

The background features a stylized city skyline with various skyscrapers in shades of brown, purple, and teal. A prominent building on the right has a distinctive curved, sail-like top. The design is composed of geometric shapes and semi-transparent layers, creating a modern, layered effect.

Report on the Development of Chinese Enterprises in the UAE (2022-2023)

Joint Conference of Chinese Overseas Chamber of Commerce (JCCOCC)
Chinese Business Council in UAE

**Report on the Development of
Chinese Enterprises in the UAE
(2022-2023)**

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DEDICATION



Economic and Commercial Counselor of the Embassy of China in the UAE

Mr. Zhu Lian

The United Arab Emirates is located in the southeastern tip of the Arabian Peninsula, is located in the Gulf into the Indian Ocean maritime traffic, rich in oil and gas resources. Proven oil reserves of about 107 billion barrels and proved natural gas reserves of about 8.2 trillion cubic meters, both ranked sixth in the world. The oil industry is the backbone of the UAE, making it the second largest economy in the Gulf region and one of the richest countries in the world. In order to reduce its dependence on the oil industry and achieve sustainable development, the UAE is committed to implementing economic diversification policies and has gradually developed into a financial, trade, logistics, exhibition, tourism center and commodity distribution center in the Middle East.

Since President Sheikh Mohamed bin Zayed Al Nahyan took office in May 2022, his governing style has been steady and pragmatic, the

transition of power has been generally smooth, and social security has been relatively stable. In March 2023, the president appointed his eldest son, Khalid, as Crown prince, and promoted Mansour and other three brothers to vice president and deputy chief, achieving the transition of power. The UAE has continuously improved its legal system, increased national pride and foreign investor confidence, and ranked first in the MENA region and 10th globally in the world Competitiveness ranking for the seventh consecutive year.

Under the positive influence of rising international oil prices and recovery of economic activities, the UAE's fiscal position has continued to improve and its macroeconomic growth has been strong. In 2022, the economic growth rate reached a higher-than-expected 7.6%, and the World Bank's per capita GDP ranked seventh in the world. The International Monetary Fund expects the economy to grow by 3.5% in 2023. The UAE is committed to promoting innovative and open development by launching a digital economy strategy and corporate tax law in 2022 and a digital currency strategy in 2023. In order to accelerate the development of global trade networks, the UAE has signed Comprehensive Economic Partnership agreements with India, Indonesia, Israel and other countries, and launched negotiations with Ukraine and Vietnam. Strong recovery in the tourism and civil aviation sectors, with Dubai hosting 14.36 million international overnight visitors in 2022, up 97% year-on-year; Emirates airports handled 31.8 million passengers in the first quarter of 2023, returning to pre-pandemic traffic levels.

Since the establishment of diplomatic ties in November 1984, bilateral economic and trade cooperation between China and the UAE has made remarkable achievements. In 2012, China and Argentina established strategic partnership and friendly cooperation in various fields reached a new level. The UAE has actively responded to China's Belt and Road

Initiative and formally applied to become a founding member of the Asian Infrastructure Investment Bank in March 2015. In December 2015, the Crown Prince of ABU Dhabi, visited China, and the two sides signed a series of cooperation agreements, including the China-Arab Joint Investment Fund, with a total value of 10 billion US dollars. In 2019, the Prime Minister of the UAE and the Crown Prince of ABU Dhabi visited China successively, during which the two countries signed a number of agreements and reached new cooperation results. In January 2022, the Crown Prince of ABU Dhabi visited China to attend the opening ceremony of the Beijing Winter Olympics.

China and Argentina are highly complementary economically, have highly compatible interests and enjoy broad prospects for cooperation. At the same time, the UAE's pursuit of excellent development concepts, enviable development speed, open and inclusive social culture and geographical advantages of radiation to the surrounding areas have made it a happy land for Chinese enterprises to invest and start businesses. At present, more than 6,000 Chinese companies are developing local and regional businesses in the UAE. The UAE has been China's largest export destination and second largest trading partner in the Arab region for many years in a row, and major bilateral economic and trade cooperation projects are making solid progress. The achievements of China-Arab economic and trade cooperation are a reflection of the complementary economic advantages of the two countries and the closer economic interests of the two countries.

At present, Chinese enterprises have made good progress in the fields of oil and gas, new energy, infrastructure construction, communications and finance in the UAE, and are actively exploring emerging markets. However, the UAE market is highly open, the competition is fierce, and the Western standard system is common, and the market access barrier is

high. Chinese enterprises and Chinese citizens should do a solid job in the preliminary research to invest in the UAE, fully grasp the political, economic, cultural and industrial development status of the UAE, and fully grasp the characteristics of the UAE market environment, industry rules and development trend. We will establish a sound risk control and management mechanism, and actively and steadily carry out various investment, trade and project contracting businesses.

In the future, with the closer bilateral relations, China-Arab economic and trade cooperation will enjoy broader prospects. As an economic and business organization accredited by the Chinese government to the UAE, we warmly welcome Chinese enterprises to invest and do business in the UAE and will be happy to provide you with quality services.

Economic and Commercial Section of the Embassy of China in the
UAE
August 2023

PREFACE



President of Chinese Business Council in UAE

Mr. Chen Xinrong

The United Arab Emirates (UAE) is the brightest pearl of the Gulf region in the Middle East, bridging the world as a vital transportation hub and center of international trade and finance. The UAE is also an oasis of peace and prosperity, and over the years it has created many "world wonders" by adhering to the concepts of openness, inclusiveness, and innovative development.

China and the UAE, despite being separated by thousands of miles, are as close as brothers. Since the establishment of diplomatic relations between the two countries in 1984, China-UAE relations have continued to develop in a comprehensive and in-depth manner under the wise and farsighted direction of their respective governments. In 2018, China and the UAE established a comprehensive strategic partnership and actively cooperated in the Belt and Road Initiative, leading to an unprecedented

level of friendship and collaboration in multiple fields. The UAE has become one of the Middle Eastern countries with the deepest, broadest, and most fruitful cooperation with China, and is a model for China and the rest of the Arab and Islamic countries to carry out mutually beneficial, respectful, pragmatic, and friendly cooperation. China is the largest non-oil trading partner of the UAE, and the UAE is China's top export destination and second largest trading partner in the region. In the first six months of 2022, China-UAE trade reached USD 46.03 billion, a year-over-year increase of 46.4%, setting a new historical record.

The year 2022 was an extraordinary year for the UAE. Its economic and social scenes are heading for a full recovery and GDP growth rate is expected to reach 7%, making it a shining star amidst global economic turbulence. Following this trend, Chinese enterprises in the UAE are certain to develop and grow, whilst making important contributions to local economic and social development and economic and trade cooperation between China and the UAE.

With steadfast support from the Joint Conference of Chinese Overseas Chamber of Commerce (JCCOCC), the Chinese Business Council in UAE has spent several months meticulously compiling the "Report on the Development of Chinese Enterprises in the UAE (2022-2023)". This report aims to comprehensively present the post-pandemic development perspective of Chinese enterprises in the UAE, accurately reflect their present operating situations, and define the novel opportunities and challenges they face, to both domestic and international circles. It also relays the suggestions of Chinese enterprises to the relevant local government departments and agencies, in order to support the steady development of Chinese enterprises in the UAE.

In the post-pandemic era, the Chinese Business Council in UAE will, as always, diligently serve the needs of Chinese enterprises and promote

solidarity. We will act as a bridge to enhance the understanding and mutual trust between the business communities of China and the UAE, and together create a brilliant future with prosperous and flourishing economic and trade cooperation!

Chen Xinrong

August 2023

CONTENTS

| | |
|--|-----------|
| Chapter One - General Overview of Chinese Enterprises in the UAE..... | 1 |
| 1.1 Basic Information..... | 1 |
| 1.2 Operating Status | 13 |
| 1.3 Introduction of Representative Companies | 28 |
| Chapter Two - Evaluation of the Business Environment by Chinese Enterprises in the UAE | 36 |
| Chapter Three - Opportunities, Challenges, and Countermeasures for Chinese Enterprises | 40 |
| 3.1 Opportunities | 40 |
| 3.2 Challenges..... | 42 |
| 3.3 Research and Case Studies | 46 |
| Chapter Four - Appeals and Proposals Regarding Investment and Operation, Plans for Future Development | 55 |
| 4.1 Appeals Regarding Investment and Operation | 55 |
| 4.2 Plans for Future Development | 58 |
| Appendix: China-UAE Bilateral Agreements and the Industrial Capacity Cooperation Demonstration Zone | 63 |
| China-UAE Bilateral Agreements | 63 |
| China-UAE Industrial Capacity Cooperation Demonstration Zone | 66 |
| About Chinese Business Council in UAE..... | 67 |
| About PricewaterhouseCoopers (PwC) | 68 |
| REFERENCES | 70 |

Chapter One - General Overview of Chinese Enterprises in the UAE

Data from China's Ministry of Commerce shows that as of June 2021, over 4,000 Chinese firms have opened companies or offices in the UAE. In order to gain a deeper understanding of the situation of Chinese-funded retained enterprises in the UAE, the Chinese Business Council in UAE surveyed 44 Chinese businesses that have entered the UAE market. Additionally, 10 representative Chinese enterprises in UAE, including China Telecom Corporation, China State Construction Engineering Corporation, CNPC Middle East, China National Building Material Group, China COSCO Shipping Corporation, POWERCHINA MENA, Bank of China, Industrial and Commercial Bank of China, China Construction Bank and Agricultural Bank of China, and were interviewed in writing. Most of the interviewed enterprises are Chinese Central State-owned enterprises with considerable assets and revenues, have entered the UAE market for relatively longer time periods, and have a high level of understanding of the UAE market. The interviewed enterprises introduced their overall situation in the UAE, motivations behind investing in the UAE, current operating status, evaluations and suggestions regarding the business environment of the UAE, opportunities and challenges they face, the measures they have taken to cope, as well as plans for future development in the UAE.

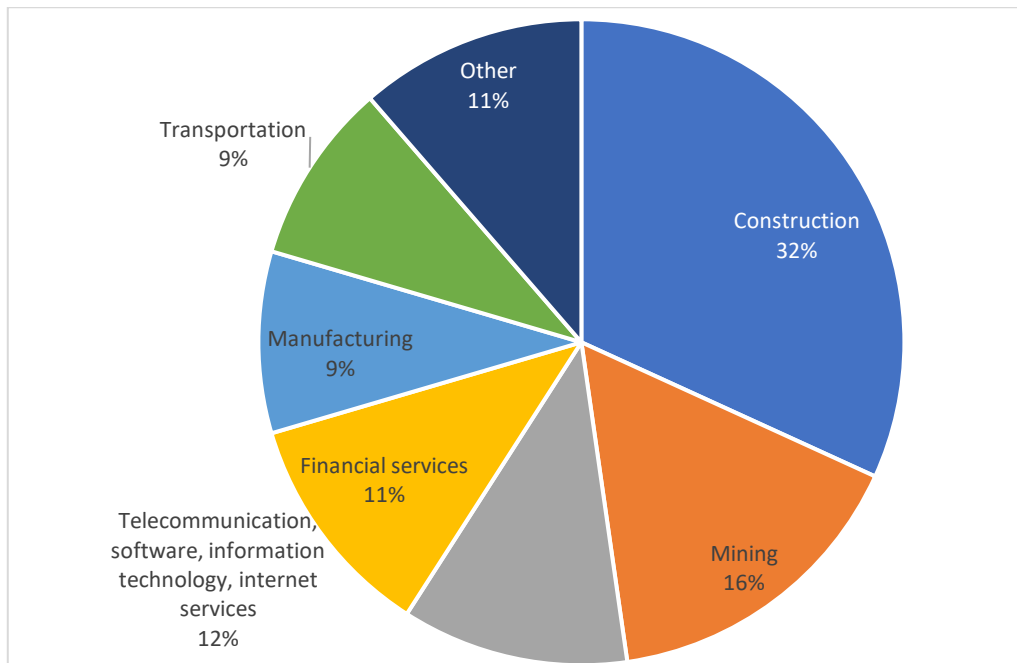
1.1 Basic Information

1.1.1 Overview

According to our results, 32% of the surveyed enterprises are from the construction industry, 16% are from the mining industry, 12% are engaged

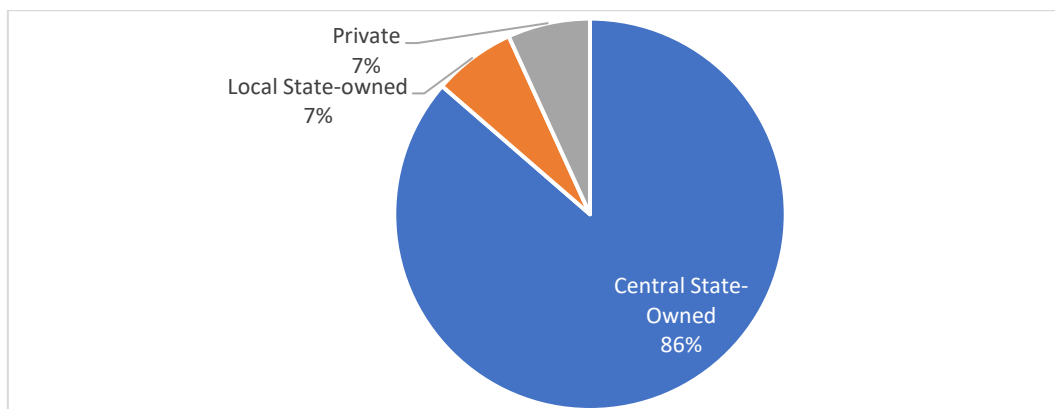
in telecommunication, software, information technology, and internet services, 11% provide financial services, 9% are concentrated in manufacturing and transportation each, and 11% are from other industries, including general enterprise, energy conservation and environmental protection, and retail.

Figure 1-1 Industries of Surveyed Enterprises



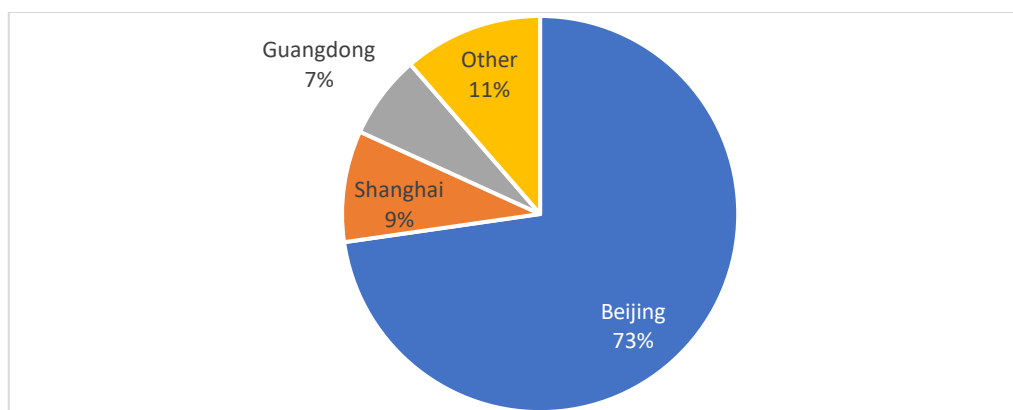
86% of the surveyed enterprises are Chinese Central State-owned enterprises, while Local State-owned enterprises and private enterprises each account for 7%.

Figure 1-2 Attributes of Surveyed Enterprises



As the vast majority of respondents are Chinese Central State-owned enterprises, 73% are headquartered in Beijing, followed by Shanghai (9%), and Guangdong (7%). The remaining respondents are headquartered in Jiangsu, Henan, Shanxi, Heilongjiang, and Hong Kong, etc.

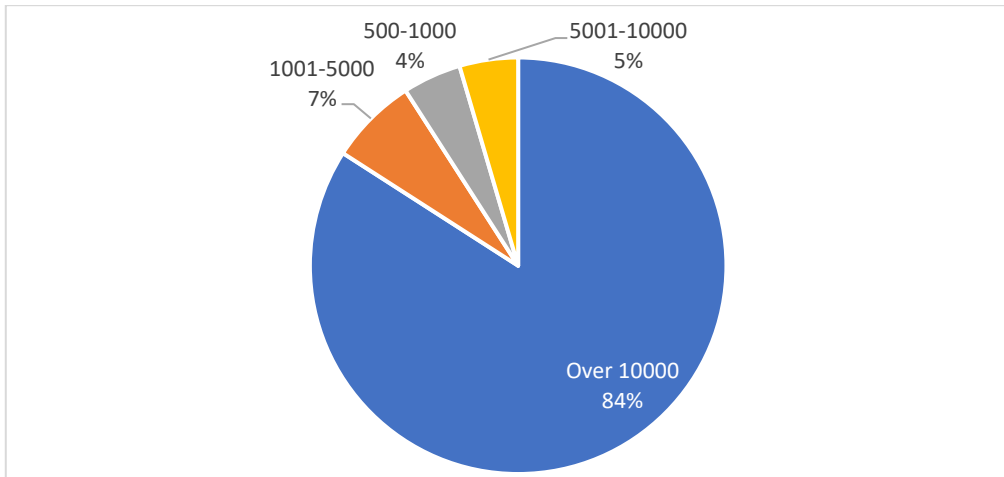
Figure 1-3 Location of Headquarters of Surveyed Enterprises



Over 98% of respondents have annual operating revenues of over RMB 1 billion, over 93% exceed RMB 10 billion.

All surveyed enterprises exceed 500 global employees with 84% of enterprises exceeding 10,000, higher than the average number of global employees of Chinese multinational companies. This is related to the fact that the vast majority of the surveyed firms are Chinese Central State-owned enterprises.

