

China Economy Overview



Summary :

- China has the world's largest population, up 4.96‰ from 2014 to exceed 1.37 billion in 2015. It is estimated that China's population would go up to 1.4 billion in recent years. China is expected to have demographic dividend since Chinese government has released the Two-Children Policy in 2015. However, aging population will show negative impact on the structure of labor power, hence leading to a slow growth of Chinese economy.
- Though China is the second largest economy in the world, China's GDP growth slowed down in 2015. And China's economy is predicted to move downturn in the next 3-5 years. Yet from the perspective of the overall industrial structure, service industry constitutes a growing proportion, with some high added-value and high-tech industries developing rapidly. Over the next few years, supply-side reform will be implemented to realize structural optimization, with other major economic measures in place, such as cutting overcapacity, reducing housing inventory, lowering leverage, cutting corporate costs, etc.

Summary :

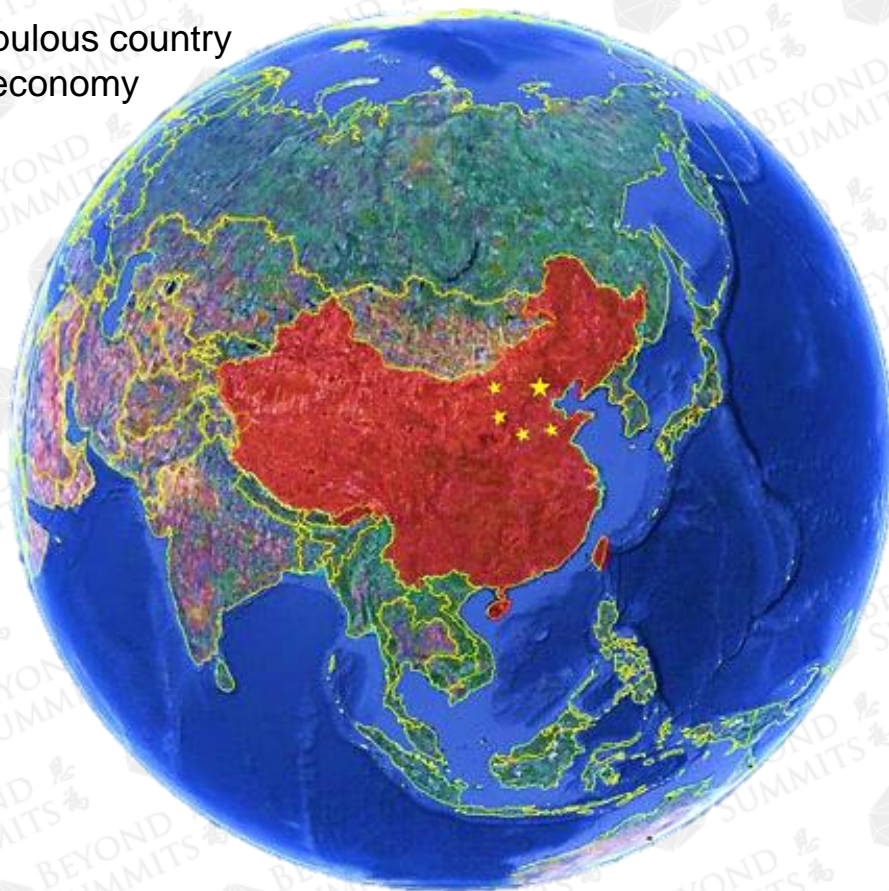
- China has entered an aging society as the proportion of 65s climbed to 10.5% in 2015. In the coming decades, this aging phenomenon may bring China to a more severe condition.
- Chinese income growth was faster than China's GDP growth in 2015. Chinese per-capita disposable income(PCDI) in 2015 was at CNY21,966, which was 8.9% higher than 2014. The real growth turned to be 7.4%, faster than GDP growth after deducting the price factor.
- The import and export amount of China's foreign trade dropped in 2015, and it became one of the reasons for the slow growth of China's economy.

Summary :

- Despite the fierce competition of attracting foreign investment and China's economic downward, the amount of foreign investment in China hit a record high in 2015, up 5.6% from 2014 to \$126.3 billion.
- In 2015, a large number of new registered enterprises continued to fuel in China market and the market maintained a steady development.
- The RMB depreciated against US dollar in 2015 as Federal Reserve raised the interest rate and China went through economic downturn. The annual average exchange rate of RMB against US dollar was 6.23. The uncertainties of stock market was also a main cause. In the short term, the depreciation of RMB can help strengthen the competitiveness in the market.

China :
The world's most populous country
The world's second economy

56 ethnic groups
90% is Han group



Over 1.3 billion
population

Over 80 dialects
Over 70% population
speak Mandarin



4 Municipalities

5 Autonomous regions

23 Provinces
(including Taiwan)

2 Special administrative regions

661 Cities

***Mainland China:**

Excluding Hong Kong,
Macau & Taiwan



Top cities:

Beijing
Shanghai
Guangzhou
Shenzhen

1st tier cities:

Tianjin
Shenyang
Dalian
Harbin
Jinan
Qingdao
Nanjing
Hangzhou
Wuhan
Chongqing
Chengdu
Xi'an

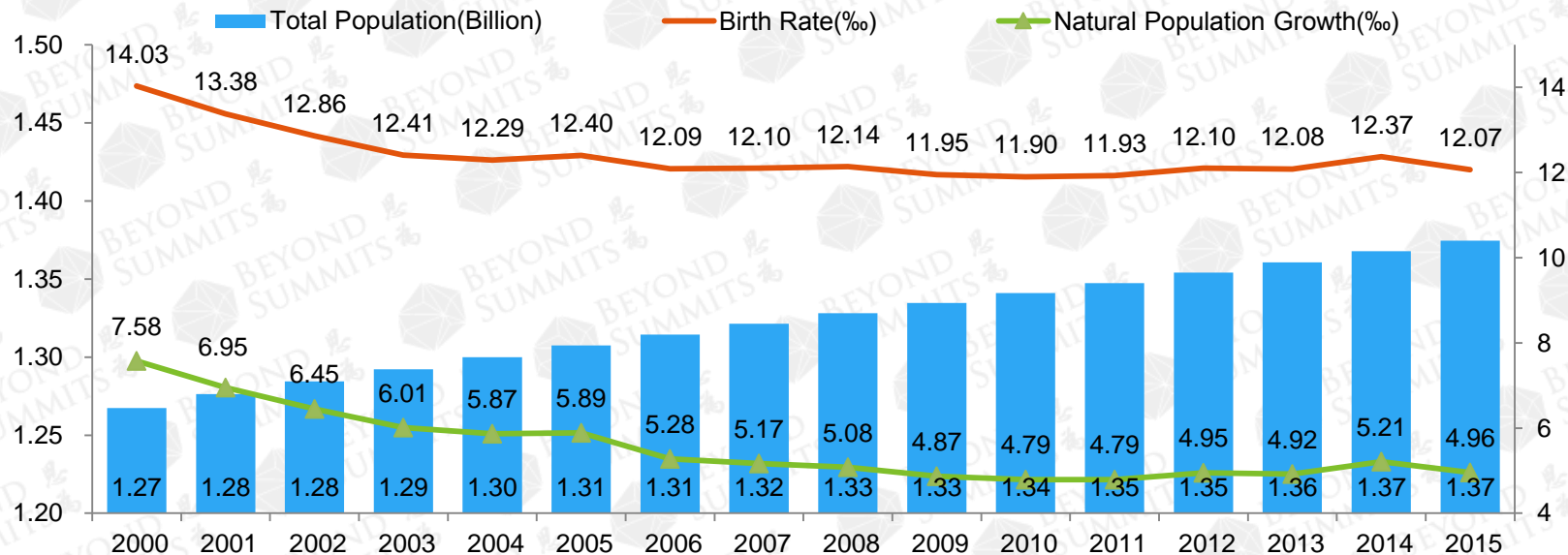
2nd tier cities:

Shijiazhuang
 Changchun
 Hohhot Taiyuan
 Zhengzhou
 Hefei Wuxi
 Suzhou Ningbo
 Fuzhou Xiamen
 Nanchang
 Changsha
 Shantou Zhuhai
 Haikou Sanya
 Nanning Guiyang
 Kunming Lasa
 Lanzhou Xining
 Yinchuan Urumchi



China's population grew to 1.37 billion in 2015 in spite of lower birth rate and slower natural population growth. China's population and birth rate is expected to increase in next few years, followed by the influence of Two-Children Policy.

