# Investment opportunities in China/Shenzhen

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# Today's Speakers

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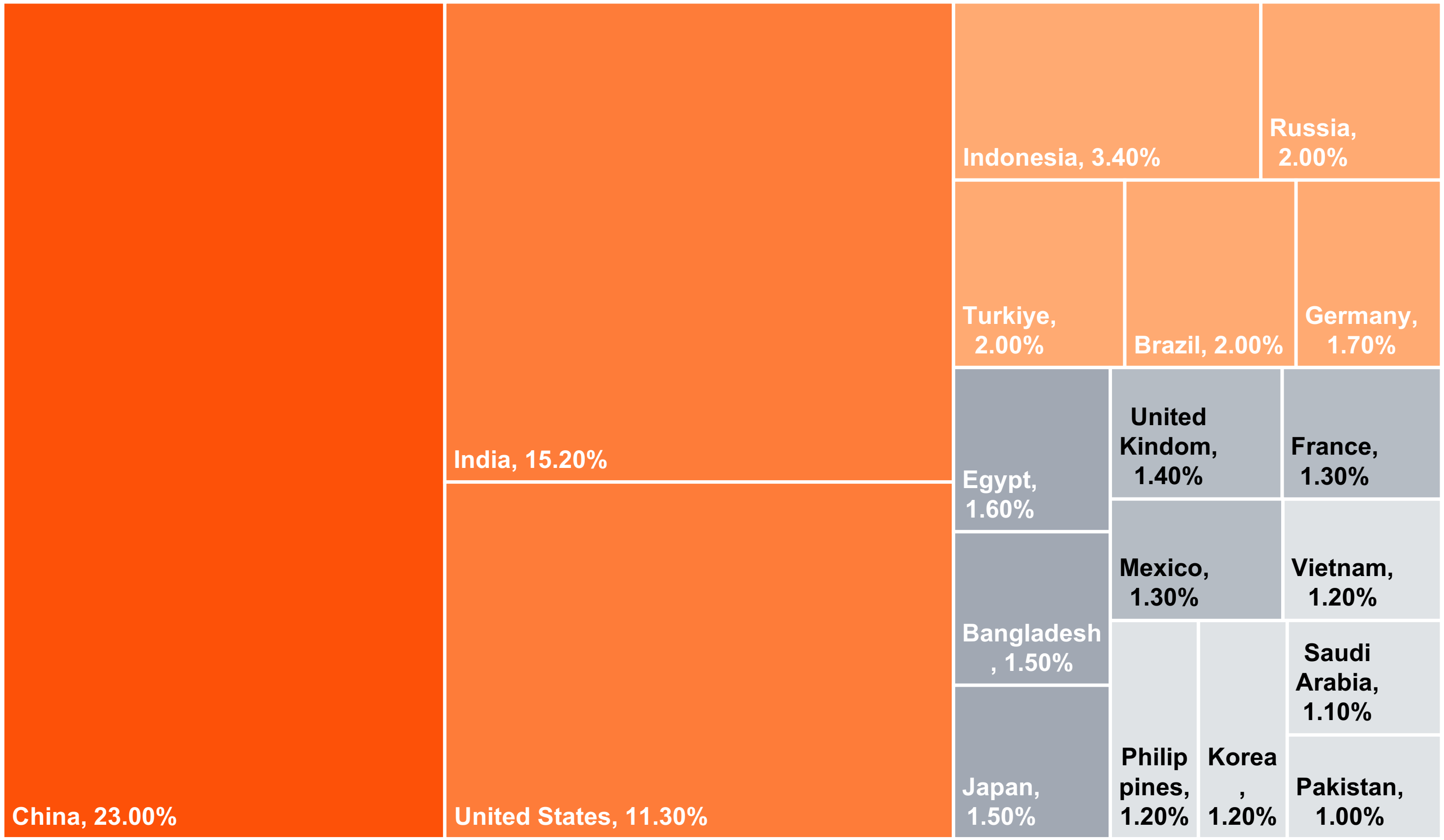
1

# Recharting Growth: China's Economic Transition in a Volatile World

Jackie Yan

# China Remains the Leading Engine of Global Growth, but Needs New Drivers

**China to Remain the Largest Contributor to Global Growth (2025–2030)**




Source: Bloomberg, IMF

# The 15th Five-Year Plan: A Multi-Pronged Strategy for China's Economic Transformation

| Modernized Industrial System | Technological Self-Reliance | Digital Economy | Domestic Market | Structural Reform | Opening-up |
|---|---|---|---|---|---|
| Upgrade traditional industries | Breakthroughs in core technologies | Expand digital infrastructure and data assets | Expand domestic consumer demand | Revitalize market entities and businesses | Proactive institutional opening-up |
| Foster emerging & future industries | Optimize national R&D ecosystems | Accelerate economy-wide AI & smart integration | Expand effective investment | Improve market-oriented resource allocation | Optimize foreign trade and inbound investment |
| Advance high-value service sectors | Enhance corporate-led R&D | Foster a regulated and sustainable digital ecosystem | Advance unified national market | Enhance macroeconomic governance | High-Quality Belt and Road Initiative |
| Next-generation infrastructure construction | Integrate education, S&T, & talent development | | | | Promote global economic cooperation |

