

How Chinese firms go global

Strategies & cases

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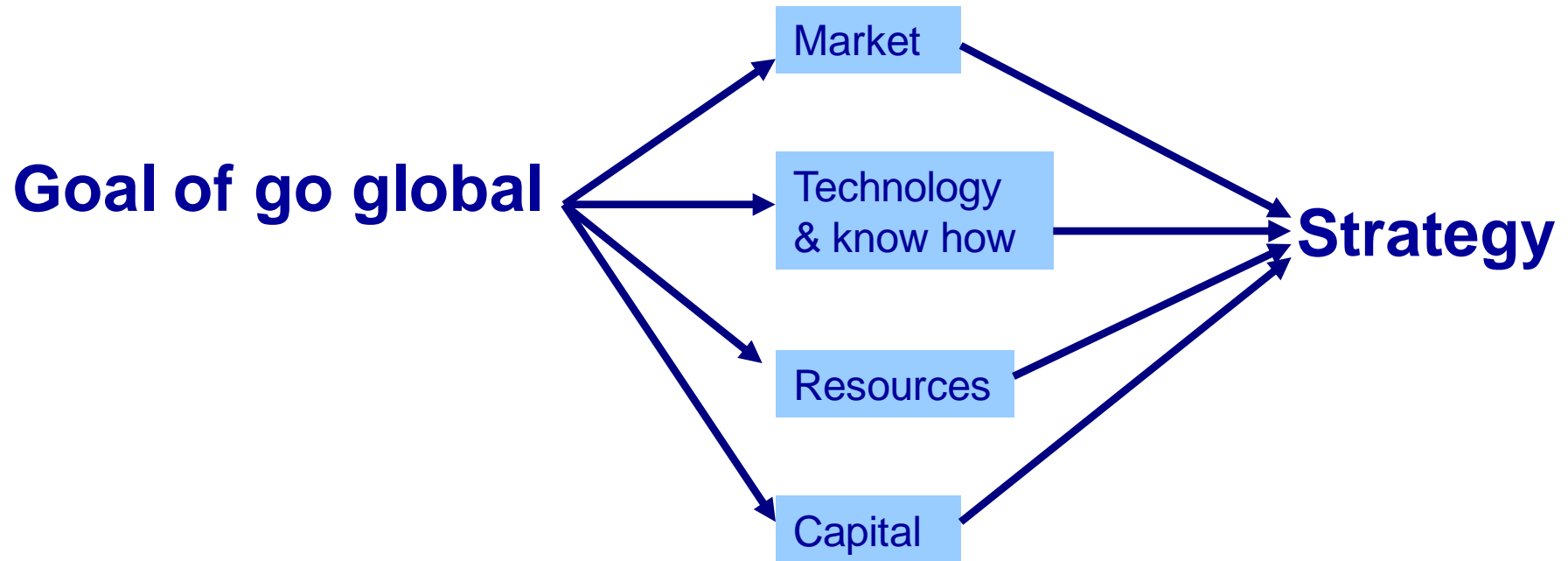
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Strategy

A **Strategy** is a long term plan of action designed to achieve a particular **goal**

Goal → Go global



Overview

1. Strategy of Market seeking MNEs
2. Strategy of technology seeking MNEs
3. Strategy of resources seeking MNEs
4. Strategy of capital seeking MNEs

1. Strategy of Market seeking MNEs

1.1 Set up own sales subsidiaries (1/2)

All kind of industries, all kind of countries

➤ Greenfield



➤ **Acquisition** (for global sales network)

Wanxiang Group
Auto parts suppliers



1997 acquired of AS Company (sales company in EU)

2000 acquired Zeller (US)



Wanxiang has bought 10 overseas companies in the auto parts industry since it entered into the US market in the 1980s.

TCL acquired Schneider2002 (Germany)



Thomson
Alcatel

1.2 Sales subsidiaries → production subsidiaries

Traditional industry: textile, household electrical appliances, machinery...

Destination: emerging market: Asia, Africa, south America and east Europe.

