

Strategic Portfolio Streamlining in Oerlikon Textile Segment

## **Oerlikon Neumag adjusts its product portfolio**

***Pfäffikon/Remscheid/Neumünster, 8.8.2011 – Oerlikon Neumag will in the future focus on its main business activities like BCF, Staple Fiber and selected Nonwoven Equipment. On August 5, 2011 Oerlikon Neumag signed all necessary documents to sell its Carding business (retroactive with effect from April 1, 2011) to the Zhengzhou Hi-Tech Non-woven Technology Co., Ltd, China, a subsidiary company of the Chinese Hi-Tech Group Corporation (formerly China Hengtian Group Co., Ltd.), one of the leading textile technology groups in China. This transaction is expected to close in the 3<sup>rd</sup> Quarter 2011. “We are focusing our organization on areas where we are strategically well positioned. There is clearly better development potential for the Carding business and its employees within the Hi-Tech Group due to the growing importance of China market for Carding business and the well established organization and presence of Hi-Tech group in the related business fields in China,” said Thomas Babacan, Segment CEO Oerlikon Textile and COO Oerlikon Group.***

In the technological field of Carding, the Business Unit Oerlikon Neumag produces special installations and components for nonwovens production, employing about 250 people at three locations in Germany, Austria and Italy. The Carding business of Oerlikon Neumag is independent from the other product lines and does not fit anymore to the business strategy of Oerlikon Textile as it was not able to achieve the targeted profitability levels from Oerlikon Group over the past several years. Therefore, Oerlikon Textile conducted a divestment search process for a new owner with a strategic interest, the Carding capabilities and the ability to manage the turnaround of Oerlikon Neumag's Carding business. After detailed evaluations, a sales agreement with Hi-Tech Group has been achieved. The parties agreed not to disclose the sales price. In the course of executing the sales agreement the respective employees are planned to be transferred to the Hi-Tech Group's local affiliate, too, however with German, Austrian and Italian labour law respectively continuing to apply according to statutory law. All affected employees will be informed appropriately by their site management.

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Hi-Tech Group, one of the leading textile technology groups in China, has excellent access to the Asian and especially the Chinese markets as well as a strong infrastructure. In the past Oerlikon Neumag and Hi-Tech Group have cooperated successfully in selected Carding business opportunities by complementing high technology competences of Oerlikon Neumag with certain products of the Hi-Tech Group. "We will put the Carding business on a solid and future-oriented foundation by selling it to the Hi-Tech Group. The combination of a large market and local supplier access, competencies in Carding and a wide range of products of the Hi-Tech Group together with the leading technologies of Oerlikon Neumag's Carding unit will create valuable synergies for customers. In addition, Hi-Tech Group is also committed to continuing Carding activities and employment in Europe. We believe this sale is the best solution for the Carding business and its employees", said Oerlikon Textile CEO Thomas Babacan.

Mr. Zhang Jie, Chairman of Hi-Tech Group, comments: "This acquisition is highly in line with Hi-Tech Group's corporate strategic goal and will be an important step for our global business development. We are very confident that the synergies between the acquired Carding unit and our existing nonwoven business will bring benefits to all parties involved."

Being the only major textile machinery manufacturer in China under the Central State-owned Assets Supervision and Administration Commission, Hi-Tech Group is one of the strongest and largest textile machinery supplier in China and the second largest in the world. Having been in the textile machinery business for over sixty years, Hi-Tech Group enjoys an excellent reputation for its quality products and strong financial strength in the Chinese market. Focused on its key business of textile machinery, Hi-Tech Group is doing its best to improve competitiveness by implementing its globalization strategy. So within the next three years after the acquisition, Hi-Tech Group will make more investments into European locations to enrich the R&D ability and will reduce costs by optimizing resource allocation worldwide. After the acquisition, the Carding unit will be an independent business division and continue its dedication to the traditional markets as a base for high technology products. In addition, Chinese Hi-Tech Group Corporation will ensure

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that the Carding Division will serve its existing and future customers in the same manner, with quality products still being made in Europe.

After the transaction Oerlikon Neumag will focus on its main business activities like BCF, Staple Fiber and selected Nonwoven Equipment. As a result, the site Neumünster, Germany, is not affected by the sale of the Carding business. "In addition to many operational improvements of Oerlikon Neumag during 2010 and 2011, this strategic step contributes by systematically increasing the profitability of the Segment Oerlikon Textile. Oerlikon Neumag can now fully concentrate on its main business and we ensure that the Carding business is placed with a strategically appropriate parent company in future," says Oerlikon Group CEO Michael Buscher.

**About Oerlikon**

*Oerlikon (SIX: OERL) is a leading high-tech industrial group specializing in machine and plant engineering. The Company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, drive, vacuum, thin film, coating, and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with more than 16 500 employees at over 150 locations in 36 countries and sales of CHF 3.6 billion in 2010. The Company invested in 2010 CHF 239 million in R&D, with over 1 200 specialists working on future products and services. In most areas, the operative businesses rank either first or second in their respective global markets.*

**About Hi-Tech-Group**

*China Hi-Tech Group Corporation (Hi-Tech Group) is a large-scale wholly state-owned holding company under the State-Owned Assets Supervision and Administration Commission of Chinese State Council. With textile machinery, commercial vehicles, textiles, garments and trade being its main businesses, the goal of Hi-Tech Group is to develop the company into an internationally competitive textile industrial group. At present, China Hi-Tech Group has 12 direct subsidiaries, 88 third-class exclusively-invested enterprises and holding enterprises. Among them, Jinwei Textile Machinery Co., Ltd. (00350:HK;000666:SZ) and Fong's Industries Company Limited (00641:HK) are listed in Hong Kong and/or domestic stock market, KAMA Co., Ltd (900953:B) is listed on SSE, and Baoding Swan Co., Ltd. (000687:SZ) listed on SSE. It has a strong capability for capital operation and a sharp competitive edge in the international market.*

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