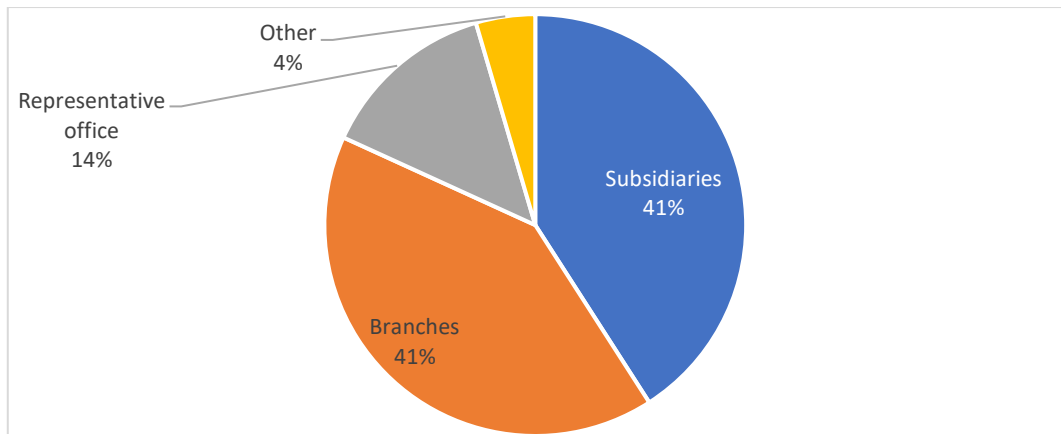
Figure 1-4 Number of Global Employees in Surveyed Enterprises



1.1.2 Overview of Establishments in the UAE

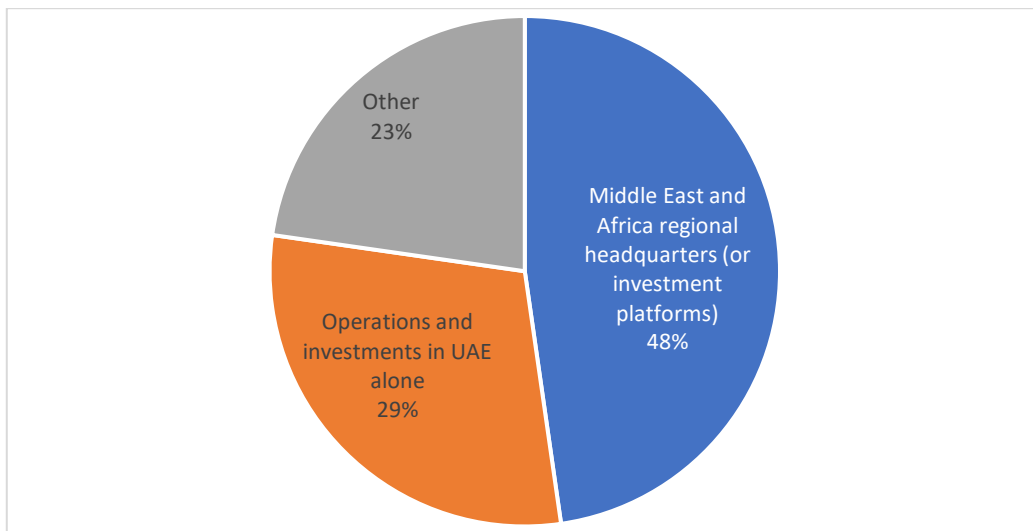
Over 60% of respondents have set up in Dubai, with over 1/3 choosing Abu Dhabi. Most of the respondents' establishments in the UAE are classified as branches (41%) and subsidiaries (41%), while 14% are representative offices.

Figure 1-5 Type of Establishment of Surveyed Enterprises in the UAE



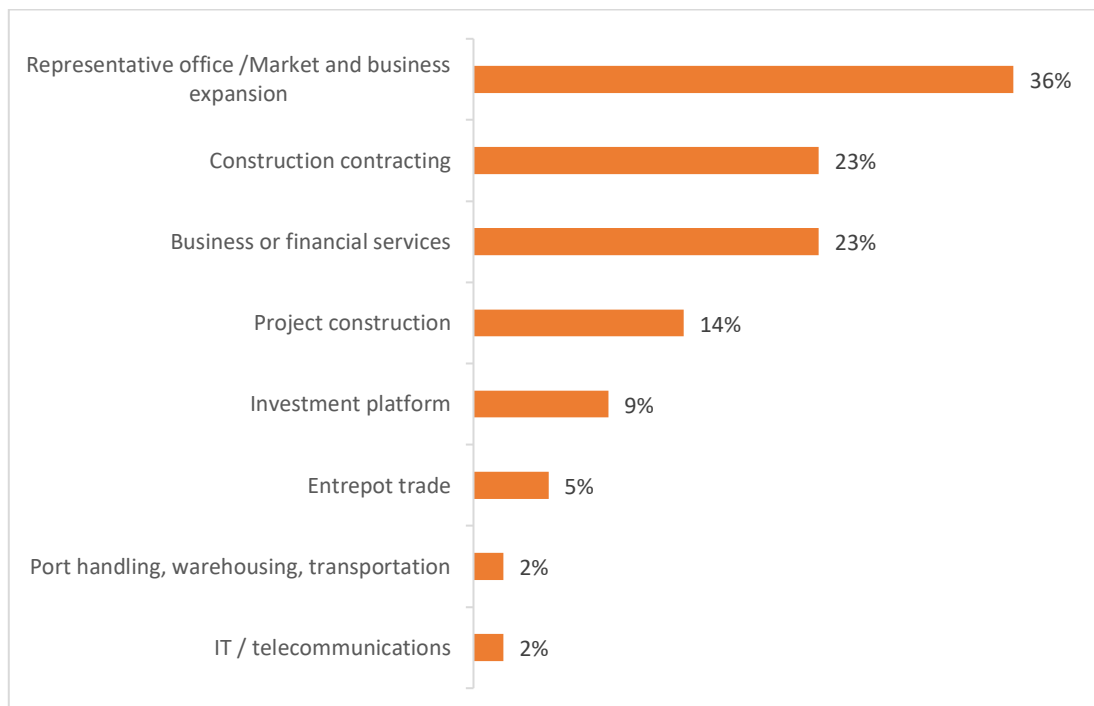
48% of enterprises established operations in the UAE to serve the Middle East and Africa regions, while 29% have operations or investments in the UAE only.

Figure 1-6 Positioning of Surveyed Enterprises' UAE Operations



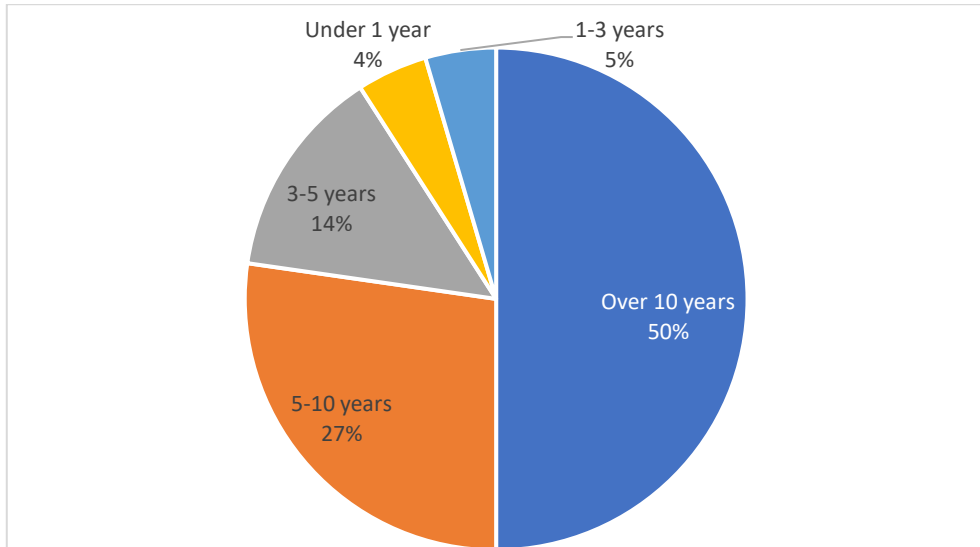
Over 1/3 of respondents' UAE operations function as market and business expansions or representative offices. 23% of firms are involved in construction contracting and providing business or financial services each. Other purposes include project construction (14%), investment platforms (9%), entrepot trade (5%), port handling, warehousing, and transportation (2%), and information technology (IT) and telecommunications (2%).

Figure 1-7 Main Functions of Surveyed Enterprises' UAE Operations



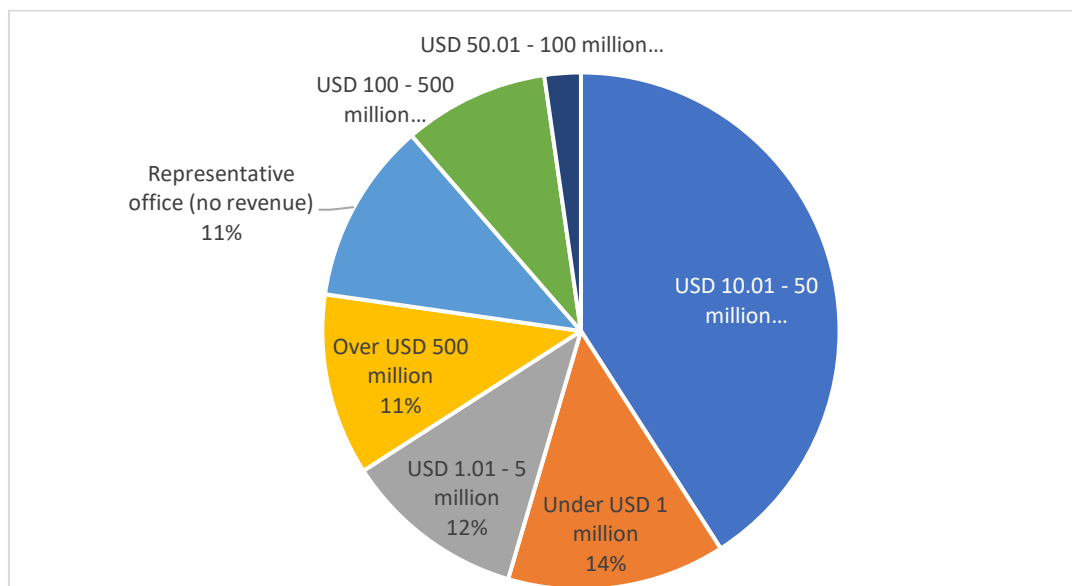
Half of the respondents have been operating in the UAE for over 10 years, almost 30% between 5 and 10 years, and 4% for less than a year.

Figure 1-8 Duration of Surveyed Enterprises' Operations in the UAE



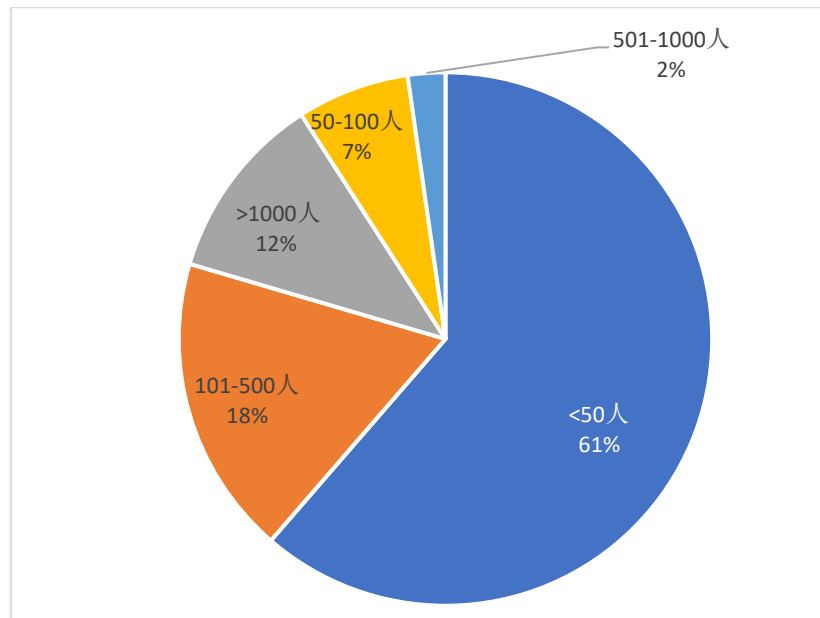
20% of surveyed enterprises have annual revenues of over USD 100 million from their UAE operations, with 11% exceeding USD 500 million. Around 40% have annual revenues between USD 10.01 and 50 million. Meanwhile, 11% of enterprises only maintain representative offices in the UAE and therefore do not generate revenue.

Figure 1-9 Annual Revenue Size of Surveyed Enterprises in the UAE



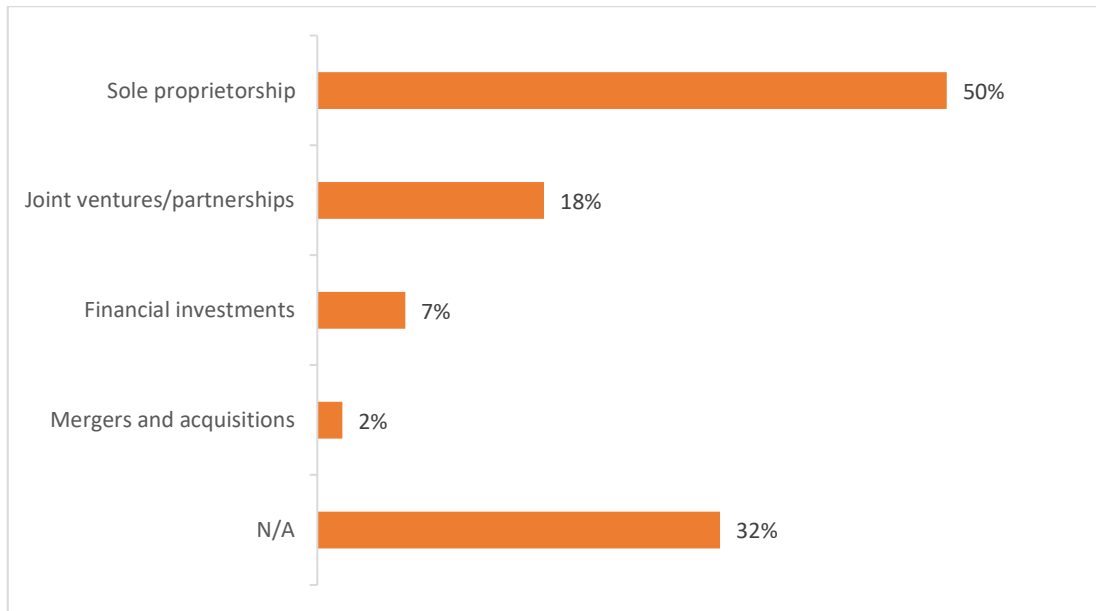
Over 2/3 of surveyed enterprises retain a relatively small workforce in the UAE. 61% have less than 50 employees, nearly 20% have 101-500 employees, and 12% have over 1,000 employees.

Figure 1-10 Number of Employees of Surveyed Enterprises in the UAE



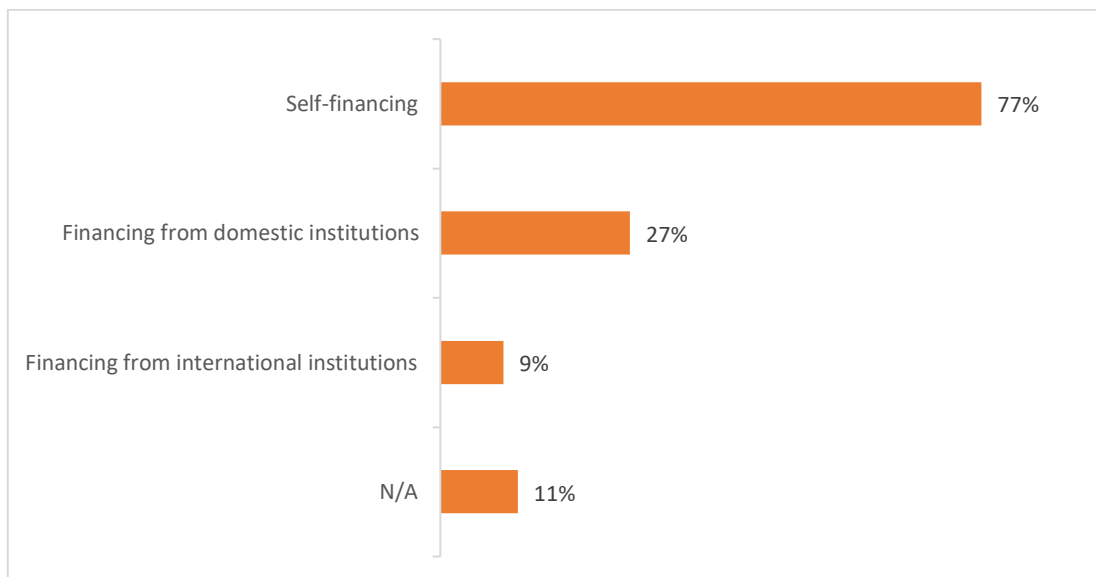
Half of the respondents' investments in the UAE are in the form of sole proprietorships, 18% are joint ventures and partnerships, and 32% chose N/A (not applicable), mainly because the firm is either engaged in infrastructure construction, mining, financial or technical services, performs engineering and construction, or business expansion duties. Some of the respondents only maintain representative offices in the UAE which do not generate revenue. About 9% selected two or more options, while all other respondents selected a single option.

