Deloitte.
德勤

The Global Chinese Services Group

# Think global, start local.

## A geographic guide to outbound investment opportunities


Audit.Tax.Consulting.Financial Advisory.

# Preface

## Meeting the global investment challenge

China has assumed its place among the major economies of the world, and Chinese enterprises of all sizes and sectors must look abroad to acquire resources, talents, brands, technologies, and market access to continue strong growth. Even the most successful companies in the domestic market will face new challenges in going abroad. The potential gains are big, but so are the risks.

Deloitte has a large base of clients in China, both state-owned and privately owned enterprises ranging from medium to very large. We have long experience working with them and a history of successful support of their globalising activities. Based on that experience, we are familiar with the particular needs of enterprises in China that are investing globally, and included we will introduce the special support structures we have created to provide the highest level of support and the principles on which our service relationships are based.

# Contents

# 1. Our practice

### Our international practice

We have the global strength and experience to help you excel. Serving over one-quarter of the world's major companies, public institutions and successful fast growing global growth companies, Deloitte is one of the world's leading professional services organisations. With 165,000 people in over 140 countries, our global network provides the multi-disciplinary, professional resources that our clients need to excel.

### Our China practice

From being the first foreign accounting organisation to establish a presence in Shanghai, Deloitte is now one of the largest professional services organisations in the Chinese Mainland. With a network of offices in Beijing, Dalian, Guangzhou, Hangzhou, Hong Kong SAR, Macau SAR, Nanjing, Shanghai, Shenzhen, Suzhou and Tianjin, we have over 8,000 people located across the most vibrant economic areas in China. Backed by our global network, we deliver the full range of audit, tax, consulting, financial advisory services to our national, multinational and growth enterprise clients.

- The first foreign accounting organisation to establish a presence in China - opening an office in Shanghai in 1917
- Now one of the largest professional services organisations in China with offices in eleven cities
- Serving over 800 MNCs and their affiliated companies in the Chinese Mainland and around one-third of all companies listed on the Stock Exchange of Hong Kong
- The first of the major professional services organisations in Hong Kong SAR to gain regulatory licenses to act as an investment advisor, broker and dealer
- A pioneer in providing advice on Public Key Infrastructure related issues to organisations in Hong Kong SAR and the Chinese Mainland
- One of the first professional services organisations to be selected by one of the largest banks in China to assist on its restructuring and investigations needs
- Advising the Ministry of Finance in the PRC on the development and international harmonisation of accounting standards and tax systems since 1993
- Assisted more than 60,000 people in the Chinese Mainland to enhance their knowledge of modern financial and management concepts through a learning programme co-developed with Shanghai TV University, ACCA and the Shanghai Municipal Government
- More than 25 years of experience in delivering effective business solutions and strategies to our Japanese clients doing business in Hong Kong SAR and the Chinese Mainland.

# 2. Our services

Deloitte offers a broad range of services that have proven valuable to customers all over the world who are engaged in cross-border transactions and investment.

The Deloitte service culture is recognised around the world, and it is based on five key principles that are important to our firm and to all of our professional staff.

- We are committed to building strong and sustained relationships with our clients. We are not successful unless they are successful
- Our professional staff embodies the highest level of technical skills available in the world, and wherever we operate, we maintain a special department that assures our understanding of the rules, regulations, the competitive environment, and accounting practices that are current and accurate
- Our professional staff members have distinct areas of industry expertise that enable us to achieve our goal of maintaining a long and mutually beneficial relationship with our clients
- For each client and each project, we select an appropriate team that can meet their needs, not only from a technical and industry standpoint, but from a language, cultural, and geographic standpoint as well
- We work with clients to integrate and coordinate all aspects of the project where Deloitte can help. Our goal is to work quickly and preserve client resources, avoiding the high cost and risk of working with too many different advisors and consultants.

Below is a detailed introduction to the key services related to outbound investment:

### Audit services

With our experience in local and international laws and regulations, we can assist you with the all-important obligation of meeting applicable reporting requirements. Our depth of experience as auditors puts us in an ideal position to build up a clear understanding of your business and add value as your business advisor. If you are thinking of taking your company public, we will give you an initial assessment of your readiness to do so and assist you in upgrading management capabilities. As your Reporting Accountants, we help prepare and submit audited statements and accounts in compliance with listing requirements. At the pre-listing stage, we can play a pivotal role in assisting you with approaching sponsors and underwriters, and in providing consultation and advice in your negotiations with them. As your Strategic Advisor, our audit professionals will work closely with you and in partnership with our other service lines to orchestrate the resources and expertise you need to realise your business goals.

### Consulting services

Deloitte Consulting provides integrated management solution by leveraging on our leading global best practices and our unique methodology and toolkit, such as the Enterprises Value Map and Industry Prints. We align business and technology applications and help our clients in implementing integrated solutions through our change management and project management methodology. In this way, we bring true value to our clients. Deloitte Consulting offers services in the major professional services areas including: Strategy and operations; Financial management transformation; Enterprise application and technology integration and Human capital advisory services.

Our Consulting service professionals provide the specific following services to support cross-border transaction and investment activities:

- Investment Strategy which assists our clients to assess market potential and investment options
- Human Resources Due Diligence which assists our clients to understand the key human resource issues before and after merger/acquisition
- Total Rewards which assists our clients to develop/improve corporate compensation and incentive systems in particular senior executive incentive programme
- Merger and Acquisition Integration which includes integration planning and execution support in the areas of customer relationship management, supply chain, finance processes, IT, HR and cultural integration
- Talent Management which assists our clients to assess critical talents and develop related recruitment, retention and deployment strategies for the cross-border acquisition or new enterprises
- Enterprises Information System Integration/Implementation which includes implementation/integration of SAP and Oracle system for the investment target.

### Enterprise Risk Services

With increasing accountability at boardroom and senior management levels, changes to the regulatory environment and continual technological innovation, managing risk has become more complex. Our Enterprise Risk Services professionals provide a broad away of services that allow clients to better measure, manage and control risk to enhance the reliability of their systems and processes throughout the enterprise.

We can help you in the areas of:

- Risk Intelligent Services
- Regulatory Readiness and Facilitation Compliance Services
- Business Continuity Planning
- Information Governance Services
- ERP Controls Services
- Due Diligence Reviews of Internal Controls Under the Revised Hong Kong Listing Rules
- Secure eBusiness
- Internal Audit
- Contract Risk & Compliance Services
- Computer Audit
- Accounting & Controls Services
- IT Due Diligence

### Financial Advisory Services

Our Financial Advisory Services ("FAS") practice is one of the largest and most comprehensive in the Asia Pacific region. We have offices located in some of the most economically active cities in the Mainland China including Beijing, Shanghai, Guangzhou, Shenzhen and Hong Kong SAR.

