
Changing China Context amid the Pandemic

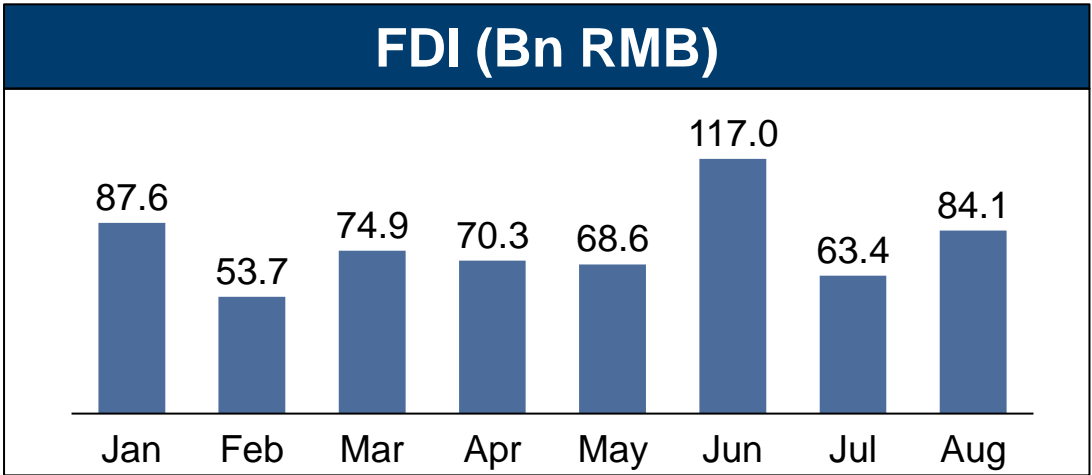
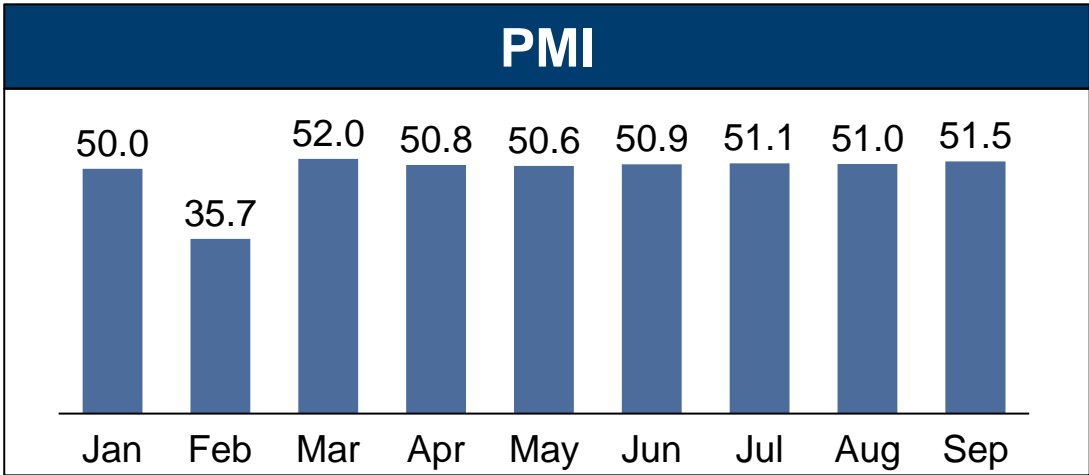
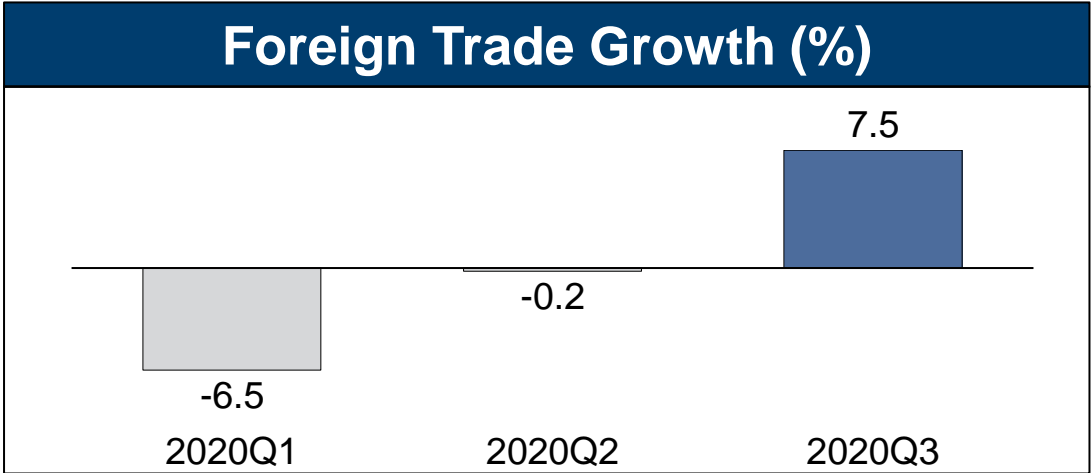
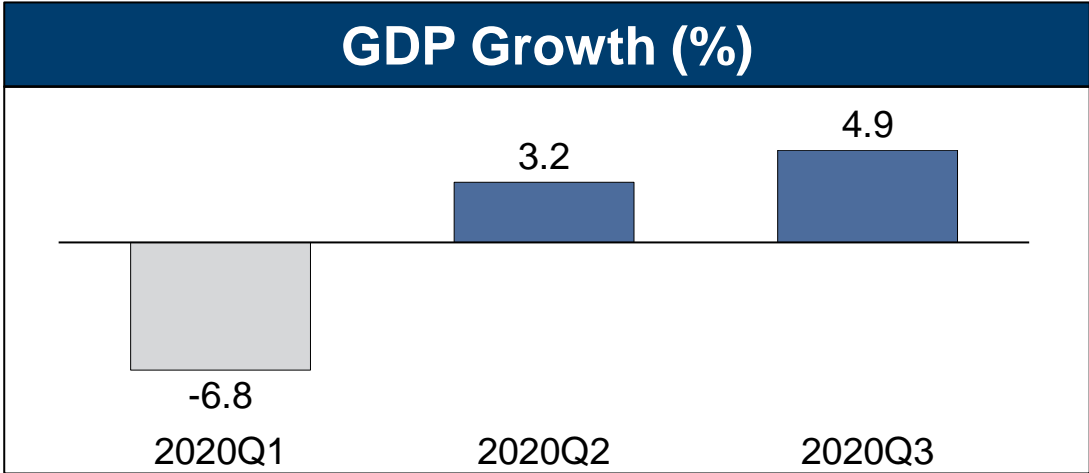
*Presentation by Dr. Edward Tse,
Founder & CEO, Gao Feng Advisory Company*