Figure 1-11 Investment Methods of Surveyed Enterprises in the UAE



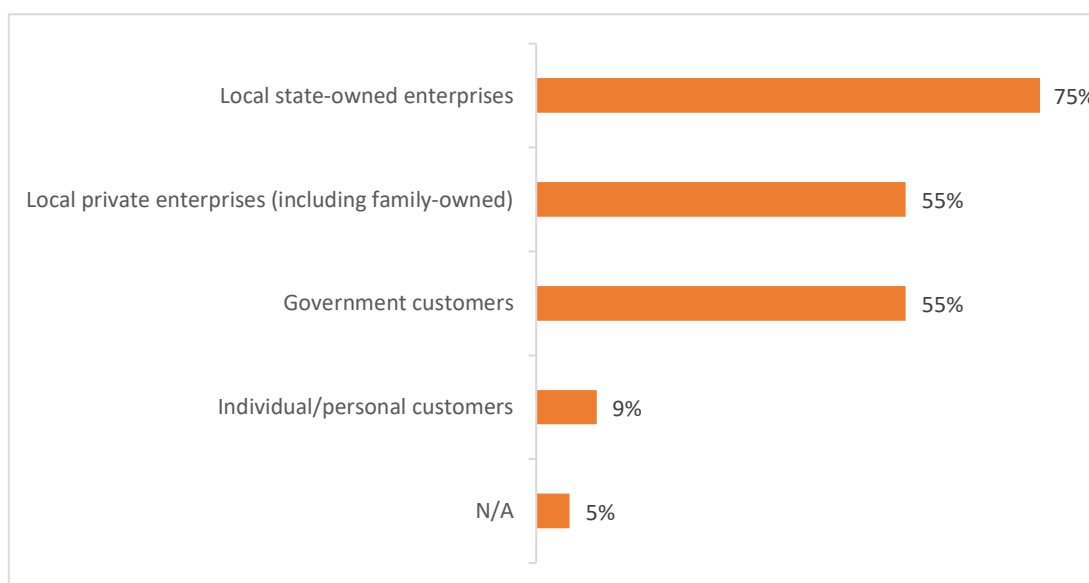
Barring those that do not generate revenue (11%), 77% of surveyed enterprises invest in the UAE by self-financing, 27% raise funds from domestic financial institutions, and only 9% are funded by foreign financial institutions. Over 20% of respondents chose over two financing methods, two chose all three methods, and one chose financing from both domestic and foreign financial institutions.

Figure 1-12 Main Sources of Funding for Investments in the UAE by Surveyed Enterprises



Regarding the composition of their customer bases, over 60% of respondents selected multiple options, with nearly 30% choosing over three options. 75% of surveyed enterprises serve local state-owned enterprises, 55% serve local private enterprises (including family-owned enterprises) and governmental customers each, and individual customers account for only 9%.

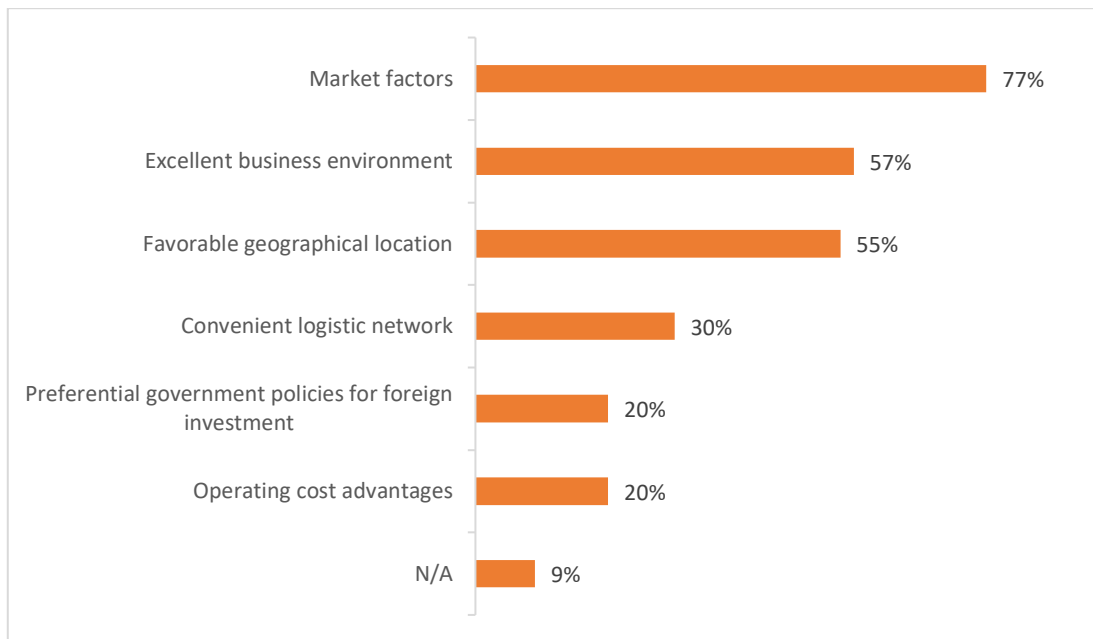
Figure 1-13 Customer Base Composition of Surveyed Enterprises in the UAE



1.1.3 Investment Considerations

Market factors are the most important element influencing respondents' choice to invest in the UAE (77%), including the strong market potential and the purchasing power of customers. "Excellent business environment" (57%), "favorable geographic location" (55%), and "convenient logistics network" (30%) are also major factors attracting Chinese enterprises to invest in the UAE. "Preferential government policies to attract foreign investment" and "operating cost advantages" such as labor and raw materials attracted 20% of respondents each. Over half of respondents chose at least three factors, and 14% chose all of them. 9%, mainly construction firms working on contracts, chose N/A.

Figure 1-14 Main Reasons why Surveyed Enterprises Chose to Invest in the UAE



Some of the interviewed enterprises shared their key considerations behind investing in the UAE.

CNPC Middle East: The UAE is an active contributor to the Belt and Road Initiative and is an important strategic partner of China in the Middle East. The internal affairs of the UAE remain stable, and the environment for political and economic development is stabilizing and improving. The UAE relies on its oil resources to maintain close relations with many countries, and is considered a high-end market in the Middle East. The UAE has a relatively sound legal system, a high degree of marketization and transparency, diverse sources of construction funds, and relatively diversified project construction methods. The UAE attaches importance to the development of an innovative and knowledge-based economy and aims to become a pioneer of the global green economy, which has high compatibility with China's industrial development strategy and strengths.

China Telecom Middle East FZ-LLC: With the promotion of the "Go globally" strategy and the accelerated implementation of the Belt and Road Initiative, the UAE's favorable location radiating to the Middle East

and Africa, positive interactions with the Chinese business communities, diversified economic development strategy, and huge market potential are the main considerations for China Telecom Corporation Ltd. to set up a branch in the UAE (to assume the role of a regional center). In addition, the UAE government's "Towards the Next 50 Years" development plan places great emphasis on the telecommunications industry and the digital economy, which are also important considerations behind China Telecom's investment in the UAE.

China State Construction Engineering Corporation (Middle East) LLC: The UAE is the financial center of the Middle East with trade radiating to the Middle East and Africa markets. Its superb geographical location allows for very convenient sea, land, and air transportation and its government prioritizes attracting foreign investments by providing many facilities for foreign enterprises. China and the UAE have close relations and are important trade partners of each other. The UAE duty-free port has 5% tariff exemption during storage, making entrepot trade especially convenient, and allowing strong trade radiation to its neighboring countries.

COSCO Shipping (West Asia) FZE: The UAE is a founding member of the Asian Infrastructure Investment Bank (AIIB). With a low tax rate, convenient port logistics, complete supporting facilities, one-stop service, high level of networked management, and relatively fast and efficient administrative services, it is one of the most attractive countries for investment in the Gulf and the Middle East. In addition, Dubai is the center of the global Islamic financial system.

POWERCHINA MENA: The UAE's focus on infrastructure, water (desalination), renewable energy, energy storage, and other areas is highly compatible with our company's core business of "water, energy, and cities". Moreover, the good political relationship between China and the UAE,

sound rule of law, and favorable business environment are the main considerations behind the group's investment in the UAE.

Bank of China Dubai Branch: The UAE is a hub connecting the Middle East, South Asia, and Africa, with a stable political and social environment, a favorable security situation, a relatively well-developed financial sector, a relatively complete legal system, and a sound judicial system. In particular, the Dubai International Financial Center (DIFC) exists as an independent jurisdiction with a separate civil and commercial legal system based on British common law, providing foreign investors with more international, modern, transparent, and efficient legal protection.

Industrial and Commercial Bank of China: With a total area of 83,600 square kilometers and a population of over 9 million, the UAE belongs to the affluent Gulf Cooperation Council (GCC) region and is the first Gulf country to establish a strategic partnership with China. The UAE has a low level of taxation, with essentially a no-tax policy for businesses and individuals at the federal level, no income tax, excise tax or intermediate taxes of any kind. According to the World Bank's "Doing Business 2020" report, the UAE ranks 16th out of 190 countries and regions in terms of ease of doing business. Simultaneously, the UAE is located at the throat of the Persian Gulf, offering convenient transportation and logistics. Coupled with a secure political and social situation and timely guidance from the local government, the UAE has become the center of trade distribution in the Middle East, with its influence reaching North Africa, Southern Europe, and other regions in South and West Asia. An "eight-hour flight" from the UAE covers over two thirds of the world's population, and its favorable geographical location has further promoted the rapid development of its free trade, aviation, finance, tourism, exhibition, and other industries.

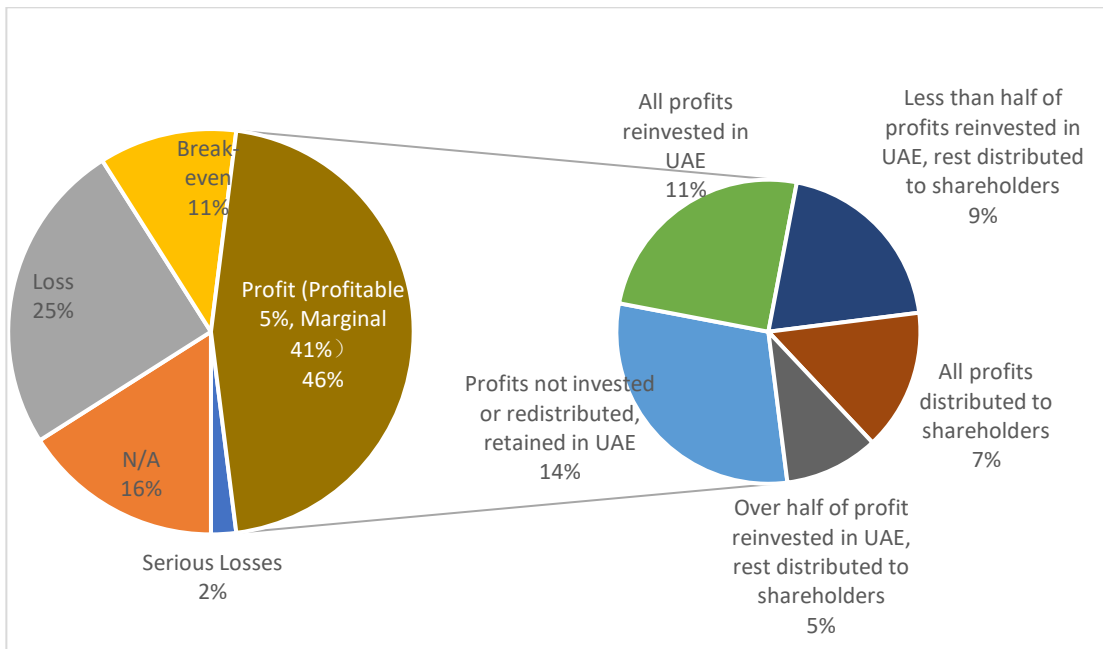
1.2 Operating Status

1.2.1 Earnings and Profit Distribution

About half of the surveyed enterprises are currently able to achieve profitability, of which only 5% are making substantial profits and 41% are realizing small profits. About 1/4 of the surveyed enterprises are in the red, and one surveyed enterprise is sustaining serious losses.

For businesses that make a profit, 85% retain their profits in the UAE, with 11% reinvesting all their profit; 14% do not distribute their profits, and only 7% distribute all of their profits to shareholders.

Figure 1-15 Profitability and Profit Distribution of Surveyed Enterprises

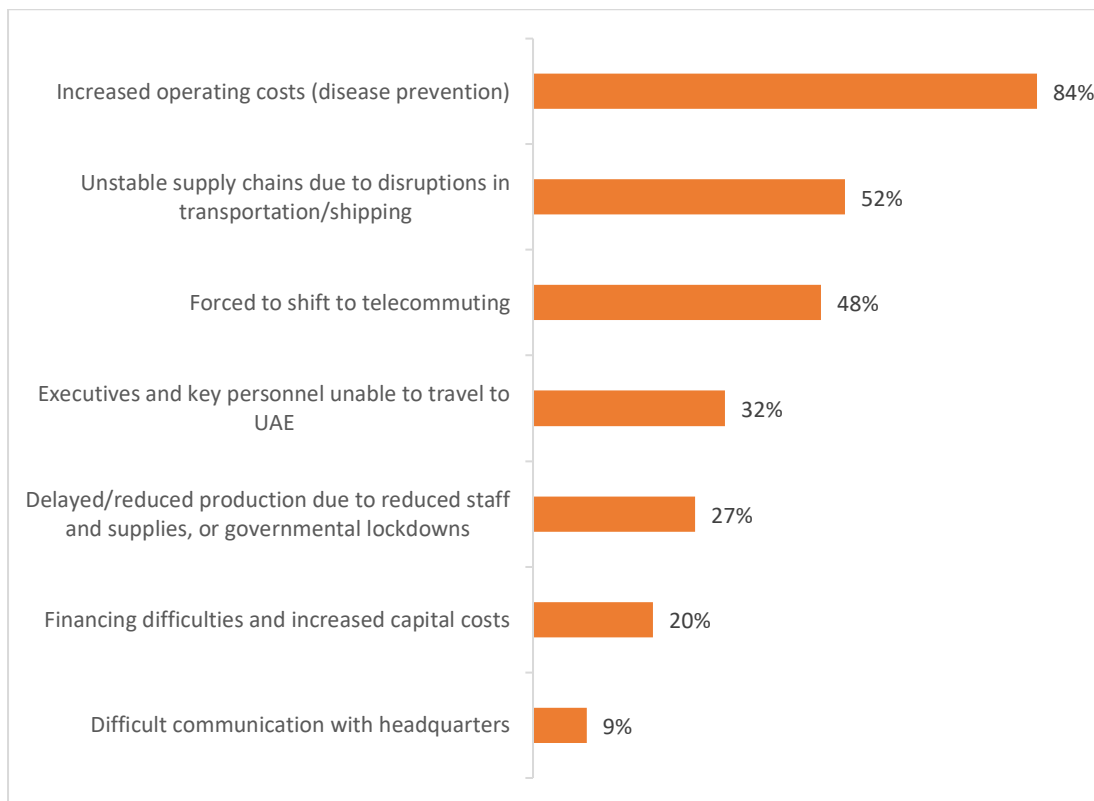


1.2.2 Impact of and Response to the COVID-19 Pandemic

84% of respondents indicated that the pandemic has increased operating costs. 52% reported that the pandemic has led to disruptions in transportation/shipping, which in turn has led to unstable supply chains. About 48% were forced to shift to telecommuting. 32% reported that

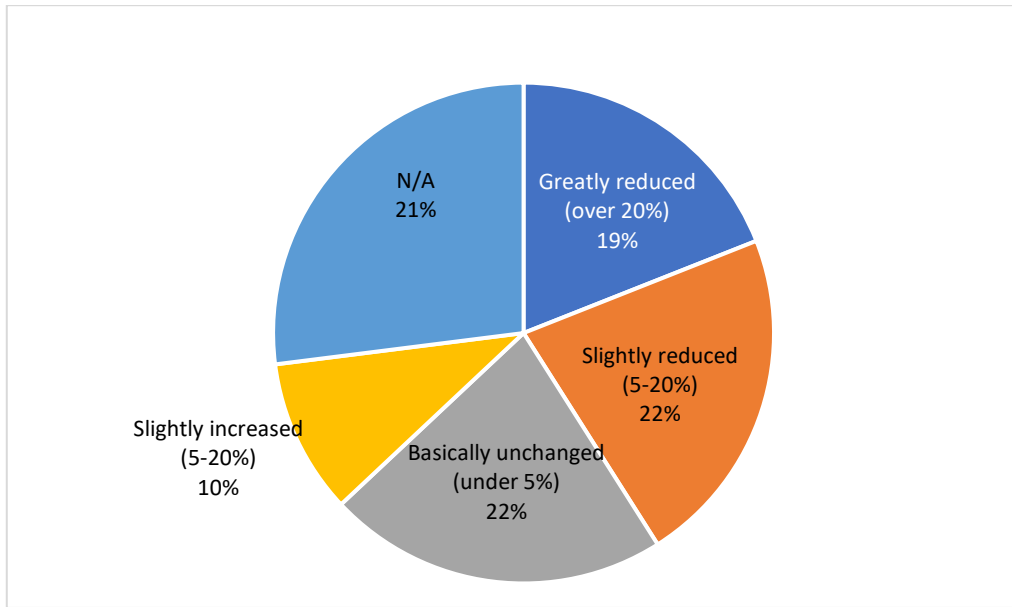
executives and employees were unable to physically travel to and from the UAE. 27% of firms had delayed or reduced production due to staff and/or supply shortages. 20% experienced increased difficulty in financing and rising capital costs. 9% reported communication difficulties between local organizations and headquarters. It is evident that the pandemic has affected all aspects of production, logistics, supply chain, capital costs, employee exchange, and communication, leading to a substantial and undeniable impact on Chinese enterprises.

