

Investing & Doing Business in Foshan

Industrial Upgrade & Automation in the GBA



 **DEZAN SHIRA & ASSOCIATES**
Your Partner for Growth in Asia



Today's Speakers



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Agenda

1. Overview of Foshan investment landscape

2. Why Foshan is your ideal investment destination:

- a) FIPA – “first stop” when business coming to Foshan
- b) Introduction of key industry hubs, supply chain and infrastructure in the city
- c) Designated Industry policies: 2+2+4 industries, automation, digitization & industry upgrade
- d) Future outlook into Foshan development as manufacturing hub in the GBA

3. Conclusion and Q&A





Overview of Foshan Investment Landscape

Foshan City Profile



Foshan FDI 2020

The actual use of foreign investment of 2020 decreased **10.8 percent**. However, numbers from Q1 2021 indicate **rapid recovery** to pre-pandemic levels, with actual use of foreign investment **up 43.5 percent from the same period in 2020**.

- Newly approved **523** new foreign-invested enterprises
- Attracted **52** foreign-invested projects worth over **US\$10 million**
- With at least two such projects garnering over **US\$200 million** in investment.



8.16 million
Total Population

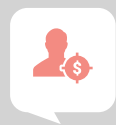


¥1.08 trillion
GDP

 **YOY growth**
1.6%



3797.72 km²
Area



¥1,720 monthly
Minimum wage



¥ 56,245
Disposable income per capita



¥ 506.03 billion
Total volume of import-export



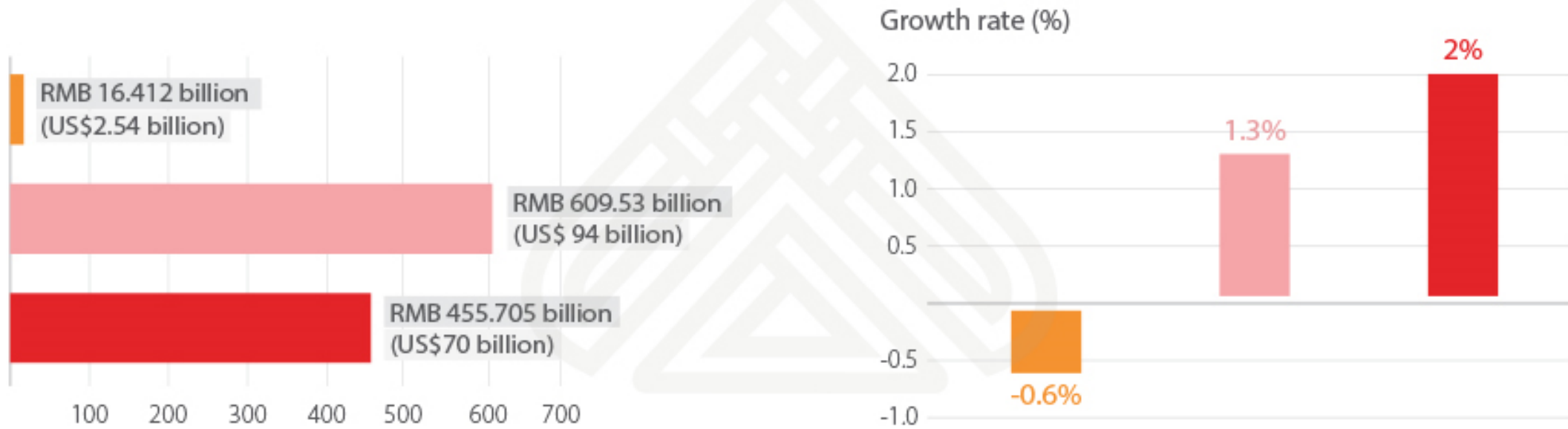
¥ 328,909 billion
Total retail sales of consumer goods