Source: China's 15th Five-Year Plan

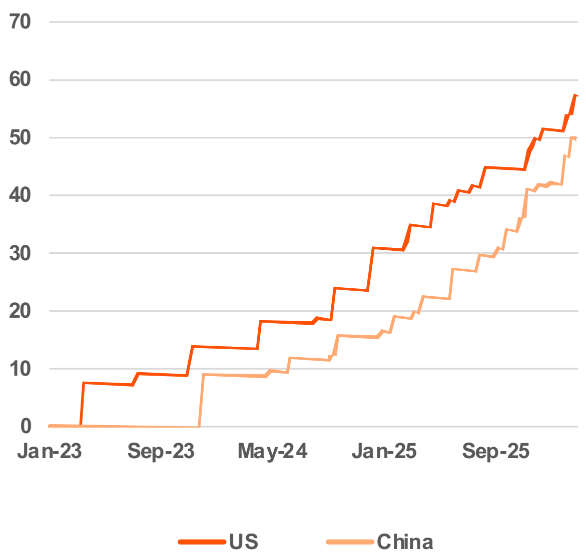
# Industrial Policy in Focus: Embedding New Technologies into the Old Economy to Drive Productivity Gains

| Traditional Industries | Emerging Industries | Future Industries | Core Technologies |
|---|---|---|---|
| Mining | Next-Generation Information Technology | Quantum Technology | Integrated Circuits |
| Metallurgy | New Energy | Biomanufacturing | Industrial Machine Tools |
| Chemicals | New Materials | Hydrogen and Nuclear Fusion Power | High-End Instruments |
| Light Industry | Intelligent connected NEVs | Brain-Computer Interfaces | Foundational Software |
| Textiles | Robotics | Embodied AI | Advanced Materials |
| Machinery | Advanced Equipment | 6G Mobile Communications | Biomanufacturing |
| Vessels | Biomedicine | | |
| Construction | Aviation & Aerospace | | |

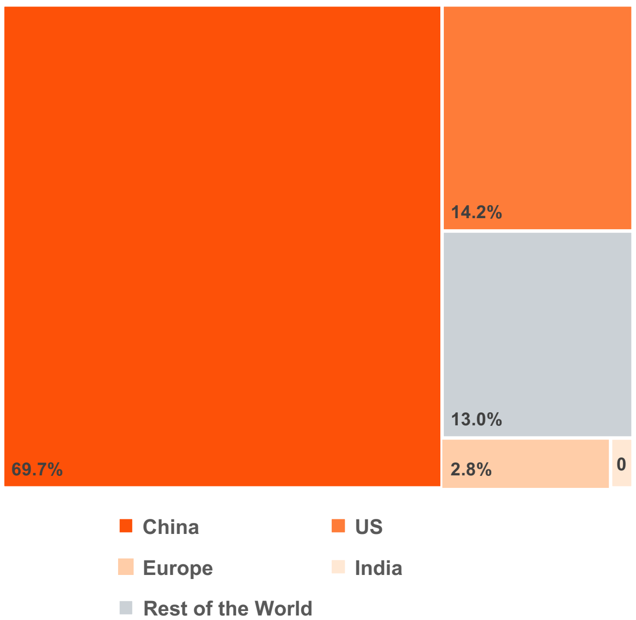
Source: China's 15th Five-Year Plan

# China’s AI Strategy: Fast Following, Faster Adoption

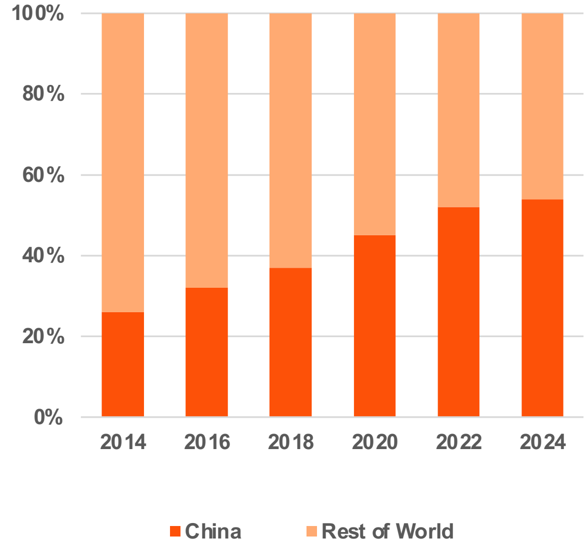
**Fast Follower: China’s AI Models Narrow the Gap with the U.S.**




**China Commands Nearly 70% of AI Patents**



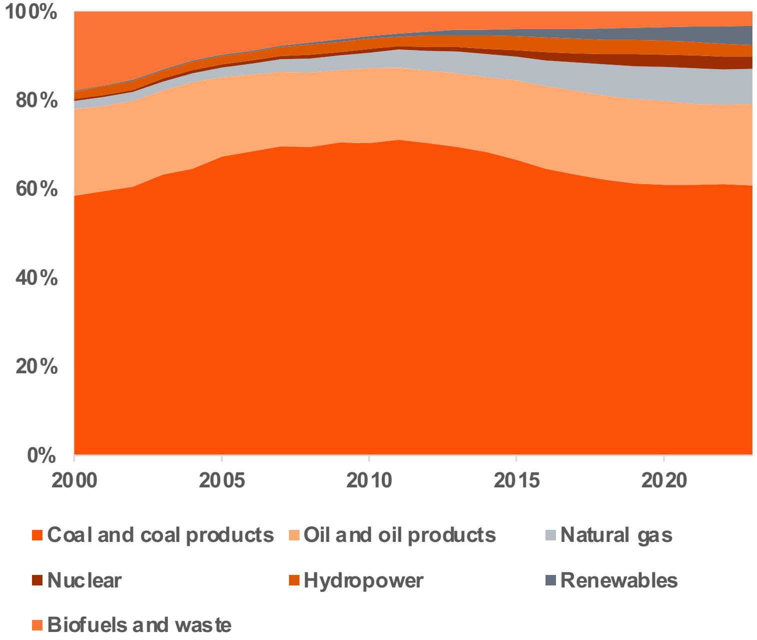

**China’s Share of Global Robot Installations Climbs to 54%**




Sources: PwC Analysis, Artificial Analysis, 2025 AI Index Report, International Federation of Robotics

