

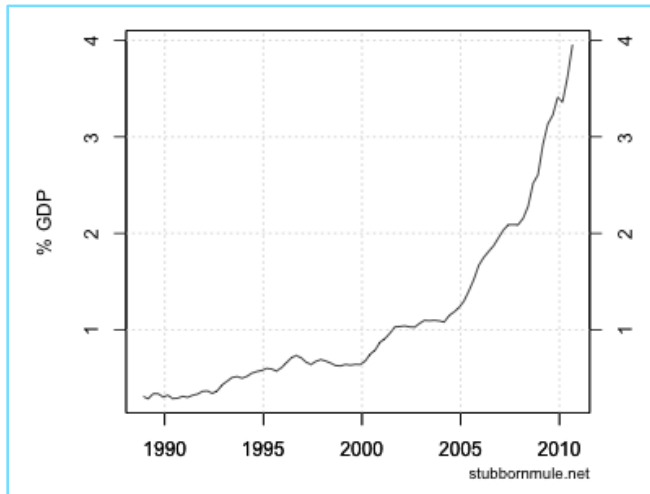


Emerging Opportunities in China

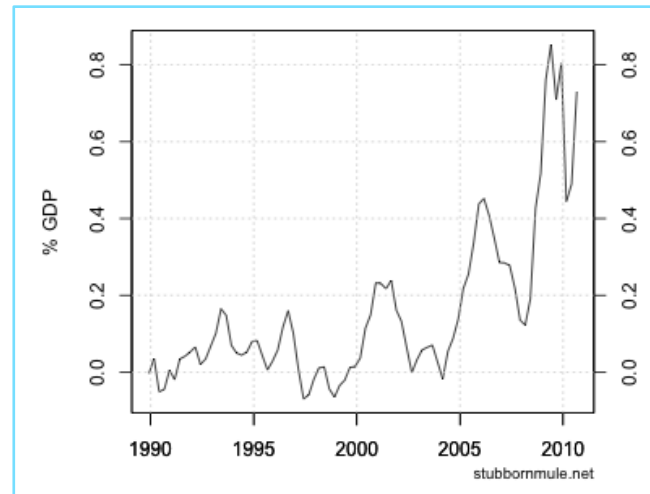
- *What Does China's 12th Five Year Plan Offer For Australian Exporters?*

18 May 2011

If China Catches A Cold, Will Australia Cough?