Figure 1-16 Impact of the COVID-19 Pandemic on Surveyed Enterprises



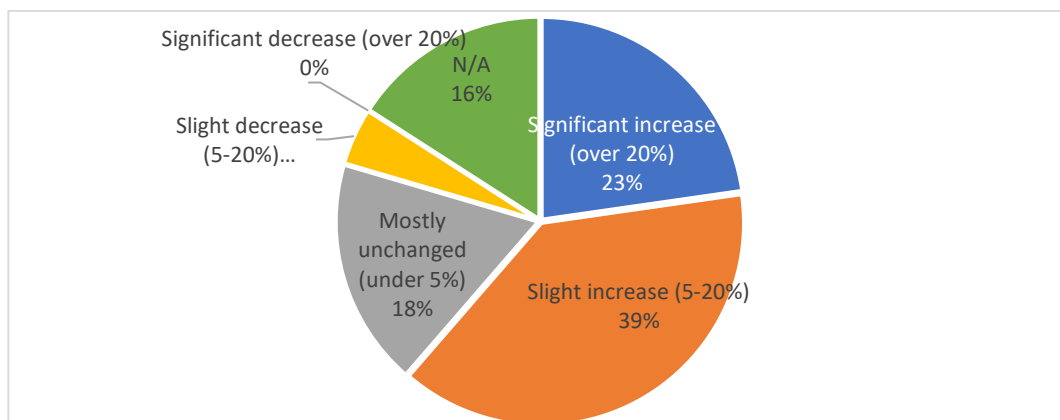
Regarding whether the pandemic has affected revenues, 22% of respondents chose "slightly reduced" and "basically unchanged" each; 19% indicated that their revenues were significantly reduced by over 20%. Meanwhile, 10% reported a slight increase between 5% to 20% and 7% had a significant increase in revenues by over 20%.

Figure 1-17 Changes in Revenues for Surveyed Enterprises Post-Pandemic



80% of respondents indicated that their operating costs increased post-pandemic, 39% experienced a slight increase of about 5%-20%, and 23% experienced a significant increase of over 20%. 18% indicated that they were essentially even, with an increase of 5% or less. 5% experienced a slight decrease in their operating costs.

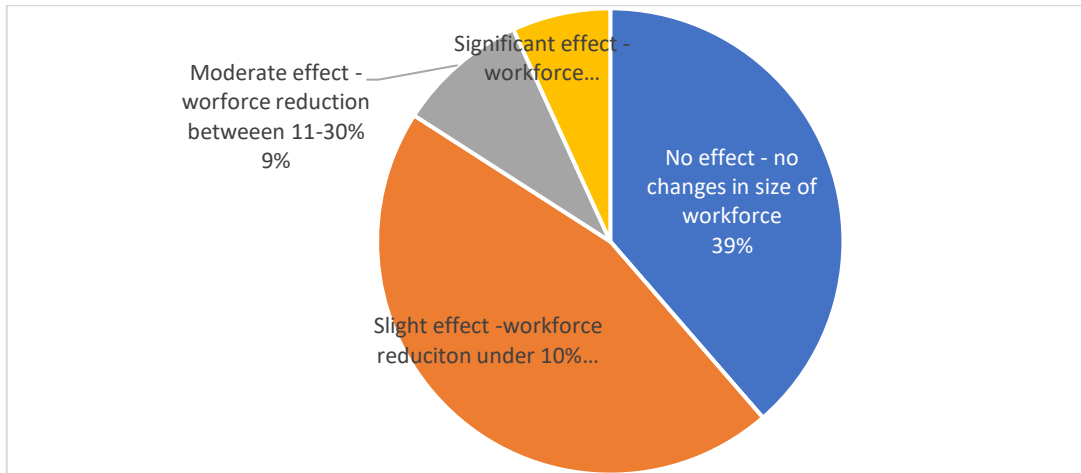
Figure 1-18 Changes in Operating Costs of Surveyed Enterprises Post-Pandemic



The results of the survey reflect that the impact of the pandemic on the workforce stability of Chinese enterprises in the UAE is relatively slight, with 39% of surveyed enterprises experiencing no change in the number of employees; only 16% experienced a significant reduction in the

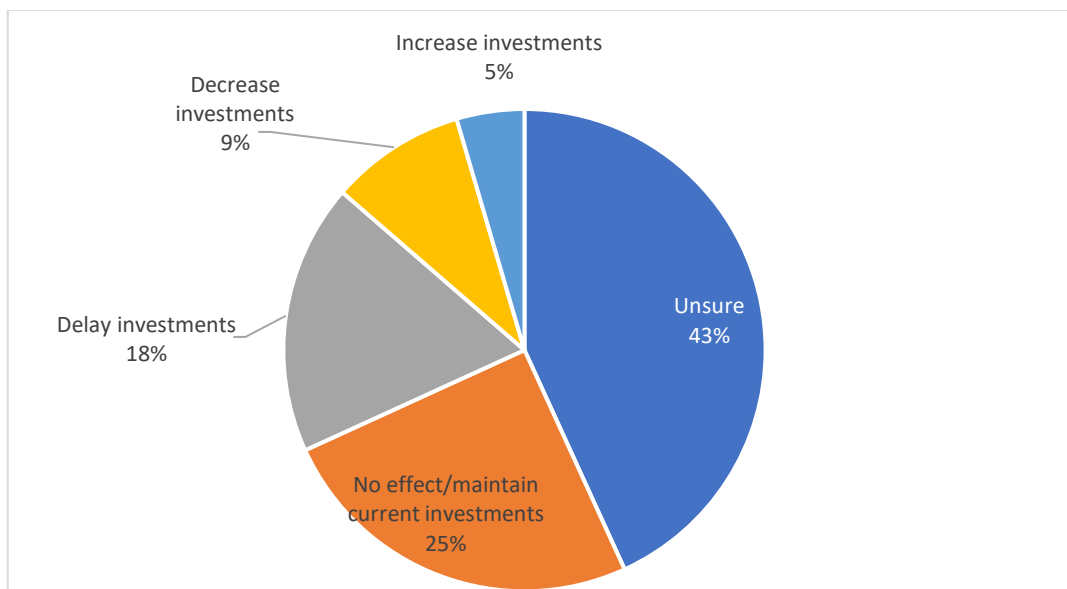
number of employees, with 9% reducing staff by 11%-30%, and 7% reducing their workforce by over 30%. Additionally, 45% of enterprises slightly reduced their workforces by 10% or less.

Figure 1-19 Impact of Pandemic on Workforce Stability of Surveyed Enterprises



43% of respondents are currently unsure if their investment plans in the UAE have changed. 25% said their original plans would remain unchanged, 18% said they would delay their investments, 9% said they would reduce their investments, and 5% said they would increase their investments.

Figure 1-20 Whether the Pandemic Affects Surveyed Enterprises' Investment Plans



Some of the interviewed firms also shared the impact of the pandemic on their operations and the measures they have taken to cope.

CNPC Middle East: In the early stages of the COVID-19 pandemic, the UAE adopted a series of strict preventive measures. As a result, the relocation of key personnel and equipment stagnated, the supply of raw materials was in short supply, and some construction sites were restricted, thus slowing down the progress of oilfield construction and production. Furthermore, due to personnel shortage, drilling rigs and other equipment were shut down, thus slowing down the progress of drilling wells. Recently, with the effective control of the pandemic, most preventive and control measures have been gradually relaxed, but onsite construction resource coordination and progress management remains difficult under the normalization of the pandemic situation. In addition, due to the impact of rising global raw material prices following the pandemic, it has become more difficult to conduct cost control of investments and service assurance units.

The main measures taken in response include:

(1) In view of potential problems of personnel shortage and delayed arrival of equipment and materials, we urged the related companies to optimize staffing and strengthen its logistic division to ensure the smooth implementation of drilling operations. Concurrently, we made plans to replenish staff deficiencies as soon as possible, set up a special team for contractor management, identified risks, accelerated the delivery and transportation, and made plans for the transportation of key equipment and materials. We also refined sorting and deployment of inventory of our pipe and valve fittings suppliers and coordinated with the related companies to adequately arrange the use of inventory materials.

(2) In response to increasingly difficult cost control, and in accordance with the overall strategy of CNPC Middle East headquarters,

we made every effort to enhance quality, efficiency, value creation, and refined our work deployment. The concept of "all costs can be reduced" was firmly established and projects underwent significant cost reductions. The service assurance units strengthened procurement coordination, standardized warehouse management, shared security resources, optimized design changes, and implemented other specific measures to ensure the "Four Precision" requirement to enhance efficiency while consolidating the market.

(3) In terms of managing the normalization of the pandemic, the company prioritized the concept of "health, safety, and environment" (HSE) by distributing protective equipment, taking necessary preventive measures, strengthening the coordination of various departments on-site, doing regular nucleic acid testing, and developing relevant contingency plans.

China National Building Material Group: During the peak of the pandemic, disruptions in transportation and shipping led to instability in the supply chain, increased transportation prices, and the shutdown of domestic factories, which adversely affected the domestic supply chain of products. Construction projects were reduced and stalled, and travel bans enacted by various countries prevented foreign customers from making on-site purchases, affecting local market demand. There was also the impact on the well-being of employees who had been working overseas for a long time as the scope of their activities and movements was restricted, making it impossible for them to return to their home countries to visit their families.

The company actively sought outlets and solutions during the pandemic by shifting from mainly looking for domestic suppliers to looking for advantageous international suppliers and focusing on traditional building materials to seeking innovative new materials and

projects close to people's livelihood, such as green energy vehicles and 5G communication equipment. Our aim was to expand the scope of our business and create new pathways towards profitability. To console employees' sentiments, the company organized celebrations of various traditional festivals to relieve homesickness, conducted group building activities to enhance cohesion, promoted participation in sports and physical fitness, paid wages on time, and provided lucrative benefits.

China Construction Bank: The potential impact of the pandemic on the continuity of our UAE branch's business operations and its customers' operations, production, and solvency, including shrinking demand in the aerospace, oil, and gas energy industries during the pandemic, has led to a decline in profitability and may have an adverse impact on the branch's assets.

The branch diligently conducted scenario analyses and made contingencies for services that might be affected. While maintaining operational integrity, the branch worked with domestic institutions to promptly extend loans to customers with genuine difficulties and help them overcome their hardships. Fortunately, the overall trend of business operation has remained stable and improving.

China Telecom: Due to the impact of the pandemic, there has been a decline in the volume of some operations due to the adjustment and contraction of consumer demand.

In order to cope, we strived to strengthen our relationship with existing customers and ensure that their needs are met. Meanwhile, we continued to explore new business opportunities with new customers and promote the development of DICT business¹, such as cloud, SDWAN, and security products. We also studied our competitors in order to analyze the

¹ DICT business refers to the integration of DT (Data Technology) with IT and CT in the era of big data.

differences in each other's services and solutions, so as to continue to optimize and improve our company's quality of service.

In terms of customer visits, contact was made by telephone and online video conferences early on during the pandemic, and gradually resumed to scattered in-person visits. We aim to maintain close communication with customers, follow up on delivery and receipt, perfect the pre-sales, sales, and after-sales experience, and continuously improve our overall quality of service.

China State Construction Engineering Corporation (Middle East) LLC (CSCME): The financial situations of many potential clients have deteriorated due to the pandemic, leading to a reduction of contracts. However, the number of contractors in the market has not changed, and since many contractors are blindly undercutting prices, there has been increasingly fierce price competition. CSCME treats each project prudently and fully evaluates all possible risks. We adhere to bottom-line management, perform comprehensive screening of proprietors and projects, conduct cash flow and gross profit calculations, and control our gross profit margin. At the same time, we pay attention to the adjustment of long-term business strategies across economic cycles, so as to effectively avoid the financial and operational risks that may arise in long-term operation.

Agricultural Bank of China DIFC Branch: In strict accordance with the exigencies of headquarters and the Embassy and Consulate of the People's Republic of China in UAE, we prioritized the health and safety of our employees, paid close attention to the prevention and control of the pandemic, and continuously improved emergency protocols in order to ensure robust, efficient operation. Firstly, we aimed to further refine the pandemic prevention and control procedures and emergency contingency plans. We focused our efforts in both "people" and "objects" by maintaining office area disinfection, distributing personal protective

equipment, and regularly monitoring employee health status. Secondly, we optimized personnel management by coordinating staff succession and vacation arrangements to ensure orderly work transition and workforce stability. We implemented the requirements put forward by the Embassy and Consulate, cooperated with domestic pandemic prevention and control, and prevented the importation of disease. Thirdly, we focused on employee care. We conducted heartfelt talks between management and employees, paid attention to the mental wellbeing and health of employees, actively organized employees' participation in psychological tests and consultations, and alleviated employees' psychological pressures.

COSCO Shipping (West Asia) FZE: In 2020-2021, due to the impact of the pandemic and the various prevention and control measures, the company had to resort to telecommuting, affecting the efficiency of operations to some extent. The countermeasures taken by the company include keeping rigorous, precise arrangements for materials and equipment, organizing synergies for remote work, and making full use of various online systems in order to provide timely services to customers and ensure the smooth flow of customer service channels.

POWERCHINA MENA: The pandemic has had the following impacts on the company's operations in the UAE:

(1) Substantial impact on market development and projects under construction. The downward trend of the UAE engineering contracting market is obvious and multiple governmental projects have been postponed. Furthermore, organizing the factors of production for ongoing projects has become exceeding difficult as the mobilization of manpower, organization of materials, supply of equipment and so on have all been affected to varying degrees.

(2) Soaring prices of the factors of production has increased the risk of project implementation. The prices of commodities, materials, and

other factors of production have soared. A large number of projects that were tendered before the pandemic or between 2021 and early 2022 are now economically unfeasible and susceptible to losses.

(3) Difficulty in project implementation and poor profitability. Under the continuous impact of the pandemic, the prices of manpower, materials, and machinery have been exorbitant and difficult to mobilize, efficiency of international equipment and material suppliers has been lowered, and procurement and logistics costs have increased significantly, bringing about unexpected difficulties in project implementation and poor profitability.

We have taken the following measures to address the impact of the pandemic:

(1) Maintaining the bottom line. Under the prevailing dire market conditions, some proprietors have attempted to take advantage of contractors' eagerness to obtain projects by repeatedly deflating prices so as to transfer price risk, time limit risk, and equipment performance guarantee risk. In response, we strictly guard our bottom line of technology, schedule, and price, in order to push the market back to rationality and avoid being led by the nose by the big land owners and developers into financially risky contracts.

(2) Strengthening cooperation. Our corporation has strengthened cooperation with other Chinese enterprises, "hold together to seek common development overseas," by forming synergies, complementing each other's strengths, and addressing challenges together. At the same time, we strengthen "third-party cooperation", expand cooperation areas, actively seek third-party cooperation opportunities, expand the circle of cooperation friends, and deeply explore new drivers of common development with enterprises of other countries. Promote cooperation in key projects, including cooperation in different industrial chains and

project financing, to further increase the convergence of interests so as to share benefits and spread risks.

(3) Enhancing proficiency. We consciously enhance our international cooperation, international EPC performance capacity, delivery capacity, and resource integration capacity. Presently, with the exception of renewable energy, the core technologies and technical specification standards of high-end equipment is firmly grasped in the hands of manufacturers located in developed countries such as Europe, America, and Japan. Therefore, we aim to strengthen cooperation with such firms in order to gain market competitiveness by integrating the upstream and downstream of the industrial chain simultaneously.

1.2.3 Fulfilling Corporate Social Responsibility

(1) In the fight against the pandemic

The Bank of China Dubai Branch has actively supported the pandemic prevention efforts of both Chinese and UAE governments. During the medical equipment shortages in the early stage of the pandemic in China, the Bank of China Dubai Branch overcame practical difficulties and donated 100,000 pairs of medical gloves sourced from the UAE to designated colleges and universities in China to help fight against the epidemic. Locally, the branch donated funds through the UAE Banking Association to purchase a large number of portable computers and related equipment needed for online learning in UAE schools, ensuring that students' studies would not be interrupted, and donated protective equipment to Chinese School Dubai to safeguard the health and safety of the local Chinese community. These efforts have been fully backed and highly evaluated by all walks of life.

China Construction Bank donated nearly 80,000 pieces of personal protective equipment from various sources to the Ministry of Health of

China and Dubai; it also voluntarily matched domestic medical equipment suppliers to the local government, medical institutions, the Belt and Road Initiative projects, and customers.

COSCO Shipping (West Asia) LLC provided free venues, loading machinery, and personnel support free of charge for pandemic prevention materials donated by the local Chinese community.

Bank of China Dubai Branch successfully held an online seminar on "Guarantee Claims and Disputes Responses of Chinese Enterprises" to help local Chinese enterprises navigate business expansion. At the same time, relying on the global matchmaking platform, it organized UAE enterprises to participate in cross-border matchmaking activities, e.g., organizing local enterprises to participate in major international exhibitions such as the China International Import Expo in a combination of online and offline modes to support the integration and cooperation between Chinese and UAE businesses.

