Riding on Guangdong’s
Next Phase of Transformation

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An Overview of Guangdong & the Pearl River Delta Region
Guangdong – Economic Powerhouse

Guangdong Economic Structure, 2013

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Rank</th>
<th>GDP (US$)</th>
<th>Share of total GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>9,184,997</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>1</td>
<td>1,003,746</td>
<td>10.93</td>
</tr>
<tr>
<td>Jiangsu</td>
<td>2</td>
<td>955,270</td>
<td>10.40</td>
</tr>
<tr>
<td>Shandong</td>
<td>3</td>
<td>882,973</td>
<td>9.61</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>4</td>
<td>606,609</td>
<td>6.60</td>
</tr>
<tr>
<td>Henan</td>
<td>5</td>
<td>519,212</td>
<td>5.65</td>
</tr>
<tr>
<td>Hebei</td>
<td>6</td>
<td>456,975</td>
<td>4.98</td>
</tr>
<tr>
<td>Liaoning</td>
<td>7</td>
<td>437,217</td>
<td>4.76</td>
</tr>
<tr>
<td>Sichuan</td>
<td>8</td>
<td>424,026</td>
<td>4.62</td>
</tr>
<tr>
<td>Hubei</td>
<td>9</td>
<td>398,316</td>
<td>4.34</td>
</tr>
<tr>
<td>Hunan</td>
<td>10</td>
<td>395,622</td>
<td>4.31</td>
</tr>
</tbody>
</table>

1.9% of China’s land area
7.8% of national population
26.2% of China’s total trade @ USD$1.09 trillion
Guangdong’s growth led by the PRD Region

- Responsible for > 10% of China’s GDP
- Generates > 80% of Guangdong’s GDP
- Account for > 26.7% of China’s total export
- GDP per Capita 2.2 x National average

The PRD Region in 2012: Limited resources, Enormous output

<table>
<thead>
<tr>
<th>Endowed with:</th>
<th>0.57% of national land area</th>
<th>4.2% of national population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generated:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>9.2% of national GDP</td>
<td>219.6% of per capita GDP of national average</td>
</tr>
<tr>
<td>Sectoral Performance</td>
<td>10.4% of national industry output</td>
<td>10.7% of national tertiary industry</td>
</tr>
<tr>
<td>Residents’ Wealth</td>
<td>8.9% of national saving deposits by urban and rural residents</td>
<td></td>
</tr>
<tr>
<td>Market Potential</td>
<td>7.9% of total national retail sales</td>
<td></td>
</tr>
<tr>
<td>Foreign Economic Cooperation</td>
<td>26.7% of national export, 21.8% of national import</td>
<td>19.3% of foreign direct investment (FDI) actually utilised</td>
</tr>
</tbody>
</table>


Shenzhen and Zhuhai among the first batch of central government-designated Special Economic Zones (SEZs).
### China’s 500 most valuable brands in 2013 – Guangdong enterprises ranked among top 100s

<table>
<thead>
<tr>
<th>Rank</th>
<th>Enterprises</th>
<th>Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Huawei Technologies Co., Ltd.</td>
<td>Communication, e-commerce and information technology</td>
</tr>
<tr>
<td></td>
<td>华为技术有限公司</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>China Merchants Bank Co., Ltd.</td>
<td>Finance</td>
</tr>
<tr>
<td></td>
<td>招商银行股份有限公司</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>ZTE Corporation</td>
<td>Communication, e-commerce and information technology</td>
</tr>
<tr>
<td></td>
<td>中兴通讯股份有限公司</td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>China Vanke Co., Ltd.</td>
<td>Property</td>
</tr>
<tr>
<td></td>
<td>万科企业股份有限公司</td>
<td></td>
</tr>
<tr>
<td>47</td>
<td>Midea Group Co. Ltd</td>
<td>Home appliances</td>
</tr>
<tr>
<td></td>
<td>美的集团有限公司</td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>Shenzhen Neptunus Group Co., Ltd.</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td></td>
<td>深圳海王集团股份有限公司</td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>TCL Corporation</td>
<td>Communication, e-commerce and information technology</td>
</tr>
<tr>
<td></td>
<td>TCL集团股份有限公司</td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>Ping An Insurance (Group) Company of China,</td>
<td>Finance</td>
</tr>
<tr>
<td></td>
<td>Ltd.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>中国平安保险(集团)股份有限公司</td>
<td></td>
</tr>
<tr>
<td>58</td>
<td>Gree Electronic Appliances, Inc.</td>
<td>Home appliances</td>
</tr>
<tr>
<td></td>
<td>珠海格力电器股份有限公司</td>
<td></td>
</tr>
<tr>
<td>63</td>
<td>China Southern Airlines Co., Ltd.</td>
<td>Airline Services</td>
</tr>
<tr>
<td></td>
<td>中国南方航空集团公司</td>
<td></td>
</tr>
<tr>
<td>69</td>
<td>Jiangmen Dachangjiang Group Co., Ltd.</td>
<td>Motorcycle</td>
</tr>
<tr>
<td></td>
<td>江门市大长江集团有限公司</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>China Baoan Group Co., Ltd.</td>
<td>Integrated</td>
</tr>
<tr>
<td></td>
<td>中国宝安集团股份有限公司</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Brand Laboratory

