

Index

- ABB, 141
ABN Amro Holdings NV, 114, 115, 116
ADRs. *See* American Depositary Receipts (ADRs)
ADSs. *See* American Depositary Shares (ADSs)
Africa, 41, 42
Agilent, 82
Agricultural Bank of China, 114, 154
Aircraft industry, 44, 48, 82–83
Alibaba, 67, 122
Aluminum Corporation of China, 65, 174
American Depositary Receipts (ADRs), 12–13, 63, 103, 161, 166–167
American Depositary Shares (ADSs), 161, 166
APEC summit, 39
Apple Computer, 134
Appliances, 17, 97
ASEAN Regional Forum, 39
Asia, 40–41, 151
Asian Development Bank, 62, 147
Asia-Pacific Economic Cooperation (APEC), 147
Australia, 37–38
Automobile industry, 15, 47, 84, 87, 97, 99–104
Automobiles, 53, 57, 99–101
Aux Group Appliances, 98

Baidu, 67, 122
Banking and finance industry, 47, 64, 111–116, 129–131
 in Hong Kong, 151, 153–154
 in Shanghai region, 141–142
Bank of America Corporation, 115
Bank of China, 64, 113, 153–154
Bank of East Asia, 114
Bank reserves, 59
BaoSteel, 98

Barclays Bank, 116
Beijing, 15, 58, 125–131
Biotechnology industry, 82
Bird flu virus, 152
Blackstone, 23
BMW, 53, 84
Book value, 172
Bootlegging, 84–85
Branch operations, 85, 114, 154
Brand consciousness, 53
Brilliance China Automotive (CBA), 12, 103
Budget deficit, U.S., 36–37
Bush, George W., 34, 39–40

Capitalism, 10, 64–65, 68
Cell phones, 57, 118–120. *See also* Telephones
Chery, 102, 104
Chi-Med, 82
China:
 aircraft industry, 44, 48, 82–83
 auto industry, 99–104
 banking and finance, 47, 64, 111–116
 becoming new world superpower, 3–25
 and capitalism, 10, 64–65, 68
 communications industry, 47–48, 117–122
 currency, 9
 current state of SOEs, 63–64
 domestic coal production, 108
 economic growth, 7–10, 17
 emergence of wealthy elite, 53–54
 energy industry, 105–110
 establishing free trade agreements, 39–40
 exports, 14, 85, 94, 97, 102–103
 financial centers, 125–155
 foreign exchange reserves, 30
 foreign-invested firms in, 22
 government, 60–61, 68, 129–131

