosse Exposure. Wenn das nicht funktioniert, das wäre für seine Karriere in China nicht hilfreich gewesen.<br>Innerhalb von China war er vielleicht nicht der Einzige, der diese Firma gerne übernehmen wollte. Es war ja auch, wie heisst der andere chinesische Textilkonglomerat? Der hiess, hiess, früher hiess sie .. Chinese textil manufacture, eine staatliche Firma. Die grosse staatliche Textilfirma, die wollte das auch gerne übernehmen. | Of course. He made a big effort – especially, because if it would have failed it would had severe consequences for his professional career in China. He was not the only one, who wanted to take over this firm. There was another Chinese company (Chinese textile manufacture) which also intended to buy it. |
| Wu:      | War es auch beim Auktionsverfahren?   | Was the mentioned firm also involved in the public sale?  |
| Fischer: | Nein, die war nicht dabei, weil der Chinesische Staat vorher nicht mitbieten darf.  | No. They weren’t involved. The Chinese government decides in advance which company is allowed to participate in a public sale.  |
| Wu:      | Ok  | Ok.   |
| Fischer: | Da waren nicht zwei chinesische am bieten . Er war quasi, quasi von der Finanzierung her von China war er der präferierte Käufer. Aus was für Gründe auch immer.  | There was only one Chinese bidder. The Chinese government preferred him (financially) as a potential buyer – for whatever reason.   |
| Wu:      | Diese Verhandlung, wie lange Zeit hat es gedauert? Ab Jinsheng seine Übernahmewunsch angekündigt hat?   | How long did the negotiation last? When did Jinsheng first communicate their desire for a takeover?   |
| Fischer: | Wir waren ja immer im Gespräch, als sie dann verkaufen wollten...   | We were always having some talking.   |
| Wu:      | Also von 2008   | So, from 2008 on?   |



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| Fischer: | Wir waren immer wieder im Gespräch. Immer wieder haben wir gesagt: wenn ihr es verkaufen wollt, dann sind wir interessiert, und so weiter. Als die Auktion kam, haben sie uns natürlich auch eingeladen mitzumachen. Ja, es war eine Auktion mit Bid Prospekten. Also der Verkäufer macht einen Prospekt, was er verkaufen will. Auf Grund von dem mussten wir ein Richtangebot machen.  | We were always having ongoing conversations and we told them, in case they wanted to sell it, we would be interested. So when the public sale finally happened, they invited us. When you are conducting a public sale, you first make a summary - what exactly you want to sell. On grounds of this summary we had to give a first offer.   |
| Wu:      | Kann man sagen, dass Rieter ein anderes Programm hat als...  | Is it true, that Rieter does have a different program...   |
| Fischer: | Ja, sie haben einfach eine andere Überlappung als Jinsheng hat. Jinsheng hat ja nichts gehabt. Rieter hat ein ganzes Programm. Jinsheng hat nichts mehr. Das Jointventure war bei Oerlikon schon. Jinsheng war ein Käufer, der keine Kartellproblem hat, weil sie ja gar nichts hatten, ausser den Jointventure, der schon 70% bei Oerlikon war. Das war ein Käufer, der clean war.  | Yes. They did not have the same program overlapping as Jinsheng. Rieter did have a whole program. However, Jinsheng did not have anything at all at that time. The joint venture was already sold (by 70%) to Oerlikon. Therefore, Jinsheng as a buyer, did not have any problems regarding cartel law. They were -in a way- a clean buyer.  |
| Wu:      | War es bei der Verhandlung auch zu irgendwelchen Schwierigkeiten gekommen?   | Were there some difficulties during in the negotiation process?  |
| Fischer: | Nein   | No.  |
| Wu:      | Nein. Und alles war auf Englisch.  | Did it happen in English?  |
| Fischer: | Alle Verträge waren auf Englisch.  | All the contracts were in English.   |
| Wu:      | Die Verhandlung war auf Englisch?  | The negotiation was also conducted in English?   |
| Fischer: | War auf Englisch. Das Schwierige war einfach, dass man dann für die chinesischen Behörden permanent alles ins Chinesische übersetzen muss und Herr Pan selber spricht auch nicht sehr gut Englisch. Das heisst, für ihn muss man auch alles ins Chinesisch übersetzten. Und das war immer relativ aufwendig, um das immer à jour zu halten, weil legal Sachen in Chinesisch und Englisch nicht immer ganz identisch sind. Und die Translationen sind ja nicht immer so einfach, dass man sie eindeutig versteht. | Yes. The problem was, that we had to translate everything (and permanently) from English to Chinese for the authorities. That was a relatively sophisticated thing to do – as well as to keep track of it. Furthermore, many legal terms do not always have the same (clear) meaning when translating them from English to Chinese. Additionally, Mr. Pan does not speak very well English, which also meant that we had to translate everything to him. |
| Wu:      | Haben Sie ihnen immer Tipps gegeben?   | Did you always give tips?  |
| Fischer: | Natürlich, Ich habe die Verträge auch angeschaut und gesagt, was ich überlegen würde.  | Sure. I looked on the contracts, and said what I would think of.   |
| Wu:      | Können wir jetzt über die Integration reden. Sie haben im letzten Jahr in Ihrem Vortrag mehr oder wenig über die Integration gesprochen. Ich finde, es war so spannend. Ihr Beispiel ist so praktisch bezogen. Die anderen   | Could we now talk about the integration process?<br>Last year, you gave a speech about it. In my opinion it was very fascinating. Your case has a practical connection. While everybody else was talking about external cases (which   |

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|          | <p>Referenten waren Berater, und Consult, die haben Case von anderen erzählt. Das war für mich nicht ganz überzeugend. Aber Sie haben das Case von Ihnen selber, von Ihrer persönlichen Erfahrung.</p> <p>Wie war diese Zeit? Gab es den technischen Transfer? Es kommt häufig von der Schweizer Seite: man wird nicht, dass das Knowhow transferiert wird.</p>  | <p>is in some way kind of uninteresting), yours was your own – which was very convincing to me.</p> <p>How did you experience that time, regarding the integration process and knowhow transfer?</p>   |
| Fischer: | <p>Der Vorteil war, dass wir keine grossen Integrationsaufgaben hatten, weil wir haben das Ganze übernommen hatten und auf der anderen Seite war ja nichts auf diesem Gebiet da. So die Integration in dem Sinne war keine Restrukturierung, sondern die Frage war eher wie es weiter geht.</p>  | <p>Well, our advantage was that we didn't have to manage integration on a big scale, because we just took over everything. And secondly, there was simply nothing comparable to this field. In this sense, there was no restructuring, but rather the open question; how exactly it would keep going?</p>  |
| Wu:      | <p>Kann ich sagen, was Pan gekauft hat ist dieser Seite (Skizze)</p>   | <p>So, what Mr. Pan bought was this side? (Sketch)</p>   |
| Fischer: | <p>Das war ja schon integriert, das war ja schon da, das war ja zu 70% bei Oerlikon, man hat ja die 70% auch mit übernommen.</p>   | <p>No, that was already integrated. It was the 70% stake which Oerlikon held, and which got took over as well.</p>   |
| Wu:      | <p>Muss man vom Anfang an auch die chinesischen Leute ausbilden?</p>   | <p>Do you have to train Chinese people right from the beginning?</p>   |
| Fischer: | <p>Die Schwierigkeit war dann, wie führt man dieses Gebilde, wenn die ganze Firma Deutsch oder Englisch spricht und der andere Teil nur Chinesisch spricht. Die Sitzung war immer aufwendig. Man braucht immer Dolmetscher, weil die Saurer-Leute, die konnten kein Chinesisch, und der Teil, der chinesischen Mannschaft von Pan inklusiv er selbst, die war nicht sehr gut in Englisch, oder? Also man braucht immer übersetzen.</p> | <p>The difficulty laid in the question how would best lead such an entity. One part of the organization was speaking either English or German, and the other was only speaking Chinese. This circumstance made it difficult to conduct meetings. Because the staff from Saurer did not understand their Chinese colleagues, and a part of the Chinese employees (including Mr. Pan) did not speak English. Therefore, we always needed interpreters.</p> |
| Wu:      | <p>Hat man Festangestellten als Dolmetscher?</p>   | <p>Did you hire interpreters for this purpose?</p>   |
| Fischer: | <p>Nein. Manchmal Dolmetscher dazu genommen, manchmal hat einfach einer der Chinesen, der beiden Sprachen spricht, übersetzt. Die Dokumentationen für Sitzungen waren auf Englisch und Chinesisch aufbereitet.</p>   | <p>No. Sometimes we called interpreters, sometimes one of the bilingual employees took over the translation. We were keeping record in English as well as in Chinese.</p>  |
| Wu:      | <p>Immer spontan bestellt.</p>   | <p>Did you order interpreters only spontaneously?</p>  |
| Fischer: | <p>Ja, sporadisch bestellt. Herr Pan hat ein paar Leute, die sehr gut Englisch konnten, die haben dann in den Sitzungen Übersetzung gemacht und die Dokumentationen wurden auf Englisch und Chinesisch aufbereitet.</p>  | <p>Only sporadically. Mr Pan had some employees, who were quite fluently in English. They were conducting the translation during the meetings – and kept record of it. We were looking for a CFO. We found a Chinese man, who worked as a</p>  |

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|          | Wir haben dann z.B. einen Finanzchef gesucht und angestellt, der war bei ZF der Finanzchef für Asien. Der konnte sehr perfekt Chinesisch, konnte auch sehr gut Deutsch und Englisch. Der hat den Finanzbereich geleitet, und...  | chief financial officer for Asia at ZF. He was fluent in Chinese, as well as in German and English. He was appointed to lead the financial division.  |
| Wu:      | In der Schweiz?  | In Switzerland?   |
| Fischer: | Nein, der war nachher based in Shanghai. Er war nachher dann auch Finanzchef von dem ganzen Saurergebiet.  | No. He was based in Shanghai. Later on, he took over the whole "Saurer-Area".   |
| Wu:      | Aber in der Schweiz, hat man keinen Chinesen geschickt, von der ganzen Gruppe?   | Did you send Chinese employees to Switzerland?  |
| Fischer: | Nein, nur sporadisch für den Businessreview.   | No, only sporadically for the business review.  |
| Wu:      | In der Schweiz?  | In Switzerland?   |
| Fischer: | Nein, es war in Deutschland. Die grössten Fabriken sind in Deutschland. Das waren dann weiterhin das Management, dass das vorher gemacht hat. Die Leitung ganz oben, die war Herr Pan, der chinesische Finanzchef und der chinesische Produktionsleiter von Pan, die haben das ganze orchestriert.   | No, it was in Germany. The largest plants are located in Germany. That was still an extended management. At the very top was Mr. Pan, the Chinese CFO and the Chinese production manager. These three people were directing (orchestrieren) the whole company.  |
| Wu:      | Was meinen Sie für „orchestrieren“? Ich habe nicht ganz verstanden.  | What do you by (orchestrieren)?<br>[orchestrieren means directing]  |
| Fischer: | Finanzchef, Produktionsleiter, ein technischer Leiter von ihm, und der Pan, im Board waren noch einige chinesischen Professoren zusätzlich, die haben dann quasi die Oberleitung übernommen.   | They (the CFO, the production manager, and Mr. Pan) were taking the lead. In the board of directors were some Chinese professors as well.   |
| Wu:      | Es ist in Board. Aber in Management?   | That's the board. How about the Management?   |
| Fischer: | Es ist auch in Management. Management einer Firma ist keine geographische Frage. Wo Büro ist, ist nicht relevant. Sie können Büro in Deutschland haben und eine chinesische Firma von dort leiten; oder ein Büro in China haben, um eine deutsche Firma zu leiten.   | That's the same for the management. It isn't a geographical question. Where the office is located is irrelevant. You can have an office in Germany while leading a Chinese company or in reverse.   |
| Wu:      | Wissen Sie, warum ich diese Frage stelle? Ich habe jemand von der Saurergruppe interviewt. Sie – Chinesen sind sehr stolz: sie haben niemand von China aus für Executive geschickt; sie schicken nur Leute in den Verwaltungsrat, damit sie sicher sind, dass die Mutterfirma im Verwaltungsrat Mehrheit hat. Sonst lassen sie Europäer ganz frei das Geschäft betreiben, damit sie motiviert sind. Chinesen | You know why I am asking this question? I was conducting an interview with somebody else from the Saurer group. The Chinese are very proud – they say, they didn't send own people to work in executive positions. However, they make sure to keep the upper hand in the Board of Directors. Apart from that, they are letting the Europeans operate relatively freely. Thereby the Europeans would be more motivated. The Chinese are only monitoring the results. He told me that |

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|          | <p>kontrollieren nur die Ergebnisse, aber nicht Prozesse, wie sie arbeiten. Sie hat das sehr stolz präsentiert.</p> <p>Ich möchte nur gerne bei Ihnen es bestätigen lassen, ob es so ist.</p> <p>Inzwischen habe ich ungefähr 10 Firmen interviewt. Fast bei allen anderen Cases schicken Chinesen eigene Leute nach Europa – Chinesen als CFO.</p>   | <p>in a very proud way. Now, I would like to get a confirmation from you, if that is really the truth. To this day, I conducted roughly ten interviews with Chinese firms. Almost all of them did send own people to Europe – Chinese as CFO.</p>   |
| Fischer: | <p>Bei Saurer, CFO ist auch ein Chineser. Aber er ist nicht in Europa, er ist in Shanghai.</p>  | <p>In case of Saurer it's also a Chinese who holds the CFO position. However, he is based in Shanghai, not in Europe.</p>   |
| Wu:      | <p>z.B. Firma Sigg wurde von Haers-Gruppe übernommen. Natürlich ist CFO Haers ein Chinese, aber der CFO für Sigg Schweiz ist auch ein Chinese. Bei der Saurer-Gruppe ist nicht der Fall. Diese interviewte Managerin sagte: bei Saurer ist nicht der Fall. Sie meinte sogar, es sei eine Methode, um viele Probleme zu meiden.</p> <p>Ich weiss nicht, ob diese Aussage korrekt ist.</p>  | <p>For example, Sigg got took over by the Haers group. In this case, even the local CFO is Chinese. However, at Saurer that is not true. The Chinese manager said this would not be the case at Saurer. She even said, it would be a method in order to avoid as many problems as possible. I don't know if this statement is really correct.</p>   |
| Fischer: | <p>Ich glaube, man muss etwas entspannt sehen. Die Frage ist: finden sie in China jemand in Finanzbereich, es geht um Controlling in Finanz, das wird in Shanghai, oder jetzt in Zentrale von Pan in Jinshan gemacht. Das Oberhaupt der Finanz wird zentral in China gemacht. Der Finanzchef ist chinesisich. Dann haben sie lokal die Leute, die manchen nicht Finanzierung, die machen Controlling, operative Überwachung der Sachen, nicht die Finanzierung, oder?</p> | <p>I think one must see this from a more relaxed point of view. The question is: do you find somebody in China from the financial sector? It's a matter of financial controlling which is done in Shanghai and in the central office or Mr. Pan in Jinshan. The CFO is Chinese. Then you have local staff, who do not take part of finance – they are doing the operations controlling – they are monitoring stuff – not finance.</p> |
| Wu:      | <p>Auch aus China</p>   | <p>From China?</p>  |
| Fischer: | <p>Nein, in Deutschland. In Deutschland haben sie Fabriken. Sie müssen dort ein Kontroller haben. Die Zahlen richtig von dort reportiert werden. Dann ist die Frage: finden sie jemanden, der Deutsch kann und Finanz und Controlling beherrscht, auf einem vergleichbaren Niveau. Da gibt es nicht sehr viele.</p>   | <p>No, from Germany. If you have a factory in Germany, you must have a controller who supervises the monitoring. Now the question: do you find someone in China who speaks fluently German and further masters finance &amp; controlling – at least on a comparable level. There are not many.</p>  |
| Wu:      | <p>Sigg ist der Fall. Sigg hat einen Chinesen als CFO in der Schweiz angestellt – er kann sehr gut Englisch und Deutsch. Er reportiert aber nicht bei CEO Schweiz, sondern direkt nach China.</p>   | <p>In case of Sigg, they appointed a CFO for Switzerland. He is fluent in English and German. The thing is; he does not report to the Swiss CEO, but rather directly to China.</p>  |
| Fischer: | <p>a) Das ist eine Vertrauensfrage, und b) wohin jemand reportiert, ----- in der heutigen Welt das ist nicht relevant.</p>  | <p>Firstly, that's a question of trust, and secondly, in today's world it doesn't matter anymore to whom/where you are reporting.</p>   |

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|          | <p>Jeder weiss ja, wo Gott ist. Wenn ich hier lokal einen Chef habe, aber ich weiss, der liebe Gott ist in China, dann haben sie zwar für die Spesenabrechnung lokaler Chef, aber sein richtiges Reporting geht doch nach China.</p> <p>Heute funktioniert Firma nicht so wie das Organigramm aussieht..., sondern wie die Prozesse funktionieren. Der Finanzchef in Deutschland, der reportiert primär an den Finanzchef zentral, obwohl er Lokal einen Chef hat. Eigentlich sein wirkliches Reporting geht dort hin. Das ist auch richtig so. Da muss man unterscheiden, zwischen der Strukturorganisation und dem wie die Geschäftsprozessen funktionieren. Das ist nicht das Gleiche.</p> <p>Eine Firma funktioniert nicht wegen der Hierarchie, sondern funktioniert wegen der Prozesse, wer mit wem, wie zusammen arbeitet.</p> | <p>Everybody knows where you find god. If you have a local boss, but you know god is in China, then the local boss will be in charge for expenses, however, the main reporting goes to China. Nowadays, companies do not work along the organigram, they work in a way how the processes are designed. A CFO located in Germany reports primarily to the group CFO in China, although he still has a local CEO. His main reporting goes to China – which is the right thing to do. You have to distinguish between de structure and the processes of a company. That’s not the same. A company operates not along its structure, but rather along his processes – who works together, how does the work gets done?</p> |
| Wu:      | Wie funktioniert bei Saurer nach dieser Übernahme?  | How was that handled at Saurer after the takeover?   |
| Fischer: | die Finanzleute rapportieren an den Finanzchef. Der hat diese Leute im Griff.   | The financial employees report to the CFO – he is in charge of those people.   |
| Wu:      | Ich meine die Kommunikation nicht nur Finanzen. Haben Sie eine Systemintegration gemacht?   | I mean from a communication point of view. Not only regarding finance. Did you launch a system integration?  |
| Fischer: | Es gibt nichts zu integrieren. Es gibt nur ein neuer Eigentümer, der jetzt oben quasi die Gesamtsicht vornimmt, ob man das jetzt Board nennt, aber die Leute waren operativ involviert ausserhalb der Board-Pflichten, Hauptsache hat Board ja das Pflicht aus China. Sie sind ja wieder hingereist, haben das angeschaut, und das war der Prozess, obwohl der CEO ist ein Schweizer oder ein Deutscher. Aber eigentlich in den Divisionen hat man ja vor Ort direkt mit den Leuten kommuniziert, und so weiter. Da haben sie eine andere Vernetzung als die Struktur vorschlägt. Das ist auch richtig so. Das ist in allen Firmen irgendwo so.   | <p>There is no need for integrations. There is solely a new owner – overwiewing everything. If you could name that constellation “board” is unclear - the people were integrated in an operation sense, outside of any board-duties. However, they were flying over, to get an idea of it. That was the whole process – even though the CEO was a Swiss or German.</p> <p>In the divisions on site, the communication happened directly with the involved people. There is another network as the structure would suggest. Which is the right thing to do. This process gets managed in every company – more or less in the same way.</p>  |
| Wu:      | Wie war das Vertrauen zwischen den beiden Seiten.   | Was there a trustful relationship between both sides?  |
| Fischer: | Das war ok. Das war gut.  | Yes. It was ok.  |
| Wu:      | Für Sie war das gut?  | For you as well?   |
| Fischer: | Ja, ich glaube. Ich denke, der Herr Pan hat die Einsicht, dass, sagen wir mal für den ganzen Technik-,  | I think, Mr. Pan came to realize, that, say for the technological and marketing issues, the firm did not have employees as good as   |

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|          | Marketingmässigen Aspekt der Firma, er bei sich keine vergleichbar guten Leute hatte. Darum hat er auch diese Leute machen lassen. Er hat eigentlich gesagt:“ ich muss den Finanzbereich schauen, muss vielleicht Investitionen schauen, und, und und.“ Wo man heute da genau steht...(ich verfolge es nicht mehr so eng) das weiss ich jetzt nicht. Wie weit man sich strategisch weiterentwickelt hat... wie es vorgesehen war.  | he would have needed. That’s why he let them do their jobs. He said, basically, “I have to overlook the finance department which its investments and so on”.<br>About the today’s situation I am not as good informed, as I could tell you about this condition precisely.<br>I don’t know about how well they achieved their strategic goals (and if they are still on schedule).   |
| Wu:      | Ich habe gesehen, Jinsheng hat eine Firma nach der andere Firma, die sie übernommen haben, inklusiv Saurer, Heberlein, und die deutsche Firmen, alle zur Börsenkordierung gepuscht. Saurer ist auch schon kordiert.  | Once Jinsheng takes over a company (Saurer, Heberlein, and another German company) they are pushing them to go public. Saurer already is listed.   |
| Fischer: | Ja, jetzt in China.  | Yes, they are going public right know in China   |
| Wu:      | Saurer hat eine Tochterfirma, Heberlein. Heberlein ist auch bei der Vorbereitung der IPO.<br>Finden Sie es intelligent?  | One subsidiary of Saurer named Heberlein is also preparing themselves for going public. Would you say, that’s an intelligent decision?   |
| Fischer: | Problem ist, Herr Pan braucht Refinanzierung. Er muss irgendwann seine Schulden zurückzahlen. Die Refinanzierung muss er irgendwie bewerkstelligen. Da ist der Börsengang eine Möglichkeit, eine Refinanzierung zu machen. Sagen wir 100% der Aktien. Dann sagen Sie: ok ich verkaufe 50% bis 60% Aktien auf der Börse für einen guten Preis. Dann kriegt die Firma Geld. Mit dem Geld kann er die Schulden zurückzahlen. Er muss ja der China Developmentbank irgendwann den Kredit zurückzahlen.           | The problem is, Mr. Pan needs refinancing. He has to pay back his debts. The refinancing has to be done somehow. IPO would be a solution for this problem. Say, 100% of shares – then you sell 50-60% for a good price – thus, the company would get liquid funds. With these funds he would be able to pay back his debts. You know, he has to pay back the loan to the China Development Bank.   |
| Wu:      | Aber das waren schon 5 Jahre.  | But, that was already five years?  |
| Fischer: | Der Kredit geht lang. Die chinesischen Banken sind bei solchen ausländischen Investitionen grosszügig und geduldig. Sie haben einfach Terms wo sie am Anfang relativ wenig Zins zahlen und Später, wenn sie den Kredit länger brachen, etwas mehr zahlen, und dann RückZahlungsanforderungen haben. Irgendwann müssen sie zurückzahlen. Und der Börsengang ist eine Mittel der Refinanzierung.<br>Die chinesischen Börsen tun gerne, Firma hoch zu bewerten, weil es wenige Firmen gibt und viel Geld. 55:09 | The loan lasts for a long time. The Chinese banks are acting very generous and patient when dealing with foreign investments.<br><br>There are simply terms, where you pay little, and if you want the loan lasting for a longer period of time, you will have to pay more. Furthermore, there will be requests to repay the loan. At some point you have to repay the loan.<br>Going public is a solution to get the funds for the refinancing. Besides, Chinese stock exchanges rate companies in a different way, because there are only a few firms, but a lot of money. |

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| Wu:      | Sie bewerten Firmenwerte auch anderes.   | Stock exchanges are rating companies in a different way.   |
| Fischer: | <p>In China gibt es einen Mangel an ... Anlagen, Haufen Ersparnisse, und keine Möglichkeit für Geldanlage. Darum ist die Bewertung in China hoch.</p> <p>Es gab früher eine andere Textilfirma in China. Die war in Hongkong kodiert und war an der Börse in Shanghai kodiert. Beide Börsen sind im Prinzip in sich geschlossen. Chinesen konnten in Hongkong nicht investieren und Ausländer nicht in Shanghai. Und die gleiche Firma, hat dann in Hongkong eine Bewertung so, und in Shanghai eine Bewertung so. Die Differenz war 60%, 70% höher, oder?</p> <p>Jetzt wenn sie in China an die Börse gehen, dann wissen sie das dann relative gute Bewertung bekommen, weil es einfach zu wenig Anlage gibt und zu viel Geld.</p> <p>Es ist dann eine sehr günstigere Finanzierungsmöglichkeit, besser als, wenn sie Privatinvestoren dazu nehmen.</p> | <p>There is a lack of investment opportunities in China. A lot of money, but no opportunities to make an investment. That's why the rating is this high in China. There was another textile company in China. It was listed in both Shanghai's and Hong Kong's stock exchange. those stock exchanges build a closed system. It was not possible to invest in Hong Kong as a Chinese investor, nor was it possible to invest in Shanghai as a foreign investor. So, the very same company had two highly different ratings – the difference was roughly 60 to 70% higher. Simply because there are not enough opportunities to invest in – and because of way too much available money. Hence, it was a very good option to refinance – better than asking private investors for funds.</p> |
| Wu:      | <p>Sie meinen, das ist wegen Finanzierung. Weil Saurers jetzige Managerin sagte: sie wollen den Druck auf Europäer üben.</p> <p>Wenn eine Firma auf der Börse kodiert ist, dann sei alles transparent. Man muss sich dann mehr anstrengen. Die Europäer arbeiten zu gemütlich.</p>   | <p>You think this is because of financing? Because the current manager of Saurer said, that they (also) want to put pressure on the Europeans. Once the company would be listed – you have to increase your efforts. She said, Europeans are currently working to comfortable.</p>   |
| Fischer: | Nein, nicht unbedingt. Der Grund ist wirklich, er muss primär refinanzieren, irgendwann.   | No, not really. The main reason was because of the refinancing which he has to do eventually.  |
| Wu:      | Ok   | Ok.  |
| Fischer: | <p>Das war vom Anfang an so gedacht. Also, als man übernommen hat, hat man eigentlich gedacht, dass man 2017, in China muss man an eine Frist einhalten, Sie müssen mindestens drei Jahre profitabel sein, bevor an sie an die Börse können.</p> <p>Saurer wurde 2013 übernommen, dann 2014 bis 2016, 2017 frühestens an die Börse, nach chinesischem Gesetz. Das war vom Anfang an geplant, dass man in 2017, 2018, wenn es alles gut geht, über einen Börsengang eine Refinanzierung macht.</p>  | <p>That was the original plan. You see, in China you have to meet a term which say, that you – as a firm – have to be profitable over a period of three years, before can go public in the first place. Saurer got purchased in 2013 which means the earliest chance for an IPO would be in 2016, 2017 due to Chinese law.</p> <p>obtaining the refinancing through a IPO was intended from day one.</p>   |
| Wu:      | Kann ist sagen: Saurer ist heute profitable.   | So, Saurer is profitable today?  |

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| Fischer: | Das muss man bei Herrn Pan fragen. Aber sonst wäre der Börsengang nicht möglich.   | You have to ask this question to Mr. Pan. However, if it wouldn't be the case – an IPO would also not be possible  |
| Wu:      | In den Medien sehe ich, dass es gut läuft. Jetzt versuchen sie Heberlein an den Börsengang zu bringen. Heberlein sei in Highttechbereich tätig mit hoher Margin. Die Managerin war sehr optimistisch mit dem Börsengang. Können Sie mir erzählen, wie sichert die chinesische Seite die Innovation, von der Schweiz, lernen sie überhaupt die Technologie? Schicken sie die Leute für Schulung? Heisst es, dass man Saurer einfach so arbeiten lässt, er bestellt etwas.   | In the media, it sounds like everything would go according to plan. Now, they are trying to push Heberlein to as well go public. The firm is said to be a high-tech company with high margins. Can you tell me, how does the Chinese side secure the innovations made in Switzerland? Do they learn? Do they send staff which undergoes training? Or do they just let Saurer do its "job"?   |
| Fischer: | Es ist die Frage, was sie wollen. Wenn sie jetzt eine Investor sind, dann sagen sie, ich muss aus diesem Asset das Maximum machen, was möglich ist.  | The question is; what do you really want? If you are an investor, then you say, you have to get the highest possible return on investment out of these assets.   |
| Wu:      | Ja.  | Yes.   |
| Fischer: | Dann ist die Frage, was heisst es für den Standort? Vielleicht gibt es Technologien, die sie in Europa besser weiter entwickeln können, einfach weil die Ausbildung der Leute, der Ingenieure auf einem richtigen Niveau und in den richtigen Zusammensetzungen ist. Das nicht in Europa zu machen, wäre wirtschaftlich nicht sehr schlau. Dann gibt es aber Marktzugangsfragen: wo sie sich fragen müssen wo soll ich das am besten Produzieren? Wie kriege ich den besten Marktzugang? Dann sind das Überlegung die sie einfließen lassen. Jetzt, wenn der chinesischer Staat investiert, denkt er vielleicht anders und sagt: ich möchte möglich viel Technologie nach China bringen, einfach, um dass sie hier zu befruchten. Und die einzelne Firma ist dem chinesischen Staat vielleicht nicht wichtig. Es ist vielleicht nicht so wichtig, die Technologiezugang. | The next question: what does that mean for the location? Maybe there are some technologies, which can be further developed in Europe with less effort compared to somewhere else.<br><br>To do that abroad wouldn't be a good idea – from an economical point of view.<br><br>Then there are questions regarding the access to markets. You want to ask yourself, where is the best production location? How do I get the best access to markets? These reflections now flow into your opinion-forming process.<br><br>Now, when the Chinese state is investing, it does that with another incentive. They are far more interested in learning new technologies, than a single company would be. |
| Wu:      | Herr Pan denkt sicher anders.  | Mr. Pan surely thinks differently  |
| Fischer: | Jetzt wenn Sie privat Investor sind, der frei entscheiden kann, sagen Sie: Ich überlegen mir, das ist die Welt, wo kriege ich was am besten? Dann holen sie Technologie, dort wo am besten ist, machen Produktion, wo es am besten ist, kaufen Material ein, wo es am besten ist. Dann optimieren Sie, mit dem was die Welt Ihnen zu Verfügung stellt.   | If you are an independent investor you think about the following questions: where do I get the best technology? Where do I best located the plants? Where do I best buy the materials?<br>You will optimize your objective with what the world provides. However, if you are acting as a government, your interest is based on other aspects.  |



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|          | Wenn Sie ein Staat sind, ist Ihr Interesse eine Andere  |  |
| Wu:      | Aber wie hat es funktioniert nach der Übernahme bei Jinsheng?   | How did it work after the takeover by Jingsheng?   |
| Fischer: | Man hat die Entwicklung gelassen, wo es ist, weil das vielleicht der beste Standort war. Während mit der Produktion hat man noch mehr nach China zu verlagern versucht begonnen, weil man gesagt hat, der grösste Markt ist China, der Marktzugang aus China heraus China ist besser. So hat man Produktion noch mehr nach China allokiert, wobei sie vorher schon sehr viel gemacht haben.   | While leaving the development division where it originally was (because that was probably the best location) they were pushing to relocate the producing division towards China - because the largest market was China. Furthermore, the market access to China was better. Therefore, they moved the production to China, whereby there already was a large amount there.   |
| Wu:      | Aber man braucht doch trotzdem für die Produktion Schulung, oder? Sie haben doch vorher schon gesagt, wie schlecht die Chinesen waren bei am Anfang mit Technologie. Braucht man keine Schulung?  | But there was still a need of training for the production division, isn't it? You mentioned earlier that the Chinese workers were relatively badly trained in the beginning.   |
| Fischer: | Ja, wir haben viele Europäer in China gehabt, die ganze Zeit.   | Yes. We had a lot of European employees in China for this reason.  |
| Wu:      | Oder vielleicht hat man auch Chinesen nach Europa geschickt zum Lernen.   | How about sending Chinese employees to Europe for training purposes?   |
| Fischer: | Auch, aber Weniger, mehr auf dieser Seite, weil Sie haben ja mehr Nutzen, Sie können ja mehr Leute aufs Mal beglücken, wenn sie Ausbildener dorthin schicken, wo die Leute sind.  | Yes, however, to a lesser extent. You see, the benefit is simply bigger, when you send instructors to the people which need to be trained.   |
| Wu:      | Aber sind europäische Mitarbeiter bereit, Chinesen zu schulen? Haben keine Angst, wenn Chinesen einmal es beherrschen, dann verlieren sie vielleicht ihre jobs?   | Are the European employees willing to do so? Don't they have any worries about losing their own job, once the Chinese learned all the skills.  |
| Fischer: | Das ist das erstaunliche. Die Leute sind irgendwie pragmatischer. Wir haben ja sehr viel an Produktion verlagert. Wenn man ihnen es erklärt hat, wieso das wichtig ist, haben die Leute inklusiv auch Betriebsräte das akzeptiert. Wir haben erklärt, wenn wir in Asien nicht erfolgreich sind, dann ist Deutschland verloren. Um in Asien erfolgreich zu sein, muss ein starkes Bein in Asien haben, und das müssen wir aufbauen. Und ohne ein starkes Bein in Asien, ist auch die europäische Seite verloren. Das haben sie irgendwann mal begriffen, haben dann mitgemacht. Die Leute sind rüber, haben mit sehr viel Engagement, in China diese Werke aufgebaut. Das waren wirklich die Leute aus Europa, die haben das gemacht, mit voller Überzeugung, dass es richtig ist. | That was an astonishing achievement. You see, the (European) people are somehow more pragmatic. We moved a large part of the production. If you explain it to them, why it is of huge importance, they will understand it. We said, if we aren't successful in Asia, Germany will be lost soon. To be successful in Asia, we need a strong leg in Asia, and need to strengthen it. Without a strong leg in Asia, the European business will be doomed. They finally understood this problematic and participated in this matter. The instructors were send over and helped to establish the factories in a very committed way. |

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| Wu:      | Hat man hier auch abgebaut?  | Were some jobs rationalized?   |
| Fischer: | Doch, wir haben in Deutschland 4000 Leute abgebaut. Also nicht in dieser Zeit. Einfach als ich 1996 begonnen habe, hat man für Schlafhorst 6000 Leute. Als ich aufgehört habe in 2007, hat man in Schlafhorst nur 1800 Leute. Den Rest haben wir verlagert. Teil nach Tschechien, zu anderen Herstellern, zu Teile- Lieferanten, nach China, nach Indien, haben wir verlagert.   | We rationalized about 4000 jobs in Germany. However not during that time. At that time when I started to work for Saurer, in 1996, there were around 6000 employees in Schlafhorst. When I finally left the company, in 2007 there were only 1800 remaining. The rest was getting relocated to Czechia, to other manufactures, to part-suppliers, to China, to India.  |
| Wu:      | Hat man nach der Übernahme den Abbau weiter gemacht?   | What about the time after the takeover? Was there some kind of downsizing?   |
| Fischer: | Ja, sicher. Aber langsam, weil man in China mehr aufgebaut hat. Langsam.   | Yes, but in a more slow-moving way. Due to the fact, that we were growing in China.  |
| Wu:      | Hat man dann auch Zwischenlösung gefunden? Zum Beispiel statt nach China, nach Tschechien, Osteuropa?  | Were they also looking for interim arrangements? For example, instead sending them to China, maybe they were considering sending them to Czechia?  |
| Fischer: | Tschechien war einfach aus logistischen Gründen, der nächste Ort, wo man günstig produzieren könnte. China ist der Ort, wo man Kunden vor Ort hat. China ist für Textilindustrie ein ziemlich guter Ort, weil man einen grossen Teil der Kundschaft hat.   | Czechia was obviously the location where you could produce cheaply. However, China was the place where you best reached your customers. It was pretty good to be there as a textile company because it represented a large part of the market.   |
| Wu:      | Was man abbaut, ist die Produktion. Aber Technologieentwicklung, Innovation, Forschung passiert doch in Europa.  | So, while rationalizing the production division, you are keeping R&D in Europe.  |
| Fischer: | Ja aber Sicher schaut man auch, dass mehr Ingenieure, wir haben auch Maschinen in China entwickelt, wo man deutsche Ingenieure mit chinesischen Ingenieuren zusammen getan hat, und sagt: jetzt machen wir diese Model, entwickeln wir gemeinsam für eine Fertigung in China.<br>Nochmals: die Frage hat nicht mit China zu tun, sondern mit Firma etwas zu tun. Wenn Sie eine Firma haben, überlegen Sie sich, wo ist was am besten. Wenn etwas in China oder Indien am besten ist, dann sind Sie dumm, wenn Sie es dort nicht machen. Sie tun der Firma keinen Gefallen, auch nicht den Mitarbeitern in Deutschland, wenn Sie das einfach vernachlässigen. Schlussendlich müssen Sie wettbewerbsfähig auf der Welt sein. Wenn Sie wettbewerbsfähig sein wollen, dann müssen Sie die Welt nutzen, wo es das Beste gibt. Das muss man nicht ideologisch anschauen. | Yes sure. However, we were also combining German Engineers with Chinese colleagues in order to develop new machines in China. Once again, the question is not a matter of location, rather it is a question of operations. See, if you own a company, you will think about where to get what to the best price. If something is better available in China or India, you will get it there. Otherwise it would be a ignorant decision from an economical point of view. You are not doing the company a favor, neither the employees if you are ignoring such issues. Eventually you have to remain competitive. By doing so you have to benefit from what the world offers. It is wrong to look at this from an ideological point of view. |