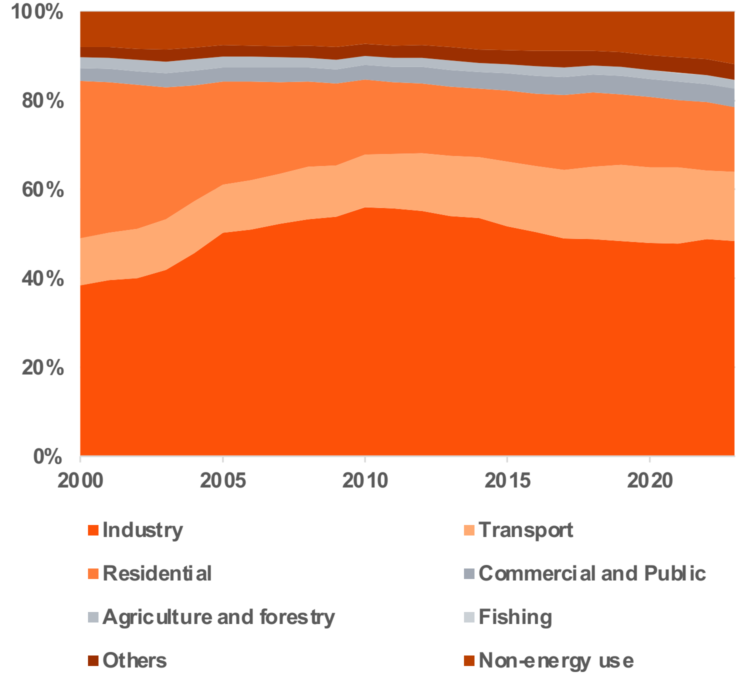
# China’s Green Transition Moves into the Industrial Core

**Coal Remains the Main Source of China’s CO2 Emissions**



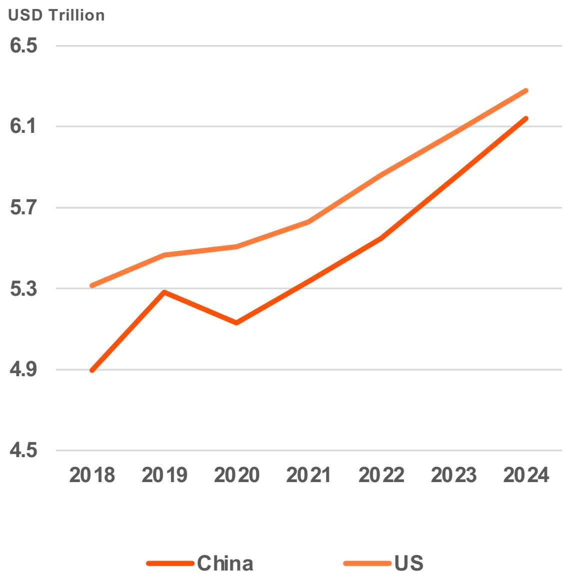

Sources: PwC Analysis, IEA

**China’s Energy Consumption — Industrial Sector in Focus for Decarbonization**

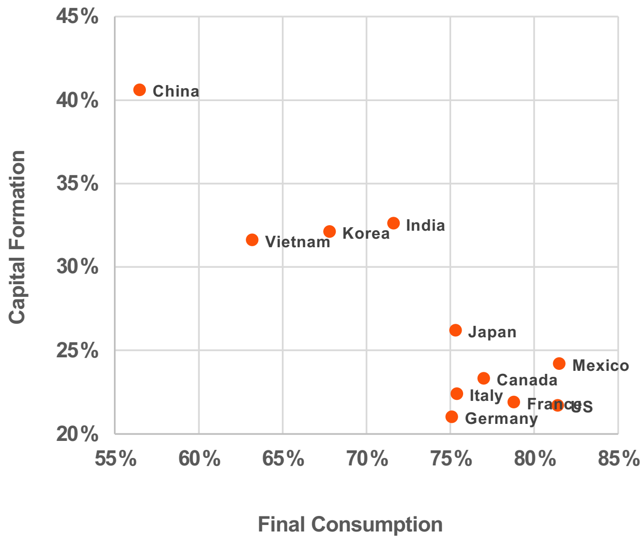


# “Invest in People” Becomes a Consumption Growth Strategy

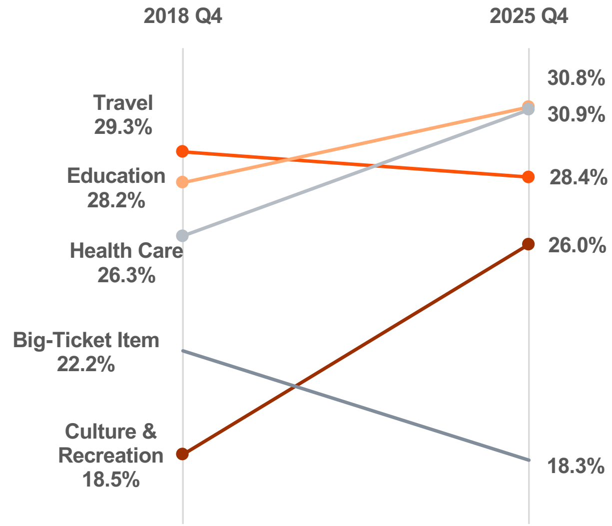
**China’s Growth Has Built a Retail Market Near U.S. Scale**