Advantage: promote export of equipments and intermediate products, low cost...

Rural → Urban

 **KONKA** 康佳

Set up factories India, Mexico

 **Skyworth** 创维

Set up factories Turkey, Malaysia, Mexico

Urban → Rural

 **Haier** | CHINA

R&D--- production---sales localization

Use its own name, target high end market

Haier: made in China ----- Haier: made in US

1.3 OEM strategy

Sale their product under other companies' brand.

Famous Case: Galanz

By using MNS's distribute system and brand name, Galanz became the largest microwave ovens producer since 1999, and now its world market share is nearly 50%.

OEM is the most important strategy for Chinese exporting companies .

Guangdong province's exports = 1/3 Chinese exports

only 3% products export under their own name.

2. Strategy of technology seeking MNEs

➤ Merger & Acquisition:

- ICT industry: e.g. 2003 BOE(京东方) acquired HYDIS (Korea) for TFT-LCD
- Traditional industry: automobile, electrical appliances, machinery...



- 2005 China's oldest vehicle manufacturer **Nanjing automobile** acquired MG Rover (UK)
- 2007, Nanjing started to build cars based on the Rover 75 sedan and convertibles based on the MG TF



2. Strategy of technology seeking MNEs cont.

➤ **R&D FDI**

case: ZTE (中兴) leading global provider of telecommunications equipment and network solutions. Early in 1998, ZTE Set up 3 R&D centers in US. 2000 set up R&D institute in Korea. Also in Sweden.



3. Strategy of resources seeking MNEs

➤ Merger & Acquisition

Energy --- to acquire Oil companies

CNPC acquired Petro Kazakhstan Inc. (PK) 2005

PetroChina acquired Devon Energy Companies in Indonesia. 2002

➤ JV in mining sector

Shanghai Baosteel Corporation and Rio Tinto Co. started JV in Australia

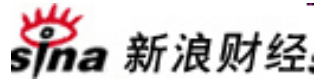


Date Announced	Target Name	Target TF Mid Description	Acquiror Name	Acquiror TF Mid Description
12-21-07	Zimasco Holdings	Metals & Mining	Sinosteel Corp	Metals & Mining
11-25-07	Undisclosed Nigerian Oil & Gas	Oil & Gas	CNOOC	Oil & Gas
11-25-07	Undisclosed Nigerian Oil & Gas	Oil & Gas	CNOOC	Oil & Gas
10-25-07	Standard Bank Group Ltd	Banks	ICBC	Banks
9-25-07	Zimasco Consolidated	Other Materials	Sinosteel Corp	Metals & Mining
9-21-07	Naboom Chrome Project	Metals & Mining	China Minmetals Corp	Other Consumer Products
11-16-06	Samancor Chrome-Chrome Mine	Metals & Mining	Sinosteel Corp	Metals & Mining
3-31-06	Mayflower Jordanian Garment	Textiles & Apparel	Nanjing Hongguo Ind Grp Corp	Other Financials
1-8-06	NNPC-OML 130	Oil & Gas	CNOOC Ltd	Oil & Gas
10-12-04	Kufpec-SLK Oilfield	Oil & Gas	CNPC International Ltd	Oil & Gas
1-1-01	Uganda Spinning Mill Ltd	Textiles & Apparel	Investor Group	Other Financials
4-27-99	Kiwira Coal Mine(Tanzania)	Metals & Mining	China Hunan Intl Economic	Other Financials
3-4-98	ZCCM-Chambishi Mine	Metals & Mining	China Nonferrous Metal Ind	Metals & Mining
1-9-98	Real Time Synt Ent Tech-System	Software	China Central Television	Broadcasting
12-1-96	State Petroleum Corp-Sudan Oil	Oil & Gas	Investor Group	Other Financials
6-7-96	Qatar Fuel Additives Co(Qatar)	Petrochemicals	Investor Group	Other Financials