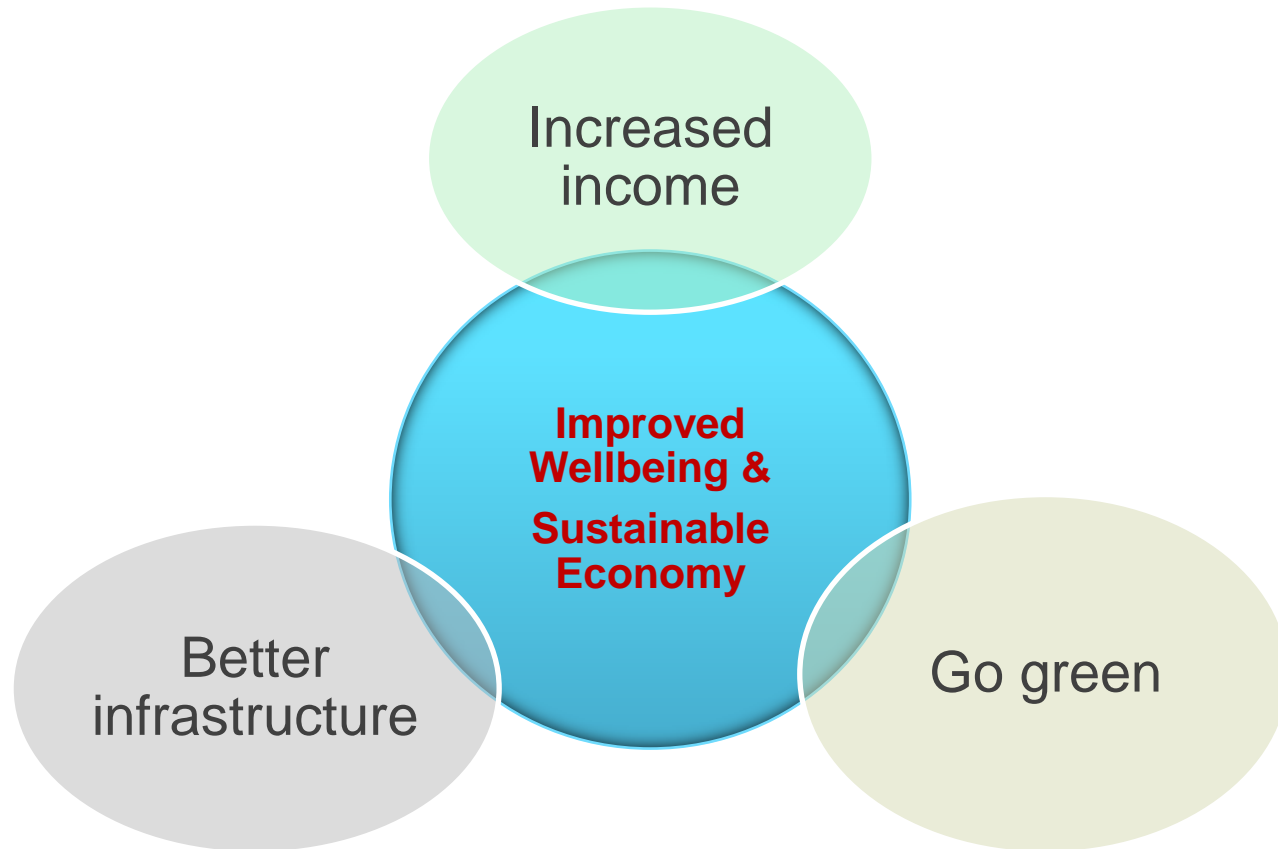


**GDP Contribution from Exports to China
(Dec-1988 to Sep-2010)**

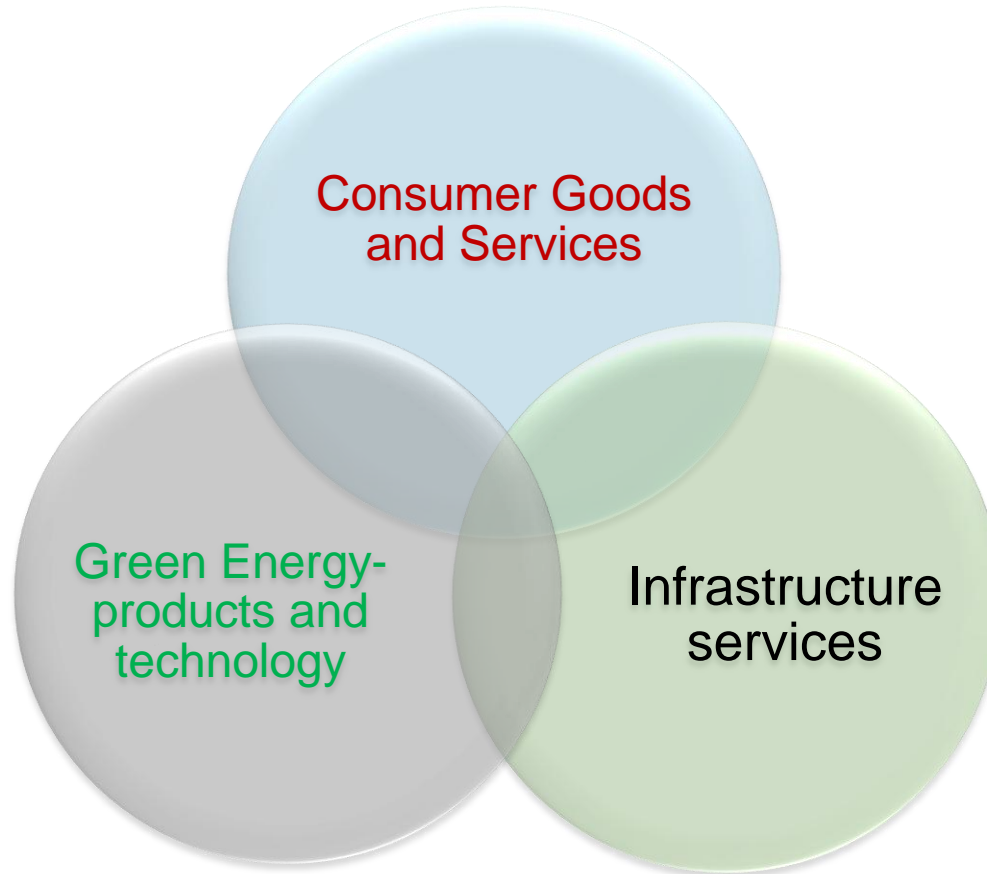


**Annual Change in GDP from Exports to China
(Dec-1988 to Sep-2010)**

The 12th Five Year Plan of China



Hence Opportunities!