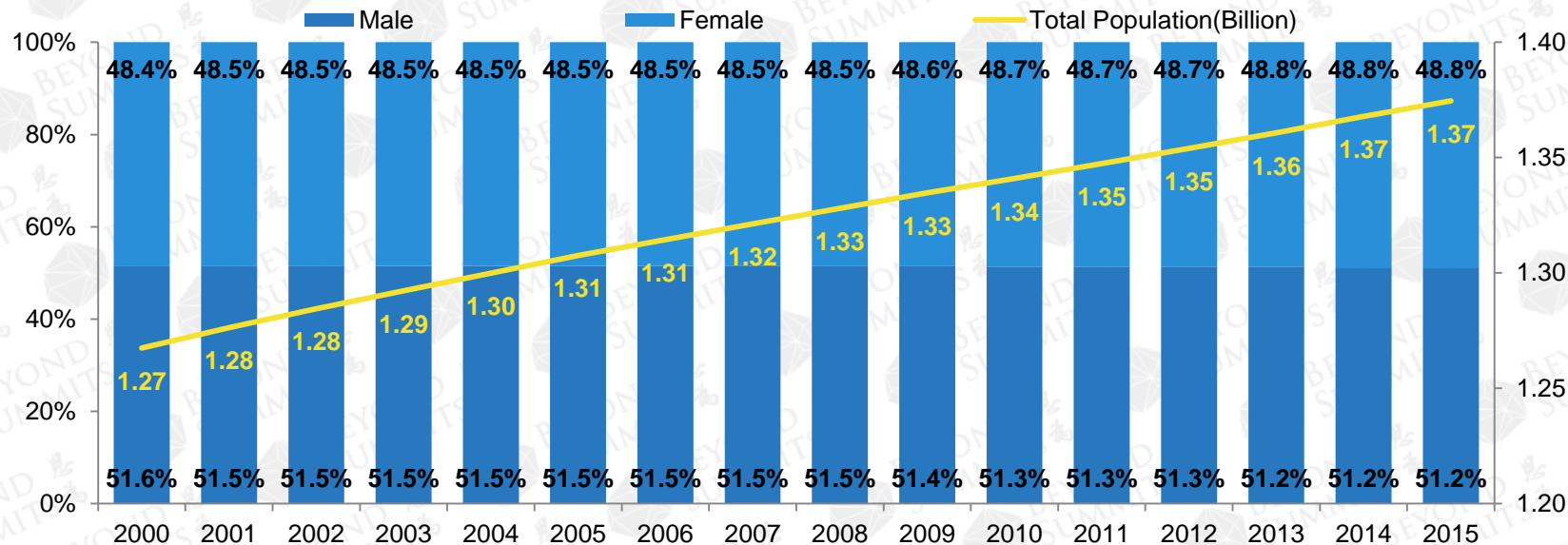
China's Population Trend



Source : National Bureau of Statistics of the People's Republic of China

In the recent decades, male population has slightly outnumbered female in China.

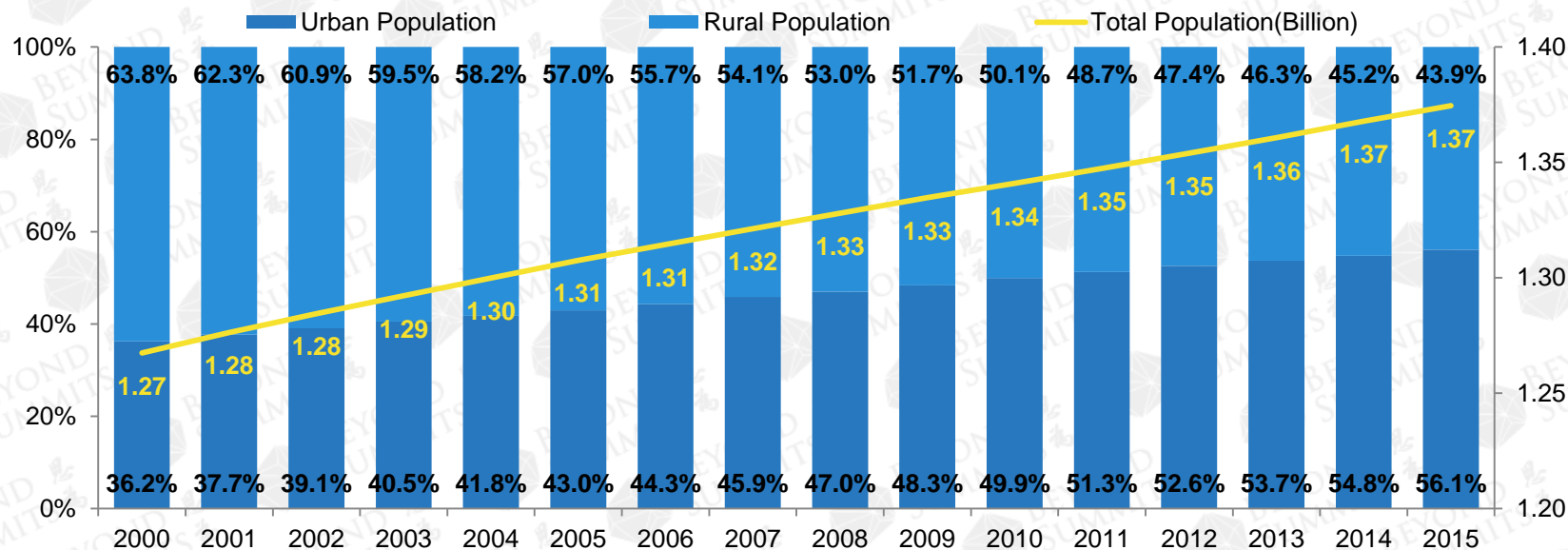
China's Gender Structure



Source : National Bureau of Statistics of the People's Republic of China

Since 2000, China has strived to transform to modernization and urbanization. As of 2015, the proportion of urban population reached 56.1%.