Industrial and Commercial Bank of China (ICBC) successfully organized the China International Import Expo "Cloud Exhibition Recruitment" Middle East Online Promotion Seminar, "Dubai Advantage" Online Seminar, and Exchange Meeting between Chinese enterprises and banks, providing enterprises with ICBC's experience and solutions, and work together with bank and enterprises to seek common development. ICBC actively participated in the UAE Central Bank's bailout program and introduced a targeted support plan which includes the provision of zero-interest mortgages, approval for the use of bank's excess capital buffers, and rate cuts for small and medium-sized business loans. By cooperating with the UAE Central Bank's policies, assisting its customers in overcoming tumultuous times, and contributing to the stabilization of the economy, ICBC's initiative has been recognized and affirmed by the Chinese Embassy in the UAE and the Consulate General in Dubai, and won

the “Joint Anti-Epidemic, Innovative Development” outstanding social contribution Award.

(2) In promoting the enhancement of local industries

Bank of China Dubai Branch actively supported its customers and projects in infrastructure, oil and gas energy, aviation and telecommunications, and sovereign funds to promote the diversification and transformation of the local economy.

China Telecom's overseas carrier and corporate customer channels boosted cooperation and construction of the local telecommunications ecosystem, and its carrier team in the UAE has established business relations with multiple local operators. The company continues to strengthen its network resources in the Middle East, and has substantially supplemented and upgraded its submarine cable resources in multiple directions, including UAE-Djibouti, UAE-Kenya, and UAE-Singapore, with the aim of supporting 100G sized resources.

The Khalifa Port’s second container Terminal, CSP Abu Dhabi Terminal, is one of the key projects in the Belt and Road Initiative undertaken by the China COSCO Shipping Corporation. The terminal achieved throughputs of around 700,000 Twenty-foot Equivalent Units (TEUs) and 900,000 TEUs in 2021 and 2022 respectively, making a positive contribution to the growth of the local foreign trade economy.

In March 2022, China Telecom was awarded the Customer Satisfaction, Digital Service and Process Automation, and Artificial Intelligence and Big Data awards in the UAE's Abu Dhabi Ports Authority Group's MAFNOOD awards.

The Abu Dhabi Taweel Desalination Project undertaken by the POWERCHINA MENA (Power China) in the UAE is currently the largest reverse osmosis desalination plant under construction in the world. Once operational, it can produce 900,000 tons of fresh water per day to meet the

demands of nearly 2 million local people, greatly alleviating the tension of fresh water resources in the UAE, benefiting the people's livelihood in the UAE and the local economic and social development. The Etihad Rail project undertaken by Power China is a part of a railway system connecting all six Gulf countries and will greatly facilitate international trade and personnel exchanges. Finally, the UAE Wind Power Demonstration Project undertaken by Power China is the first wind power project in the UAE, receiving much attention and support from the UAE government. Once completed, it will be of great significance for the verification of the potential for wind power to be widely utilized across the UAE.

China Construction Bank firmly supports local industries in the UAE that are related to the national economy and the welfare of the local population. The bank builds multi-level and multi-dimensional cooperation relationships with government departments and enterprises units and aims to deepen collaborations with the government, sovereign funds, and aviation, oil, and financial industries and provide financial support such as working capital loans and aircraft financing to ultimately serve the development of the local economy.

Industrial and Commercial Bank of China supports major partner projects and provides all-round financial services for business in the China-UAE Industrial Capacity Cooperation Demonstration Zone. ICBC fully supports the development of Chinese-funded enterprises in the zone, and timely allocates internal resources. Services include account opening, fund settlement, financing consultation, RMB transactions, with the aim of helping Chinese enterprises "Go globally" and develop in the UAE. The bank also prioritizes local economic development and focuses on key industries in the region such as oil and gas, infrastructure, airports, ports, electrical power, renewable energy, international trade, science and technology, and education, providing financial services for representative

enterprises such as Dubai International Airport, Emirates Telecommunications Company, Emirates National Oil Company, Abu Dhabi Development Holding Group Company, and the Etihad Rail project.

(3) In terms of boosting tax revenue and local employment

Through cooperation with the Abu Dhabi National Oil Company (ADNOC), CNPC Middle East strengthened the training and expertise of its petroleum professionals while raising the standards and skills of local technicians. This provided exceptional, universally skilled workers for the sustainable development of the local economy.

China Construction Bank employs 31 local employees (including laborers) and provides vacancies to the Chinese Business Council in UAE for local recruitment. This relieved unemployment of Chinese nationals stranded during the pandemic while contributing to the stimulation of the local economy.

China COSCO Shipping Corporation's various organizations in the UAE have created a total of 300 to 320 local jobs.

(4) Charitable activities

Chinese enterprises in the UAE actively participate in various charitable activities. Bank of China Dubai Branch actively engaged in and funded public welfare projects such as donating money to local schools and helping the poor. It took the initiative in donating funds for the construction of the Chinese School Dubai to ensure its timely operation, supported the development of local special schools by purchasing handmade products from their students, provided free Iftar food to the local poor, and made donations to the rural areas of Malipo, Yunnan Province, to purchase equipment for the purification of drinking water.

Through the innovative model of "Finance + Charity", China Construction Bank Dubai Branch has driven all its employees to participate in public welfare undertakings, actively responding to the call of the

Embassy and Consulate, local government, and Chinese Business Council in UAE. The bank donated 100,000 dirhams to the first overseas Chinese school, Chinese School Dubai, to help China's education go global. It also participated in the "10 million meals", "tallest donation box", "Safe Water Aid" and "1 million meals" campaigns organized by the government of Dubai.

(5) Promotion of bilateral cultural exchanges

Bank of China Dubai Branch, together with other organizations, initiated the China-UAE large-scale cultural exchange program "Embrace China" and became a strategic partner in promoting cooperation and exchange between the two countries in culture, education, science and technology, and other related fields. This successfully enhanced the public image of Chinese enterprises in the region.

1.3 Introduction of Representative Companies

1.3.1 China Telecom Middle East FZ-LLC

China Telecom Middle East FZ-LLC was established in March 2016 in Dubai Internet City, UAE, and currently has 48 employees. Dubai Internet City is a foreign direct investment free-zone under the Dubai Development Authority (DDA). Hence, China Telecom Middle East FZ-LLC obtained the license to provide IT, telecommunication, and networking services to customers in Dubai Internet City. Its headquarters is China Telecom Global Limited situated in Hong Kong, which in-turn is a wholly-owned subsidiary of China Telecom Corporation Limited, a Chinese Central State-owned enterprise. China Telecom Middle East FZ-LLC is self-financed.

1.3.2 China State Construction Engineering Corporation (Middle East) LLC

China State Construction Engineering Corporation (Middle East) LLC (CSCME) was established in Dubai on March 26, 2005 as one of the major overseas organizations of the China State Construction Engineering Corporation Ltd. After over a decade of hard work, CSCME has developed from the initial project department of the Palm Island Villas into a comprehensive contractor encompassing housing construction, infrastructure, mechanical and electrical installation, oil and gas, steel structure, and financial services (financing from domestic and international financial institutions) with operations all across the UAE and a workforce of over 10,000 employees. As of May 2022, CSCME has completed a total contract value of USD 12.97 billion, including over 100 projects in the Gulf countries, boosting development of the local economy and raising the local population's living standards.

1.3.3 CNPC Middle East

CNPC Middle East (CNPC) has 13 investment projects and 17 service assurance units in the Middle East, with business in 8 countries and over 5,000 Chinese employees.

Since 2013, CNPC has acquired four crude oil upstream investment projects in the UAE, namely, Abu Dhabi Offshore Project, Abu Dhabi Onshore Project, Abu Dhabi Umm Shaif-Nasr Oilfield Development Project, and Abu Dhabi Lower Zakum Oilfield Development Project. Operations involve the exploration, extraction, and sale of crude oil with total production of about 2.5 million barrels per day.

CNPC's service assurance units in the UAE covers oil and gas trade, engineering, construction, equipment manufacturing, scientific research, and logistics. Currently employing over 1,000 Chinese employees and

4,000 local employees, it is currently responsible for about USD 2.5 billion worth of engineering, construction, and service contracts.

1.3.4 China National Building Material Group FZE

China National Building Material Group (CNBM) FZE is a wholly-owned subsidiary of CNBM Overseas Economic Cooperation LLC and an important international trade platform of the Fortune 500 enterprise, China National Building Material Group. CNBM FZE specializes in trade, warehousing, and logistics, with an annual revenue of about RMB 1 billion, a profit of about RMB 8 million, and 45 employees. The company was registered and established in the Dubai's Jebel Ali Free Zone (JAFZA) in 2004. Construction of its Dubai overseas warehouse was commenced in 2011 and fully operational in 2013.

1.3.5 COSCO Shipping (West Asia) FZE

As one of the direct overseas subsidiaries of China COSCO Shipping Corporation Ltd., COSCO Shipping (West Asia) FZE was reorganized from the former COSCO West Asia LLC and China Shipping (West Asia) Holding Co., Ltd. and founded in Dubai's JAFZA in 2016.

The Shipping Container, Port, and Logistics sectors of the parent corporation have subsequently invested and established COSCO Shipping Lines (West Asia) LLC in November 2016, COSCO Shipping Ports Abu Dhabi Terminal LLC in December 2018, and COSCO Shipping Logistics (West Asia) LLC in March 2005, respectively, totaling around 340 employees. COSCO Shipping (West Asia) FZE is responsible for the overall business coordination of the aforementioned agencies.

China COSCO Shipping Corporation's financing modes in the UAE mainly include self-financing (COSCO Shipping (West Asia) FZE and COSCO Shipping Lines (West Asia) LLC are both 100% owned) and

shareholding by foreign companies (COSCO Shipping Lines (UAE) LLC and COSCO Shipping Logistics (West Asia) LLC both have majority (51%) stakes owned by foreign entities).

1.3.6 POWERCHINA MENA

Since entering the UAE market in 2008, POWERCHINA MENA has undertaken 8 projects with a cumulative contract value of USD 1.305 billion, with financing modes ranging from self-financing to foreign investment. As a result of fierce market competition in part due to the pandemic, most projects are currently incurring losses.

At present, the company and its eight subsidiaries have 29 foreign agencies employing 3409 staff in the UAE, mostly concentrated Dubai and Abu Dhabi, with a few branch offices in Fujairah and Ras al-Khaimah due to operational needs. Most of the Chinese employees in the UAE hail from Shandong, Jiangxi, Sichuan, and Zhejiang.

1.3.7 China Construction Bank DIFC Branch

China Construction Bank (CCB) DIFC Branch is the group's first branch in the Middle East. Located in the Dubai International Financial Center (DIFC), the bank holds a "Category 1 License" issued by the Dubai Financial Services Authority (DFSA). Its business coverage extends to the Middle East and North Africa, mainly focusing on the markets of the UAE, Saudi Arabia, and Qatar. The branch is unable to handle individual customer deposits and local currency (dirham) transactions as services are limited to corporate and institutional customers, including deposits, loans, trade financing, financial markets, and other businesses. Its financing modes include self-financing as well as financing from domestic and international financial institutions. Its parent company China Construction Bank is categorized as a Chinese Central State-owned enterprise

specializing in financial services. Since its establishment in 2013, CCB DIFC Branch has maintained steady growth in assets, profits, and various indicators, with assets totaling USD 5 billion and around 40 employees.

1.3.8 Bank of China

Bank of China (BOC) entered the UAE market in 2012 and currently has two operating institutions, namely the Bank of China Dubai Branch and Bank of China Abu Dhabi Branch.

Bank of China Dubai Branch: In 2012, BOC established its first branch as the Bank of China Middle East LLC in the DIFC. In 2015, BOC Middle East rebranded to BOC Dubai Branch. The Dubai branch is licensed as an offshore bank, and is allowed to conduct foreign currency transactions (such as RMB, USD) in addition to the dirham.

Bank of China Abu Dhabi Branch: In 2014, BOC established the BOC Abu Dhabi branch. The Abu Dhabi branch has an onshore banking license and also handles both local and foreign currency businesses.

BOC provides customers with a full range of financial services, including settlement, deposit, foreign exchange, corporate finance, project finance, syndicated loans, trade finance, cash management, bond issuance, and other products. After 10 years of development, BOC's UAE branches have dealings in all major countries in the Middle East, involving a wide range of industries and institutions such as sovereign funds, infrastructure, oil, gas, chemicals, energy, aviation, logistics, telecommunication, and finance. BOC's UAE branches have established close business cooperation with many "Go globally" head Chinese enterprises, as well as well-known and industry leading enterprises in the Middle East. It has long-term and beneficial cooperative relationships with the Asian Infrastructure Investment Bank, International Finance Corporation, Multilateral Investment Guarantee Agency, and Organization for Economic Co-

operation and Development. BOC has become an active foreign bank in the region in the area of syndicated and structures financing, with its projects receiving numerous external accolades. BOC has consistently remained the top Chinese bank in the syndicated loan market of the Middle East and North Africa region.

1.3.9 Agricultural Bank of China DIFC Branch

Agricultural Bank of China (ABC) DIFC Branch was officially opened on March 25, 2013, holding an offshore wholesale banking license issued by the DFSA. The branch employs 36 staff, spread across seven departments, Corporate Business, Capital Business, Finance and Accounting, Risk Management, Compliance Management, Operations IT, and General Management departments, and an audit team.

To date, the branch has total assets of USD 8.43 billion and total liabilities of USD 6.76 billion, an increase by USD 8.02 billion from the end of 2016, with average annual net profit reaching over USD 30 million. The branch is currently managing 160 clients, and has established in-depth cooperative relationships with a large number of key local state-owned enterprises, Chinese enterprises, and domestic trade and finance firms. There have been no non-performing loans to date and asset quality has remained favorable. The branch ranks second among local Chinese banks in terms of asset size, profit generation, and other indicators.

1.3.10 Industrial and Commercial Bank of China

In 2008, Industrial and Commercial Bank of China (ICBC) entered the Middle East and set up its first organization in Dubai. Currently, it operates two institutions in the UAE, the DIFC Branch and the Abu Dhabi Branch.

Industrial and Commercial Bank of China DIFC Branch: The former "Industrial and Commercial Bank of China (Middle East) LLC" was rebranded into ICBC DIFC Branch in November 2013. Currently, the branch has assets of nearly USD 20 billion, around 100 employees from over 10 countries and regions, and business with firms in the oil and gas, infrastructure, airports, ports, and electricity industries. Over the years, ICBC DIFC Branch has made full use of its licensing resources and the rich market resources in the Middle East to continuously enrich and expand its products with the goal of providing excellent services to its customers, including both Chinese "Go globally" enterprises and local enterprises. Using its leading market position, high-quality customer base, diversified business structure, continuous innovation, and excellent brand value, ICBC DIFC Branch fully supports the financing of infrastructure projects in the UAE and the Middle East and provides services such as international trade, internal guarantee and external loans, project financing, and clearing and settlement, becoming a bridge between China and the Middle East in terms of finance and trade.

Industrial and Commercial Bank of China Abu Dhabi Branch: Established in November 2010, the branch is classified as a wholesale commercial bank and is authorized to handle dirham transactions. The branch has 9 internal departments and 27 employees, with total assets of USD 790 million and no non-performing loans. In recent years, the Abu Dhabi branch has implemented key national strategies such as providing financial services to companies in the China-UAE Industrial Capacity Cooperation Demonstration Zone, successfully making the Zone one of the many success stories among the projects signed by President Xi Jinping and the current President of the UAE (then Crown Prince of Abu Dhabi). The branch's mission includes deepening local marketing, establishing good relationships with leading local enterprises in the oil and investment

sectors, promoting innovation, such as the development of the "RMB Payroll 'Cross-border Pass'" and participation in the "Digital Currency Bridge" project, and successfully become a test project dealing with all regions, currencies, and businesses. The branch actively supports Chinese enterprises by providing account settlement, global cash management, financing, and other services. Following the pandemic, the branch implemented the "Spring Thaw Action" to support enterprises in resuming work and production, and promoted international cooperation on Chinese vaccines.

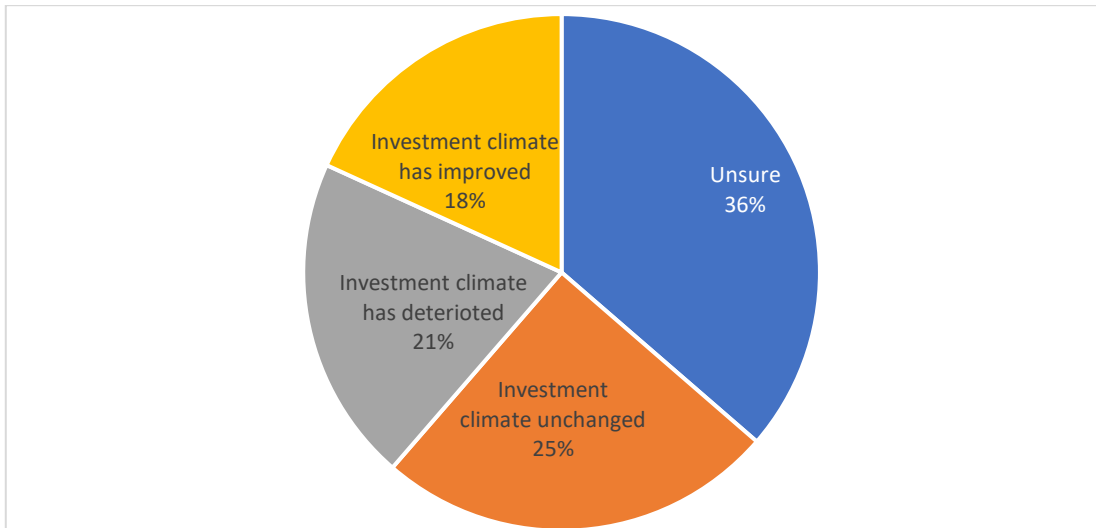
Chapter Two - Evaluation of the Business Environment by Chinese Enterprises in the UAE

According to the World Bank's "Doing Business 2020" report, the UAE is ranked 16th out of 190 countries and regions in terms of ease of doing business, and among the top 10 for indicators such as obtaining construction permits, obtaining electricity, registering property, and enforcing contracts. Thanks to a range of policies that have reduced start-up costs, hiring costs, and simplified the tax process, a large number of foreign investors have been attracted to the region.