¥ 4,592 billion
Actual use of foreign capital

Composition of Foshan's Economy

Primary industry Secondary industry Tertiary industry

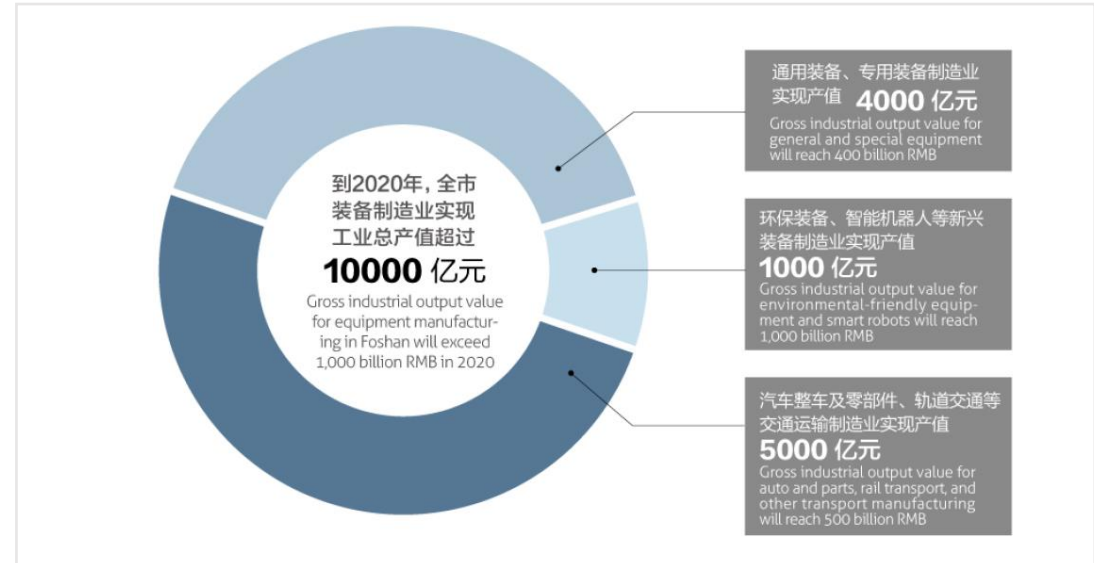


Source: Foshan City Main Statistical Indicators, 2020, Foshan Municipal Government

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Industrial base and Plans for the Future