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China is rapidly undergoing economic recovery

Major Economic Indicators



Source: National Bureau of Statistics, Xinhua.net, CNN, Gao Feng & Automobility analysis

Chinese tourism rejuvenating during the recent national day holiday

Tourists at the Great Wall

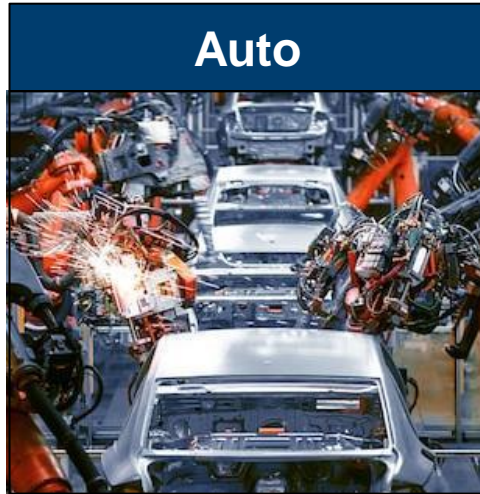


Tourists at Mount Tai



China is accelerating its market reform and opening

Key Sectors Opening Up



*“China will **continue to deepen reform and opening-up**, and fully deliver on the key policy measures for ensuring stability on six fronts ... and maintaining security in six areas... These initiatives are designed to further improve China's business environment and create new opportunities and prospects for investors from home and abroad”*