FAS China also encompasses a deemed licensed corporation for the regulated activities of dealing in and advising on securities, advising on corporate finance matters under the Securities and Futures Ordinance and providing financial advisory services related to listing and takeover matters for companies listed on both Mainboard and Growth Enterprise Market ("GEM") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

We provide clients with a full range of services including:

- Corporate Finance Advisory Services
  - M&A Advisory
  - Private Placement Services
  - IPO Advisory
- Forensic & Dispute Services
  - Corporate Investigations
  - Fraud Risk Management
  - Foreign Corrupt Practice Act Services
  - Integrity Due Diligence
  - Anti-Money Laundering and Terrorist Financing Risk Services
  - Litigation Support
  - Expert Witness
  - Computer Forensics and Data Analytics

- M&A Transaction Services
  - Focused (Financial/Tax) Due Diligence
  - Vendor (Financial/Tax) Due Diligence
  - Commercial Due Diligence
  - Merger and Integration
  - Financial
  - Crafting Business
  - Crafting Acquisition and Financing Agreements
- Reorganisation Services
- Valuation Services

### Tax services

Whether you are looking to expand overseas or to invest in the Hong Kong SAR or the Chinese Mainland, you will need to maximise the efficiency and effectiveness of your assets. Our tax specialists are made up of professionals from the organisation's international tax practice, as well as local consultants, a number of who are former tax officials with a thorough understanding of tax systems and regulations in the Hong Kong SAR, the Chinese Mainland or other tax jurisdictions.

We can help you with tax planning through our comprehensive range of tax consulting services including:

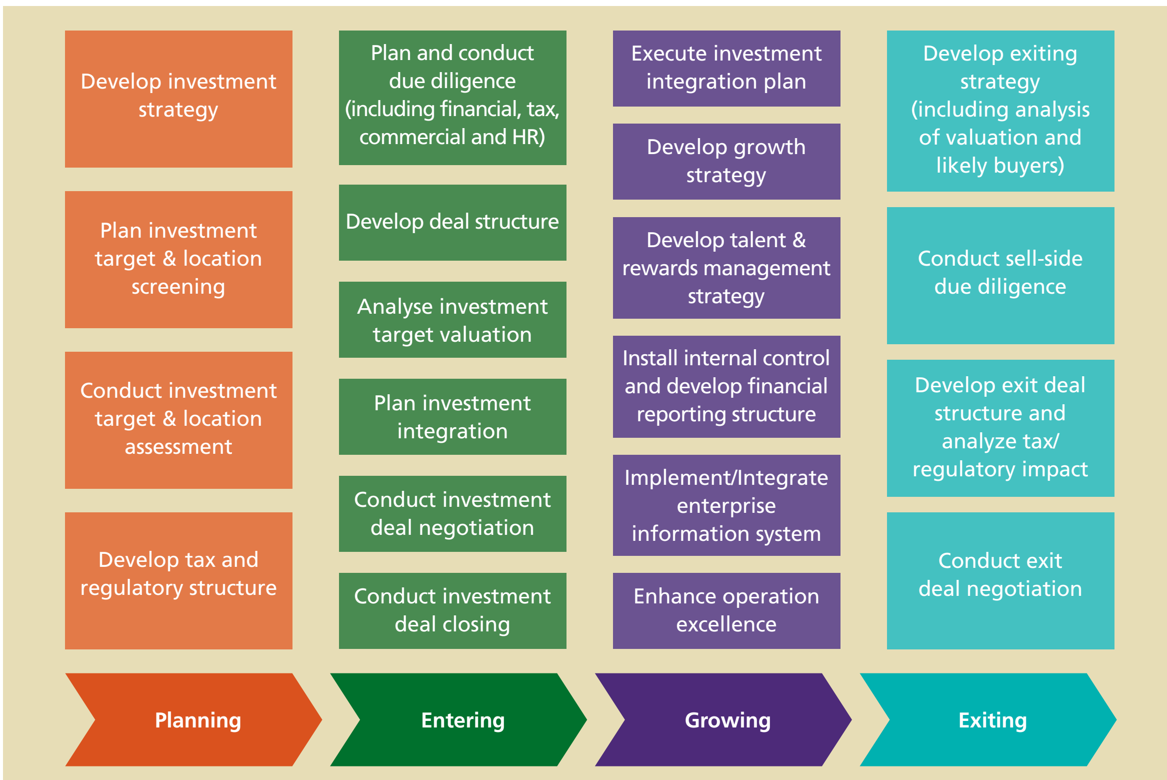
- Customs
- Global Employer Services
- Indirect Tax
- International Tax
- Mergers & Acquisitions
- Research & Development
- Transfer Pricing

# 3. How Deloitte can assist

Experienced cross-border investors rely on professional service firms - consultants, investment banks, accounting firms, due diligence firms - to identify and manage opportunities and to identify and manage risk in their investment activity.

Deloitte has 165,000 professionals worldwide, with substantial offices in almost every country and region where investment is possible. Deloitte combines and coordinates many of the functions needed to make a successful investment, and Deloitte's strong Global Chinese Services Group (GCSG) is unique among professional service firms. It can communicate effectively with Chinese clients at home and abroad. The GCSG network understands the special characteristics of Chinese investors and their investing goals, and organises the necessary relationships across the entire Deloitte global organisation in an effective, cost-efficient way. No other firm does this.

Knowledge is power in identifying and completing a good overseas investment opportunity. Below is a typical life-cycle map of a company investing overseas - from the initial planning to the final stage of exiting.




Deloitte aligns its excellent services to the client's need:

**Planning** is highly strategic, and requires deep knowledge of the industry and potential targets as well as a clear view of the competitive situation, and the overall market size and growth prospects. With our strong global presence, we can effectively help the client to assess the local markets, understand local tax and regulatory requirements, and select the right location and target to invest in.