**China’s Consumption Share of GDP Remains Structurally Low**




**Consumers Are Prioritizing Services in Near-Term Spending Plans**




Sources: PwC Analysis, World Bank, eMarketer

# China’s Economic Transition: Strategic Signals

## 01

- Economic transition remains China’s central policy priority, even as the operating backdrop grows more challenging.
- Policy is seeking to upgrade traditional industries while scaling frontier technologies and nurturing new growth sectors.
- Technology diffusion will be a critical growth lever, connecting industrial upgrading with demand for AI, green tech, and advanced manufacturing.

## 02

- Policy-led capacity growth have intensified competitive pressure, but anti-involution policies could catalyze consolidation.
- Consumption reform offers meaningful long-term upside, with demand gradually shifting toward services.
- China’s outbound investment and capital-goods exports are reconfiguring Asian supply chains and strengthening ASEAN’s manufacturing position.

# Q&A

# Shenzhen overview and key industries

2

Linda Cai

# Shenzhen Overview

## Market Vitality

Shenzhen is the first Special Economic Zone in China. Shenzhen sets a precedent by introducing Entrepreneurs’ Day, to be celebrated on November 1 every year. Innovation is in Shenzhen's genes.

It was rated by The Economist as **the most successful** Special Economic Zone among its 4,300 counterparts.

Over **310** Global Fortune 500 companies have invested in Shenzhen.

In 2024, Shenzhen's GDP hit RMB **3.68** trillion (**Global Top 10th**) .

### Key Chinese industrial city:

In 2024, Shenzhen's total output of industrial enterprises marking **the highest growth rate in nearly 13 years**.

For the third consecutive year, Shenzhen ranked **first** among all Chinese cities in both total output and added value of output of industrial enterprises above designated size. （工业总产值和增加值）

Shenzhen has **4.404** million commercial entities in total, ranking top among all cities in China.

A total of **10** Shenzhen-based companies were on the 2024 Fortune Global 500 List.

There are over **25,000** state-level high-tech companies in Shenzhen.

**Patent:** Shenzhen ranked first among all Chinese cities in the number of PCT（Patent Cooperation Treaty) patent applications for 21 consecutive years.

**High-tech companies established in Shenzhen**

HUAWEI
ZTE中兴
Tencent腾讯
dji
比 亚 迪 汽 车

# Key industries and players（1/2）

## New energy vehicles

It was included in the first batch of national pilot cities for comprehensive electrification in public areas

**320,000 units**
NEV sales reached in 2024

**76.9%**
With a market penetration rate of

**10 millionth**
BYD rolled off its NEV

**No.1 nationwide**
The city ranked first among Chinese cities in automobile production volume

**134,000**
In 2024, new charging stations were added

**421,000**
Total number of charging stations by Dec. 2024

## Life sciences and healthcare

### High-end Medical Devices

In 2024, the output value of Shenzhen's high-end medical device industry exceeded RMB 100 billion, ranking **first** nationwide.

Shenzhen ranked **first** for the number of listed medical device companies in China.

### Biomedicine

**RMB 24.322 Billion** the added value (增加值) of biopharma industry in 2024

**11** Number of existing listed biopharma firms

### Cells and genes

Shenzhen boasts a well-established upstream and downstream layout for the cell and gene industry across the industrial chain.

The industrial chain

Storage → Detection → Treatment → Outsourcing services

Cultivated leading companies

华大基因 BGI, MGI 华大智造, 北科生物 Beike Biotechnology, Haplox 海普洛斯, ImmVira 亦诺微医药, INNOVNA 深信生物, PREGENE 普瑞金, 华药康明 HYKM Biopharm

# Key industries and players（2/2）

## New Energy

- Shenzhen has built China's **first** virtual power plant management center and a power charging, storage and discharging network.
- Shenzhen became the **first** to provide tax-free LNG filling services for international ships