【Evaluation by Chinese Enterprises】

25% of Chinese enterprises surveyed believe that the investment environment in the UAE has remained unchanged after the pandemic, 21% believe that the pandemic has made the investment environment in the UAE worse, and 36% said that they were unsure of the impact of the pandemic on the local market at this stage. This indicates that a significant number of Chinese firms are still observing and evaluating the impact of the pandemic on the investment environment in the UAE. A relatively optimistic 18% of respondents believe that the investment climate in the UAE has improved.

Figure 2-1 Assessment of UAE Post-Pandemic Investment Climate by Surveyed Enterprises



Regarding the overall business environment, 7% of the surveyed enterprises consider it "very good", 77% consider it "relatively good", 11% consider it "average", and 5% consider it "relatively poor".

Regarding the legal environment, 75% rated the UAE's legal environment as "very good" or "relatively good", while 25% rated it as "average".

Regarding the financial environment, 64% consider the UAE's financial environment to be "very good" or "relatively good", 32% consider it "average", and 5% consider it "relatively poor".

Regarding the attitude of government services, 54% consider it "very good" or "relatively good", 41% consider it "average", and 5% consider it "relatively poor".

Regarding infrastructure, 86% rated it as "very good" or "relatively good", 11% rated it as "average", and 2% rated it as "relatively poor".

Regarding the efficiency of the UAE government, 38% rated it as "very high" or "relatively high", 50% rated it as "average", and 12% rated it as "fairly low" or "very low".

Regarding the level of government integrity in the UAE, 64% rated it as "very high" and "relatively high", while 36% rated it as "average".

Regarding the cost of doing business in the UAE, namely the overall price of water, electricity, gas, oil, labor, land, and housing, 11% and 64% consider it "very high" and "relatively high", respectively. The remaining 25% consider it "average" or "relatively low".

Regarding the level of taxation in the UAE, 14% consider it to be "relatively high", 48% consider it to be "average", and 39% consider it to be "relatively low" or "very low".

Of all the factors associated with doing business in the UAE, infrastructure was rated the most favorably, with 18% of respondents rating it "very good" and 68% choosing the next best rating of "relatively good". This indicates that nearly 90% of Chinese enterprises are satisfied with the infrastructure of the UAE. On the other hand, government efficiency is the lowest rated component, with only 2% of enterprises rating it as "very high" and 36% rating it as "relatively high".

Figure 2-2 Evaluation of Business Environment of the UAE by Surveyed Enterprises (1)

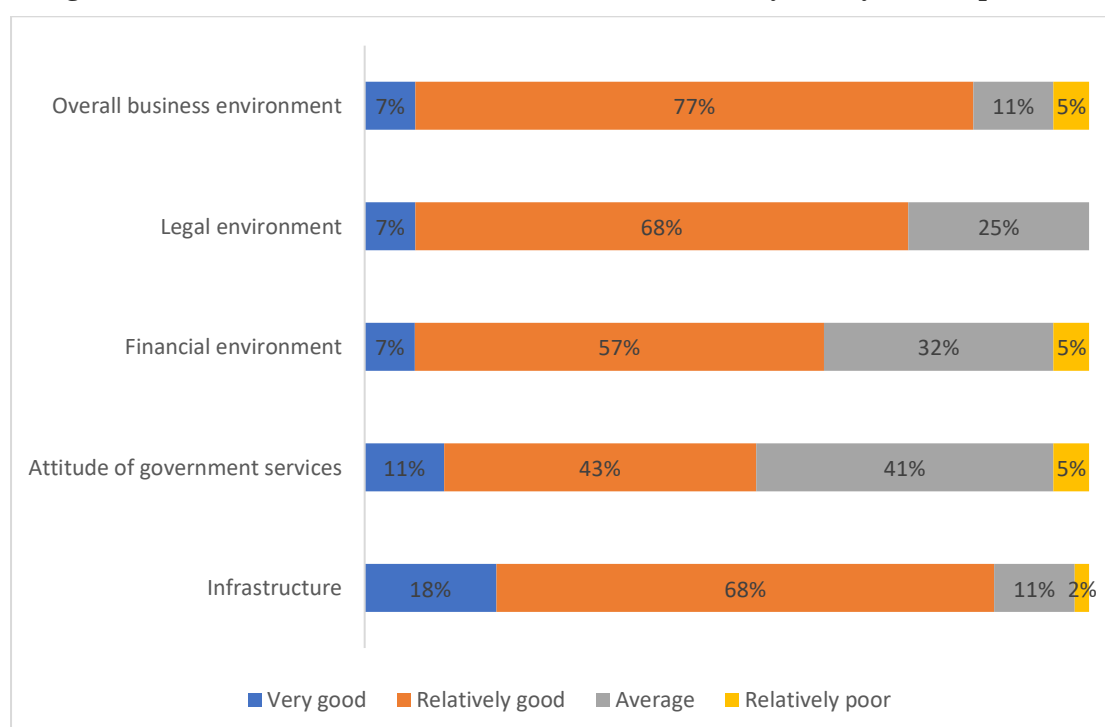
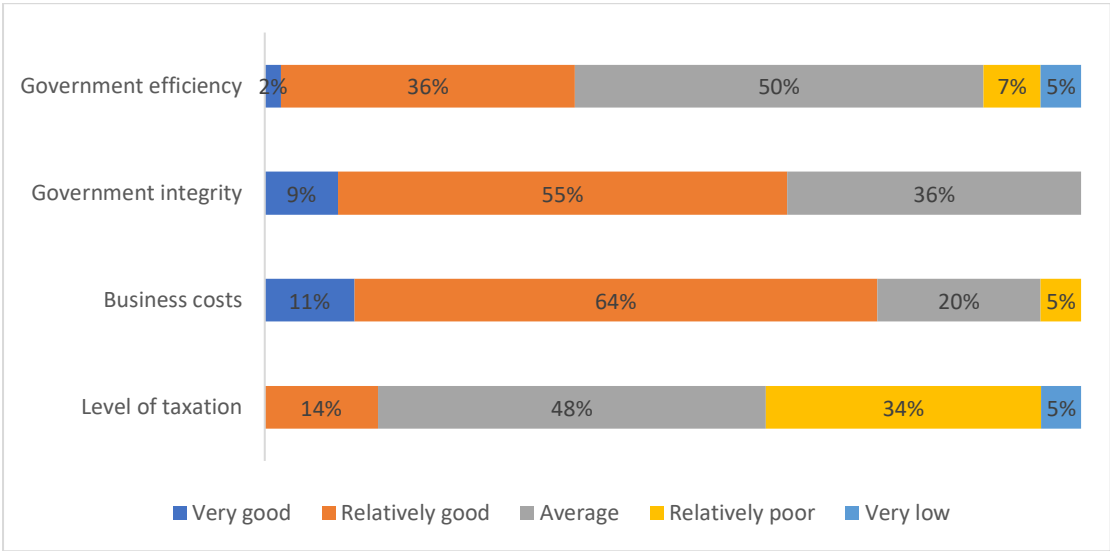


Figure 2-3 Evaluation of Business Environment of the UAE by Surveyed Enterprises (2)



Chapter Three - Opportunities, Challenges, and Countermeasures for Chinese Enterprises

3.1 Opportunities

3.1.1 Strong Demand for Digital Technology

The UAE developed and implemented the National Artificial Intelligence Strategy and the Emirates Blockchain Strategy in 2017 and 2018, respectively. In 2022, the UAE Cabinet approved the Digital Economy Strategy comprising of over 30 initiatives and programs and established a Digital Economy Council to coordinate and help relevant sectors in implementing the strategy. In addition, the UAE government laid the foundations for a knowledge-based economy through two landmark industrial strategies, the "Fourth Industrial Revolution" and "Operation Dh300 billion".

The UAE Digital Economy Council aims to boost the digital sector's contribution to the UAE's non-oil GDP, expand the proportion of digital transactions, and ensure the UAE can remain competitive in the global digital economy using 40 strategic initiatives aimed with increasing digital self-empowerment among the local population. Currently, the UAE's digital economy contributes approximately 9.7% of GDP (11.7% of non-oil GDP), and is expected to double from 9.7% to 19.4% over the next 10 years. It is safe to say that the UAE's local digital economy and the development of corresponding telecommunications infrastructure have immense market opportunities and potential.

3.1.2 Promising Prospect for Natural Gas Extraction

The UAE has the seventh largest natural gas reserves in the world, mostly in the form of associated petroleum gas from crude oil extraction.

It is also a major consumer of natural gas, and the country's current natural gas production is not self-sufficient. In response to changes in the global energy market, Abu Dhabi National Oil Company (ADNOC) has made the development of liquefied natural gas (LNG) a key part of its strategy and has made unprecedented investments in associated infrastructure.

As new large-scale gas deposits have been discovered in recent years, opportunities for international cooperation in future venture exploration and gas projects have increased.

In 2020, the UAE discovered natural gas deposits of about 80 trillion cubic feet (approximately 2.27 trillion cubic meters). In 2022, deposits containing 2.5 trillion to 3.5 trillion cubic feet of gas were discovered. The successful signing of the strategic cooperation framework agreement between CNPC Middle East and ADNOC has laid a solid foundation for the former's sustainable development in the UAE and Middle East.

3.1.3 Economic Development Boosted by Open Trade

The UAE is the freest country in the Gulf region in terms of trade and investment, attracting capital from all across the globe. Due to its unique geographical location, companies located in the UAE are able to diversify their investments and seek strategic cooperation in regions across Asia and Europe. The UAE government has been pursuing an open and free trade policy, meaning no barriers to trade, no regulatory bodies, unlimited access to foreign exchange from authorized banks, and free repatriation of profits.

For Chinese enterprises that face tariff barriers and other constraints in certain countries, investing in the UAE for production and processing allows them to obtain UAE certificates of origin, thus bypassing any barriers and increasing the competitiveness of Chinese exports.

3.1.4 Saturation of Financial Markets

Dubai is the most accessible city for foreign investment in the Gulf region, and is considered one of the top ten financial centers of the world along with London, New York, Hong Kong, Singapore, and Shanghai.

The UAE also has a well-developed domestic capital market and a strong banking system. Factors such as unregulated foreign exchange and fixed exchange rate of the dirham promote the flow of foreign capital and facilitate investment and financing in the country.

The Boston Consulting Group reported that the UAE's financial wealth will grow from USD 700 billion in 2021 to USD 1 trillion in 2026 at a compound annual growth rate of 6.7%. In 2021, the UAE's financial wealth grew by 20%, with a net influx of over 2,000 millionaires. Approximately 41% of the UAE's financial wealth comes from ultra-high-net worth individuals (net worth over USD 30 million), and that proportion is expected to grow to 43% in 2026. 28% of the UAE's wealth comes from high-net worth individuals (net worth over USD 1 million), this proportion is expected to remain unchanged by 2026. Equities and investment funds accounted for 64% of total personal wealth in the UAE, while currencies and deposits accounted for 29%, and bonds accounted for only 3%.

3.2 Challenges

3.2.1 Cultural Differences

The UAE is an Arabian country based on Islamic culture, seen clearly in its food, clothing, architecture, literature, art, and even entertainment and leisure. For example, the colors pink, yellow, and purple are considered taboo by the local population. Pigs, Christian Cross, Star of David, and similar patterns are also frowned upon. During business exchanges, men and women are generally situated in different venues. When in the presence

of Arab ladies, men nod and smile in greeting, refraining from shaking hands and other intimate moves. The UAE working week starts from Monday to Friday, and the Muslim sabbath Friday is considered a weekend. Unlike typical business organizations in Europe, the United States, and other Asian countries, most companies in the UAE have a very strong vertical hierarchy, with a centralized executive officer making the majority of decisions. The official language of the UAE is Arabic, and all local employment records, contracts, and official documents and instructions are in Arabic. For most Chinese people, Arabic is considered difficult to learn.

3.2.2 Geopolitics

While the UAE has become a "free port" in the Middle East due to its tolerant and open nature, various types of cross-border money laundering, drug trafficking, smuggling, and terrorist activities threaten the UAE's international reputation and security.

In January 2022, Yemen's Houthi insurgency group launched a drone attack on the UAE, causing three oil tankers to catch fire and explode near the Abu Dhabi International Airport. The group's spokesman Yahya al-Sareh even "advised" foreign companies to leave the UAE for the time being because as long as the UAE's "aggression against Yemen" continued to escalate, the UAE will be a "risky country to invest in".

The UAE's relations with Syria, Turkey, and Iran finally achieved normality in 2022, however their long-term outlook will remain a major concern for multinational corporations. For example, the successful resolution of ideological tensions between the pro-Muslim and anti-Muslim camps will have a significant impact on relations between Turkey and the UAE. The UAE's maritime access is dependent on the Strait of Hormuz, and any deterioration of relations with Iran could put this access at risk, undermining the confidence of international investors.

3.2.3 Direct Industrial Competition

The UAE infrastructure market is highly accessible, with relatively transparent project bidding procedures and mostly Western standards. This has attracted many multinational companies resulting in fierce competition for limited market shares. Chinese enterprises in the UAE face competition with local, foreign, and even other Chinese firms, diminishing their profit margins. The majority of Chinese companies are currently involved with civil engineering contracting, and their competitiveness in projects such as power stations, desalination, telecommunications, and oil are relatively weak.

China's exports to the UAE mainly consists of textiles, clothing, and other daily necessities. Specialized commodities such as electromechanical devices, including high-end and high-value-added large-scale electromechanical equipment are rarely exported. Most Chinese enterprises in the UAE are small, privately financed companies engaged in commodity trade, with few involved in production and operation. They typically compete with similar local products using cheaper prices and earn low profits. In order to obtain more contracts and orders, some Chinese foreign trade entities purposely loosen quality control standards, leading to defective goods, damaged reputations, and potential market share loss.

3.2.4 Business Costs

Against the backdrop of soaring global inflation, Chinese enterprises in the UAE generally face high operating costs, with labor costs being the most prominent.

The UAE is considered a developed country and has maintained a GDP per capita of around USD 40,000 for the past three years, among the highest in its region. This translates to high operating and labor costs for

businesses and expensive costs of living for employees. Global trends and the depreciation of the nominal effective exchange rate of the dirham have also contributed to inflation in the UAE, which rose to 3.35% in 2022 and is expected to rise to 4.3% in 2024. Fuel prices in the UAE have risen by over 56% since 2022, and the average rent has soared by 24.8% year-on-year, close to the historical record.

In terms of talent recruitment, enterprises are required by law to bear the cost of employees' work permits and visas. Additionally, due to the impact of the COVID-19 pandemic and subsequent changes in labor and travel policies, movement between China and the UAE has been extraordinarily difficult, accelerating the loss of foreign laborers and experts and increasing the cost of hiring.

Relocation, training, and management expenses are challenges for enterprises when it comes to talent development. Firms usually provide training and career planning in order to help their employees adapt to living in the UAE, which is typically more expensive than in China. During the month of Ramadan, since working hours are shortened from 8 hours to 6 hours, enterprises may end up adjusting employees working hours or request them to work more efficiently, inadvertently increasing management costs.

China Construction Bank reported it is more difficult to recruit for positions such as transactions, risk management, and compliance management compared with local financial institutions. Similarly, China Telecom must risk hiring more expensive bilingual communications specialists from China due business requirements and internal communication needs due to the required skillsets being absent in cheaper, locally-based general-purpose talents.

3.2.5 Laws and Regulations

The UAE draws on the legislative systems of developed Western countries and follows Islamic civil and commercial law as a kind of customary law, which is distinct from the Chinese legislative system. During partnerships and collaborations, there may be disagreements between Chinese and UAE parties regarding concepts, objectives, and evaluation methods as a result of different ideologies, which may result in conflicts and delayed progress.

In November 2020, the UAE re-signed the newly amended UAE Commercial Companies Law, while repealing the Foreign Direct Investments Law. With it, the concept of "strategic impact" was introduced in an effort to regulate foreign investments. The UAE Cabinet was authorized to set up a committee composed of representatives of the Ministries of Economy of each emirate to determine what constitutes an activity with "strategic impact" and to impose additional legal requirements on foreign investors involved in such activities, such as limiting the percentage of foreign ownership and defining the scope of operations. Despite the new law creating an overall friendlier environment for investors in the UAE, the possibility of stringent regulations undeniably discourages and constrains long-term foreign investment.