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| Wu:      | Ja, leider redet die Presse hier anders.   | Unfortunately, the media displays this issue otherwise.   |
| Fischer: | <p>Ich denke, was ideologisch ist, ist was die chinesische Regierung macht, mit dem Marktzugang in China. Das ist ideologisch. Das sollte man nicht unterstützen. Das sollte man bekämpfen. Währendem, wenn eine Firma auf der Welt, sich so aufstellt, dass sie die Weltmarkt optimal bedienen kann, dann ist das im Interesse aller Mitarbeiter der Firma. Es ist vielleicht nicht im Interesse der Schweiz per se. Aber es ist im Interesse der Firma, oder. Was der chinesische Staat macht, das ist vielleicht nicht in Interesse der Firmen, die sind in Gängelband der Regierung. Das ist nicht in Ordnung. Und man muss es unterscheiden, wenn ich eine Firma leite, dann ist mein primäres Interesse der Firma zu schauen, das diese Firma möglichst weiter gut geht. Dann ist mir der chinesische Staat oder der deutsche Staat, die sind für mich nicht in Vordergrund. Wenn ich aber ein Staat bin, der Gesetze erlässt, dann muss Deutschland für Deutschland schauen und China schaut für China. Dann hat man natürlich einen fundamentalen Konflikt. Das hat mit Ideologie etwas zu tun. Dort muss man einfach Reziprozität verlangen. Also Staaten untereinander sollten sich nur Zugang verschaffen, soweit es gegenseitig ist, nicht einseitig. China macht heute noch sehr einseitig. Das sollte man bekämpfen.</p> | <p>In my opinion, the way the Chinese government acts when accessing markets describes an ideological conduct. You shouldn't support this behavior – in contrary, you should fight it. Meanwhile, when a company is organizing itself in a way that it gets the best access to global market, then it would be in the interest of every single employee. It may not be in the interest of Switzerland per se. However, it's in the interest of the company. What exactly the Chinese government is doing, may not be in the interest of some companies - they are on the governmental "Gängelband" [limitation of freedom of action] – which is not ok. You have to distinguish between companies and countries in principle. If you are running a company, your primarily goal should be the interest of your business in a way that it can perform well. By doing so, satisfying the Chinese (or German) government won't be your priority. However, if you are acting as a state, (which establishes laws), then, everybody has to take care of its own. Consequently, a fundamental conflict will arise. That's a matter of ideology. Hence, you have to ask for reciprocity in this concern. So states – among themselves – should gain access insofar as it will be in a mutual way. To this day, China still handles this issue very unilaterally. We should fight that.</p> |
| Wu:      | <p>Verstehe ich richtig: Technologietransfer passiert mit der Methode, dass die europäischen Fachleute, Ingenieure nach China gehen und die Leute dort schulen.</p>  | <p>Concerning the transfer of technology; do I understand right; European experts and engineers are going to China to train their Chinese colleagues.</p>   |
| Fischer: | <p>Schulung, man macht gemeinsame Projekte, wofür vielleicht auch Chinesen nach Deutschland kommen für eine gewisse Zeit. Aber heute kann man übers Internet mit Webkamera, kann weltweit in Team zusammenarbeiten. Das ist keine grosse Geschichte mehr.</p>  | <p>The workers are undergoing training – they are running projects together; whereby Chinese employees sometimes visit Germany as well. However, nowadays the technology allows teams to meet online via webcams. That's no big thing anymore.</p>  |
| Wu:      | <p>Können Sie mal die Innovation, die von Europäern hier allein entwickelt wurde, mit der, die durch Joint Projekt von Chinesen und Europäer gemeinsam gemacht wurde, vergleichen? Welche Unterschiede gibt es?</p>  | <p>How would you compare the innovations made in Europe with the innovations which were developed solely in the joint venture project? Where are the differences?</p>   |

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| Fischer: | Die Frage ist: was optimieren Sie?<br>Wenn Sie am Schluss etwas in China produzieren wollen, dann müssen Sie Technologie in China vor Ort haben, weil Sie können nicht die Entwicklung und Produktion komplett voneinander trennen. Es ist nicht optimal. Das heisst, Sie müssen schauen, dass Sie, wenn Sie es zusammen machen, dass Sie auch vor Ort, wo Sie produzieren, so viele Wissen haben, dass die Leute verstehen, um was es geht und auch die kleine Anpassung lokal weiter entwickeln können.  | The question is: what do you want to streamline? If you want to produce something in China, then you need to have the technology over there. It is suboptimal to completely separate the development and production divisions. That means, you have to make sure (once you've decided to arrange it together) that there is as much knowledge as possible, so the people would also be able to further develop small adaptations.                                 |
| Wu:      | Warum ich diese Frage stelle, weil bei einer anderen Firma, wurde es gesagt: 1. dass die Innovation allein in Europa entwickelt wurde, ignorierte manchmal die Marktbedürfnis in Asien; es wurde auch zu wenig über Kostensparen überlegt. Aber bei Joint-Entwicklung zwischen Chinesen und Europäern, wurden die Elemente von beiden Seiten berücksichtigt. 2. Bei der Joint-Innovation, lernen Europäer auch sehr viel.  | I am asking this question because at another company, they said, that a) innovations solely developed in Europe are sometimes ignoring the needs of the Asian market – there are not enough reflections about cost cutting possibilities. However, at innovations made by the joint venture those two factors were getting more attention --- b) on top of this, Europeans are also learning a lot during these processes.  |
| Fischer: | Klar.  | Yes.  |
| Wu:      | Aber es gab noch viele Probleme bei anderen Firmen bei Technologietransfer: weil die Chinesen verstehen die Technologie nicht sofort,, man muss es für sie übersetzen – es ist nicht nur sprachliche Übersetzung, sondern auch   | There were a lot of other problems at those companies regarding the technology transfer. The Chinese did not understand the technology instantly. The instruction had to be translated for them. Furthermore, it's not only a matter of language...   |
| Fischer: | Mentalität   | Mentality   |
| Wu:      | Es braucht eine Brückenperson, die das so übersetzt, dass die chinesischen Leute verstehen. Manchmal muss man sogar Wissen transformieren, für Chinesen umändern. Hat Saurer auch solche Probleme gehabt?  | There is a need of people who “build bridges” in a sense that they had to translate manuals & instructions in a way that the Chinese will get it. Sometimes you have to transform knowledge. Did Saurer also experience such Problems?  |
| Fischer: | Ich sehe das anderes als diese Firmen. A. denke ich, die Spezifikation für eine Maschine, die Sie für bestimmten Markt machen, das ist eine Marketingaufgabe, zusammen mit der Entwicklung. Wenn man sagt, wenn ich nicht gemischtes Team mache, dann entwickle ich das falsche, dann hat man das Problem nicht verstanden. Weil, wenn wir überlegen, für wen das kommt, dann weiss ich was es kosten darf, und ich weiss, was es könne muss, damit ich einen Erfolg habe, das entwickle ich dann. Und jetzt wie ich das entwickle, ich glaube, wenn | I would see that differently. Developing specifications for such a machine is a marketing task – together with R&D. You don't get the real problem, when you say I don't work in mixed teams because by doing so I would develop something wrong.<br><br>If you think about the following; for which market is it intended for? Once you found an answer to this question you will know what the machine should be capable of and how much you can charge for it. |

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|          | <p>ich am Schluss sage, ich muss es kostengünstig in Asien fertigen, dann muss ich auch Asien in der Entwicklung involviert haben, weil Ich muss am Schluss mit Hersteller kommunizieren. Ich muss Teile vielleicht anpassen, weil man sie so wie sie geht nicht ganz fertigen kann Vorort. Also ich muss integriert denken, mit gemischten Teams. Das ist erfolgreich. Aber es ist nicht wichtig für die Spezifikation. Das (spez) ist eine abstrakter Vorgang, unabhängig von dem, wo ich nachher produziere. Das ist eine Frage der Marktkenntnisse. Wenn ich Kiew oder in China bin, dann muss ich den Markt kennen. Das heiss, ich muss Verkäufer haben, vor allem Marketingleute haben, die vor Ort verstanden haben, wie die chinesischen Hersteller produzieren wollen, oder wie ich die einen Schritt voran bringe.</p> | <p>If this question brings you to the conclusion, that you have to produce it cheaply in Asia, then also have to involve Asia in the development process – since you have to communicate with manufactures. Maybe it's impossible to produce a few parts because you have to further customize them. That's why you have to think in an integrated way. With mixed teams. Then you will be successful.</p> <p>However, it's unimportant for the specification. The specification is an abstract process – independent from the (later) production location. That's a question of market expertise.</p> <p>When you are located in Kiev or China – either way, you have to meet the market needs. That means, you have to have salesmen, marketing staff on site, who understand how the Chinese manufacturers want to produce, or how to provide an added value.</p> |
|          | <p>Heisst es, dass die Maschinen, Modelle, die man für den europäischen Markt und amerikanischen Markt entwickelt hat, anderes sind als die, die man für Asien entwickelt hat?</p>   | <p>Does that mean, that the machines, which were developed for the European or American market differ from the ones which were meant for the Asian market?</p>   |
| Fischer: | <p>Nein. Nur zum Teil. Es ist mehr eine Frage der Ansprüche. Wir haben ja extrem viele sehr komplexe Maschinen verkauft in China und in Indien. Und einfach, nur weil die chinesischen Hersteller sagen: ich will das beste Garn der Welt machen können. Also muss ich dann auch die besten Maschinen haben. Da Ich kann nicht abstecken abspecken. Wenn ich eine ganz einfache Maschine nehme, kann dieses Garn gar nicht herstellen.</p> <p>Wir haben damals...China ist der grösste Hersteller des Kunstgarn: Nylon und so weiter. Von dem was China produziert hat, wurde etwa 70% auf den Maschinen von uns hergestellt. Von uns.</p>   | <p>No. Only partially.</p> <p>It's a question of demand. We sold an enormous amount of highly complex machines to Chinese and Indian manufacturers – simply because the Chinese said that they wanted to produce the best yarn in the world. Therefore, you need the best available machines. There is no room for scaling down.</p> <p>China is the largest producer of man-made yarn (nylon for example). Around 70% of man-made yarn produced in China was manufactured by our machines.</p>  |
| Wu:      | Aha  | I see.   |
| Fischer: | <p>Und obwohl unsere mit Abstand die teuerste waren. Aber wenn man diese Qualität von Garnen will, braucht es solche Maschinen, kann man nicht etwas Einfaches nehmen. Es kommt dann nicht das Gleiche raus.</p> <p>Und das war auch der Erfolg aller europäischen Firmen, wenn sie heute</p>  | <p>Our machines were by far the most expensive. However, if you want to achieve such high levels of quality, there is no other possibility. Otherwise you will get inferior qualities. The whole success of every European company is based on this fact.</p>  |

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|          | ihre Maschen nach China liefern. Das sind Rieter, Trützschler, Saurer, das sind die grössten Lieferanten der Welt, auch heute in China.  | To this day, there are only three suppliers of these high-quality machines: Rieter, Trützschler and Saurer.  |
| Wu:      | Rieter, Trützschler und Saurer   | Rieter, Trützschler und Saurer   |
| Fischer: | Ja. Und sie haben ja teure Maschinen, die werden ja von Chinesen gekauft. In Indien gibt es nur, fast nur Maschinen von denen, weil heute werden die teuersten Textilienstoffe produziert.   | The high-cost machines are mainly bought by the Chinese and Indians. In India you will find almost exclusively these expensive machines.   |
| Wu:      | Weil sie vielleicht auch Aufträge von europäischen Firmen kriegen.   | Maybe because they get orders from European companies.   |
| Fischer: | <p>Nur. Das ist ihre der grösste Exportschlager. In China und Indien. 200 Mrd. Export von China von solchen Zeug. Das muss gute Qualität haben. Es ist eine falsche Betrachtung, dass es chinesische Maschine gibt. Es gibt Produkte, die man herstellen will, dann ist die Frage, welche Maschine ist die richtige, um die Produkte herzustellen. Es hat nichts mit China zu tun. Es hat etwas zu tun, was will ich herstellen. Dann muss ich überlegen, für welchen Markt es ist. Was wird in diesem Markt hergestellt, und was ist die beste Methode. Jetzt ist Automatisierung vielleicht noch nicht so wichtig in China, weil Personal immer noch sehr günstig ist. Aber für hohe Qualität ist Automatisierung trotzdem hilfreich, weil jeder menschliche Eingriff in der Produktion auch die Fehler verursacht. Darum wollen diese Firmen auch nicht so viele Leute beschäftigen, weil Leute in einer Fabrik immer hazard sind. Man muss sich um die Sozialsysteme kümmern, hat Probleme mit dem Umgang mit den Leuten, und, und, und. Wenn Sie heute in Indien schauen, die stellen hoch moderne Anlage darein. Sie haben einfach gesagt, wenn ich wenige Leute habe, da habe ich wenige Probleme, obwohl Leute dort so günstig sind wie in China. Sie haben auch gesagt: es kommt nicht so gut Ergebnis raus. Wenn ich jetzt in Automatisierung investiere, und dafür wenige Leute brauche, die ich auch immer Schwierigkeit habe.</p> <p>Jetzt wenn ich der chinesische Staat wäre, dann sage ich, eigentlich ich bin interessiert, dass möglichst viele Leuten Beschäftigung finden.</p> | <p>Yes, exclusively. That's their biggest export hit. The export for this stuff is valued about 200 Billion solely in China. Hence, there must be a high level of quality.</p> <p>There are products, which you want to produce and the question: which machine would best fit to produce these products. Then you have to think about the market positioning. What is currently produced in this market – and what would be the best approach?</p> <p>Now, automatization is not as important at this point. Mainly because of the low labor costs. However, in order to get high-quality products automatization is nonetheless very helpful as every human intervention leads to mistakes.</p> <p>That's why those firms are no longer keen on hiring so many workers. Since you have to care about things like social security systems and so on the human labor force represents a hazard for those firms. Furthermore, you will meet a lot of social-caused problems while treating your workers.</p> <p>Nowadays, the Indians are implementing only the most modern machines available in their factories. because they recognized the fact, that when fewer people work for them, less problems will occur – even though the labor cost is quite low.</p> <p>They also realized that the final product is superior with a high level of automatization. So, as a result of these social problems they started to invest in a higher level of automatization.</p> |

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|          | Aber die Firma per se überlegt wieder: nein ich möchte nicht so viele Leute haben, weil das ist auch immer ein Problem. Dann gibt es irgendwo so ein Optimum in Kosten und Automatisierung, und Problemen, das muss man finden, oder?  | If you are acting as a state, your primary interest would be that as many citizens as possible get hired and contribute to the economy. However, acting as a company you would want the opposite. Since hired workers always causing problems. Somewhere in between you will find an optimum between the levels of automatization and employment.  |
| Wu:      | Ja, den Punkt möchte man erreichen.  | That's the desirable point.  |
| Fischer: | Aber das verschiebt sich halt immer mehr in Richtung Automatisierung, weil Löhne steigen, Sozialprobleme steigen. Dann geht es immer mehr in Richtung Automatisierung.   | And this point is moving towards higher levels of automatization, because of the increasing labor costs, and the more frequently appearing social problems.  |
| Wu:      | Bei einer (von mir) interviewten Firma wird es gesagt: bei ihnen ist es so, damit die europäischen Angestellten keine Angst haben, entwickelten und lieferten sie für den europäischen Markt ein Modelle und für den asiatischen Markt anderen Modelle. Auf diese Art und Weise zeigt die Firma ein Signal: wir machen kein MINUS-Geschäft, sondern PLUS-Geschäft; wir wollen niemand abstreichen, wir wollen nur neue Märkte erschliessen.  | One company where I also conducted an interview said, in order to not frighten the European employees – in a sense, that they would maybe lose their jobs – they are delivering different machines. One for the European market, and another one for the Asian market. By doing this, they are sending out a clear signal: we do not want to rationalize, we want to gain market shares.                                   |
| Fischer: | Ich finde das keine schlaue Betrachtungsweise. Textilindustrie in Europa und in den USA, die ist ja so untergegangen, während in Asien so rauf. Ich verliere in Europa und in den USA sowieso Markt, weil die Produktion sich total verlagert hat, aus Kostengründen, oder? Es gibt hier, während dem es andere Märkte gibt, wo europäische Märkte und amerikanische Märkte auch weiterhin ansteigen, vielleicht so, die asiatische so. Dann kann es sein, ok, ich kann diese Märkte, denn ich habe immer noch Geschäfte. Aber eigentlich, wenn sie... | In my opinion this is not a very clever approach. You see, while the Asian textile industry gained market shares, the European industry lost a huge amount of their original market share. The US and European markets are lost anyway, caused due to cost reasons, and are shifting towards Asia. However, there are industries where European and US companies are gaining market shares.                                |
| Wu:      | Meinen Sie, der Konsument von Ihrem Produkt liegt auch dort?   | Do you think, that the consumer of your product is also located there?   |
| Fischer: | Bei Konsumprodukten kann es unterschiedlich gehen, wegen des Geldes. Wenn Sie heute schauen, alle coolen Produkten der Welt, in China sieht es gleich aus. Das Huaweigerät sieht etwa gleich aus, oder? Es gibt keinen Unterschied, keinen logischen Unterschied. Vielleicht gibt es ästhetische Unterschiede, was man an Farben oder Formen mag. Rein Funktionalität, ich glaube nicht, dass die  | There is a difference for consumption products due to monetary reasons. If you take a look at all these cool products around the world – a Huawei device does not differ from one which gets produced in Europe. There is no longer any logical difference. There may be an aesthetic difference, regarding shapes and colors. However, regarding functionality there are no more distinctions. But, there may be a larger |

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|          | Welt grosse Unterscheidungen hat. Sie haben vielleicht Unterscheidungen, wieviel jemand in der Lage es zu bezahlen. Dann muss ich an den orientieren, oder? Ein Computer für 2000 Fr. ist vielleicht sehr viel (in China). Hier ist es normal. Dann müssen Sie es schauen, dass Sie Computer für China machen kann, für 700 Fr. Dann muss ich schauen, wieviel kann ich für 700 Fr. bieten, dann biete ich das. Aber eigentlich das Desire, was man möchte, ist immer das. Es ist einfach die Frage: wieviel kann jemand finanzieren. Wenn Sie aber in einer Industrieproduktion sind, dann können Sie per Export weltweit bedienen. Es ist einfach ein Weltmarkt. Und Ich glaube nicht, dass die Geräte an dem Weltmarkt fundamental unterschiedlich sein werden müssen. Daran glaube ich nicht. Das Beste ist das Beste. Wenn jemand das Geld dafür hat. | variation in purchasing power among different countries.<br>Then, I have to use such indicators as a guidance. For example, a PC which costs around 2'000 Swiss Francs in Switzerland. That would probably be a lot of money in China – while it is a normal price for a Swiss citizen. Then you have to think about how you could offer a PC for maybe 700 Swiss Francs.<br>Actually, the desired product is always the same. The question is just how you can buy it. However, in the industrial production, there is only the global market. You can serve the world market by exporting your products.<br>And I don't think that the devices which are getting offered in the global market need to be fundamentally different. The best is simply the best. And if you have the money for it... |
| Wu:      | Meinen sie, die Konsumenten werden nicht so denken: es ist aus China, dann kaufe ich nicht. Die Europäer sind doch stolz.  | Don't you think that European customers would avoid Chinese merchandise – maybe because of their pride?  |
| Fischer: | Wieso, alles was wir heute tragen, kommen aus China  | Why, everything we wear is made in China.  |
| Wu:      | Ja, trotzdem.  | Yes, but still.  |
| Fischer: | Alles was wir tragen ist Mindestens ein Teil ist aus China. Nur wissen wir es einfach nicht. Ich glaube, die Leute denken vielleicht doch, wenn sie etwas kaufen, denken sie nicht darüber nach. Sie werden sagen: Oh, das gefällt mir, ich schau, ob ich den Preis leisten kann. Das ist der Konsummarkt. Und jeder möchte am liebsten einen Mercedes haben, jeder möchte am liebsten eine Guccitasche haben und jeder möchte am liebsten einen Apple-Iphone haben. Es ist nur die Frage, ob ich das leisten kann. Wenn ich das leisten kann, dann werde ich es kaufen.   | Everything we wear is – at least to a large extent – coming from China. Maybe the people don't know it. They don't think about the origin of the product. They say; "oh, I like that", look at the price tag, and if they can afford it. That's how consumer market works – everybody would prefer to own a Mercedes, a Gucci purse, Apple's iPhone. The only remaining question is; can I afford it?  |
| Wu:      | Das heisst Brand ist wichtig.  | So that means, the brand is of great importance.   |
| Fischer: | Der Brand ist wichtig. Aber auch die Qualität.   | The brand and quality.   |
| Wu:      | Wo es produziert ist, ist nicht wichtig? Für viele reiche Asiaten, sie wollen, dass ihre Brandprodukte am besten nicht in China produziert werden.   | For a lot of rich Chinese, it is of huge importance that famous brand products they buy are not produced in China.   |



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| Fischer: | Obwohl viele sind doch in China produziert. Apple-Iphone ist in China produziert.  | However, for example the iPhone is getting produced in China – and many other luxury products as well.   |
| Wu:      | z.B. bei der Uhrenbranche. Wenn eine chinesische Firma eine Schweizer Uhrenfabrik übernommen hat, will sie es immer verheimlichen.   | For example, in the watchmaking industry – in case a Chinese company takes over a watch factory, they are trying to hide it.   |
| Fischer: | Gut, eine Uhr ist mit der Schweiz verknüpft. Wenn sie in China produziert wird, ist sie nichts mehr so viel wert.  | Well, a watch is somehow connected with Switzerland. If you are producing a Swiss watch in China its value will drop heavily.  |
| Wu:      | Ja, dann haben asiatischen Konsumenten keine Interesse mehr dafür.   | In that case, Chinese consumers would no longer be interest in this particular watch.  |
| Fischer: | Das ist wieder ein spezielles Gebiet. Wo positionieren Sie einen Brand.  | That’s another story – where to position your brand.   |
| Wu:      | Luxusgood.   | Luxusgood.   |
| Fischer: | Aber bei Industrieprodukte, wie Maschinen oder so, denken die Leute einfach darüber nach: was ist das Beste für das, was ich machen will. Was für einen Preis kann ich mit meinen Produkten erzielen, mit welchen Maschinen kann ich am besten, diesen Preis erreichen. So denken logische Leute.<br>Der Staat muss anders denken. Der Staat muss überlegen, wie kriege ich möglichst viele Arbeit nach Deutschland, nach China, in den USA. Was Trump gerade macht, jetzt brauchen wir viele Arbeitsplätze in den USA. Was muss ich als Politiker machen, dass mehr Arbeit in den USA bleibt. Das ist ein Problem der Politik. Wenn ich eine Industriefirma weltweit leite, dann muss ich überlegen, wie kriege ich den besten Marktzugang in allen Regionen der Welt. Das sind zwei verschiedenen Betrachtungsweisen, die anderes EndErgebnisse haben. | You see, in this industry the people think differently. They are asking themselves; what would be the best machine for the product I want to manufacture? How much can I charge the people when I choose to produce this certain product and with which machines would I best achieve this goal. That’s logical thinking.<br><br>However, the government has to think differently. It would like to have as many jobs in its own country. This behavior is right now very well observable in the US with President Trump. Politicians are asking themselves, how to get as many jobs as possible in their own country. That’s political thinking.<br><br>But if you run an internationally active industrial company you have to ask yourself how to get the best market access in all world regions.<br><br>These are two completely different points of view, which also tend to have another outcome. |
| Wu:      | Sind Sie heute noch involviert bei Jinshen?  | Are you still involved in Jinsheng?  |
| Fischer: | Ich treffe nächste Herrn Pan in Beijing.   | I am going to meet Mr. Pan next week in Beijing.   |
| Wu:      | Oh!  | Oh!  |
| Fischer: | Also wir treffen uns zwei dreimal in einem Jahr, tauschen uns aus. Sonst bin ich nicht involviert.   | We meet two to three times a year. We talk about some things. Besides that, I am no longer involved.   |
| Wu:      | Sie haben nicht mehr so viele Zeit. Können Sie eine kurze Zusammenfassung machen, was hat Jinsheng richtig gemacht für diese Übernahme? Und für die Integration.   | The time is running short. Could you summarize – what has Jingsheng done right regarding the takeover and the integration process. Where are still areas in need of improvement?   |

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|          | Und was könnte Jinsheng noch verbessern?  |  |
| Fischer: | Ich glaube, die Übernahme war gut gemacht. Etwas aufwendig vielleicht. Aber es war gut gemacht, auch emotional gut gemacht, gegenüber den Mitarbeitern, die man übernommen hat. Es war wirklich, wirklich gut gemacht. Auch sehr, sagen wir mal, irgendwie wertschätzend gegenüber den Mitarbeitern. Und Das ist wichtig.   | In my opinion the takeover was very well executed. Also in an emotional and appreciative way in regards of the employees which they took over in the same time. That is important.   |
| Wu:      | Hat Herr Pan eine Rede gehalten. Wie spüren die Leute, dass es gut...   | Did Mr. Pan held speeches? How would the employees feel, that...   |
| Fischer: | Ja, klar. Ich glaube in der Art, wie man eingreift, dass man auch dem lokalen Management Vertrauen gibt, dass man sie fördert. Ich glaube, wo man vielleicht aufpassen muss, ist dass man auf der Innovationsseite nicht aus Kostengründen zu wenig macht. Oder ich glaube, in der langen Sicht, wenn sie Maschinen oder so was immer sie an Produkten machen, müssen Sie schauen, dass Sie in der Innovation an der Spitze bleiben, weil über die Zeit, man kann lang gutes Geld verdienen, wen man gut in Innovation investiert.  | Yes. Of course. They had offered the local management their trust and were also encouraging them.<br><br>However, they need to be attentive in a way, that they are not losing track with reference to innovation. It could be a risk, neglecting the innovation process in order to cut costs. To stay competitive in the long run when producing machines, you will need to remain on the top concerning innovation processes. If you bear this in mind, this business can be very rewarding.  |
| Wu:      | Meinen Sie, dass Herr Pan dabei nicht so...   | Do you think Mr. Pan is sometimes...   |
| Fischer: | Ich befürchte, dass das wir vielleicht in den letzten Jahren etwas zu wenig investiert haben, in Innovation.  | I am afraid, that he might ignored this circumstance a little too much in the past years – they invested too little in innovation.   |
| Wu:      | Aber vielleicht die Konkurrenten, sie investieren viel.   | Maybe the competition is doing a better job regarding innovation.  |
| Fischer: | Ich habe es nicht eng verfolgt. Ich denke, man muss immer aufpassen, dass man nicht um... oder ich kann in einer gewissen Zeit etwas an Innovation sparen, kann ich relative lange ein gutes Ergebnis ausweisen. Aber irgendwann werde ich dann bestraft, wenn ich in der Innovation hinten bin.<br><br>Ich glaube, dass wir bei Saurer wirklich immer gemacht haben, wir haben immer extrem viel in Innovation investiert haben.<br><br>Immer etwas mehr als die Konkurrenz, und hatten darum dann immer wieder Produkte, die wirklich vorne waren. Häufig hörten wir die Kunden sagen: das ist die beste Maschine, ich kann mir | I don't keep track of this issue very well. You see, you have to pay attention in this affair – it is perfectly possible to achieve good results – over a certain period of time – without taking care of the innovation business. However, in the end you will punish yourself once you find yourself in the back compared to your competitors.<br><br>However, I do believe that we – at Saurer – always were ahead of our competitors in regards of innovation. We spend a lot in new technologies. Always a little more as our competitors.<br><br>And that's why, we always had products which were clearly best in class. We have seen our customers daydreaming about our machines. They were telling us, that in their opinion our machines would be the best, and |

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|          | <p>jetzt noch nicht leisten, aber sobald es möglich ist, werde ich die Produkte kaufen.</p> <p>Ich glaube, wenn man eine Technologiefirma ist, muss man schauen, dass man den technologischen Respekt erhält. Oder Wenn Sie Mercedes sind, müssen Sie in der Autowelt innovativ sein. Sie müssen das Neue bringen. Wenn Sie Welttoptextilmaschinehersteller sein möchten, dann müssen Sie die Innovation bringen.</p>   | <p>as soon as they will have the budget they will get one.</p> <p>If you are running a tech company, you need to keep the technological respect. You see, if you are Mercedes Benz, you have to be innovative. You have to deliver the new stuff. And if you are a world-leading textile machine manufacturer you have to push the innovations.</p>  |
| Wu:      | <p>Aber wenn jetzt immer mehr Firmen von Jinsheng-Gruppe auf der Börse kordiert werden, eigentlich sollen sie vom Finanzierungsaspekt für die Innovation besser gestellt sein.</p>  | <p>However, more and more companies from the Jinsheng group are going public. Basically, they should have an advantage regarding the funds needed for the innovation process.</p>  |
| Fischer: | <p>Ja, Problem ist einfach, wenn man die Aktionäre anschaut. Aktionäre haben eine relativ kurze Sicht, oder? Das kann auch schaden, dass viele Firmen haben dann Innovation vernachlässigt. Ausserdem es gelingt ihnen, auch den Aktionären gegenüber, rüber zu bringen, dass Innovation fundamental ist, dass man diesen Aufwand betreiben muss. Wir haben das so immer. Das war in jeder Rede zu Aktionären, haben wir immer die Bedeutung der Innovation vorangetrieben. Und gesagt wieso wir so viel investieren. Ich bin bei Tecan im Board. Die Firma macht die Medizinanalysegeräte. Man investiert extrem viel in Innovation. Wobei die Aktionären sagten immer, ihr investiert so viel. Wir können immer erklären, das, das wird kommen, wenn wir da nicht an der Spitze sind, dann geht unser Brand-Wert herunter. Das ist, sagen wir mal, meine grösste Befürchtung, dass wir in der Innovation aus Kosten-, margen-, «weiss-ich-nicht-was-für Gründen», dass man da vielleicht Gefahr läuft, zu wenig zu machen. Ich habe es nicht in Detail verfolgt, was Saurer gemacht hat. Aber das ist die grösste Gefahr.</p> | <p>Well, there is a problem. If you take a look at investors, you will see that they think in relatively short terms. This behavior could also be harmful for the company – in a sense that they would neglect innovation. Unless they achieve to make investors understand that innovation is a fundamental process, which is simply very expensive.</p> <p>We always did that. during every shareholders meeting speech, we emphasized the immense significance of innovation.</p> <p>I am in the board of Tecan. This company produces medical analyzers. We are also investing a huge amount of money in order to stay innovative. Whereas the shareholders always complain about these amounts.</p> <p>However, we can always show them that if we wouldn't do that, we will not be able to compete for the next big things – consequently our brand value would drop.</p> <p>That's my biggest fear. Investing too little in innovation – for whatever reason. I did not keep track of this issue, but this would be the biggest threat.</p> |
| Wu:      | <p>Bei anderen Interviewen äusserten manchen Europäer, dass sie mit dem Managementstil der Chinesen nicht einverstanden seien. Z.B. sehr hierarchisch im Vergleich zu Schweizer</p>   | <p>I did get critical answers out of other conducted interviews concerning the Chinese management style. The Chinese management style is in comparison with the European one very hierarchical. Right here</p>   |

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|          | Firmen. Hier hat man mehr Demokratie. War das auch ein Thema von Jinsheng-Gruppe.   | dominates the more democratically approach. Was this also a subject in the Jinsheng group?   |
| Fischer: | Ich glaube, das haben wir relativ gut gemacht. Das hat vielleicht damit zu tun, dass ich eine Zeit lang den Übergang gemacht habe, und das alles auch ein wenig gedämpft habe. Haben Sie auch mit Leuten in Deutschland gesprochen?   | No, I think we managed that pretty well. it may be due to the fact, that I was managing the transition and buffered this problems to some extent. Did you already speak with German colleagues?  |
| Wu:      | Nein, leider habe ich noch niemand von Jinsheng in Deutschland getroffen. Ich habe nur in der Schweiz mit Leuten gesprochen. Bei Jinsheng-Gruppe höre ich sehr positiv.   | No, unfortunately, not yet. I've conducted Interviews only in Switzerland so far. However, at the Jingsheng group I heard a lot of positive opinions.  |
| Fischer: | Sie sollen mal mit Deutschen reden.   | You should definitely speak to Germans.  |
| Wu:      | Ich werde versuchen, sie zu kontaktiere. Wenn ich es nicht schaffe, werde ich bei Ihnen um Hilfe bitten.  | I will try to contact them. If I won't be successful It would be great if you could help me.   |
| Fischer: | Sie können auch sagen, ich hätte Sie geschickt.   | You could mention my name of course.   |
| Wu:      | Vielleicht irgendwann kann ich Herr Pan auch treffen. Meinen Sie die Integration erfolgreich bei Jinsheng?  | Maybe one day, I could even meet Mr. Pan. did the mentioned integration process take a successful outcome?   |
| Fischer: | Es ist keine Integration. In dem Sinn war es ein einfacher Fall. Herr Pan hat eine Firma übernommen. Eigentlich zum Integrieren gibt es nichts, nur zum Weiterentwickeln.   | It is not exactly an integration in this sense. It was simply a takeover – there was nothing to integrate, only to further develop.  |
| Wu:      | Weil sie vorher schon zusammen arbeiten.  | Because they already worked together in the first place?   |
| Fischer: | Nein. Es wurde übernommen, auf der anderen Seite gab es nichts. Oder bei Jinsheng war nichts mehr, was nicht schon integriert war. Es gab nichts zu integrieren. Es ist einfach eine Übernahme von einem Investor,  | No. It got took over. On the other side was nothing. At the side of Jinsheng was nothing to integrate. It was simply a takeover by an investor.  |
| Wu:      | Aber es ist auch keine Finanzinvestition, z.B. durch eine Private Equity Fund.  | And yet, it is not a finance investment – for example one by a private equity fund.  |
| Fischer: | Aber es ist eine Finanzinvestition mit einer etwas längeren Sicht.  | It is a financial investment – in a long run.  |
| Wu:      | Aber man transferierte auch Technologie nach China; man schliess an neuen Markt.  | But you transferred technology to China and opened up new markets.   |
| Fischer: | Nein, es ist falsche Betrachtungsweise. Tut mir so leid. Es ist einfach eine übernommene Firma, die entwickelt man weiter. Man bringt sie an die Börse und es beginnt zu refinanzieren. Das ist der Vorgang. Aber es gab nichts zu integrieren, weil es bei Jinsheng auf diesem Gebiet nichts da ist. | No, that's a wrong point of view – I am sorry for that. It is simply company which got took over and subsequently got further developed. Then you are going public in order to refinance. That's the process. However, there are no integration tasks, because at Jinsheng there is nothing existing in this area. |

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| Wu:      | Deswegen sagten Sie auch, es war wenige Synergie.  | That's why you say there are only few synergies.   |
| Fischer: | Es war keine Synergie. Darum gibt es auch wenige Reibung. Man hat es einfach ganz übernommen, nichts zu integrieren gehabt, sondern wie entwickelt das weiter. Wie machen wir die beste daraus, und wie können wir den Marktzugang dadurch, dass wir chinesischen Eigentümer haben? Wie kann man den Zugang in China damit bessern? Und das kann man sicher, weil es in China ziemlich viel Textilfirmen, die Garn produzieren, die Sachen machen. Das sind die staatlichen Firmen. Und die kaufen eher, von einer chinesischen Firma, einfach weil der Staat auch dort mit im Spiel ist, und sagt: „wenn ihr Geld ausgibt, dann kauft das bei Firmen, die Chinesen gehören“. Also, man hat sicher den Marktzugang durch den chinesischen Eigentümer verbessert, in China. Und China ist ein grosser Markt. Das hat sicher der Firma geholfen, einfach durch die Beziehung von Herrn Pan, und durch sein Involvement in der chinesischen Textilindustrie, da hat man sicher etwas Momentum bekommen, in Marktzugang. | There were no synergies at all. That's why there was almost no friction. We simply took it over. There was nothing to integrate. Instead, the question was, how to further develop this company? How to get the best out of it – and how to get the best market access – how to improve the access to China - which was a certain issue, because there are a lot of textile state firms in China which produce yarn and those companies would rather buy from a Chinese company – since the Chinese government tells them to do so. So from this point of view, they improved the market access to China. China is a large market. That helped the firm a lot. Due to the good relations of Mr. Pan and his involvement with the Chinese textile industry. That helped to get some momentum for the market access. |
| Wu:      | Momentum   | Momentum.  |
| Fischer: | Aber keine Synergie. Ausser eben vielleicht über die Person von Herrn Pan seinen Zugang von dem chinesischen Markt, das hat geholfen, vielleicht in China noch breiter Fuss zu fassen.   | But there were no synergies. Expect maybe with Mr. Pan and his market access to China. That helped to further establish in China.  |
| Wu:      | Können Sie mir jemand von Saurer Deutschland für ein Interview zu empfehlen?   | Could you recommend someone from Saurer Germany for an interview?  |
| Fischer: | Da muss ich nachschauen.   | I have to look at it.  |
| Wu:      | Ich habe gehört, Jinsheng-Gruppe hat eine Plattform, so wie „University“,  | I heard Jinsheng has a platform called “university”.   |
| Fischer: | Ich habe keine Ahnung davon.   | I don't know anything about it.  |
| Wu:      | Dort kommunizieren verschiedene Gruppen. Ich finde es sehr innovative.   | There is some sort of communication going on between different participants. I think that's very innovative.   |
| Fischer: | Das haben heute alle Firmen. Alle grossen Firmen haben heute interne Plattformen, wo man mit Yammer kommunizieren kann. Das ist eine Applikation von Microsoft, wo man Information austauschen kann.   | Nowadays every big company does have such tools. Big companies are using platforms like Yammer – that's a Microsoft application with which you can communicate.  |
|          | Wenn Sie Sygenta-Übernahme anschauen, dann ist eine staatliche   | If you take a closer look at the Sygenta takeover – we will notice that it's a takeover  |