**RMB 101.87 billion**

2024 industrial added value

**10.2%**

Up 10.2% YoY

**13.5 million tons**

The annual natural gas receiving capacity

## Low-altitude Economy & Aerospace

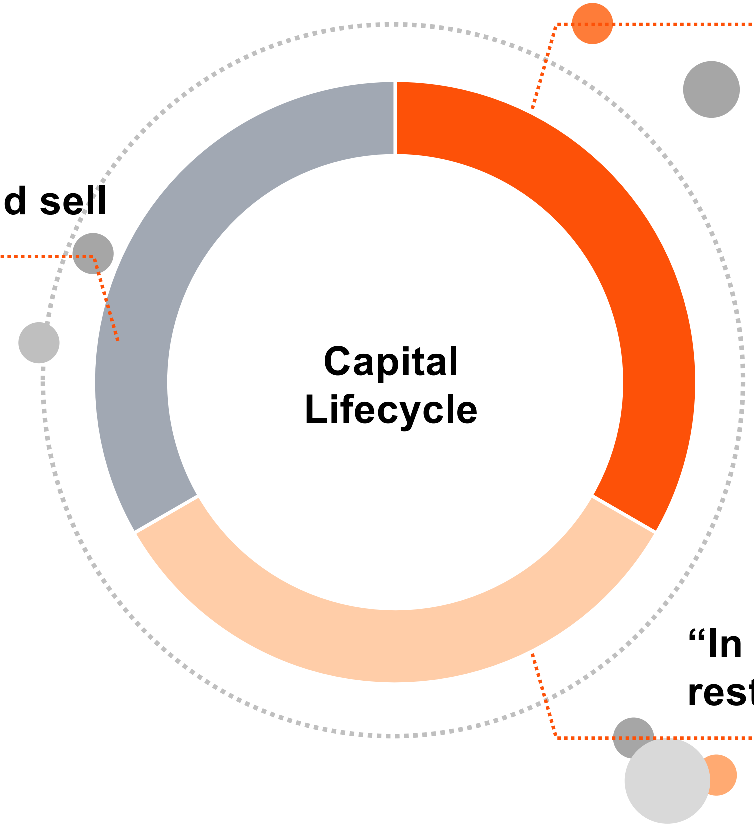
- Shenzhen ranks among top for traditional aviation, especially **helicopter-**related operations.
- Complete industrial and supply chain system for the **unmanned aerial vehicle (UAV)** industry and occupied a leading position in global competition.
- Distinctive industrial system in areas such as the R&D and production of **small and micro satellites**.

# 3

# MNC strategies in China

Linda Cai

# The New Reality - MNC behaviors indicate a “Capital Lifecycle”




**Keep investing in China**

- Green-field
- Acquisition/JV
- Enter new sector
- CVC
- …

**Exit China/Carve-out and sell**

- Carve-out non-key Bus
- Dispose
- …

**“In China for China” restructuring**

- Restructure
- Change operating model
- Build supply chain
- …

# Investing/Localization : strengthen local footprint and enhance market dominance via acquisitions and capital injections

| Pattern | Typical MNCs observed | Showcase |
| --- | --- | --- |
| **Acquire local distribution and production infrastructures to accelerate capture of local market** | ABB, L'ORÉAL, Sonova, Boston Scientific, Autoneum | **Autoneum acquired 70% of Jiangsu Huanyu in 2024**<br>▪ Expanded product portfolio.<br>▪ Entered the supply system of Chinese NEV market which brings in new business growth drivers. |
| **Buy back Chinese partner shares from JV entities to strengthen control and stimulate local development** | Hyundai, BMW, Swire Group | **BMW acquired 25% of BMW China Brilliance, rising total shareholding to 75% in BMW China**<br>▪ Capture premium market growth.<br>▪ Foreign capital allowed to own controlling shareholding in China since 2022. |

# “In China for China” restructuring: align with Chinese market rules, usually by bringing-in local investors (1/2)

**Pattern**

**Restructure shareholding structure and business model to fit for “In China for China” strategy**

**Typical MNCs observed**

**Showcase**

**McDonald’s exit and re-entry in China market**

① 2017: MCD sold 80% to Trustar, etc..

② 2023: MCD bought back to 48%.

**In China for China measures:**

① Accelerated store development

② Upgraded delivery service

③ Digitalization

④ Localized menu and supply chain

- Stores **TRIPLED**
- Digital order from 25% to **95%**
- Logistic cost **-20%**
- Net profit **DOUBLED**

# “In China for China” restructuring: align with Chinese market rules, usually by bringing-in local investors (2/2)

| Pattern | Typical MNCs observed | Showcase |
|---|---|---|
| **Build diversified regional supply chain to reduce supply shortage risk due to geo-politic turmoil** | Dell Technologies, Tesla, Apple, HP | **HP announced gradually relocation of supply chain from China to Thailand and Mexico to save cost**<br>▪ Cost saving plan including include tariff reductions, labor cost differences (with labor costs in Thailand being only 60% of those in China), and benefits from logistics optimization. |

# Exit China/Carve-out and sell

| Pattern | Typical MNCs observed | Showcase |
|---|---|---|
| Carve out business units and sell to strategic/financial investors or IPO | Panasonic, AstraZeneca 阿斯利康, Nokia, Novartis, Kyowa Kirin, Oatly! | **AstraZeneca rumored to spin-off China business for HK IPO in 2026**<br>■ China's valuation premium for high-growth market with innovative drug<br>■ Flexible pricing for centralized procurement 集采<br>■ First-generic competition 首仿竞争 |
| Exit or liquidation of non-core assets, due to regulatory issues or bad performance | General Motors, tsmc, Carrefour 家乐福, Qorvo | **Qorvo sold 100% of China business to LuxShare in 2023**<br>■ In semiconductor sector, MNC identity is not favored under current regulatory environment<br>■ Focused on R&D and core wafer manufacturing located in the United States |

# Solutions to solve key market challenges by M&As

| | Challenges | Solutions |
|---|---|---|
| **Expand market share** | ▪ **Fierce local competition**, e.g. low cost and multi-channel<br>▪ **Different market rules**, e.g. digital marketing; digital sales platform, etc. | ▪ **Acquire selected local players** to secure distribution channels, customers, capabilities, etc.<br>▪ Introduce local **strategic investors/JV partners** who can bring-in resources |
| **R&D and agility** | ▪ Enter profitable **new** sector<br>▪ Capture **high-growth dividend** in China<br>▪ **Talent** retain and China knowledge | ▪ **Acquisition** to enter new sector<br>▪ Form **CVC** (corporate venture capital) for frontier investments<br>▪ Establish R&D centers |
| **Loss-making BUs** | ▪ Ring-fence underperforming units to protect core margins | ▪ Explore strategies to **turnaround**<br>▪ Execute a **divestiture** |

# Q&A

# Greater Bay Area
# - what you should know

4

Rebecca Wong

**Rebecca Wong**
**South China Markets Leader | Shenzhen Office Tax Leader PwC**

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Rebecca is the Markets Leader of South China and Tax Lead Partner at PwC China's Shenzhen Office. With more than 25 years of experience in tax advisory, she possesses extensive expertise in Chinese Mainland, Hong Kong, and international taxation.