- Letter by President Xi to Global CEO Council

China is at cusp of entering a new era of tech-enabled innovations

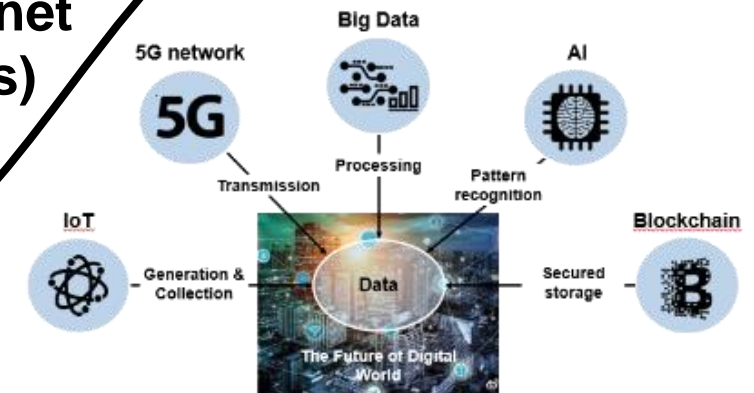
Internet 2.0 Wireless Internet (2007 – 2020)



We are here now

- E-commerce
- Social media
- Big data

Internet 3.0 Connected and Intelligent Internet (2020 onwards)



- What kind of key innovations will emerge?
- In the new era, what kind of creative thinking do companies and business leaders need?
- Who/ what kind of companies will dominate the new era?
- How will the world's geopolitics change?

China's recent major policies/commitments underscore its strategic purpose

Dual-circulation Policies



- China aims to balance emphases on both internationalization (“external circulation”) and self-sufficiency (“internal circulation”)

Carbon-neutral by 2060



- China aims to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060

Joining COVAX



- China officially joined COVAX on Oct. 8th 2020
- China's 4 new coronavirus vaccines have entered phase III clinical trials

New Era of Reform and Opening



- China pledged to deepen the reform and opening up for its economic and social development signified by Shenzhen's 40th anniversary of reform