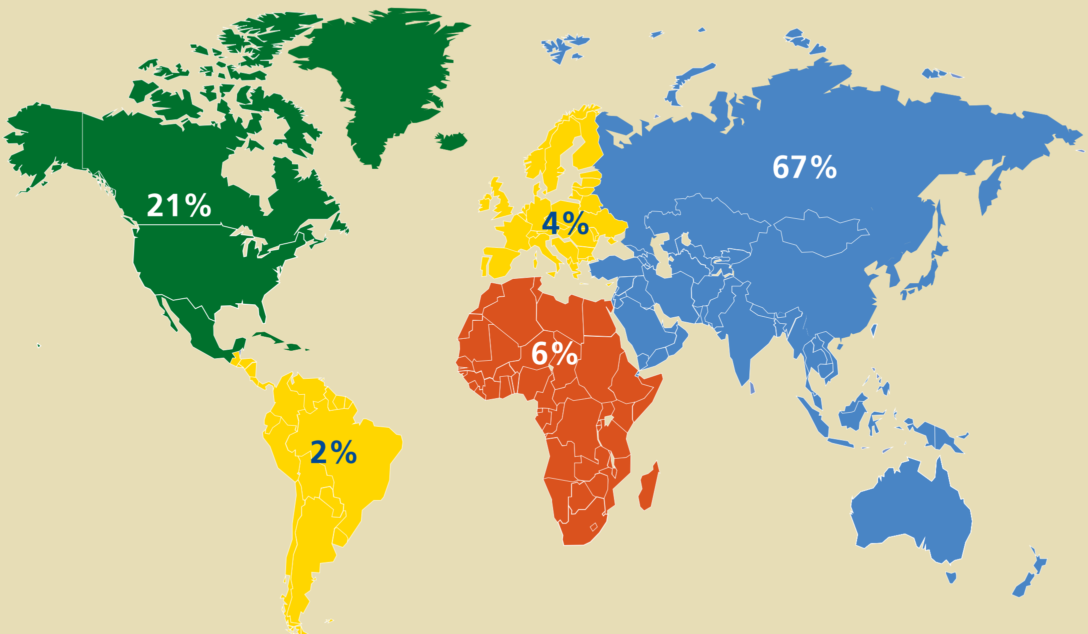
**Entering** requires gaining thorough knowledge of the target and the business environment. No company can understand the business environment of every country in the world without reliance on external advisors. We integrate our service lines to provide our clients with one-stop solution to deal with all the complicated investment issues including conducting due diligence, target valuation, investment integration and deal negotiation etc.

Once a deal is completed, **growing** a strong foundation requires efficient integration of the valuable components of the target, or, in the case of a greenfield business, efficient launch and ramp-up to profitable operating levels. Deloitte has a full range of services to ensure the clients achieving excellence by supporting the execution of integration plan and installing effective internal control and human capital system as well as information system.

When a business reaches a state of maturity, or the parent company makes a strategic decision to take new direction, the process of **exiting** a business can create value. But if mishandled, investors can lose value when exiting a business. We can help develop and execute different exiting plans (including our re-organisation and IPO advisory services) to maximise the clients'value and ensure the exiting process is smooth.

# 4. China is reaching out to the world[1]

**Percentage of Chinese outbound investment by geographic region (non-financial)**




Source: Ministry of Commerce of China

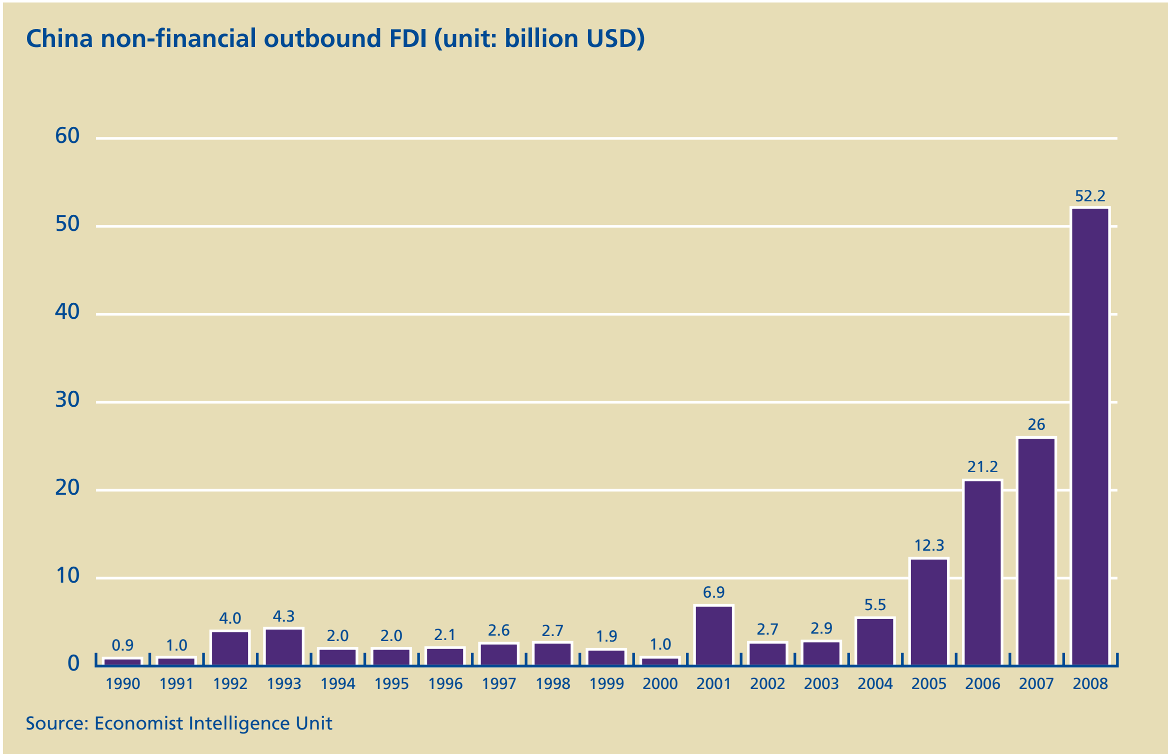
| Currently, China has signed Free Trade Agreements with the below countries: | In addition, the following countries and organisations are currently discussing FTA opportunities with China: |
|---|---|
| • Chile (Novemeber 2005)<br>• New Zealand (April 2008)<br>• Pakistan (November 2006)<br>• Singapore (October 2008)<br>• Thailand (October 2003) | • Australia<br>• Costa Rica<br>• India<br>• Peru<br>• Switzerland<br>• ASEAN+3 (namely ASEAN and China, Japan and Republic of Korea) |

China's economy continues to outpace many economies around the world and has been steadily growing since former leader Deng Xiaoping declared an "open door" policy in December 1978. According to a Ministry of Commerce statistic released in 2008, China's foreign trade volume has risen to number three in the world and export volume stands at number two globally. In addition, the total trading volume takes up eight percent of the world's total.