Rebecca is well-versed in Chinese taxation as well as related foreign exchange and industrial regulations, providing practical solutions for enterprises to navigate rapidly changing economic landscapes. She excels in establishing effective tax group structures for domestic mergers and acquisitions of Chinese private enterprises/listed companies, assisting with tax compliance filings, conducting tax due diligence, offering tax advisory services for corporate listings and restructurings, advising on taxation matters related to supply chains and business models, applying for and securing tax incentives, and helping businesses address tax disputes, fund transfers, and other related issues.

Rebecca also leads the outbound investment tax services in South China, with experience in due diligence for overseas acquisitions and tax planning for investment structures across multiple industries, including plantations, mining, biopharmaceuticals, manufacturing, automotive, logistics, electronic communications, high-tech industries, and consumer goods. Her outbound services include assisting companies with pre-investment site selection, cross-border supply chain tax planning, design of overseas investment tax management manuals, application for local tax incentives, and overseas tax compliance filings.

Rebecca graduated from Professional Accountancy at The Chinese University of Hong Kong and holds an EMBA degree from the China Europe International Business School.

Rebecca is the Committee Member of ACCA Hong Kong; former Vice President of the South China Region of CPA Australia; Member of the Mainland Tax Committee of HKICPA; Member of TIHK; and Committee Member of Guangdong Hong Kong Chamber of Commerce.

# “One country three systems” and one-hour living circle

9 Mainland Cities in Guangdong Province

2 Special Administration Regions (Hong Kong & Macau)

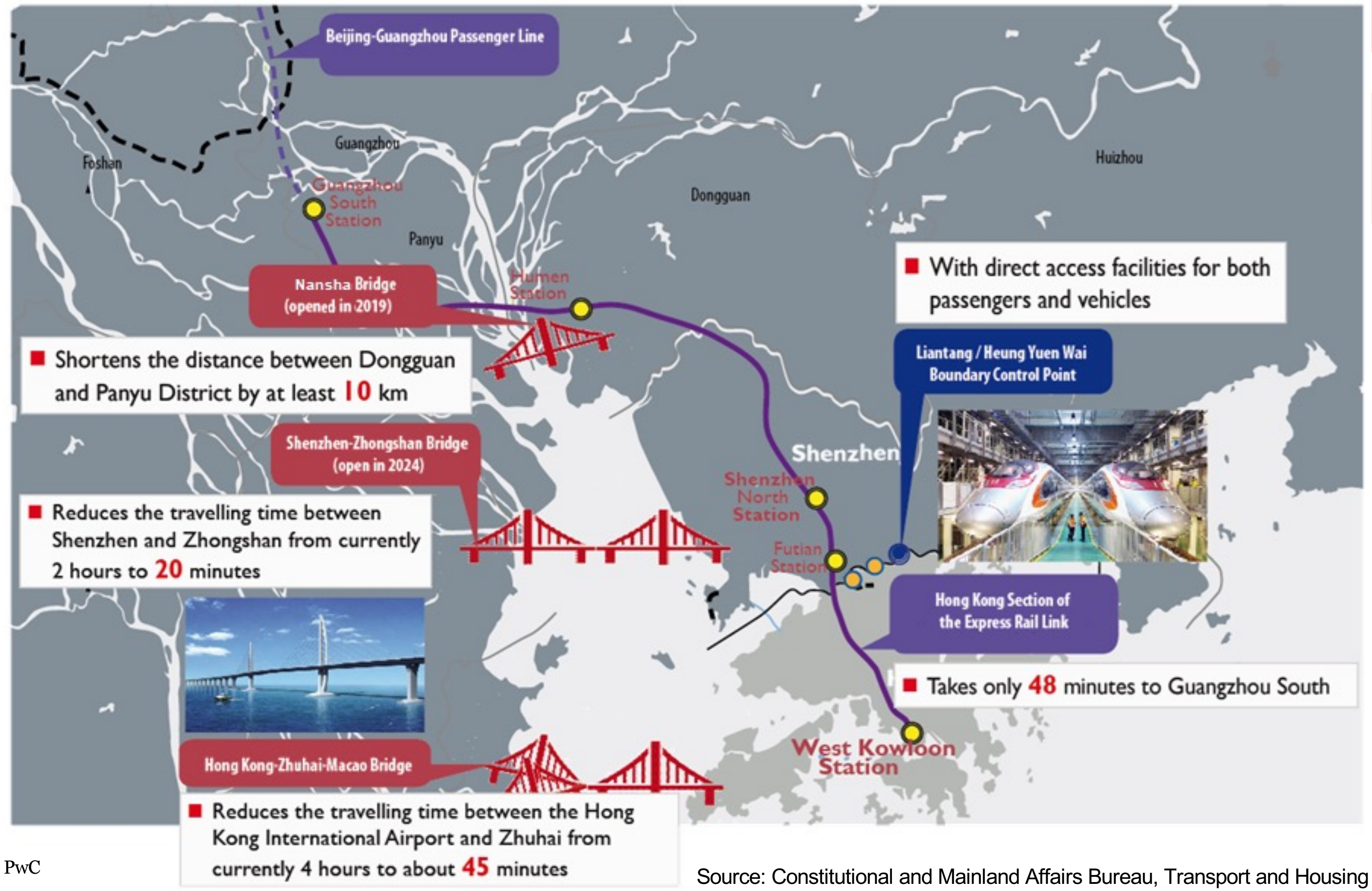
4 National Cooperation Zones – pilot policies & tax incentives