Source: Xinhua.net, Global Times, Reuters, the Diplomat, Gao Feng analysis

RCEP: a major undertaking with regional and global implementation

RCEP Countries*

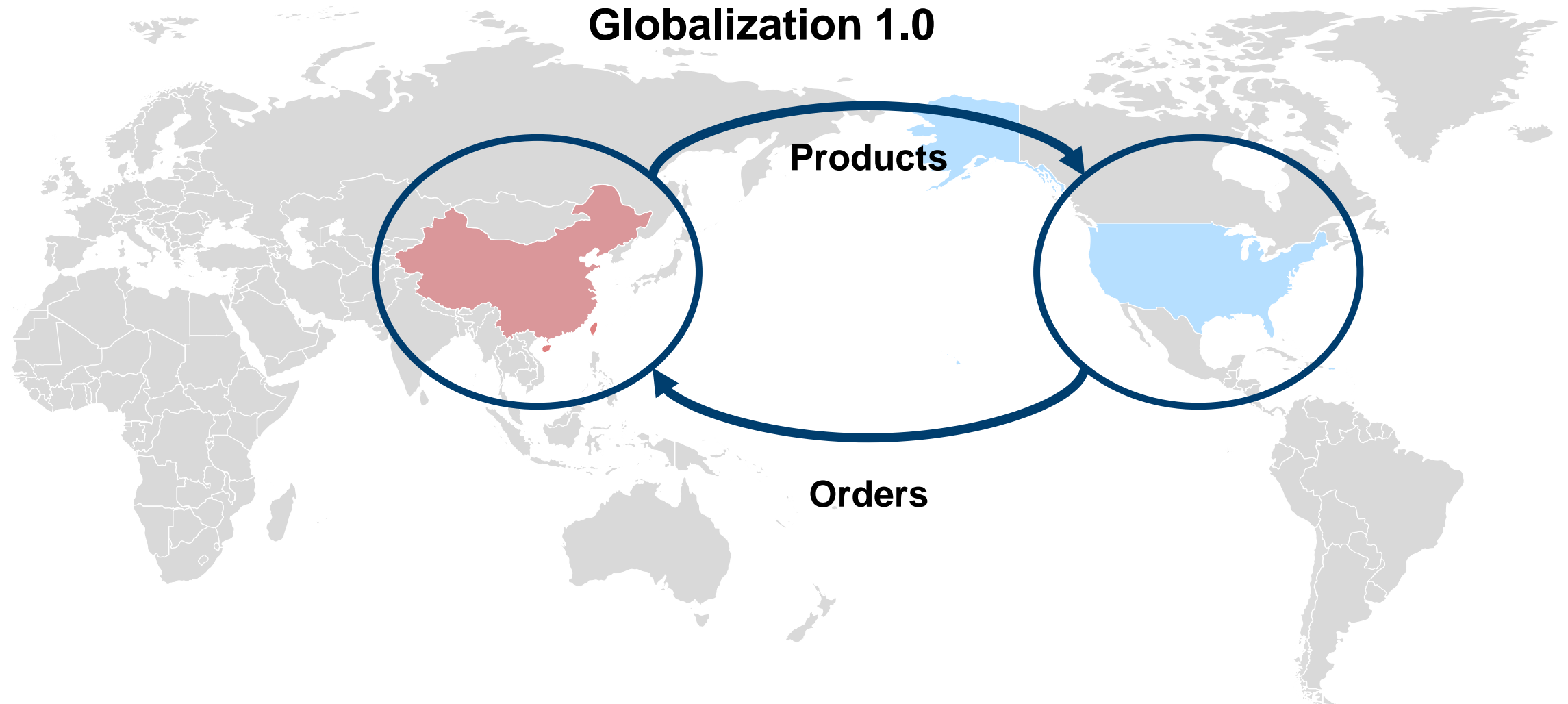


Key Elements of RCEP

- **29%** global GDP in 2019
- Expected to achieve more than **50%** global GDP in 2030
- **30%** global population in 2019
- **30%** global trade volume in 2019