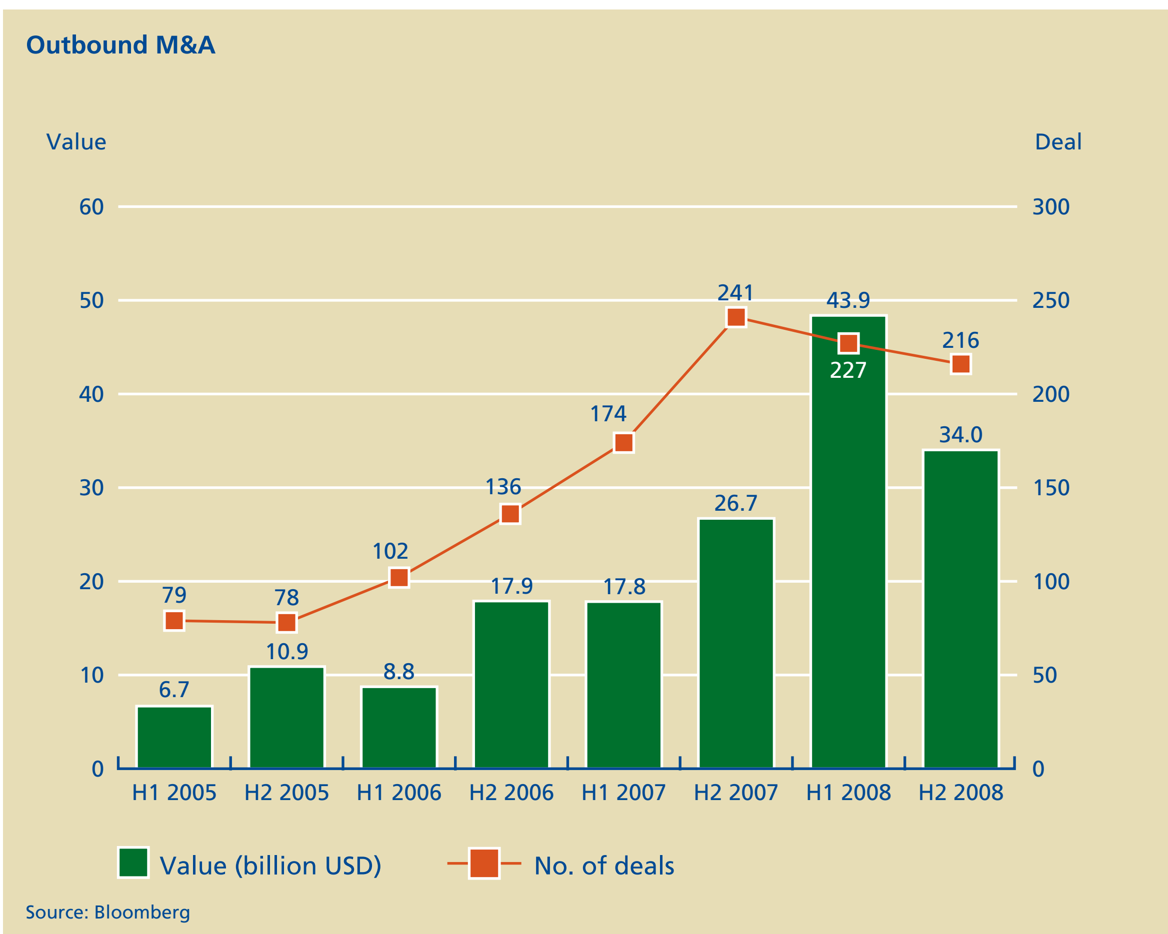
According to a 2009 MOFCOM report, nearly 7,000 domestic-based entities had established more than 10,000 overseas enterprises, spread among 173 countries & regions around the world. The non-financial outbound FDI reached US$24.84 billion in 2007, marking a 40.9 percent increase compared to the previous year. From 2002-2007, the non-financial outbound FDI has been growing at an average rate of 60 percent annually and the accumulated non-financial outbound FDI stood at US$144 billion by the end of 2008.

China has risen to number thirteen in the world in terms of outbound investment and number one among developing countries.

[1] Data current as of 2008.




Compared with trading volume (US$2,561.6 billion in 2008) and utilising inbound FDI (US$95.25 billion in 2008), China's outbound investment is still considered relatively small. This is Deloitte's Global Chinese Services Group's purpose in producing this "geographic guidebook" - to help Chinese companies better understand the global investment environment, and navigate the challenges, during this economic downturn, as well as maximise the opportunities in other countries and regions.



# Africa

Area: 30 million km$^2$
Population: 900 million
Countries: 53
Dependencies: 8

**Deloitte in Africa**
Deloitte has offices in 23 countries and 47 cities

### What is Africa?

Africa is the world's second-largest and second most-populous continent, after Asia, accounting for 14 percent of the world's population. Though now a strategic partner for China in many aspects (politics, economy, energy & resources, for example), it has long been referred to as an underdeveloped part of the world despite its abundant resources.

### Why Africa?

- Abundant natural resources with high quality oil reserves
- Low cost of labor & underdeveloped capital market
- China has recently enhanced its ties with African nations, who are offering investment incentives in the infrastructure, mining and oil & gas industries
- China and select countries within Africa enjoy complementary economies.

### Key markets and trends to watch

- From 1999 to 2008, Sino-African trade has increased by almost 23 times while the trade volume hit an all-time high in 2008, reaching US$106.8 billion
- A 2009 MOFCOM report stated that in 2007, the non-financial Chinese outflow investment to Africa was approximately US$1.57 billion, taking up to 6 percent of the total. Primary investment destinations include: South Africa, Nigeria, Algeria, Zambia, Niger and Sudan
- The economic diversity across various regions (Central, West and East) in Africa is clear. For example, oil & gas fields and mining resources are primarily located in West and Central Africa, while tourism is well developed in the eastern part of the continent
- South Africa maintains a welcome attitude to FDI from China and is the main destination for FDI in Sub-Saharan Africa, although the government still views foreign participation in the economy with some caution
- South Africa is also a major outward investor, especially in Africa, and particularly in the services sector. However, foreign investors throughout the continent - across all economic sectors - still must contend with a high tax burden, a burdensome regulatory environment and a relative dearth of skilled labor
- Beyond the differences between economies and languages, there are common threads that bind Africa together. The growth of the telecommunications, energy and commodities industries, the need for infrastructure and the increased consumption of consumer goods are all viable opportunities for Chinese companies.

# Asia

Area: 44 million km$^2$
Population: 3.9 billion
Countries & dependencies: 60

**Deloitte in Asia**
Deloitte has offices in more than 120 cities in 26 countries in Asia

### What is Asia?

Asia is the world's largest and most populous continent with 60 percent of the earth's population. Given its size and diversity, Asia will continue to present tremendous opportunities for Chinese companies considering international expansion.