**1st ranked GDP Province** (2025: RMB 1.4 trillion, 3.9% ↑) (consecutive No. 1 for 37 years)

**GBA: long-term plan till 2035,** focusing on Science & Technology, building a world-class bay area

**Ranked #1 in the world: Shenzhen-HK-Guangzhou S&T Cluster** (WIPO Global Innovation Index 2025)

# Connectivity and "one-hour living circle"




Most **comprehensive & effective supply chain** in the world

**23 Top 500 companies** headquartered in the GBA (Fortune's 500)

**1224 listed Mainland companies** headquartered in GD, highest in China (Sina)

**Youngest population** (1/10 of China's working population; 0.89% birth rate; <10% old population)

**Highest number of High Net Worth** (>300K with >¥10M assets)

Source: Constitutional and Mainland Affairs Bureau, Transport and Housing Bureau

# GBA's major industries are led by privately-owned enterprises

Representatives companies (headquarters) in all industries

### Tech (TMT, robotics, AI, hardware)

- Tencent 腾讯
- dji
- HUAWEI
- 商汤 sensetime
- FOXCONN 富士康科技集团
- LuXshare 立訊精密工業
- UBTECH
- ZTE

### Consumer electronics

- Midea
- TCL
- vivo
- GREE
- flex
- oppo

### Finance and fintech

- 中国平安 PING AN
- WeBank

### SOEs

- 广汽集团 GAC GROUP
- CEC 中国电子 CHINA ELECTRONICS
- China Resources

### Biotech and medical equipment

- mindray
- 汤臣倍健 BY-HEALTH
- 广药集团
- 丽珠医药 LIVZON
- Hepalink
- 华大基因 BGI

### EVs and battery

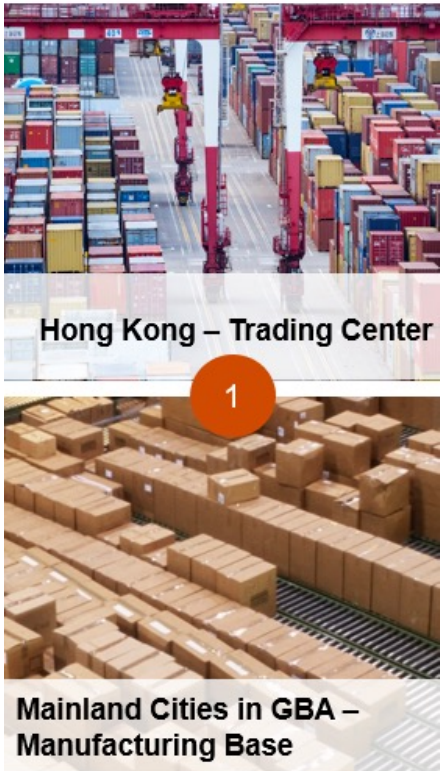
- BYD
- SUNWODA 欣旺达
- EVE 亿纬锂能
- AION V

### Consumer markets, logistics

- SHEIN
- Walmart
- P&G
- 周大福 CHOW TAI FOOK
- SF
- CIMC 中集

# Business opportunities and synergy in the GBA - Find your model

- Hong Kong has good supply of supply chain talents (order management, QC, logistics, treasury) and achieves high efficiency
- Chinese mainland provides ample sources of products



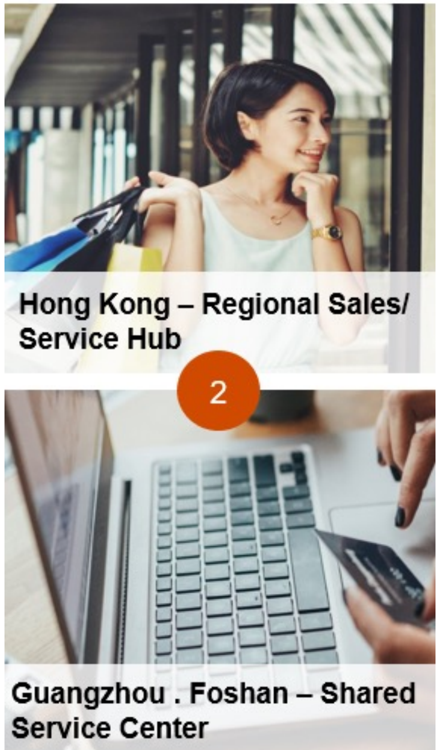

## 1. Trading and sourcing hub in HK Suppliers in GBA cities

| GBA city / Industry | Electronic information / electronics | Electrical products/ advanced equipment | Petro-chemicals | Energy conservation / environmental protection / clean energy | F&B processing | LED lighting / textile, garment, shoes and accessories | Pharma / medical device / biotech | Furniture | Auto parts /new energy vehicle | Household appliance |
|---|---|---|---|---|---|---|---|---|---|---|
| **Shenzhen** | ✓ | ✓ | | ✓ | | | ✓ | | ✓ | |
| **Guangzhou** | ✓ | ✓ | ✓ | | | | ✓ | | ✓ | |
| **Dongguan** | ✓ | ✓ | | | ✓ | ✓ | | | | |
| **Huizhou** | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ | |
| **Zhongshan** | ✓ | ✓ | | | | ✓ | ✓ | ✓ | | ✓ |
| **Zhuhai** | ✓ | ✓ | ✓ | | | | ✓ | | | ✓ |
| **Jiangmen** | ✓ | ✓ | | | ✓ | ✓ | | | ✓ | |
| **Foshan** | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Zhaoqing** | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | |

