CANADIAN BUSINESS DEALS IN BEIJING
STRENGTHEN CANADA-CHINA BUSINESS RELATIONSHIP

International Trade Minister Sergio Marchi witnessed the signing of 46 commercial agreements today worth $720.8 million during the Canada-China Business Forum in Beijing, China.

"These agreements send a strong message that Canada is broadening and diversifying its trade and investment presence in China," said Minister Marchi. "The impressive number of commercial transactions in high technology, advanced manufacturing and specialized services demonstrate that Canada and China are strengthening their business relationship built around the new high-technology economy."

Examples of innovative deals that highlight this burgeoning business relationship include: Hydronov Inc., which has signed two deals to construct hydroponic greenhouses; Kelowna Flightcraft International Air Cargo and Winnport Air Cargo, which are offering a cargo service between China and Canada; and Lavergne China Inc., which will develop a facility to turn contaminated plastic into high-value, semi-finished plastic products.

Today’s signings included 27 contracts worth $551.7 million, 10 memorandums of understanding or letters of intent valued at $29.4 million, and seven investments worth $139.8 million. Several other companies attending the signing ceremony also announced office openings. Separate from today’s signings, the Export Development Corporation announced a renewal of a $288 million credit facility with the Bank of China.

The China portion of the Minister’s trip focused on Canada's long-term plans to develop closer business relationships with that country’s rapidly emerging regional markets and diversifying Canada's already strong trade and investment with China.

In Dalian, Minister Marchi met with Liaoning Party Secretary Wen Shizhen, Liaoning Governor Zhang Guoguang and Dalian Mayor Bo Xilai.
In Beijing, the Minister gave a keynote address at the annual general meeting of the Canada-China Business Council and met with several senior Chinese ministers to discuss Canadian trade and investment interests, including agriculture, mining and telecommunications. Those that Minister Marchi met include: Zeng Peiyan, Chairman of the State Development Planning Commission; Dai Xianglong, Governor of the People's Bank of China; Zhou Yongkang, Minister of Land and Resources; Wu Jichuan, Minister of Information Industry; and Sun Zhenyu, Vice-Minister for the Ministry of Foreign Trade and Economic Affairs.

"Despite the financial crisis gripping Asia, China has managed to promote both financial stability and economic growth," concluded Mr. Marchi. "Canadian companies continue to be committed partners in the Chinese market."

Minister Marchi began his trip in Singapore, where he addressed a seminar on investing in Canada, and then attended the two-day APEC Ministerial Meeting in Kuala Lumpur, Malaysia.

Tomorrow, Minister Marchi joins Prime Minister Jean Chrétien in the city of Lanzhou, where Canada is contributing to local development through Canadian International Development Agency projects.

Backgrounders on the business deals and initiatives signed are attached.

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http://www.dfait-maeci.gc.ca
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LIST OF NEW BUSINESS INITIATIVES ANNOUNCED TODAY IN BEIJING, CHINA

ABL Canada Inc., St. Laurent, Quebec. ABL Canada Inc. has signed a distribution agreement with STR International Ltd., a subsidiary of Shanghai Industrial Investment (Holding) Company, for the distribution and marketing in China of ABL VideoExpress products. The ABL VideoExpress solution is comprised of video-based hardware (video codecs and routers) and software (video network management). The agreement includes a stocking order by STR of $720 000 (US$500 000) worth of ABL equipment. The combination of STR's experience in the China broadcast video industry and ABL's proven expertise to integrate video over SDH networks have already generated much interest in China for ABL's VideoExpress solution.

Architects Crang and Boake Inc., Don Mills, Ontario. Architects Crang and Boake have signed a $1.44 million (US$1 million) contract with Chang Hong Real Estate Development Co. Ltd. for the planning and design of the 100 000 m² Tianjin Electrical Shopping Centre.

Architects Crang and Boake have also signed a $720 000 contract (US$500 000) with the Government of Qingshan District, Baotou, for the planning and design of the two-million m² Baotou Qingshan Industrial Development area.