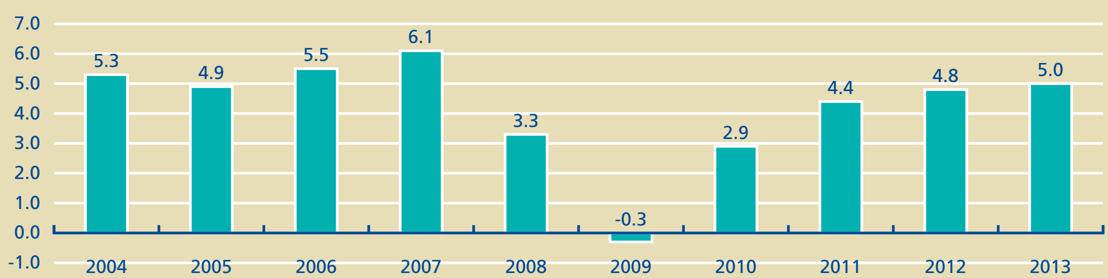
### Why Asia?

- Asia is currently the largest destination of Chinese outbound investment
- A 2009 MOFCOM report stated that in 2007 the non-financial Chinese outflow investment in Asia was approximately US$16.6 billion, taking up 63 percent of the total. These investments mainly go to Hong Kong, South Korea, Macau, Singapore, Mongolia, Vietnam, Thailand, Indonesia and Japan. In 2007, outbound FDI from China to ASEAN countries reached US$968 million and the FDI stock reached nearly US$4 billion
- China is at the center of Asia - geographically, historically, culturally and economically
- Asia itself is turning from the world's factory to a consumer's market that no one can ignore.

### Key markets and trends to watch

- Development in China and India, the two most important economies in the region, mutually affects them, as well as their regional neighbors
- Thailand’s investment environment, though recovered from the late 90’s financial crisis, has been undermined by the deterioration in political stability
- ASEAN[2] countries are becoming ideal investment destinations for Chinese investors, because of their competitive labor cost, and their cultural and geographical proximity to China
- In 2008, bilateral trade reached approximately US$237 billion, equivalent of 9 percent of China's foreign trade volume. With the FTA signing between China and the ASEAN countries, the world's largest free trade zone with a population of nearly 2 billion, will come into being and play an important role in the regional economy.

**Asian countries GDP growth (percentage change)**




Source: Economist Intelligence Unit

[2] ASEAN = the Association of Southeast Asian Nations and consists of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

# The Commonwealth of Independent States

Area: 28.87 million km$^2$
Population: 280 million

**Deloitte in the CIS**
Deloitte has offices in 8 countries and 12 cities

### What is the CIS?

The creation of the Commonwealth of Independent States in December 1991 signaled the dissolution of the Soviet Union and according to leaders of Russia, its purpose was to "allow a civilised divorce" among the Soviet Republics. The CIS is an economic union of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine with common economic space grounded on free movement of goods, services, labor force, and capital; to elaborate coordinated monetary, tax, price, customs and external economic policy.

### Why the CIS?

- China has the longest boundary with the CIS countries making them important partners
- The economic coorporation among China and CIS countries mainly focuses on commodities trading. Trade is mainly focused on labor-intensive, low-value-added products like food, textiles, fertiliser, chemicals, iron and steel and minerals.

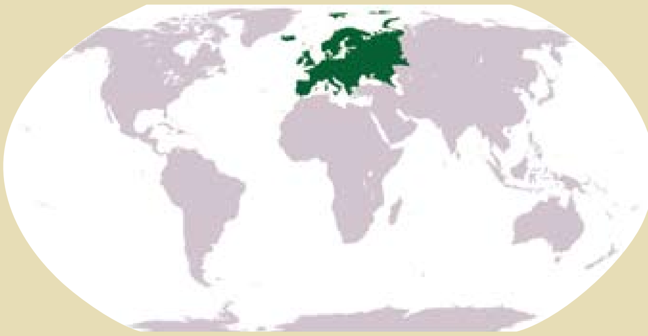
### Key markets and trends to watch

- In 2007, outbound FDI to the CIS region reached US$845.5 million, according to a report by MOFCOM in 2009
- The trade between China and Russia (the largest economy within the CIS) has witnessed annual growth of 30 percent in recent years, and will hit US$80 billion by 2010. However, the trade takes only a minor part of their total bilateral economic exchange. Russia has a direct investment in China of more than US$500 million and has become the fifth largest oil provider to China (the top four are Angola, Saudi Arabia, Iran and Turkey). China and Russia have signed multiple economic agreements with the key message of increasing Russia's oil exports to China
- Regarding Kazakhstan, in conjunction with continued high oil prices, rising oil export volumes and double-digit investment growth will keep average annual real GDP growth above 9 percent. Nevertheless, Kazakhstan's continued reliance on oil for both export and fiscal revenue signals dependency and vulnerability.

### Trade statistics with China (2008) (million US$)

| Country/ region | Total trading volume | Imports from China | Exports to China | Growth rate | | |
|---|---|---|---|---|---|---|
| | | | | Total | Imported from China | Exported to China |
| CIS | 82,562 | 52,448 | 30,114 | 34.9% | 36.1% | 32.8% |
| Russia | 47,955 | 26,781 | 21,174 | 21.8% | 14.3% | 32.8% |

# Europe



Area: 10.2 million km$^2$
Population: 731 million
Countries: 47

**Deloitte in Europe**
Deloitte has offices in 39 countries across 286 cities

### What is Europe?

Europe, the birthplace of Western culture, is both a homogeneous and heterogeneous society. With approximately 11 percent of the world's population, it is the third most populous continent after Asia and Africa. Although the majority of the continent speaks English, most of the European population is multilingual. According to statistics, more than 100 languages are spoken across the continent.

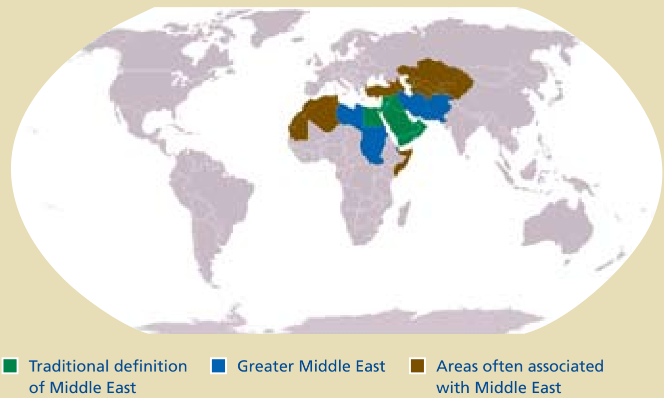
### Why Europe?