China's Consumer Goods and Services Market

–A Cashed-up Market

- ✓ 3825 billionaires including 200 with assets of 10 billion and above in mainland China.
- ✓ 2nd largest luxury consumer goods market, consuming 27.5% of the finest goods in the world.
- ✓ Expected to be the largest luxury goods market in 2014.
- ✓ BCG reported: Average individual's spending on luxury goods in Beijing and Shanghai is the same as that in New York and Chicago.

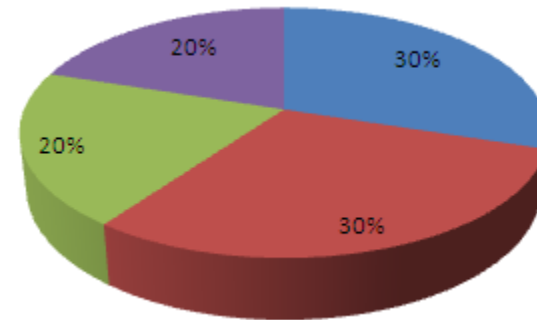
City	CNY 10 Million / A\$1.3million	CNY100Million/ A\$ 13 million
– China	875,000	55,000
– Beijing	151,000	9,400
– Guangdong	145,000	8,200
– Shanghai	122,000	7,300



China's Consumer Goods and Services Market

–A Rich and Young Market

- ❑ Under 30 years old: 30%
- ❑ 31-40 years old : 30%
- ❑ 41-50 years old: 20%
- ❑ Over 50 years old: 20%



80% are under 50 years old!

China's Consumer Goods and Services Market –A Diversified Market

- ❑ Corporate buyers
- ❑ Foreign expatriates
- ❑ China's new super-rich
- ❑ Emerging middle-class

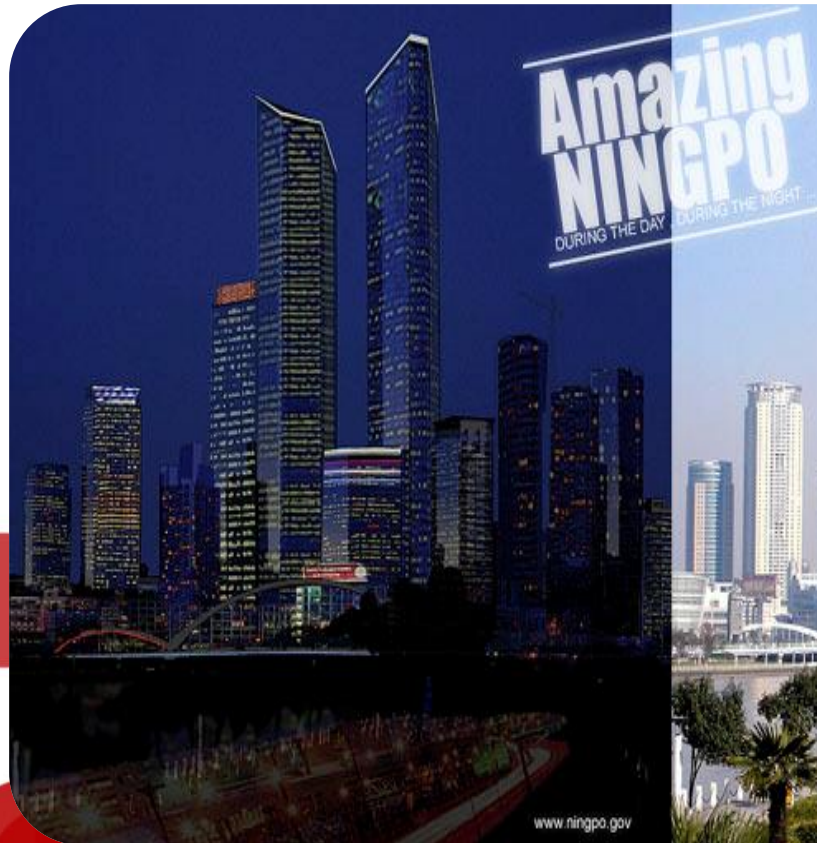


China is becoming an ***Elite Society*** nation.