Bombardier Inc., Montreal, Quebec, and Power Pacific Corporation Ltd. (subsidiary of Power Corporation of Canada, Montreal, Quebec). Bombardier and Power Pacific have signed a contract with Sifang Locomotive and Rolling Stock Works which creates the Bombardier Sifang Power (Qingdao) Transportation Ltd. joint venture. Located in Shandong province, the joint venture will manufacture mass transit railcars, incorporating Bombardier technology, for both the Chinese domestic market and for exports. The project is designed to have an annual production capacity of 100 high grade passenger railcars and 600 car bodies. The project will enable local production of a range of mass transit vehicles, including railcars, inter-city passengers railcars, subways, light rail trains, and high speed trains. The total investment of the project is about $110 million. Bombardier and Power together will own 50 percent of the joint venture.

The Bombardier Sifang Power (Qingdao) Transportation Ltd. joint venture confirmed that it had been awarded an order of 300 inter-city high grade railcars, with the option for an additional 200 cars. The total value of the order, including the option, is estimated at $550 million.

Bombardier has also signed a $5 million contract with the Xi'an Aircraft Factory to purchase 50 sets of doors and ailerons for its CL-415 aircraft. The CL-415 "SuperScooper," the world's only aircraft that is designed and built for the task of
fighting wildfires, is currently in use in France, Italy, Croatia and California, as well as Canada. In addition to firefighting, the CL-415, with its amphibious capabilities, can also be used for secondary roles such as coastal surveillance, search and rescue, and as a utility transport.

**CEEB ANG International Group Ltd., St. Bruno, Quebec.** CEEB ANG International Canada and Beijing Splendour Architecture Technology Consultants have signed an agreement to set up a joint venture company, the Beijing Sino Canadian Energy Conservation Development Co. Ltd. The joint venture has been established to build the CEEB Complex — Canadian Village in Beijing. The US$120 million project is composed of 20 000 m² of office building and 180 000 m² of residential space on a 12 hectare lot. The project will be built over five years and the Canadian content in equipment, building material and services will be approximately $46 million (US$32 million). The first phase of the project will result in 15 000 m² of office space to be used by the Housing Industry Office under the Ministry of Construction, and will also include 50 000 m² of residential space.

**Dura Products International, Toronto, Ontario.** Dura Products International has signed a letter of intent with Beijing United Transportation Enterprise and Development Co. for the purchase of 150 000 to 200 000 recycled wood and plastic pallets a year. The company hopes to also produce the pallets locally once market conditions are conducive. The project’s estimated value is $4.3 million (US$3 million). Dura Products has developed patent-pending technology to use recycled plastics and wood fibres to make high-value composite pallets that have the strength of hardwood pallets without the problems associated with wood. Dura manufactures the pallets in Toronto where it has 15 employees. It also employs 15 people in Boston, Massachusetts.

Dura has also signed a letter of intent with the Yutian Hi-Tech Industrial Park to set up a wholly owned manufacturing plant to make composite pallets and work with the city to market Dura products in China and beyond. The investment’s estimated value is $7.2 million (US$5 million).

**Eicon Technologies, Montreal, Quebec.** Eicon Technologies has signed a memorandum of understanding with Shanghai Telecom for a training partnership on ISDN technology. Eicon will also donate some of its products to help equip Shanghai Telecom’s training centres. Eicon and Shanghai Telecom have already signed an agreement for the distribution of Eicon’s ISDN access products. Eicon Technology Corporation offers worldwide remote access solutions: ISDN, WAN and SNA. The company exports to over 120 countries, including France, the United Kingdom, Germany, Spain, Italy and the United States. The company employs 500 people.
Eicon has also signed a memorandum of understanding with Beijing Telecom for a training partnership on ISDN technology. Eicon will also donate some of its products to help equip Beijing Telecom's training centres.