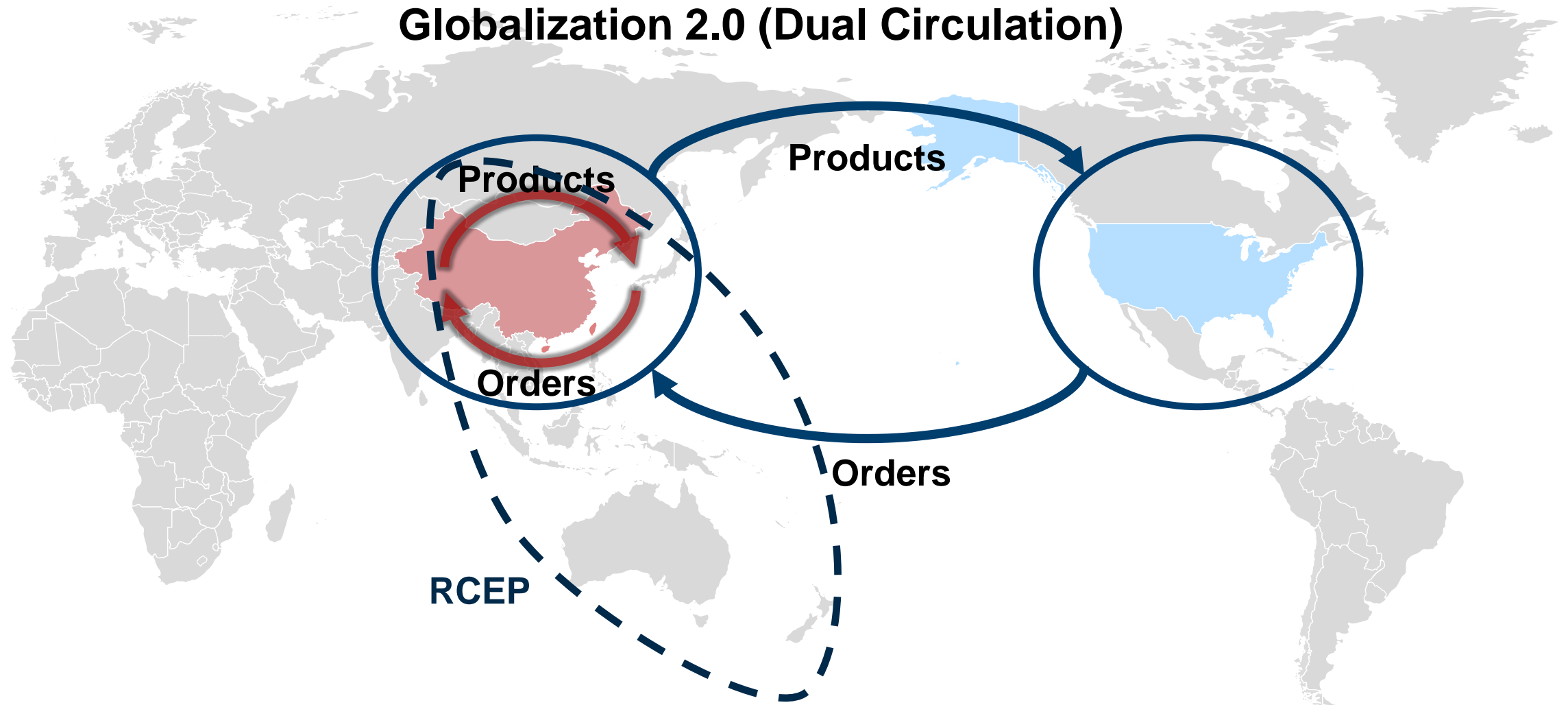
Notes: India chose to opt-out of the RCEP as a number of key concerns were not addressed
 Source: BBC, HSBC, Gao Feng analysis

“Dual Circulation” – manifestation of “Globalization 2.0” (1/2)



Source: National Bureau of Statistics, Xinhua.net, CNN, Gao Feng & Automobility analysis

“Dual Circulation” – manifestation of “Globalization 2.0” (2/2)



Source: National Bureau of Statistics, Xinhua.net, CNN, Gao Feng & Automobility analysis

Setting the agenda for the future

Highlights of the 14th Five-Year Plan



- The fifth plenum of the Chinese Communist Party's 19th Central Committee held in Beijing on October 29 **finalized the blueprint for the 14th Five-Year Plan**, which will set China's economic and social policy vision for the period from **2021-2025**
- The final version of the plan won't be passed until the National People's Congress meets in **early 2021**

Institutional Innovation

- **No specific target for GDP growth**
- Reduce the earnings gaps between rural and urban residents
- Construct a "high-standard market system" where market forces determine the allocation of resources

Technology Innovation

- Make **major breakthroughs** in key core technologies
- Achieve "**new industrialization, informatization, urbanization, and agricultural modernization.**"
- Technology goals **are for 2035, not 2025**

Dual-circulation Policies

- The "domestic cycle" (meaning internal production and consumption) will be the main focus
- "international cycle" (foreign trade and investment)
- Implement a high level of international openness

Source: Global Times, Reuters, the Diplomat, Gao Feng analysis

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