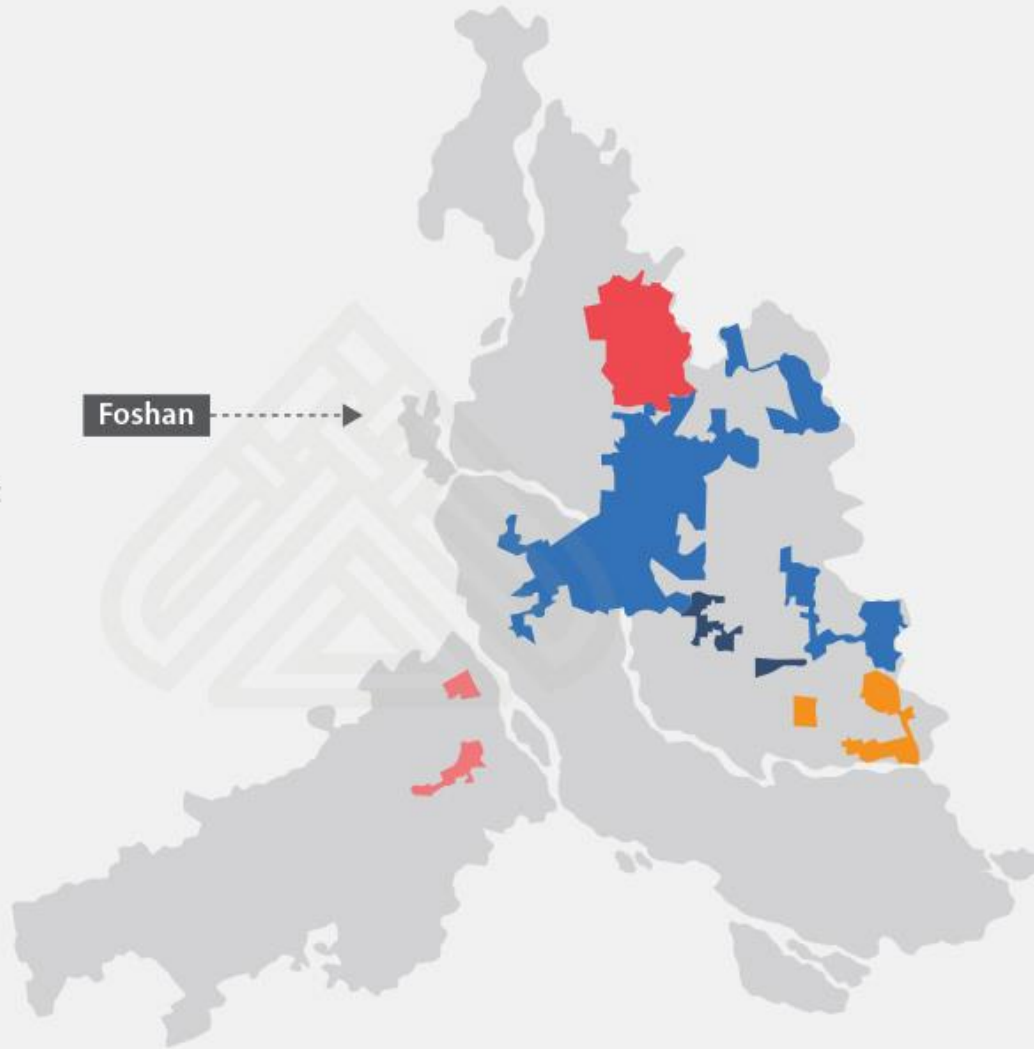
Foshan is the center of an advanced equipment manufacturing belt in the PRD, combining the high-tech industries strong in the east of the PRD, with the traditional manufacturing strength of the west coast, In 2018, the added output value of Foshan's advanced equipment manufacturing industry increased by 10.3%, which was 4% higher than the growth rate over the previous period.



- Industrial Chain:**
 - Strengthen further development of Industrial Chain
- Demonstration & Application**
 - Foshan is key demo area for FC Buses | Delivery Trucks | Tram
- Technical Standards:**
 - Promote and build Industry Standards | Technological Innovation | Safety
- Industry Development:**
 - Promote HE & FCV Industry with subsidies & active government support

Foshan High-Tech Industrial Development Zone

- Sanshui Park
Area: 85 sq km
- Nanhai Park
Area: 267.2 sq km
- Chancheng District
Area: 15.7 sq km
- Shunde Park
Area: 84.49 sq km
- Gaoming Park
Area: 18.33 sq km



Established in
1992

Area
470 km²

2020 GDP contribution
RMB 169.1 billion
(US\$26.1 billion)

New focuses
High-tech & emerging industries:
e.g. biomedicine, intelligent home
appliances, optoelectronics, new
materials

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Foshan

Guangzhou

Dongguan

Huizhou



Sanitary

F&B

Environment

Brands & Products

Education

Automotive

EV Battery

Medical

Energy

Sports

Biotech

Robotics

Services

Logistics

Culture & Creativity

Healthcare & Elderly care

Electronics & IoT

AI and Big Data

Shenzhen

Zhongshan

Financial Services

Assets + Wealth Management

Gaming & Entertainment

Insurance

Fintech

Hong Kong

Green Tech & ESG

Zhuhai

Macao

Jiangmen

Favorable Policies for Foreign Investment



Financial incentives awarded at a rate of two to five percent of the annual actual use of foreign capital for foreign-invested projects that meet certain funding criteria, capped at RMB 20 million (US\$3.9 million) and financial incentives for Fortune 500-invested projects and projects that serve to bolster the development of industrial clusters.