**Harris Communications, Greater China Division, China.** Harris Communications has signed a $2.3 million (US$1.6 million) contract with Jiangxi Unicom for the sale of digital transmission equipment for a new cellular system that will serve the cities of Jiujian and Nanchang. Equipment to be sold includes: 32 Quadralink II radios in the 7-GHz band and 68 Microstar radios in the 13 Ghz band. The equipment will be supplied by Harris Canada's operation in Montreal. Harris is a global communications and electronics company. Core products and services include: wireless communications, digital television, microelectronics, information processing and digital office systems. Harris is based in Florida in the United States and employs about 29,000 people worldwide.

**Harris Canada Inc., Montreal, Quebec.** Harris Canada has signed a memorandum of understanding with the Information Centre of the Ministry of Water Resources for the study and analysis of telecommunications equipment and services to be used for the National Flood Prevention Command System. The estimated project value is $1.0 million (US$700,000).

Harris Canada Inc. has also signed a $3.6 million (US$2.5 million) agreement with the Hunan Bureau of the Water Resources Information Centre for the sale of digital microwave and wireless local loop products for the Dong Ting Lake (Hunan Province) Flood Control Communications Network System.

Harris Canada has also announced the opening of an office in Chongqing which will be a liaison office and responsible for sales and after-sales services in south-west China.

**Hoken Trading Ltd., Toronto, Ontario.** Hoken Trading Ltd. has signed a $2.7 million (US$1.9 million) joint venture agreement with Ningxia Islamic International Trust and Investment Corporation and Ningxia Machinery and Electrical Group Ltd. The joint venture will develop a plant that will process 100,000 tons per year of fresh alfalfa, including growing, harvesting, processing equipment, technology transfer and training. Hoken will own 30 percent of the joint venture company and the plant.

Hoken Trading has also signed a $4.6 million (US$3.2 million) contract with Bailong Vegetable Engineering Ltd. to supply a turnkey pig breeding farm in Xi'an, including 150 breeding swine, buildings, equipment, training and technology.

**Hydronov Inc., Mirabel, Quebec.** Hydronov has signed a $4.3 million contract with the Administrative Committee of Beijing Shunyi ("Three High" Agricultural Pilot Area of Science and Technology) for the immediate construction of a greenhouse facility.
The project will use Hydronov's advanced floating rafts hydroponic technology from its Canadian facilities. It will produce more than 800 000 kgs of fresh vegetables per year.

Hydronov has also signed a letter of intent with Shenzhen Greens Technology Co. Ltd. and Shenzhen Evergreen Vegetables Co. Ltd. for phase two of a high-technology agricultural project using Hydronov's "floating raft" hydroponic system. The floating raft system is 100 percent Canadian content and includes technology transfer, training and equipment. The project's value is estimated at $6.8 million. The facility is the second phase of a similar project built in 1998, now into commercial production of high-quality lettuce.

**International Cancer Society of Canada, Oakville, Ontario.** The International Cancer Society of Canada has signed a letter of intent with the Cancer Institute and Cancer Hospital of the Chinese Academy of Medical Sciences to co-operate on the development and implementation of cancer care facilities throughout China. The first facility is to be based in Beijing, China, and will be associated with the Cancer Hospital.

**International Centre for Chinese Affairs (ICCA), Ottawa, Ontario.** The ICCA and Shanxi Xinzhou Dafa Corporation have signed a contract to form a joint venture in Shanxi Province for the production of 100 000 tons of bauxite. The joint venture will market the product in both China and abroad. The value of the project is estimated at $5.0 million (US$3.5 million), of which $2.45 million is Canadian content. The project includes consulting services, feasibility studies and the purchase of land and equipment. The ICCA is a consulting service firm that specializes in China.

