


NYU STERN
 Expanding Abroad: Risks and Rewards

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Global Business & Local Flavor

An Interesting Example

New York to Boston?

- a. Airplane? - \$200-600
- b. Amtrak - \$92
- c. PeterPan Bus - \$30
- d. Driving own car - \$20 (just gas!)
- e. Alternative???



The New York Times
 nytimes.com
 February 21, 2004

In Chinatown, Vans Give Rise to a Bus War
 By MICHAEL LUO

The economics are hard to fathom, Pei Lin Liang, the owner of Fung Wah Bus Transportation, admits. At a time when a cab ride from Midtown to Chinatown might cost close to \$10, how can a four-hour, 215-mile journey to Boston aboard Fung Wah or any of its competitors cost the same?

Have You Bought a DVD Player Lately?

Apex Digital
 \$1 billion 2002
 Retail DVD Player - \$30?



China: "World's Factory"

w Labor force

- Discipline and hardworking
- Cheap and plenty
- Highly educated
- Highly skilled



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China: Low Cost Producer

w Attractive investment environment

- n #1 FDI destination
- n Infrastructure (coastal area)
- n Flexible terms
- n Government incentives
- n Local bank lending

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China's Consumer Market

- w Emerging "middle class" – 100-200 million
- w Increasing consumer demand
- w The super-rich
- w High end imports
- w Autos, real estate, financing
- w Education

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China's Growth Engine

- w Business activities
- w Less trade barriers
- w More distribution channel
- w More policy transparency
- w Capital is King

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"Sichuan or Hunan??"

When ordering spicy Chinese food,
do you know the difference?

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Brand?

- w Domestic – Yes!
 - o Legend, Ningbo Bird, Stone, China Mobile
- w Global – Not really!
 - o OEM, white label – "Made in China"
 - o TCL
 - o Haier

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Opportunities and Challenges?

XL Enterprises

Our Mission

- w Advise Western manufacturing and services companies on their China market entry and acquisition strategies
- w Advise leading Chinese companies expanding overseas
- w Manufacturing Outsourcing

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Thank You!

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