3.3 Research and Case Studies

3.3.1 Survey Results

The UAE market is highly accessible, and businesses operating in the country are bound to face fierce competition. Nearly 60% of surveyed enterprises indicated that competition from the same industry is the main obstacle they face. The second biggest obstacles include cultural barriers, government procurement restrictions, and lack of complete understanding

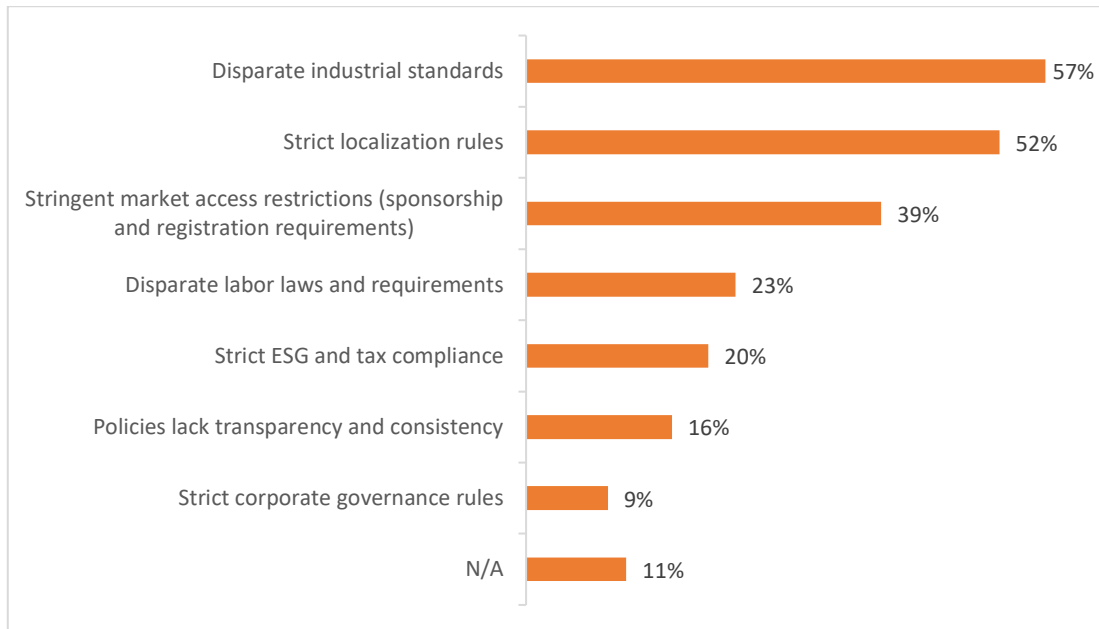
of local laws and regulations, each accounting for 39%. 86% of respondents made multiple choices, of which 68% faced two to three obstacles at the same time.

Figure 3-1 Obstacles Faced by Surveyed Enterprises While Operating in the UAE



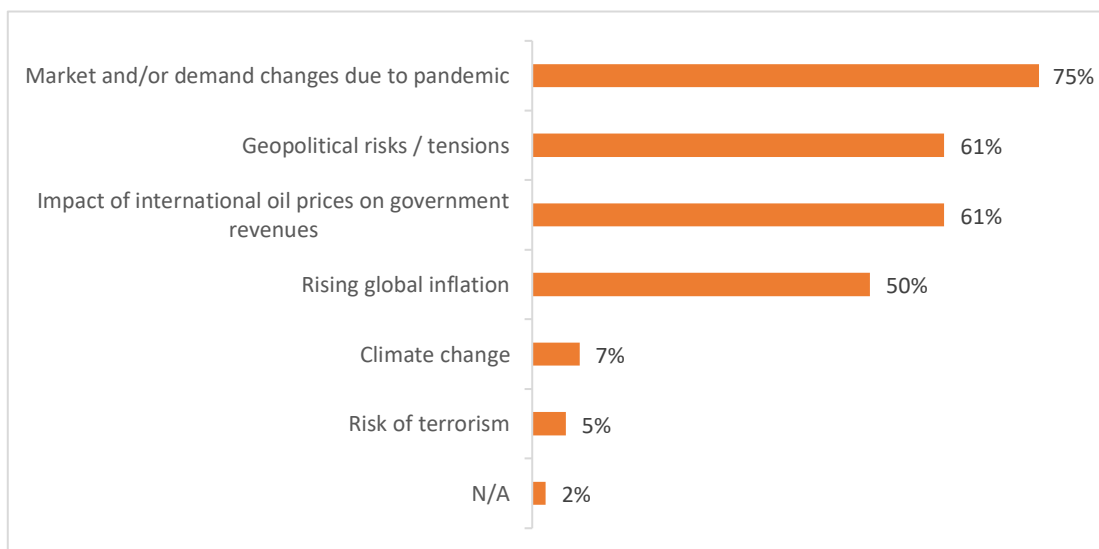
Although China has signed international cooperation agreements regarding standardization with the Emirates Authority for Standardization and Metrology, most of the UAE's standards in practice have been developed based on the GCC's. We consequently found that differences between UAE industrial standards and Chinese standards are the top policy barrier faced by 57% of surveyed enterprises. This is followed by the fact that localization rules in the UAE tend to be very strict, with 52% of firms choosing this option.

Figure 3-2 Policy Barriers Faced by Surveyed Enterprises in the UAE



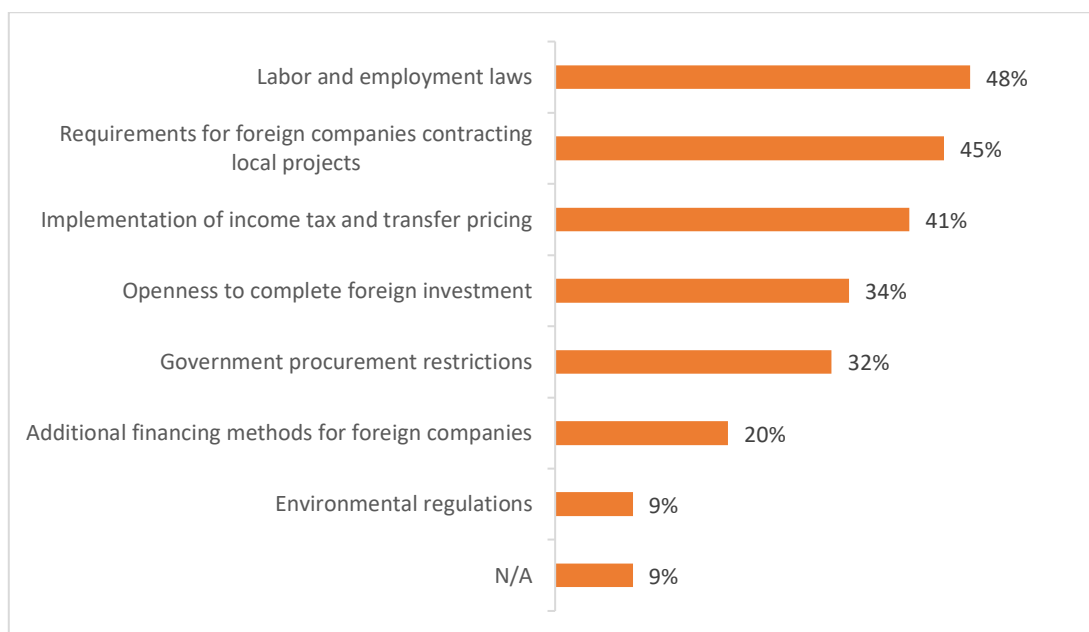
The three macro-factors with the greatest impact on the business development of surveyed enterprises in the UAE are: (1) changes in the market and/or demand following the COVID-19 pandemic, 75%; (2) impact of international oil prices on government revenues, 61%; and (3) geopolitical tensions, 61%. In addition, rising global inflation is a challenge faced by 50% of respondents.

Figure 3-3 Most Influential Macro-Factors Affecting Business Development in the UAE



Survey results show that labor and employment regulations (48%), requirements for foreign companies contracting projects in the UAE (45%), and the implementation of income tax and transfer pricing in the UAE (41%) are the three biggest policy factors impacting business development in the UAE.

Figure 3-4 Most Influential Policy Factors Affecting Business Development in the UAE



3.3.2 Case Studies

CNPC Middle East: The signing of a strategic cooperation framework agreement with ADNOC in 2022 has laid a solid foundation for CNPC’s sustainable development in the UAE and Middle East. The UAE possesses substantial proven oil and natural gas reserves, and the discovery of new large-scale natural gas reservoirs in recent years signal a further increase in opportunities for cooperation in risk exploration and natural gas projects for the future.

In accordance with the overall strategies of corporate headquarters, CNPC will prioritize quality, efficiency, and value creation in its

investments in the UAE, adhere to bottom-line management, and optimize cost and risk management. (1) Using efficiency as the prerogative, dynamically optimize every investment plan in order to improve the efficiency of production and operation while effectively realizing cost reduction; (2) Closely follow changes in government policies while paying attention to key risks and risk management; strengthen auditing, supervision, and correction of mistakes to ensure legitimate operation in the UAE.

China National Building Material Group: As Chinese exports may face tariff barriers and other constraints in certain countries, investing in the UAE for production and processing allows Chinese firms to obtain a certificate of origin from the UAE, bypassing potential tariff barriers and increasing the competitive of Chinese products. This signals many opportunities for China National Building Material Group.

Bank of China Dubai Branch: As a representative of Chinese banks, the branch participated in the Multilateral Central Bank Digital Currency Bridge Project and successfully processed transactions of the UAE Central Bank Digital Currency for a number of Chinese enterprises. The project fully verified the application of digital currency in multiple authentic cross-border scenarios, received widespread attention from local Chinese enterprises, and strengthened the bonds of China-UAE financial cooperation.

China Construction Bank: With the easing of pandemic prevention measures in the UAE and rising crude oil prices, economic activity in the UAE in 2022 has maintained a steady upward trajectory, indicated by a consistently high Purchasing Managers' Index (PMI), and the 19th consecutive month of non-oil private sector economic activity growth. This positive trend will be conducive to CCB's business development in the region including cooperations with the backbone industries of Saudi

Arabia, UAE, and Qatar. At the same time, CCB will continue to support domestic economic development through practical actions, and contribute financial strength to promote the formation of the domestic circulation and domestic and foreign dual circulation by providing linkage financing and online and offline matchmaking.

China Telecom: The construction of the local digital economy and the corresponding telecommunications infrastructure has huge market opportunities and potential. Driven by the ever-developing digital economy, China-UAE cooperation will continue to expand and diversify. As a modern and comprehensive corporate network service provider, China Telecom (UAE) will grasp the novel information needs of the local government and enterprises, fully implement the “Cloud to Digital” strategy, propel the digitalization and business development of the local government and enterprises in a customer-centered approach.

China Telecom (UAE) has also been vigorously applying for the Security Industry Regulatory Agency (Sira) license and Internet of Things (IOT) license. When licensed, China Telecom (UAE) will gain access to the highly promising local cyber security and IOT markets. With the addition of necessary technicians, sufficient preparation of relevant materials, and active communication with the Sira authorities, China Telecom (UAE) resubmitted its Sira license application in August 2022. As for the IOT application, an external law firm was hired to inquire about justifications and remedies with the Telecommunications and Digital Government Regulatory Authority (TDRA) of the UAE after an initial rejection. As of date, both licenses have been successfully processed.

When it comes to grasping business opportunities in key industries, China Telecom (UAE) will retain its customer-centered approach towards the finance, construction, energy, OTT, retail, logistics, and other industries, continue to develop DICT services, accelerate the construction

of the “eSurfing Cloud” platform, focus on evolving key products and services such as IaaS, PaaS, cloud network, CDN, edge cloud, and cloud security, and carry out in-depth cooperation with new and existing customers. We will continue to provide sophisticated, fast, and low-cost one-stop solutions to meet our customers' every need and gain their trust and faith.

Agricultural Bank of China: In recent years, the UAE has vigorously promoted economic and energy diversification, developed green energy, and launched or planned a number of photovoltaic power generation and clean energy projects. Agricultural Bank of China Dubai Branch will further increase financing support for these projects and seize market opportunities.

POWERCHINA MENA: The UAE government attaches great importance to the development of and transition to renewable energy. In October 2021, the UAE launched the Net Zero by 2050 strategic initiative and announced investments of over Dh600 billion in projects such as renewable energy power generation and storage. In order to keep up with the evolution of renewable energy, the UAE advanced the "renewable energy + energy storage" model by vigorously developing thermal and hydrogen energy storage. It is safe to assume that solar, wind, thermal, and hydrogen energy projects will bring a new wave of investment opportunities, perfectly matching with the strengths and core business of the corporation. We believe in adhering to bottom line management, strengthening cooperation, perfecting internal skills, accelerating localization, and promoting sustainable development. Our operation mode is evolving from being driven by typical Chinese production factors to satisfying local and global market demands. To this end, we first analyzed internal strengths and weaknesses and developed pathways and plans towards implementing operations specifically tailored towards the local

market. Second, we stimulated the development potential and vitality of all international operations within the organization by optimizing resource allocation, strengthening operation capacities of overseas branches, and deeply integrating with local development. Our goal is to go from a "constructor" of engineering projects to a "contributor" of local economic and social development.

Industrial and Commercial Bank of China: The UAE is promoting nationwide technological innovation, including the fields of artificial intelligence and 5G information technology. In addition, the UAE is trying to change the energy framework of its region by advocating for energy conservation and environmental protection, and vigorously expanding green energy investments such as solar power and clean coal power stations. This signals a strategic opportunity for domestic and UAE-based Chinese enterprises to participate in local high-tech and renewable energy projects, enhancing the development of industries at home and abroad. At the same time, Dubai welcomes the development of emerging technologies related to the financial industry. ICBC will implement the decisions and deployments of the Central Government and its headquarters, efficiently serve the Belt and Road Initiative, support the novel domestic and foreign “dual circulation” development pattern, and enhance the globalization of RMB. The branch strives to become a competitive mainstream international bank in the Middle East market, and the top choice when it comes to Chinese elements and industry-leading services.

Some of the surveyed enterprises are facing multi-variable challenges:

1. Economy-wise, the rapid rise in international oil prices has exacerbated inflation and pushed up commodity prices, thereby increasing the difficulty of cost control. In addition, current fiscal pressures may lead to uncertainty in government fulfillment of contracts, especially in smaller emirates.

2. Policy-wise, the UAE has increased regulation of investment in major capital projects, making compliance management and risk prevention more difficult. Operating licenses cannot extend beyond a defined business scope and requiring re-registration of different types of companies. It is also difficult to open bank accounts for new companies, making it impossible to swiftly expand business and services. Some operating licenses have longer application cycles and require frequent follow-ups, which can easily cause firms to miss business opportunities. Foreign investors are also restricted from investing in businesses such as shipping agents and customs brokers. Financial institutions in Dubai face greater anti-money laundering risks due to the free trade of multiple digital currencies in the area and are required to introduce additional anti-money laundering and data security measures.

3. Human resources-wise, multinational enterprises have a greater demand for Chinese-English bilingual communications professionals usually only available from China and requiring high labor costs and risks to import. However, there is a limited quota of work visa for companies in free trade and duty-free zones, leading to a shortage of talents.

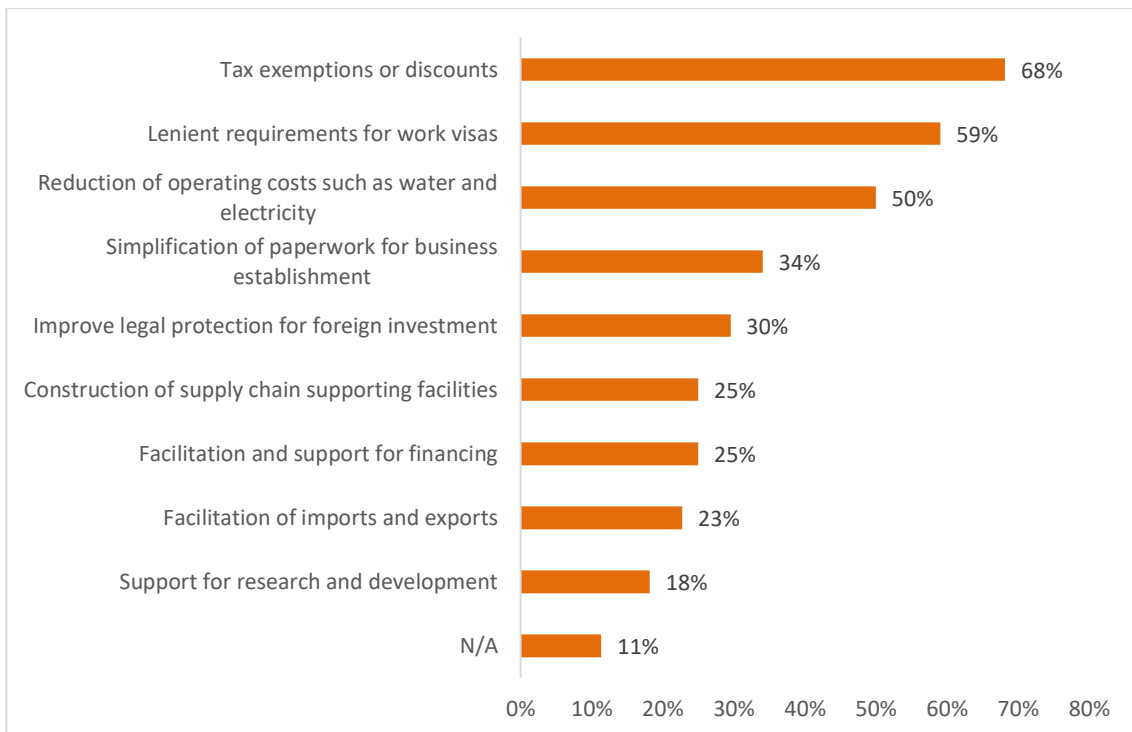
4. Competition-wise, some industries have become hyper-competitive, depressing the profit margins of local Chinese enterprises. For example, the UAE construction market has low entrance thresholds and is highly accessible, leading to a cluster of international contractors, regional contractors, and local contractors. The overall low profitability of projects has caused dissatisfaction and drawn criticisms from members of the industry.

Chapter Four - Appeals and Proposals Regarding Investment and Operation, Plans for Future Development

4.1 Appeals Regarding Investment and Operation

Factors affecting operating costs are always one of the greatest concerns of enterprises. 68% of surveyed enterprises hope that the government would provide tax exemptions or discounts, 59% hope that the government would loosen requirements for work visas, and 50% hope for a reduction in operating costs such as water and electricity. Nearly 60% of the respondents supported all three appeals.