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|          | Geschichte. Wenn Sie Saurer-Übernahme schauen, das ist dann halb privat halb staatlich, weil die Finanzierung ist durch den Staat erfolgt, durch die China Development Bank.   | by the state. However, the Saurer case was half private, half state – because the funds were made available by the China Development Bank.   |
| Wu       | Aber Shareholder ist nicht staatlich.  | But the state is not the shareholder.  |
| Fischer: | Der Staat ist nicht der Shareholder. Aber er hat es finanziert. Und er hat es finanziert weil er sagt: die Textilindustrie ist in China so wichtig, ein 200 Mrd. Exportgeschäft. Das ist auch für China gross. Vielleicht ist eines der grössten Exportgebiete von China. Dann das zweite ist, wie ist die Interessenlage zwischen Privat und Staat und wer finanziert. Das ist der eine Bereich, den ich anschauen möchte. Der zweite Bereich ist: was ist es für ein Case. Ist es ein Investment-Case oder ein Synergie-Case? Ich habe Technologie, ich habe Synergie, und, und, und... Ich habe diese Firma übernommen, weil ich in China bin, weil ich den Zugang zum chinesischen Markt habe, kann ich mehr machen. Dann habe ich einen Investment-Case, wo ich Value-added habe. Das ist beim Pan der Fall. Sein Value-Added ist, die Vernetztheit in den Chinesischen Firmen, Textil-, Politikwelt, | No, the state is not the shareholder. However, the state did provide the funds because it said; the textile industry is very important since it is representing a 200 billion export business. That is even for China a big thing. It might even be China's largest export business. Then the second point is the interest situation between the state and the private sector – and who is providing the funds. You will want to take a look at this issue. Then, second, it's a question about the different kinds of business cases – is it an investment case where you take over a company to get a better market access (which would represent the value added), or is it a synergy-case where technology plays an important role.<br><br>In the case of Mr. Pan, it's about investment – his value added is represented by the better interconnectedness with various Chinese companies and additionally a better link to Chinese politicians. |
| Wu:      | Kann man sagen, dass er auch den Markt für Saurer bringt.  | He's gaining market shares in China for Saurer, isn't it?  |
| Fischer: | Eben genau. Es ist ein Investmentcase, weil ich vernetzt bin in China, kann ich mehr Geschäfte bringen. Oder ich kann auch mit dieser Firma kann ich als ein chinesischer Firmenbesitzer auch Subvention von dem chinesischen Staat bekommen. Z.B. wenn China sagt, wir subventionieren jetzt in Usbekistan, China macht jetzt ein politisches Investment in Usbekistan in die Textilindustrie. Einfach, weil ich eine chinesische Firma bin, kriege ich auch mehr Zugang zu Aufträgen auch im Ausland. Und ich habe mehr Zugang zu diesen staatlichen chinesischen Firmen, die auch von dort beeinflusst werden. Also, das ist Investment-Case zwei. Und der dritte Case ist der Synergie-Case. Wo Chinesen sagen, ich brauche mehr Technologie. Die Firma hat interessante Technologie. Oder ich brauche den Marktzugang im Ausland, ich habe Produkte in China, kann sie                                | Yes, exactly. It is an investment case, because now they are more connected in China, they are improving their business.<br><br>As a head of a company which is in the Chinese hand you will get subventions from the Chinese government more easily.<br><br>For example, if China decides to finance Uzbekistan, then they are doing a political investment, since I will get more orders as a Chinese company – even abroad. Additionally, I will have a better access to other Chinese firms, which also get influenced by the state. That's case number two.<br><br>The third case is about synergies. In this case, the Chinese are looking for promising technologies – or they need better market access abroad. Then they are asking themselves, which company could provide the mentioned things. Once they found the   |

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|                 | <p>aber im Ausland nicht so gut vertreiben. Hat die Firma, die ich kaufe, im Ausland Marktzugang? Dann kaufe ich mir den Marktzugang im Ausland, oder ich kaufe die Technologie im Inland. Das sind die Synergie-Cases.</p>  | <p>target, they will buy it. That's how a synergy case works.</p>  |
| <p>Wu:</p>      | <p>Eigentlich hat Saurer zuerst für Jinsheng Markt gebracht. So wie Sie erzählt haben, als Sie damals mit ihnen zusammenarbeiteten.<br/>Aber später im Gegenteil, bringt Herr Pan den Markt für Saurer, nach der Übernahme. War das nicht auch ein Argument bei der Übernahme?</p>   | <p>In reality, Saurer first brought market share for Jinsheng to that time you worked together with Mr. Pan. However, later it was quite the contrary. Mr. pan enabled market shares for Saurer – after the takeover. Wasn't this issue a reason for the takeover in the first place?</p>  |
| <p>Fischer:</p> | <p>Er konnte mehr bieten, vielleicht weil er keine Restrukturierungskosten hatte, dafür dass er mehr Marktzugang, auch keine Probleme mit Kartell. Da konnte er mehr bieten. Rieter hat gewusst, sie haben ein Kartellproblem zu lösen. Es ist nicht gratis, muss vielleicht einen Teil sehr günstig verkaufen. Dafür haben Sie Synergie gehabt, wo sie dadurch mehr Ertrag haben.</p> | <p>He had more to offer more, maybe because he did not have any costs concerning restructuring. Furthermore, he did not have to worry about any cartel law breaches – quite contrary to Rieter. They had problems regarding this issue. Had to think how to solve these problems – which wouldn't have been cheap. They would have had to sell some divisions (very cheaply) in order to not breach cartel law. However, they would have had synergies which would enable them to get higher revenues.</p> |
| <p>Wu:</p>      | <p>Ok, vielen Dank!</p>  | <p>Ok. Thank you very much.</p>  |
| <p>Fischer:</p> | <p>Ich wünsche Ihnen viel Erfolg!</p>  | <p>I wish you all the best.</p>  |

### 10.2.2 Eva Wang

|       | Chinese  | English  |
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| Wan g | 对不起，我来晚了。  | Sorry, I'm late.   |
| Wu:   | 没有关系。我一边在网上看贵公司的信息，一边等您。一点也没有浪费时间。<br>给您点一点喝的东西吧。                | No worry. I am browsing your company's website while waiting. There is no time-wasting for me at all. Would you like something to drink?   |
| Wan g | 好。绿茶吧。   | OK, Green tea please   |
| Wan g | 我先介绍一下我们公司。  | Let me firstly make an introduction of my company  |
| Wu:   | 好，您介绍完您的公司后，我提一些问题。  | Good. I will ask you some question after your introduction.  |
| Wan g | 我三点钟有一个会，两点半我必须离开。   | I must leave at 14h30 as I have a meeting schedule et 15h00  |
| Wu:   | 好，那么我一定会控制好时间的。  | OK, I will keep the time under control   |
| Wan g | 我们公司要准备上市，   | Our company is preparing for IPO   |
| Wu:   | 您说的是卓郎 (Saurer group) 要上市？                                       | You mean Saurer group is going public?   |
| Wan g | 卓郎 (Saurer) 已经上市了。我们Heberlein AG也准备上市。                           | Saurer has already gone public. I'm talking about Heberlein AG   |
| Wu:   | 哦。   | oh   |
| Wan g | 因为我们是高科技板块。  | Because we are the high tech part  |
| Wu:   | 我昨天晚上看了许多贵公司的资料。很多东西我不是看得很懂。隔行如隔山。                               | Last night I read lots of documents about your company. Some of them are really hard to understand for me. Difference in profession makes one feel worlds apart.                       |
| Wan g | 你想具体了解什么？  | What do you want to know exactly?  |
| Wu:   | 我最想了解的是：一个中国公司并购了一个外国企业，并购后，因为您的公司现在是Saurer集团底下的一个公司，我不知道这样说对不对。 | What I want the most to understand: a Chinese company bought a foreign firm, after the acquisition, because your company is one of Saurer's subsidiaries, is my understanding correct? |



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| Wan g | 我给你介绍一下我们集团的框架。   | Let's show you a general frame of our company's organisation   |
| Wu:   | 好。我可以做笔记吗？  | OK. Can I take notes?  |
| Wan g | 可以的，但是请不要拍照。  | Sure. But no photographing   |
| Wu:   | 我把手机收起来。  | I won't touch my mobile.   |
| Wan g | 好的谢谢！<br>这是金昇集团，它是高端智能制造业务的。它下面有1、2、3、4、5，5个大板块(参考金昇英语网站 <a href="http://www.jinshengroup.com/en/">http://www.jinshengroup.com/en/</a> )。一个是德国埃马克机床（EMAG），这是我们并购来的一个公司，在德国；德国科普菲尔齿轮也是在德国；卓郎智能，也就是Saurer, 是瑞士的；这是赫伯陶瓷，这是我的；还有一个利泰纺织。这是我们下面的5个大板块。<br>我跟您讲一下它们下面的功能：埃马克做的是CNC的机床，做的是五轴联动， | Great. Thanks.<br>Here is Jinsheng Group, specialised in high-end artificial products. It is composed of five big units, 1,2,3,4,5. (see <a href="http://www.jinshengroup.com/en/">http://www.jinshengroup.com/en/</a> ). One is EMAG, a German company that we took over, located in Germany; then Koepfer Gear company, also in Germany; Saurer Intellectual, located in Switzerland; then Heberlein ceramics for which I'm working; the last one is Litai textiles.<br>I will explain to you functions of each of these five units: Demas produces CNC machine tools of five-axis |
| Wu:   | 这个我在网上看到了。  | I saw it on the internet   |
| Wan g | 然后是科普菲尔齿轮，它是给高端汽车做齿轮监控箱的。卓郎智能它主要是做纺织机械的。赫伯陶瓷（Heberlein）是做生物陶瓷的。利泰织物是做纺织的。   | Then we have KOEPFER gears, which build hobbling machines for high-end automotive industry. As for SAURER, it provides principally textile machinery. Heberlein is specialised in bio ceramics, and LITAI in textiles.   |
| Wu:   | 我在Heberlein的网站上看到，你们有两个板块。一个是Medical的陶瓷，就是精密陶瓷这一块。另一个也有纺织。这是你们的两块。  | I saw on your website, that you have two business units: one is medical, for precision ceramics, and the other one is textile. You have two parts  |

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| Wan g | 卓郎和我们是分工的。他们做机械，我们做备件  | We are different business divisions, SAURER and us. They provide machinery and we build components   |
| Wu:   | 就是说你们的Textil那块是做备件的。   | That's to say, your textile unit is for components.  |
| Wan g | 没错。我们做的是传统的机器中的用陶瓷做的备件。<br>他们（Saurer）生产的是很大的机器。我们生产的是机器上的备件。   | Yes. We have been providing ceramic components for traditional machinery. SAURER manufactures huge machines. We produce components for their machines  |
| Wu:   | 可以这么说吗：就是在Heberlein的Textil那个板块也是和陶瓷有关的。                        | May I say like this: the textile unit in Heberlein is also linked to ceramics.   |
| Wan g | 对，我们是做陶瓷的。我们是做生物陶瓷的专家。<br>埃马克的信息你自己可以在网上查到。                    | Yes. We are in ceramics business. We are experts in bio ceramics. You may find information about EMAG on internet.   |
| Wu:   | 对，这个我看到了。  | Sure, I saw it.  |
| Wan g | 卓郎智能，赫伯陶瓷。它们都包含着金昇集团的5个Unit中。<br>我们集团现在有14000多个员工了，在35个国家都有业务。 | SAURER intelligence, HEBERLEIN ceramics. They are parts of Jinsheng's five units. Our group now has more than 14000 employees operating in 35 countries.   |
| Wu:   | 我昨天仔细看了金昇的网站和国内对金昇的报道。<br>我想问的问题其实就是关于，第一个是您在这个公司里担任什么样的职务？    | Yesterday I carefully read information on Jinsheng's website and reports in Chinese media.<br>What I wanted actually to know is related to..., Firstly what position do you hold in the company? |
| Wan g | 这是我的名片，上面写了  | Here is my name card, you can read it  |
| Wu:   | Managing Director。这个职位和CEO之间有什么关系呢？                            | Managing director. Any relationship with the CEO?  |
| Wan g | 我负责的是市场和金融这一块。   | I am in charge of marketing and finances   |
| Wu:   | 金融指的是融资呀...  | Finances means equity financing?   |

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| Wan g | 对，财务这一块。  | Yes, financial issues   |
| Wu:   | 可以说这个角色和CFO的角色相识吗?  | May I say that it is quite similar with the role of CFO?  |
| Wan g | CFO是我下面的。我是Director。我还负责市场。因为我们公司其实很小，你去了就可以看到了。我们公司只有80个人。             | CFO is under my direction. I'm the director. I'm also in charge of marketing. Because we are a small company, as you may see, we have only 80 employees.  |
| Wu:   | 我家离贵公司不远。如果有哪天允许的话，我希望可以拜访贵公司。  | I live not far away from your company. If you agree, I would like to pay you a visit in your office one day or another  |
| Wan g | 你要等一等，等我们上市完后。现在是很敏感的时期。  | You may should wait a while, when IPO operation is over, now we are in a sensible moment  |
| Wu:   | 我知道。希望以后有机会。您是负责市场和金融的。您们公司的母公司在中国。你们公司一定有中国员工。Heberlein的80个员工里有多少是中国人? | I see. I wish I had such opportunities later. You are in charge of marketing and finances. Your parent company is in China. You must have Chinese employees. How many Chinese do you have among Heberlein's 80 employees?   |
| Wan g | 我们没有中国人。我也不是中国人，我是澳大利亚人。  | We have no Chinese employees. I'm not a Chinese either. I am an Australian citizen.   |
| Wu:   | 澳大利亚人。您的德语说得很好。   | Australian. You speak German really well.   |
| Wan g | 我刚刚学了一点点德语。来了以后才学的。我们公司(集团)的规则是，有点像港人治港。由当地人自己管理，我们没有派中国人过来。            | I just begin to learn a little German. I began to learn only after my arrival here. According to management rules inside our company, in the way of let-Hongkongese-gouvern-Hongkong, we did not send people from China and we let local people manage by themselves. |
| Wu:   | 我采访了的5个企业里，基本上是，都有一到两个中国人。  | Concerning all the five companies that I interviewed, there are practically always one or two Chinese employees   |
| Wan g | 我们真的是一个都没有。唯一的是董事会成员。集团派人参加董事会，进行指导。但是管理从来不派人过来。                        | We really have none. Only on the Board. The group sends people to participate in Board meetings to receive instructions but no one has been sent here for management issues   |

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| Wu:      | 哦   | Oh   |
| Wan<br>g | 它这几个板块都没派人过来。   | Neither for other units  |
| Wu:      | 那就是很放手的让你们在干。让品牌有原汁原味的味道。   | That's to say, you have been given free rein. Let the brand keep its original taste and flavour.   |
| Wan<br>g | 因为你要是派人来管的话，它这几个公司都是百年的老企业，它们有自己的风格和强项。你比如说Heberlein，它的强项是Innovation，它有183年的历史了。  | Because if Chinese mother company send manager from China here - given that these (acquired) enterprises all have hundred-year history with their own style and strengths. Take Heberlein as example: its core strength is innovation with a 183-year history  |
| Wu:      | 183年，真的很佩服。   | 183 years, really amazing  |
| Wan<br>g | 那你一个中国人，你是不能够理解它的   | So a Chinese manager may not be able to get that point.  |
| Wu:      | 能够这样放手来干，真的很不错。   | It is really good to leave you free for tasks  |
| Wan<br>g | 没错。他们主要的策略就是：我们帮助你这个企业发展，我们提供最佳的市场，也就是把中国的市场带来。原来我们Heberlein业务都在欧洲和美国，现在我们在中国市场也发展起来。   | Exactly. Here is the main strategy of Jinsheng: it helps the European companies by development; it provides them the biggest market, which means the Chinese market. Prior to the acquisition, Heberlein mainly operated in European and American markets, now we have begun to grow in Chinese market as well   |
| Wu:      | 请问，您说的Heberlein在欧洲是指整个欧洲，还是指的德语国家的欧洲？<br><br>我提这个问题是因为我已经采访过几家企业，它们曾是家族企业，在被中国公司并购以前，业务还只是局限在德语区的国家发展。现在中国母公司反而给它们打开了眼界。让他们首先要欧洲化，然后再全球化。 | You mentioned Heberlein's European market, could you please precise: it's about the whole Europe, or all the German-speaking countries in Europe?<br>Why this question? Because I interviewed several companies which had been family-run, their business had been limited inside German-speaking countries before being taken over by Chinese companies. Now, their Chinese parent companies have brought them new perspectives and lead them firstly to Europeanization, then globalisation. |

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| Wan g | 我们的企业原来是属于纺织行业。您看了网站，它原来是局限在纺织行业的。在欧洲主要是指德国呀，捷克斯洛伐克呀这些地方  | Our company operated initially in textiles industry. As you may see on our website, its business had been constrained with textile industry. In Europe it mainly operated in countries like Germany, or Czechoslovakia,  |
| Wu:   | 这些是制造业很强的国家。  | These countries have powerful manufacturing industries   |
| Wan g | 对。欧洲的市场在哪里我们就去哪里  | Yes. We would go where European market is  |
| Wu:   | 就是你们已经实现欧洲化了是吗？   | In other words, you have already achieved Europeanization?   |
| Wan g | 没错。   | Exactly  |
| Wu:   | 而且你们是在纺织业的高端搞创新的，而不是做机械生产的。   | What's more, you attach great importance on innovation in high-end textile, not in machinery production  |
| Wan g | 对，我们是做创新的。我们的品牌在世界上都是排名第一的。其他的人是等我们研发出来产品，然后他们学我们。  | Indeed. We give full play to innovation. Our product is ranked number one in the world. Other companies are waiting for release of our developed products and then follow us.  |
| Wu:   | 您说的你们的产品是指的 Heberlein的产品还是Saurer的产品。  | When you speak about your products, do you mean Heberlein products or Saurer products?   |
| Wan g | Saurer也是是排名第一的。卓郎 (Saure) 他们是做机械的，我们是做配件的。我们两个不一样。但是两个在行业里都是排名第一的。  | Saurer's products are also ranked first. Saurer makes machinery and we produce components. We operate in different fields. But we both are number one in our respective Industries.  |
| Wu:   | 我在网上看到的金昇，它并购了做齿轮的科普勒，然后将它上市，然后给它打开亚洲市场。现在卓郎 (Saurer)，把卓郎里面的Heberlein也带上市。这样一种运作方式，我可不可以这样理解：它要结合欧洲的高科技，并购欧洲的高科技，但是将其创新还是留在欧洲。但是通过上市的 | According to what I have read in internet: Jinsheng acquired the gear company Koepfer and made it go public which opened Asian market for it. Now Jinsheng is bringing Heberlein also to IPO. May I try to understand such procedure as follows: Jinsheng is seeking to merger with European high technologies, but leave the innovation stay in Europe. However, Jinsheng push the acquired unit go to IPO in order to gain the Asia finance resource, and to secure the access to Asian market |

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|      | 方法给它们融入亚洲的资金，然后打开亚洲的市场。   |   |
| Wang | 金昇它是这样做的：它并购了老外的（欧洲的）企业以后呢，第一个是保持稳定，就是它原来的样子是什么，在一到两年的时间里保持稳定。第二个是把它的能力扩展到亚洲来。因为中国是第一大市场，除了美国之外就是中国，中国市场。   | Jinsheng operates as follows: firstly, after taking over a foreign company, Jinsheng will let the acquired company maintain its stability for one or two years; Secondly, it will extend its production to Asia, because China is the biggest market, just behind USA market  |
| Wu:  | 您认为，除了美国以外，中国就是第一大市场。   | In your opinion, Chinese market is ranked first, USA market aside   |
| Wang | 怎么说呢？比如说汽车，汽车最大的市场还是美国市场，而不是我们中国。中国虽然人口众多。但是统计下来，美国每个家庭平均有两辆汽车。我们中国现在平均下来，每个家庭有0.3辆汽车。也就是说我们中国的汽车市场还没有完全的成熟起来。从另外一个角度来说，中国的贫富差距还很大；还有一个交通上面，汽车它还有一个很大的环境问题，一个交通问题。但是中国的汽车工业的发展还是有后劲的。随着我们收入的增加，需求的增加，慢慢的，最好的最先进的技术，最先进的市场产品会移到中国来。因为现在有一个不好的现象：最好的产品一般是先到美国和欧洲的，第二等的产品是在日本， | How to say it? Take the example of car industry, the biggest market in the world is still in USA, not in China. Although China has a huge population, the average number of cars per family is only 0.3, which means our Chinese car market is far from being mature. Another viewpoint is that China still has a deep wealth gap; another factor concerns transportation, automobile industry is linked with enormous environmental problems, a transportation problem. But future growth potential still exists in Chinese automobile industry. With increases of our revenue, as well as of demand, the best and cutting-edge technologies, together with the best market products, will gradually move to China. Because there is currently a bad phenomena: the first-class products are firstly introduced in Europe and USA, the second-class products goes to Japan and only the third-class products come to China |

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|       | 第三等的产品才会到我们中国来。   |  |
| Wu:   | 欧美→日本→中国  | Europe, USA → Japan → China  |
| Wan g | 所以现在的许多富人还是愿意进口原装的车，因为它的档次是不一样的。同一个车型，档次完全不同。但是将来随着我们中国市场的增长和进一步发展的话，档次会慢慢提高，   | Therefore there is tendency for many rich people to buy imported cars with original components because they really belong to different grades. The same model of cars may have completely different grades. But upgrading will take place little by little when our Chinese market keeps growing and developing in the future.   |
| Wu:   | 是不是也把中间环节去掉？现在是，最先进的东西必须进口过来。以后这些最先进的东西会直接在中国生产。  | Should intermediary links be removed? For the time being, we have to import most advanced things. Later on these most advanced things will be produced directly in China.  |
| Wan g | 他们的策略是这样的。许多汽车生产商的策略是，他们把市场优先权投放到欧美市场，然后再到亚洲市场。但是现在随着中国人口的富裕化，生活水平越来越高，而且对车型的要求越来越高。原来中国消费者只想要简单的车，现在他们希望要配置好一点的车。<br>比如说特斯拉(Tesla)，它的订单排得很慢，已经排到三年以后了。但是里面有20%的订单是从中国来的。 | That's their strategy. According to strategies adopted by many automobile producers, marketing priority should be given to European and American markets then Asian market comes only after. But nowadays Chinese people are getting richer and richer and improving increasingly their standard of life, meanwhile they have become more and more demanding to automobile models. Initially Chinese consumers wanted only simple cars now they are looking for cars with more options.<br>For instance, Tesla has a three-year waiting list of purchase orders and 20% of which are coming from China |
| Wu:   | 您给我举这个例子是想说？  | What would you like to show with this example?   |
| Wan g | 中国市场变得越来越重要了。所以说我们前面所说的，帮助这些所并购的欧洲、德国的企业更容易的到中国市场上来。这是第二个。上市其实只是促进作用。为什么呢？上市企业的业绩考核是  | Chinese market is becoming more and more important. Thus, as we said before, (we should) help these acquired European and German companies to come into Chinese market more easily. That's the second point. Going public is only a facilitator. Why? Performance evaluation system of a listed company is transparent – totally different than that from a family company.  |

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|       | 透明的，和家族企业的业绩考核是不一样的。  |  |
| Wu:   | 上市企业是公开的，什么都暴露了。  | A listed company must make its information public. All should be disclosed.  |
| Wan g | 上市企业的业绩要求很高。要达到一定的要求。否则，股东不愿意了。<br><br>欧洲的企业有一个好处，就是：很稳定。100多年都可以做得非常稳。但是从另外一个角度看，就是比较懒散。他们的日子过得很舒服。对业绩的紧迫感不是那么的强。可是你一个股东催他，他可能认为是文化的不同。但是如果你把它放到市场上的话，它自己的压力就出来了。股票的价格会随着你的业绩上升和下降而波动。 | High performance is required for listed companies. They must achieve objectives, if not shareholders would be unhappy. A good thing of European companies is their stability. A company can run more than 100 years smoothly. But from another viewpoint they are rather idle. They lead a comfortable life and don't feel strong performance pressure. Even though a shareholder tries to put him under pressure, he may consider it as cultural divergence. But if you put it (the company) into stock market, pressure will emerge by itself. Share price will fluctuate in accordance with their performance |
| Wu:   | 用这种压力来推动它们，不能够再过这种安安稳稳的舒服日子了。   | To push them under the pressure, they can no more continue their quiet easy life as before   |
| Wan g | 对欧洲人而言，如果他的毛利润能够达到20% 我就很高兴了。他的净利润5% 就激动得行了。但是如果上市的话，在压力推动下，它的净利润可以达到更高的。   | For Europeans, they will be very happy if their gross margin can reach 20% and will even go excited if they achieve net profits increase of 5%. But if you put them under pressure by making them go public, they may achieve much higher margin.  |
| Wu:   | 它是高科技产业嘛。王致先生（Richard Wang）告诉我，Heberlein生产的是陶瓷，我当时就在想，陶瓷怎么可以成为高科技。后来仔细研究了你们网站，  | As it operates in high tech industry. When Richard Wang told me that Heberlein produces ceramics, I asked myself how ceramics industry can become high tech. Afterward I studied your website carefully and saw that ceramics are put in use for knife and artificial tooth inlay. It indeed has become a cutting-edge technology.   |



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|       | 看到陶瓷可以做刀子，可以做假牙等，是很高尖端的一个技术。   |  |
| Wan g | 前两天，Straumann发了一个报表，介绍了医疗市场的趋势。  | Two days before, Straumann published a report about medical market's trend   |
| Wu:   | 医疗市场的趋势  | Medical market trend?  |
| Wan g | 对。陶瓷会取代金属。因为现在手术后有很多植入到人体的东西用金属的，在金属外抹上锆。金属这个东西在医学上的使用已经有三四十年的历史了。但是金属有不好的地方，就是说，它的生物相容性不好。有些人对金属是过敏的，                                   | Yes. Ceramics will replace metals. Because nowadays, for medical operations, many surgical implant parts are made of metals, daubing metal parts with zirconium. Metals have been used in medical use for more than 30 or 40 years. But metal has its own deficiency, in other words, it has a poor biological compatibility. Some people are allergic to metal.   |
| Wu:   | 陶瓷不会吗？   | Not to ceramics?   |
| Wan g | 陶瓷和人体的，尤其是生物陶瓷的，它和骨骼的结构，就是人体骨骼的结构很接近。咱们可以做三地打印的陶瓷，打印出来是蜂窝状的，在显微镜下看，和我们的骨头是一样的。如果在显微镜下看，我们的骨头不是平滑的，而是蜂窝状的。为什么这样呢？第一个，有了蜂窝状骨头就轻了，实的东西是很重的。 | Ceramics, particular biological ceramics, are very close to human skeletal structure. We can make a 3-D ceramic printing and will see it under a microscope that it has a honeycomb structure, the same as our bones structure. If observed under a microscope, our bones are not smooth, but like a honeycomb. Why this? Firstly bones would be lighter with a honeycomb structure. Material with solid core would be very heavy. |
| Wu:   | 可能还更加稳定吧。  | Maybe it's also more stabilised.   |
| Wan g | 第二个还有，蜂窝状可以让肌肉长进去，才可以和身体结合到一起。   | Secondly, honeycomb structure is able to let muscle settled in, to integrate into the human body   |
| Wu:   | 您说的这个报道出自哪个公司  | Which company published the report you mentioned?  |
| Wan g | Straumann ( <a href="http://www.straumann.ch/fr/accueil.html">http://www.straumann.ch/fr/accueil.html</a> ) 。全球最大的植牙生产                   | Straumann ( <a href="http://www.straumann.ch/fr/accueil.html">http://www.straumann.ch/fr/accueil.html</a> ) , the leading dental implant company, the best in the world, which holds a 23% share of the world market.  |

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|       | 厂家。它是最好的。有23%的市场占有率。   |  |
| Wu:   | 你们是它的Delivery吗？  | Are you their delivery?  |
| Wan g | 我们是它的竞争对手。   | We are their rivals.   |
| Wu:   | 我以为他们做大的设备，你们提供精密配件。   | I thought that they build big equipments while you provide sophisticated components.   |
| Wan g | 原来我们做过的。后来Straumann把它的战略改变了。它现在所有的东西自己做，它不要外部代工。它甚至还帮助别人做代工。 | We had such process before. But later on Straumann modified their strategy. Now they do everything themselves and need no more outsourcing and they even take up outsourcing for others. |
| Wu:   | 原来你们做代工，现在被逼迫自立门户。给它们做代工是什么时候发生的事情？                          | You were initially subcontractor and now are obliged to stand on your own feet. When were you their subcontractor?   |
| Wan g | 大概是四年以前的事情。  | About 4 years ago  |
| Wu:   | 我可不可以给你们提这么几个问题：<br>1. 您是什么时候加入这个集团的？<br>2. 您的背景是什么？您管金融和市场。 | May I ask you several questions?<br>1. When did you join the group?<br>2. What is your background? You are in charge of finances and marketing   |
| Wan g | 我的背景是，我在澳洲大概呆了十年吧，在墨尔本。我原来是在中国是学习财务的。在上海财经大学。                | My background, well, I passed about ten years in Australia, in Melbourne. Before that I made finances studies in China, at the university of Shanghai for Finance and Economics          |
| Wu:   | 上海财经大学是我们的友好学校。  | Shanghai Financial and Economic University is one of our sister universities   |
| Wan g | 后来我移民到澳洲去了，在那边读了一个MBA。然后两年以前，2015年的12月份加入这个集团。               | Then I migrated to Australia and completed a MBA degree, then two years ago, in Dec. 2015, I joined this company   |

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| Wu:   | 您在瑞士生活，还是在澳洲、中国、瑞士三处跑？   | Are you living in Switzerland, or travel around in Australia, China and Switzerland   |
| Wan g | 我的家现在在瑞士。在澳洲生活很懒散。   | My home is in Switzerland now. Life in Australia is too relaxing  |
| Wu:   | 我以为澳洲会比欧洲可能辛苦一点点。  | I thought that life in Australia should be more tough   |
| Wan g | 不，澳洲更加懒散。它的自然环境太好了。因为澳洲收入主要来自于矿产出口，然后第二个是教育，然后第三个是农牧业。   | No, it's more relaxing in Australia. They have a too nice natural environment there. Because the first source of their national revenues is mineral export, then comes education industry, and the third one is agricultural and pastoral industry  |
| Wu:   | 通过教育从中国人身上赚钱。  | Their education industry has made a lot of money from Chinese people  |
| Wan g | 所以它的整体压力要比欧洲小。   | As a result, generally speaking, Australia gets less pressure than Europe   |
| Wu:   | 它资源丰富地大物博。   | It has substantial natural resources and vast territory with rich assets.   |
| Wan g | 卖资源没有什么压力，挖出来卖掉就行了。我在澳洲工作的公司里好多人到了周四就开始谈，明天要到那里去玩呀？  | There is no stress selling resources. You do nothing but excavate materials and sell them. In the Australian company where I worked before, when Thursday comes, many employees began discussions, sort of "where shall I go for holiday tomorrow?"   |
| Wu:   | 瑞士人相对压力要比德国法国大一些。瑞士人的带薪休假期相对欧洲其他国家休假的时间是最短的。为这个事，瑞士人全民投票，有百分这八十的人投反对票。因为他们知道瑞士是一个内陆国，资源也不丰富。不努力的话就没戏了。 | Compared to Germans and French, Swiss people have to deal with more pressure. They have fewest paid holidays per year among all European countries. Concerning this issue, they held a referendum and 80% of Swiss voted against, because they know that their country is an inner continental country with poor natural resources. They are doomed to lose if they don't try hard. |
| Wan g | 还是很理智呀   | They are very reasonable  |
| Wu:   | 它不是象法国左一下右一下。瑞士政体和法国不一样，压力了大一些。你在这里过得开心吗？  | They don't behave like French, moving back and forth, left and right. Institutions in Switzerland are different from those in France. Swiss people are under more pressure. Are you enjoying your life here?  |
| Wan g | 语言上有一定的困难。   | I have some difficulties concerning language  |

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| Wu:   | 我刚才还以为你是学了德语专业的呢。  | I thought that you had a German language background   |
| Wan g | 我是到这边来才学德语的，花了一年半的时间。但是到目前为止还只是一般的懂。   | I only began to learn German after I came here; it took me one year and a half. Yet up to now, I merely have an average level   |
| Wu:   | 不要紧，您有英语基础，它也德语都属于日耳曼语系，学习德语会很快的。  | No hurry, you have an English background, you should be a quicker learner for German since both English and Germany belong to Germanic linguistic family  |
| Wan g | 关键是我学的是Hochdeutsch，这里有瑞士当地语言，有许多当地语言听不懂。   | The problem is what I had learned is Hochdeutsch which includes many local Swiss slangs, I can't understand   |
| Wu:   | 不要紧，你可以慢慢学，随着时间的累积，你会慢慢听懂的。  | Don't worry, you may learn slowly, with time goes by, you will understand little by little  |
| Wan g | 好的，肯定的。  | Ok, that's for sure   |
| Wu:   | 我们接着谈吧，我今天采访你的内容我会发给你。这是我们的义务。我们严格执行保密协议。我对外绝对透露用任何人的名字和贵公司的名字。请你放心。                                       | Let's go on. I will send you the content of our interview today. It's my obligation. We strictly respect the rule of confidentiality. I will never disclose names of your company nor of any of your employees. Please be reassured.  |
| Wan g | 好的，  | OK  |
| Wu:   | 然后我想问一下，既然你们是一个欧洲企业，还有一个中国企业。你们这里面有没有说是技术开发在这边，生产在中国。  | Well I want to ask: since your are a European company and you have a Chinese company, have you reached an agreement stipulating that R&D will take place here, and production in China?   |
| Wan g | 现在有这样子的结合，他们有一个key component, 关键技术，是在欧洲搞研发的。这主要有一个原因，是中国的知识产权保护做得不是很好。我们如果在中国搞科研，担心我们的核心的技术会泄密，没有办法。但是我们在中 | Now we have this kind of combination. They have a key component; their key technologies R&D are undertaken in Europe. That's mainly due to the fact that intellectual properties are badly protected in China. If we make R&D in China, we will have concerns about possible technology leaks. There is nothing we can do with that. But in China not only we proceed production, we also have settled down our main marketing and commercial forces, because our market and sales service are also there |

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|       | 国不光是做生产，我们的市场主力和销售主力都在中国。这是因为市场在那里，我们的售后服务也在那里。  |  |
| Wu:   | 你们的售后服务在中国，那这中间需要大量的知识的传授呀。这么高、精、尖的东西到中国，这中间应该有一个Knowledge transfer这样的过程吧。   | Your sales services are located in China, which should required huge quantities of knowledge transfer. To bring such high, sophisticated and edge-cutting stuffs into China, there must have been a process of knowhow transfer  |
| Wan g | 我们有这样一个市场，也是分三步走吧。我举一个例子，象EMAG（请查看金昇网网页 <a href="http://www.jinshengroup.com/en/">http://www.jinshengroup.com/en/</a> ）。它的CNC含金量特别高。CNC翻译成中文应该是叫数控机床加工中心。在一个机床里面可以做切削、可以做turning，可以做grinding...整个机床它有五六个方向来做生产。然后这个机床最关键的零部件是一个我们叫它XSES是个加工手 | We have created this kind of a market in three steps. Let's me give you an example, like EMAG. (See <a href="http://www.jinshengroup.com/en/">http://www.jinshengroup.com/en/</a> ). Its CNC is of high quality. In Chinese, CNC should be translated into Computer numerical control which is programmed to make cutting, turning, grinding.... The whole machine tool is controlled along 5 or 6 axes. Then, the most important component of the machine tool is the manipulator arm, we called XSES |
| Wu:   | 是不是象机器人一样的机器手？   | Is it like a mechanic hand of a robot?   |
| Wan g | 不是，它是一个加工手。它在机床里不同的角度伸出加工手来加工零部件。有些加工手是钻呀，有些是grinding，从不同的角度做不同的加工。这就是我们的核心部件。这个核心部件我们是在德国生产的，其它部件，我们在中国生产，然后在中国组装，送到我们的客户那里。  | No, it is a hand that makes operations. It stretches out from different angles of the machine tool to manufacture components. Some XSES are for drilling, some for grinding, they are operating from different angles. They are our core parts that we manufacture in Germany. As for other parts, we will produce and assemble them in China then deliver them to our customers.  |
| Wu:   | 我很关心问题就是相互融合和整合。必竟是一个西方企业和中国企业相互在嫁接在一起，他们怎   | I am very interested in issues of convergence and integration. After all, it concerns a marriage between Chinese and Occidental companies. How should they cooperate? There still exist some concerns about integration even if acquired European companies have been left   |