China's Consumer Goods and Services Market

-Don't forget **2nd** and **3rd** tier cities





China's Consumer Goods and Services Market

-Don't forget 2nd and 3rd tier cities

Ranking	City	GDP per Capita in CNY, 2010
1	Ordos	110239
2	Shenzhen	102369
3	Xiamen	100538
4	Dongguan	95324
5	Tianjing	94356
6	Dalian	94236
7	Foshan	92356
8	Zhongshan	92154
9	Shanghai	91987
10	Suzhou	90190
11	Wuxi	90146
12	Beijing	90130
13	Hangzhou	89986
14	Quanzhou	88098
15	Fuzhou	87076
16	Nanjing	86765
17	Jinan	86656
18	Tangshan	86679
19	Ningbo	85478
20	Guangzhou	84996

China's Consumer Goods and Services Market

-Opportunities

Services

Exotic café, salon, restaurants,
entertainment centres/clubs

Fitness centre with advanced
programs/concepts

Education for children,

Vocational education and training

Tourism

Products

Food and beverage

Health products

Products for children

Home decoration and renovation

Fashion, Jewellery and
accessories

China's 12th Five Year Plan-Infrastructure

Railways to be built: 45,000km railways

Forecast for 2015:

- Passenger growth rate: 34.3%
- Cargo growth rate: 31.0%



China's 12th Five Year Plan-Infrastructure

Roads to be built:

- Bridges across the Yangtze River and Yellow River
- 33 highways-83,000km
- 1,000,000km roads in rural area