198 Index

- China: (*continued*)
- gross domestic product, 7, 13, 17, 18, 24
 - growth in number of wealthy people, 4–6
 - health care expenditures, 67
 - high tech industry, 81
 - home ownership, 59
 - hostility toward Taiwan, 149
 - identifying opportunities in stocks, 171–175
 - imports, 14, 72–73, 107
 - income, 59, 62
 - industry profits as percent of GDP, 74
 - inflation, 56, 59
 - Internet use, 121–122
 - investing in, 159–163
 - knowledge-based industries, 48, 49
 - labor pool, 9–10
 - manufacturing in, 93–98
 - and middle class, 15–16, 55–57
 - military power, 42–47
 - offshoring, 22–24, 37, 71–72
 - oil imports, 46–47
 - personal savings, 56
 - pollution, 66, 78–80
 - population, 7
 - poverty, 54, 61
 - and private investments, 66–67
 - ratio of imports to GDP, 24
 - real estate boom, 58–60
 - research and development, 81–83
 - retail sales, 15, 57, 58
 - safest way to invest in stocks, 165–169
 - service economy, 18
 - share of global consumption, 57
 - shipbuilding industry, 76
 - social classes, 61
 - stock markets, 160
 - tariffs, 24
 - technological infrastructure, 47–49
 - top performing ETFs, 178–180
 - top-performing mutual funds, 180–181
 - top suppliers, 21
 - trade barriers, 96
 - trade imbalance with U.S., 24, 28
 - trade negotiations, 40–41
 - trade surplus, 14, 23, 28–29
 - trading partners, 8, 20–21, 37–38, 39–40, 146, 148, 153
 - world's sixth-largest economy, 18
 - and WTO, 21, 114
- China Aviation Corporation I, 83
- China Banking Regulatory Commission, 113
- China Citic Bank, 113
- China Construction Bank, 64, 113, 115, 154
- China Development Bank, 116
- China Insurance Regulatory Commission, 116
- China Life, 13, 65, 142
- China Luxury Summit, 53
- China Merchants Bank, 113
- China Minsheng Bank, 113
- China Mobile, 13, 118, 119
- China National Offshore Oil Company, 75, 110
- China National Space Administration, 48
- China Netcom, 120
- China Petroleum and Chemical. *See* Sinopec
- “China price,” 77, 78–80
- China Reconstruction Bank, 113
- China Securities Regulatory Commission, 12, 136, 142
- China Stock Digest*, 159, 161, 174, 178
- Chinastockdigestguru.com, 187
- China Telecom, 120
- China Unicom, 118, 119
- Chinese Ministry of Commerce, 148
- CHINT Electronics, 98
- Chrysler, 84, 102
- Chungwha Telecom, 120
- Citigroup, 113, 114, 115
- Cleveland-Cliffs Company, 75
- Coal, 106, 108, 109
- Commercial Development Bank, 114
- Commodity businesses, 66
- Communications industry, 47–48, 117–122
- Communism, 60–61
- Competition, 77, 94, 96
- Computer industry, 97, 122, 146
- Construction projects, 59
- Consumer culture, 15–17, 22–23, 55, 57–58
- Consumer goods, 72–73
- Corporate governance, 160
- Corruption, 142
- Counterfeiting, 84–85, 141
- Country funds, 168
- Culture of innovation, 48
- Currency, 9, 76, 151
- Current account deficit, 35–36
- Dangdang.com, 122
- DBS Bank, 114
- Deficits, U.S., 35–36
- Deloitte Touche Tohmatsu, 116
- Democracy, 61

- Deng Xiaoping, 3–4, 10–11, 50, 133
 Derivatives market, 136, 143
 Developing countries, 106
 Diversification, 168, 181–183
 Dollar, U.S., 36, 76
 Duties, 96
- East Asia, 38
 Economic equality, 62
 Economic growth, 7–10, 17, 56
 Education, 11, 68, 85, 95
 Electricity, 96, 106, 109–110
 Electronics, consumer, 57, 72–73, 97, 146
 Eleventh Five-Year Plan, 2006–2010, 20
 Eli Lilly, 82
 Energy industry, 96, 105–110
 Engineers, Chinese, 11, 81, 85
 Entrepreneurship, 95
 Environmental problems, 78–80, 135, 141
 Equity purchase agreements, 115
 Exchange-traded funds (ETFs), 167–168, 178–180
 Exports, 13–15, 85, 102
 China's top, 14
 Chinese surplus of, 56
 from Hong Kong, 94, 153
 from Taiwan, 146
 United States, 20–21, 24
 ExxonMobil, 13, 107–108
- FAB-68, 82
 Factories, 7, 22–24, 74–75, 82
 Farmers, 16
 Financial centers, 125–155
 Financial disclosure, 160
 Financial services industry, 141–142
 Focus Media, 140
 Foreign debt, U.S., 35–36
 Foreign direct investment, 96, 147, 153
 Foreign exchange reserves, 23, 30, 36
 Foreign-invested firms, 22
 Foreign investments, 81
 Foreign reserves, 146
 Four Modernizations, 10
 Foxconn, 134
 Free trade zones, 39, 40
 Fujian, 10
 Furniture industry, 95, 97
- Gasoline, 101
 Gas-powered turbines, 80
- Gates, Bill, 89–90
 GDP. *See* Gross domestic product (GDP)
 GDRs. *See* Global Depository Shares (GDRs)
 Geely, 102, 104
 General Electric, 13, 80
 General Motors, 49, 84, 102, 141, 163
 Gini coefficient, 62
 Global Depository Shares (GDRs), 161
 Global funds, 168
 Governance, corporate, 160
 Government, Chinese, 60–61, 68, 129–131
 Green GDP, 79
 Greenhouse gasses, 78
 Gross domestic product (GDP):
 China, 7, 13, 17, 18, 24
 and China's merchandise exports, 94
 China's ratio of imports to, 24
 and Chinese communications industry, 121
 Chinese industry profits as percent of, 74
 Hong Kong, 152
 Shanghai, 141, 153
 Taiwan, 146, 148
 United States, 20, 37
 Guangdong, 10, 13, 95, 133, 153
 Guangshen Railway Company, 65
- Haier Appliances, 98
 Hang Seng Bank, 114
 Hang Seng Index, 154
 Harbin Power Equipment Company, 80
 Health care, 67, 68
 Hewlett-Packard, 82
 High tech industry, 7, 13, 81, 145–146
 Highways, 100
 Hisense Home Electronics, 98
 Home ownership, 59
 Hong Kong, 13
 and British rule, 32–33, 152
 as Chinese financial center, 151–155
 economy, 151, 152–154
 exports from, 94
 GDP, 152
 industries in, 88–89
 rivalry with Shanghai for financial dominance, 142
 and Shenzhen, 136–137
 trade with China, 153
 Hong Kong Stock Exchange, 154, 160, 161
 Hon Hai Precision Industry Company, 134
 Housing, 15. *See also* Real estate
 HSBC Holdings, 113, 114, 154
 Huawei, 134