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|      | <p>样合作？就算是中国母公司不派人过来，让欧洲被并购企业最大限度自由发展，母公司只在中国遥控指挥一下，在这里面还是要有一些整合。比如说：你们的会计核算系统要并到一起要整合。你们的销售是不是整合？你们欧洲有技术技术，你们的市场在中国。那中国那边如果不懂欧洲这边的技术怎么办？有关整合，你能不能跟我谈一谈关于具体情况。</p>  | <p>free hands as much as possible, since nobody has been sent from Chinese parent company. There would still be problems about integration even if Chinese parent company were confined to a mere remote control. For example: Your accounting system should be integrated. Have your sales been integrated? You have technologies in Europe and market in China. How about Chinese people who don't get hold of European technologies? Could you please give me more details about integration?</p>        |
| Wang | <p>我个人觉得整合是这样的：我们集团有5个同部门。它每块的业务都不一样。我们在他们的系统里每一个Business Unit里面带有一个SAP系统，</p>  | <p>In my opinion, integration should be conducted like this: our group has 5 units and each of them operates in different business. We provide each business unit with a SAP system</p>   |
| Wu:  | SAP   | SAP   |
| Wang | <p>但是每个业务快使用SAP都是相对独立的。这个集团和另外一个集团里的SAP的系统都是不一样的。我们有consolidation report – 就是一个核心报表，最后我们SAP系统都倒到我们的报表系统里面。最后我们就可以看到企业的业绩了。这是在报表上。第二个就是管理，企业他有一个董事会结构。每个集团里，每个Business Unit我们都会派人去做他的董事。我们董事会里定期召开董事会。</p> | <p>But each business units runs its SAP in a relative independent way. Each unit has its own SAP, different from others. We issue a consolidation report – kind of core report—, which receives all SAP system reports, and at the end we will get an overall look of our company's situation. That's about reports. The second concerns management. Each company has a Board structure. In every group, in every business unit, we have our people sit on the board. We hold board meetings regularly.</p> |
| Wu:  | <p>董事就是会派一个正董事，一个人吗？</p>  | <p>You send only one director to Board, only one?</p>   |

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| Wan g | No。董事会的话，你要看集团大小。集团大的有七个人，小的话五个人。  | No. As for board meetings, it depends on the size of the group. 7 directors for a big group, 5 for a small one.   |
| Wu:   | 我是说，中国派多少人   | I mean, how many are sent from China?   |
| Wan g | 中国母公司一般派多数人，一般在董事会占多数。   | Generally speaking, Chinese mother company will send the majority of directors, they have the majority in the Boards  |
| Wu:   | 对的，这个蛮重要的，你应该是董事会的人吧？  | Well, it's very important, you should be part of the Board?   |
| Wan g | 是的，是Heberlein这个公司的。是这个公司董事会的人。他们派人进来的原因是，我不干涉你们的日常经营，但是我要知道你们企业的方向，你的企业的mission呀、vision呀，这些东西是要从上而下去执行，而不是从下而上去执行的。因为mission是很高的东西。下面的公司是看不到的。这个Mission交给你到底执行的如何。 | Yes, for Heberlein. I am a Director of its Board. The reason that they send people is: I won't get involved with your daily operations, but I want to know your business orientation. As for the company's mission or vision, they must be undertaken in a top-down way, not bottom-up. Because mission is a high conception and it's difficult for subsidiaries to see it. The mission is given, let's how will it be carried out.   |
| Wu:   | 就是说整个集团的Mission是由上而下来贯彻的，而不是由下而上的。   | In other words, mission will be carried out in a top-down way inside the whole company, not bottom-up   |
| Wan g | 这个是要董事来贯彻的，但是日常经营是不干涉的。比如说：今年中国市场的市场报告说我们要百分之十的增量，我们要加大向中国的投资，在中国建厂。这是金昇给他们方向。至于在什么地方建厂，你怎么建都由你自己来决定。这对他们来说就是一个好事。因为你不可能帮他去建一个厂。第二个员工的培养，中国市场的员工要进行培养。三            | It will be carried out by the Board, but the Board won't intervene in daily stuffs. For instance: this year's report for Chinese market announced a 10% increasing of production and we will invest more in China and build plants there. That is the direction that Jinsheng set for them. Concerning the location and how to establish the plant, Jinsheng let them make self decision. It's a good thing for them, because one can't help them build plants. Secondly, as for employees' training, Chinese employees need training. Within three years, a huge number of subsidiary engineers should be trained. Because many core technologies are in the hands of foreign employees. |

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|       | 年内，你要培养多少subsidiary的engineer。因为很多的的技术核心都在老外手里。  |  |
| Wu:   | 那这是怎样一个传递呢？   | How to make the transfer?  |
| Wan g | 我派一个学徒，到德国来学习三年。  | I send an apprentice to Germany to study during three years.   |
| Wu:   | 那你们公司在中国肯定要招工科出身的学生，招到以后，再把他们送到德国来学习三年，   | Then your company should enlist students with technic background before sending them to study in Germany   |
| Wan g | 这个将来呢，他们就变为subsidiary engineer，他们就负责技术的传承，他们就把德国的技术慢慢地学到，然后根据中国市场化，用到中国市场来。   | Well, later on they will become subsidiary engineers and will be in charge of technology transfer. They will learn German technologies little by little, then bring them to Chinese market in lines with Chinese market characteristics  |
| Wu:   | 这样一个传递技术的话，德国那边的工程师，就算他企业被你们并购了，他们愿不愿配合呢？因为我采访过一些企业，在这方面有一定的困难。如果你们遇到这种情况，你们怎么解决呢？  | It concerns technology transfer, well, what about German engineers, are they willing to cooperate even if they are acquired by you? Because I have interviewed some companies and they have all encountered this kind of problems. If you are in a such situation, what will you do?   |
| Wan g | 有，有。在一些企业确实有这么一些情况，但是后来我们就把产品线品化了，  | We do have such problems. There are such problems in some companies indeed, but afterward we made production linear....  |
| Wu:   | 什么化了，我听不清楚  | What linear? I didn't catch it   |
| Wan g | 假设你是做汽车吧，汽车有不同的品牌的、不同配制的汽车吧。比如说，BMW，在德国做，GM的在中国做，我们就做成这样的模式。你就是这样同样一个机器他有model，这个机器将来会给中国做，中国研发，中国做。但是我们有很大的机械部件，很大的机械部分留在德国。不把 | Suppose you are in automobile industry. There are different car brands, with different fittings. For instance, BMW, made in Germany, GM made in China. We will follow such models. You just take the same machine following his model. This machine will be later given to China so that it can be developed and produced in China. But we have lots of equipment components, which still remain in Germany and won't be transferred to China. In this case we don't steal German workers' jobs. What worries them the most is job – if I give you my technology, that will make me lose my job. |



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|       | 它转到中国。这样的话我们就没有夺走德国人的工作职位。他们最担心的是职位 -- 我把技术传给你了，可能就会夺走我的工作呀。                              |   |
| Wu:   | 这是我所采访的企业都遇到的问题。欧洲的企业很担心并购了以后，我把技术传给你了你们，然后中国人都学走了。有百分之五十的企业都有这种担心。                       | All the companies that I interviewed have faced such problems. European companies are concerned that Chinese will grasp all technologies after technology transfer following the acquisition. Almost 50% of companies have this kind of concerns.   |
| Wan g | 所有的企业都有这种担忧，这是人性。我要为我的未来而担忧的  | All companies share such concerns. That's human. I must worry about my future.  |
| Wu:   | 我还是没有太听懂，是不是你们（金昇集团）把并购企业的产品分类了类。某些类别的研发的放在中国，某些是放在欧洲，让他放心，没把他一锅都端走。                      | I don't understand very well. Have you classified products of acquired companies? Some R&D products are left in China, others in Europe, so as to reassure them that you won't take away all.   |
| Wan g | 没错，我们跟他们讲了，因为机床这个产品和汽车一样，它有不同型号的，我们能生产各种不同型号的机床，那么有一些机床呢它是在德国生产的历史很久了，我就说这个机床我不动，就在你那里呆着。 | Exactly. We told them, because machine tool is kind of product like a car, there are different models. We can produce different kinds of machine tools, in this case, since some of them have a long production history in Germany, I will say, well, I won't touch this machine tool, just let it be there |
| Wu:   | 那甚至不送学徒过来学吧？  | You won't even send apprentices here to learn?  |
| Wan g | 也要送学徒过来学的，这个他不担心。如果回中国生产，那个他们就担心了。  | Well we will send some apprentices; they don't have to worry about that. Because if all is made in China, they will get worried   |
| Wu:   | 它的生产也在德国。你们保证他们，某些机床它的生产也在德国，保证他们的employee的工作不减少。   | They will carry out production in Germany. You assure them that some machine tools will be produced in Germany, and guarantee their employees won't get less work   |

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| Wan g | 对的, 所以他就不担心了。然后我们反而想要做的就是增量。比如我会可以增加这个产品的汽车, 这个产品的汽车在中国生产, 这样这种汽车跟你的汽车不是同一个市场的, 不是同一个型号的。这样互相不会抢走各自的市场, 所以就不会担忧了。   | Yes, so he has no need to worry. On the contrary we are seeking to increase production quantity. For example, I may produce increasingly cars of a certain model that are made in China, as a result, my car and your car won't be the same model and thus won't compete in the same market. Thus we won't fight for market share and will be spared further concerns.   |
| Wu:   | 就是说, 不抢市场, 这点很重要。   | That's to say, there is no fight for market shares, that's an important point  |
| Wan g | 这个很难得讲清楚。   | It's difficult to explain it clearly   |
| Wu:   | 我觉得你讲得非常好。  | I find you made excellent explanations   |
| Wan g | 我们公司请了很多Consultant, 请了中欧商学院的院长就是我们公司的导师。我们也把这些问题放出来跟他们讨论, 提出来向他们咨询, 到底要怎么处理比较好。其实这些问题也是人性的, 你要尊重他。他们有这种想法是很正常的, 不想才是不正常。但是对他这种想法你要想办法去解决, 最后做到双赢。就是, 你能得到技术, 也不要损害他的利益。 | We call in many consultants. The president of CEIBS is one of our directors. We discuss such issues with them and ask them how to handle them in an appropriate way. Actually it's about human nature, you must show respect towards them. It's normal that they have this kind of ideas and it'll be abnormal if they don't. But you must do something to clear up such misunderstanding, so as to reach a win-win solution. Besides, you can obtain his technologies without causing damage to him |
| Wu:   | 就是要互相替对方着想  | You mean, we should show more thoughts for others  |
| Wan g | 不错, 你要做增量, 不能减他的量。如果你的想法是你等着, 等我学好了我就把你一锅端掉, 他一定不会把技术教给你的。  | Yes, you may increase quantity for your part, but not decrease his. If you think in the way of "just you wait, I will knock you down once I accomplish my learning, and the Europeans definitely will never teach you his technologies.  |
| Wu:   | 可是你怎么样才能打掉他的顾虑呢, 现在很多企业都有这种担忧。而且因此流失了很多的人才。可能我觉得你们的规模大, 可能  | But how can you do to put their concerns out of their head? Nowadays many companies share these concerns, thus resulting in a brain drain. Probably I find you are a large group and sure of yourselves, because the companies that I interviewed before are not as big as yours. Did you begin to make M&A operations very early?   |

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|       | 说话的中气足。因为我采访了几家企业本身没有你们这么大的规模。你们也是并购的很早的吧？   |   |
| Wan g | 对的，我们并购的很早。  | Yes, we started M&A very early.   |
| Wu:   | 就是他们才刚刚开始并购过来。你知道中国这种跨界并购的现象也比较多。比如：有原来在中国做的是房地产的企业，或者做别的产业，后来折腾上市了，看到欧美某个企业有100多年历史了，就想并购过来。  | That's to say, it was at the beginning of their acquisition. As you know, there are many cross-border acquisitions of this kind. For instance, there are many Chinese companies running business in property, or something else, then after going public, they eyed some hundred-year-old companies in Western countries and wanted to take it over.  |
| Wan g | 真的吗?他们这样做，是派人来管理吗？   | Really? They proceed like this? They send people here to run the business?  |
| Wu:   | 是的。派人来管理，派人来学。现在我文章的重点就是要讨论怎么样解决这样的矛盾。   | Yes. They send people here to manage, to learn. Well the key point of my research is to discuss how they deal with these conflicts.   |
| Wan g | 我原来也帮几个企业做过并购咨询的。就象你说的这样的情况也有的。<br><br>有个企业做食品的，做得很成功，并购了一个Internet things，做物联网的企业，他们对物联网就根本一点感念都没有。那就是烧钱。<br><br>跨境并购是很有挑战的事。金昇人自己本身就是做机械的。他在自己的领域，就知道这些事情如何操作。他对它（被并购企业）的基础和其它事情都了解。他（金昇）并购的都是机械生产的企业。金昇他没有说去并购物联网 | I also have helped several companies in their acquisitions as consultant. Like you mentioned, there are this kind of things.<br>There was a very successful food company that acquired a firm of Internet things. The take-over has no sense of internet things. It was akin to burning money.<br>Cross-border acquisition is very challenging. Jinsheng has been a machinery manufacturer itself. It is in its own domain and knows how to operate. Jinsheng knows clearly business bases and alike. Jinsheng has taken over only companies in machinery industry and has never had intention to buy internet companies or other fashionable things. It sticks to its own business, it knows its business, and thus it can be entitled to talk to target company: we are developing in this or that direction.<br>But if as a cookies maker goes to tell a firm of Internet things:" You must do this or that", he would be completely senseless. Nobody will listen to him. It's very important to have sense of business. On cannot suffice to pour into money to make people listen to him.<br>There is another point special to Chinese companies – Chinese managers love to intervene. It can't work if a complete outsider |

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|       | <p>，没有并购其它很fashion的东西。他就在自己的领域，这个领域他懂，他才能够有本事跟人家（被并购企业）说：我们朝这个方向发展，朝那个方向发展。</p> <p>但是如果你是个做饼干的，跟人家物联网企业说，你去做这个那个的，你没有这个Sense, 别人怎么听你的？有行业的Sense 很重要，不是你把钱抛进来就，别人就听你的了。</p> <p>中国的企业还有一个特点，就是爱管。如果你不懂还要管别人，别人不服的。如果你把做饼干的经验拿去做物联网，是不能用的。</p> | <p>tries to tell others what to do. He can't convince people. One can't run an Internet company with the cookie maker's experiences. It can't work.</p>   |
| Wu:   | 请问您是70后还是80后？   | May I know that you are born at then end of 1970's or 1980's?   |
| Wan g | 你说呢？  | In your opinion?  |
| Wu:   | 80后   | 1980's  |
| Wan g | 你故意跟我开玩笑吧？  | Are you kidding me?   |
| Wu:   | <p>我采访过了个80后高管。他说：“吴老师，我认为您提问题都是站在欧洲人的角度。您应该站在我们中国人的角度提问题。你们老一代的是崇拜欧洲，我们现在不一样了。我们就是要24小时都工作，就是要让手机每周7天开机。”80后的非常自信，他们认为，我们中国是大国是强国了，我们要改变沟通方式，让欧洲人适应我们。</p>   | <p>I had interviewed an executive who was born at the end of 1980's. He told me, "Mrs Wu, I think that you asked all your questions from the European viewpoint. You should make it from our Chinese viewpoint. You old generation admired Europe, but we no more. We are seeking to work 24 hours no-stop, to switch on our mobile 7 days per week." These people born at then end of 1980's are very self-confident. They think: China is a strong country now, we will change communication methods to let Europeans get used to us.</p> |

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| Wan g | 我很明白，很理解他们的想法。因为他们认为，反正这个被并购的公司是属于我的了。我让你怎么做，你就得怎么做。但是他不能忘记了，欧洲的文化和中国文化是不一样的。并不是说，你是老板，你压我我就会干。 | I see, and I understand their mind very well. Because they think that after all, the acquired company is mine, so you should do what I ask you to do. But he should not forget that European culture is different from Chinese culture, which doesn't mean that I will do the job if you weigh down on me because you are the boss. |
| Wu:   | 这位80后管理人员也承认文化差距。但他认为，现在应该是欧洲人向我们学习了。   | This manager from 80s admitted the cultural gap. But in his opinion, it's time now for Europeans to learn from us.  |
| Wan g | 可是你有什么长处要我去学习？  | But what merits do you have to let me learn from you?   |
| Wu:   | 他说，我们勤奋呀，我们三十年走了欧洲人一百年走的路呀。他还说如果像欧洲人那样工作，公司就是得破产。   | He said, Chinese people are working hard, and it took Chinese only 30 years to achieve what Europeans had done in more than 100 years. He also said, if Chinese works in European way, Chinese companies would get bankrupt.  |
| Wan g | 他说得是对的。这是整个国家和环境的问题。<br>可是我问他这个具体公司，他为什么认为欧洲的公司应该听他的？   | He was right. It's something to do with the whole country and environmental issues. But I should ask him, concretely speaking, why does he think that the European company should listen to him?  |
| Wu:   | 他说，我在你破产或濒临破产时救了你呀？   | He would answer, because I saved you when you were falling into bankruptcy  |
| Wan g | 对。他是给了钱。可是他就可以把我带到好的地方去吗？你的战略战术是不是比我以前好很多呢？<br>我也是瞧不起欧洲企业的懒散，欧洲是懒散。所以我们（金昇）要求被并购企业上市。我要你上市，     | Right. He did give money, but can he show us the good direction? Are your strategies and tactics better than my previous ones? Me too, I look down upon Europeans' idleness. Europe is idleness, so we Jinsheng required the acquired company to go public - I ask you to be listed   |
| Wu:   | 我要你上市。  | I require you to go public  |
| Wan g | 上市以后，股票在上下波动。您应该是知道的，上市公司的压力  | After being listed, share prices will be exposed to fluctuation. As you should know, listed companies are under huge pressure. People become nervous when share price falls. Being  |

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| <p>很大。股票一跌，人自己就会紧张。把他们逼到上市以后会有很大的不同。因为上市以后的监管力度很大 – 不管是经营上的，还是人才上的，力度都很大的。你（母公司）都不用说话，只要一看股票就知道的。他们的业绩不好股票就下降，他们就要采取行动了。我们就不要去解释了。但是如果你批评他们说：你们太懒了。欧洲人是不会接受的。</p> <p>有的时候可以说改变是要有一定的环境的。环境很重要，你只要营造一个有压力的环境，让他来改变。而不需要去斥责他，或者说我逼你24小时去工作。你逼他厉害了，他可以24小时工作，但是不出力。你拿他怎么办，有这样的情况。</p> <p>我们公司的人是这个样子的。我举个例子，我们公司有一个做R&amp;D的老头搞研发的，他自己研发了一个小零件，他觉得特别好，他就跟经理去讲了，经理就奖励了他。带这个零件的产品卖得蛮好的。这个产品是这个老头自己下班了，在家里偷偷研发的，他也没有说要什么报酬。他就是</p> | <p>listed will make great difference to them. Because stock market will constantly monitor companies, either for management issues or human resources, in a strong manner. The parent company won't need say any words and they just have to take a glance at share price. When they have a poor performance, share price will fall, and then they will undertake operations consequently. We need no more explanation. But if you blame Europeans for being lazy they won't accept it. Sometimes, changes are said to take place only in certain circumstances. Context is very important. You need to build up an environment with pressure and let it change them. You don't have to blame them, nor compel them to work. If your pressure goes too far, they may be present at work for 24 hours no stop and he won't make great efforts. How can you handle him? We have encountered such situations.</p> <p>Let's take an example to showcase our employees' way of working: our company's R&amp;D department had a senior employee who had worked out a small component and found it excellent. He then informed his manager about that and got some compensation. It turned out that products equipped with the new component sold very well. The senior employee had worked it out alone at home, after he left office, in a secret manner. He didn't require any remuneration for this. It's his hobby. Each person has his own hobby. What we should do is to stimulate their initiatives, instead of compelling them to overwork.</p> <p>According to our test, Swiss productivity is 6 times higher than that of Chinese.</p> |
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|       | <p>一种爱好。不同的人就有不同的嗜好，你要激发他们的积极性。而不是强迫他们去加班工作。</p> <p>我们测试过，瑞士的效率比中国要高6倍。</p>  |   |
| Wu:   | 这是个很有趣的数据。   | Very interesting statistics.  |
| Wan g | 很吃惊吧？  | Surprising, isn't it?   |
| Wu:   | 是不是你们这个行业瑞士比中国高六倍呀！  | Swiss more efficient than Chinese by six-fold, does it concern only your business?  |
| Wan g | <p>在很多行业是这样的。这是我们公司测的，别的公司是不是六倍，我就知道了。但是一定比中国高。因为瑞士是一个高成本的国家。这样的国家企业要存活下来。没有一点点，比如说，你的产品的跟进能力呀，你的产品的绩效能力呀，你的efficiency要高，要不你就成活不了呀。因为人家一小时付10元钱，你一小时付200元钱。你产出的东西一定要跟人家花很多时间产出的东西一样才行呀。</p> <p>我们还专门测试过一个简单的装配，一个瑞士工人，一个中国工人一起装。瑞士的工人在12秒就装好了，而且经过质量检验，百分之百的合格。中国工人用了3</p> | <p>It is the same with many other businesses. This figure is our company's test result. As far as other companies are concerned, I don't know, but they should do higher than Chinese, that's for sure, because Switzerland is a country with high costs. If a company wants to survive in such a country, it can't make it without a certain performance. For instance, your products' capacity of updating, your products' performance, your efficiency, they must be high enough, if not you can't keep it alive. Because, if you pay your worker 200 Yuan hourly while they pay 10 Yuan hourly (in China), you must achieve the same production as they do in much more time.</p> <p>We had also undertaken a special test by requiring one Swiss worker and one Chinese worker to proceed a same simple assembling. It took the Swiss worker 12 second to accomplish the assembling which, after being tested, was certificated 100% qualified. On the other hand, it took the Chinese worker 3 minutes to finish the job which had not passed the quality test. Differences lie in such tiny details.</p> |

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|       | 分钟做好了，质量检验还不合格。不一样的，就是这种小差别引起的。   |  |
| Wu:   | 我也可以跟你举一个例子，海鸥手表厂他们专门请了瑞士的钟表装配师到中国去手把手的教他们，最后不管怎么装，在中国一天还是相差几秒。做不到瑞士的这种精度。  | I may give you another example. Invited by Haiou Watch to China, Swiss watch assemblers were expected to take Haiou's workers' hands and teach them how to work. Finally, no matter how they proceeded, watches assembled in China still had several seconds' delay within one day and they can't reach the accuracy of Swiss watches.   |
| Wan g | 我跟你讲，这就是瑞士人的厉害之处。这种小差别，我们看不出来。就是这种小差别引起了他的产品和其它的国家产品不在一样的级别。  | Let me tell you, that's is what the Swiss people are good at. This kind of tiny difference, we can't see it at the surface. But, it is the very kind of tiny difference that makes Swiss products distinguishable from products made in other countries.   |
| Wu:   | 你说，瑞士和其它的国家相比，他比德国还要厉害  | You mean, compared to other countries, Swiss fare even better than Germans?  |
| Wan g | 德国公司也不错，但是瑞士人比德国人还要精确，他对自己的要求还要高  | German companies too are doing well, but Swiss people function more precisely than German people and set higher standards for themselves.  |
| Wu:   | 对，瑞士是一个小国，必须这样生存。   | Yes, Switzerland is a small country and it must survive.   |
| Wan g | 它是一个小国，又没有资源。他要达到现在这个程度，多么不容易呀。他不象我们中国，我们中国很大，我们有矿产，我们什么都有。所以我们人也养成了懒散的习惯。而瑞士小，资源少，好多东西需要进口。国土也都是山地为主，农业也不好做，所以它一定要有自己的特色。瑞士的医药也是世界上一流的。他们想尽一切办法做出来的就是和别人不一样，而且比别人做得更好。 | It's a small country, without resources. How difficult for it to reach levels that they have today. It's not like China. We China is big, we have minerals. We have everything, so we become idle as well. Well, Switzerland has a small land with little resources and depends badly on import. Most of their territory is hilly and it's hard to develop agriculture, so it must make its own way. Switzerland produces the best medicine in the world. They are trying their best and what they have achieved is different from others and better than others |



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| Wu:   | <p>Niche Market。我所观察的，他们（瑞士）一个是不一样；第二个，他们总是设定一个瑞士的标准，这个标准一定要高出世界其它国家标准，甚至是最高的标准。沈阳远大集团是做幕墙和行业。瑞士的建筑标准是世界最高标准。远大对准的是瑞士标准，所以他们很自豪。</p>   | <p>Niche market. According to my observation, Swiss people insist on two points: firstly, be different; secondly they set up their own Swiss standards higher than those of any other country in the world, even the highest. Shenyang Yuanda operates in curtain wall industry and Swiss has the world's highest standards of construction. As a result Yuanda is very proud of being in lines with Swiss standards.</p>   |
| Wan g | <p>是的。Made in Switzerland就是给你质量的保证。只要你看到产品上印有Made in Switzerland, 就表明质量是好的，它是质量的保证。所以我觉得，瑞士这个小国家有很多值得学习的地方。现中国人好有钱呀，好多人都在并购瑞士的公司，而且还一定要并购大的。但是你把他并购以后，能不能把它真正的管理好，还真的是个大课题。我还有点担心呢，中国企业可不可以带好瑞士被并购企业。千万不要搞成：我来了，我就是老大，你就得听我的。那不行的。</p> | <p>Yes. Made in Switzerland is akin to quality guarantee. As soon as you see "Made in Switzerland" sign on a product, you'll know it has good quality and provides guarantee for quality. So in my opinion we have a lot to learn from a small country like Switzerland. Nowadays Chinese people have so much money and try to buy Swiss companies, big companies. But once you take them over, are you able to run them well? That remains big issues. I somehow worry about it: can Chinese companies manage their acquired Swiss companies? The last thing to do would be: here I am, I'm the big boss, and you should obey me. That won't work.</p> |
| Wu:   | <p>对，在一个民主的国家，有700年民主的历史。</p>  | <p>Yes, we are in a democratic country with more than 700-year history of democracy.</p>  |
| Wan g | <p>瑞士有他强的地方，你一定要挖掘他强的地方。中国企业一定要想办法把他强的地方强化，然后你要带一些额外的东西。比如我们金昇帮他打进中国市场，他原来打进中国市场很难。你要做增量，不能做减项。做减项，并购</p>  | <p>Switzerland has its strengths and you must capitalize on them. Chinese companies must try to make the most of these strengths before putting your own things into it. For instance, we Jinsheng helped them enter into Chinese market. Before it was hard for them to enter into Chinese market. You should make the addition, not subtraction. Acquisitions are doomed to fail if you make subtraction. There are also many acquisitions which ended up badly. I eyed many cases like this, following</p>   |

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|       | 一定成功不了。并购不成功的案例也有很多的。我也看到很多的，买下来后，员工罢工的，人员流失了的。   | the acquisition, employees went on strike or left.   |
| Wu:   | 我觉得你这点说得特别好。强化他们的强项，然后带来市场。   | I find your point excellent. To make the most of their strengths and bring them new markets.   |
| Wan g | 我们要做增量，我买下以后，要爱惜他。如果老是骂他，是行不通的。   | We aim at increasing production quantity. After I buy him I must cherish him. It can't work if I keep scolding him.  |
| Wu:   | <p>可不可以问一问你们是如何保证中瑞两边交流的？用什么方式进行交流？你刚才说到的在技术传授方面。强调增量和双赢，然后站在他们的角度为他们着想，保证他们的就业率。那交流呢？在业务上的交流，以及你们其它方面，你们之间又是如何进行交流的？</p> <p>比如说我采访了一个企业，他们说刚开始互相都不理解，最难的是瑞士人如何把握中国人的战略思想。有很多战略思想对他们比较小的家族企业是绯闻所思的。瑞士许多企业百年以来只是兢兢业业的做一件产品，几百万的生意，而且只限于做德语区。中国企业并购后，突然要做上亿的产品，他们感到很害怕，他们觉得不脚踏实地。怎么样让他们真正的认识到中国企业的Mission, 这种vision很难。这个企业告诉我，他们定期让各个部门，比如说：市场对市场，生产对生产，财</p> | <p>May I ask you how you guarantee the Swiss-Chinese bilateral communication? By which means? You mentioned just now technical transfer, you emphasized on quantity increase, win-win, thinking from their viewpoint and securing their jobs. What about your communication? Business communication and others? How do you establish links? For example, I interviewed a company. At the beginning they all said they could not understand each other and the most difficult for Swiss people was to get hold of Chinese people's strategy reasoning. As relatively small-sized family businesses, they had never heard about such strategies conceptions. In Switzerland there are many hundred-year-old enterprises that had always been devoted to manufacturing one unique product, with turnover of several millions, only trading inside German-speaking region. After being taken over by Chinese companies, they were suddenly facing hundreds of millions business production. They became upset and did not feel their feet planted on the ground. How to make them really understand Chinese company's mission? It was a hard vision. This company told me that they required teammates of each unit from two sides to communicate regularly, for instance: marketing vs marketing, production vs production, finances vs finances, and the like.</p> <p>How do you Jinsheng Group conduct cross borders communication?</p> |

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|       | <p>务对财务，相应部门间定期进行相互交流。</p> <p>你们金昇集团跨国的交流是如何进行的？</p>   |   |
| Wan g | <p>其实我们金昇不管被并购的欧洲企业的日常业务。没有定期交流的制度。但是金昇我们内部有一个大学经常组织各部门人员进行一些论题讨论，或进行一些培训</p>  | <p>In reality, we Jinsheng don't get involved with daily business in the acquired European company. We haven't instituted a regular communication. Yet inside Jinsheng, we have a university in charge of organizing discussions over certain themes or training for employees from different units</p>   |
| Wu:   | <p>你们是网上大学吗？还是在实地组织进行的。</p>  | <p>Is it an on-line university, or on site?</p>   |
| Wan g | <p>所谓的大学其实就是一个平台，他经常会进行一些培训</p>  | <p>The so-called university is indeed a platform where take place some trainings quite often.</p>   |
| Wu:   | <p>是在internet里面的University吗？</p>   | <p>Is the university on the website?</p>  |
| Wan g | <p>是的，一年总是会把各个unit聚在一起，让各个unit之间相互交流，也进行一些培训。在培训时就让unit讲自己的故事，如：我做了某件事情成功了。又有做了些什么事情失败了。有些什么难题提出来让大家帮忙出主意，让大家互通有无。当地的管理层参加，让他们自己讲。大家也可以讨论自己工作中不能够理解的事情。这是一个Unit university，所以大家说话比较放松，也没有谁是领导。比如，大家可以提意见，说：我认为谁谁谁这样做是不对的，我都原因是1、2、3、4。让他们在比较放松的情况下相互交流，相互学习。</p> | <p>Yes. It will bring together all units every year and enable them to communicate. It also organizes some trainings during which units tell their own stories, for instance, I have succeeded in such things, or failed. You may arise your problems and everyone is invited to help you seeking a solution. It makes sharing possible. Local executives will also take part in it and have words to say. We can discuss about things that are difficult to understand during our work. Since it is a university people are quite relaxed and no one should be considered as a leader. For instance, you may disagree, saying, I think that someone or other hasn't done things in right way for the following reasons 1, 2, 3, 4. To provide them with a relaxing environment to communicate with each other, to learn from each other.</p> |

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| Wu:   | 就是每人可以提意见，在一个集团内部公开的platform上。  | That's to say, every one may comment on a public platform inside the group?   |
| Wan g | 对的，就是一个Platform。通过这种形式，让他们自己来说服自己。如果某人说出来，大家都觉得他不对，他自己也要思考，会想办法改掉。  | Exactly, it's a platform. Through this frame, let them convinced by themselves. If we all disagree with someone who speaks, he has to think it over and try to make rectifications  |
| Wu:   | 那这是很自由的，如果有人不愿意暴露自己，他有问题是不是永远都可以不说出来？   | So, it is a very free atmosphere. If some one does not want to expose himself, may he keep his question for himself and never speak?  |
| Wan g | 不可以的，每个人都必须讲，要求每个人都要讲。  | He can't. Each person must talk. We ask every one to speak.   |
| Wu:   | 多长时间进行一次。   | How often?  |
| Wan g | 一般两个星期，大家都交流。也有这样的人，他的问题提出来，大家都认为不对，要求他去改正，可他本人一直都没有改进。这时我们会去找他，也有自己一直坚持不改进的。我们就请他走人。   | Every two weeks. We all participate in communications. It happened that a question raised by someone had been rejected by all others and afterward he didn't make modification as he was required. In this case we will go to see him for talks. There have also been some people who refused to make progress, thus we will but ask him to pack.   |
| Wu:   | 是不是这种形式啊，我描述一下：每两周，每个unit都必须讲自己团队的经历，成功的失败的，然后其它unit代表人就可以评论他；评论以以后，大家会讨论，寻找解决方法。但是，也有比较固执己见的，不接受别人意见的，实在顽固到底的不听建议的。这样的人到时就会被请走的。 | Well, let me try to make description of your procedure: every two weeks, every unit must give a debriefing of its activities, success or failure; then people from other units will comment. After that, you began discussions about finding solutions. But there are some stubborn people who don't accept others' comments. For those who are deadly stubborn, you will invite him to quit. |
| Wan g | 如果某些人几年下来，还是一样的，屡教不改，可能就要被请走。那这个人可能就是一个错的人  | If some people remain the same several years later and refuse to improve himself, we will invite him to leave. He may be the wrong person. People are different. We may accept some people, and not others. It also happened  |

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|       | 。人有不同，有的人可以接受，有的人不能接受。有的还提出具体更改方案和步骤。   | that some people are even able to propose reform plans and steps to conduct  |
| Wu:   | 那你也任务很重的，你也要加入到这个platform里面吧？   | You have great responsibilities. You too should take part in this platform?  |
| Wan g | 我还在学习中国。我就是去当学生的  | I am still in my studies about China. I will go as a student.  |
| Wu:   | 我现在还想问这么几个问题。第一个：你刚才说到了有一点，就是中欧商学院的教授帮你们做了商业分析。你们在整合或者在你们并购中，你们还用到了哪样一些资源？比如：有没有中国政府帮忙？<br>有些企业在考察的时候就有瑞士非营利组织、政府机构帮忙。<br>你们得到中国使馆帮助吗？除了中欧商学院，你们有没有调动外部的咨询公司或者法律顾问？ | I have still several questions. First, you mentioned that professors from China Europe International Business School had helped you in commercial analysis. Besides that, what kind of sources did you call in during your acquisition and integration? For instance: have you obtain aid form Chinese government? Some companies would receive help from Swiss non-profit organisations or governmental structures during their investigation. Have you ever received help for Chinese Embassy? China Europe International Business School aside, have you enlisted consulting service or legal advisors from outside your company? |
| Wan g | 咨询和法律在并购时一定要用到的。比如说KPMG。并购时银行一定也要用到的。当时我们的资料是通过中国有几大协会如中国纺织机械学会、中国机床协会得到的。这种协会和国际上的企业联系得比较多。协会会推荐：哪些企业比较好，哪些比较差。  | We need consultancy and legal services for negotiations, that's for sure. For instance, KPMG. We also need them for banks acquisitions. We got necessary files via several big associations in China, such as China Textile Mechanics Association, China Machining tools Associations. These associations have many links with international companies. They can provide us with recommendations: which companies are good, which are bad  |
| Wu:   | 你们跟这边的协会有联系吗？   | Have you kept in touch with local associations?  |
| Wan g | 这边好像没有。我们现在唯一有联系的是中国驻瑞士大使馆  | It seems not, as far as Swiss side is concerned. The only contact we have here is Chinese Embassy to Switzerland   |
| Wu:   | 你们会不会跟这边的协会联系？Saurer可能在这边是瑞士某些协   | Will you establish contact with local associations? Saurer may be a member of some local Swiss associations, such as Swissmen  |

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|       | 会的成员。比如说跟Swissmen这样的组织。   |  |
| Wan g | 我们是在Swissme里面的。我们在那里去拿过一些薪酬资料。招人时做参考。   | We are a member of Swissmen. We have got document of payment from them, which could be helpful for our recruitment.  |
| Wu:   | 还有,Heberlein转到中国人手里以后, 有没有也象其它公司一样的, 刚开始保留了它原来的领导班子, 然后过了一年或者两年以后就换掉高级, 比如换掉原有的CEO。                                   | Well, after being taken over by Chinese, what happened to Heberlein? Was it treated like other companies which kept original management teams for the first one or two years before top executives being removed? For example, to replace the former CEO   |
| Wan g | 我们没有, 换人是没有意义的。我们就有像刚才谈platform里面的那样。如果有人不合适就把他给请走。   | We did not do that. There is no sense making personnel shift. Just like what I mentioned related to the platform, we will ask someone to go if we find him not relevant.   |
| Wu:   | 现在跟你一起的CEO在这里已经干了很多年了   | The CEO with whom you have worked has been here for years?   |
| Wan g | 是呀  | Yes  |
| Wu:   | 你们互相交流的很好吧?   | Have you good contacts with each other?  |
| Wan g | 还是不错的。  | Quite good.  |
| Wu:   | 当时金昇为什么要请你这样的人呢? 是不是因为你有国际背景, 你懂两边的文化?  | Why did Jinsheng enlist people like you at the time? Is that because of your international background, with double cultures?   |
| Wan g | 我想可能有这方面的原因, 再一个原因是我当时代表澳大利亚参加一个中欧商学院的演讲。在参加演讲时, 中欧商学院请了很多企业家。当时金昇的董事长就在座。这样我们就认识了。演讲结束后, 我们还说了几句话。那时候我还base在澳洲。然后金昇董 | I think it may probably be the case. Another reason is that I was making a speech on behalf of Australia at a meeting organized by China Europe International Business School. CEIBS had invited many entrepreneurs to assist the event. The then CEO of Jinsheng was present as well. That's how we met. After the event, we had talks. At that time I was still based in Australia. Then the CEO asked me about my background. Afterward we stayed in contact. |

