

3R Philosophy and the Development of Reproducing Enterprises in

China

- Practices of Ecostar Photocopier's Reproduction

1.0 The Development Milestones of Ecostar with the Recycling Economy

1.1 In the 90' s, a mass of renewable resources generated in mature photocopier markets in Europe and America from the service marketing mode

1.1.1 The birth of Ecostar

In 1990, Ecostar started its operation with \$20,000. It started to import used photocopiers to engage in the reprocessing business, and its products exported to markets such as Taiwan.

In 1994, Ecostar moved to Nanjing to take advantages of technologies and talents in Yangtze Delta area. Products expanded to Africa, Australia and America.

In 2001, Ecostar passed ISO9001 quality management system certification as the first among photocopier reproducing enterprises.

In 2005, Ecostar became the first accredited enterprise among photocopier reproducers to have received Korean Electronic Products EK Certification. It began to export many products to Korea.

1.2 Improvement of policies and regulations on recycling economy fostered the development of Ecostar

In 2003, Approved by General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China, Ecostar became the first pilot reproducing enterprise to import and reproduce used office facilities.

In 2003, Ecostar started to establish photocopier leasing companies operated by itself in Nanjing, Wuhan and Kunshan.

In 2005, Ecostar passed ISO14001 Environment Management System certifications and created a product brand "Huanxing" for its reproduced photocopiers.

In 2005, Ecostar set up its Research & Development Center, engaged in research and development of parts and accessories, consumables and key technologies as well as complete appliances.

In 2005, Ecostar set up the ECOSTAR Scholarship in Nanjing Forestry University to build up photocopier talents cultivation base in the university.

From 2006 to 2007, Ecostar became the first supplier of reproduced photocopiers winning government procurement agreements from Jiangsu and Hubei provincial government.

In 2008, Ecostar set up maintenance stations and branch offices in 18 large or medium-sized cities across China and also set up companies in America and Hong Kong.

In 2008, Ecostar started to operate large digital printing chain stores in Nanjing and created the "Printing Home (Yinjia)" service brand.

In 2009, Ecostar launched the "ECOSTAR Yinjia TXPIC Chain Store College Students Entrepreneurship & Career Program". The company plans to help 1000 college students to start their careers or start up their own businesses within 3 years.

Today, with a share of over 50% in the market, Ecostar ranks first in the annual sale volume list among high-speed photocopier providers in China. Ecostar also plays a key role in the procurement market in European and American countries, having influences on price fluctuation.

As Ecostar has achieved a rapid development, it has attracted many investors. Up to now, more than 10 investment companies have come to us to negotiate on investment in Ecostar. Some of them even want to invest more than RMB200 million to develop together with Ecostar.

2.0 Ecostar created large-scale production and marketing modes for reproduction of used photocopiers

2.1 Establishment of standardized production lines for reproduction of used photocopiers

After more than 8 years of practices and exploration, Ecostar completed the transformation from individual manual work to standardized flow-processed mass production mode in the used photocopiers reproduction process. This achievement lays the foundation for industrialization of reproduction of used photocopiers.

2.2 Creation of service marketing mode for the used photocopiers reproduction sector

It is not so easy for customers and producers to reach an agreement on a price of the reproduced products. In order to let reproduced photocopiers present their service values, Ecostar broke the traditional sales model aiming at end users, but sought to promote reproduced photocopiers to thousands of specialized photocopier leasing companies and tens of thousand of TXPIC express printing stores to serve consumers and meet their demands on office express printing services. This mode also saves a lot of costs for photocopier leasing companies and the TXPIC express printing stores and helps foster the industry's rapid development.

3.0 Ecostar's case reflects a "Green Career" business opportunity

3.1 Staffing structure of Ecostar

- ✧ Presently, Ecostar hires nearly 200 employees. Among them, 5% are postgraduates, 35% are undergraduates, 40% are high-school graduates, the remaining 20% are graduates from junior high schools. Employees can earn an average income of RMB36,000 annually, and they contribute a tax to the state of nearly RMB50,000 on average.
- ✧ Ecostar signs formal employment contracts with all employees and pay the five funds of the social pooling accounts for employees. Employees can enjoy various vacations such as paid holidays, paid annual vacation, paid injury and sick leave, funeral leave, marriage leave, maternity leave, spouse's maternity leave, deferred holidays etc. The company also offers employees cash gifts for their marriage, childbirth, birthday, special consolation money for wounds and sickness, holiday greetings. Employees work 5 days every week. Migrant workers will receive rental allowances. We carry out colorful cultural activities such as climbing mountains, dinner party, commendation meetings. We provide employees with comfort and clean working environments, including free lunch, air-conditioned offices and

workshops.

- ✧ We provide employees with professional, job-orientated systematic training in accordance with their job posts. For example, in order to enable relevant operators to know well about Xerox DC2060, we have invited senior technical experts from Xerox to teach the training courses for technicians for three times. These training courses helped them to grasp relevant technologies rapidly, and we gradually formed a specialized team of maintenance engineers on color copiers.
- ✧ We reward employees for excellent achievements, including Outstanding Employee, Outstanding New Employee, Advanced Employee, Advanced New Employee, Outstanding Organization, Outstanding Management and those winning the Special Award by President. All rewarded employees will be awarded the Certificate and Bonus and get promotion of salaries by one level. We provide employees with Career Planning Suggestion to ensure sufficient promotion room and help them to position and plan themselves properly so as to realize their own values.

3.2 Data about staffing from downstream dealers and TXPIC stores

After years of development, we have built business relations with over 100 professional copier dealers across China. Through these dealers, we have distributed our products to near 30,000 TXPIC press stores and photocopier leasing companies. We also play a role in the recruitment of more than 200,000 employees in these leasing companies and TXPIC express printing stores. (The story of “Hunan Bang” and the story of “Yongkang Bang”)

3.3 Employment data in relevant supporting enterprises

China today has more than 40,000 reproduced photocopiers from Ecostar. Our photocopiers may have created a consumable marketing amounting to RMB1.5 billion each year for parts, accessories providers for photocopiers as well as consumables and copy paper suppliers. We offer more than 20,000 jobs in over 500 supporting enterprises.

4.0 Ecostar's Development and 3R Philosophy

Recycling economy covers three major modes, .i.e., Reduse, Reuse and Recycle, which is usually known as "3R". In terms of values and difficulty, from Recycle to Reuse then to Reduse, it is a process from easy to difficult, from primary to advanced. In China, Recycle campaigns have been carried out for a few years and have created a considerable economy scale. Among goods imported by most foreign trade corporations, the Recycle materials take up a large share, contributing much to our domestic GDP. Reuse (mainly appeared to be reproduction) industry is an infant industry in China yet. Reproduction industry is often an industry both labor intensive and technology intensive. In this industrial chain, different enterprises can provide jobs for lots of labor force at all levels. The Reuse industry's future economy scale is bound to be times larger than that of the Recycle industry and it will create huge business opportunities for Chinese economic development, environment improvement and youth employment and entrepreneurships. With the development of recycling economy, Ecstar is bound to achieve a rapid development in the coming several years!

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