



“For the sake of the strategy of national economic development, we should deepen the implementation of the “Go-global” strategy and support capable enterprises to make direct overseas investments and conduct transnational operations in accordance with internationally practiced rules.”

– Hu Jintao, President of the People’s Republic of China, during an address to the Political Bureau of the Chinese Communist Party, September, 2007

## THE CHALLENGE

The opportunities and rewards for Chinese enterprises seeking to expand overseas have never been greater. However, in recent years, there have been several high-profile examples of Chinese companies failing to achieve an overseas acquisition or investment due to public and political opposition.

Factors fuelling this opposition include a widespread misunderstanding about the influence of the Chinese government on state-owned enterprises (SOE), growing concerns about product quality and safety, intellectual property issues, anxiety over trade relations, as well as increasing levels of protectionism in some economies. These factors cannot simply be dismissed as misleading or irrelevant to clients’ businesses, because their combined effect poses a tangible risk to all Chinese companies seeking expansion into overseas markets.

The best way for Chinese companies to overcome these misperceptions and concerns is to proactively reach out and build relationships with key stakeholders in their target markets. Chinese companies need to identify the most effective ways to engage and communicate with important decision-makers and opinion-formers in their target markets. Doing so will ensure that their business objectives and investment benefits to the local economy are fully and objectively understood.

The Chinese companies that have been most successful in entering and expanding into overseas markets tend to be those that have carefully assessed the risks in advance and have put in place targeted stakeholder outreach strategies that enable them to build and protect their corporate reputations and achieve sustainable business growth.

## HOW APCO CAN HELP

APCO Worldwide is ideally placed to assist Chinese companies entering overseas markets. As a global consulting firm, with a headquarters in Washington, D.C., and 29 offices worldwide, APCO has a strong presence in all major markets.

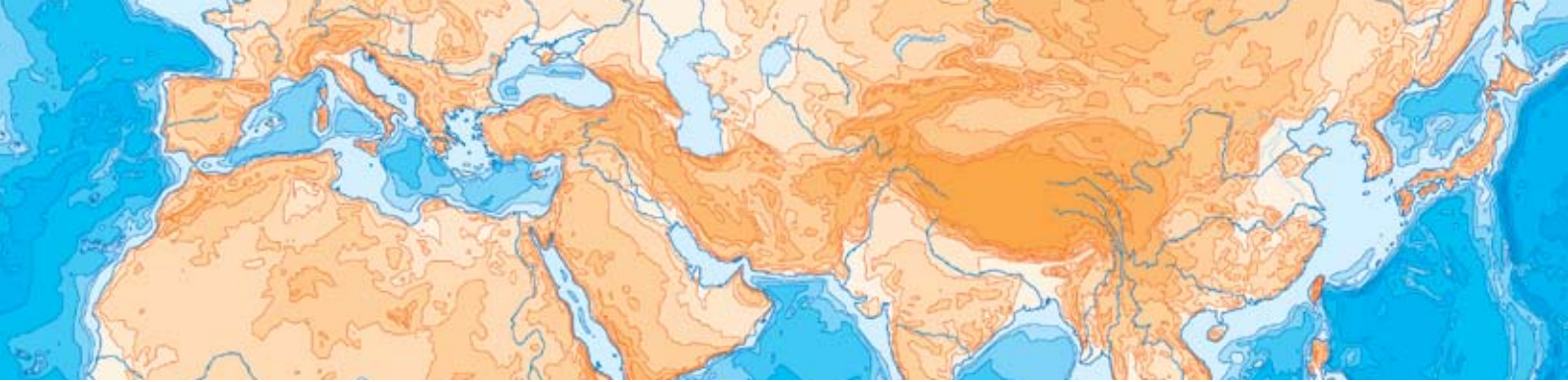
APCO has a proven track record of enabling Chinese companies and those from other emerging markets to succeed with entry and expansion plans overseas. APCO’s team is comprised of experts in risk assessment and the implementation of tailored strategies and solutions that enable clients’ businesses to overcome market challenges.

APCO is known for the exceptional diversity and experience of its senior team and International Advisory Council (IAC) across the world, enabling us to provide companies with authoritative insight and forward-looking counsel. APCO’s team includes former senior politicians and government officials, as well as former journalists and business leaders from around the world. Among our team are:

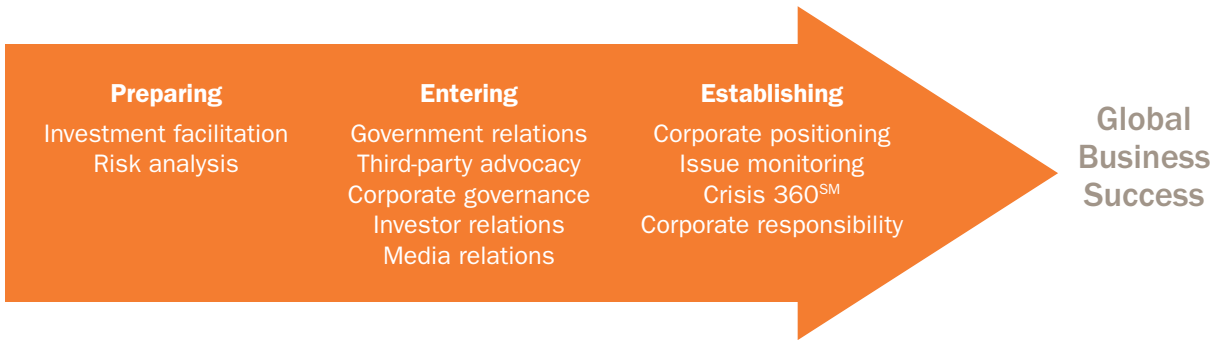
- Six former U.S. congressmen (including Mike Oxley, architect of the Sarbanes-Oxley legislation)
- Three former U.S. senators (including Don Riegle, former chairman of the Senate Banking Committee)
- Four former elected European politicians (including Pat Cox, former president of the European Parliament)
- Ten former ambassadors (including J. Stapleton Roy, former U.S. ambassador to China)
- Twenty-six former business leaders (including Gao Weijie, former chairman of COSCO Americas, Inc.)
- Forty-one former government officials (including Jane Garvey, former head of the U.S. Federal Aviation Administration)
- Fifty-four former journalists (including Marc Ginsberg, Fox News Channel’s global affairs analyst)
- Ninety former political advisers (including Darren Murphy, former adviser to UK Prime Minister Tony Blair)

APCO also has a long-established presence in China, dating back to 1989, with offices in Beijing, Shanghai, Guangzhou and Hong Kong, and employs over 100 Chinese and expatriate professionals who work with APCO offices around the world to provide Chinese firms with counsel grounded in local and international market experience.

Going Global



## Chinese Enterprise



### SERVICES

APCO offers integrated services in the fields of corporate advisory, public affairs and strategic communication.

#### Preparing Investment facilitation

APCO's global team has extensive experience in formulating and executing investment strategies for firms entering or expanding into new markets. APCO's advice is based on thorough market research and analysis; we conduct qualitative and quantitative research to assess the market and financial viability of investments, as well as political and regulatory risks. Many of the services we offer are essential to facilitate successful overseas investments for Chinese firms. We tailor our investment facilitation solutions directly to companies' needs.

#### Risk analysis

Competitors, politics, media and nongovernmental organizations can create a complex and volatile operating environment in today's markets, presenting risks for multinational companies around the world. Chinese companies seeking to expand abroad face particular risks in specific markets. APCO has the expertise and local knowledge to help identify these risks in advance and develop plans to address them as an integral part of an investment strategy.

#### Entering Government relations

APCO develops strategic campaigns that effectively influence policy-makers and facilitate regulatory approvals. Armed with in-depth knowledge and experience in government institutions around the world, we build support for clients' interests with relevant bodies, including: the Committee on Foreign Investment in the United States (CFIUS); executive branch departments; senators and congressmen; relevant congressional committees; and parliaments, EU

institutions and other governing entities at regional, national and international levels. APCO's IAC members, many of whom have firsthand political experience, are available to help advise these campaigns. We do not simply introduce clients to government representatives, but work to enable them to institutionalize and build lasting relationships with policy-makers and government organizations that matter most to their business.

#### Third-party advocacy

APCO assists clients in influencing decision-makers and shaping public opinion by developing direct messages and recruiting like-minded supporters. Our team identifies third-party spokespeople and organizations, including U.S. and EU officials, politicians, industry associations and other influencers to speak out on a client's behalf.

#### Corporate governance

Chinese enterprises pursuing investment and acquisition strategies overseas should be acquainted with corporate governance practices in the United States and Western Europe, as well as legislation affecting publicly traded companies, such as Sarbanes-Oxley in the United States. APCO possesses considerable expertise in this field and has been involved in organizing several corporate governance conferences targeting companies from the BRIC countries (Brazil, Russia, India and China). APCO's team of corporate governance experts includes former Congressman Mike Oxley, one of the architects of the Sarbanes-Oxley legislation.

#### Investor relations

From meeting with influential financial analysts to announcements in markets, APCO designs investor relations communication programs that help to achieve optimum valuation and lower cost of capital. We approach investor relations from a strategic positioning perspective that reflects the increasing attention



investors pay to the integration of financial and nonfinancial messages.

### **Media relations**

Chinese companies need expert advice in navigating the complex media environments in the United States and Western Europe where media coverage of a prospective investment can often determine the success or failure of a transaction. APCO's expert team develops media relations strategies to ensure messages are communicated effectively, setting the stage for accurate, balanced and timely coverage by providing media outlets with an appropriate and managed flow of information. APCO also offers comprehensive media and message training for organizations' spokespeople. We help client teams establish their own media networks and the media relations skills necessary to protect and build reputation, mitigate risks and achieve business objectives.

### **Establishing**

#### **Corporate positioning and reputation building**

The importance of corporate reputation cannot be underestimated when seeking to expand into politicized and regulated markets in the West. Achieving overseas business success requires building trust with key stakeholders that allows corporate reputation. APCO helps Chinese firms achieve this through designing multi-pronged outreach campaigns in overseas markets, encompassing government engagement, media relations, corporate responsibility and third-party advocacy.