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|       | 事长问了我的Background。后来我们就保持联系了。  |  |
| Wu:   | 你以前在澳洲是做什么的？  | What did you do when you were in Australia?  |
| Wan g | 我也是做财务。因为我的background就是做财务。我曾在澳洲最大的一个矿产企业做账务。   | I worked in finances as well, because of my finance background. I had been working for financial issues in the biggest Australia mineral company.  |
| Wu:   | 金昇董事长听了你的演讲，见到你本人，就把你做为人才挖过来了。  | Jinsheng's CEO listened to your speech and met you in person then headhunted you as talent.  |
| Wan g | 当时我先生正好也想回到瑞士来。   | At that time it also happened that my husband wanted to come back to Switzerland.  |
| Wu:   | 你有个人的原因，刚好他们也需要一个在瑞士的中国人，这样天时地利人和，你便来到了他们公司。他们公司也很幸运，招了一个象你这样有海外经验的人才，非常有利于两边的融合，而且问题就会少了很多。象你这样即懂财务又有三门语言知识的中国人在瑞士很少。我自己也是做金融的非常了解企业对你这种人才的需求。 | You had your personal motivation while they needed a Chinese working in Switzerland, thus, perfect timing, people and location, all put together. Here you are working in their company. Their company has been quite lucky to recruit a talent like you with overseas experiences, which facilitated significantly integration of both sides. What's more, there will be less problems. Here in Switzerland, it is rare to get people like you, who speak three languages and have a financial background. As me myself work in finance sector as well, I know how companies are in need of talents like you. |
| Wan g | 是真的吗？我以前做过CFO。我也很幸运。正好我自己也要回瑞士来。  | Really? I had held CEO position before. Me too I am very lucky. It was the very moment that I wanted to come back to Switzerland.  |
| Wu:   | 您是现在在瑞士非常难得的人才。我知道一个被中国公司并购了的瑞士企业，他们招懂中国文化的CFO，结果只有一个人来应聘。金昇太走运了，一下子碰到您这样的人才。   | You are really a rare gem in Swiss talent market. I know a Chinese company that had bought a Swiss company. After acquisition, they tried to recruit a CEO who should have an understanding of Chinese culture. Finally they received only one application. Jinsheng is really lucky to enlist a talent like you immediately.  |
| Wan g | 我也很幸运。我是带着这个工作到瑞士来的。  | Me too, I'm lucky. I was coming to Switzerland with the job.   |

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| Wu:   | 我还有最后一个问题，就是你们是如何留住人才？你们这里有没有人才流失的情况，一个是技术人才，一个是领导层的人才的流失。   | My last question: what have you done to retain talents? Have you experienced “brain drain” here? Regarding talents from technical and management teams?   |
| Wan g | 到目前为止，人才的变动是有的，所谓流失到还没有。流失就是象你刚才说的公司一下子大部分人走了。我们公司没有这种情况。关键的关键还是我前面讲的，金昇的理念是：我尊重你，你如果干的好，就自己去干，公司不会找个人来指手划脚的管你。金昇集团没有派人过来。原来的团队还是由他们自己来管理。金昇只是给出一个业绩指标。                    | Up to now there have been some personal shift. There is not so called “brain drain”. The “drain” in your meaning indicates departure of most of the company’s employees. That’s not the case for our company. The most important, like I told you before, is Jinsheng’s credo: I respect you, if you do well, just go ahead, the company won’t play backseat driver to supervise you. Jinsheng has sent nobody here. The original team is still operating under their own control. Jinsheng sets out merely performance indicators. |
| Wu:   | 你们就是给出key performance indicator。   | So you only set out key performance indicator?  |
| Wan g | 对的，你只要按照你的方式帮我做成就行了。   | Yes, you only have to make it out in your way   |
| Wu:   | 过程我不管，我不微调。我只看你的结果。  | I don’t care about the process. I don’t make micro-management. What matters to me is your results.  |
| Wan g | 没错。在这种情况下，他们还是原来的团队，他们会想办法去执行。如果谁没有这个本领他可以离开；谁有这个本领，他一定会很高兴去完成。STI – short term incentive indicator (短期业绩考核)达成，他也非常高兴的去做的，因为我们给出的薪酬很高的。金昇告诉他们长期目标和短期目标，Business Unit就用自己的方 | Exactly. In this case, they keep their own team and will try to reach goals. Those who have not capacities may just leave; those who are capable will be happy to carry them out, as well as STI – short-term incentive indicator, because we pay them high salaries. Jinsheng sets out long-term and short-term objectives for them and each business unit leads projects in its own way. If not, they will get nervous.   |



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|       | 式做。如果做不出来，他们会很紧张的。  |   |
| Wu:   | 你们给出的目标是reasonable的吗？是共同设置的吗？   | Concerning the goals set out by you, are they reasonable? Have you set them together?   |
| Wan g | 是的，是大家共同讨论的。你不能给一个他们达不到的目标。如果你伸手就可以摘到，那太容易了。但是你是要跳一下才能达到的。也就是要努力才能达到的。但是如果是他怎么跳都达不到，目标就不现实了。<br>这些目标是我们的董事是和他们一起打成的的目标。                     | Yes, we discussed and drafted them together. You can't lay down goals which are impossible for them to fulfil. And goals would be too easy if you can hit them by raising your hand. You should have to jump to touch your goals, in other words, efforts are required to reach them. But if they can't hit them however they try jumping, the pre-defined objectives must be unrealistic.<br>All these objectives are elaborated by our directors and them together. |
| Wu:   | 我可不可以这样总结一下，你们公司对瑞士并购的公司是很尊重的，他们也认同他们是受到尊重的。  | May I conclude as follows: your company has showed great respect to your required Swiss company and they have been admitting being respected?   |
| Wan g | 到目前为止，都是这样的，这很关键必须得尊重他们。其实，被并购的公司被卖了，它的员工心里都是害怕的。他们被购买了，其员工的内心其实已经很恐惧了，如果金昇还给他加压力，反而适得其反。我们得让他们消去恐惧感，让他们感到很舒服。<br>第二个要激发他们的积极性。我们不能做反人性的事情。 | Up to now, it goes this way. It's very important to respect them. In reality when a company is sold, its employees could become very afraid. The fact of being taken over would actually fill employees' mind with fear. If Jinsheng puts more pressure on them, it would generate opposite effects. We must make their fear disappear, and make them at ease. Secondly we should stimulate their initiatives. We can't do anything which is against human nature.    |
| Wu:   | 今天你们这样做，是和什么有关，是不是和他们的老总眼光有关？他为什么有这样的眼光？  | What has driven you today to proceed in such a way? Is that due to their CEO's visions? Why has he had such visions?  |
| Wan g | 这个人是很有名的，你在网上就可以查到他的。他的名叫潘雪平。   | He is a very famous person. You may do some research about him on the website. His name is PAN Xueping.   |
| Wu:   | 看到他了  | I saw it.   |

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| Wan g | 这个人很有人格魅力，他的手下没有一个离开他的，到目前为止。而且他的势力很大，他不象别的老板，压得别人喘不过气。他很大气。  | He is a man of great charisma. Whoever has worked for him has never left him. Up to now, he is very powerful. Unlike other bosses who lead a hard life to employees, he is a man of generosity, and a kind of nobility and generous  |
| Wu:   | 大方向把握的好，小的地方又很大气。有的企业遇到了很重要的问题。他们好不容易并购了瑞士企业，就恨不得马上去用瑞士品牌，把中国的自己做的东西也盖上瑞士的品牌，结果适得其反。而你们金昇不乱用品牌，这一点你们是怎么做到的。 | Keep main directions under control while stay tolerant on details. Some companies may encounter very serious problems. They took over a Swiss company after considerable efforts. Eager to make use of Swiss brand, they would stamp the Swiss brand on everything made in China by them. But you Jinsheng do not misuse brands. How have you made it? |
| Wan g | 这个得做长远打算。你是想要他活两年，还是想要他活两百年。你把你的乱七八糟的东西搞到一起，那怎么行。你要想办法把这个品牌维护得好好的。不能砸乱它。建立一个品牌得要百年的历史呀，砸掉一个品牌很快。            | We must proceed in a long-term view. Do you want him to live for 2 years, or 200 years? You can't meddle with all kinds of stuffs together. How can it work? You must try to cherish the brand. You can't ruin it. It takes more than 100 years to build up a brand, while a laps of time to destroy it,   |
| Wu:   | 你要毁掉它，一年，甚至一个月就够了。  | It suffices one year or even one month to ruin it.   |
| Wan g | 是的，这和人的思维有关系，和老板的格局有关系。我们这个老板年纪大，他看得远。有的老板他就只看五年，   | Indeed. It's about human's conception, about the boss's strategies. Being elderly, our boss has been looking more forwards? while some bosses look ahead only five years in front of him   |
| Wu:   | 有些中国企业以前做代工，然后屌丝逆袭，并购西方企业。并购结束后，做了一些急功近利的事。   | Some Chinese companies had started as subcontractors, then, they launched counter-attacks, or a kind of backfiring, to take over Occidental companies. After acquisitions they made operations for quick success and instant benefit.  |
| Wan g | 这不好，短期可能会有些赢利。问题是他把牌子砸了，将来这个品牌就死了。  | That's not good. They may have profits in short term. The point is they destroyed the brand and the brand is sentenced to death for the future.  |

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| Wu:   | 可是那你们有没有想到要平衡质量和成本的问题？瑞士的东西都卖得很贵。这是成本的问题。  | But have you ever considered the balance between quality and cost? Swiss products sell high-priced. It's a matter of costs.  |
| Wan g | 那我们把工厂挪到捷克去呀。  | Then we will move our plants to Czech.   |
| Wu:   | 就是你们可以分两步。不是一下子就挪到中国去。   | So, you will proceed in two steps, you won't move to China once and for all?   |
| Wan g | 不，不，不  | No no no   |
| Wu:   | 可能挪到捷克去比到中国还便宜吧。还有，您们挪到东欧去，对瑞士人的刺激可能要小一些   | Maybe it'd be cheaper to move to Czech than to China? What's more it would probably less painful for Swiss people to see you move to East Europe than to China   |
| Wan g | 要小很多，因为现在很多瑞士自己的工厂也在往外搬，不光是我们在挪吧。而且这种决定是最好你也不要讲什么，只要跟他们的CEO说：今年的成本必须要下降到百分之十，你觉得应该怎么办？他们就会绞尽脑汁想尽一切方法，包括挪厂。 | Much less painful, because now many Swiss firms are moving their own plants outside the country. We are not the only one. In addition, you had better say nothing about it, you just tell their CEO: we must reduce costs by 10% this year, what do you think we should do? They will then rack their brains to find a way through, including relocating |
| Wu:   | 那他会不会觉得。啊，这是不是在刁难我们呀！减少劳动力。  | While, will he feel like this: oh, you are trying to get us into trouble, you are reducing labour cost.  |
| Wan g | 如果他各种方法算出来，你的产量要达到一定水平，他不可能减少劳动力。他一定会想到，把我们的单件的价格降下来，这个时候他就会想到把自一些不重要的加工挪出瑞士。我到捷克去加工，这样可以降低成本呀。            | If they make calculations in every possible way and they can't achieve a certain production while maintaining the same labour cost, they will think of lowering prices of single pieces, then he will consider relocating some less important process outside Switzerland. I may carry out production in Czech, which may reduce my costs                |
| Wu:   | 你们是不是也把你们的厂也搬到捷克呀？   | Do you relocate your plants to Czech as well?  |
| Wan g | 没有，在捷克我们找到一个大的代加工厂，他的加工成本是我们这里的三分之一。   | No. We have found an big outsourcer in Czech whose production cost is only one third of ours   |

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| Wu:   | 捷克的工艺好象做的比较好。可以和德国对比。你觉得跟德国比怎样?  | It seems that Czech fares quite well in technical processing. Compared to Germany, how is it do you think?  |
| Wan g | 还不错，他们拿过来的产品我们做了检验，产品的合格率达到百分之九十八。   | Not bad. We conducted test on their products and found out that 98% of them are qualified.  |
| Wu:   | 那德国自己生产的合格率呢？  | How about the percentage of German products?  |
| Wan g | 我们做的也只有百分之九十八。   | According to our test, it's also 98%.   |
| Wu:   | 那就是质量不差，成本也降了三分之一。   | Well, they have the same good quality, but costs reduce one third.  |
| Wan g | 对，我觉得捷克的人还是蛮不错的。我也跟中国人讲，你不要老说中国便宜，你看人家捷克的产品做的又便宜又好。中国人有的时候会说：我的东西比你的便宜好多。我们刚才也说了，瑞士技工的efficiency可以比中国技工高6倍。所以我们教育中国人，你不要光说人家的工资水平高，但是人家的产出才是最关键。 | Exactly. I find Czech people very good. I also told Chinese people: "you had better stop talking about how made-in-China is cheap, just look at Czech, their products are cheap and also of good quality. As we said just now, Swiss workers' efficiency may be 6-fold higher than Chinese workers. So we give lessons to Chinese: don't focus on their high salary, but the most important is their output.                                  |
| Wu:   | 其实你们并购了瑞士的公司，让中国人也学到不少东西。  | The fact you acquired Swiss companies also made Chinese learn a lot.  |
| Wan g | 是有人说你们把产品挪到中国来生产吧，我们也考虑并也对比了一下，觉得，不一定要到中国。我们自己内部的人没有想到，中国的工厂有一点害怕的。捷克的产品质量好而且比中国公司生产的还要便宜。他们也没有想到人家捷克的efficiency是中国人的六倍。                         | There did have some people who said, relocate to China to make your products. We did think it over and make comparison and we decided that we didn't have to relocate to China. What surprised our employees is that Chinese factory was a little bit afraid for its part. Made-in-Czech is of good quality and cheaper then made-in-China. In the same way they never had a clue that Czech efficiency is 6-fold higher than that of Chinese |
| Wu:   | 其实你们也没有说在捷克建工厂，没有想到在中国建工厂，而是   | In reality you didn't say that you would build a plant in Czech and you didn't consider to build a plant in China, but you have found a   |

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|          | 找到了在捷克的加工厂，或者说<br>是代工吧  | subcontractor in Czech instead, in other words,<br>outsourcing   |
| Wan<br>g | 对的是代工的。我觉得一定要让<br>有能力的人来管理公司，这个人<br>是当地的人也好，他是哪里来的<br>都不重要。   | Yes, it's outsourcing. In my opinion, the<br>company must be run by qualified people who<br>may be local. It does not matter where he<br>comes from.   |
| Wu:      | 你没有来之前，这个公司（<br>Heberlein）就只有欧洲人？   | Before your arrival, Heberlein had only<br>European employees?   |
| Wan<br>g | 全都是欧洲人。   | They were all Europeans  |
| Wu:      | 现在你来了，觉得你一个中国面<br>孔，你觉得他们对你友好吗？   | Now here you are, with a Chinese face. Do you<br>find them friendly to you?  |
| Wan<br>g | 很友好的。这个你不能只相信<br>我，因为我的职位高.我也跟我的<br>同事讨论过这个问题。我说我的<br>同事都对我很友好。他说：<br>这个你不能光看自己，应该多问<br>几个案例。<br>我从别人那里听说，瑞士人很傲<br>慢。 | Very friendly. But you can't rely only on my<br>words, because I have a high position. I also<br>have had discussions with my colleagues about<br>this. I said that all my colleagues were friendly<br>to me. He said, well, you couldn't base it on<br>your own case, you should ask more samples.<br>I heard that Swiss people are arrogant. |
| Wu:      | 我得采访瑞士人，我觉得不能专<br>门只问中国人。   | I should interview Swiss people as well. I think<br>that I can't interview exclusively Chinese<br>people.  |
| Wan<br>g | 对，你应该多问几个案例，多问<br>一下瑞士人，你可以采访从捷克<br>来的到瑞士工作的外国人。看看<br>他的感觉如何  | Yes, you should interview more cases. Have<br>more talks with Swiss. You may interview<br>foreigners, like Czech coming to work in<br>Switzerland. Ask how he feels  |
| Wu:      | 但是这很不容易。我首先得征得<br>中国公司同意。这你看看吧，你<br>可以看看我采访的最后结果和你<br>们公司的秘密没有任何关系。你<br>们公司上市准备多少年？<br>啊，两年！我也可以看看所提出<br>的问题再采访其他人。   | But it won't be very easy. I must firstly get<br>approval from Chinese company. Well, please<br>take a look, you see that outcome of my<br>interview has nothing to do with confidentiality<br>of your company. When will your company go<br>public?<br>Ah, two years! I may have a look at the<br>questions before I interview other persons. |
| Wan<br>g | 这个要等等，我们现在要小心一<br>点。  | You must wait. We should be careful for the<br>moment.   |

## 10.3 Interviews: Greatstar

### 10.3.1 Feng Li (1)

|         | 中文笔录   | English   |
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| Juan Wu | 我看了你们公司介绍后，也经常到OBI去买东西。你们杭州巨星的品牌也在OBI常看见。  | After I saw the introduction of your company, I always make a purchase in OBI and I notice that your brand GreatStar is a common one in OBI.  |
| Feng Li | 我们通过OBI销售的百分之九十是供应海外市场的，量很大  | 90% of our products sold through OBI are targeted at the market overseas with large sales.  |
| Juan Wu | OBI在德国和瑞士做建材、植物卖园林的产品非常专业。没有想到星期六你们都这么忙。   | OBI is a professional distributor in building materials and garden products in Germany and Switzerland. You are surprisingly busy even on Saturday.   |
| Feng Li | 这个礼拜六是特别忙。我们今天要接待外国的团队 – 客户团队，我就一并也约好了今天和你见面。<br>这个客户是澳洲的，这次他们的CEO也来了。这个CEO以前是产品总经理。现在升到CEO的位置。上次他们拜访我们是5年前了。这次这个客户公司10周年的年庆在杭州开，所以他才有时间来。 | Quite busy this Saturday. We are going to receive a foreign customer team today and I have a meeting with you as well.<br>This customer team is from Australia and their CEO has also come this time. He used to be general manager of Product Department and was then promoted to CEO. It has been five years since he visited us last time. It is because of the 10 <sup>th</sup> anniversary of their company in Hangzhou that he got the time to be here. |
| Juan Wu | 我现在也看了一些有关杭州巨星的一些资料，在网上看到你们发展真的非常的快。而且正如你说的，你们的产品百分之九十是供应海外市场的。而且你们这个企业好像不是一个很年轻的企业。能这么说吗？   | I have read some information about GreatStar and found online that you did enjoy a rapid development. Also, just as what you say, 90% of your products are sold to the market overseas and it does not seem that your company is a young one if I may say so.   |
| Feng Li | 是的，也不算很年轻，今年有25年了  | Yes. Not really that young. It has a 25-year-old history.   |

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| Juan Wu | 对，这种国际化是怎么一步步走过来的，一开始你们是从OEM到ODM，现在有更高端的国际化方式。你们并购了美国的一个叫Arrow企业。你能不能介绍一下你们国际化的战略。                                 | Exactly. How can you make it along this long journey of internationalization from the OEM and ODM at first to a more advanced pattern of internationalization at present? You have merged an American enterprise called Arrow. Could you please introduce your global strategy?  |
| Feng Li | 我们企业一直在走国际化。到前三年全都是OEM，就是做贴牌，做OBI的牌子、Home Depot的牌子、LOWE's的牌子。我们应该是8年前上市的。上市好了以后，第一个目标就介入了所有的资金，在工业园办工厂开始生产自己的产品。   | Our company has been going global. The first three years could be a pure OEM stage, where we were manufacturing the original equipment for OBI, Home Depot and LOWE's. We went public 8 years ago maybe. After that, we set our initial goal to set up our own company in the industrial park and manufacture our own products with all our money invested.  |
| Juan Wu | 上市了以后开始自己生产。以前不是吗？   | Start your own manufacture after going public, but how about that before?  |
| Feng Li | 以前不多，以前我们只有五十亩地，现在有三百亩地，增加了五六倍。生产研发全部增加了几倍。我们未来的发展就是要做我们自己的牌子ODM。什么意思？目前我们为所有的超市、所有的大型的连锁店做OEM，只要你们想到的五金工具的我们都在做了。 | Just a small part. We used to have only 50 mu (1 mu = 666.7 m <sup>2</sup> ) of land, but now we have 300 (around 20000m <sup>2</sup> ) mu, almost a fivefold or sixfold increase. We are going to be the ODM of our own brand. What does that mean? Currently, we are the OEM for all the supermarkets and all the major chain stores. And we are manufacturing all kinds of hardware tools that you can possibly think of. |
| Juan Wu | 你要贴自己的牌子。  | You are going to label your own brand.   |
| Feng Li | 以后我们走专用的路线，现在走DIY的路线，建材呀Retail，以后我们走比较Industry专业性的线路   | We are going to take a professional approach in the future. Unlike the current DIY (do it by yourself) approach of building material retail, we will choose a professional approach, the one of industry.  |

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| Juan Wu | 那就是以后你们走 <b>Retail</b> ，直接的面向消费者。你走 <b>Industry</b> 就是走工业的 <b>B2B</b> 的道路了。                | This is to say, when the retail approach is taken, you are customer-oriented while the one of industry refers to the industrial route of B2B.  |
| Feng Li | 对！变成 <b>B2B,B2C</b> 了，已经启动了。以后就变成 <b>B2B,B2C</b> 了。象你身后的这块牌子， <b>GOLDBLATT</b> 。           | Exactly. It becomes a B2B or B2C pattern, which has already started up. It is B2B or B2C hereafter, like that one on the sign behind you, GOLDBLATT.   |
| Juan Wu | 我可以去看一下  | Can I take a look?   |
| Feng Li | 可以去  | Sure.  |
| Juan Wu | <b>Goldblatt</b>   | Goldblatt  |
| Feng Li | 这就是六年前我和董事长一起去拜访了的。公司很大，有 <b>100</b> 多号人，我们整个买下来了，整个品牌和整个库存、所有的东西都买下来了                     | This was the company that I paid a visit to with our president six years ago. It was quite a large company with more that 100 staffs. We bought it. The whole brand, its entire inventory and everything. We bought the whole company. |
| Juan Wu | <b>Goldblatt</b> 是哪国的  | Which country did Goldblatt belong to?   |
| Feng Li | 是美国的。比 <b>Arrow</b> 成立得更早， <b>1885</b> 年成立的。非常有名，我们把牌子买来以后，两年前进驻进去了，做大超市（即通过大超市做渠道）。比如亚马逊。 | It was an American company, which was established in 1885, even earlier than Arrow. A quite famous company. After we bought it, two years ago, we had the products marketed in the large supermarkets such as Amazon.                  |
| Juan Wu | 生产在什么地方？   | Where are the products manufactured?   |
| Feng Li | 美国很少，基本上在中国  | Almost in China, and few in the US.  |
| Juan Wu | 那边的作用是什么？  | What is role of that company?  |
| Feng Li | 那边的 <b>Office</b> 有设计、有销售，有 <b>Marketing</b> 。都在国外。这个牌子比 <b>Arrow</b> 更古老，也是我们新买的百年老店      | Its office has deigns, sales and marketing. These are all there overseas. Its brand is older than Arrow and this is our newly-bought company, a century-old one.   |
| Feng Li | 先生让我们看展柜的产品。   | <b>Mr. Li showed us the products on the exibition shelves</b>  |



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| Juan Wu | 这个品牌也是美国的？   | Is this also an American brand?  |
| Feng Li | 对，也是美国的还有Pony Jorgenssen这个牌子也是我们买的。  | Yes. So is Pony Jorgenssen, which was also bought by us.   |
| Juan Wu | 这个牌子我见过。但我不知道是你们的。   | I have seen this brand before, but then I had no idea that it is yours.  |
| Feng Li | 这个是Jorgenssen，四年前我们买了。今年买了Arrow。   | This is Jorgenssen, which was bought four years ago. This year, we bought Arrow.   |
| Juan Wu | 你们去并购美国的公司，美国他们没有抗拒吗？  | Have you come across any resistance from the American companies when you merged them?  |
| Feng Li | 没有，应该还好吧，他们以前是向我们采购的。他们全部曾经是我们的客户，然后我们把它们收购了。  | No. I think that could be fine. They used to purchase products from us. They were all our customers and then we merged them.   |
| Juan Wu | 是不是你们以前给他们做贴牌  | Were you their previous OEM?   |
| Feng Li | 对的，以前我们给他们做贴牌，做Arrow贴牌。Arrow这个公司的经理很奇怪的，他先在另外一个公司跳到Arrow公司。我认识他的。五年前我们开始做生意，他还帮过我们，告诉我们怎么做。基本是台湾在采购，美国销售。做着做着，现在我们把Arrow买下来了。现在他成了我们公司的员工了。我两个礼拜前到美国去，Arrow公司的整个架构重新调整了。有很多是同样的产品，就没有必要分不同的人管理。我把重复的地方合并了。 | Yes. We used to be their OEM, the OEM of Arrow, to be exact. The manager of Arrow is a super freak. He hopped from another company to Arrow. I know him. We started our transactions five years ago and he once helped us by telling us how to deal with some problems. Generally speaking, at that time Arrow purchased in Taiway and distributed in US. Gradually, we were able to buy Arrow. After the acquisition he is our staff now. Two weeks ago, I went to the US and Arrow has been thoroughly restructured. Because it is unnecessary to get different people in charge of the same products. Therefore, I integrated the overlapping sections. |
| Juan Wu | 您当时从美国发了一个短信回来。就是在处理这些事情吧？   | You once sent a message from the US then. You were coping with that, right?  |

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| Feng Li | 对  | Exactly.  |
| Juan Wu | 把他们重新做了整合  | And you integrated them.  |
| Feng Li | 对的，我们先把Goldblatt交给Arrow，让他们并到一起，Merger together。他们的销售现在全部together。原来是三个人的活，现在最多两个人就可以干。另外一个人转到其它地方去了。这样可以充分发挥每个人的作用。 | Yes, we firstly got Goldblatt and Arrow merged and combined all of their sales together. The work that used to be done by three people now can be completed at most by two. So the third person can shift to another position. Hence, everyone can play their own role.                           |
| Juan Wu | 你们的并购都好象是对准着美国的企业。你们在美国的动作大。   | It seems that the companies you merged are almost American ones. You are taking a drastic step in the US.   |
| Feng Li | 我们美国市场百分这六十  | The US accounts for 60% of our market.  |
| Juan Wu | 你们百分这六十的市场在美国  | 60% is in the US?   |
| Feng Li | 是的，其它市场都很小。  | Yes. Other countries take up only a small proportion.   |
| Juan Wu | 象做这样子的工具，德语国家比较强   | German-speaking countries are expert in manufacturing such kind of tools.   |
| Feng Li | 德语区的人很奇怪，他做个夹子，一辈子就做个夹子。其它的东西碰都不会碰。日本也是这个样子。   | People in German-speaking countries are quite strange. He who once manufactured clips would manufacture clips for his lifetime and never step into other producing. This is also the case with Japan.   |
| Juan Wu | 日本和德语的国家强调工匠精神。  | Japan and German-speaking countries do value the craftsman spirits.   |
| Feng Li | 我们刚刚去日本去拜访了一家公司 - 田岛工具TAJIMA的CEO。他们是公司的第四代传人。他已经做了四十的CEO，准备还做10年。他现在70岁了，每天早上6点上班，晚上8点下班。                            | We have just visited TAJIMA TOOL in Japan and met its CEO. He is the fourth-generation successor of this company. This man has been serving as CEO for 40 years and he plans to work for another 10 years. He is 70 years old, who goes to work at 6:00 every morning and gets off work at 20:00. |
| Juan Wu | 这个工具非常好  | It is a nice tool.  |

| Yang Yang拿起一个工具 |   | Yang Yang pick up a tool   |
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| Feng Li         | 出口的工具比国内的好得多。国内没有的。                                     | The tools for exporting are always better than those for domestic sales. There are no such tools in domestic markets.  |
| Juan Wu         | 内销的材料不一样。为什么在国内没有卖这样高品质产品呀？                             | Those materials for domestic sales are different. Why are such products with high quality not sold in domestic markets?  |
| Feng Li         | 在中国卖，这个价格太贵。贵了没人买。这个工具如果在中国卖，卖50块钱会有人买吗？                | Because the price set is too high for Chinese consumers. The high price would turn away the buyers. If sold in China, will they attract buyers at 50 Yuan?   |
| Juan Wu         | 应该有人买。  | Maybe.   |
| Yang Yang       | 绝对有人买。  | Definitely.  |
| Feng Li         | 很少。在中国也有。在中国不一样。比如我给他批发30个，他中间还有两个中间商，折腾几道就卖100了        | Rarely. There are some indeed. But it is a different story in China. For example, I sell someone 30 products at a wholesale price. But there are two other middlemen. So the product would be eventually sold at 100 Yuan after several deals. |
| Yang Yang       | 你们是走电商的模式？  | Are you taking an E-commerce model?  |
| Feng Li         | 国内我们有电商。你可以去 Toolmall买。可以到网上去买。是专门卖工具的，是国内最大的电商，各大品牌都有。 | We conduct E-businesses in domestic markets. You may buy our products online, on Toolmall. This is the largest domestic E-commerce platform for tools selling, where you can find all the big brands.  |
| Juan Wu         | 你是做什么出生的，   | In what field did you start your own business?   |
| Feng Li         | 我是做外贸出生的。   | Foreign trade.   |
| Juan Wu         | 你大学里读的什么专业  | What have you studied?   |
| Feng Li         | 国际贸易  | International trade.   |
| Juan Wu         | 你现在直接做贸易，还是很对口的。  | That is in line with what you are doing now--the trade.  |
| Feng Li         | 我的第一份工作到现在为止一直做贸易。这个公司我是股东之一。我们现在是上市公司。                 | I have been doing trade since my first job. I am now a shareholder of this company. It is a listed company now.  |
| Juan Wu         | 你们也算是元老了。   | You can be the veteran.  |

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| Feng Li | 不是最老的元老，也算是元老吧。我是第二批还是第三批进来的。公司成立时是第一批进来的。公司没成立之前，他们已经在做了。帮助国营企业代理了，那时也是做五金的出口。帮助省机械（浙江省机械厂）做包装、代工。那时候还没有成立个人的公司。我们自己有工厂，是做包装的。 | Not the oldest veteran, but can be a veteran. I am among the first two or three batch of employees. The first batch has entered the company since its establishment. Before that, they had already got down to such work as serving as the agent of SOEs for hardware exporting as well at that time, and making packaging or doing OEM for Zhejiang Provincial Machinery Factory. An independent company has not been established then, but we had our own factory for packaging service. |
| Juan Wu | 那是哪年的事情？  | When was that?   |
| Feng Li | 1991年、92年   | 1991 or 1992.  |
| Juan Wu | 1992年，你们那时帮省机械做代工，自己也开了工厂。那时你们是很多人一起投资做的？   | In 1992, you served as the OEM for Zhejiang Provincial Machinery Factory and established your own company. Did you get many people invest in this business together?   |
| Feng Li | 对   | Yes.   |
| Juan Wu | 为什么你们当时看中这一行呢？  | Why did you choose this industry at that time?   |
| Feng Li | 当时我们做代工，做工具的代工，也是这个行业代工。  | Because we used to be the OEM for tool manufacturing and also the OEM in this industry.  |
| Juan Wu | 那你一直坚守这个行业。   | So you have been sticking to this industry.  |
| Feng Li | 对，没有变过。   | Yes. Have never changed.   |
| Juan Wu | 当时你们是一些人一起出资建工厂，做代工，。   | At that time, you jointly contributed to building the factory and did OEM business?  |
| Feng Li | 对，租了厂房，大家一起做。做包装，做加工。那时中国没有私营企业，邓小平改革开放以后才有私营企业的。   | Yes. We rent a plant and we did packaging and processing together. There were no privates enterprises until Deng Xiaoping initiated the Reform and Opening-up.   |
| Juan Wu | 92年才成立了自己的公司。8年以前你们就上市了，上市以后才有了自己大规模的工厂，做了自己的品牌，有了自己的设计团队。我最感兴趣的是你  | You established your company in 1992. But 8 years ago, your company has already got listed in the market. Only after that you had your own full-scale factory, your own brand, as well as your own design team. What interests me most is that you have been in this company from the very beginning. Your first job is also your current job. Having been stayed in this industry   |

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|         | 一直在这个公司坚守着，并且你的第一份工作就你现在的工作。一直在这个行业，你对这个行业非常了解了。                              | for a long time, you must have a good understanding towards.   |
| Feng Li | 这个行业应该还是比较了解的。  | I am fairly familiar with it.  |
| Juan Wu | 我最感兴趣的是你们怎么一步步国际化的。您们在帮省机械做代理时，他们的产品是什么？                                      | I'm most interested in how your company went global step by step. What was Provincial Machinery Factory producing when you served as its agent?  |
| Feng Li | 做出口的。   | Export.  |
| Juan Wu | 那个时候就在做外贸，那个时候的客户是哪些国家的呢？   | You have started doing external trade business at that time. Which countries were the customers from then?   |
| Feng Li | 客户也是美国的。出口量很小，一年做十万二十万美金。他们的第一个客户是我介绍，那时我的第一份工作就是在这个公司干实习 - 大学实习，后来一直留在这里没走过。 | They were US clients. Export volumes were small at that time, about one hundred thousand to two hundred thousand dollars a year. Their first customer was introduced by me. I got my first job here as an intern during my college time. Then I have been staying here and never left. |
| Juan Wu | 你是不是就是在浙江读的书呀？  | Did you spend your college time in Zhejiang province?  |
| Feng Li | 在浙大读的书。从实习，一直到今天为止。   | Yes, I got my bachelor degree at Zhejiang University. I have been in this company from my internship till now.   |
| Juan Wu | 开始你们也就出口到美国，然后就上市。上市以后也主要是美国市场。   | At first, you exported to the US, and then your company got listed. And the main market remains the same in the US after that, right?  |
| Feng Li | 美国和欧洲。欧洲是百分之三十。   | The US and Europe. Business with European countries accounted for 30%.   |
| Juan Wu | 到了哪一天你们(公司)想到要并购海外企业？就是为什么要去并购？   | When did it occur that your company wants to merge overseas enterprises? Why do you want to do so?   |
| Feng Li | 并购的原因有两个：第一个，中国人做代工、Copy别人的产品非常厉害，但是没有自己                                      | There are two reasons. First of all, China is good at being an OEM and copying others' products. However, we did not have our own brand, which is a must for internationalization. We can never gain our footing until we have the brand of our own. Otherwise, the only thing         |

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|         | <p>真正的品牌。走向国际化一定要有属于自己的品牌。才能站稳脚跟，否则永远被别人牵着鼻子走。有品牌的公司，他可以自己做，可以叫张三、李四做代工。最后做代工就是比价格，受到别人的压榨，中间的利润只会越来越少。我们现在我们有Goldblatt和Arrow，我们就有定价权。先前是别人来定价，他说卖10块钱，告诉我们要多少钱去做，我们就去做。现在是我声明我市场上卖10块钱，让渠道商算好他的Margin。</p> | <p>we can do is listening to what others say and doing what others ask. A brand company can make products on his own, and can also leave this task to the OEM. In the end, an OEM can only compete with price, thus be squeezed by others. Profit of this business is sure to be less and less. Now we have Goldblatt and Arrow, so we can set the price. At first, the pricing power was owned by others. For example, they told us the product would be sold at 10 yuan. Also, they set the cost for making it. All we could do was manufacturing. Now everything is different. We announce that our product will be sold at the price of ten yuan. It is now the channel partners who make their margin clear.</p> |
| Juan Wu | <p>哦！这时就有定价权了。</p>  | <p>Ah! Then you gained the pricing power.</p>   |
| Feng Li | <p>对，产品是我的，品牌是我的，我设计的，我卖给谁都是一样的价格，谁都可以去卖，由我来定价。比如现在做工具，给BM Tools或者JCBTools价格都是一样的。而我现在交给Arrow，我产品可以全球卖。</p>   | <p>That's right. Now we have the products, the brand, and we designed by ourselves. The pricing power is now in our hand, which means I sell the products to anyone at the same price and they can sell our products. Take the tool business as an example. We offer BM Tools and JCB Tools the same price. Now I leave it to Arrow, which can get our products sold in the global market.</p>  |
| Juan Wu | <p>你们并购的一个是品牌，一个是渠道。</p>  | <p>So your mergers focus on brand as well as channel.</p>   |
| Feng Li | <p>对！一个是品牌，一个是渠道。最主要的是他的专业性。</p>  | <p>Yes! Brand and channel. The most important thing is its professionalism.</p>   |
| Juan Wu | <p>这是不是指的技术方面</p>   | <p>Does it refer to the technical aspect?</p>   |
| Feng Li | <p>对。可以向他取经。<br/>像我们日本公司的成立，第一个，他们的任务是对准日本的销售市场，第二就是把好的技</p>  | <p>Yes. We can learn a lot from them. Take the establishment of our Japanese company for example. First of all, they aimed at the sales market in Japan. Secondly, some valuable technologies can be brought back to China. The manufacturing remains in China. There is no way for us doing it in Japan. We</p>  |

