

## KPMG China expands into Xiamen

Xiamen, one of the four original special economic zones in China, is administered as a sub-provincial city in Fujian province. It looks out over the Taiwan Strait and borders Quanzhou to the north and Zhangzhou to the south. Xiamen was recently voted China's cleanest city and named China's 2nd 'most suitable city for living'.

On 11 October 2010, KPMG opened our latest Mainland China office in Xiamen, adding to our existing service network of 12 offices across the country – in Beijing, Shenyang, Qingdao, Shanghai, Nanjing, Chengdu, Hangzhou, Fuzhou, Guangzhou, Shenzhen, Hong Kong SAR and Macau SAR.



### Profound history

The city's history dates back to 282 BC, when it was founded as a sub-entity of the Jin'an Prefecture. Due to its location, a coastal city in Southeastern China, it was a sustainable international seaport during the Song Dynasty and was used as a base against pirates during the Ming Dynasty in 1387.

Zheng Chenggong, a Ming loyalist, was stationed here in 1650 as the arch commander of the Ming troops resisting the conquest of China by the nomadic Manchus. Zheng named the city Siming Island, meaning "Remembering the Ming"; but the city was renamed Xiamen Subprefecture by the Manchus in 1680. In 1949, Xiamen became a provincial city, and then was upgraded to vice-province-class, or a municipality. It was made a Special Economic Zone in 1980.

Xiamen was the port of trade first used by Europeans (mainly the Portuguese) in 1541. It was China's main port in the

nineteenth century for exporting tea. As a result, Hokkien (a dialect of Min Nan Chinese spoken in southern Fujian Province) had a major influence on how Chinese terminology was translated into English and other European languages. For example, the words "tea", "ketchup" and possibly "Japan" originated from Hokkien.

Xiamen's primary economic activities include fishing, shipbuilding, food processing, tanning, textiles, machine tool manufacturing, chemical industries, telecommunications, and financial services. The city benefits particularly from investment capital from Hong Kong, Macau and Taiwan. To promote trade, business and investment in Xiamen, the city has established five industrial zones namely: the Xiamen Export Processing Zone, Xiamen Haicang Taiwanese Investment Zone, Xinglin Taiwan Merchants Development Zone, Xiamen Torch Hi-Tech Industrial

Development Zone and Xiamen Xiangyu Free Trade Zone. Xiamen is also the host of the China International Fair for Investment and Trade held annually in early September to attract foreign direct investment into the Chinese mainland.

### Well-positioned

Located at the mouth of the Jiulong River, Xiamen has an excellent natural harbour and is connected to the mainland by a railroad that crosses on a dike. In part because of its key position across the Taiwan Strait from Taiwan, Xiamen was designated a special economic development city in China, and was ranked one of the top 10 Chinese cities in relation to comprehensive strengths. Total industrial investment in Xiamen reached RMB 16 billion in 2009 and GDP reached RMB 162.3 billion, an increase of 8% compared to the previous year.

By establishing our 13th China office in Xiamen, KPMG China will strengthen our services network in Southeast China, and further help assisting state-owned and private domestic companies in looking for international investors and developing their presence in overseas markets. The new office is also committed to helping multinational companies like TDK, GN Resound, North Pole, LG, TPV and GE, etc. in developing opportunities in Southeast China.

### Major companies in Xiamen

Xiamen city is one of China's four original Special Economic Zones (the other three cities are Shenzhen, Zhuhai and Shantou in Guangdong Province), and has been granted the right to manage its own economic affairs while offering preferential investment policies to foreign enterprises. Since the full opening of the zone in 1984, all aspects of Xiamen's society including its economy, educational and scientific institutions, have developed rapidly. Today, Xiamen is a special window city

for contact between China and the rest of the world, easily accessible, thriving, and full of potential. As one of the major cities in China, Xiamen has become a prime investment location for foreign companies.

Just a few of the names on the long list of world-renowned companies in the city are Dell, KODAK, Coca-Cola, Pepsi, Toshiba, Sanyo, McDonald's, and Goldman Sachs.

### Location of Xiamen in China



### Well-connected transport network

The city of Xiamen is directly connected by highways to neighbouring cities – The Fuzhou-Xiamen and Zhangzhou-Xiamen Highways link up Xiamen with every part of Fujian Province and with the provinces of Guangdong, Jiangxi and Zhejiang as well.

It is also possible to travel to other major cities like Shanghai, Beijing and Shenzhen via the Yingtan-Xiamen Railway, which is linked to the nationwide railway network. Direct passenger services are available between Xiamen and Shanghai, Nanjing, Hefei, Fuzhou, Nanchang

and Yingtan. In addition to the well equipped, main Xiamen Railway Station, the Xiamen North Railway Station, situated at Gaoqi, has been extended for transport of import and export goods.

The Xiamen Gaoqi International Airport (XMN), which is one of the busiest airports in China, services over 50 domestic airline routes which connect Xiamen to 58 cities in China including Beijing, Shanghai, Guangzhou, Hong Kong, Nanjing, Guilin, Chengdu, and Harbin. In addition, a number of international flights leave from Xiamen Gaoqi International Airport every week taking passengers to 17 cities in South

### Quick facts

#### Xiamen

Population: 2.52 million

Total GDP: USD 23.81 billion  
(up 8% yoy)

Per capita GDP: USD 9,448  
(up 8% yoy)

#### Fujian Province

Population: 36.3 million

Total GDP: RMB 1.22 trillion  
(USD 179 billion)

Per capita GDP: USD 4,963

Korea, Japan, America, Southeast Asia, and Europe. Direct flights travel between Xiamen and Singapore, Bangkok, Tokyo, Hong Kong and Beijing, from where long-haul connections can be made.

Adding to the city's extensive transport network is the Xiamen Port, which is one of the top ten ports in China. It is a huge, deepwater, ice-free port that is free of silt. The port is located on Xiamen Island which is at the mouth of the Jiulong River. It has an excellent natural harbour and is well connected to the mainland.

## KPMG's China Desk network

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## Xiamen today and future opportunities

Like its counterparts, Xiamen is playing an important role in driving the economic growth in China, particularly in Southeastern China.

During the next ten years, Xiamen will continue to build on its economic, educational, and scientific successes as it seeks to fulfill its goal of becoming an internationally recognised centre for tourism, trade, and technological development. As it works to expand its port facilities and further modernise its financial services, Xiamen will continue to maintain a stable and prosperous environment for foreign investors.

## KPMG's China Desk network

KPMG's China Desk Network is a network of professionals from KPMG member firms dedicated to assisting foreign companies investing in China, and to supporting Chinese companies investing overseas.

The China Desk network assists foreign companies as they invest in China, covering a broad range of needs -- from market entry studies to transaction assistance, and from royalty revenue protection to fraud and mismanagement investigations. KPMG China offers a full range of services to the international investors.

The China Desk Network also serves Chinese companies looking to invest in overseas markets, and has assisted Chinese companies with major overseas investments providing transaction, migration and taxation advisory services.



## Contact us in Xiamen

### About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 146 countries and have 140,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

### KPMG China

In 1992, KPMG became the first international accounting firm to be granted a joint venture licence in China, and our Hong Kong SAR operations have been established for over 60 years since 1945. This early commitment to the China market, together with our unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in our appointment by some of the China's most prestigious companies.

With thirteen offices and more than 9,000 staff, our single management structure allows efficient and rapid allocation of resources wherever you are located in China.

For more information on our new office, and how we can help you in Fujian, please contact us.



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