Prioritized land use for projects with more than RMB 1 billion (US\$154.8 million) in foreign investment, offices of Fortune 500 companies, and regional or corporate headquarters of leading foreign companies.



Relaxed visa requirements for high quality (Tier A) foreign talent and their spouses, providing work permits lasting a maximum of five years and RMB 2 million to RMB 20 million (US\$309,774 to US\$3.9 million) in funding for technology innovation teams.



Support for fintech services, such as credit loans and IP pledges for new R&D institutes, as well as high-tech small and medium enterprises incubated by the R&D institutes.

The measures shall be in effect until December 31, 2022

A photograph of an industrial manufacturing facility, likely an automotive plant. The scene is dominated by a long, straight assembly line. In the foreground, the white metal chassis of a car is visible, positioned on a yellow conveyor system. On either side of the conveyor, there are large, orange robotic arms (likely KUKA) mounted on white bases. The background shows more of the factory floor, with various pieces of machinery, overhead lighting, and structural elements like stairs and railings. The overall atmosphere is one of a modern, automated industrial environment.

Industrial Upgrade & Automation in the GBA

Accelerating the construction of an “*Advanced Manufacturing Industry Cluster*”

- “First stop” for investors coming to Foshan
- Team understands market, projects, policies and industries
- Multilingual domestic and international team (English, Chinese, Cantonese, Korean, Japanese, German, Spanish)
- FIPA is unique in China – with a multicultural team experienced within different regions and industries, combining an international approach with local knowledge



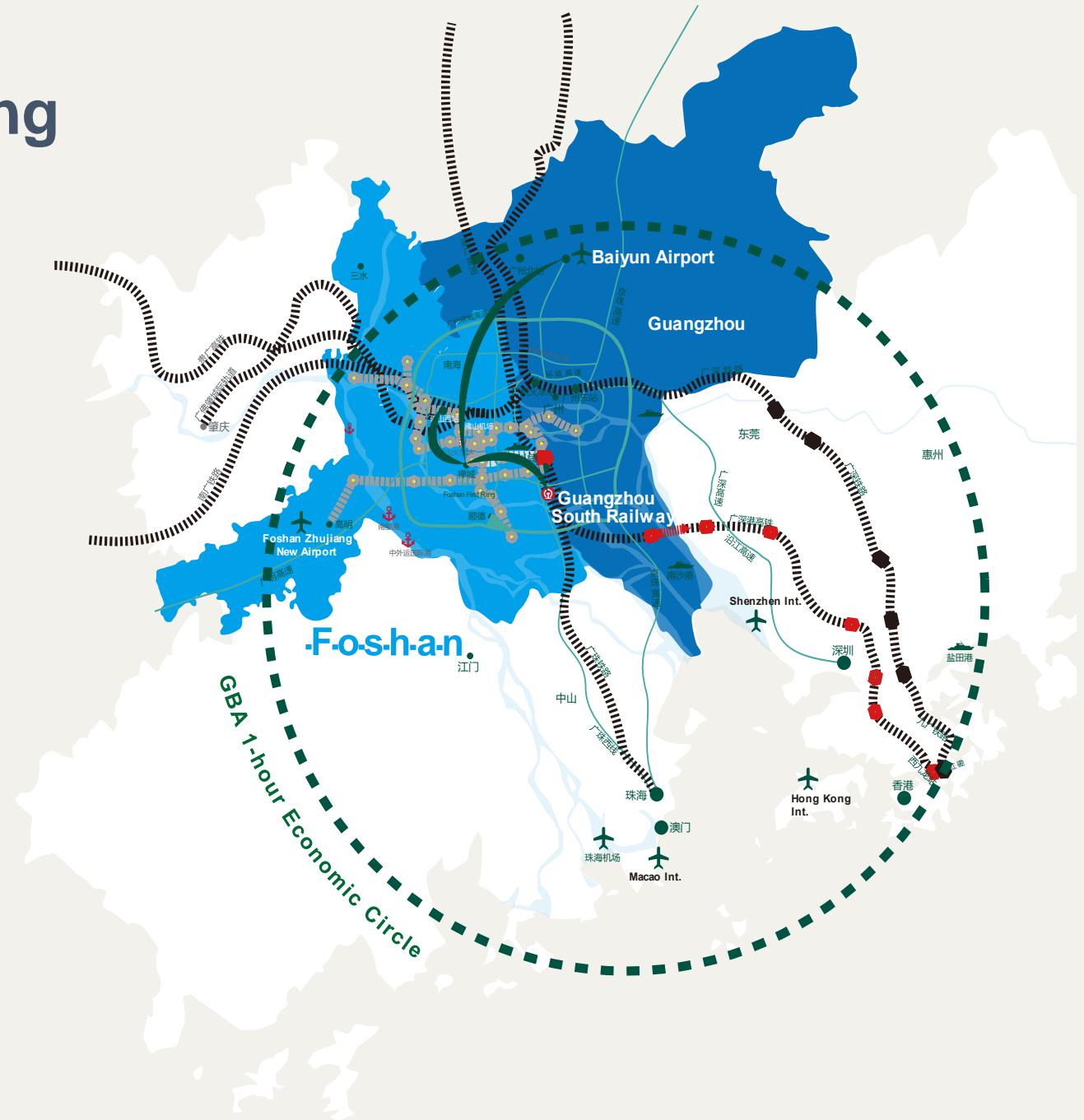
Why Invest in Foshan?