**Kaiwing Enterprises Ltd., Richmond, British Columbia.** Kaiwing has signed a letter of intent with Yunnan Provincial Medicinal Materials Company to supply $15 million worth of Canadian ginseng for the manufacture of products, such as ginseng tea, ginseng almonds, ginseng plums and other products. The Canadian ginseng will be combined with an equivalent value of Chinese tangi in the manufacture of the products. The products will then be marketed in Canada, China and other countries. The company estimates total revenues from the final value-added products could reach $100 million.

**Kelowna Flightcraft International Air Cargo, Winnipeg, Manitoba, and Winnport Air Cargo, Winnipeg, Manitoba.** Kelowna Flightcraft and Winnport have signed an interline agreement with Air China Cargo to offer a through service between any location in China served by Air China and any point in Canada served by Kelowna Flightcraft International Air Cargo. The agreement is expected to generate from $8 million to $12 million per year. Kelowna Flightcraft and Winnport already offer a B-747 all-cargo air service between Winnipeg and Nanjing and Shenzhen three times a week.
Ksat Satellite Networks, Vancouver, British Columbia, and Omnitronix Ltd., Montreal, Quebec. Ksat and Omnitronix have signed a contract with Beijing Gaida Satellite Communications Networks Ltd. for the purchase of 1,000 VSAT units. The project is valued at $5.5 million (US$3.8 million). The units will be used to monitor flood-control and water resource systems.

Omnitronix has signed a contract with Beijing Gaida Satellite Communications Networks Ltd. for the joint development of radio transmission units. The project is valued at $360,000 (US$250,000).

Lavergne China Inc., Montreal, Quebec. Lavergne China has signed a $10.5 million (US$7.5 million) contract with Beijing Olympic Li Kang Transportation Corp. and Beijing Shilong Industrial Zone Investment and Development Corp. to form a joint venture company to develop a plant that will treat contaminated plastic and turn it into high-value, semi-finished plastic products, such as thermoforming sheets used in packaging. The new joint venture company will be called Kang Jie Long Environmental Material Co. Ltd. and will be 51 percent owned by Canadian interests.

Lavergne has also signed a $10.5 million (US$7.5 million) contract with Chongqing Datian Agriculture Company to form another joint venture company to develop a second facility to treat contaminated plastic.

Manulife Financial, Toronto, Ontario. Manulife has signed a memorandum of understanding with Sinochem of Beijing to establish a joint venture company to operate a mutual fund business in China. Manulife and Sinochem are already partners in the Zhonghong life insurance joint venture in Shanghai. Manulife Financial, Canada's largest life insurance company, has assets of over $47 billion. It offers a full range of life insurance products and services. Founded in 1887, the company's first chairman was Sir John A. MacDonald, the first Prime Minister of Canada. Manulife participated in both the 1994 Team Canada Mission to China and the 1996 mission to India, Pakistan, Indonesia and Malaysia.

Newbridge Networks (Asia) Inc. Newbridge Networks (Asia), a subsidiary of Newbridge Networks of Kanata, Ontario, has signed a contract to supply ATM switch equipment to build the core and backbone ATM network for the China Post national multi-service wide-area-network. Newbridge will install Mainstreet Xpress 36170 switches in 31 provincial capitals across China. The ATM network will provide data, voice and multimedia and will allow China Post to optimize its postal services. This is the second national backbone network that Newbridge has supplied to China, the first being a national DDN backbone awarded by China Telecom in 1994. Newbridge Networks designs, manufactures, markets and services a comprehensive family of networking products and systems in more than 100 countries. The company employs more than 6,200 people worldwide and operates research and development and...
sales facilities in Canada, the United States, Latin America, Europe, the Middle East, Africa, Australia and Asia.

**Nortel Networks — Bay Networks, China.** Bay Networks, a business unit of Nortel Networks of Ottawa, Ontario, has signed a $2.88 million (US$2 million) agreement with Tsinghua University to establish a joint research laboratory to develop computer networking technologies and products in China. The agreement also includes an expert exchange program to encourage closer co-operation. Nortel is a leading global provider of digital network products and services. Its customers are local and long-distance telecommunications companies, cellular mobile radio and personal communications services providers, businesses, universities, governments, cable television companies, competitive local-access providers, and other network operators around the world.

