ABSTRACT

Foreign investment in the People's Republic of China is a phenomenon that has only emerged significantly in the last decade. This is the result of the open door policy adopted by China, which transforms China from a centrally planned economy to a market driven economy. The policy also aims to attract foreign investment, technology and expertise through joint venture arrangements with foreign parties.

With the Singapore Government's encouragement and support on overseas ventures, many companies have ventured into China. As at end 1994, 80% of the investment from Singapore is committed in real estate related sector, mostly through joint venture mode of entry. However, owing to the lack of exposure in the China market and the scarcity of literatures related to China's property development, the Singapore investors often venture into the country with insufficient guidance. The lack of understanding in the investment climate and procedures often translates into unnecessary monetary loss and manpower wastage at later stage, which could be avoided if full attention had been paid to the strategic issues relating to the planning and implementation of the property development project right from the onset.

Without doubt, there are problems and risks associated with investment in China, but these problems are by no means insurmountable. They can be understood and dealt with. The aims of this study are to investigate the various critical issues commonly encountered by Singapore investors in the planning and implementation of joint venture property development projects in China and produce a set of guidelines to ensure a greater chance of success in their ventures.

The methodology adopted for this study is by way of survey questionnaire and personal interviews with representatives of several companies to achieve the stated objectives. The responses of these companies are analyzed under the general topics of investment, management, design, procurement and construction of the joint venture project. Case studies on two joint venture projects undertaken by a Singapore company are also presented which illuminate its successes, problems and failures.
during the project implementation stage.

As a background, a brief literature review on foreign investment in China is presented in Chapter 1, where the objectives of this study and the limitations are also set out. Chapter 2 gives an introduction to the major forms of joint venture investment in China, their establishment procedures and inherent advantages and disadvantages. This is followed by a brief description of the usual arrangement for executing joint venture property development projects in China. Chapter 3 illustrates the case studies of two joint venture projects undertaken by a Singapore company in China. These studies offer an useful insight into the implementation of the projects, especially the role of foreign investors in joint ventures. This is followed by Chapter 4 where the survey data are evaluated and discussed in respect of the common problems confronting Singapore investors in their joint venture projects in areas such as investment, management, design and construction. Finally, Chapter 5 concludes the study and provides a list of guidelines to ensure a greater chance of success in the planning and implementation of joint venture property development projects in China.