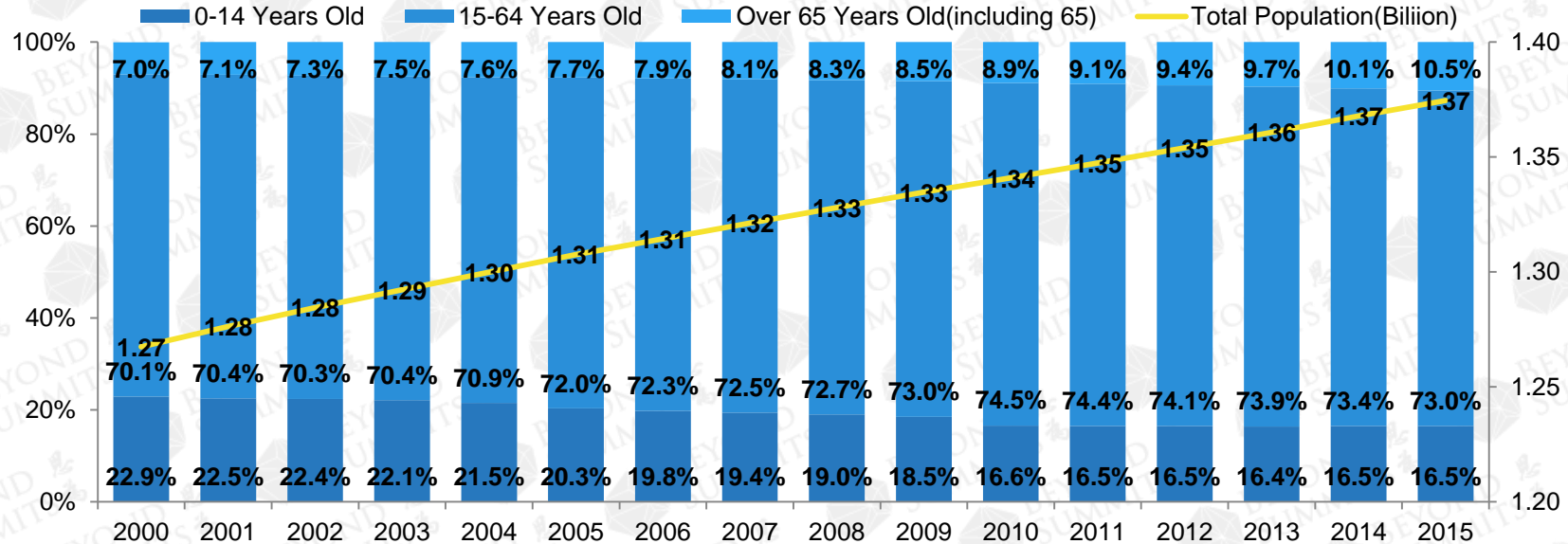
China's Urban and Rural Population Structure



Source : National Bureau of Statistics of the People's Republic of China

Since 2000, falling birth rate and longer life have caused the aging population in China. The proportion of 65s in the total population climbed to over 10% in 2015, and was expected to be higher in the next few years.

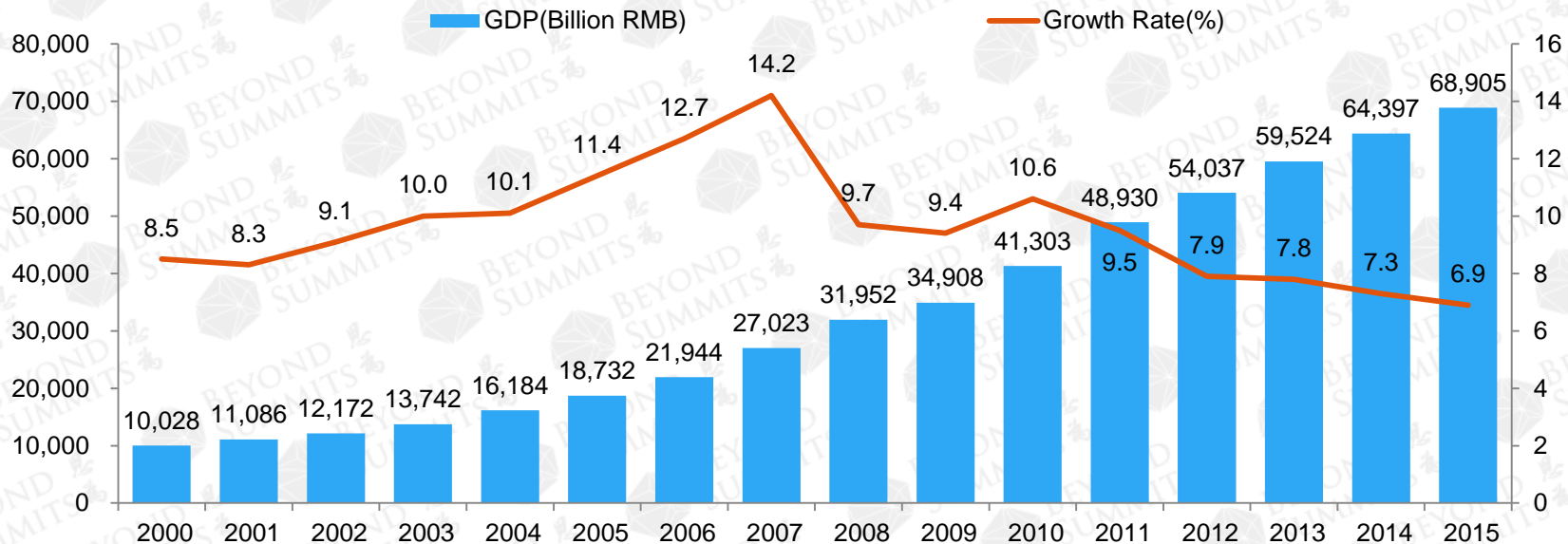
China's Age Structure



Source : National Bureau of Statistics of the People's Republic of China

Over the past 5 years, global economy continued to move downward. The situation is the same in China, whose GDP growth rate has gradually dropped year by year in recent 4 years.

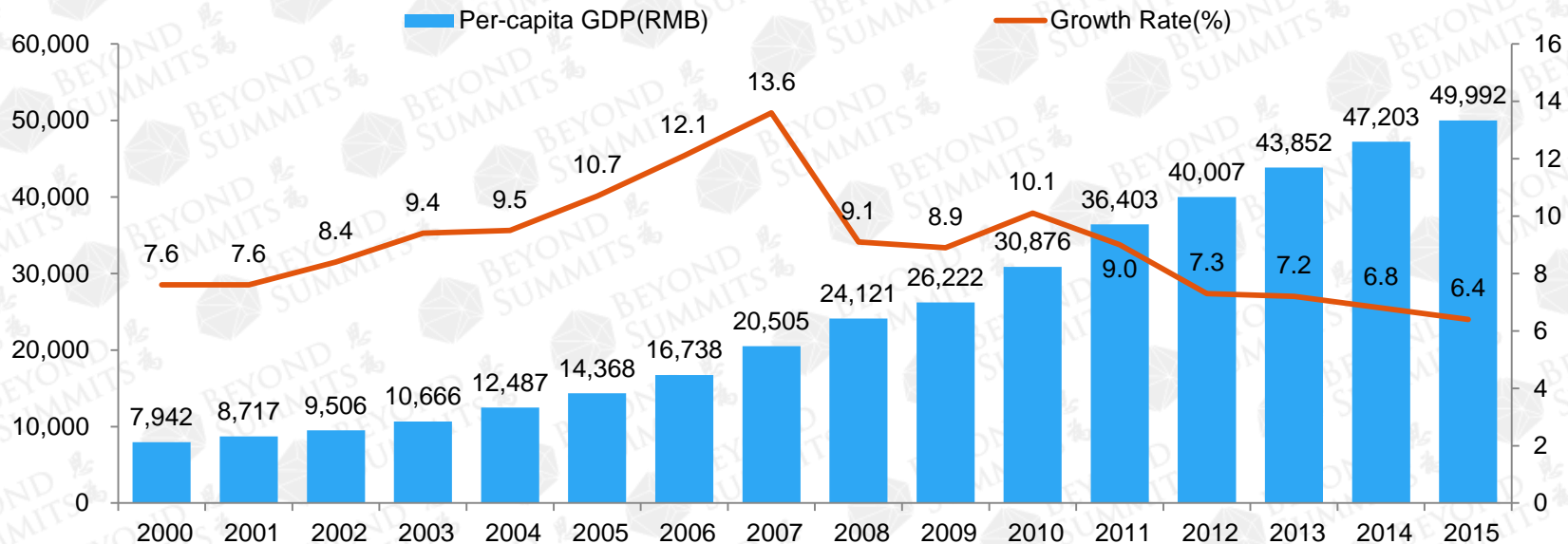
China's GDP and Growth Rate



Source : National Bureau of Statistics of the People's Republic of China Note : Accounting method was adjusted in July 2016

In recent years, China's per-capita GDP growth slowed down and was even slower than the national GDP growth in 2015, which indicated that China's overall productivity had been greatly impacted by the change of China's population structure.