#### **Issue monitoring**

APCO tracks issues that are important to our clients' success. We monitor print, broadcast and online media, as well as government and stakeholder opinions, to provide information and analysis clients need to manage issues, reduce risks and capitalize on opportunities. Our research-based advice is contextual and well founded. For the most controversial issues, we also are well placed to discreetly audit stakeholder perceptions.

#### **Crisis360<sup>SM</sup> (crisis management)**

As crisis is by nature unexpected, there are times when companies cannot avoid it. APCO works closely with clients to develop and execute crisis communication plans specifically tailored to their companies and industries and designed to cover all stakeholders. We apply an integrated, strategic approach offering access to our seasoned specialists drawn from government, industry and the media throughout the world. APCO provides clients with a global, around-the-clock team capable of dealing with news crises in all time zones by

providing the communication tools and training that equip executives to successfully meet crisis situations head-on.

### **Corporate responsibility**

Corporate responsibility programs are now expected of foreign investors in both developed and developing markets, while civil society organizations can sometimes play key roles in determining the success of business ventures. Partnerships, stakeholder engagement programs and culturally appropriate communication can be crucial to overcoming the skepticism of foreign stakeholders regarding the commitment of Chinese companies to sustainable business practices. APCO is a recognized market leader in corporate responsibility, designing and executing programs that support our clients' business, government and public relations goals while addressing genuine community needs. Our sustainability programs have improved corporate reputations and built lasting partnerships with governments and civil society organizations around the world.

## **EXPERIENCE**

Much of APCO's best work remains strictly confidential. The following clients have, however, given us permission to feature our work for them as a way of demonstrating our strong track record in helping companies from emerging economies successfully enter and expand into developed markets.

#### **China Ocean Shipping Company (COSCO)**

Faced with discriminatory treatment under U.S. trade laws, COSCO was placed at an economic disadvantage compared to its competitors and was also suffering from negative perceptions among U.S. policy-makers and the media. APCO engaged the U.S. Congress and federal agencies to build relationships with key decision-makers, developed arguments to justify COSCO's request for an exemption from the discriminatory trade laws and helped favorably reposition the company in the eyes of policy-makers and the media. APCO also established a wider network of political allies from the public and private sectors to support this campaign. As a result, the U.S. government agreed to exempt COSCO from laws discriminating against state-owned shipping companies. Today, media coverage of the company in the United States remains positive and the relationships built with the U.S. government are still strong. In addition, COSCO is now recognized for its role in supporting positive U.S.-China maritime relations.

## Norilsk Nickel

Russia's largest mining company, Norilsk Nickel, was interested in investing in Stillwater Mining Company, which is listed on the New York Stock Exchange and based in Montana. APCO developed and carried out a government relations program to introduce Norilsk Nickel to decision-makers in Washington, D.C., and Montana, and created an overall positioning and message platform that convincingly articulated the strategic and financial rationale of Norilsk Nickel's expansion into the West. The deal was approved by all government entities, including CFIUS, an independent board of directors was appointed to govern Stillwater and the same management remained intact. Norilsk Nickel became the first Russian company to own a majority share in a publicly traded company in the United States.

## Interros

This Russian holding company enlisted APCO to help build its global awareness, thus improving the company's ability to secure business opportunities in the United States and ensure approval of its proposed acquisitions of publicly traded U.S. companies. Through the implementation of strategic initiatives and a network of relationships with key decision-makers, APCO coordinated an executive-level positioning and messaging campaign that positioned Interros as a global leader in business.

## WHAT OTHERS SAY

Over 70 percent of APCO's work comes from client referral and we achieve client satisfaction rates of over 98 percent. Following are a couple of testimonials from APCO's emerging markets clients:

"COSCO has been able to establish and maintain an open communication channel with the U.S. government and congressional members through the services of APCO."

– Mr. Zhang Liyong, President, COSCO Americas

"Our experience partnering with APCO has been unbelievable. The staff is professional and they understand the Russian mentality. APCO is truly one of the best firms in the industry today."

– Mr. Sergey Chernitsyn, Public Relations Director, Norilsk Nickel

While we treat client satisfaction as our measure of success, APCO's work has received recognition and awards from various external bodies around the world. For instance, the World Economic Forum designated APCO as a charter member of their prestigious community of Global Growth Companies, companies that demonstrate potential to become leaders in global economies.

Although our work extends well beyond the traditional realm of public relations, APCO has won a number of awards from the leading public relations publications and industry bodies around the world:

- European Consultancy of the Year  
*Public Affairs News*, 2007, 2006, 2005
- Large PR Firm of the Year  
*PR News*, *Platinum PR Awards*, 2007
- PR Agency of the Year  
*PRWeek Awards*, 2006
- UK Consultancy of the Year  
*Public Affairs News*, 2007
- Best International Agency in China  
*New Fortune Magazine*, 2004

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