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|         | 术带回来。产品还是在中国生产，不可能到日本去生产。互相取长补短。中国目前最缺的还是技术、人才   | can learn from others' strength to offset our own weakness. What China lacks most are still technologies and talents.   |
| Juan Wu | 中国还是缺技术、人才   | China still lacks of technologies and talents.  |
| Feng Li | 还有品牌。你看看，全中国目前有没有有名的品牌？有没有很多好的技术和人才？没有。中国环境目前还是没有出技术和人才的土壤。                                    | Also brand. Let's think about it. Does China have world famous brands? Does China have talents and high technologies? No. The current environment in China is not suitable for these.   |
| Juan Wu | 这个和我们中国人没有坚守有关。中国人看到哪个行业赚钱转到哪行业中去了   | Maybe it has something to do with our lack of perseverance. Chinese always flock to whichever industry where there are more profits.  |
| Feng Li | 这个肯定不行。做任何事情都要有专一。这是很关键的。你不专一，你做了今天，看见别人发财就转做别的，总想到发财，一夜暴富。我认为工匠精神很重要，做一个行业就要专一，就要做精。          | That is absolutely impractical. Whatever we do, we have to stick to it. This is the key point. Some people are not single-minded and are easily lured into another industry when they see others making money. They are dreaming of being an overnight millionaire with great wealth. I believe that craftsman spirit is important. We should focus on one industry and make our best to become expert.                         |
| Juan Wu | 你觉得通过并购有没有把他们的工匠精神也并购过来呢，  | Do you think that we learn their craftsman spirit through the mergers?  |
| Feng Li | 有，学了很多。  | Yes, we learned a lot from them.  |
| Juan Wu | 比如说  | Could you please give us an example?  |
| Feng Li | 我们学习美国人做产品、做Marketing、做技术和做管理。而日本呢，要学习人家的家族精神；做一个产品做一百年。你象做卷尺的田岛（Tajima），200年的公司，他把卷尺就做到了全球最大。 | We learned from the American companies about their products, their technologies, and their way of marketing and management. As for Japanese companies, we were taught about their family spirits, which help them to focus on one product during a long period, even 100 years. Just like Tajima, a tape measure manufacturer, has lasted over 200 years, which is now the biggest company in terms of tape measure production. |
| Juan Wu | 日本人这一点跟德国人很象。  | Japanese share this quality with Germans.   |

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| Feng Li | 真正了解，日本人比德国人更勤奋。德国人已经很开放了，变圆滑了。日本人一百年就做卷尺，就做一件东西，做到极致。  | But if you know more about it, you'll find out that Japanese are more hard-working than Germans. Germans are quite open now, and more sophisticated at the same time. Japanese focus on just one thing like tape measure for 100 years. They make one thing, and make the best.   |
| Juan Wu | 能够专心的坚守，真得不容易呀  | It is really not easy to be so perseverant.   |
| Feng Li | 是真得不容易的。你象现在他们把中国市场也做出来了。<br>Tajima在国内也很有名的。  | It is really difficult. Tajima has successfully entered into the Chinese market and is now also famous domestically.  |
| Juan Wu | 我想问一下，你能不能够具体举一两个并购的例子，当时是怎么看中这些被并购企业的？怎么样跟他们交流谈判的？怎样并购到这个企业 – 即战略资产的？然后并购完了以后，大家之间融合的过程中碰到哪些困难？最后怎么解决的？公司如何能够发展到今天这样的规模？   | Could you show us some examples of your mergers? How did you make the choice on which one to merge? How did you negotiate with them? How did you get the company with their strategic assets? After that, is there any conflict or difficulty during the integration? How did you solve the problems? How did your company grow into today's scale?   |
| Feng Li | 比如说我们并购美国的公司，第一个是我们遇到瓶颈。比如说美国的生活方式，思维方式等和我们是完全不一样。中国目前的企业所有的人都是很勤奋，我们还都处于发展中国家阶段，大家都在拚命的赚钱，想怎么去开发。而美国人可以 <b>relax</b> ，可以 <b>enjoy life</b> 。完全不一样的做法。中国未来三十年也会变成这样的。但是目前是中国向美国学习。美国的 <b>Marketing</b> 市场信息做得很好 | Take the American company we merged for example. The first thing is about the bottleneck we met. Americans have a totally different lifestyle and ways of thinking. China is still a developing country with lots of emerging enterprises, where people are working hard to make money and develop new products. However, in the US, Americans choose to relax and enjoy life. It is totally different. Chinese may relax and enjoy their life 30 years later. However, at present, we are still learning from them. The American companies are good at marketing. Marketing is of great importance of a product-based company like us. We also learned packaging as well as all the packaging technologies involved from the American companies. We are good at manufacturing, but when it comes to design and marketing, we are not American's competitor. Therefore our product has no market at all (even though they have a good quality). |



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|         | <p>。我们做产品，市场 <b>Marketing</b>很重要。我们学习包装 - 包装所有的技术都要向美国学习。中国人实干，品质做的再好，但是<b>Design, Marketing</b>我们根本做不过美国人，这样就没有销路了。</p>  |   |
| Juan Wu | <p>哦，你觉得我们的<b>Design</b>,还有<b>Marketing</b>这方面你学到了很多。那你能不能够讲一讲 <b>Goldblatt</b>这个最古老的店子你们是如何并购的？他们是否愿意被你们并购过去？它原来是你们的客户呀。</p>   | <p>So you think that we have learned a lot in terms of design and marketing. How about the oldest store Goldblatt? How did you merge it? Was it willing to be merged? It used to be your client.</p>  |
| Feng Li | <p>第一他是我们的客户，第二他销售的终端跟我们是同一个地方。在<b>Goldblatt</b>是通过<b>Lowe's - Retail Shop</b>销售（和<b>OBI</b>一样的<b>Retailshop</b>）。我们公司也是通过<b>Lowe's、OBI</b>销售的。<b>Goldblatt</b>用他们的品牌。我们的强项是帮做<b>OBI</b>做<b>OEM</b>的东西，做<b>OBI</b>品牌的东西，一模一样给他<b>Copy</b>过来，重新<b>Redesign</b>，价格只有它的一半。他生存不下去了。</p> | <p>First of all, it was our client. Secondly, it has the same sales terminal with us. Goldblatt sold its product in Lowe's - Retail Shop (a retail shop like OBI). And so did we, through Lowe's and OBI retail shop. Goldblatt had its own brand, but we were good at being an OEM of OBI. We made products for OBI's brand, and we can have copy Goldblatt's product and redesign it, redesign, but at only half of Goldblatt's price. So Goldblatt has no room for profit anymore.</p> |
| Juan Wu | <p>哦，你跟<b>Goldblatt</b>做过代工，就学到了他们很多东西，然后你又把他们的产品<b>Redesign</b>，然后你通过同样的终端<b>Retail</b>的渠道商销售，而且你的价格</p>   | <p>You mean that you once were an OEM of Goldblatt, and you learned a lot from it. Then you redesign its products and use the same sales terminal with lower price. So it cannot survive anymore.</p>   |

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|         | 还比他的便宜，所以他也没有办法生存下去了。  |  |
| Feng Li | 老美人工也贵，什么都贵。   | Everything in America is more expensive, including labor cost.   |
| Juan Wu | 他是不是也出现了一些问题的情况下才愿意卖给你的  | Is it because of some problems that it decided to be sold?   |
| Feng Li | 他的机制有问题  | There is a problem with its mechanism.   |
| Juan Wu | 他也存在机制问题。  | A problem with its mechanism?  |
| Feng Li | 他们象欧洲公司呀都没法和中国比，一天做12个小时。他们最多做6小时。我们的劳动成本肯定比他们低很多。这是我们中国的竞争优势。 | Goldblatt was like many European companies that cannot compete with Chinese firms in terms of working hours. Our factory can operate 12 hours a day while they can work 6 hours a day at most. Labor cost in China is much lower. This is our competitive advantage. |
| Juan Wu | 还有我们还很灵活   | Meanwhile, we are flexible.  |
| Feng Li | 还灵活。现在在中国，许多地方自动都上了，机器人都上了。我们把很多设备都学过来了，然后自己Create。            | Exactly. Now many factories in China are automated. Some are even with robots working for them. We studied many devices and facilities from Western, and then we create some by ourselves.   |
| Juan Wu | 他们不是也自动了吗？   | Haven't they adopted the automatic production?   |
| Feng Li | 对。他们也自动，我们也自动，但是他的成本就比我们高多了                                    | Yes. They have adopted and so have we. However, their cost is still much higher than ours.   |
| Juan Wu | 但都是自动化了，为什么他的成本比我们高许多呢？  | But what does that happen when we both use the automatic production? Why is their cost much higher than ours?  |
| Feng Li | 他的设备一天一个人的工资是发美金的，8个美金一个小时。我们哪怕30人民币一个小时比他们便宜一半。               | Because they pay in dollar terms. The one working on a single machine is paid 8 dollars per hour. For us, even if we pay the worker 30 RMB per hour, it is only half that of theirs.   |
| Juan Wu | 他们在成本上   | And their cost...  |
| Feng Li | 在成本上，你比如说还有厂房呀，交的税呀，环保等各个方                                     | As for the cost, such as the plants, the tax, the environmental protection and some other issues, we all have an upper hand. They are incomparable with the Chinese.   |

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|         | 面，我们都比他们优势。没办法和中国人比呀。   |  |
| Juan Wu | 欧美的制造业肯定比不过中国人。   | The manufacturing industry in Europe and America can be dwarfed by the Chinese.  |
| Feng Li | 除非是全自动化。但是很多地方做不到全自动。大多数是半自动。比如Packaging,包装是要人工的。   | Unless the completely automatic production is adopted. But that is unavailable in many fields. Most production is half-automatic such as packaging, which requires manual work.  |
| Juan Wu | 很多Interface没有办法完全自动化。   | The completely automatic production is unachievable in many interfaces.  |
| Feng Li | 是呀，很多大小不一样，每个规格都不一样，你怎么样去搞全自动？  | That's right. Different sizes and different specifications. How can be the completely automatic production possible?   |
| Juan Wu | 如果你要产品实行个性化，就更不可能   | It is especially impossible if you expect for the product individuality.   |
| Feng Li | 还有中国人的灵活性。老美只做他的品牌，其它的都不做。我们做自己的品牌，代工的牌子也可以。我非常flexible，不管什么产品都能想办法去做。                      | Moreover, Chinese people are more flexible. American companies would produce nothing but their own brand. However, we can not only manufacture our own brand, but also work as the OEM for others. I am a flexible person, no matter what kind of a product, I would spare no efforts to make it.                            |
| Juan Wu | 他们只做自己的品牌。而中国人什么产品都能做，只要有利润就做。  | They only produce their own brand. But Chinese people would get involved in manufacturing all kinds of products that could bring them profits.   |
| Feng Li | 我们中国人目前还是处于饥饿状态，想多做多赚钱。老美enjoy, relax, 已经很享受了。他做这个品牌就做这个品牌。如果有客户提出：“你把颜色改一下，换成我的品牌”，老美是不做的。 | We Chinese remain starving for more work in order to make more money. But US people are satisfied as long as they enjoy their work and feel relaxed. They tend to stand steadfast on their brand.<br>If a client requires them to change the color of the products and label his/her own brand, they would refuse this deal. |
| Juan Wu | 对于用户的需求他也没有多少灵活性  | They are inflexible towards the clients' demand either.  |
| Feng Li | 他跟本不理睬，我们中国人是非常flexibel，勤劳致富  | They turn a deaf ear to that. In contrast, we Chinese are rather flexible. We hope to become better off through diligent work.   |

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| Juan Wu | 浙江人尤其是的。贵公司我现在在浙江采访的第四个企业。   | Especially those from Zhejiang Province. Your company is the fourth enterprise in Zhejiang I interview.  |
| Feng Li | 一个灵活机动，一个是勤劳致富，还有成本优势。以前我们中国人没有渠道，不知道到哪里去销售，做得再好，都是做代工的，被人压榨。没有自己的品牌。做一个品牌没有百年是做不起来的。    | Flexibility, diligence and the cost advantage. We Chinese used to lack the channels and had no ideas where to sell our products. However good our products were, we could only do OEM for others and were always squeezed because we didn't have our own brand. An influential brand can only be established and recognized after a century's hard work. |
| Juan Wu | 品牌是要靠时间去沉淀的  | A brand needs a long period of precipitation.  |
| Juan Wu | 那你们在什么时候发现有一个机会去并购的  | So when did you get an opportunity for a merger?   |
| Feng Li | 在六年以前吧。我们开始并购Goldblatt公司。  | Some six years ago. We started to merge Goldblatt.   |
| Juan Wu | 是你们直接去找他们的？  | Did you contact them directly?   |
| Feng Li | 首先，原来的生意都是他的，比如 OBI的生意都是他的。后来我们把他取代了，通过给 OBI的OEM。他们就知道我们了，知道他们生意被我们抢了。现在没有生意了。我们就去找募投公司。 | Firstly, the business originally belongs to them, such as the business of OBI. Later, we replaced them by serving as the OEM of OBI. Then, they knew us, and that their business had been stolen away by us. Then there was no business, so we went to those companies for equity investment.  |
| Juan Wu | 去找哪家？  | Which one?   |
| Feng Li | 有很多的，都是国际的大公司。比如，汇丰（HSBC）啊   | A lot of big international companies, such as HSBC.  |
| Juan Wu | 哦！投资银行。  | Oh, I see. Investment bank.  |
| Feng Li | Goldblatt和HSBC有Communication的。Goldblatt在那里开户了。   | There was some communication between Goldblatt and HSBC. Goldblatt opened accounts in HSBC.  |
| Juan Wu | 是你们主动出击去找投资银行的。  | Did your company take the initiative to find an investment bank?   |
| Feng Li | 是的   | Yes.   |
| Juan Wu | 你们也看准了它  | And you targeted Goldblatt for certain?  |

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| Feng Li | 是的，比如他去年做了1000万美金，利润100万。今年只有500万，利润只有30万。我们就是看准了这个机会，看中了这个百年品牌。  | Yes. For example, Goldblatt made business worth 10 million dollars last year, with the profit of 1 million. This year the business is worth only 5 million, with only 300,000 dollars of profit. We just spotted this opportunity, and targeted at this century-old brand.  |
| Juan Wu | 你就看准了它。它原来是上市公司吧？   | You just chose Goldblatt for certain. Was it originally a listed company?   |
| Feng Li | 对   | Yes.  |
| Juan Wu | 看到了他的利润销售额大量下滑。你们公司主动靠近了他们。   | So when your company saw a substantial decline in their profit of sales, you chose to approach them?  |
| Feng Li | 是的，我们主动靠近了他。这个品牌是百年品牌，所有的人都喜欢它。   | Yes, we did that actively. It is a company with a century-old-fame, and everyone loves it.  |
| Juan Wu | 然后你们就去找募投公司。募投怎么帮你们，有没有去找他们的大股东？能不能讲讲这个过程，我非常感兴趣。   | Then you went to the investment company. How did they help you? Did you go and turn to their big shareholders? Can you talk about this process? I am very interested.   |
| Feng Li | 募投先去调研，让双方签NDA – 及不能泄密协议。签完后，大家双方有一个基本的基调。你要买这个公司，未来的发展你准备怎么样去做，怎么Investment这个品牌。你不能够对这个品牌有怎样的Plan，怎样的Investment，很多细节要谈。然后他们再跟你谈下一步。如果下一步差不多，他们有意向了，我们再开始尽调（Due Diligence）。 | The company firstly did investigations, and let the two sides sign NDA - non-disclosure agreement. After that, we both had a basic tone. If you want to buy this company, then what's your future development plan? How to invest this brand? What plans are to be avoided? What kind of investment is to be made? There were a lot of details to talk about. Then they would talk to you about the next step. Then, when they had the intention, we began to make due diligence. |
| Juan Wu | 募投有没有邀请别的公司来竞标？   | Did they invite other companies to bid?   |

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| Feng Li | 有，大概和五家、十家签了NDA。   | Yes. They approximately signed NDA with five or ten companies.  |
| Juan Wu | 但是第一个对他们感兴趣的你们   | But you were the first to show interest?  |
| Feng Li | 对，因为我们是同一个行业，他了解我们，知道我们可以把这个品牌做大。我们是专门做这个行业的。其它的PE公司也会去买它。PE只是Investment，不是想把这品牌做成百年品牌，是财务投资，只是想赚钱。募投和Goldblatt知道我们是专业的，相信我们会延续这个品牌。 | Yes. Because we are in the same industry, they knew us and knew that we could make this brand a bigger one. We are specialized in this industry. Other PE companies will buy it, yet just for financial investment, instead of making it a century-honored brand. It was a mere financial investment, as they just wanted to make money. The investment company and Goldblatt knew that we are professional and believed we would make the brand eternal. |
| Juan Wu | 虽然是你们企业先向他们投了橄榄枝的，但是募投以公开招标的形式邀请了5到10家企业。其实你们是第一家。他们是不是想卖一个好的价格就采取公开招标的形式？   | Although your company firstly cast an olive branch for them, the investment company invited 5 to 10 companies in the form of public bidding. In fact, you were the first one. Did they want to sell for a good price through taking the form of open bidding?   |
| Feng Li | 是的   | Yes.  |
| Juan Wu | 中间你们遇到困难没有？因为我采访了一些企业他们在并购的过程中，做了许多工作，比如，要去找一些大股东谈，还找一些政治家让他们帮忙和那些大股东能够牵上线。  | Did you come across difficulties? Because for a number of enterprises I interviewed, in their process of mergers and acquisitions, they did a lot of work, for example, to find some major shareholders, or to find some politicians to help bridge those big shareholders.   |
| Feng Li | 我觉得找政治家搭桥也好或是找其它的人也好。最终还是要看，第一，你作为买方对这个企业未来的发展的规划如何。一个农民企业家自己一点理念  | I think whether for the method of finding politicians for bridging or to find other people, the ultimate outcome depends on this. That is, as a buyer, what's your plan for the future development of this business? Such as for a farmer entrepreneur, who has scarcely ideas with a cigarette between the fingers all day, no matter how high the price he offers, the Americans will not give their company to him,                                    |

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|         | 也没有，整天掉个香烟在手上，他价格出的再高，老美也不会把这个企业给你的。他就是要看你未来如何发展这个企业。  | Because they care for the plans for its future development.   |
| Juan Wu | 你觉得他们最终能把企业卖给你们，第一个是你们懂他们、属于同一行业，然后他们相信你们能给这个企业带来最好的未来。  | So you think the first reason why they finally sold the enterprise to you is that you understood them and you belonged to the same industry, then is that they believed that you could bring the business the best future?  |
| Feng Li | 对，可以把这个品牌延续下去。   | Yes, we can make the brand eternal.   |
| Juan Wu | 这个谈判过程没有一点点困难吗？  | Did you meet with no difficulty at all in the negotiating process?  |
| Feng Li | 困难有的。  | No, there were some.  |
| Juan Wu | 可不可以举个例子，我很感兴趣。  | Could you please give an example? I am very interested.   |
| Feng Li | 比如说，我们在收购Arrow竞标过程中遇到一个美国同行最大公司Stanley Black & Decker (SBD) 他们也要买。我们也要去并购。现在他们是美国最大的五金公司，也是百年老店。当时他们收购Arrow,我们也去。当时我们不知道是他们参加竞标。我们只知道有强大的竞争对手。 | For example, we met Stanley Black & Decker (SBD), the largest American company in the industry in the bidding for Arrow's merger. They wanted to buy it, and so did us. Now it is the largest hardware company in the US, and also a century-old company. But at that time, we went for the bidding with them. And we did not know at that time they were bidding, we only knew that there was a strong competitor. |
| Juan Wu | 承办投标方跟每个潜在买家都是秘密在谈？  | The tender contractors talked with each potential buyer secretly?   |
| Feng Li | 绝对秘密的。是的，每个潜在投资者都是用ABC字母标出的。都是私下在谈。  | Absolutely yes. Every potential buyer was labeled with letters like ABC, and had private talks.   |
| Juan Wu | 不是拍卖？  | There was no auction?   |

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| Feng Li | <p>不允许拍卖的。不是谁标最高价就买去了。那样对品牌可能会有损害。</p> <p>我们所有的接触全都是秘密的，没有公开的。只share这样的信息：竞标者有行业很大的知名企业。每一轮都要做<b>Presentation</b>,然后秘密的谈判。</p> <p>美国<b>Stanley</b>也有自己的品牌<b>DeWALT</b>。<b>DeWALT</b>没有<b>Arrow</b>响亮，在市场上的份额只占百分之二十。<b>Arrow</b>在这个行业占百分之八十。</p> <p><b>Stanley</b>很想收购<b>Arrow</b>，这样将来市场百分之百是他们的。</p> <p><b>Stanley</b>是<b>Arrow</b>的最大竞争对手。按常规来讲，<b>Arrow</b>肯定会卖给<b>Stanley</b>。当时他们是竞争关系。我们是<b>Arrow</b>的供应商。不是竞争对手。当时他们很纠结，卖给他们的竞争对手价格很高，但是他们考虑到，如果卖给<b>Stanley</b>, <b>Arrow</b>的品牌开始可能只成活几年；长久的看，并购<b>Arrow</b>后，<b>Stanley</b>在市场没有竞争对手，他们就会把<b>Arrow</b>全部转成自己的品牌了。</p> | <p>No auction was allowed. The highest bidder could not necessarily buy it, as that may damage the brand. All of our contacts were conducted secretly, not publicly. The only shared information was like this: the bidders included a large well-known enterprise in the industry. We did presentations in each round, and then had secret negotiations. The US Stanley also had its own brand DeWALT. It was not as famous as Arrow, with its only 20% market share, while Arrow took up 80%. Stanley wanted to buy Arrow, so the market would 100% belong to Stanley in the future. Stanley was Arrow's biggest competitor. In a normal circumstance, Arrow would definitely sell it to Stanley. At the time, they were competitors. We were Arrow's supplier, not a competitor. They were hesitant then. On the one hand, if they sold it to their competitor, the prices would be very high. But on the other hand, they considered that if so, Arrow might only be able to survive for a few years; in the long run, Stanley would have no rivals in the market after the merger, because they would assimilate Arrow into their own brand.</p> |
| Juan Wu | <p><b>Arrow</b>就会消失了。</p>  | <p>Then Arrow would disappear.</p>  |
| Feng Li | <p>对！这是一个百年的品牌非常忌讳的。我们是做贴牌的，当</p>  | <p>Yes. This is a taboo for a century-old brand. We do OEM business, so when we buy a brand, we do it because our own brand is not strong enough. For example, like Goldblatt's trowel series, we do not have the brand for these</p>   |



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|         | 我们买每一个品牌的时候，是因为我们自己的牌子不强才去买的。比如Goldblatt的trowel系列，我们没有这个品牌；像Arrow，我们自己没有这个系列，所以我们买他。我们买他们的品牌会延续做下去的。家族公司百年店，希望能够把他们品牌延续下去，做得更好，这是他的第一考虑。 | products; like Arrow, we do not have this series, so we bought them. After the merger, we will retain and continue it. For family companies and century- old brands, their first concern is to continue their brand, and develop the company better.   |
| Juan Wu | 当时这个Arrow是属于上市公司吧？   | Was Arrow a listed company at the time?  |
| Feng Li | 是的，是上市公司。  | Yes, it is.  |
| Juan Wu | 但是他大量的股票还是在他的家族手上  | But the majority of shares were held by the family members?  |
| Feng Li | 对，Arrow是Nasdaq的上市公司。很大，他下面还有几个分公司，我们只是买了他的一个分公司而已。就像我们杭州巨星公司下面有18个分公司。   | Yes, Arrow is a listed company in Nasdaq. It is a big company with several subsidiaries. We just bought one of them. Just as our GreatStar corporation has 18 branch companies.  |
| Juan Wu | 哦!你们就买了一个分公司。  | Oh, you just bought a subsidiary.  |
| Feng Li | 谈判时，会谈价的，但承办投标方只会告诉你最高价，最低价是多少钱的。当时，我们不可能出最高价。这样，我们划不来。因为我们考虑以后的发展投资还需要资金。   | During the negotiation, we would talk about the price. But the tender contractor would only tell us the highest and lowest bidding price. We certainly would not offer the highest price, because it was not cost-effective for us, and we had to reserve some capital for the future investment in development. |
| Juan Wu | 哦，那就是在Arrow的竞标过程中，你们出价并不是最高的。但是你们说服他用的是什么方法呢？  | Oh, that is to say, during the bidding process of Arrow, you did not offer the highest price. Then what was your method to persuade them?  |
| Feng Li | 第一我们是做这个行业的生产企业，有自己的生产和研发。   | First, we are a manufacturer in the industry, and we have our own production and development. Second, if we buy the brand, we will extend it   |

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|                | <p>第二这个品牌拿过来我们会延续到我们不同的category, 做不同行业的工具, 不同的产品中。竞争对手他买去, 最多还是做这个行业某项。我们买过来, 我们会拿去做胶枪、做工具, 所有的行业我们都可以放进去, 这就是我们的非常大的big potential future growth。而当时竞争对手就是做钉枪, 跟Arrow是一样的, 也是这个行业狭小的一项。</p> | <p>to different categories, tools for different industries, and products. But if sold to their competitor, they will stay in the industry at the most. If we buy it, we will use it to make rubber guns, tolls, etc, and apply it to various fields. This is our very big potential future growth point. And at the time, their competitor, like themselves, was just making staple gun, a very small category in the industry.</p>   |
| <p>Juan Wu</p> | <p>而且, 如果Stanley买过去一合并, 利用Synergy整合, 会大量的裁员。</p>  | <p>What' s more, if Stanley buys it and then has a merger through synergy, there will be a mass layoff.</p>   |
| <p>Feng Li</p> | <p>对的。我们买了它, 整个还在运营过程中, 不去动他们。我们已经启动了, 我们报Goldblatt给他, AQUATECH给他, 都转到这个分公司去做。将三个公司并成一个公司, 给他们带来很大的机遇。还有一个品牌WorkPro – 是个自有品牌。我许诺他们了, 如果3到5年他们经营得好, WorkPro也会都转到这个分公司去做。</p>                 | <p>Yes, we bought it and has left the company unchanged.The company is still running as a whole. We have started the merger of the three companies, including Goldblatt, AQUATECH and this company. And we have transferred the business of the other two companies to it, bringing it a giant opportunity. And for another brand-- WorkPro, a free brand, we have made a promise to them that if they run well in three to five years, its business will also be transferred to this subsidiary.</p> |
| <p>Juan Wu</p> | <p>实际上, 不仅让Arrow延续下去, 还能让他有了更多的发展机遇。<br/>那你们将其它的并在一起, 你们也要裁员, 是吧?</p>   | <p>In fact, you have not only continued Arrow, but provided it with more development opportunities. Then, in your merger process, there will also be a layoff, right?</p>   |

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| Feng Li | 基本上我们没有裁员。我们把他们分到不同地方去了。   | Basically, no. We have assigned them to different places.  |
| Juan Wu | 三家并到一起   | And there is a merger between the three companies?   |
| Feng Li | 原来这三家是独立运营，我们把他们移到另外一个分公司去了。另外一个分公司通过Walmart生意做的很好，增长30%到40%。正好那边需要人，就调人过去。调过去他还是去做同样的科目，只是到另外一个领域去做了。我们至少可以给他增加一些劳动密度。      | Originally, the three companies were run separately, and we transferred them to another subsidiary. One subsidiary worked very well for Walmart, with an increase of 30% to 40%. And this branch happened to be in need of staff, so we sent people there. And the people would do the same work as they had done here, just in a different workplace. We could at least increase some workload for them.  |
| Juan Wu | 你们在并购的过程中肯定也有自己的筹备团队呀!这些团队一般有哪些人组成?主要是他的背景是什么样的。   | You must have had your own preparation team in the merging process. What kind of members are collected in this team? And what about their background.  |
| Feng Li | 第一，并购肯定要请第三方   | Firstly, the third party is supposed to be invited in the merging process.   |
| Juan Wu | 第三方也就是你刚才说的投资银行  | The third party refers to the investment bank you just mentioned?  |
| Feng Li | 对的，第三方，一定要有尽调呀。有财务尽调，还有法律尽调。有很多的法律方面的事情很麻烦的，第三个就是公共关系尽调。公共关系包括，比如说排污啊，劳动力啊，行政，政府关系尽调。我们自己有相应的团队配合的。我们中国有团队、美国有团队。你还要请第三方的团队。 | Yes. The third party. In addition, the due diligence is a must. Both the financial due diligence and the legal one. It would be a big trouble to get involved in many legal issues. The third one is the public relation due diligence. Public relations include such due diligence in the field of pollution discharge, labors, administration and government relations. We have our own cooperative teams for relevant affairs. We have teams in China and in the US. And a team from the third party is also to be invited. |
| Juan Wu | 你们自己的团队有什么背景的人参与了?   | What about the members' background in your own team?   |

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| Feng Li | <p>都是一些比较知名的人士，我们有自己的律师，很资深的做了20多年的律师，然后我们有知识产权的律师，收购的律师，都不一样的。还有我们自己的财务团队。</p>   | <p>They are all celebrities. We have our own senior lawyers who have been doing their career for more than 20 years. We also have the lawyers expert in intellectual property and M&amp;A. They are specialized in different fields. And we also have our own finance team.</p>   |
| Juan Wu | <p>你自己参与了吗？</p>   | <p>Do you participate on your own?</p>  |
| Feng Li | <p>参与了。肯定要参与，因为所的市场，Marketing都是我负责。他们只是提供法律上的依据，最后的尽调，比如说2.5倍、3倍的P/E可以买或不买。但是未来的发展还是我们自己来决定的。你买来，我们未来三年能够赚多少钱，能不能把我用的1.35个billion, 1.35亿美金去买了这个公司，我未来三到五年能不能够赚回来。</p> | <p>Yes. Of course I must. Because I am in charge of marketing and all the markets. They would only provide legal suggestions and evidences in the eventual due diligence on whether to merge a company with the P/E of 2.5 or 3. However, it is ourselves that should make a decision for the future development. If we merge it, how much money will be made in the following three years? Could the 135 million dollars I had spent buying the company return to us within three to five years?</p> |
| Juan Wu | <p>你们有没有做生产的人也来参与呀？</p>   | <p>Did any of your producing personnel participate?</p>   |
| Feng Li | <p>有。本来我们自己也生产，有懂生产的人。这些产品我们本来在做的，只是他们比我们更先进。我们去走一遍看一遍，就知道了。我们这里总经理都到美国去看过，基本每个人都学习过，包括我们的车间主任也去学习过。一起调查清楚之后我们才决定买这个公司的。</p>  | <p>Yes. We used to manufacture on our own and we had people who know quite well how to manufacture. We used to manufacture the same products. But their company had a more advanced manufacturing than ours. We got the hang of it after our visits there. Almost everyone paid a visit there in the US, including our general manager and the workshop directors. The acquisition is a decision jointly made on the basis of our thorough investigation.</p>   |

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| Juan Wu | 你们中国有团队，美国也有团队。你们美国团队是不是负责法律问题，中国就是抓生产问题？   | You have a Chinese team and an American team. Is it fair to say that your American team is in charge of the legal issues while the Chinese team focuses on manufacturing?   |
| Feng Li | 中国就是以生产技术，营销市场为主；美国就是以法律的为主，还有市场的人参入。然后美国团队也要知道这个品牌到底值不值。比如我们给他签字前，我们中国两个人，美国两个人(我们在美国有分公司)，被并购方两个人，陪着我们一起，面对面和客户谈过的。 | The Chinese team gives the first place to production techniques and marketing; the American team mainly deals with legal issues and market participation. Then the American team ought to know whether it is worthwhile to merge one brand. For example, before the contract is signed, we would have had a face-to-face talk with the clients accompanied by two members from our Chinese team, two from our American team (Hailiang had a subsidiary in USA) and two from the target company. |
| Juan Wu | 就是你们在并购之前跟他们最大的客户谈过。  | This is to say, you had had a talk with their biggest clients before the acquisition.   |
| Feng Li | 和被并购方的前四大客户谈过。问他们这个品牌产品你这个客户今后还要不要购买，服务如何呀，质量行不行，价格行不行，全部都谈过。确保我们收购这个品牌万无一失。万一四大客户不用他的品牌，我们还收购他干什么呢？                  | We have talked with the four biggest clients of the target company. We asked them whether they still planned to buy the products after the acquisition and we talked about all the issues such as the service, the quality and the price hereafter. This is to guarantee that the target brand is an absolutely safe choice. What would be the reason for the acquisition of the company if the four biggest clients say no to this brand?  |
| Juan Wu | 你考察他的客户基础怎么样。   | You are investigating the company's client base.  |
| Feng Li | 对，他们的团队(被并购企业)也到我们这里来考察过，看杭州巨星到底是一个什么样的公司，有没有生产，有没有在生产这个东西。双方考察调研。这个事情搞完了以后，再做财                                       | Yes. Their team (from the target company) had also visited and investigated our company. What kind of company is GreatStar? Is it manufacturing? Is it manufacturing this product? After this bilateral investigation, we conducted the financial and legal due diligence, and then the two parties got down to the price.  |

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|         | 务法律尽职调查，完了以后我们双方再谈价格。  |   |
| Juan Wu | 最后才去谈价格。我以为开始要先谈价格。  | The price is in the last section? I suppose it is put forward at the very beginning.  |
| Feng Li | 开始是随便报，是意向性的报价。意向性的交谈后，我方交了500万美金的保证金、定金在那里。   | At first, we gave an optional quotation, an intentional one. After that, we paid a deposit of 5 million dollars.  |
| Juan Wu | 表示你们是真的对他们感兴趣的。其实被并购方也透露了你们很多的秘密 - 等于他要把自己的剖析给你看了。   | It could suggest that you did take interests in their company. In fact, the target company also disclosed to you many secrets. That means getting itself dissected in front of you.   |
| Feng Li | 如果我们违约了，500万美金保证金就没有了。这500万美金，我们三天之后就打过去了。   | If we broke the contract, the five-million deposit would not be got back. We paid 5 million dollars within three days.  |
| Juan Wu | 你们大概用了多长时间呀，可以举两三个例子说明用了多长时间并购了。   | So how long did you use? I mean could you please give two or three examples to illustrate how long the acquisition period could be?   |
| Feng Li | 第一个企业，Goldblatt，我们用了三个月，就确定想要买它了。从尽调到收购大概三到六个月就基本全部搞定了。中国和美国的法律不一样。你全部搞完后，还要经历45调查，看看是不是反垄断啊，等等。美国反垄断也很厉害的。双方的政府要尽调。 | As for the first enterprise Goldblatt, it took us only three months to make the decision. The due diligence and the merging phase lasted only three to six months. China has a different legal system from the US. After all these procedures, there would be four to five investigations on whether the merger was anti-trust (45...) and so on. The American government takes a tough measure of anti-trust (45...). The governments of both parties would conduct due diligence. |
| Juan Wu | 都有的，在欧洲我采访了瑞士的企业，当时瑞士企业能够卖给中国，还是因为有机遇的。德国有一个企业 - 也是该瑞士   | Yes, all the same. I once interviewed a Swiss enterprise in Europe. I was told a case where a Swiss enterprise was acquired by a Chinese company by chance. At that time, a German enterprise – the biggest competitor of the Swiss firm intended to buy it. However, this enterprise took up 50% of the Swiss market and occupied almost the same proportion in  |

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|         | 企业最大的竞争对手想买它。瑞士占了百分之五十的市场，德国也差不多占了这么多，如果被德国企业买走，它就垄断市场了。由于这个原因，中国人才有机会买到这个瑞士企业。其实美国当时最大的五金要来买他的话，不是也有垄断嫌疑吗？ | German. Had it been merged by the German company, it would have been a monopoly. It was out of this concern that the Chinese got this opportunity. Actually, if the largest American hardware company decided to buy it then, there would also be a potential monopoly? |
| Feng Li | Stanley出了很高的价格。   | Stanley offered a high price  |
| Juan Wu | 那卖给他，他也就垄断了？  | Could he be a monopoly if it had been sold to him?  |
| Feng Li | 其实垄断到他算不上，只是这个category，这个项目是垄断。主要是Arrow觉得以后没有发展了。每个行业都有自己的品牌。   | Not exactly. He could only be a monopoly of this category or this project. It is mainly because that Arrow was thought to lack the space for future development. Every industry has its own brands.   |
| Juan Wu | 他重合的东西太多了，他肯定要大量的裁员。  | He had too many sections overlapped and he must conduct a mass layoff.  |
| Feng Li | 他不可能把这个品牌延续下去。象我们才能拿过来。我们可以延伸很多。而且我们中国也加入了Arrow的团队，没有做减法，只能做加法  | It is impossible for him to preserve this brand. But we are able to take it over and we can extend the business. In addition, we Chinese also took part in the Arrow team. And we are not doing subtraction but addition.   |
| Juan Wu | 我们做的是加法在而不是减法。  | What we are doing is not subtraction but addition.  |
| Feng Li | 我要延续你的项目，category的延续。其他公司并购它，比如Stanley买它就是做减法，因为它有重叠嘛。我们是做加法的。  | I am going to extend the project or the category. Other enterprises such as Stanley tend to do subtraction after the merger since the company had a lot of overlaps. But we are likely to do addition.  |
| Juan Wu | 我们是市场延伸，  | We are extending the market.  |