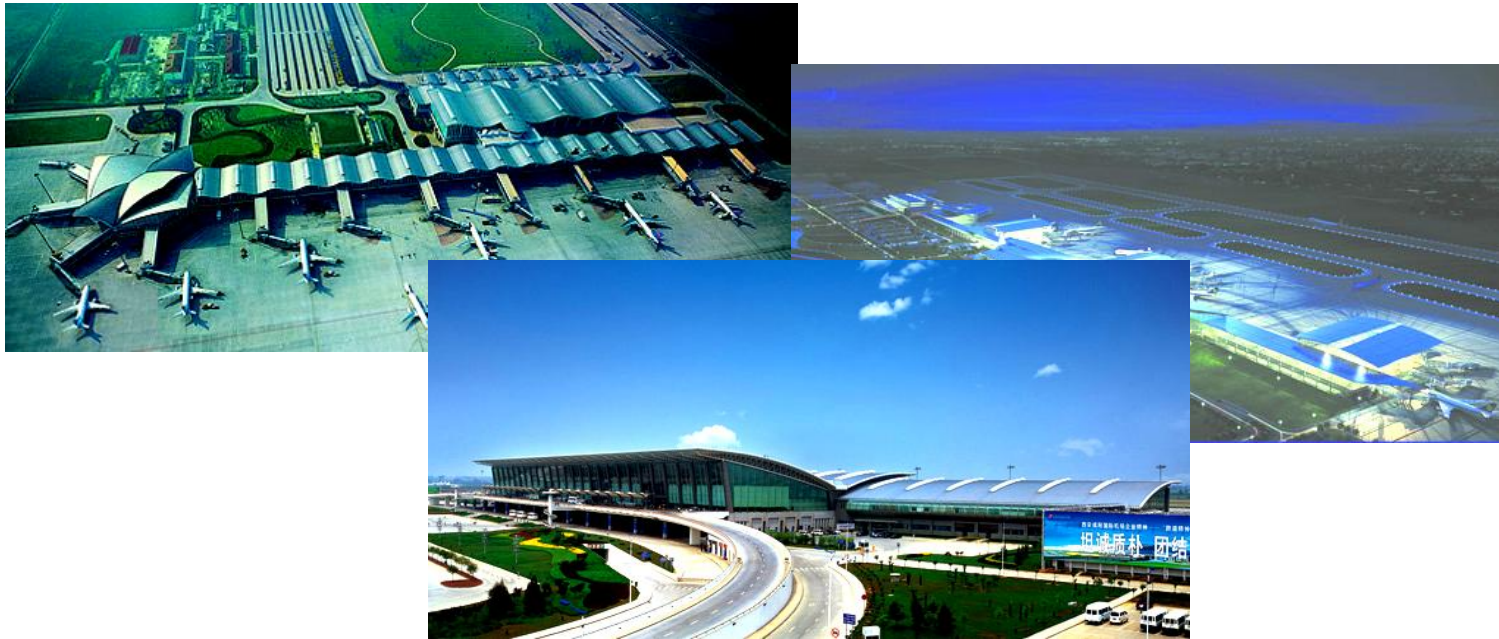


China's 12th Five Year Plan-Infrastructure



China's 12th Five Year Plan-Infrastructure

Airports : construction and upgrading of airports in 2nd and 3rd tier cities.



China's 12th Five Year Plan-Infrastructure



China's 12th Five Year Plan-Infrastructure

Seaports/river ports :

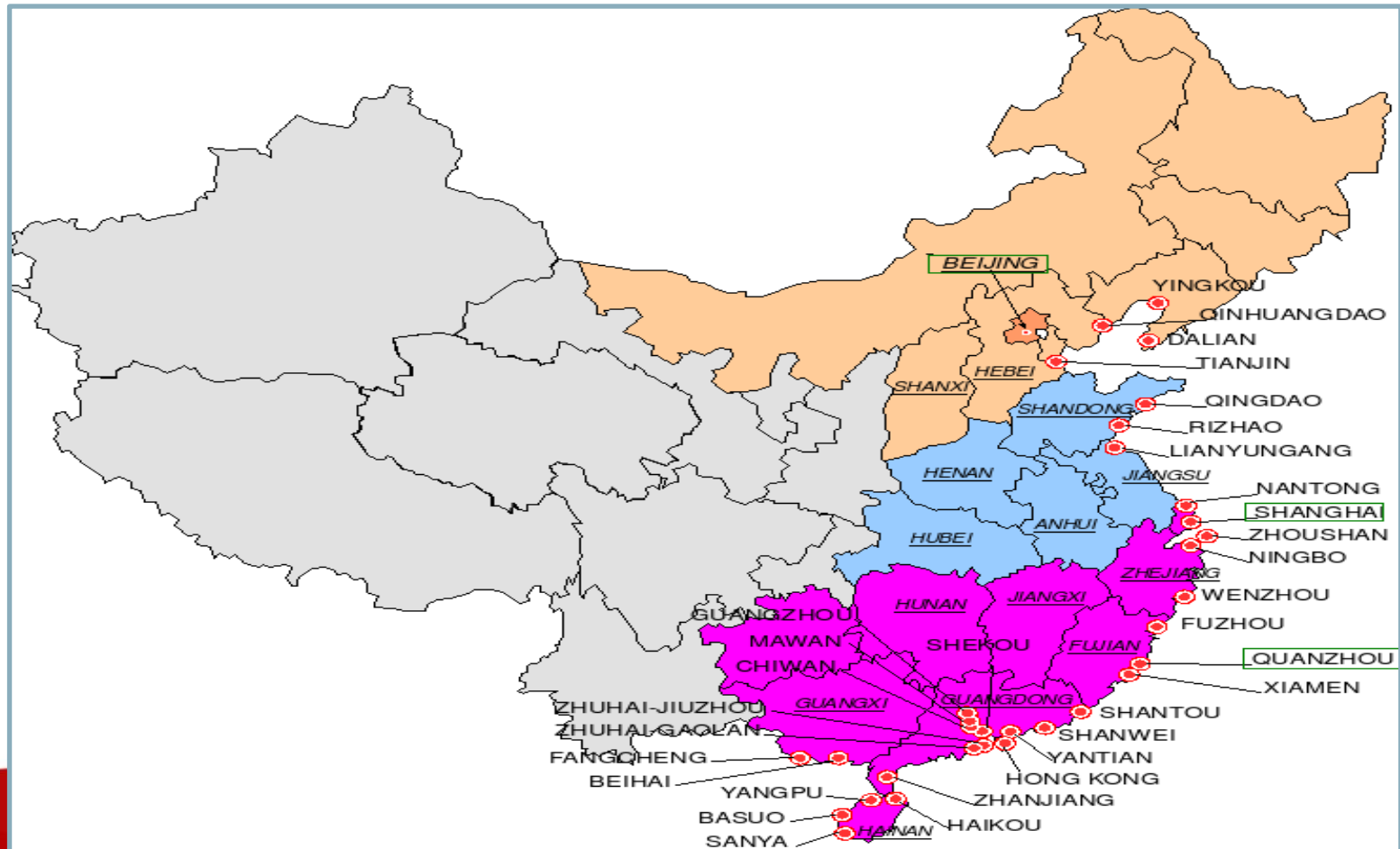
- 440 more ports in coastal cities
- Widen the existing river routes
 - Yangzi River 6397km
 - Beijing-Hangzhou Grand Canal 1794km