- Greater Bay Area Plan
- Built Advanced Manufacturing Industry Cluster
- Industrial Network & Infrastructure
- Supporting Policies
- Future Outlook



Pole City in the Guangdong-Hong Kong-Macao Greater Bay Area

- Heart of Pearl River Delta West Bank
- Home of Lingnan Culture
- Martial Arts Capital
- South China's Manufacturing Hub

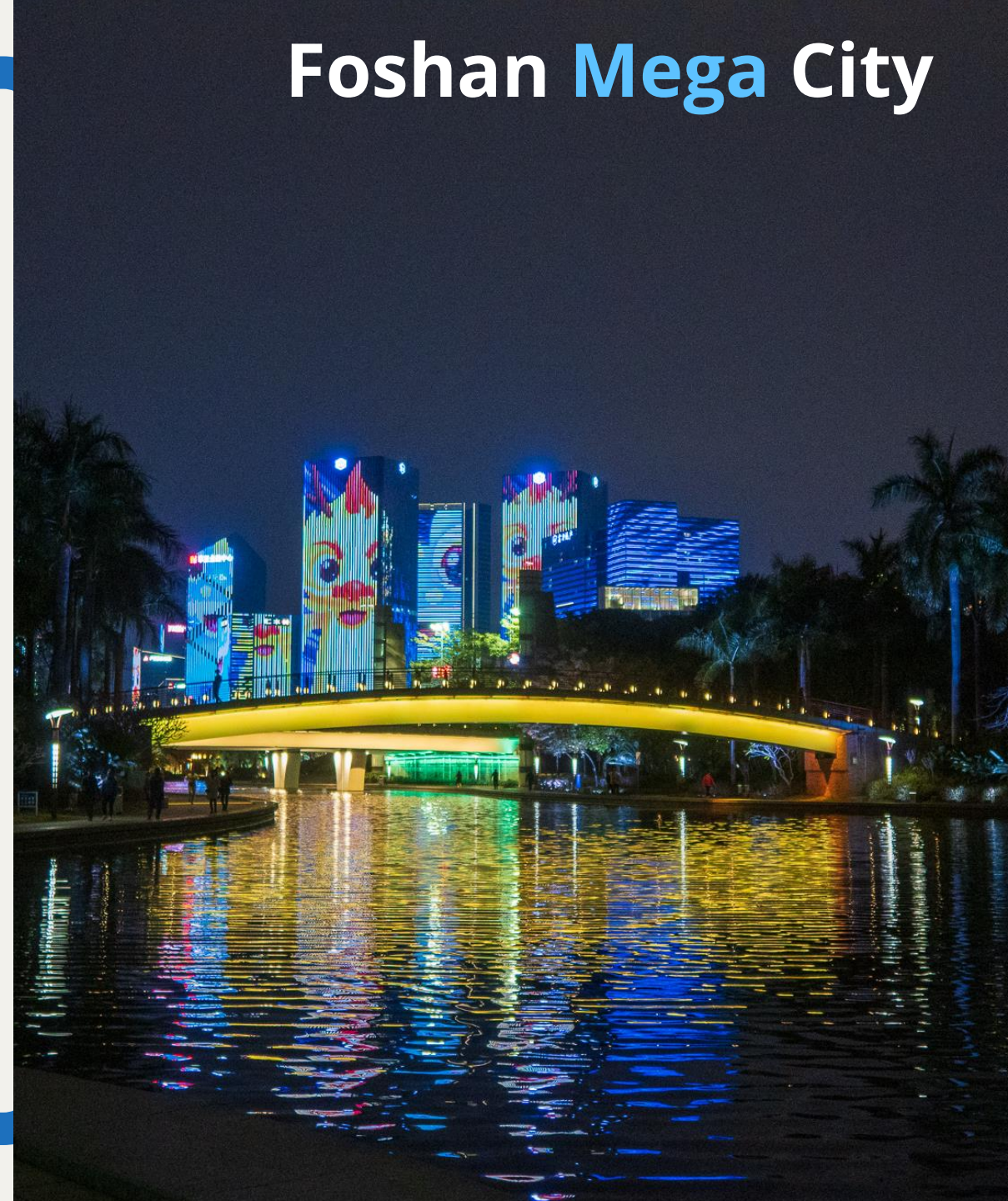


Foshan Mega City

Greater Bay Area
Core Metropolis

9.5 Million People

Guangzhou-Foshan
Twin Cities (GuangFo)



Trillion GDP Club

A photograph of industrial machinery featuring large, shiny, metallic pipes with several 90-degree elbows. The pipes are set against a dark background, possibly a factory interior. In the foreground, there is a corrugated metal surface, likely a roof or a platform. The lighting is dramatic, highlighting the metallic textures and creating strong shadows.