200 Index

- Hu Jintao, 39, 60
Hundred years of humiliation, 32–34
Hydroelectric power, 109
- IBM, 49, 75, 98
Immigrants, illegal, 9
Imports:
 into China, 14–15, 23
 from China into U.S., 22, 72–73, 97
 China's ratio to GDP, 24
 crude oil into China, 107
 duties and taxes, 96
Income:
 average in Beijing, 15
 average worker's, 17
 Chinese, 7, 59
 inequality, 62
 middle class, 16
Index funds. *See* Exchange-traded funds (ETFs)
Industrial and Commercial Bank of China, 13, 64, 113, 142, 154
Industrial Bank, 113
Industries:
 labor-intensive, 7, 146, 152, 153
 U.S., 71–72, 75, 87
Inflation, 56, 59, 66, 146
Information technology, 82
Infrastructure, 10
Innovation, culture of, 48
Insurance companies, 116, 130
Intel, 82, 85, 96
Intellectual property, 84–85, 160
Interest rates, 29, 59
International funds, 168
International Intellectual Property Alliance, 85
Internet, 16–17, 67, 121–122
Investments:
 in Chinese stocks, 160, 165–169, 171–175
 in Hong Kong, 153
 identifying value of Chinese investment, 173–175
 overseas direct, 153
 private, 66–67
 in U.S. companies in China, 162–163
iPod, 134
IPOs, 12, 13, 142–143
Iran, 47
iShares EWH Hong Kong Index, 178–179
iShares FXI Index, 178–179
Japan, 20, 33, 38, 76, 116
Jobs, 16, 37
Joint ventures, 74, 115
Joyo.com, 122
- Kim Jong-II, 45
Knowledge, technical, 13
Knowledge-based industries, 48, 49
Korea, 38
- Labor, 9–10
 low-cost, 7, 59, 94, 134
 shortages, 60
Labor-intensive industries, 7, 146, 152, 153
Laiwu Steel, 75
Lenovo, 75, 98, 122
Lifan, 104
Liquefied natural gas (LNG), 109
Loads, 167
Loans, 56, 64, 112, 114
Lodging/catering industry, 15
London Stock Exchange, 161
Luxury items, 15, 53–54
- Malaysia, 13, 38
Manufacturing, 93–98, 152–154
Market capitalization, 113, 154, 168, 180
Markowitz, Harry, 182
Mattel, 77
Medicare, 36
Merck, 82
Microsoft, 13, 49, 82, 89–90
Middle class, 15–16, 55–57, 71
Middle East, 46
Midea Group Appliances, 98
Military power, 42–47
Mizuho Corporate Bank, 114
Mobile phones. *See* Cell phones
Morningstar, 180
Multinational companies, 81, 98, 101–102, 139, 154–155
Mutual funds, 168–169, 180–181
Mutually Assured Economic Destruction, 31–32, 34
- NAFTA. *See* North American Free Trade Agreement (NAFTA)
NASDAQ, 12–13
National Champions, 12–13, 65
National Development and Reform Commission, 22, 101
NATO, 47