**Nortel Networks (China) Inc.** Nortel Networks (China), a subsidiary of Nortel Networks of Ottawa, Ontario, and its Chinese partners has also announced a $53 million (US$37 million) investment in its switching joint venture, Guangdong Nortel Telecommunications Switching Ltd. (GDNT). The investment will further expand GDNT’s scope of business to include mobile telecommunications, access and data systems, in addition to Nortel Networks DMS switching equipment. Nortel’s Chinese partners in the investment include subsidiaries of the Guangdong, Hebei and Henan Post and Telecommunications Administrations (PTAs) and partners of the Macro Group of Shunde, Guangdong.

Nortel has also signed seven contracts totalling $173 million (US$120 million). They include:

- **Nortel Guangdong (GDNT), Shunde Province.** Guangdong Nortel has signed contracts with the Yunnan, Shaanxi and Tianjin Post and Telecommunications Administrations (PTAs) for the sale of PMS switching equipment.

- **Nortel Networks (China).** Nortel Networks (China) has also signed a contract with Unicom Sichuan and Chongqing for the expansion of one of their earlier PSTN projects and the sale of the latest PDMX-EV access product.

- **Nortel Networks (China) has also signed a contract with Hebei PTA for phase five of the Hebei PTA GSM project.

- **Nortel Networks (China) has also signed a contract for the installation of the Ningxia Unicom GSM project; a contract for the expansion of the Heilongjiang Unicom GSM project; and a contract for the expansion of the Shandong Unicom GSM project.**
- Nortel Networks (China) has also signed a contract with China Customs to design, build and install the State Port Private Network, a private ATM network based on the public ATM currently used by China Customs.

**OPI Systems Inc., Calgary, Alberta.** Jiahua OPI Systems Co. Ltd., has opened its Beijing Sales Centre. This follows the recently signed joint venture between OPI Systems of Calgary, China Super Union Co. and Linangmao Science and Technology Development Co. that specializes in bringing advanced grain storage management into China.

**Panda North American Ventures Ltd., Vancouver, British Columbia.** Panda North American Ventures has signed a memorandum of understanding with the Xin Xiang Real Estate Development Company of the China Real Estate Group to jointly build an International Cultural House in Vancouver, British Columbia. The project’s estimated value is $1.5 million, of which 30 percent ($450,000) is Canadian content. The house will mainly be used as a temporary residence and for cultural activities for foreign students who are studying in Vancouver. Panda has 20 years of experience in business and tourism with China. The Chinese partners will visit Canada shortly to select land in Vancouver so construction can begin.

**Sino Cann Entrepreneurs Association, Mississauga, Ontario and Yongzheng International Investment (China) Corp.** Sino Cann and Yongzheng have signed a contract with the Orient International Holding Co. Ltd. to co-organize the 1999 International Water and Environment Protection Technology Exhibition, which will be held in Shanghai in June 1999. The event is sponsored by the Ministry of Water Resources and the National Environment Protection Agency, and is expected to draw about 200 companies. The project’s value is estimated at $490,000 (US$350,000).

Sino Cann has also signed a memorandum of agreement with the China Communication and Transportation Association to act as an agent to procure communications and transportation equipment in Canada.

