

TRANSACTIONS

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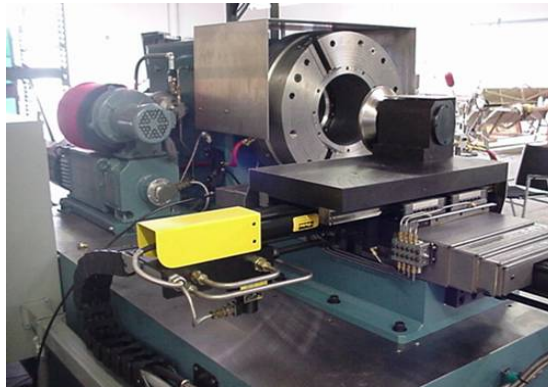
Breathing easier with 'Canned Air'

When Carl Lorentzen, MJC's President, first received an inquiry from a Beijing based manufacturer, he was very confident that MJC was going to close the order – and fast. After all, MJC is the premier company to design and manufacture the equipment to produce metal cylinders (steel and aluminum). The Beijing buyer was interested in MJC's specialty: *High-pressure, composite wrapped aluminum cylinders that are used as oxygen tanks in breathing apparatus (- think firemen).*

Little did Carl know that it would take him almost two years and several extensive trips to finally close a sale with a Sino-Korean cylinder manufacturer in Beijing. Once the technical part of the transactions was closed and the need for a four-machine production line established, it proved to be equally challenging to close the financial part of the deal. Unable to obtain its usual payment terms that require milestone payments from the buyer, MJC had to accept a letter of credit with 90 % due upon shipment. This meant increased costs, as MJC now needed a pre-shipment working capital loan.

Consulting with [World Trade Finance](#) ("WTF") on the financial part of the contract, WTF recommended to accept the L/C terms provided the buyer would agree to a pay for the finance cost of the pre-shipment loan. The buyer agreed; increased the Letter of Credit and MJC obtained the necessary working capital loan from WTF. The loan was secured by an *Export Import Bank* guarantee. All four machines are currently being built and are scheduled for shipment in January 2007.

You can reach Bernd Hermann
World Trade Finance at (323) 660-1277



MJC cylinder spinning machine



MJC cylinder neck closing machine



Facts on China:

ECONOMY:

- GDP: \$ 7.2 trillion (2004 est.)
- Per capita: \$ 5,600 (2004 est.)
- Monetary unit: Yuan
- Real growth rate: 9.1%
- Inflation: 4.1%

INDUSTRIES:

- General Manufacturing
- Mineral Processing
- Consumer goods

EXPORTS: \$ 584 billion (f.o.b.)

- Machinery & Equipment, consumer goods

IMPORTS: \$ 552 billion (f.o.b.)

- Machinery and equipment, chemicals, fuels, minerals

MAJOR TRADING

PARTNERS:

- US, Hong Kong, Japan, South Korea

POLITICAL FACTS:

- Communist State

GEOGRAPHY, POPULATION, CULTURE:

- Area: 9.6 MM sq km, slightly smaller than US
- Population: 1.3 Billion
- Capital: Beijing
- Language: Mandarin (official), Cantonese, Wu, Minbei & several minority dialects
- Religion: officially atheist
 Christian 3-4%
 Taoist, Buddhist,
 Muslim 1-2%

Source: CIA World Fact Book