- Strong in Industrial sectors
- Home to large renowned companies such as Huawei, ZTE, Tencent and Midea
A Journey of Economic Transformation and Integration
Guangdong’s policy orientation 3 consecutive 5-year plan

2001-2005 UPGRADEING
- Manufacturing led strategy
- Move from labour intensive processing to 9 key industries

2005-2010 TRANSFORMATION
- Manufacturing led strategy
- Developing technology and capital intensive industries

2011-2015 TRANSFORMATION & DIVERSIFICATION
- Service-led strategy
- Developing modern services

Labour issues
- Shortage in 2003
- Labour law contract in 2008
- Minimum wage:
  - In SZ increase from RMB 690 in 2006 to 1600 in 2013

Global issues
- Sluggish global exporting mkts
- Increase domestic expenditure

Double relocation
- Industries and workforce out of PRD cities

Driving Singapore’s External Economy
PRD Regional Integration – One hour Intercity Commuting Circle

State approved the Outline for the Reform and Development of the PRD (2008-2020)

Concept of 3 Economic Zones (三大经济圈)
- Promote economic integration
- Joint planning
- Intercity public transport system

Optimise resources and enhance accessibility amongst the PRD cities

- 广佛肇 342.5 bil USD
- 深东惠 322.06 bil USD
- 朱中江 92.2 bil USD
Coordinated development of the GREATER PRD + Hong Kong & Macau

Cross border infrastructure
- Connectivity to streamline and enhance cross border link
  - Guangzhou - Shenzhen - Hong Kong Express Rail by 2015
  - Hong Kong - Zhuhai - Macau Bridge by 2016
  - Rail Line between Shenzhen and Hong Kong airport

Pilot cooperation zones with Hong Kong and Macau
- Expand connectivity to international economies
  - 3 special economic development zones as having strategic, national importance - Qianhai in Shenzhen, Hengqin in Zhuhai and Nansha in Guangzhou

Driving Singapore’s External Economy

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Trends and opportunities in Guangdong – the 3 Special Economic Zones (SEZs)

An introduction to Nansha, Qianhai & Hengqin
Driving Singapore’s External Economy

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Driving Singapore’s External Economy

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Political significance and preferential policies

The 12th Five Year Plan specified the projects in the following order of priority:

- As China’s sixth state level New Area, the Nansha New Area is expected to get national support for preferential policies
- Currently applying for similar tax incentives as Qianhai and Hengqin

The 2 key most significant tax concessions for Qianhai and Hengqin:
- Corporate income tax rate of 15% for qualified businesses, as opposed to the current CIT rate of 25% in China
- Individual Income Tax rebate of 15% (HK & Macau residents, compared to general progressive rates from 3% to 45% in China.

Xi Jinping visited Qianhai and Hengqin during his first inspection tour outside Beijing as CPC General Secretary.
### QIANHAI
**Financial services**
- Access to Hong Kong's capital market: test ground for capital account convertibility and cross-border lending

**Development:**
- Authorised HK to offer a total of 2 billion yuan in loans to companies in Qianhai.
- Those interested to setup, 70-80% financial related

### HENGQIN
**Tourism, modern services (Healthcare & TCM)**
- Close proximity to support Macau's hospitality development

**Development:**
- $2-billion marine-based Chimelong Ocean Kingdom theme park
- Guangdong-Macau TCM Industrial Park

### NANSHA
**Modern logistics and services hub/Manufacturing**
- Existing ports and transportation network
- Largest land size

**Development:**
- Formed industrial clusters of the automobile, shipbuilding, and modern services industries
Economic trends and the opportunities
Trends and opportunities of Guangdong – riding on its next wave of transformation