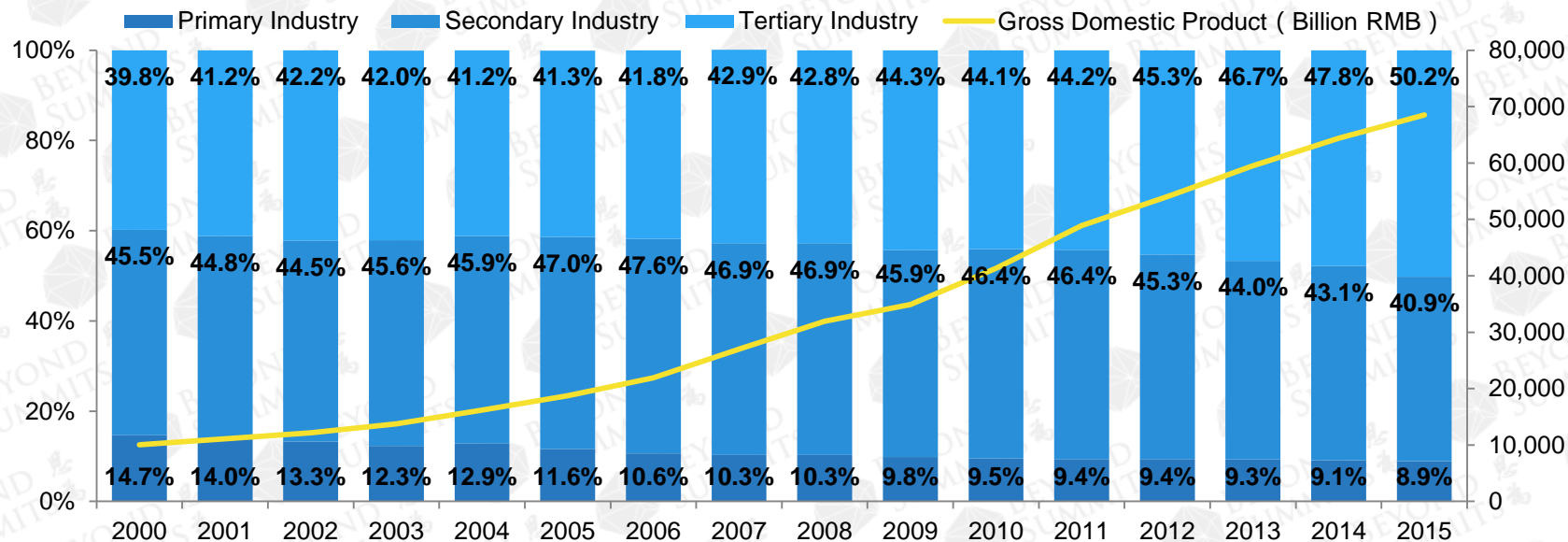
China's Per-capita GDP and Growth Rate



Source : National Bureau of Statistics of the People's Republic of China

The proportion of service industry in China's GDP increased in 2015, taking more than half share. It was marked as a new phase of China's economy and social development, which also meant that China's industrial and consumption structure had upgraded to a new level.

China's GDP structure



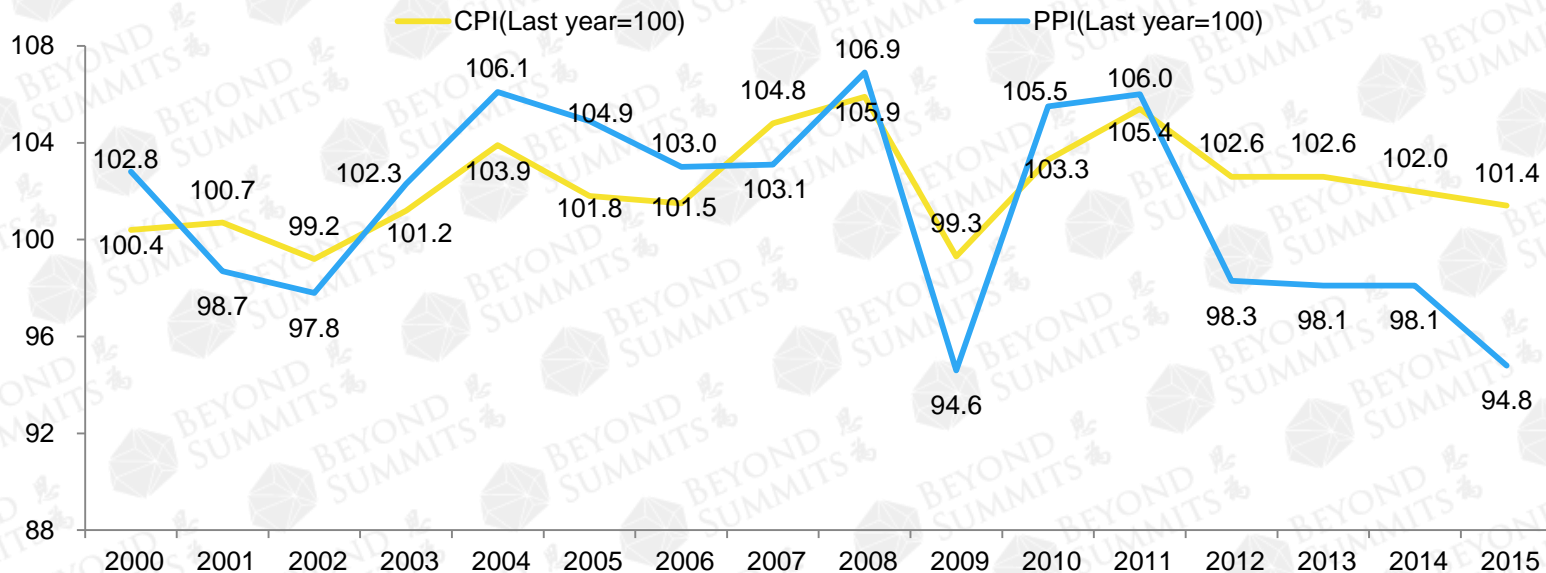
Source : National Bureau of Statistics of the People's Republic of China

Province (excluding HK, Macau & Taiwan)	Population (thousand)	Rank	GDP(Billion)	GDP Rank	Per-capita GDP (RMB)	Per-capita GDP Rank
Guangdong	10,849.00	1	72,812.55	1	67,115	8
Henan	10,722.00	2	37,010.25	5	34,518	25
Shandong	9,847.16	3	63,002.30	3	63,980	10
Sichuan	8,204.00	4	30,103.10	6	36,693	22
Jiangsu	7,976.30	5	70,116.40	2	87,906	4
Hebei	7,424.92	6	29,806.10	7	40,143	20
Anhui	6,949.10	7	22,005.60	14	31,667	27
Hunan	6,783.00	8	29,047.20	9	42,824	16
Hubei	5,851.50	9	29,550.19	8	50,500	13
Zhejiang	5,539.00	10	42,886.00	4	77,426	5
Guangxi	5,518.00	11	16,803.12	17	30,451	28
Yunnan	4,741.80	12	13,717.88	23	28,930	30
Jiangxi	4,565.60	13	16,723.80	18	36,630	23
Liaoning	4,382.40	14	28,743.40	10	65,588	9
Fujian	3,839.00	15	25,979.82	11	67,673	7
Shannxi	3,792.87	16	18,171.86	15	47,911	14
Heilongjiang	3,746.96	17	15,083.70	21	40,256	19
Shanxi	3,664.00	18	12,802.60	24	34,942	24
Guizhou	3,529.50	19	10,502.56	25	29,757	29
Chongqing	3,016.55	20	15,719.72	20	52,112	11
Jilin	2,753.30	21	14,274.11	22	51,844	12
Gansu	2,599.55	22	6,790.32	27	26,121	31
Inner Mongolia	2,511.04	23	18,032.80	16	71,814	6
Shanghai	2,415.27	24	24,964.99	12	103,363	3
Xinjiang	2,360.00	25	9,324.80	26	39,512	21
Beijing	2,170.50	26	22,968.60	13	105,822	2
Tianjing	1,546.95	27	16,538.19	19	106,908	1
Hainan	910.82	28	3,702.80	28	40,653	18
Ningxia	667.88	29	2,911.77	29	43,597	15
Qinhai	588.43	30	2,417.05	30	41,076	17
Tibet	323.97	31	1,026.39	31	31,682	26