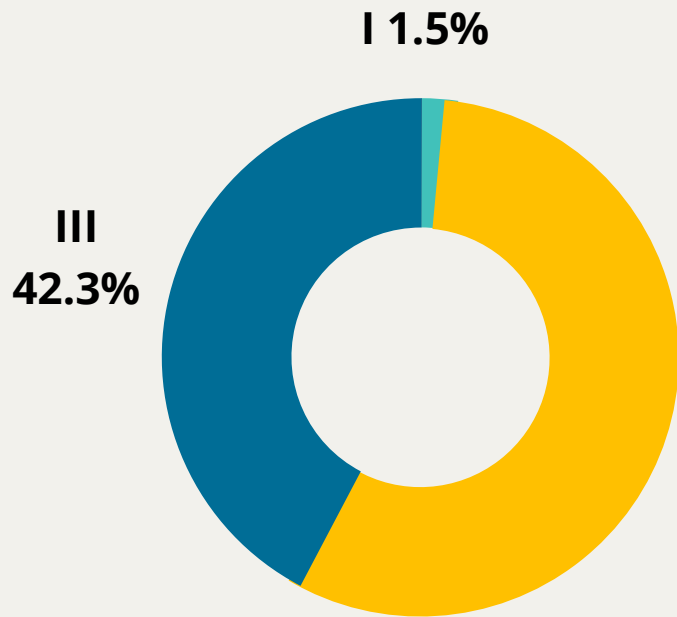
1 Trillion Yuan GDP
in 2019 & 2020

Guangdong Province's
No. 3 Economy

China city Ranking: 17 th

STRENGTH IN NUMBERS

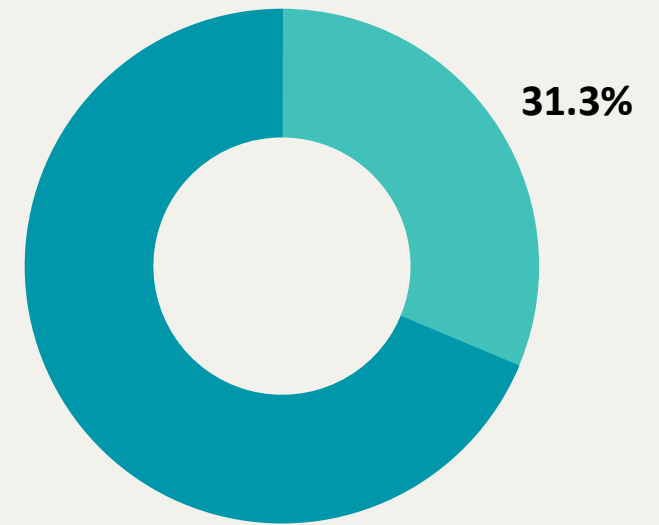
1st Tier Manufacturing Hub



Industry Sectors



Advanced Manufacturing share in Industry Added Value



Equipment Manufacturing share in Industry Added Value



Greater Bay Area Development Plan



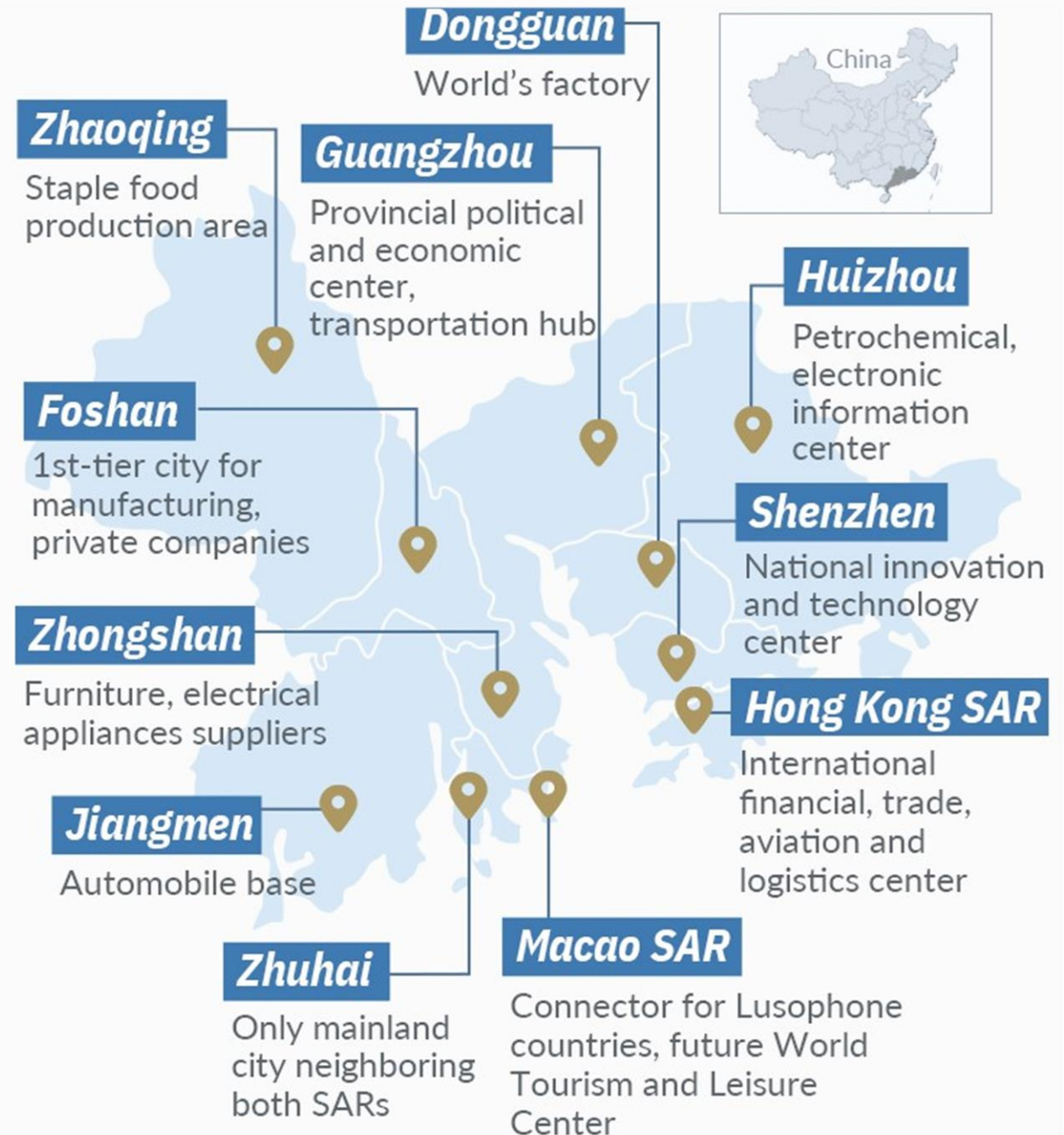
GBA Outline Development Plan

13th 5-Year Plan

National Economic
Development Strategy

9 Guangdong municipalities &
HK-MC SAR

75 m people





GBA Outline Development Plan



- driven by innovation, led by reform
- build dynamic world-class city cluster
- promote connectivity
- key part of Belt & Road
- international tech & innovation hub
- eco-environmental conservation

Chapter 6, Section 1 Foshan:

“national demonstration base for new industrialization & develop an industrial belt for advanced equipment manufacturing”

“pilot city for industrial upgrade and automation”



Guangzhou-Shenzhen-Hongkong-Macao High-Tech Development Corridor