Source: InvestHK, PwC analysis

# Business opportunities and synergy in the GBA - Find your model

- Hong Kong acts as regional strategic hub
- Chinese mainland provides efficient and cost-effective staff




**2. Regional sales / services hub in HK**
**Shared service centre in Shenzhen, Guangzhou, Foshan**

- > 73% GDP in Guangzhou's GDP is from tertiary industry.
- Headquarters and sales / service companies in Hong Kong may set up a shared service center in Guangzhou for a lower cost of operation and standardization of process.
- Foshan is also another popular place for shared service centre.
- Examples (public information):

HSBC — **Global Customer Services Centre – Guangzhou, Foshan**

AIA — **Asia Pacific Support Centre - Foshan**

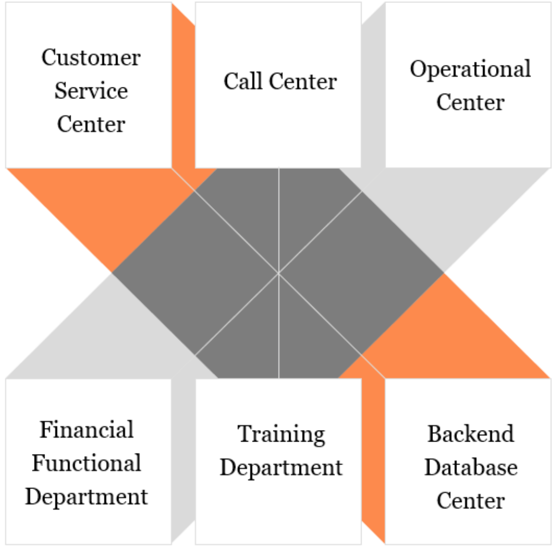
PayPal — **Operation Center - Shenzhen**

PRUDENTIAL 保誠保險 — **Regional IT Service Hub - Shenzhen**

MARS incorporated — **Global Service Centre - Guangzhou**

**Regional Operations Center - Guangzhou**

**External Service**




**Internal Service**

# Business opportunities and synergy in the GBA - Find your model


3


## 3. Listing vehicle in HK | Headquartered in HK IP Hub + R&D hub in GBA cities

- With robust legal system and unique advantages in financial services, Hong Kong can act as an IP hub / listing vehicle / headquarters.
- Setting up a R&D hub in Hong Kong, Shenzhen, Dongguan, Zhuhai, etc. will bring the latest thinking, capabilities and ability to build prototypes of new solutions to help companies drive innovation.
- Examples (public information):

- GBA (such as Shenzhen Hetao) allows transfer of cross-border data, biotech
- Talent hub in HK
- 4 QS-100 universities in HK
- Government funding support

**Innovation Centre / Accelerator / Applied Lab - Shenzhen**

Qualcomm
intel
AIRBUS
SIEMENS Ingenuity for life
infineon
Apple
Amphenol
SANOFI

**R&D Centre - Dongguan**

Nestlé
Vincent Medical
nexperia
HUAWEI
LUXSHARE TECH 立讯技术
vivo
oppo

**Listing – HK**
**Headquarter and R&D - Shenzhen**

| | |
|---|---|
| 商汤 sensetime | AI |
| XtalPi 晶泰科技 | AI+biotech |
| 优必选 UBTECH | Robotics |

# How to plan your set-up in the GBA

Leverage different **Corporate Tax** environments

- HK: 16.5% / 8.25% / 5% (patent box) / 0 (offshore or exemption)
- Mainland: 25% / 15% (GBA, high-tech) / tax holiday
- Macau: 12%

- HK: not taxed on dividends and capital gains in general; no forex control; no indirect taxes

Leverage different **Personal Tax** environments

- HK: 16% (top rate; many concessions)
- Mainland: 45% (salary, top rate); 20% (investment returns)
- GBA: Tax rebate for global talents, effective tax rate 15%
- Macau: 12%

- HK: not taxed on dividends and capital gains in general, no forex control

Overseas parent

↓

Hong Kong entity (subsidiary / JV)

↓

PRC entity

Decide your:

- Investment & financing structures
- Business model & cross-border fund flows
- Restrictions: allowable biz activities and scopes, licenses

- ☐ A good location for holding company / JV structure (HK applies common law systems)
- ☐ Good tax treaty with Chinese Mainland (dividend withholding tax reduced from 10% to 5%); tax exemption for investment exit
- ☐ Free from forex control and good for cross-border treasury centre
- ☐ Enjoy pioneer / preferential polices for investment in the mainland

- ☐ Need to avoid 'cash-trap' and design smart investment and funding structure
- ☐ Need to manage tax risks as China adopts big data analysis and sophisticated
- ☐ Also aware of compliances in cross-border data transfer,

# PwC's various programs





NextGen Club

APEC


Shenzhen, Nov 2026

Investment promotion

Gov't agencies

Start-up Community

Collaboration with universities and incubators


Inbound & outbound services

Industry events

# Q&A