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| Feng Li | Arrow以前只以美国，加拿大市场为主。我们现在欧洲市场基本上已经开始动了。我们德国销售也启动了，日本马上也开始做了。我可以global去卖，还包括中国市场，以后通过Toolmall去卖。 | Arrow used to be oriented only to the American and Canadian market. Now, we have almost started up in the European market. The sales in Germany as well. The manufacturing is to take up in Japan, too. I can also do the global business. Our products can also be sold on Toolmall in China then.     |
| Juan Wu | 我觉得中国市场潜力还是很大的。我不是跟你说别的，我每一年回国，就是要从OBI五金市场给亲戚朋友带很多工具。他们说欧洲买的工具好使，在中国买不到。                       | I think China is a rather promising market. Among other things, every year when I return home from abroad, I would take many tools from OBI hardware markets for my relatives and friends. Because they think these tools from Europe are really user-friendly, which however are unavailable in China. |
| Feng Li | 不，现在可以到Toolmall上买。比如Bosch的品牌，都在我们这里卖的。我们的这个Toolmall是一个platform。                                | No. You can buy them on Toolmall now. For example, the brand Bosch can be found here because we are selling its products. Toolmall provides such a platform.  |
| Juan Wu | Platform。不只是卖你们自己的品牌和产品。   | Platform. More than your own brand and products.  |
| Feng Li | 不是，全部都有买的。你可以买Bosch的产品。  | Yes. Everything. You could buy Bosch products here.   |
| Juan Wu | 品质就是跟在国外买到的一样的吗？   | Is the quality similar to that of the products bought overseas.   |
| Feng Li | 一模一样的。   | Similar in every detail.  |
| Juan Wu | 你们最好多做点广告，很多人不知道。  | You need more advertisement for many people are still not informed.   |
| Feng Li | 工具这个行业，那么多人需要。一年准备要投资三千万到五千万的人民币，要烧掉这么多的钱做这个Platform。  | The tool industry is really a sought-after one in great demand. Each year, 30 million to 50 million RMB would be burned invested in such a spending platform.   |
| Juan Wu | Platform就是烧钱的  | Platforms are always spending.  |
| Feng Li | 现在我们做的很成功。很多牌子全部进来了。   | Now we have done a good job. A great number of brands have entered.   |



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| Juan Wu | 好，现在我还有一个问题，你们并购了美国的企业。然后呢，你们是采取什么样模式融合和管理呢？我采访了很多企业，最开始一般采取的是财务总监，他们派一个人过去。在董事会里他们要保证中国的在我们母公司是多数。其它的他们是让子公司的人自己来运行。过了几年许多中国公司会再对被并购公司进行一次很大的一次重组，更多的是对他们进行整合。你们是采取什么形式？是否也举一二个例子？ | OK. Now I have a question. You have merged an American enterprise, and then? What kind of model of integration and management did you take? I have interviewed many companies, and generally speaking, they would appoint a CFO and send him/her to the acquired company. They would also make sure that members from our Chinese company should gain a majority in the Board of Directors of our parent company. Other issues are left to the subsidiaries themselves. Some years later, many Chinese company would reconstruct the companies merged thoroughly, or more often conduct an integration. So what model did you choose? And could you please give one or two examples? |
| Feng Li | 我们跟其它公司有点不一样，但是我们买的公司都是百分之百的控制的   | We are a little bit different from other companies. We are in 100% control of the company we acquired.   |
| Juan Wu | 他们也是，   | So are they.   |
| Feng Li | 其它的不说，那边的董事长，总经理，销售总监等是没有股份的，是职业经理人。那他原本的职业经理人全部留下。   | Apart from everything else, their president, the general manager and the CSO are not the shareholders but the professional operators. And all the professional operators there are retained.   |
| Juan Wu | 包括财务总监吗   | Including the CFO?   |
| Feng Li | 财务总监留下  | Yes.   |
| Juan Wu | 这边从中国不派一个人过去吗？  | Would the Chinese side send someone there?   |
| Feng Li | 目前第一年我们不会派人过去，但是我们每个月轮流过去，不断地过去   | Not for the first year. But we would take turns to go there every month continuously.  |
| Juan Wu | 你指的是这边的管理人员吗？   | You mean the management staffs?  |

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| Feng Li | 是的。比如这里的财务总监在那里呆一个月，那边的财务总监在这里呆两个星期   | Yes. For instance, our CFO would be there for a month and their CFO would have a two-week stay here.   |
| Juan Wu | 然后别的呢？只有财务总监吗？  | And then? Only the CFO?  |
| Feng Li | 别的有销售呀，也互换。我们叫 <b>Rotation</b> 。大家都知道每一个岗位是做什么的。  | There is also an exchange between the sales personnel, which we call "Rotation". In this way, everyone would know the job of each position.  |
| Juan Wu | 生产人员呢？  | How about the production personnel?  |
| Feng Li | 生产，他的我们不动。但是我们这边派骨干过去上班学习。了解他们的流程。  | Production? We may not assign their staff, but we would send our backbone staffs to their company to study and get familiar with their producing process.  |
| Juan Wu | 你们派人到美国学习生产流程。交流的话，你们就派财务，销售到那边去轮职相互交流，生产就你们派人过去学习，其它方面还有吗？比如市场营销？                                      | You would send your staff to the US to get familiar with the producing process. And there are "Rotations" between the finance and sales personnel, and you would also send the production personnel there for study. Anything else? Such as marketing?   |
| Feng Li | 都有的，都要轮换交流的。包括参加大型的会议，国内都要派人过去的。  | Yes, we have. All of these involve "Rotations", including the large conferences. The domestic side would assign someone there.   |
| Juan Wu | 还有什么交流机制吗？  | Any other exchange mechanism?  |
| Feng Li | 主要是看看美国公司怎么操作，怎么做，每个公司的作法都不一样。中国人有中国人做法，你不能把中国人的作法带到美国去的。如果那样，你不换人家也要走。中国人的做法是老板一个人说了算。国外是一层一层的，不要越过太多。 | It mainly depends on how the American company does and operates since the practice can vary among different companies. We Chinese have our own practice and it makes no sense to transplant that into the US. If so, they would leave whether you get the staffs transferred or not. It is the Chinese practice that the boss himself has the final say. In Chinese companies the top line managers have the sole power of decision across all hierarchy levels, whereas in US companies the managers' authority is limited to their direct reports. |
| Juan Wu | <b>Goldblatt</b> 你们已经并购六年了。这六年你们都没有什么变化   | It has been six years since you acquired Goldblatt. Is there any change during this  |

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|         | 吗？有没有重要的人员离职。<br>重要的人才都留住了吗？  | period? Any important staff left office? Do you retain all the important talents?  |
| Feng Li | 重要人才都留住了，但是我们<br>把他们进行互换，原来做<br>Goldblatt的，现在让他做<br>Jorgenssen。把他们对调了。<br>举个例子，你在这个位置做了<br>10年，就足够了，enough。<br>我们把他调到另外一个地方去<br>。我们让他利用在旧岗位培养<br>的产品客户，现在把这个不同<br>的产品也是要卖的同样的客户<br>那里去。 | The important talents are retained. But we get them counter-changed. Those who used to work for Goldblatt are now placed in Jorgenssen. They are counter-changed. For example, ten years could be long enough for someone who has been serving in the same position. Then we want to get him to another place so that him could sell different products to the same clients that he have had in the previous position. |
| Juan Wu | 可不可以说你们并购后没有流<br>失人才？   | Is it fair to say that your company didn't suffer from a "brain drain" after the acquisition?  |
| Feng Li | 没有  | No.  |
| Juan Wu | 你们并购以后遇到过任何困难<br>吗？能否举一个例子。   | Have you come across any trouble after the acquisition? And any example?   |
| Feng Li | 我们把Goldblatt并购后，我们<br>遇到的很大的困难是，当时我<br>们并过来，他原来Owner和我<br>们有协议，不能Copy我们产<br>品。结果，他原来的Owner一<br>模一样的copy我们。  | The toughest trouble we came across after we acquired Goldblatt is that its previous owner copied our products completely. But during the acquisition process, we signed an agreement with its previous owner that he should not copy our products.  |
| Juan Wu | 他又自立门户又开了一个公司<br>。  | He created forks by establishing another company.  |
| Feng Li | 后来我们就跟他们打官司，他<br>输得一塌糊涂，赔了我们很多<br>钱。我们有法律依据的，他三<br>年之内不能碰同样的行业。怎<br>么能够把同样的东西Copy呢<br>？   | Then, we took him to the court. He lost a mess and made us a great compensation. It is in conformity with the law. He should not step into the same industry within three years. How can he copy our products and sell the same goods?   |

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| Juan Wu | 他卖给了你们后，又自立门户，又去做同样的产品。  | He sold the company to you and then established another one for manufacturing the same products.   |
| Feng Li | 他还卖给我们同样的客户群。对我们打击很大。  | Moreover, he sold the products to the same clients. That is a major blow for us.   |
| Juan Wu | 没有想到西方的人，也有这样的不诚信的作法   | Incredible. Westerners should have conducted such a dishonest practice.  |
| Feng Li | 我们没有想到。最后他赔了我们很多钱。后来把他的东西都下架。美国的法律很严格的。他这样做很不好。肯定也有别的人在背后支持。我们跟他打了官司的，这是侵权行为。当然我们自己要有实力。如果美国没有团队，我们是打不赢这个官司的。美国打官司很贵的。 | We have never expected that. At last he paid us a great compensation and all his products were removed off shelves. The US has a tough law system. His behavior is not good. There must have been some people behind him. We brought him to the court because it is a tort. We would have not won the case if we had not had a team in the US. In the US, it is rather expensive to go to court. |
| Juan Wu | 在美国打官司是很贵的。  | Very expensive.  |
| Feng Li | 是的。我们打官司用了一年，整整一年。   | Yes. It took us a year, a whole year on this case.   |
| Juan Wu | 觉得这是一个很大的教训吧！  | A big lesson, isn't it?  |
| Feng Li | 但是这个教训是没办法控制的。真的有人要耍赖。只有通过法律来解决。   | But this lesson is uncontrollable. If someone does want to cheat, we can only resort to the law.   |
| Juan Wu | 你们当时不相信吧？  | You can't believe it at that time, right?  |
| Feng Li | 对。我们不相信这个Owner会那么傻。打了这个官司后他不可能东山再起了。他赔了很多钱，彻底破产了。  | Yes. We can't believe that the owner could be so stupid. He would never stage a comeback after this case. He lost a lot of money and went bankrupt.  |
| Juan Wu | 还有没有别的冲突呀！比如文化呀？   | Is there any other conflict? Such as a cultural collision?   |
| Feng Li | 在美国做生意做这些生意就怕这种情况。你把这个品牌买来   | We are afraid of that situation when doing business in the US. When you buy the brand and decide to run it well, you may have no idea  |

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|         | ，设法把它经营好。而另外一个牌子早就在做同样的产品，你不知道而已。等你把这个品牌买来，另外一个品牌放进去把你取代掉，他已经早就运作在做和你一模一样的另外一个牌子的新产品。那你就买了一个空壳了。那就没有一点价值了。这是我们最担心的事。所以我们做尽调时要非常严格。 | that another brand is making the same products. After buying it, you would find that you have been replaced by another brand which has been manufacturing the same products since long before. At that time, what you bought is merely a hollowed-out shell with no values at all. That could be the most worrying situation. So the previous due diligence should be strictly conducted. |
| Juan Wu | 你们吃个这方面的亏吗   | Have you suffered losses in that situation?   |
| Feng Li | 我们没有，我们的同行就遇到过   | Not us, but our peers.  |
| Juan Wu | 当你买下这个品牌之前，卖家已经完全做好准备  | Before you buy the brand, the seller has been fully prepared.   |
| Feng Li | 空壳了。他create同样的品牌产品马上在市场上都有了，马上就可以取代你了。   | A truly hollowed-out shell. He has created another brand with the same products, which are going to the market soon and are ready to replace yours.   |
| Juan Wu | 这和你们的案例不是一样的吗？   | Is it the same case with yours?   |
| Feng Li | 但这个另外的，他本来就有的品牌，在卖之前就做好了。  | No, it is different. He has been well-prepared by creating a new brand before his company is sold.  |
| Juan Wu | 就是有两个完全平行的品牌在运作，他把要卖的企业搞空壳了。他是不是把人才也都转走了？  | This is to say, there are two parallel brands running together and he has hollowed the company that is to be sold. Has he transferred the talents?  |
| Feng Li | 人才没有转走，但是在收购之前，人已经走了。等你收购那个企业时，好的人才早就走了。你跟本不知道的，   | He hasn't transferred them because they had already left before the acquisition. When you buy the company, the capable staffs have gone, which you don't know at all.   |
| Juan Wu | 你怎么控制这个风险呢？是不是要和行业协会搞好关系？  | How can you control this risk? Is it necessary to be in good relations with the industry association?   |

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| Feng Li | 你要跟行业协会搞好关系，要跟所有客户搞好关系。要做 <b>Due Diligence</b> ，西方人不太会撒谎的。客户会如实告诉你对产品和品牌的体验。                           | You should be in good relations with the industry association and all the clients. And the due diligence is a must. The Western people are unlikely to tell a lie and the clients would like to tell you their true feelings towards the products and the brand.  |
| Juan Wu | 所以要跟客户进行尽调，了解到真实的第一手情况。  | So a due diligence should be conducted among the clients so as to get the authentic first-hand information.   |
| Feng Li | 是的，所以客户的关系非常重要。如果客户说这个品牌好，喜欢购买就没有问题。   | Yes. A good relation with the clients is very important. If the clients say this is a good product and they would like to buy, that would be fine.  |
| Juan Wu | 内部员工里面有没有问题呀？  | Any problem within the staffs?  |
| Feng Li | 内部员工也有，比如，以前我们刚收购了一个企业，比如说 <b>Jorgenssen, Pony</b> 里面有一人原来是总经理，现在变成副总经理了。原来他说了算呀，现在变成副总了。              | Yes, there was. For example, we acquired a company, let's say Pony Jorgenssen. The previous general manager becomes the vice general manager after the acquisition, but he used to be one who made the final decision. Now he becomes the vice general manager.   |
| Juan Wu | 是不是比如说，你从 <b>Goldblatt</b> 那里调一个总经理管他。   | Does it mean that you put him under the management of a general manager transferred from Goldblatt.   |
| Feng Li | 对。开始有很长一段时间他反对，唱反调。象这种人就给他，要么你就好好干，要么你就明天就离职，你想好。下逐客令之前，我们就要把所有的工作都做好 – 他的个人信息、他的客户信息，我们收集好了，免得企业蒙受损失。 | Yes. He was a naysayer against everything for a long period at the very beginning. Under this circumstance, you should tell him “you are supposed to do your job and fulfill your duty or leave tomorrow. Think it over”. Before we show him the door, we would get everything done appropriately, such as his personal information, the information of his clients. These should all be collected in case of any potential loss to the enterprise. |
| Juan Wu | 但是这个是个很明显的，如果你突然给他降一级，他肯定会不满。  | But it is quite obvious that he would be unsatisfied if you throw him a sudden demotion.  |
| Feng Li | 没有呀，我们想好了。 <b>Arrow</b> 我们收购了,他不知道的。我  | Not at all. We have considered twice. He didn't know we had merged Arrow. After the merging process was completed, Arrow has been in operation. Moreover, we have been operating  |

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|         | 们在搞好搞完以后， <b>Arrow</b> 在运行。 <b>Pony</b> 我们已经做了两年三年了， 什么东西都了如指掌了。 不怕你离职撂摊子。 | Pony for two or three years and we have got familiar with every detail. So we are not afraid of if he leaves office.  |
| Juan Wu | 哦， 是运营了几年以后才把他降级的  | I see. He was demoted after several years' operation.   |
| Feng Li | 对的   | Exactly.  |
| Juan Wu | 那降级以后不是一个很 <b>Motivation</b> 的事情。 降他肯定是他有问题， 对吗？                           | There must be something to do with the motivation after the demotion. He was demoted for some reason, right?  |
| Feng Li | 对呀， 他做得不好。 如果他做得好吗， 就会给他另一个重要的任务   | Yes. Because he is not doing well. If he were good enough, he will be assigned another important task.  |
| Juan Wu | 你们并购的美国的这些子公司中间有一个很合理的流动。 做的好的有一个上升的机会， 让美国的管理人员之间有一个竞争。                   | There is a reasonable flow mechanism among the American subsidiaries you acquired. Those who do a good job will be offered a promotion prospect, which leaves a competition for the American management staffs. |
| Feng Li | 中国也一样， 我们 18个工厂总经理， 每年要淘汰一个。 降级  | The Chinese side also has such a mechanism. One of the 18 general managers from each company would be eliminated and demoted every year.  |
| Juan Wu | 这好厉害呀， 末位淘汰。   | That's tough. Lowest place elimination.   |
| Feng Li | 我们和 <b>Alibaba</b> 一样， 361。 我们公司高管一样， 361。                                 | We have the similar pattern with Alibaba, the "361" pattern. For the senior executives in our enterprise. "361".  |
| Juan Wu | 什么是361？  | What is the "361" pattern?  |
| Feng Li | 361就是， 3是最好的， 6是中间的， 1我们就淘汰的   | In the "361" pattern, "3" refers to the best, "6" is the middle-tier and "1" is who we demote.  |
| Juan Wu | 你现在美国也是这一套   | This is also your pattern in the US?  |
| Feng Li | 是  | Yes.  |
| Juan Wu | 他们美国， 在你们并购之前没有面临这样强的竞争吗？ 这样   | Was there such a kind of fierce competition in the American company? The competition among the staffs? Are they doing a too comfortable job?  |

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|         | 职业人之间的竞争。是不是他们过得日子太舒服了？   |   |
| Feng Li | 美国人那里，我刚才说过。他们Relax,不太适应这些。如果你一进来就砍掉，那是不现实的。我们这里的机制是激励机制，你做得多就拿到的多，我们帮你调整。他原来得多少钱都是固定的。我们现在改成拿提成。做得多拿得多。前段时间，Goldblatt有个员工做了四十年了，不适应这种机制，我们就劝他提前退休。 | The Americans, just as what I have said, are relaxed and may not get used to this. So it is impractical to get it removed directly after the acquisition. We are implementing an incentive mechanism there. The more you work, the more you will be paid. And we will do this adjustment. The payment used to be a fixed one, and now we adopt a commission system. More payment for more work. Some days ago, a staff in Goldblatt, who had worked there for 40 years, found it hard to get accustomed to this mechanism. Hence, we suggested him to have an early retirement. |
| Juan Wu | 劝他提前退休。   | You suggested him to have an early retirement?  |
| Feng Li | 因为美国有一种好处，你叫人走他就马上走，没事  | This an advantage in US. It is OK if you resign somebody and ask him to leave office immediately.   |
| Juan Wu | 美国的劳动保护不象欧洲这样   | The American labor protection is quite different from that in Europe.   |
| Feng Li | 不象中国人，让他走人，他做了十年你就要赔一年。美国员工做了三十年，明天你要他走，他就马上走   | Unlike the Chinese, either. When you do it in China, you need to compensate him/her a whole year's payment for each of his/her ten years' work there. As for the American staff, he/she would leave immediately when you tell him/her to, even if he/she has been working here for 30 years.  |
| Juan Wu | 美国是早上宣布辞职，下午就走人。  | In the US, when one is asked to quit office in the morning, he/she will leave in the afternoon.   |
| Feng Li | 上次我们开除一个员工。我们宣布一小时之内，就走人了，保安跟着。这是合法的呀。  | Last time, we dismissed a staff. He left within one hour accompanied by the guard. It is legal.   |
| Juan Wu | 是的，美国的劳动市场是非常残酷的。   | Yes. The American labor market is very crude.   |
| Feng Li | 保密工作一定要做好，不然就会有造反的。   | Information security is important, or a rebellion is on the way.  |
| Juan Wu | 这之前一定要做好工作。   | This issue ought to be settled down properly in advance.  |



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| Feng Li | 非常难的一件事。中国人交流一下就可以。但美国人处理起来就不一样了。上次事情的处理，我们到美国去就是易总去的。我们今年到美国去了六次了。每次去就得呆一到两个礼拜，每个公司都要呆两天，去看一下，有什么情况，好掌握信息。但老美有一个缺点，大的老板在上面不知道公司真正运营是怎样的。他不管的。 | It is indeed a tough problem. This could be solved easily through communication by the Chinese. But Americans tend to deal with it in an utterly different way. Last time, our President, Mr Yi went to the US to handle the problem. We have been to the US for six times this year and we have to stay there for one to two weeks during each visit with two days in each company. Because we need to see and check if anything goes wrong so that we can have information regularly on hand. This is what lacks in the American company where the big boss has no idea at all whether the company is doing well. He simply turns a blind eye to that. |
| Juan Wu | 哦!他已经不会亲力亲为了。  | Oh! He is not likely to do that in person.   |
| Feng Li | 中国人的老板，很多事情他都知道的。美国公司和欧洲公司，比如OBI都是一样的，一级一级都分的很清的。你是老板，他是总经理，他是厂长，他不会去过问不是他下面的事和他管辖范围外的事情。这就是文化差异。  | The Chinese bosses always know a lot about the company. Some American or European companies, such as the OBI, are all the same. They all have the clearly divided hierarchies: who is the boss, who is the general manager and who is the plant superintendent. A Manager would not have a hand into the affairs beyond his section nor his hierarchy. This is a cultural difference.  |
| Juan Wu | 已经脱离了很多了。  | He has been away from too many affairs.  |
| Feng Li | 我们中国老板就不一样，什么事情都要亲力亲为。   | Our Chinese bosses are quite different, and they tend to do everything in person.  |
| Juan Wu | 你们并购了以后，在美国那边，他们总体来说，他们员工的人数没有减少吧？   | After the acquisition, for the American side, have the whole number of the staffs declined?  |
| Feng Li | 每年都减少，要求递减，改进设备。   | Decline every year. A progressive decline is required for improving the facility.  |
| Juan Wu | 改进设备，递减。大概是百分之多少呢？   | For improving the facility and a progressive decline. What is the approximate percentage?  |
| Feng Li | 我们最起码是百分之三到五   | At least 3% to 5%.   |
| Juan Wu | 这听起来很可怕的。国内是不是也这样呢。  | That's sounds horrible. Is it also the case with the domestic companies?   |

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| Feng Li | 同样的。我们可以帮你<br>Investment,帮你投资钱。比如总部投资买一部机器,就要求减掉一部分人。我们是每投资100万就一定要减掉两个人。  | All the same. We could provide supports for investment. For instance, when the headquarter invest to buy a new machine, some people are to be laid off as requested. Two people to be laid off for every one-million investment.   |
| Juan Wu | 好可怕呀!100万减两个人  | That's horrible! Two people for every one-million investment   |
| Feng Li | 现在人力是最贵的   | Now labor force is the most expensive part.  |
| Juan Wu | 人有很多麻烦,要各种保险   | More people bring more trouble. For all kinds of insurance are needed.   |
| Feng Li | 保险呀,休假呀!宿舍食堂呀。我们这里投资公寓就是四栋大楼。如果没有公寓,Bus班车就要到城西城东每个地方接人。早上接,晚上送回去。早上司机五点钟就要起床去接。  | The insurance, the holiday! And the apartment and dining hall. We have invested in four apartment buildings. If not, the bus needs to pick up the staffs scattering all around the city. Pick them up in the morning and send them back in the evening. And the bus driver has to get up at 5:00 every morning.  |
| Juan Wu | 而且特别是现在的制造业更加是要减员的,IT行业还好一点。   | And it is especially necessary for the manufacturing industry nowadays to have a layoff. Things are better in the IT industry.   |
| Feng Li | IT钱拿得太容易了。   | The IT industry is quite a cushy one.  |
| Juan Wu | 制造业就是靠苦干。  | While the manufacturing industry requires hard work.   |
| Feng Li | 我们的共同朋友练林敏就是做这个行业的,他做得很苦。我们就收购了一个美国公司。在收购前这个公司要裁员,公司就是在上班时突然拉消防警报,员工们都出了厂房在外面集合。然后突然宣布,要减员200人。被裁掉的人立即不让进厂门了。许多工作了三四十年的老员工,早上高高兴兴上班,一下子就被裁掉了。抱头痛哭。 | Our shared friend Lian Linmin is in this industry and he is really having a hard time. We once acquired an American company. Before that, it had a sudden layoff. The fire alarm was suddenly sounded when everyone was working. Then all the staffs gathered in front of the plant and were told that 200 people would be dismissed. The dismissed staffs would be kept out of the plant immediately. Many old staffs who had worked there for thirty or forty years went to work delightedly in the morning were then laid off in a second. They could do nothing but cry together. Actually, the larger an enterprise grows, the faster a layoff would come. The one we dismissed first in the American company we took over was its general manager. He had the highest salary. For example, supposing the general manager is paid 500'000 dollars annually, we dismiss him the promote the vice general manager with the annual salary of 200'000 dollars and add his salary to 250 |

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|                | <p>其实企业越做大解雇得越快。我们接手的这个美国企业我们首先解雇总经理。他的薪水最高最贵。比如总经理薪水年薪50万，我们裁掉他。提拔下面的年薪20万的副总做总经理，给他加薪加到25万。这样给公司节约很多钱。在美国解雇高层很容易，没什么很大的问题。</p> <p>Pony就是这样一个人。他们请了一位总经理，这位先生三年快把企业搞垮了。原来Pony非常赚钱，50%；三年以后20%，再过两年只有10%的利润，最后只有把公司卖掉了。我们聘用新的总经理之前，那位先生年薪120万。他把一个有两百多年历史的家族公司毁掉了。这就是职业经理人。我们中国人有中国人的做法。我们收购以后就把他解聘了。</p> | <p>thousand dollars. Hence, a great sum of money can be saved for the company. It is OK to dismiss a senior executive in the US. Pony is such a company. They hired a general manager who screwed this enterprise within 3 years. Pony used to be a profitable enterprise with the profit of 50%, which plummeted to 20% three years later and then 10% in another two years. At last, there was no other way but to sell it. Before we employed a new manager, this manager was paid 1.2 million dollars, who however, ruined this family enterprise with a history of more than 2 hundred years. He is a so called professional manager. And we Chinese have our Chinese practice. So we dismissed him after we acquired the company.</p> |
| <p>Juan Wu</p> | <p>你说说美国的企业被你们一个个兼并掉，他们的问题到底出在那里呀！是不是一个个产业自然的转移，都转移到亚洲来了呀！</p>  | <p>The American companies were acquired by your company one after another. Could you please tell me what's wrong with them? Is it a natural process that those industries got transferred to Asia one by one?</p>   |
| <p>Feng Li</p> | <p>这个我觉得不是主要的。主要的是很多都是职业经营。是职业经营者没有一种向上的渴望</p>  | <p>That may not be the main cause. It would mainly come as a result of the professional managers, who lack the aspiration to make progress. They don't share the thirst of our Chinese. The Chinese want development, want</p>  |

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|         | 。没有我们中国人这种饥渴的感觉。中国人需要发展，需要前进，大家都是很认真去做这件事情。而美国的职业经营人每天就是看看报纸，喝喝咖啡，下午三点钟就走了。没有这种职业精神。他们不到下层去看去体验，没有这个需求了。 | progress and we are serious to do it. By contrast, the American professional managers are likely to read the newspaper, have a cup of coffee and leave their work at 3:00 p.m. They have no aspiration to go to the lower levels and experience themselves. |
| Juan Wu | 问题还是出在经营管理上  | So the problem lies in the operation and management.  |
| Feng Li | Pony这个公司是个非常好的公司，100多年了呀！  | Pony is a good company. It has been here for over a century!  |
| Juan Wu | 他们怎么请了这么一个人来管理。  | How could they get such a person to be in charge?   |
| Feng Li | 美国都是职业经理人在管理。他们动不动就休假去了。我们接手后现在有新规定，休假必须开手机，邮件也要随时看。   | In the US, it is always the professional managers who are in charge. And they are always on vacation. So we set a new rule after we took it over that they should keep their phone on and check the E-mails at any time even if they are on vocation.       |
| Juan Wu | 美国人接受吗？  | Did the Americans accept it?  |
| Feng Li | 接受呀！   | Yes, they did!  |
| Juan Wu | 休假一定要开机。   | The phone must be kept contactable during the vacation.   |
| Feng Li | 他们知道中国的搞法不一样了。   | They have known that the Chinese practice is quite different.   |
| Juan Wu | 因为欧洲的人还不太好接受的。   | Because the Europeans still find it unacceptable.   |
| Feng Li | 我们在德国的员工也接受了。我们跟他讲清楚了  | Our German staffs accept it too. We have made it clear to them.   |
| Juan Wu | 你们也并购了德国的公司吗？  | Did you merge a German company as well?   |
| Feng Li | 不，在德国我们请了员工。休假时，晚上要看看邮件，一天要看一次。  | No. But we employed staffs there. During the vacation, one should check the E-mails at night once a day.  |

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| Juan Wu | 不是随时开，但至少一天里能联系上你一次，互动一次。  | Not at any time, but at least once a day for contact or interaction.   |
| Feng Li | 我们不允许老外度假就没有踪影了。我们中国人邮件是随时可以看得，随时可以被联系上的。  | We would not permit the foreigners to disappear during the vacation. We Chinese can always be contacted through E-mails.   |
| Juan Wu | 我们中国人这三十年走了他们这么多年的路，是靠拚出来的，做出来的。   | We Chinese, in these 30 years, have covered the journey that took them so many years to go. It is because we have been striving and doing.   |
| Feng Li | 他们生活条件太优越了。  | They are leading quite a superior life.  |
| Juan Wu | 没办法，这就是此消彼长。   | That's the way it goes. This is the shift.   |
| Feng Li | 你再过十年去看看中国。前面我在讲，未来的十年二十的产业效果应该还可以做下去，再往下新生代如何就不得而知了。我们这一辈退休以后就搞不清楚了。我的孩子在美国学习，我让她到店里看看她老爸做的东西，她就没有兴趣了。          | You may look back to China ten years later. As what I mentioned above, the current industry effects will have been maintained for the following ten to twenty years. But as for the new generations beyond, who knows? My kid is studying in the US. When I invited her to have a look in our store at what her father is doing, she takes no interests. |
| Juan Wu | 太感谢你了！你今天花了这么多时间来接待我。我想问一下，我可不可以跟你们在美国的公司的任何一个人通一个电话呀。我也可以向他们提几个问题。我就想问问他们在跟中国公司打工或做事，站在他们的角度看一看，在一个中国公司做有什么样的感觉 | Thank a lot for your time today! I wonder if I could have the phone number of any of your staffs in the American company for some questions. Such as what do they think of working for a Chinese company in their shoes or how do they feel?   |
| Feng Li | 你想采访我们美国的员工。   | You want to interview our American staffs?   |
| Juan Wu | 就是为你们工作的人。   | To those who are working for you.  |
| Feng Li | 可以的，我给你一个邮件地址  | OK. I will give you an E-mail address.   |

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| Juan Wu | 你先跟他打个招呼吧  | Could you please inform him first?   |
| Feng Li | 可以的，到时我跟他说好，你跟他微信联系可以吗？你记一下，这个人的名字叫 <b>Matt</b> 。他现在在 <b>Walmart</b> 上班。我到时候会跟他讲的。我会把你的微信推送给他，他的微信推送给你的。 | All right. I will tell him then. Would you like to contact him on Wechat? Remember, his name is Matt and he is now working in Walmart. I will inform him later, give your contact card to him and his to you.  |
| Juan Wu | 好的。以后，如果以后我想补充一些问题还可以联系你？  | OK. If I have some supplementary questions, may I contact you hereafter?   |
| Feng Li | 可以的  | Sure.  |
| Juan Wu | 还有最后一个问题，你并购的所有企业的价格都是在你们预算之内的吗？有没有哪一个是特别低或高。  | And the last question. Did you acquire all those companies at a price within the budget? Was there anyone bought at an unexpected high or a rather low price?  |
| Feng Li | 有的。你看 <b>Arrow</b> 比我们预算要高出百分之五，   | Yes. The money we spent merging Arrow went over our budget by 5%.  |
| Juan Wu | 为什么？   | Why?   |
| Feng Li | 因为最后我们看它很多的销售集中最近三年的，每年都在递增，所以价格高了。他们在我们签合同三个月前，又拿到了很多项目。  | Because at last we noticed that many of its transactions were conducted in the latest three years and the sales presented an annually increasing trend. So we agreed to buy it at a higher price. Also, they had got many new projects three months before we signed the contract. |
| Juan Wu | 他们的销售还是在递增的。还是很划算的   | Their sales were increasing. That's a great deal.  |
| Feng Li | 是的，我们是这个行业内的。如果是行业外的可能会不知道。我们是调查过的，知道得清楚   | Yes. (We are lucky because) we are the insiders of this industry. For those outside this industry, they may not know. We had done a previous investigation, so we knew that.   |
| Juan Wu | 还有这些企业你买过来的话，你们看中的技术 - 这个核心的东西是否真实存在，并购过来  | And when you bought these companies, did the technology you valued-- the core really exist? Or was it worthwhile? Because I interviewed two enterprises before. They thought they did a bad deal for what they bought turned out to be nothing but a hollowed-out shell. Like the  |

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|         | 是不是值得？因为我还采访个两个企业，他们觉得特别亏。买过来是个壳子了。例如手表厂，有价值的技工走了，什么都完了。  | watch factory whose valuable technicians had left. So nothing was left.   |
| Feng Li | 那不一样，我们买的Goldblatt。我们当时花500万，我们现在有5000万销售。5年我就做了5000万的销售额。我们买过来后，整个系列全部推倒重来。我们的人只会加进去内容。比如，你原来只有100个货号，我现在已经扩展到200多个货号了。原来每年销售只有100万，我们现在到了200万了。 | That's different. As for Goldblatt, the one we bought, it cost us 5 million (dollars) then, and at present we have the sales of 50 million (dollars). After we acquired it, an overturning reform was conducted within the system. We would only add some new elements. For example, there used to be 100 items and we expanded it to 200 items. The annual sales used to be one million (dollars) and now we have two million (dollars). |
| Juan Wu | 核心的东西都在，  | The core has been retained.   |
| Feng Li | 都在。在不在都没有太大的关系的。我们是同行业的，都懂的。哪怕所有的东西都拿走，只要品牌在，就没有关系的，我们都可以做起来的。  | Yes. But it doesn't matter whether it is retained or not. We are still in the same industry and we know what to do. Even if everything is taken away, we can do it as long as the brand is here. That's no problem.   |
| Juan Wu | 这一点很重要，你跟他们做贴片都做了那么长时间，对他们太了解了。   | One thing is important that you are quite familiar with them since you have been their OEM for such a long time.  |
| Feng Li | 如果跨行收购企业，就不行了。  | It would be impractical in the cross-industry M&A.  |
| Juan Wu | 那都是房地产商，那个跨行就不知道有多厉害了。  | They are all real estate enterprises. You can't expect what it is going to be in another industry.  |
| Feng Li | 跨行，那你怎么搞得过人家，买了什么都不知道。我们买卖都是在同行业进行的。  | Cross the industry, then how can you contend against these insiders? You even have no idea what you have bought. Our acquisitions are all conducted within the same industry.   |

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| Juan Wu | 杭州巨星基本上每个企业收购过来都没有亏损的，都是成功的   | Generally speaking, GreatStar's acquisitions of these companies are all successful without a loss.   |
| Feng Li | 这是必须的。否则就没有意思了。开始收过来，我们也准备亏的。一到三年吧。也不叫亏，因为你收购过来，他整个生产线要扩张起来，要投资。整个产品线要design。我们买过来许多东西要改。 | Of course. Or it is meaningless. At the beginning after the merger, we were ready to accept a loss. For one to three years, maybe. That may not be called a "loss", because you need to expand the production lines and to invest. The production line needs to be designed and many things should get changed or refined.   |
| Juan Wu | 这也叫一个融合吧。你这个有生产的整合，有营销的整合。你们还是在整合，没有说原班不动。  | This can be an integration. You have the integration of production and marketing. You are integrating instead of leaving everything unchanged.   |
| Feng Li | 肯定要整合的。比如他原来的风格怎样，我们可以三年之内不动它。第四年，我就我们就进行整合、推新。客户也接受。                                     | There must be an integration. We can maintain its previous style and make no change for the first three years. But for the fourth year, we would integrate and innovate it. The clients can accept that as well.   |
| Juan Wu | 你们怎么保证他们创新呢？  | How can you guarantee the innovation?  |
| Feng Li | 我们有两个团队。主要创新还是在中国   | We have two teams and innovation hard core is still in China.  |
| Juan Wu | 在中国啊！这是我问到的第一家是主要创新在中国。   | In China! This is first company that told me the main innovation force is in China.  |
| Feng Li | 他们要开发什么产品，团队到中国来，一起研发。因为这里研发，我们有设备，速度比他们快十倍都不止。你让老外磨叽磨叽，不知什么时候才能出来。他做一件事情的时间我们这边可以做好几件事情。 | When they are developing some new products, the team would come to China and we do it together. Because we have the equipment for research and development, which is ten more times faster than theirs. If you leave this task to the foreigners (US team), this would only be accomplished centuries later. During the time they spend on one thing, we are able to settle down several tasks in China. |