- Natural gas, 109
- Natural resources, 41, 75
- New York Stock Exchange, 12–13, 161
- Nokia, 82
- Nominal GDP, 19
- Nonperforming loans, 64, 112
- Nortel, 82
- North American Free Trade Agreement (NAFTA), 9
- North Korea, 45
- Novartis, 82
- Nuclear power, 109–110

- Offshoring, 22–24, 37, 71–72
- Oil, 41, 46–47, 105, 107–109
- Olympic games, 58, 128–129
- One Billion Customers* (McGregor), 73
- One-child policy, 68
- One Country, Two Systems policy, 152
- One-man companies, 67
- Opium War, 32–33
- Oracle, 82
- Over-the-counter (OTC) shares, 161
- Ownership, private, 62

- Panasonic, 82
- Patents, 48, 83
- People Electric Electronics, 98
- Peoples Bank of China, 142
- People's Liberation Army (PLA), 43–44
- Per capita income, 16
- Personal savings, 29
- PetroChina, 13, 110, 142
- Pharmaceutical industry, 82
- Piracy, intellectual property, 84
- PLA. *See* People's Liberation Army (PLA)
- Policy banks, 111–112
- Pollution, 66, 78–80, 100, 126, 134, 141
- Population, 7, 137, 140
- Port city, 134, 139
- Poverty, 7, 17, 54, 61
- PPP method. *See* Purchasing power parity (PPP method)
- Price competition, 77
- Price controls, 96
- Price to book ratio, 172, 173, 174
- Price to earnings ratio, 172, 173, 174
- Price to sales ratio, 172–173, 174
- Proctor & Gamble, 82
- Production, 37, 74–75, 77, 78, 153
- Productivity, 17, 97–98

- Protectionism, 24
- Purchasing power parity (PPP method), 19–20, 55, 148

- Qualified Foreign Institutional Investors (QFII), 12, 136, 161

- Real estate, 58–60, 143
- Recession, 29
- Regional funds, 168
- Renminbi. *See* Yuan
- Research and development, 48, 81–83
- Retail sales, 15, 57, 58
- Retirees, 68
- Risk management, 177–184
- Rural areas, 7

- SAIC, 104
- Sales, retail, 15, 57, 58
- SARS virus, 152
- SASAC. *See* State-owned Assets Supervision and Administration Commission (SASAC)
- Saudi Arabia, 47
- Savings, 16, 29, 56
- Securities and Exchange Commission, U.S., 165
- Securities industry, 113
- Self-employment, 67
- Semiconductor manufacturing, 13
- SERC. *See* State Electricity Regulatory Commission (SERC)
- Service economy, 18, 57, 146, 152–154
- SEZs. *See* Special economic zones (SEZs)
- Shanghai, 139–144, 153
- Shanghai Cooperation Organization (SCO), 40–41, 47
- Shanghai Stock Exchange, 11–12, 142–143, 160
- Shares, types of, 161
- Shenyang Liming Aero-Engine Group, 80
- Shenzhen, 133–137
- Shenzhen Stock Exchange, 11–12, 135–136, 160
- Shipbuilding, 76
- Shoe industry, 87, 95, 146
- SINA, 67, 122
- Singapore, 13, 38
- Singapore Stock Exchange, 161
- Sino-British Joint Declaration, 152
- Sinopec, 13, 66, 107–108, 110
- SIPO. *See* State Intellectual Property Office (SIPO)