- In 2007, outbound FDI to the EU reached US$1 billion, with the main destinations being UK, Germany and the Netherlands. Total FDI to the EU reached US$2.9 billion
- Europe is China's largest trading partner and its fastest-growing source of imports. EU exports to China doubled between 2002 and 2006. China's exports to the EU are growing from 15 percent to 20 percent annually. China is Europe's fastest-growing trade partner and biggest source of merchandise imports. Up to October 2008 bilateral trade hit US$2,189 billion, a 25 percent growth against last year
- By accessing the European markets, Chinese companies have reached the doorway to a market with 480 million potential consumers, and advanced R&D and a transparent and fair environment, as well as a much more sophisticated market than anywhere else in the world
- With the late 2007 signing of Double Taxation Agreement between Hong Kong and Luxembourg, cross-border investments are promising and should place Luxembourg as one of several other European countries to offer a tax efficient gateway for Chinese investors in the European Union and vice versa. Switzerland is also in talks with China for the signing of FTA. See table on page seven for more details regarding other bilateral agreements with China.

### Key markets and trends to watch

- Since 2004, 12 countries have joined the EU. The EU economy combines the economies of 27 member states and is generating an estimated nominal GDP of US$18,332 billion in 2008 according to the Economist Intelligence Unit. It accounts for about 31 percent of the world's total economic output
- 15 member states adopted a single currency, the EURO, managed by the European Central Bank. The EU economy consists of a single market and is represented as a unified entity in the WTO
- The EU is the largest exporter in the world and the second-largest importer
- A European single market was achieved in 1993, a free market for trading of goods and the supply of services, and free movement of people and capital. This results in unprecedented opportunities for EU citizens to travel, live, and work anywhere in the EU.

# The Middle East




Area: 7 million km$^2$
Population: 385 million
Countries: 22

**Deloitte in the Middle East**
Deloitte has offices in 15 countries and 34 cities across the Middle East region

### What is the Middle East?

The Middle East is a historical and political region of Afro-Eurasia with no clear boundaries. Rich in culture, this area is a byword of mystery full of natural resources, especially oil. The Islamic culture has penetrated every corner of its society, including business. This is truly an intriguing place for Chinese.

### Why the Middle East?

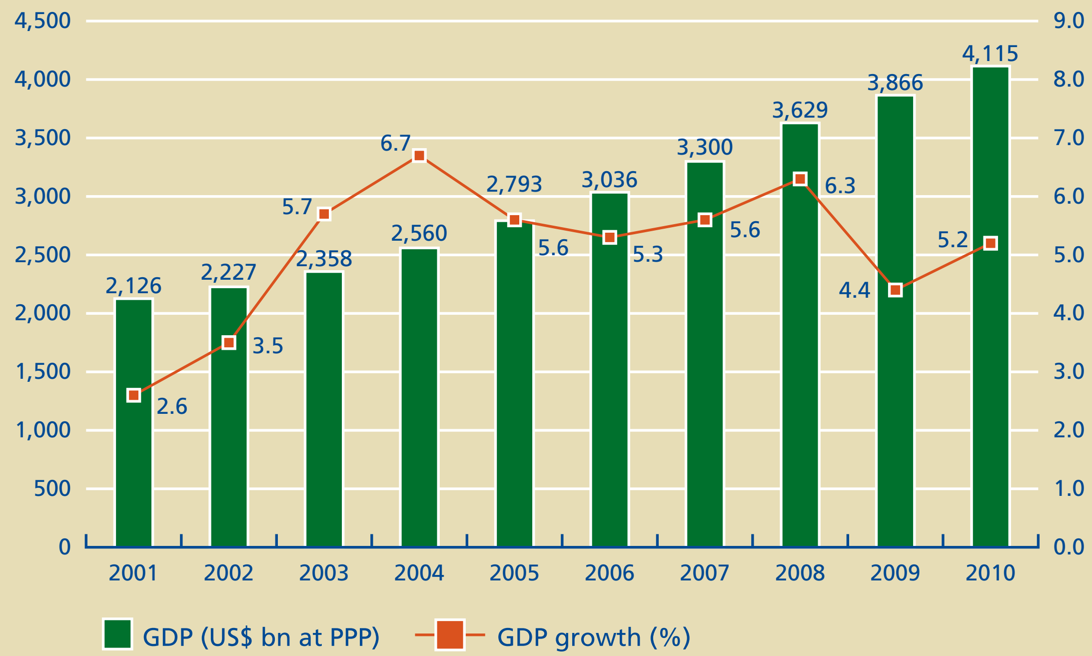
- 2006 marked the fiftieth anniversary of the establishment of diplomatic relations between China and Arab countries, and the relationship has been flourishing since then
- The Middle East and China have a long history of doing business with each other, dating back to the Han Dynasty (202BC-138AD) when the Silk Road was formed. Now Chinese entrepreneurs are seeking a 'Silk Road revival'
- By early 2008, trade volume between China and the Arab Union countries reached US$78 billion, at 30 percent year-over-year growth
- Arab countries have become the eighth largest trading partner with China, with an average annual growth around 30 percent.

### Key markets and trends to watch

- Saudi Arabia, is the largest recipient of China's FDI, receiving a total investment of US$118 million in 2007. Sudan and UAE ranked 2nd and 3rd, receiving US$65.4 million and US$49.2 million respectively
- Bilateral trade between China and the United Arab Emirates hit US$28 billion in 2008, 40 percent growth year over year. The formation of a Greater Arabia with unified currency like the EU is under discussion by the League of Arab States, which could increase business efficiency for Chinese companies
- In the coming five years, the Gulf Cooperation Council (GCC)[3] countries have set aside US$500 billion for infrastructure, agriculture, education, health care and the IT industry, which provides huge investment opportunities for China
- The Middle East countries, especially GCC members, are becoming principal investors in China; and it is estimated that in the next five years, the Middle East countries will invest US$250 billion in Asia. Additionally, according to an investment bank report in 2008, Middle East countries will invest up to US$300 billion in the Chinese stock market
- In the wake of the ongoing global financial crisis, the Gulf Arab sovereign wealth funds have begun to feel the pinch. The SWFs have amassed a huge portfolio of foreign assets in the wake of surging global oil prices and earnings. However, in 2008 they made significant losses, with the notable exception of Saudi Arabia, that have already led to a reassessment of investment priorities.