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| Juan Wu | 他们这样太浪费时间了。是不是要他们画一个图纸，中国这边马上就Proto Type可以出来了。创新要快得多，                                    | It is really time-consuming in their way. When they provide a drawing, the prototype can come out soon here in China. The innovation can be much faster.  |
| Feng Li | 我们同样有工程师。美国那边解决不了的问题，我们一下就可以解决的，   | We have the engineers as well. We can solve the inextricable problems for the Americans soon.   |
| Juan Wu | 但是产品创新的Original Idea从哪里来的？   | But where are the original ideas for production innovation from?  |
| Feng Li | 有的是从客户来的，有的从老外的同事来的，有的从end user来的  | Some are from the clients, some from our foreign colleagues and some from the end users.  |
| Juan Wu | 搞创新，把他们请到中国来。创新要快得多  | The innovation work would be done faster if they are invited to China.  |
| Feng Li | 对，美国到这里来，我们这里10个人一个团队，我们有生产的，有销售的，有包装的，有design的，有R&D的，有workshop，有tuning的等，全部一起，有个问题马上解决。 | Yes. The Americans come here. We have a team of 10 members, including the people for production, for marketing, for design, for R&D, for workshop, for tuning and so on. They work together and can solve the problem the moment it occurs. |
| Juan Wu | 美国那里应该也有啊。   | There can also be a team in the US.   |
| Feng Li | 他们是一步一步地做。一个流程走下去三天，不知做到什么时候。不像我们在中国一个round table，所有人到齐，                                 | They tend to do it step by step. A single process will take 3 days and you cannot see the end. Unlike them, we have a round table in China and everyone should gather here.   |
| Juan Wu | 你们为了加快速度，把所有的人集中一起。  | You gather all the people for speeding it up.   |
| Feng Li | 在一个Meeting room。一个问题一个问题，Yes, No, Yes,No., 立刻定下来。  | In a meeting room, the problems can be solved one after another. After several rounds of “Yes, No, Yes, No”, the final decision can be made.  |
| Juan Wu | 不是一个人单独的非常隔离的一步一步，一个程序一个程序解决。这中间有没有文化冲突呀？  | It is not one’s job alone in self-seclusion. It solves the problem in one procedure after another. Is there any cultural conflict during this process?  |

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| Feng Li | <p>那可以讨论呀，没关系的，大家都可以讨论的。</p> <p>文化冲突肯定有的，但是讨论中每个人都各抒己见，讲出自己的理由，说出好处，为什么要这样<b>Design</b>。大家都是专家，都做了十年二十年的，都懂的。我们就是希望每个人提出不同的想法，大家一起<b>bargain</b>，最后<b>combine</b>，然后<b>YES,NO</b>.统一决定。</p> <p>老外的部门<b>design</b>、<b>packaging</b>、<b>tuning</b>、<b>workshop</b>都是平级的，并列的，分开的。一个事情要决定，必须通过很多部门，可能要一个月才有结果。</p> | <p>There would be a discussion. That's fine. We can discuss about it.</p> <p>The cultural conflict is inevitable. Everyone has the right to put forward their opinions and give their reasons for why it is good and why it is designed in this way and so on. Everyone is the experts who have been working in this filed for ten or twenty years. They can understand. We hope that everybody can raise different ideas so that we can bargain together. Then all the ideas are combined and lead to the final decision after several "Yes and NO".</p> <p>In the Western companies, their departments are separate and parallel. One decision can be made through so many departments, which may take about one month.</p>   |
| Juan Wu | 在并购中,有些中国企业上当，买空壳公司的原因是什么？   | So what is the reason for some Chinese enterprises were taken in by acquiring the empty-shell companies?  |
| Feng Li | <p>是自己不懂。不知道去如何调研,如何去做好!</p> <p>很简单，你到客户那里去，你不懂怎么向他问问题？关键是艺术性沟通，会提出问题。比如说这个品牌你的<b>feedback</b>怎么样，你的<b>customer</b>体验好吗？<b>customer</b>对这个产品的认可度怎么样？你觉得这个价格在该行业中如何。你觉得这个<b>Service</b>怎样。各方面去问。</p> <p>但是如果你问：你以后会不会买这个产品？他会说：no</p>   | <p>Because they themselves are ignorant. They don't know how to investigate and do!</p> <p>It is rather obvious. When you are with the clients, what questions can you ask them if you know nothing? The key is the art of communication. In other words, you should be skillful at asking questions. For example, "how about the feedback towards this brand?", " what is the consumer experience of this product?", "what do you think of the price in this industry?" and "how about the service?"... All aspects should be covered. But if you ask "are you going to buy this product in the future?", he will answer "no guarantee". Such a question is not an artistic one and their answers would be of no use to you.</p> <p>In the team meetings, I always train my team to develop their ability of artistic communication.</p> |

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|         | <p>guarantee。这样的问题没有艺术性，别人的回答也帮不了你。</p> <p>我给我的团队开会，经常要培训他们沟通的艺术。</p>                               |  |
| Juan Wu | <p>这个行业要靠经验。要有很多好的技工。你们也储备了不少人才。。</p>   | <p>If someone wants to compete well in this industry, he/she should resort to the experience and skillful technicians. And you have reserved a great number of talents.</p>  |
| Feng Li | <p>有很多好的技工，各方面的人才。我们不招大学生，</p>  | <p>Many skillful technicians and talents in various fields. But we do not hire the academician.</p>  |
| Juan Wu | <p>管理的呢？</p>  | <p>How about those for administrative work?</p>  |
| Feng Li | <p>也不招的。但是我们可以提供实习。我们给浙江省浙大提供实习基地。我们工厂就是实习基地。但是我们一般不录用。很优秀的，我们还是录用，今年我们就录用了：销售两个，开发两个。今年是属于破例的。</p> | <p>Neither. But we provide internship opportunities. We offer Zhejiang University in Zhejiang Province a fieldwork base for practice, which is in our plant. But as a general rule, we would not employ any of them. For those who are super excellent, however, there is an exception. Just as what we did this year: we hired two students for marketing and another two for developing. We made an exception this year.</p> |
| Juan Wu | <p>有没有在美国也搞这样的活动呢</p>   | <p>Are there the same activities in the US?</p>  |
| Feng Li | <p>有啊。有Internship。又便宜又好。</p>  | <p>Yes. There are internship trainees as well. They are both cheap and good.</p>   |
| Juan Wu | <p>有没有也请他们到这边来，培养他们</p>   | <p>Have you invited them here for training?</p>  |
| Feng Li | <p>也有的，有互换的学生。</p>  | <p>Yes. There are exchange students.</p>   |
| Juan Wu | <p>这非常重要的。我刚才听你的，美国和中国的文化冲突比欧洲的和中国的文化冲突要小得多。</p>  | <p>That's important. Just now, you said that the Sino-US cultural collision is much smaller than that between China and the European countries.</p>  |
| Feng Li | <p>是的，欧洲难得多。我们在谈，我们在欧洲德国可能要成立分公司。下面，我们可能要收购一个小的公司。这比较简单</p>   | <p>Yes. That is a much tougher problem in Europe. And it is still under discussion that we plan to establish a subsidiary in Germany, which is going to merge a small company. Having a subsidiary in Germany can make things easier. We have already had an office there, yet a subsidiary is still in need. I am</p>   |

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|         | 一点。在德国成立一个分公司。我们已经有一个办事处了。但是我们还想成立一个分公司。我明年三月份会参加科隆展会。                            | going to participate in a trade fair in Cologne next March.  |
| Juan Wu | 德国的工具和美国做的有什么区别呀？   | What are the differences between the German tools and those made in the US?  |
| Feng Li | 德国的很精细，日本更加精细。我每次去德国日本都买很多东西回来琢磨。老美很多东西不愿意做的。                                     | German-made products are rather elaborate and the Japanese ones are even more exquisite. So every time I went to Germany or Japan, I would like to bring some products back and take a close look at them. Americans are unwilling to manufacture many products.   |
| Juan Wu | 你们到日本开公司的目的是什么呢？  | What is your purpose for having a company in Japan?  |
| Feng Li | 主要是取经。到日本卖东西是很难的。每次去都带他们的产品和技术回来，仔细研究。这比卖东西还有意思。如果能带回10个好的产品，把它们转换成我们的产品，带来的产值更大。 | To learn from them. It is difficult to sell our products in Japan. Every time I go there, I will take back their products or technologies for careful study. That's more interesting than selling ours. It can bring us more values if we take back ten valuable products and get some inspirations from them to invent or improve our own products. |
| Juan Wu | 日本是一个很高端的市场。  | Japan provides a high-end market.  |
| Feng Li | 我们要学习他们的  | We should learn from them.   |
| Juan Wu | 到日本和德国去的都是学习为主，为取经。   | So your visits to Germany or Japan are aimed at learning from them.  |
| Feng Li | 中国现在要拉小差距。我们以前做的低端的，现在主要做高端的。低端的我们已经不做了。杭州巨星把差距和生产低端的厂商拉开了。                       | Now, China should narrow the gap. We need to shift from the previous low-end manufacturing to a high-end one now. We don't produce the low-end products any more, and GreatStar has gaped from the low-end manufacturers.  |
| Juan Wu | 低端已经不做了。  | No more the low-end.   |
| Feng Li | 现在主要是材料涨价，强调环保，很多小厂都关掉了。我们三年以前就不做了，现在政府   | It is mainly due to the rising price of materials and the emphasis on environmental protection that many small companies have been shut down, forced by the government. We quit that three years ago. Recently, more than twenty thousand of companies have been shut down.  |

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|         | <p>强迫他们关闭。最近关掉了两万多家工厂。我们走在前面。现在是<b>environment</b>第一，<b>GDP</b>第二。我们三年前就斩钉截铁不做低端的了。</p> | <p>Nowadays, the priority is given to the environment, instead of GDP. We firmly gave up the low-end manufacturing three years ago.</p> |
| Juan Wu | <p>好。谢谢了!</p>   | <p>OK. Thank you!</p>   |
| Feng Li | <p>到时保持联系。</p>  | <p>Keep in touch.</p>   |

### 10.3.2 Feng Li (2)

|         | 中文   | English   |
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| Juan Wu | 喂!李总,你好!我整理了一下以前采访你的笔记,我想还补充几个问题,采访你一下。第一个问题我想问你们公司的营业额是多少?因为我要把这二十个公司归个类, | Hello! Mr. Li! I have compiled the notes of the previous interview with you, and I hope to add a couple of questions. What comes to the first is the turnover of your company. Because I am going to categorize these 20 companies. |
| Feng Li | 营业额是500个Million  | The turnover is 500 million.  |
| Juan Wu | 是美金吗?  | 500 million US dollars?   |
| Feng Li | 是的   | Yes.  |
| Juan Wu | 还有你们现在的员工是多少?国内国外都加起来。   | And how many staffs do you have? Home and abroad in total?  |
| Feng Li | 员工差不多有6000人,   | About 6000 people.  |
| Juan Wu | 6000人有多少人在海外呀?   | How many of these 6000 staffs are working overseas?   |
| Feng Li | 海外有100多人。  | Some 100 people.  |
| Juan Wu | 你把你并购的品牌的公司的人都算进去了吗?   | Are those staffs of the companies you merged counted in?  |
| Feng Li | 没有,他们就只有500人   | No, they only have 500 people.  |
| Juan Wu | 那他们也算你们的员工吧  | So they are your staffs as well?  |
| Feng Li | 算员工。全部加在一起,在国外差不多就有600人  | Correct. All told, there are about 600 staffs working abroad.   |
| Juan Wu | 那一共就有6600多个人了,   | Then appropriately 6600 people in total?  |
| Feng Li | 差不多  | Almost.   |
| Juan Wu | 你们并购的品牌至少都有四个: Arrow, Goldblatt, Jorgenssen, Pony                          | You have merged at least four brands: Arrow, Goldblatt, Jorgenssen and Pony.  |
| Feng Li | 对  | That's right.   |
| Juan Wu | 这些都是你们曾经跟他们合作过,你们跟他们做过生产,他们是你们的客户。   | There used to be cooperative relations between you and all these companies. You were once manufacturing products for them and they were you clients.  |
| Feng Li | 对的   | Yes.  |
| Juan Wu | 然后,还有一个就是你提到过,就是现在你改变过的路线。你以前是对准Retail                                     | Then, another question is that, as you once mentioned, you have changed your route while you used to target at retail.  |
| Feng Li | 中间商  | Middle man, to be exact.  |
| Juan Wu | 你们是做自己的品牌,还是帮别人生产呀   | Do you have your own brand or just manufacture products for others.   |

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| Feng Li | 都有，以后我们的发展就是做自有的品牌。   | Both. Our future development plan is to do for our own brand.  |
| Juan Wu | 你提到过的自己的品牌，除了你并购的国外的品牌以外，也有自己中国的品牌吗？  | You have mentioned your own brand. Do you have your own Chinese brand apart from those foreign ones you merged?  |
| Feng Li | 有呀。一个是workpro   | Definitely. One is Workpro   |
| Juan Wu | 这是中国人的品牌  | It's a Chinese brand.  |
| Feng Li | 对的，是做手工工具的，还有一个是做电器呀照明 -- everybright   | Yes. A hand tool manufacturer. Another brand is producing illumination tools and some other electronic devices -- Everybright  |
| Juan Wu | 你说了两个英语单词，我记得太匆忙了。  | You mentioned two English words, but I failed to take them down in such a hurry.   |
| Feng Li | 以前我们主要是做whole sale和retail。现在主要做E-Commerce。B2B, B2C都在做。  | We used to do whole sale and retail. But now, the main business is E-Commerce and B2B and B2C are also included.   |
| Juan Wu | 然后，我感觉到你们现在走的路线，以前你们只是跟Retail做生产，通过他们的渠道来销售。但是你们在自己开了Toolmall电商平台以后，你们自己也创建了渠道，你们现在不光做产品，也有自己的渠道来销售 | Then, I feel that your current route (is quite different from the previous one). In the past, you only produced for retail and sold the products through their channels. However, after the establishment of your E-commerce platform on Toolmall, you have your own channels. Therefore, you are manufacturing products and selling them via your own channels. |
| Feng Li | 对   | Correct.   |
| Juan Wu | 这是在你们在并购了这些品牌以后才有的渠道。你们是一步步的，先是做贴牌，后来你们上市了，上市以后就自己开始生产，然后就开始并购，并购以后也开始做平台。这个说的对不对                   | So the channels are obtained after your mergers of these brands. Step by step, you worked as OEM and then your company got listed. After that, you manufactured your own products and started M&A and had your own platform. Right?  |
| Feng Li | 对的  | Yes.   |
| Juan Wu | 然后你们并购的那些品牌，比如Arrow和Goldblatt。我记得在笔记里关于这两个品牌的信息比较多。那他们以前的模式   | As for the brands you merged, like Arrow and Goldblatt, I remember that these two have the most appearance in my notes. So what were their previous patterns? Did they have their own brand stores? Did they adopt a retail or wholesale strategy?   |

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|         | 是什么，也有自己的品牌商店，也通过retail，或者wholesale去销售？             |   |
| Feng Li | 他们的没有自己的商店，只有专业品牌。                                  | No stores. Brands only.   |
| Juan Wu | 他们只有品牌，   | Only brands.  |
| Feng Li | 他们是在生产工厂直接生产  | The production is conducted directly within the factory.  |
| Juan Wu | 他们以前跟你们合作是：他们设计一些东西，然后你们帮他们生产出来                     | Your previous cooperation pattern is that you produce products with their design.   |
| Feng Li | 对，他们设计，我们帮他们生产。很多是美国生产的。                            | Yes. They design and we produce. Many were made in U.S.   |
| Juan Wu | 我听你说，现在中国为了保护环境，有许多生产工厂要关闭。在你们这个五金工具行业在国内出现了一个整合的趋势 | You told me that the current environmental protection in China leads to the shut-down of many factories. And there appears an integrating tendency in domestic hardware industry. |
| Feng Li | 是的，   | Exactly.  |
| Juan Wu | 那你们现在在国内的排名是多少呢？                                    | So how about your current ranking nationwide?   |
| Feng Li | 国内，我们排在第一，亚洲也是第一也。                                  | Domestically, we are the top one. Also the top one in Asian.  |
| Juan Wu | 那在国际上来说，你觉得你们排在多少呢                                  | What do you think about your ranking worldwide?   |
| Feng Li | 现在是第三位了。  | No.3 for the moment.  |
| Juan Wu | 前面两位是谁？   | Who are the number 1 and 2?   |
|         |   |   |
| Feng Li | 第一位是SBD Stanley Black & Decker; 第二位是APEX            | The first is SBD Stanley Black & Decker and the second is APEX.   |
| Juan Wu | 那你们行业在全球也出现了一种整合的趋势                                 | Also an integrating tendency in the global industry?  |
| Feng Li | 是呀，他们也是在全球销售，和我们是一样的。                               | Yes. They are targeting at the global market well, like us.   |
| Juan Wu | 我听你说，你们百分之60的市场在美国，百分之30的是在欧洲，只有这剩下的百分之十在亚洲还是在中国呢。  | You mentioned that U.S takes up 60% of your market and Europe 30%. So only the rest 10% belongs to the Asia, or China?  |
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| Feng Li | 基本上是在亚洲，中国大概只有百分之五左右  | Mainly Asia. China accounts for mere 5% or so.   |
| Juan Wu | 那可不可说你们创建的这个 Toolmall也是打开中国的市场的一个平台。想在中国也扩张一下   | Is it fair to say that the Toolmall you established provides a platform into the market of China with further expansion?   |
| Feng Li | 对，Toolmall是很多国外品牌都在上面卖，就象阿里巴巴的 Platform一样，在上面卖东西  | Yes. There are many foreign brands for sale, like the platform of Alibaba with all kinds of commodities.   |
| Juan Wu | 对呀，你有没有想过在中国的份额也扩大呢？  | Exactly. Have you ever thought about an extending market share in China?   |
| Feng Li | 有呀，间接的他们也在扩大也在做中国，把中国的市场扩大。National Brand, 像  | Definitely. They are expanding and doing so in China in an indirect way. National brand like...  |
| Juan Wu | 以前我曾问为什么一些高端产品在中国买不到，你说中国人图便宜会嫌贵，在国内不好卖。现在随着中国人收入越来越高，中产阶级也在壮大，越来越多的人会选择高品质产品，你们后面的优势就会更大一些哪。 | I once asked a question that why some high-end products were unavailable in Chinese market. You told me that Chinese people's preference for lower prices could be the reason for their domestic unpopularity. Nowadays, there is an increasing number of middle class in China with higher salaries. Therefore, more and more people tend to choose goods of high quality. Hence, you may enjoy greater advantages hereafter. |
| Feng Li | 对，现在中国是在转变。也在卖高端产品，都是好的东西。  | Yes. China is in a transition. Many high-end products are sold there, all of which are good.   |
| Juan Wu | 那现在我还想问一下，你购买那些品牌吧如Arrow, Goldblatt Jorgenssen 还有pony你看中的，你跟我说，一个是他们的品牌，还有是他们百年老店的传统。         | By the way, for the brands you merged like Arrow, Goldblatt Jorgenssen and Pony, you told me that what you admired about them--one is their brand, and the other is the tradition of a century-honored store.  |
| Feng Li | 对，百年品牌，他们有自己的设计理念，有自己的生产工厂，有知名度，在消费者心目中有不可磨灭的记忆。  | Yes. A century-honored brand. They have their own design philosophy, their own factories, their reputation, which forms an indelible memory for consumers.   |
| Juan Wu | 他们只是在美国很出名，还是其它国家也有名望？  | Are they only well-known in the U.S or also in other countries?  |
| Feng Li | 很多地方呀！比如日本韩国，说起来都知道的。还有英国。  | In many countries! Like Japan and South Korea. There, they are all well-known. This is also the same with the U.K.   |

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| Juan Wu | 你有没有并购渠道呀？您刚才说的并购都是并购的品牌。   | Any merging channel? The mergers you mentioned are all brand mergers.   |
| Feng Li | 渠道目前是没有的。渠道吗，只有销售渠道。  | No channels for the moment. Channels? Only marketing channels.  |
| Juan Wu | 但是你们并购，把他们的工厂也并购下来了吗？   | But did you get their factories through the merger?   |
| Feng Li | 对   | Yes, we did.  |
| Juan Wu | 那这边，我们中国生产更便宜，那他们的工厂还保持那么大的规模吗？还是逐年会缩小？                               | There, the manufacturing is cheaper in China. So is their company still maintaining its scale of production or shrinking year by year?  |
| Feng Li | 目前，美国有很多反倾销的东西，有些产品还是在美国生产。如钉子呀，小五金他们全部都是自动化，这一点美国是占优势的。              | At present, many products in U.S are anti-dumping, such as nails. The production of small hand tools are all in automation, which gives the U.S the edge.   |
| Juan Wu | 哦！反倾销。我知道了。好象不但是美国，整个北美包括墨西哥对中国的产品也都在反倾销                              | Oh! Anti-dumping. I see. It seems that not only the U.S, but also the whole North America including Mexico is taking an anti-dumping measure against Chinese products.  |
| Feng Li | 所以，并购这也是一个原因。   | Therefore, merging is one of these reasons.   |
| Juan Wu | 你并购的这些品牌是否也有工匠精神呀！因为上次在笔记里看到你反复在强调工匠精神。在美国的企业里也有工匠精神吗？                | Did you merge these brands out of their craftsmanship? Because you have been repeating craftsmanship last time, according to my notes. Is craftsmanship also cherished by American enterprises?   |
| Feng Li | 有啊！比如我们并购的Arrow，Pony Jorgenson这些品牌，也是看中的他们的工匠精神                       | Definitely. Such brands we merged as Arrow, Pony and Jorgenson actually attracted us with their craftsmanship.  |
| Juan Wu | 他们是做事是一丝不苟，非常精致。  | It is their work style to be strict and delicate.   |
| Feng Li | 是的，他们是百年历史的品牌   | Yes. They are century-old brands.   |
| Juan Wu | 百年历史和这个有关。那你们在并购这些品牌，除了价格以外，你们还有没有别的什么条件，让他们特别愿意接受你们的，比如说：并购过来以后让他们有很 | Their century history is related to this. Did you show them your some other advantages than the price during the merger of these brands so that they were glad to accept you. For example, did you promise them great freedom and allow them to keep their previous staffs. |

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|         | 大的自由度,让他们的原班人马都保留下来等.   |  |
| Feng Li | 这个是必须的,美国有法律规定, 并购后他的员工在比如说一年之内是不能随便动的。这是先决条件,没法谈的。我们并购, 他们主要是看中我们未来的发展方向。他们对我们了解。首先, 如果一个公司要把品牌卖给你, 把一个经营了一个百年的家族公司卖给你。第一个他一定要看到你们把他的公司带向好的方向发展。卖多少钱是另外一回事。  | Certainly. The American laws and regulations require so. It is not allowed to lay off the employees from the company merged within one year after the merger. This is a nonnegotiable prerequisite. They accept our merger mainly because of our future direction and because they know us well. Firstly, if a company decides to sell you their brand, a family brand with one-hundred-year history, you are trusted to bring their company towards a better future. As for the price, it does not really matter.   |
| Juan Wu | 关于把他们带向好的方向, 你们得有一个远景的描述。你们展示的愿景, 哪些方面特别吸引他们呢? 比如说中国市场呀   | To bring them a better future, you are supposed to have a foresighted plan. What is your attractive vision? The Chinese market?  |
| Feng Li | 首先他们要做的客户渠道是有限的,第一,我们买来整合以后, 我们用了GreatStar的所有的渠道。第二,我们将他们的产品提高一个档次, 我们有更多的工程师参与到对他们产品的设计改良。第三, 我们把一些比较便宜的东西拿到中国来做,让他的产品在价格上更具有竞争力。第四, 以前他们没有在中国市场销售的, 我们帮他们把中国市场打开。还有欧洲市场, 比如说德国市场, 这些美国品牌没有去卖过得, 我们也可以用我们的渠道帮他们打开这些。这样就可以拓展他的业务渠道。 | Their client channels are rather limited. Firstly, all channels of GreatStar are utilized during our integration after the merger. Secondly, we upgrade their products by a level and more engineers participate in the product design and improvement. Thirdly, we bring back the manufacturing process of some cheap products to China so as to make them more competitive in terms of price. Fourthly, China used to be an unexploited land for them and our merger help them open this the Chinese market. This is also the case with the European market and the German market, where these American brands have not been on sale. And we can help them open the market with our channels, which can also therefore expand their business channels. |
| Juan Wu | 你刚才说的,让他们的产品更上档次.你说的这个意思是不是我们中国的优秀的人才工程师也   | You just mentioned the upgrading of their products. Do you mean that we also have a great of outstanding and talented engineers,   |

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|         | 很多, 能够帮助扩大他的产品系列呀!   | who can help to expand their range of production?   |
| Feng Li | 对。因为老美他们很有局限性。比如Arrow做钉子的, 做大钉枪, 他就不会想再去做类似的产品。思维很窄的。我们可以扩大的他的产品系列。这个就帮他们有了一个飞跃的发展。他们已经做了一百年了, 我们思索的是怎么去帮他们发展起来上一个台阶。这是一个很大的问题, 这也一个很大的挑战。 | That's right. The Americans also have their own limitations. For example, Arrow, a nail manufacturer, tends to produce no other similar products than nail gun. Quite narrow-minded. We can help them with the expansion of production range. This can bring them a huge leap. Their company has gone through 100 years of development. What we hope to do is to get them one step further. This is an important issue and also a huge challenge. |
| Juan Wu | 他们之所以没做, 是否和他们的资金有关? 家族企业他们没有投资资金, 资本市场的帮助很难继续前进。  | Was there no expansion in the past out of financial problems? The family enterprise provided no financial supports, so they could not go further into the capital market.   |
| Feng Li | 投资也不是主要问题, 他们家族公司做了100多年, 有局限性。一个70,80岁的老头还在管运营, 他一代一代的相传, 他不会去做太多的改变。不会象我们的上市公司, worldwide有很开阔的眼界, 会整个全球性去布置。                             | Investment does not really matter. The century-old family enterprise has its own limitations. An old man is still in charge of the company operation even at the age of 70 or 80. The company is carried on from generation to generation with little change. Unlike this kind of company, our listed company takes a broad view worldwide and adopts a global strategy.  |
| Juan Wu | 他们原来的布局比较小, 你们这个全球性的扩张眼界和格局也比较吸引他们   | They used to have a small overall arrangement, so your globally expanding view and strategic planning attract them indeed.  |
| Feng Li | 对的,  | Exactly.  |
| Juan Wu | 另外你还谈到你们把他们带到不同的行业。这个我不太理解。你们不是就在五金行业吗, 为什么还会带被并购公司进入不同行业? 后来我思索了一下, 您是不是指跟不同的行业做不同的工具?  | In addition, you said you have taken them into a different industry. That's a little bit confusing. I suppose you are in the hand tool industry. How can it possible for the companies merged to take you into a different industry? I wonder if you mean that you are manufacturing different tools for different industries.  |
| Feng Li | 对的, 做不同的产品, 比如说 PONY Jorgenson是做夹具系  | That's right. Producing different products. For example, Pony and Jorgenson are the tongs manufacturers of Clamp. But now, we extend  |

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|         | 列-- Clamp,我们现在就扩展到整个五金系列,例如做刀具。  | its business to the whole hardware industry including cutters.   |
| Juan Wu | 你认为以前你们是给人家做贴牌阶段,后来你们要走向国门,去并购企业.这个之前你觉得GreatStar你们缺什么呀!                               | You think that you used to work as OEM for other brands, then you would go into the market overseas and conduct M&A. Before that, what do you think your GreatStar is short of?  |
| Feng Li | 我们最缺得就是品牌, 有知名度的品牌。  | Brand is most needed. Brand of popularity.   |
| Juan Wu | 你觉得在技术方面如何?  | How about technologies?  |
| Feng Li | 技术我们可以的  | We are doing well in that.   |
| Juan Wu | 技术是不缺的。但是设计呢   | Technology available. But what about design?   |
| Feng Li | 设计也不缺,缺的就是百年品牌,用品牌去打开市场.   | We have design as well. We lack a century-old brand to enter the market.   |
| Juan Wu | 那创新能力呢。  | And innovation?  |
| Feng Li | 中国目前不亚于他们, 以前不行。中国现在的速度比他们更快更强。但是很多专业的东西还是比不过他们。                                       | Nowadays, China is never pale by comparison, unlike what it used to be. China is developing at an astonishing speed, much faster than them. However, we are dwarfed by them in many professional aspects.  |
| Juan Wu | 什么是专业的?  | What do you mean by “professional”?  |
| Feng Li | 专业就是做各种应用工具。我们中国人用工具用得少, 老外他们每天都用各种工具, 他们自己造房子, 自己装修, 什么都行。Professional skill他们肯定比我们强。 | “Professional” refers to the manufacturing of application tools. We Chinese may not use these tools quite often. But the various tools are daily necessities for foreigners since they build houses by themselves, get their houses decorated by themselves and do all kinds of work on their own. Therefore, they have better professional skills than us, of course.           |
| Juan Wu | 就是设计各种工具的能力还是差。他们工业化多少年了, 我们才多少年呀! 我还想问, 你们现在有了自己的品牌。那你们现在也还在做代工吗?                     | So we are not so good at the design of various tools. They have come a long way through industrialization. And we? Just a couple of years! Another question is whether you are still producing as OEM after you got your own brand.  |
| Feng Li | 也有, 都在做的。  | Yes. We do.  |
| Juan Wu | 你们既然有自己的品牌, 你们还在做代工。那些请你们做代工的企业的没有觉得你们是对他们的一种威胁吗? 还让你们做。因为有一个中国企业一直做水瓶的代工, 后来他并购了      | You have your own brand while you are also doing OEM job. Will those companies that you do OEM for regard you as a threat? Will they still leave their manufacturing to you? Once a Chinese company had been working as OEM for a (thermos) manufacturer. However, this foreign company did not cooperate with it any more after this Chinese enterprise merged a Swiss company. |

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|         | 一家瑞士企业，后来就没有外国企业请他们做代工了。  |   |
| Feng Li | 那是很片面的，我们的客户，高，中低都有，高端是我们自己的品牌，中低端还是做代工的。你一个品牌不可能高中低端都可以用。举个例子，LV不可能卖200元的包，它都是卖几千，几万元以上的。那一百元到一千块之间的东西就不做了？不可能的。 | That's an individual case. Our clients are in want of products of different levels. The high-end products must be labeled with our own brands. But as for the mid-low products, it is OK to adopt OEM pattern. For instance, a LV bag can never be sold at 200 (Yuan). Its average price can reach several thousand (Yuan) or even tens of thousands (Yuan). Nevertheless, should the production of products priced from 100 (Yuan) to 1000 (Yuan) be suspended? That's impossible. |
| Juan Wu | 那些有名的品牌他们把一些高端市场都占领了。中低端市场没有象中国GreatStar这么大。你们是高、中、低端都有布局。  | Those big brands have taken up most market share of high-end products. The mid-low end market is not as large as GreatStar in China. You have covered the market of products at different levels – high end, middle and low-end.  |
| Feng Li | 对，我们不光是做高端，我们高中低都做  | Yes. We manufactured not only the high-end products but also the mid-low ones.  |
| Juan Wu | 你们并购的一些企业都是做高端的，  | The companies you merged are the manufacturers of high-end products.  |
| Feng Li | 是的，   | That's right.   |
| Juan Wu | 哦！并购的做高端的，低端的还在跟人家做代工。跟OBI这样的渠道商做自有品牌。这个是很重要的，其实老外他们工业外移，一步步做小了，就是因为他们放弃了中低端；人家一模仿，他们就没有生存空间了。                    | Wow! The companies merged are producing high-end products while you are manufacturing as OEM the mid-low ones for others. To cooperate with such channel partners as OBI, one's own brand really matters. In fact, some foreign companies get shrinking during their business migration because they abandon the production of mid-low products. Once an imitator appears, they will be confronted with survival crisis.  |
| Feng Li | 我们收购的两个美国公司，他们不愿意跟人家做代工。他们说：要卖就卖我自己的牌子，别的牌子他不卖。为何不卖呢，品质不一样，东西不一样，颜色也不一样，有钱赚，为什么不做呢？                               | We once merged two American companies that are unwilling to do OEM work for others. They say that their own brand is the only one they would like to sell, rather than any other brand. Why not? Different qualities, different products, different colors and there are profits. So why not?   |
| Juan Wu | 是的，可能是有一种Proud  | Yes. Maybe it results from a kind of Proud.   |
| Feng Li | 老外想法不一样，我做了一百年了，我的生意就这样。可是  | Foreigners have a different idea (from us). (They may think that) I have been doing that for over a century and that's my business.   |

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|         | 他们不变通，慢慢的就没有生意了。  | However, there would be no business if they resist flexibility.  |
| Juan Wu | 你们并购的那几个牌子，如Arrow、Goldblatt，他们在五金市场的地位是什么？  | As for the brands you merged like Arrow and Goldblatt, how about their rankings in hardware industry?  |
| Feng Li | 他们在这个行业，比如Arrow这个品牌没有美国人不知道。如PONY JORGENSEN在建筑装修方面都知道这个牌子。百年品牌嘛。                            | In this industry, Arrow is well-known to every American. And Pony and Jorgenssen are familiar to those in the circle of architecture and decoration since they are century-old brands.   |
| Juan Wu | 他们在海外也比较知名。但是他们做得很高端的，只是是做某一个行业的某一些工具。  | They are famous overseas as well. They take a high-end pattern by manufacturing merely some tools for a certain industry.  |
| Feng Li | 对的  | Yes.   |
| Juan Wu | 因为你在上次采访中说，你们把Arrow并购后，把Goldblatt的产品也给Arrow去做，在这点上我有点糊涂。                                    | And you mentioned last time that you made Arrow manufacture the Goldblatt products after your merger it. This is quite puzzling.   |
| Feng Li | 我们计划所有的品牌我们买来以后，第一：他们的整个人我们还是不变它的，第二：我们首先带他们去我们所有的渠道参访，都看过了。比如Arrow在我们买来一年后，我们就增加了百分之三十的业务。 | In our after-merger plan, firstly, we won't make overturn on the company as a whole; secondly, we will show them around all our channels. All of them. Arrow got a 30% increase in its business one year after we acquired it. |
| Juan Wu | 就说，你要他的工厂增加百分之三十的业务。  | This is to say, you require its factory to increase its business by 30%.   |
| Feng Li | 增加了百分之三十，还是在美国做。  | A 30% increase and that was even don in the U.S.   |
| Juan Wu | 哦！你所说的这个渠道，比如OBI呀各种各样的渠道商，因为你们高低端都做，你通过渠道拿到某些订单就交给他们去做，比如Arrow让他们来生产，                       | Oh! You mentioned channels. Such channel partners as OBI. And you are manufacturing both high-end products and the mid-low ones, so you can get some orders through these channels and give them to Arrow.                     |
| Feng Li | 他们现在可以做他们自己的牌子，OEM牌子呀，ODM牌子呀。比如OBI的自有品牌和  | They can manufacture their own products; they can also work as OEM or ODM partners. For example, we can produce both Arrow products and OEM-product for OBI.   |

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|         | Arrow自己的品牌，两个牌子都做了。   |   |
| Juan Wu | 以前他只生产Arrow品牌。现在他也帮助别人做代工。  | He used to manufacture Arrow products only. Now, he can work as others' OEM as well.  |
| Feng Li | 对,同时做,这样何乐而不为呢,生意全叫你拿了.   | That's right. Why not do both of them? You can have all the business.   |
| Juan Wu | 他不会觉得很傲慢了.  | Then he would not be so proud.  |
| Feng Li | 老外就是这样  | That's the way a foreigner is.  |
| Juan Wu | 你曾说过三四年才对他们进行整合,你提到了这一点.  | You mentioned an integration will be conducted on them three or four years after the merger.  |
| Feng Li | 整合就是看看,哪些Categories做的好的,我们要进行扩张。有的人他可能水土不服呀,搞完就走。目前我们收购已经快一年了,我们没有动过任何人,他们都很乐意的,包括Arrow美国公司从来没有去过科隆 (Colon) 展。三月份我要带他们去参加德国科隆展, 他们很开心的。 | The integration is to pick out those well-done categories and get them expanded. Someone may feel it hard to adapt and leave office after the integration. By now, it has been almost a year since the merger. We have never laid off anyone, to their delight. Also, American companies have been to the expo in Colon. This March, I will take them to participate in the Colon Expo in Germany. They are excited about that. |
| Juan Wu | 还有, 就想问一下, 我可不可以去采访一下老外 – 比如贵公司Arrow和Goldblatt的管理人员   | And, by the way, could I have interview with the foreigners? For example the managers from Arrow or Goldblatt_  |
| Feng Li | 可以的   | No problem.   |
| Juan Wu | 好!谢谢你!  | Great! Thank you!   |