Source : Statistical Bulletin in All Provinces and Province-level Municipalities, 2015

China's PPI(Producer Price Index) has kept going down in recent 4 years, because of economic downturn, weak local demand and slipping international commodities' prices. Meanwhile, China suffered from inflation risk in 2015 even though CPI(Consumer Price Index) has hit the lowest point for the past 6 years.

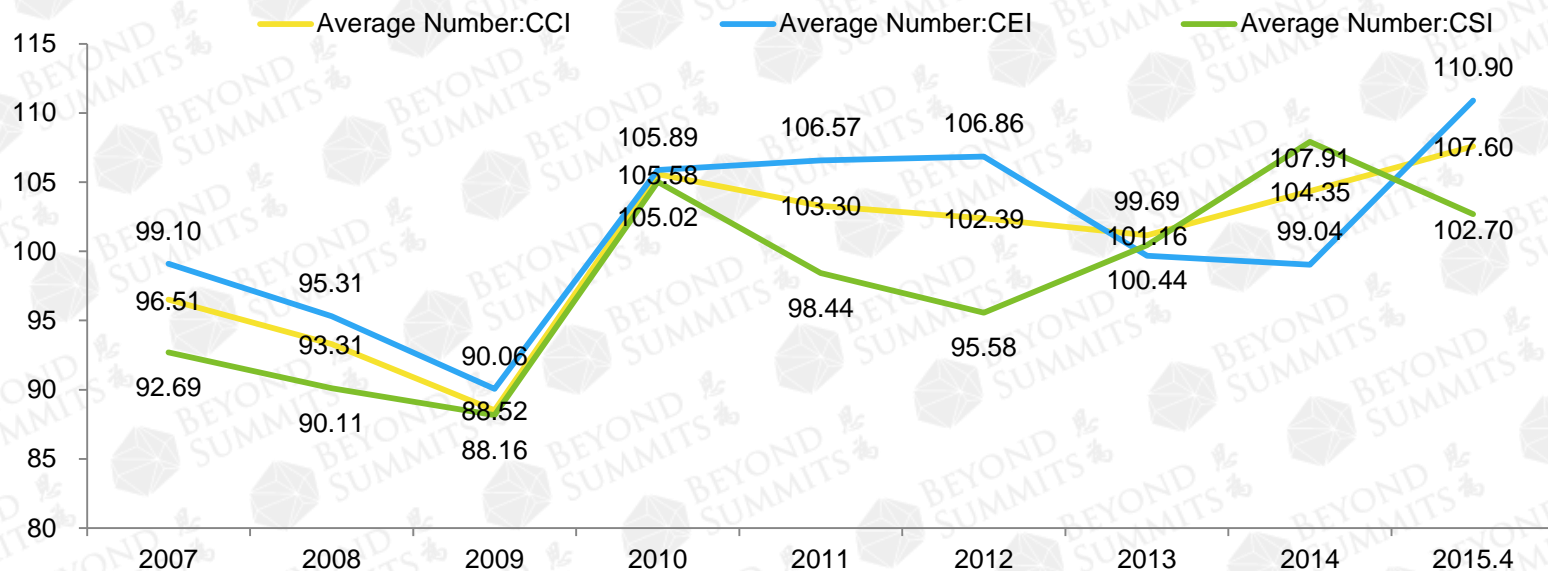
China's Consumer Price Index & China's Producer Price Index



Source : National Bureau of Statistics of the People's Republic of China

In April 2015, China's CCI(Consumer Confidence Index) increased compared with 2014, with higher CSI(Consumer Satisfaction Index) and lower CEI(Consumer Expectation Index).

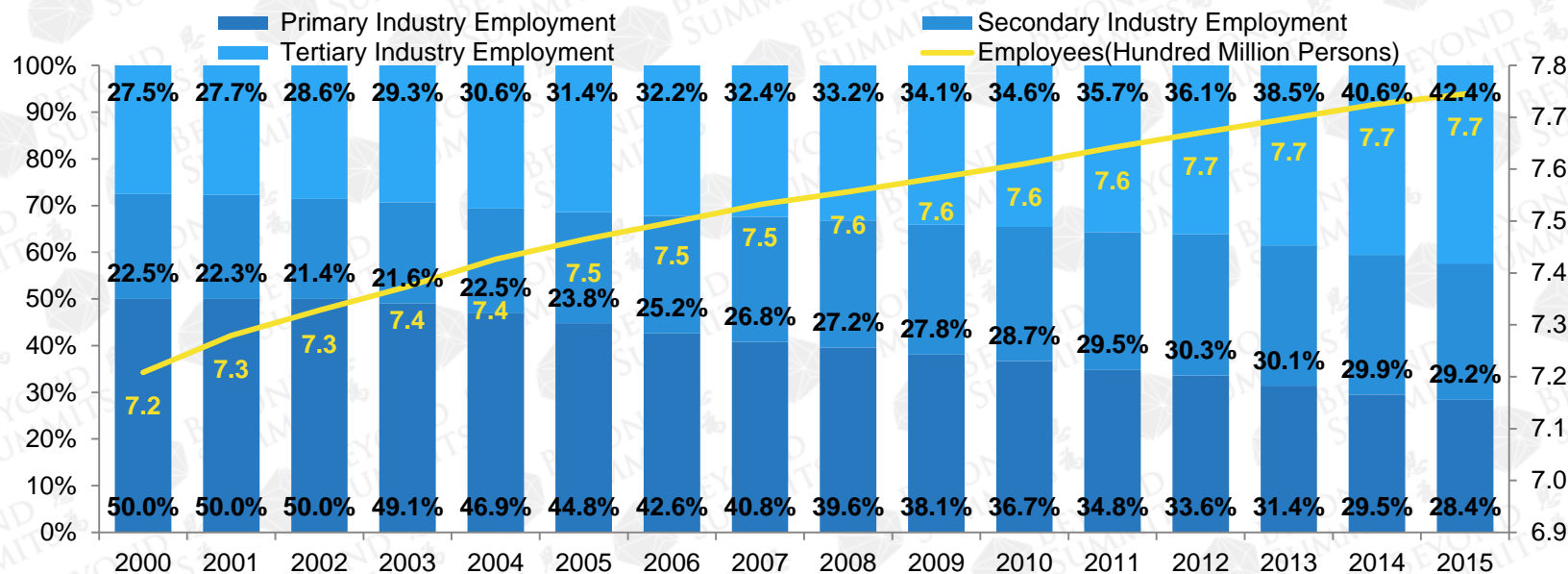
China's Consumer Confidence Index & Expectation Index & Satisfaction Index



Source : National Bureau of Statistics of the People's Republic of China

The proportion of employees in service industry was on the rise with rapid development of the service industry, climbing to 42.4% in 2015. Sectors such as high-tech service industries and livelihood industries show a strong potential to absorb laborers.