202 Index

- Skyworth Home Electronics, 98
- Social class, 61, 62
- Social Security, 36
- Social services, 67
- SOEs. *See* State-owned enterprises (SOEs)
- Sohu.com, 122
- Space program, 48
- Special administrative region (SAR), 152
- Special economic zones (SEZs), 10–11, 64, 95, 133
- Standard Chartered of Britain, 114, 116
- State Electricity Regulatory Commission (SERC), 109
- State Environmental Protection Administration (SEPA), 79
- State Intellectual Property Office (SIPO), 83
- State-owned Assets Supervision and Administration Commission (SASAC), 65–66
- State-owned enterprises (SOEs), 11, 63–64, 65–66, 79, 130
- State-run corporations, 161
- Steel industry, 97
- Stock analysis, 173–175
- Stock exchanges, 66–67
 - Chinese, 62–63, 116, 160
 - Hong Kong, 154
 - legitimizing in China, 11–12
 - Shanghai Stock Exchange, 142–143
 - Shenzhen Stock Exchange, 135–136
 - Taiwan, 147, 148
- Stocks:
 - assembling portfolio, 177–184
 - measuring value of, 172–173
- Stock valuation metrics, 181
- Stop loss orders, 181, 183–184
- Strategic petroleum reserve, 107
- Subprime loan crisis, 29
- Sumitomo Mitsui Bank of Japan, 114
- Suntech Power, 79, 80, 110
- SVT Group Electronics, 98
- Switzerland, 54

- Taiex Index, 148
- Taipei, 145
- Taiwan, 13
 - Chinese sovereignty over, 44–45
 - communications industry, 120
 - companies on mainland China, 67
 - exports from, 94
 - as financial center, 145–149
 - Taiwan Semiconductor, 67, 85, 146
 - Taiwan Stock Exchange, 147, 148, 160
 - Taobao, 122
 - Tariffs, 24
 - Taxes, 96
 - Technology, 13, 47–49, 72–73
 - Telecom equipment, 122, 134
 - Telephones, 117, 120–121. *See also* Cell phones
 - Textile industry, 87, 97, 146, 149
 - Text messaging, 119
 - Three Gorges Dam project, 63, 109
 - Toshiba, 109–110
 - Tourism/travel, 15, 148
 - Tourism/travel industry, 153
 - Toyota, 102, 141
- Trade:
 - barriers, 96
 - between China and Hong Kong, 153
 - China's with the world, 8, 20
 - deficit, 22, 28
 - sanctions, 30
 - with Taiwan, 146, 148
- Trademarks, 83
- Trade surplus, 14, 23, 28–29, 146
- "24 character strategy," 50

- Unemployment, 16, 22, 87, 146
- United States:
 - automobile ownership, 100
 - decline of middle class, 71
 - deficits, 35–37
 - end of economic supremacy, 27–50
 - foreign companies' branch operations, 85
 - GDP, 20
 - home ownership rates, 59
 - imports from China, 22, 72–73, 97
 - interest rates, 29
 - and Middle East oil production, 46
 - nominal GDP, 19
 - offshoring, 37, 71–72
 - recession, 29
 - regional headquarters and offices in
 - Hong Kong, 154–155
 - trade with China, 20–21, 22, 24, 28
 - unemployment, 22, 87
 - as world's largest debtor nation, 29
- Urban areas, 7, 16

- Volkswagen, 102

- Wahaha Beverages, 98
- Wal-Mart, 77–78
- Wanxiang Group, 75, 103, 104
- Water, 78, 96
- Wealth, 4–5
 - in China, 4–6, 53–54, 61
 - in Hong Kong, 153
 - individual, 17
 - in Shanghai region, 140–141
- Westinghouse, 109–110
- WIPO. *See* World Intellectual Property Office (WIPO)
- Wonder Auto Technology, 103
- Work ethic, 151
- World Intellectual Property Office (WIPO), 83
- World Trade Organization (WTO), 21, 114, 147
- Yanzhou Coal, 65, 108
- Younger Textiles, 98
- Yuan, 9, 30, 76
- ZTE Corporation, 134