**URBAN DEVELOPMENT**
- Rapid urbanisation
- Township projects
- Planning and redevelopment
- [旧城改造]

**MODERN SERVICES**
- Key sector in economic transformation
- High Growth
- Increasing domestic consumption

**ECOMMERCE**
- Emerging trend
- Burgeoning middle class
- Guangdong ranks 1st in online spending among all provinces

**HI-TECH & KNOWLEDGE INDUSTRY**
- Tax concession and subsidies
- Accelerated R&D activities in the PRD
- SZ, DG and GZ leading in hi-tech industries

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Modern Services – Double Digit Growth at 15.6%
E-Commerce – a burgeoning trend not to be missed

Guangdong ranks 1st in online spending among all provinces (12.2% of nation’s)

Use online marketing platform

Opportunities for sectors along value chain

Strong supporting and established platforms
What to expect?? - the opportunities and challenges

Opportunities:
- Raising income level and economic structure adjustment
- Rapid change in expenditure and retail landscape

TOP 10 REGIONS BY DISPOSABLE INCOME
Unit: yuan per year

1. Shanghai 40,188.3
2. Beijing 36,468.3
3. Zhejiang 34,550.3
4. Guangdong 30,226.7
5. Jiangsu 29,677
6. Tianjin 29,626.4
7. Fujian 28,055.4
8. Shandong 25,755.2
9. Liaoning 23,222.7
10. Inner Mongolia autonomous region 23,150.3

Overall strong consumption power (disposable income per head: Rmb 30 227, ranked 4 out of 31)

Rate   | Beijing | Shanghai | Guangzhou | Shenzhen
---|---------|----------|-----------|---------
Grade A Office | RMB313.0 | RMB253.5 | RMB150.3 | RMB205.5
Retail for prime first floor | RMB905.8 | RMB1410 | RMB662.9 | RMB1,083

Driving Singapore’s External Economy
Leveraging on Singapore-Guangdong Bilateral Relationship
Singapore Guangdong Bilateral Relationship

- Guangdong has continued to be Singapore’s top trading partner in China in 2013 trade reaching US$17.9 billion.
- As of 2013 - Singapore’s cumulative actual investments into the province grew almost 10%, exceeding US$9 billion.

Leveraging on bilateral platform:
Singapore-Guangdong Collaboration Council (SGCC)
- established since 2009
- tremendous boost to this relationship; nearly 40% of our cumulative investments were made in the last five years
- Platform to elevate projects to Provincial level for lobbying

Warm cultivation with top political leaders
Platform Project 1: Guangzhou Knowledge City

Participating in Guangdong’s Economic transformation wave – software collaboration

- A commercially driven collaboration between Singbridge and Guangzhou Development District (GDD)
- 123 sq km, with about 60 sq km of developable area.
- Envisaged to be: Smart City, Eco City, Learning City, Design City
CapitaLand is working jointly with Guangzhou Liwan government on the **urban renewal of Datansha Island** (广州市荔湾区大坦沙岛地区更新改造项目).

- Land area of 3.55 sq km (Toa Payoh is 4.6 sqkm)
- Facilitate the **transfer of Singapore’s experiences** in public housing, estate management, waste management, vocational training, and community building onto the island.

Platform Project 2: Datansha by CapitaLand

**Building a World-Class, Liveable Guangdong – Urban Redevelopment**
# Singapore companies in Guangdong

<table>
<thead>
<tr>
<th>Cities</th>
<th>Singapore-based companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guangzhou</td>
<td>BreadTalk, ST Electronics, ST Aerospace, CapitaLand, UOB, Eu Yan Sang, OSIM, BEE CHENG HIANG, PSA, CapitaMalls, Fabristeel, Keppel Logistics, CPG, mapletree, SHENZHOU</td>
</tr>
<tr>
<td>Foshan</td>
<td>Yeo's, Fabristeel, CapitaMalls, JURONG, INFINITE THINKING, CPG, MAPLETREE</td>
</tr>
<tr>
<td>Dongguan</td>
<td>STAR Furniture, HONG LEONG FINANCE, EtonHouse, Dynacast, PSA, IMI, OCBC, Fraser, RSP</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>CapitaLand, Eu Yan Sang, BEE CHENG HIANG, CapitaMalls, Cityneon, UOB, YANLORD</td>
</tr>
<tr>
<td>Zhuhai</td>
<td>YANLORD, EtonHouse, IMC, Killiney, Little School House, IDA International, International Medical Clinics, RSP</td>
</tr>
</tbody>
</table>
Thank You

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