4. Strategy of capital seeking MNEs

➤ List abroad 230

➤ Venture capital

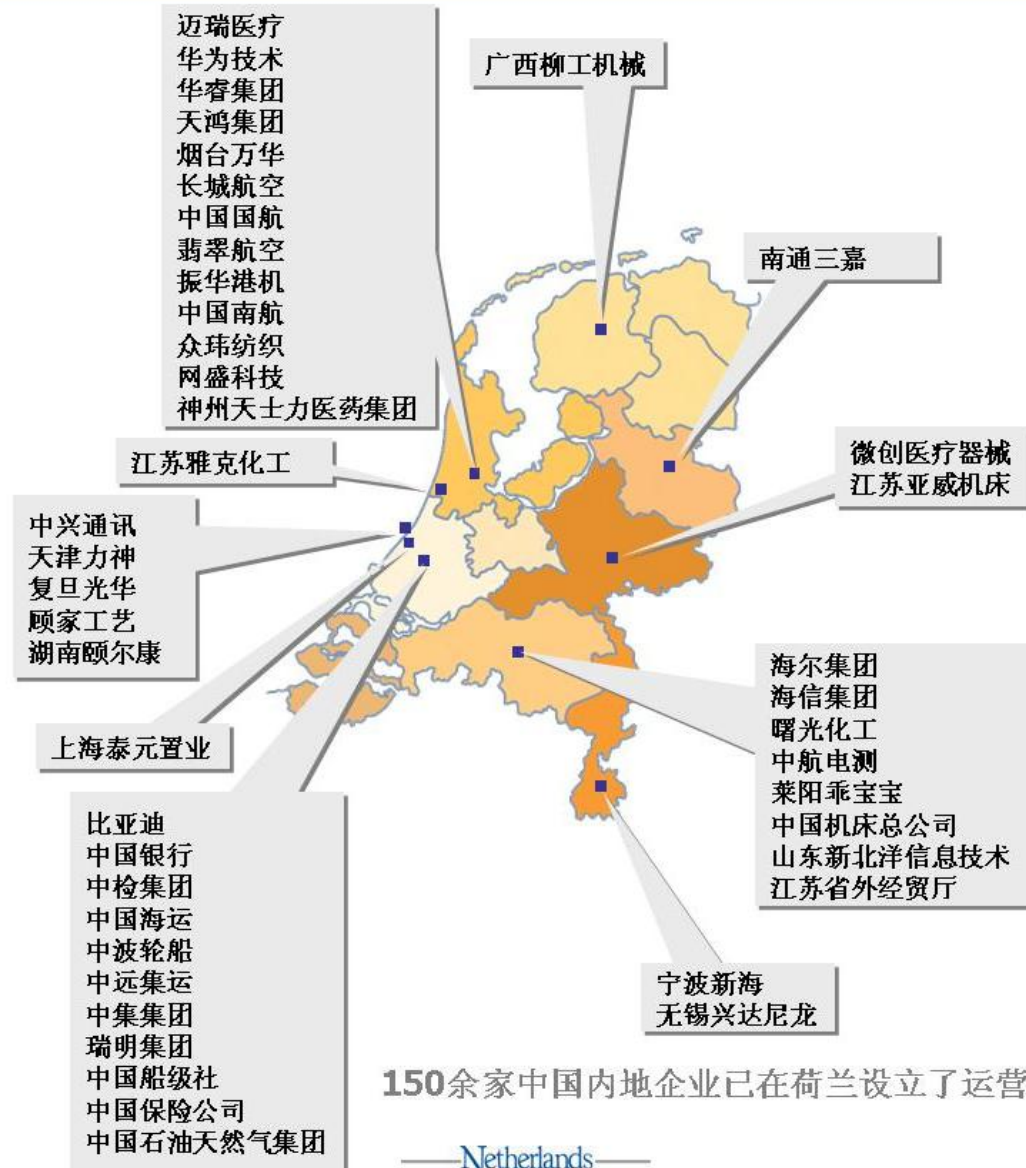


Walden, soft bank, Goldman Sachs, Dell



Google, DFJ

投资荷兰的部分中国内地企业及机构



150余家中国内地企业已在荷兰设立了运营机构

Thank you!