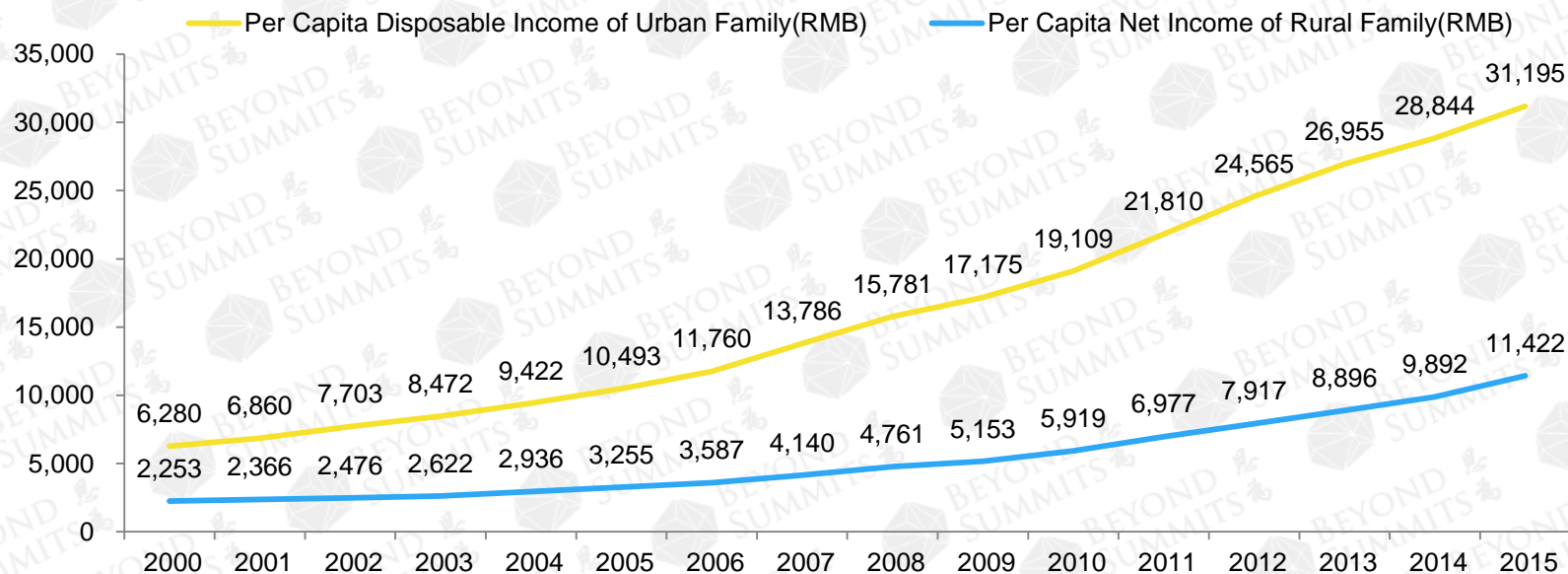
Employment in Different Industries



Source : National Bureau of Statistics of the People's Republic of China

Chinese disposable income growth was faster than China's GDP growth in 2015. Chinese per-capita disposable income(PCDI) in 2015 was at CNY21,966, up 8.9% from 2014. The real growth was 7.4% after deducting the price factor and was still faster than GDP growth. PCDI of urban family and rural family was at 31,195 and 11,422 respectively in 2015.

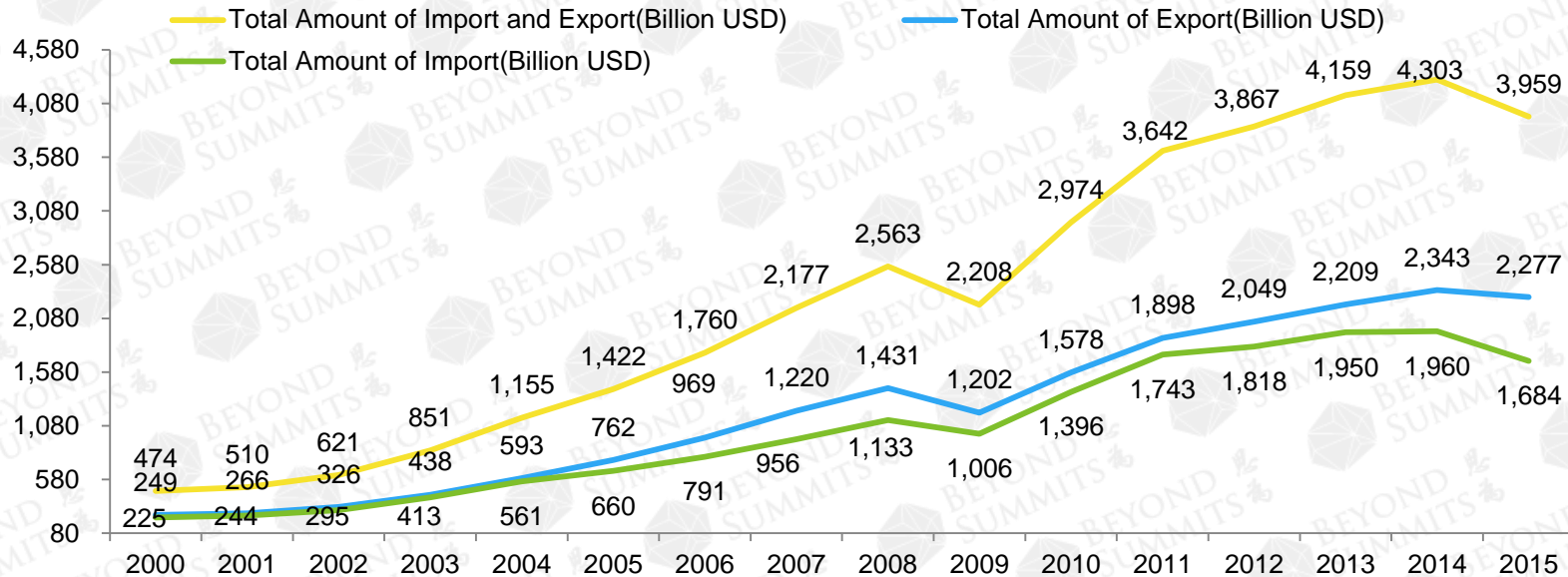
Chinese Residents' Per-Capita Disposable Income



Source : National Bureau of Statistics of the People's Republic of China

The import and export volume of China's foreign trade dropped in 2015. However, the growth of Chinese export trade was still faster than the other major economies and emerging countries. It should be noted that the import and export amount in processing trade and traditional labor-intensive industries has a significant decline.