2015 forecast:

- Coastal port cargo throughput : 78 million tons
- Growth rate of 31.9%

- Container throughput : 185 million TEUs
- Increase rate: 37.0%.

China's 12th Five Year Plan-Infrastructure



China's 12th Five Year Plan- **Go Green**



China's 12th Five Year Plan- Go Green

China's Carbon dioxide emissions

World's ranking position	Annual CO ₂ emissions (in thousands of metric tons)	Percentage of global total	Per Capita (metric ton)	Reduction needed to reach world per capita average	Emissions intensity (kg of CO ₂ per \$1 GDP (PPP))
1 st	6,103,493	21.5 %	4.62	4.8 %	1.03

China's Carbon emission reduction plan:

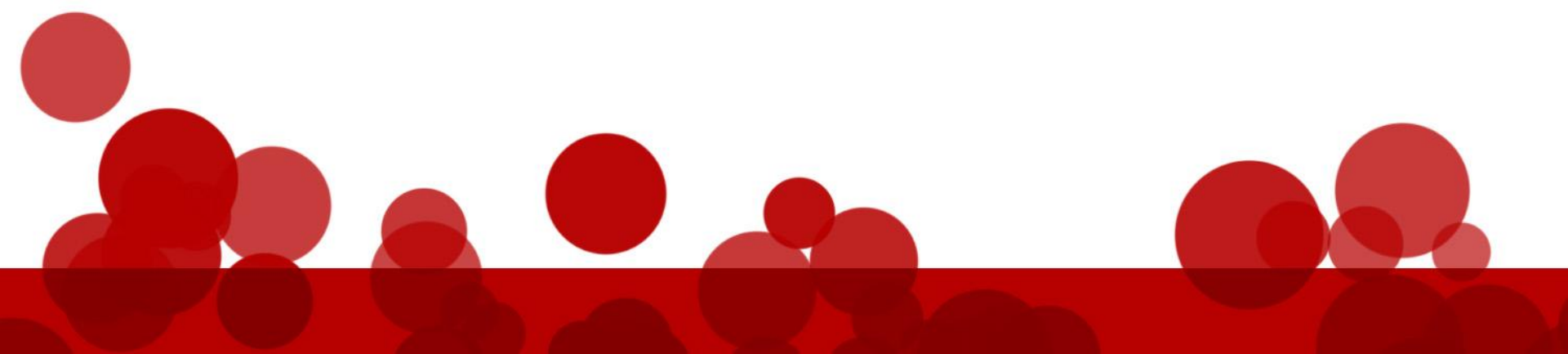
- ✓ Forest coverage increased from 12% to 18% in 20 years
- ✓ 30 gigawatts of wind power by 2020
- ✓ Sewage treatment for millions of people in large cities
- ✓ Making energy conservation financially attractive

Understand China and Seize the Opportunity

-Chinese Market **Characteristics & Implications**

Market Characteristics	Implications
It is an ambiguous market: regulations, intentions, etc.	No short-cut: research+ communications
Chinese buy for “face”	Branding, branding, branding + pricing strategy!
Chinese “new moneys “ are demanding	Yes, treat them like kings, but behave like a king yourself.
Trust and relationship are important but come at a cost	Respect the Chinese cultural nuances but you don’t need to get involved in dirty jobs: focus on a small circle of high-profile contacts.
The market may grow too fast and too big and outgrow your capacity	Prioritize markets, focus on most lucrative market segment: increase capacity by leveraging external resources.

Small things can make **BIG** differences in China!





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