Figure 4-1 Government Support Desired by Surveyed Enterprises During Investment



These results are highly consistent with suggestions made by Chinese enterprises to further improve the business environment of the UAE.

Overall, the surveyed enterprises are satisfied with the business environment in the UAE. Factors such as affordable compliance costs, high level of government integrity, relatively fair and open market competition, and a stable political atmosphere are attractive to Chinese investors.

Some of the interviewed enterprises expressed their expectations and suggestions towards the continuous improvement of the local business environment:

(1) Introduce more lenient tax policies and discounts in rent and utility costs, create a broader platform to match supply and demand for professionals, and organize contemporary training or business schemes to help enterprises reduce operating costs.

(2) Further improve regulatory initiatives and provide effective regulatory mechanisms for enterprises in industries contributing to strategic economic diversification such as digital industry and renewable energy. Further encourage investment in and construction of cloud and data centers and expand the digital market.

(3) Strengthen penalties for bounced checks to deter malicious bouncing. Simplify legal procedures against bounced checks. shorten the period of litigation from over one year to under six months, and enhance enforcement of verdicts.

(4) Clearer communications between the UAE government and enterprises regarding updates in regulatory policies and more specific guidelines for foreign-funded enterprises in free trade zones in order for compliant and legitimate operation.

(5) Improve collaboration between the various regulatory authorities of the UAE and increase the transparency and digitalization of the application process for licenses. Expand the scope of operations to allow trading, logistics, and leasing under a single license.

(6) Establish a joint agency to provide one-stop services for foreign investors, especially for the implementation of construction projects, to further improve efficiency and quality of government services.

(7) Introduce liberal policies to expand the number of industries that could be wholly-owned by foreign investors and increase the upper limit on percentage of foreign stakes in certain companies, such as shipping agents and customs brokers.

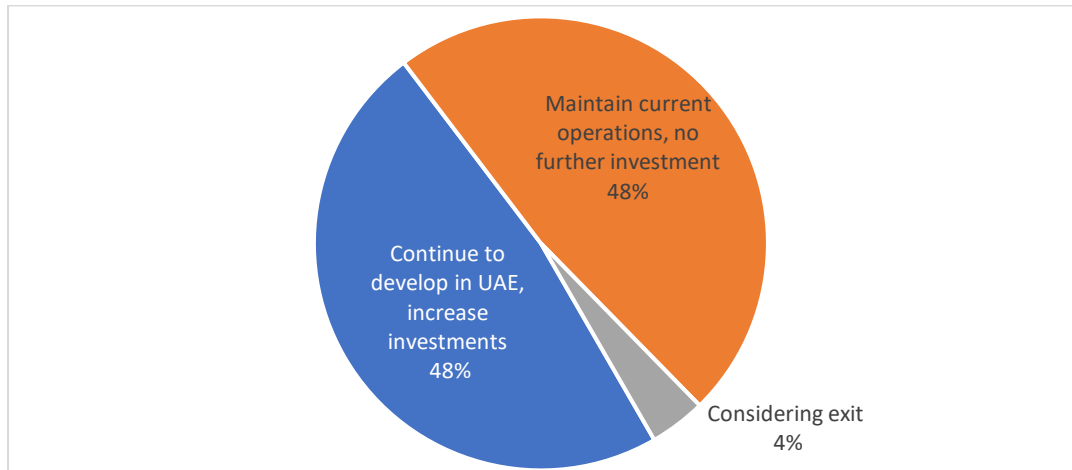
Some enterprises expressed the hope that domestic government agencies would provide more guidance in the future to help them accurately grasp the strategy and direction of business development, ensure consistency with the Central Government's policy requirements, and successfully cooperate with the implementation of the Belt and Road Initiative in the Middle East and North Africa region. They appeal domestic agencies to establish a collaboration mechanism between Chinese enterprises and financial institutions, allowing proper communication and cooperation through the sharing of information regarding enterprises and projects, which will enhance the influence of Chinese enterprises and financial institutions in the region, and allow effective implementation of key national strategies.

Some enterprises have submitted more specific demands for work visas and talent importation. They appeal the UAE government to appropriately relax the quota of work visas for companies in the various free trade zones, so as to support their business expansion needs. Presently, Chinese engineers must obtain equivalency certification in order to be incorporated into the UAE engineer system. This certification process is cumbersome and time-consuming, taking over six months to validate academic qualifications, and restricting normal business operations. The enterprises recommend the relevant ministries of the UAE government to collaborate and improve efficiency.

4.2 Plans for Future Development

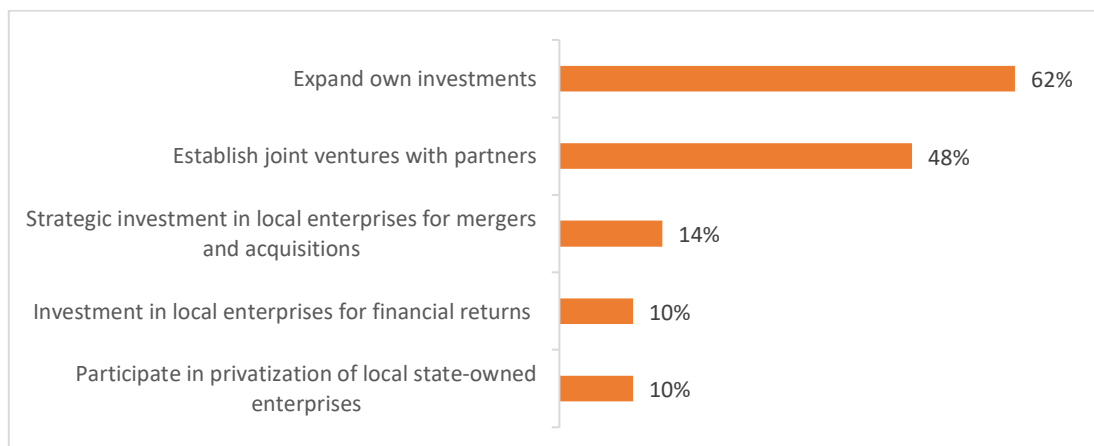
The vast majority of surveyed enterprises said they would maintain operations in the UAE for next three years. 48% of firms, mainly in the mining, telecommunication and technology, and transportation industries, intend to increase investments.

Figure 4-2 Desire of Surveyed Enterprises to Remain in the UAE Over Next 1-3 Years



Among the enterprises that intend to make additional investments, the majority (62%) intend to expand their own investments, followed by the establishment of joint ventures with partners (48%). Nearly 70% of respondents made a single choice, with a high concentration of investment strategies.

Figure 4-3 Preferred Investment Methods of Enterprises Planning Additional Investments Over Next 3 Years



CNPC Middle East: On the basis of stabilizing development of our existing crude oil business, we will strive to achieve new collaborations in the natural gas and renewable energy fields, while expanding our investment and service assurance businesses.

China National Building Material Group: New energy vehicles have become a global industrial trend with both emerging companies, such as Tesla, and traditional automobile manufacturers trying to capture the market. Development of domestic new energy vehicles should also be a top priority, from both the national strategic development and environmental protection points of view. We aim to increase investment in new energy vehicles and help Chinese enterprises establish in the UAE market.

Bank of China Dubai Branch: Focusing on the three themes of China-UAE cooperation, transformation to green energy, and financial innovation, BOC Dubai Branch rapidly increased its overall assets by focusing on high-quality industries and customers, and expanding its services. We plan to take advantage of our strengths in the area of syndicated loans and structured financing, improve our ranking as the leading bank of the UAE and Middle East, expand our market influence, and play the role of a financial bridge to finance the transition to green energy in the region and development of China-UAE economic and trade relations. At the same time, we will continue to innovate and actively explore new opportunities to help China-UAE financial cooperation reach a new unprecedented level.

China Construction Bank: Our future plan includes strengthening planning, closely integrating with the local market, focusing on the Chinese element, actively following up with high-quality Chinese "Go globally" clients and the development of the Belt and Road Initiative, paying close attention to high-quality overseas clients with frequent investment and

trade with China, and especially seizing the business opportunities of local export customers in the host country under the environment of China's expanding import policy. At the same time, we will enhance cooperation with the local government, sovereign funds, and large state-owned enterprises, increase overall proportions of credit assets, upgrade our ability to provide comprehensive financial services, and maintain international competitiveness.

China Telecom:

1. Develop distinctive capabilities: in terms of qualification and licensing, strengthen cooperation with local carriers to achieve convergence of Internet and cellular services and apply for relevant licenses; in terms of boosting sales, optimize the position of industry managers, establish a MNC sales team, and strengthen and apply training of scenario-based marketing skills; in terms of service solutions: optimize capabilities of the “eSurfing Cloud” platform, SDWAN, and security products, optimize intelligent power and security monitoring solutions using the ISSP model, and enhance the abilities of solution managers to implement designs and solutions.

2. Enhance cooperation: in terms of partnerships, cloud services allows for resource sharing between public clouds, for example, SD-WAN can dock with regional suppliers and promote relevant products, enhancing regional business coverage; in terms of the customer base: strengthen communication and cooperation with the economic office of the Embassy of the People's Republic of China in the UAE, local business associations, trade promotion agencies, free trade zone promotion agencies, and financial and consulting institutions; in terms of digital marketing, establish presence in WeChat public accounts, promotion

forums, IT exhibitions, IT media carnivals, and seize marketing opportunities.

China State Construction Engineering Corporation (Middle East) LLC: We will continue with UAE as the operational center of the regional market, ensure stable operation within the UAE market, actively maintain relationships with existing projects, and develop relationships with new proprietors. We take advantage of the experience we have accumulated over the past ten years to successfully fulfill every project.

Agricultural Bank of China DIFC Branch: In accordance with the idea of "pursuing progress while ensuring stability", we will actively integrate with key industries in the UAE, key state-owned enterprises, low-carbon economy, and other fields to realize the steady development of our operations.

COSCO Shipping (West Asia) LLC: We aim to implement China COSCO Shipping Corporation's overall strategic concept of turning Abu Dhabi Khalifa Port into an overseas hub and distribution center for Chinese enterprises in the Middle East, utilize the advantage of the UAE as the leading transit center of West Asia and North Africa, strengthen synergy among internal departments, introduce new shipping routes, actively serve large customers in the UAE and neighboring regions using the CSP Abu Dhabi Terminal, continue to improve the service quality and operational efficiency of the terminal, and promote the development of the local foreign trade economy.

POWERCHINA MENA: We plan to actively expand the scale of our operations in the UAE, focusing on our core business of water, energy, and cities, specifically the fields of power generation and seawater desalination, by strengthening cooperation with local enterprises, accelerating localization, and promoting sustainable development in the UAE.

Industrial and Commercial Bank of China: Concentrating on the application and innovation of blockchain in the financial sector and other industries, ICBC will seize any business opportunities brought on by technological advancements while maintaining cooperation with regional sovereign and financial institutions.

Appendix: China-UAE Bilateral Agreements and the Industrial Capacity Cooperation Demonstration Zone

China-UAE Bilateral Agreements

According to China's Ministry of Commerce, bilateral trade relations between China and the UAE have grown considerably since the two countries signed a trade cooperation agreement in 1985.

In 1985, China and the UAE signed the Agreement on Economic, Trade and Technical Cooperation between the Government of the People's Republic of China and the Government of the United Arab Emirates.

In July 1997, China and the UAE signed the Agreement between the Government of the People's Republic of China and the Government of the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.

In July 1997, China and the UAE signed the Agreement between the Government of the People's Republic of China and the Government of the United Arab Emirates on the Promotion and Protection of Investments.

In 2007, China and the UAE signed the Memorandum of Understanding on Bilateral Labor Cooperation.

In December 2015, then Crown Prince of Abu Dhabi Mohamed bin Zayed Al Nahyan visited China and the two countries signed the following agreements:

- Memorandum of Understanding on the Exchange of Driving Licenses, which stipulates that citizens of the two countries who have obtained driving licenses (private light vehicle licenses) in their home countries can exchange them for the other country's driving licenses after entering the country.

- Memorandum on Cooperation in Higher Education, in which the two countries agreed for cooperation in the field of science and technology, the

establishment of higher education institutions and scientific research centers, the annual exchange of scholarships for university students, and the regular issuance of publications and periodicals.

- Memorandum of Understanding on Inspection and Quarantine, which lays the groundwork for cooperation between China and the UAE in the fields of metrology, standardization, and grading, with the aim of eliminating technical barriers to trade and mutual benefit in aforementioned fields.

- The Direct Currency Exchange Agreement, aimed at achieving the direct exchange of the dirham and the renminbi (without transit through the US dollar) in order to encourage and facilitate direct investment and economic and trade exchanges between the two countries.

- Memorandum on the Establishment of the China-UAE Investment Cooperation Fund (Limited Partnership).

In May 2017, China and the UAE officially signed the Framework Agreement on Strengthening Cooperation in Production Capacity and Investment in Beijing.

In September 2017, China and the UAE signed a Memorandum of Understanding on Two-Way Investment and Related Trade Promotion Cooperation and a Memorandum of Understanding on Trade Remedies in Beijing.

In July 2018, President Xi Jinping visited the country and the two countries signed a memorandum of understanding on strengthening cooperation in the China International Import Expo and a memorandum of understanding on e-commerce cooperation, among others.

In July 2019, the Crown Prince of Abu Dhabi visited China and the two sides signed cooperation documents covering security, energy, trade, investment, and other fields.

In July 2020, China and the UAE signed the Memorandum of Understanding between the Governments of China and the United Arab Emirates on the Opening of an Economic and Trade Office of the Hong Kong Special Administrative Region of the People's Republic of China in Dubai, United Arab Emirates

China-UAE Industrial Capacity Cooperation Demonstration Zone

In May 2017, China and the UAE signed the Framework Agreement on Strengthening Cooperation in Production Capacity and Investment. The Chinese side was represented by the Jiangsu Provincial Government by commission of the National Development and Reform Commission, and the UAE side was represented by the Mubadala Investment Company and Khalifa Port Company. The two parties discussed and followed up on the establishment of the China-UAE Industrial Capacity Cooperation Demonstration Zone in the Khalifa Industrial Zone in Abu Dhabi.

Management of the zone is overseen by the Jiangsu Overseas Cooperation and Investment Company Limited set up by the China Jiangsu International Economic-Technical Cooperation Corporation and the management companies of Suzhou Industrial Park, Jiangning Economic and Technological Development Zone, and Haimen Economic and Technological Development Zone. In 2017, Bank of China Dubai Branch signed a comprehensive strategic cooperation agreement with the Jiangsu Overseas Cooperation and Investment Company Limited to become the exclusive financial institution supporting the development of the zone.

The management and service center of the demonstration zone is currently operational and the first phase of the zone's pipeline network and customized plants has been completed. A number of Chinese enterprises have established in the zone, including the Roadbot (Abu Dhabi) Tire Project, Xinchunxing (Abu Dhabi) Lead-acid Battery Recycling Project, and Runtai Chemical Additives Project.

About Chinese Business Council in UAE

Established in June 2004, the Chinese Business Council in UAE (hereinafter referred to as the Council) is a non-profit social organization comprised of Chinese enterprises and organizations in the United Arab Emirates. The Council President is CNPC Middle East (Middle East) LLC, the Executive Vice President is the Bank of China Dubai Branch, and the Council Secretariat is located in the China Council for the Promotion of International Trade's representative office in the Gulf region.

After more than a decade of successful operation, the Council has incorporated almost all large Chinese enterprises in the UAE and a number of small and medium-sized enterprises with good business development potential. It currently has 195 member organizations, covering energy, finance, construction, communications, shipping, technology, trade, and other industries.

Under the support and guidance from the Embassy and Consulate of the People's Republic of China in the UAE, the Council has become a second home for overseas Chinese enterprises and provides multi-faceted services for local Chinese enterprises, helps enterprises overcome challenges, actively communicates and cooperates with local governmental agencies, and promotes high-quality China-UAE economic and trade exchanges.

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About PricewaterhouseCoopers (PwC)

The PwC China Global Cross-Border Services team provided research, questionnaire design, and writing support for the development of this report.

With the mission of "build trust in society and solve important problems", PwC has a network of member firms in 156 countries and territories and over 295,000 employees dedicated to providing high-quality services in the traditional areas of auditing, consulting, and taxes, as well as the emerging areas of digitalization, carbon emissions, and novel consumerism.

First established in Hong Kong in 1902 and Shanghai in 1906,

PwC is the largest financial auditing and professional services organization in China. PwC's member firms in Mainland China, Hong Kong, Macau, Taiwan, and Singapore operate collaboratively under local laws and have offices in 28 cities, employing over 22,000 people, including over 860 partners. Wherever our clients are located, PwC can provide the professional services they require.

PwC China has set up the Global Cross-Border Professional Services team, led by Mr. Huang Yaohe, China Lead Partner of PwC Global Cross-Border Services, with the purpose of assisting Chinese companies become competitive globally. PwC has Chinese-speaking units in 50 countries, expertly connecting Chinese companies with project opportunities and local resources. PwC China also deploys hundreds of Chinese colleagues to more than 30 countries, including Poland, Brazil, Thailand, Vietnam, Malaysia, Dubai, and other key regions, to help Chinese companies explore the local market.

Furthermore, PwC maintains offices in 107 of the 151 countries participating in the Belt and Road Initiative to assist the development of Chinese projects and enterprises.



China Lead Partner, PwC Global Cross-Border Services

Mr. Huang Yaohe

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