**Tesco Drilling Technology, Calgary, Alberta.** Tesco Drilling Technology, a subsidiary of Tesco Corporation, has signed a $1.57 million (US$1.09 million) contract with China National Star Petroleum Corporation for the sale of one of Tesco’s 500ECI electric top drive systems. The system will be used to drill directional, horizontal and vertical wells with downhole problems in Tarim Basin. The use of this advanced technology should help substantially reduce drilling costs. Tesco’s top drive systems are installed in land and offshore rigs in more than 25 countries around the world. These systems are essentially robotic machines made up of a drilling motor and pipehandler used for drilling oil, gas and geothermal wells. The company employs more than 900 people. This is the fifth top drive that Tesco has sold in China.
**Westcoast Energy International Inc., Vancouver, British Columbia.** Westcoast Energy International, a wholly owned subsidiary of Westcoast Energy Inc., has formed a Sino-foreign joint venture for power purchase and fuel supply contracts with Shanghai No.1 Steel. Blast furnace gas will be purchased as a major fuel source from the No.1 Steel plant and No.1 Steel will purchase all the power produced from the power plant. This joint venture will build, own, operate and transfer a 50 megawatt simple cycle power plant to be located within Shanghai No.1 Steel’s manufacturing complex. The total value of the project is $42.9 million (US$29.8 million). Westcoast has a 32.5 percent interest in the joint venture. Westcoast will be the project manager and advisor on plant operations for the first 15 years of a 20-year joint venture contract. The plant, which is currently under construction, is scheduled to commence operations in late 1999.

**Yongzheng International Investment (China) Corp., Mississauga, Ontario.** Yongzheng has signed a contract with Shanghai Luigia International Information Networks Co. Ltd. and the Planning and Economic Commission of Jiangsu Province to provide a computer network and services as part of the International Information Networks Trade Centre in Nanjing, Jiangsu Province. The investment is valued at $2.88 million (US$2 million).

Yongzheng has also signed a contract with Shanghai Liujia International Information Networks Co. Ltd. and the Suzhou Industrial Park Administrative Committee to provide software for the International Information Networks Trade Centre. The project is valued at $86 000 (US$60 000).
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OTHER COMMERCIAL ANNOUNCEMENTS MADE DURING THE INTERNATIONAL TRADE MINISTER'S VISIT TO BEIJING

Blake, Cassels & Graydon, Toronto, Ontario. The law firm of Blake, Cassels & Graydon has officially opened an office in Beijing, having recently been granted approval by the Chinese government. One of Canada's oldest and largest law firms, they provide legal advice on a broad range of corporate, commercial, tax, litigation and intellectual property matters. They have offices in four major Canadian centres, London, England, and now Beijing. The firm participated in the 1996 Team Canada trade mission to Pakistan, Indonesia and Malaysia, the 1998 mission to Latin America and Minister Marchi's spring 1998 trade mission to China.

Export Development Corporation (EDC), Ottawa, Ontario. EDC has signed the extension of a $288 million (US$200 million) credit facility with the Bank of China. This agreement will facilitate the financing of sales of Canadian capital equipment and services to Chinese buyers in a variety of sectors. EDC has maintained a credit facility with the Bank of China since 1979, and the Bank of China remains one of EDC’s prime borrowers in China.

Sun Life of Canada, Toronto, Ontario. Sun Life, through an agreement with the People’s Bank of China, has sponsored the development of the first Chinese-English dictionary of insurance terms which was unveiled this week. Sun Life of Canada began business in 1871, and has grown to become a diversified financial services company with operations in Canada, the United States, the United Kingdom, Hong Kong, the Philippines, Indonesia and Bermuda. The company manages $186 billion in total assets and employs more than 10,000 worldwide. Sun Life hopes to provide a broad range of financial products to Chinese consumers, such as life insurance, pensions and mutual funds.

Teshmont Consultants Ltd., Winnipeg, Manitoba. Teshmont Consultants Ltd. has signed a contract with China Three Gorges Power Corp. to provide the engineering consulting service and the engineering and procurement of high voltage electrical equipment on the left bank of the power plant, including transformers and GIS equipment. Teshmont is a consulting engineering company specializing in the provision of engineering services for high voltage transmission systems, particularly in high voltage direct current (HVDC) systems. Teshmont has expertise in the design of HVDC converter stations, extra high voltage alternating current (EHVAC) terminal stations, direct current (DC) electrodes, communication systems, electrical and structural design of associated extra high voltage (EHV) transmission lines, and in construction supervision and commissioning of complete transmission systems.