

SCI China Market Update – December 2017

Dear friends,

Season's greetings! I just returned home from Prague, the Czech Republic, where I was helping our client, Hastings Manufacturing, and its investor, RFE Investment, to close an important acquisition. Hastings acquired 100% of Piston Ring Komarov (PRK) from two Chinese owners - Dalian Rubber & Plastic Machinery Co. (DXS), which owned 90% of PRK, and Tianjin Machinery Import & Export Co., Ltd., which owned the remaining 10% of PRK.

Just imagine the difficulties of such an acquisition – a U.S. company buying a Czech Republic manufacturer owned by two Chinese companies. The deal required navigating three national cultures and their legal, business and even environmental systems, all against tough deadlines. Top-level attorneys from the U.S., China and Czech had to be involved from the very beginning. Moreover, the two former Chinese owners are major state-owned companies in two different Chinese cities. That's where SCI came in. For over a year, we helped Hastings and RFE Investment to deal with these huge Chinese bureaucracies.

Our work required a lot of patience and “Guanxi” as we negotiated with the Chinese seller and attorneys. But we were able to narrow the gaps in understanding and fix problems that allowed the deal to move forward. The deal finally closed on December 15th. Soon after, I was so pleased to receive the following email from Jim Parsons, Managing Director of RFE Investment.

"Mr. Gu:

Thank you again for all your important assistance in helping to successfully complete this acquisition! You played a vital role in this deal and I look forward to working with you again soon. -- Jim”

Below is Hastings' official news release about this successful deal. We were very proud to be part of the Hastings/RFE team to help to make this happen.

Press Release**HASTINGS MANUFACTURING MERGES WITH PISTON RINGS KOMAROV**

DATE: Monday, December 18, 2017 - Hastings, Michigan, USA – HASTINGS MANUFACTURING COMPANY and PISTON RINGS KOMAROV s.r.o, both leading global designers and manufacturers of piston rings for the OEM and Aftermarket channel are proud to announce their merger.

“HASTINGS MANUFACTURING and PISTON RINGS KOMAROV have had a long-standing and positive relationship,” states Ken Holbrook, Chief Executive Officer and President. Piston Rings Komarov is a leader in the design and manufacturing of state of the art piston rings with an established footprint competitively serving global customers, especially the European and Russian regions. Hastings Manufacturing has established a dominant market share presence in the Americas, South Africa and the Middle East for over 100 years. By joining forces, both companies can leverage technology, a larger footprint and a greater reputation to add value to customers around the world.

Current and new customers will benefit from an expanded product offering, lower lead times, competitive pricing and a regional infrastructure including R&D, manufacturing, logistics, warehousing, sales and customer service support. “We view this merger of two equals as an opportunity to strengthen our value proposition to the market place” states Petr Masek, General Manager of Piston Rings Komarov. Over the next few months, a carefully thought out transition plan will take place, aligning both sites to operate collectively, while continuing to function from their respective headquarters. Petr Masek, will continue to lead the PISTON RINGS KOMAROV manufacturing organization and report to Ken Holbrook, CEO and President.

Contact:

Jay Kedia, Sr VP of Sales and Marketing
Manager

jkedia@hastingsmfg.com
omapistonrings.cz

Check us out at www.hastingspistonrings.com

Rudolf Hrubon, Sales

Ruldolf.hrunbon@k

For more information about today’s China market and opportunities please visit our website at www.s-c-i.com or call me at (610) 828-8061.

Merry Christmas & Happy New Year!

Shiqiang Gu
President & CEO

Sino Consulting (SCI)
One Tower Bridge
100 Front St., Suite 1460
West Conshohocken, PA 19428
U. S. A.
Tel: (610) 828 8061
Fax: (610) 828 8801
Web: www.s-c-i.com