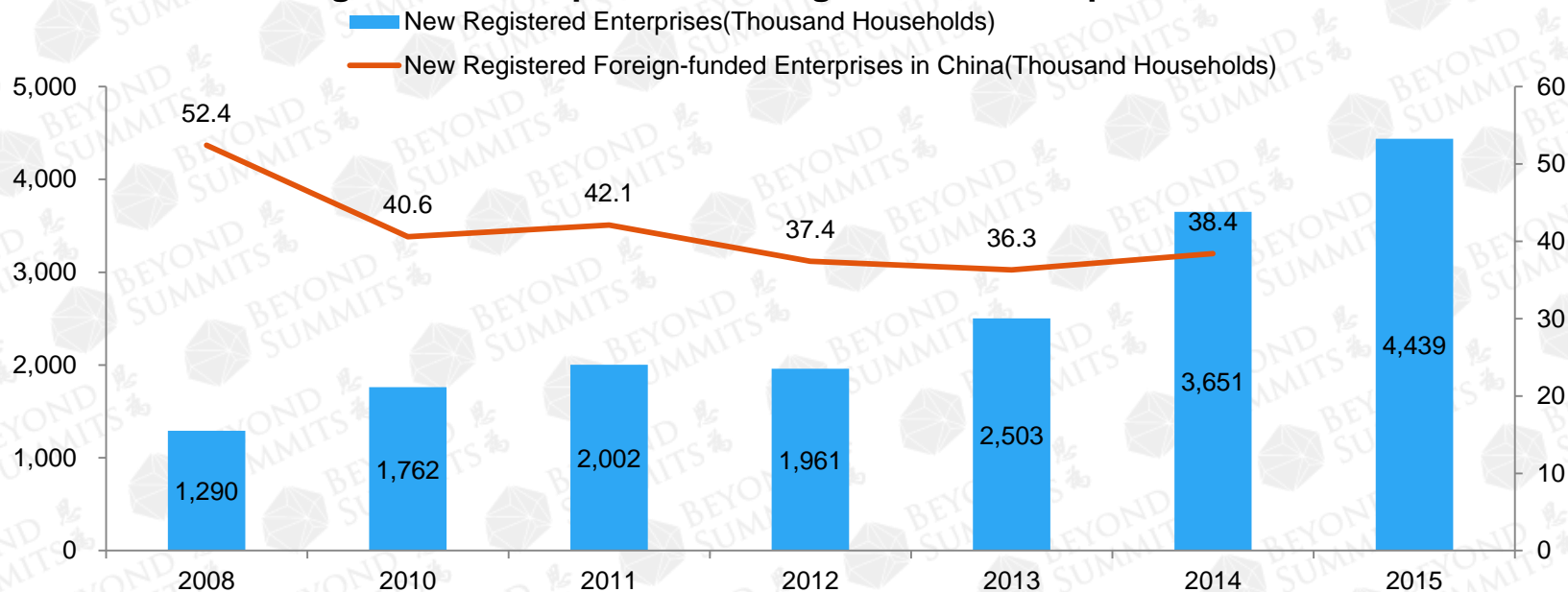
China's Total Foreign Trade Volume



Source : National Bureau of Statistics of the People's Republic of China

The reform of business system and national entrepreneurship and innovation policy have prompted the rapid growth of market subjects. The number of new registered enterprises hit a record high at 4,439,000 in 2015, up 21.6% from 2014.

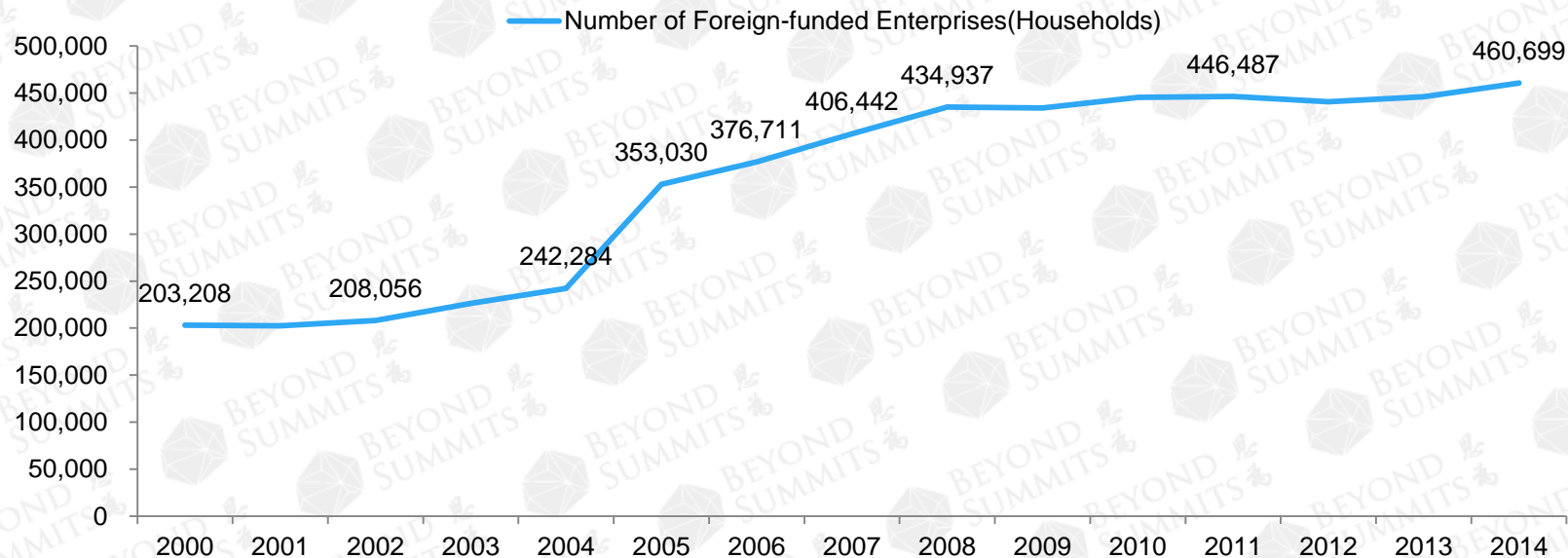
New Registered Enterprises & Foreign-funded Enterprises in China



Source : SAIC General Office, Statistics Department

China market has been and will continue to be the most important “foreign investment friendly” market. Most foreign enterprises positioned China market not only as a manufacturing base but also as the world’s largest market, hence had no intention to withdraw their investment.

Number of Foreign-funded Enterprises in China



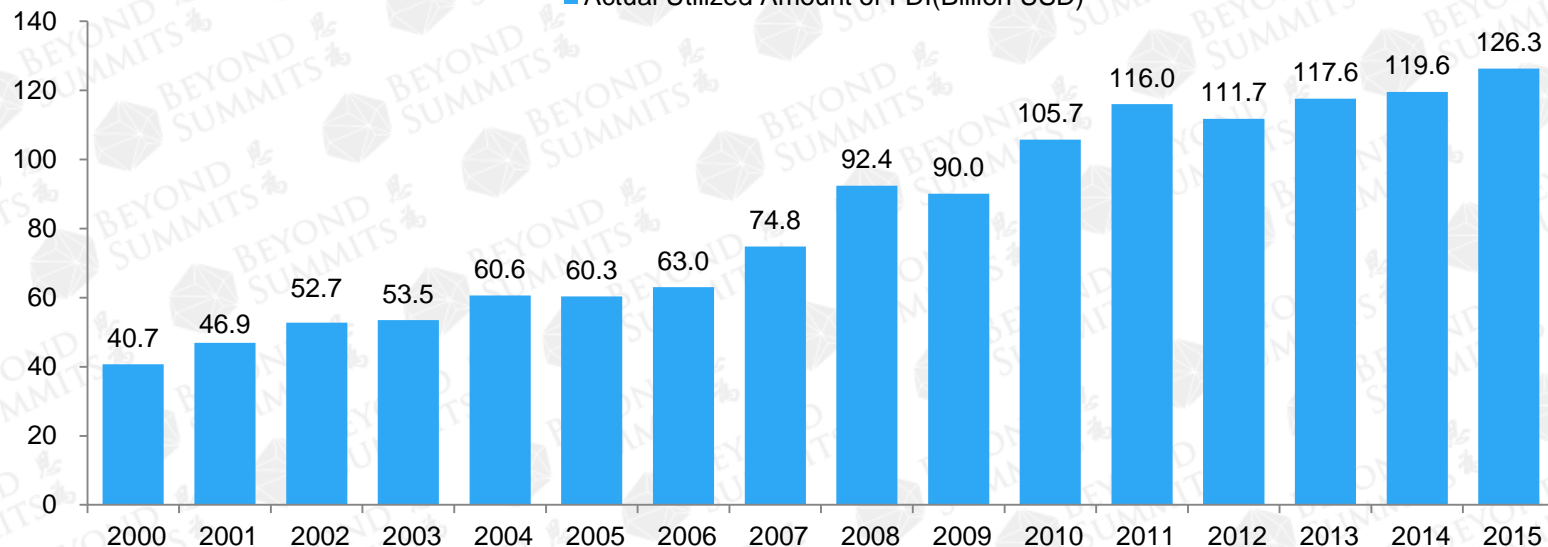
Source : National Bureau of Statistics of the People's Republic of China

Note: Basic information of foreign-funded enterprises is obtained from SAIC. Since 2008, the branches of the foreign-funded enterprises

China's foreign direct investment amount reached the highest at 126.3 billion in 2015. Along with the injection of high quality foreign investment and optimized industrial structure, China will maintain a sustainable development in economy and society.