[3] The GCC countries include: Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the United Arab Emirates.

**Middle East countries GDP**




Source: Economist Intelligence Unit

# North America

Area: 24 million km²
Population: 515 million
Countries: 23
Dependencies: 18

**Deloitte in North America**
Deloitte has 183 offices in 3 countries in North America and offices covering 11 countries in the Caribbean area

### What is North America?

North America is one of the most developed regions in the world with the leading economies of the U.S. and Canada. This region also consists of other culturally and historically diverse countries, with some complementing China's own economic developement, making them also attractive investment destinations.

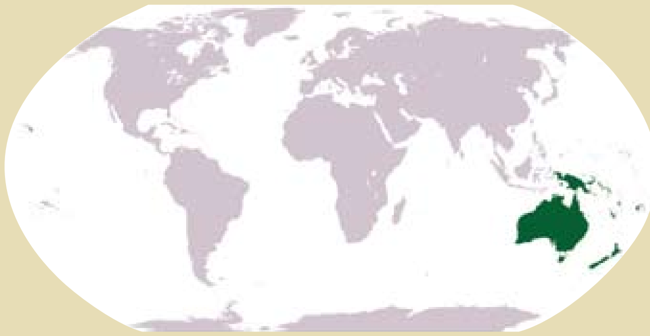
### Why North America?

The region has already been among China's largest trading partners and is one of the most mature legal and business environments in the world.

### Key markets and trends to watch

- A 2009 MOFCOM report stated that in 2007, the non-financial FDI from China to North America was approximately US$5.63 billion, taking up to 21 percent of the total Chinese non financial FDI. The investment mainly goes to the U.S. and Canada
- China is now the third largest market for U.S. goods and growing far faster than any other market. The U.S. remains one of the most attractive destinations for FDI in the developed world, as investors are drawn to its wealth of market opportunities and investor-friendly entrepreneurial culture, trading environment and infrastructure Total Sino-U.S. bilateral trade grew from US$33 billion in 1992 to over US$386 billion in 2007. The U.S. is China's second-largest trading partner and China is now the third-largest trading partner for the U.S. (after Canada and Mexico). Up to the end of 2007, more than 54,000 U.S. companies have set-up a presence in China and cumulative U.S. investment in China is estimated at $57 billion, through the end of 2007, making the United States the sixth-largest investor in China. (Source: U.S. Department of State)
- Mexico is aligning itself closer to China, earmarked by the July 2008 official state visit of President Felipe Calderon Hinojosa. China is Mexico's second-largest trade partner, with bilateral trade hitting US$14.97 billion in 2007 and cumulative Chinese FDI in Mexico US$151 million
- Since China and Canada established official trade relationship in 1973, bilateral trade has carried strong momentum for more than 35 years. In the first three quarters of 2008, bilateral trade volume hit US$37.5 billion, a 15.6 percent growth over last year. From 1980, Canada has directly invested in around 9,800 projects in China, at total of US$5.4 billion. Meanwhile, China has invested US$124 million in Canada as it has one of the healthiest economies of the main industrialised countries. The country's comparatively small population doesn't allow its consumer markets to complete with those of the U.S.; but heavy public investment in infrastructure and the country's wealth in natural resources, allied to productivity-enhancing private investment, should prevent any further rise in the gap with its neighbor to the south
- In 2006, trade volume between China and the Caribbean region hit a record high of US$4.4 billion with China export accounting for US$3.3 billion of the total. The Caribbean region is one of the most important investors to China with Cayman, Bermuda and the British Virgin Islands residing the region. Up to June 2008, the region has invested US$155 billion in China on 23,038 projects. In addition, abundant mining resources in Canada has attracted many Chinese investors' interest.

# Oceania



Area: 9 million $km^2$
Population: 32 million
Countries: 14
Dependencies: 15

**Deloitte in Oceania**
Deloitte has offices in 17 locations across Oceania

## What is Oceania?

Oceania is counted as part of what is often referred to as Asia Pacific. This region has a diverse mix of economies from the highly developed and globally competitive financial markets of Australia and New Zealand boasting parity with much of Western Europe, to the much less developed economies that belong to many of their island neighbors.

## Why Oceania?

- Oceania incorporates the Western business model with the geographic advantage of being in close proximity to China
- China signed a Free Trade Agreement (FTA) with New Zealand in April 2008. This is the first FTA signed between China and a developed country and will have profound impact on bilateral trade and investment
- The Oceania region is famous for its abundant resources, beautiful scenery and the advanced welfare system attracting large numbers of tourists and immigrants from China. Many Chinese companies are eyeing the mining industry in this region.

## Key markets and trends to watch

- By the end of 2007, the accumulated Chinese outflow investment (non-financial) in Oceania was approximately US$1.83 billion. It mainly goes to Australia, Papua New Guinea & New Zealand
- China is the second largest trading partner of Australia, while Australia is the ninth-largest of China. The bilateral trade enjoys a double-digit growth; however, the main exports of products to China are minerals and wool - which represent more than half of the total. Moreover, the rich mining resources in Australia has attracted many Chinese buyers recently
- In April 2009, the New Zealand Prime Minister John Key unveiled a business publicity platform named "New Zealand Central" in Shanghai. With the signing of FTA between China and New Zealand in April 2008, the outlook for this market is promising
- Kevin Rudd is the only Western leader fluent in Chinese with working experience in China. With Mr. Rudd elected as Prime Minister of Australia, the Sino-Australia relations are predicated to flourish.

# South America

Area: 17.8 million km$^2$
Population: 371 million
Countries: 12
Dependencies: 3

**Deloitte in South America**
Deloitte has 29 offices in all 12 countries

### What is South America?

South America is a US$3 trillion GDP market with approximately 548 million consumers whose income per capita has reached US$5,500 - twice as much as China. South America is home to the world's highest waterfall, the largest river, the longest mountain range, the driest desert, the largest rainforest, the highest capital city, the highest commercially navigable lake in the world and the world's southernmost town. South America is perceived as a place of great opportunity by many Chinese companies, and its economies are seen as an important destinations, particularly Brazil and Argentina.

### Why South America?

- Since the 1990s, trade between China and South America has been growing at an astonishing pace from around US$200 million in 1975 to over US$70 billion in 2006 with China becoming the third- largest of the continent's importers and accounting for 14 percent of South America's exports. In April 2009, China became No.1 trading partner with Brazil
- A 2009 MOFCOM report indicated that in 2007, total non-financial FDI to South America was approximately US$400 million, with Brazil, Argentina, Venezuela and Peru being the top recipients. The investment mainly goes to Brazil and Peru, primarily in telecommunications, automotive, oil, home appliances and agriculture
- Chinese President Hu Jintao announced during a 2004 visit to South America that China plans to invest US$100 billion in the next decade. Additionally, it is predicted that by 2010, bilateral trade between China and South America will reach US$100 billion. More recently, Vice-President Xi Jinpin paid a state-visit to five countries in the South America and Caribbean area in February 2009, promoting bilateral economic cooperation.

### Key markets and trends to watch

- Brazil, Chile, Argentina and Panama are the top trading partners with China. China has signed investment protection treatments with Cuba, Jamaica, Bolivia, Chile, Argentina, Uruguay, Equator and Peru
- In Brazil, policy improvement levels, exchange-rate volatility have been reduced, real incomes are expanding and interest rates are declining. A large domestic market, natural resource wealth, and a welcoming attitude to foreign investment have attracted foreign firms across a wide array of sectors
- In Chile, reforms already underway will further enhance the attractiveness of the business environment over the next few years by promoting a more transparent judicial system, cutting red tape, opening capital markets, and further liberating the financial sector.

# 5. About the Global Chinese Services Group (GCSG)

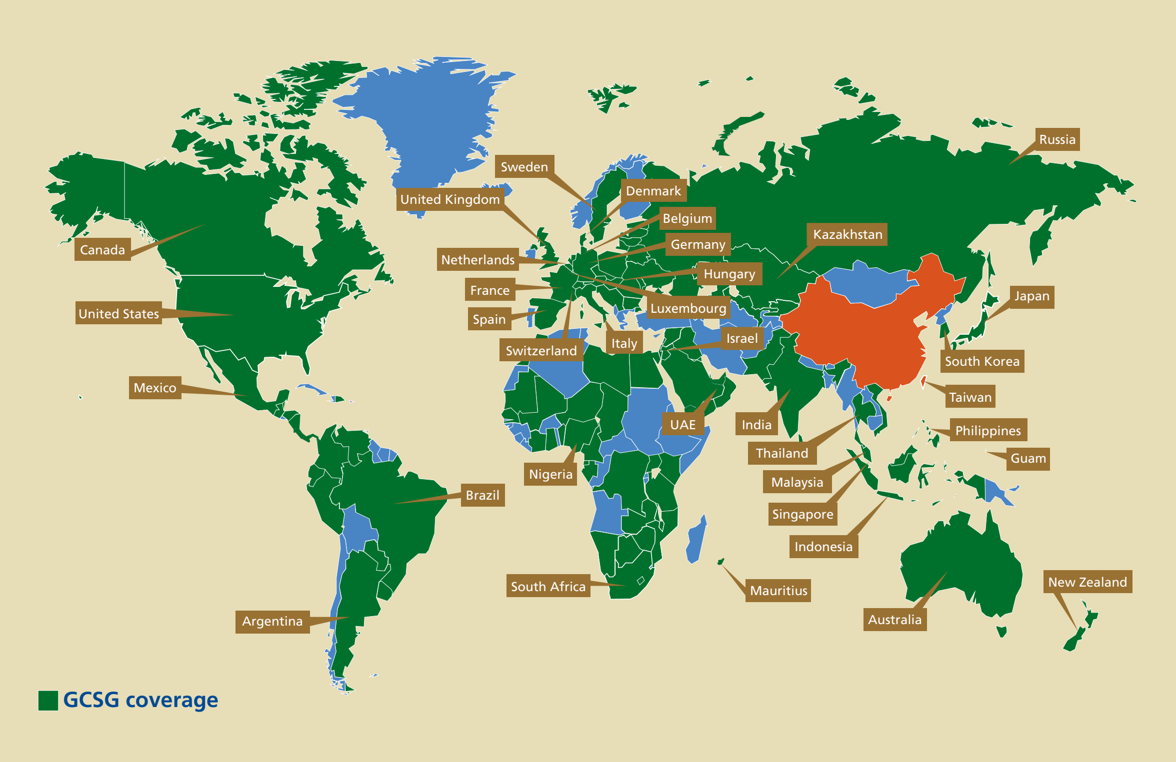
### What is the GCSG?

The GCSG is an unique structure within Deloitte's global organisation with a direct reporting line to the Global CEO. This network creates a platform to leverage global resources and supports the delivery of outstanding value to our clients in China. Deloitte is the only professional services firm to have such a dedicated core team in China and a cross-border network across functions and industries with the ability to react in real time to clients' needs - globally!

**China firm + GCSG = the Chinese dimension**
A true differentiating factor

### Where is the GCSG?

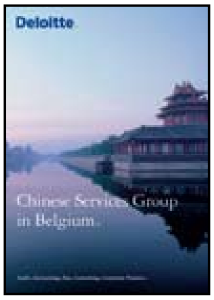
Deloitte's GCSG practice has coverage in over 100 locations around the world, spanning six continents. With such an expansive geographical reach, combined with a decentralised group of dedicated China practitioners ready to serve your company, Deloitte can serve you no matter where you expand overseas.




To learn more about the GCSG and how this powerful network can help your company realise its global aspirations, visit our website at www.deloitte.com/cn/gcsg or contact the GCSG Programme Director, Timothy Klatte, directly at tiklatte@deloitte.com.cn.

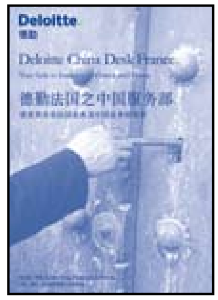
For more than seven years, the GCSG family has experienced tremendous growth around the world. See below for a sampling of country-specific China brochures and investment guides, further showcasing our firms' knowledge on China issues in the local marketplace.


Australia




Belgium


Canada



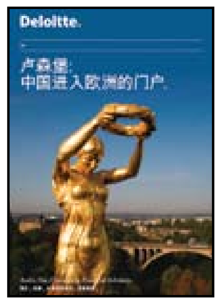

France


Germany


Israel

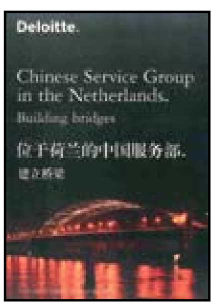

Italy


Japan

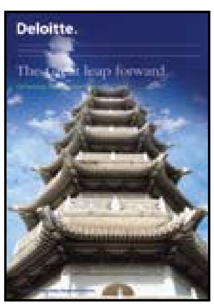



Luxembourg


Mexico




Netherlands




South Africa


Spain


United Kingdom


United States

# 6. Deloitte's GCSG Network

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