China's Foreign Direct Investment Amount

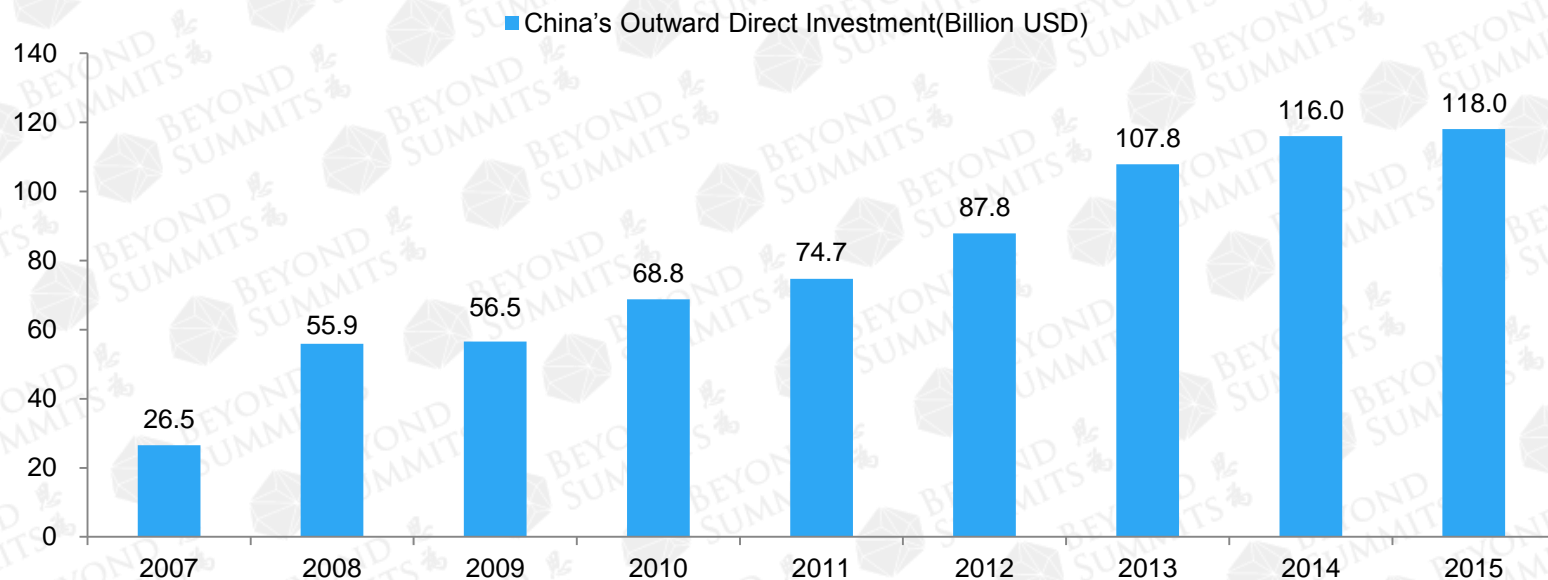
■ Actual Utilized Amount of FDI(Billion USD)



Source : National Bureau of Statistics of the People's Republic of China

China's total amount of outward direct investment grew to 118 billion in 2015, ranking third in the global market. During the 12th Five-Year plan, the outward direct investment amount was 2.3 times of what was in 11th Five-Year plan. Moreover, "One Belt, One Road" together with International Capacity became the main subjects for outward investment in 2015, while mergers and acquisitions were the main investment types.

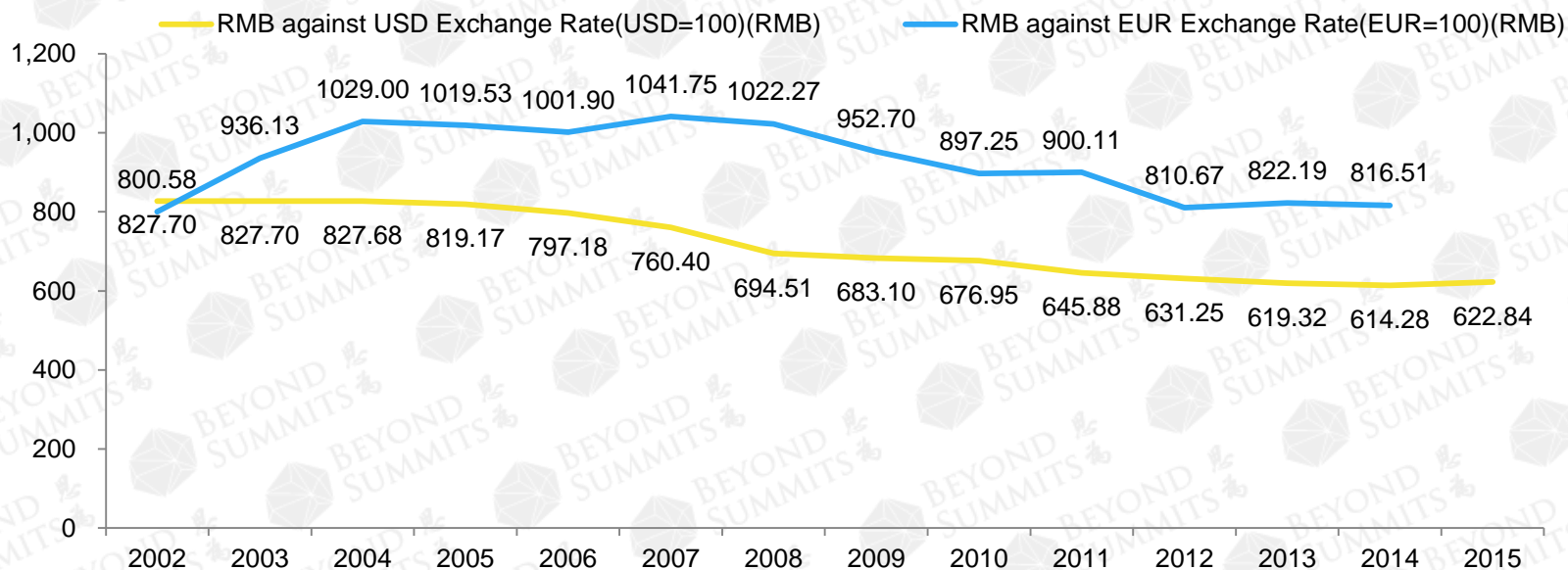
China's Outward Direct Investment



Source : National Bureau of Statistics of the People's Republic of China

The RMB depreciated against US dollar in 2015 as Federal Reserve raised the interest rate and China went through economic downturn. The annual average exchange rate of RMB against US dollar was 6.23. The uncertainties of stock market was also a main cause. In the short term, the depreciation of RMB can help strengthen the competitiveness in the market.

China's RMB Exchange Rate(Yearly Average)



Source : National Bureau of Statistics of the People's Republic of China



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