Pearl River Delta Advanced Manufacturing Industrial Belt

GBA Development Plan



Construct Advanced Manufacturing Cluster

Construct an Advanced Manufacturing Cluster

Advance Guangzhou-Foshan Regional Integration



GuangFo Metropolitan Area

- Major GBA pole
- Improve infrastructure
- Facilitate transportation & communication
- Joint use of resources
- Sci-tech cooperation

Built 3 Strategic Industrial Platforms



Sanlongwan High-End Innovation Hub

- Core innovation pole
- City-wide innovation system

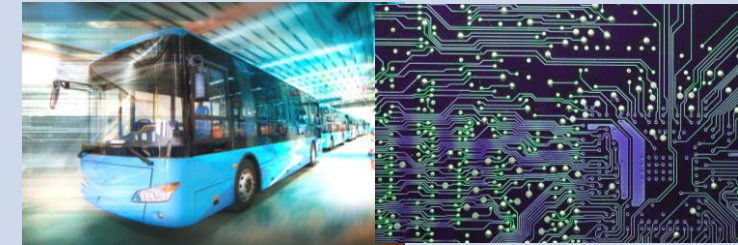
Foshan National High-Tech Zone

- Int. First-class high-tech zone
- Transform into incubator
- Lead transformation & upgrade

Financial High-Tech Zone

- Financial innovation center
- Banking, insurance & investment
- HSBC, AIA, Capgemini, KPMG
- 60,000 professionals

Accelerate "2+2+4" Industry Plan



Complete "2+2+2" Plan

- Construct 8 key industry cluster
- Lead GBA as pilot zone for industrial upgrade & automation
- Targeted policies for transformation
- Collaboration along value chain

A high-speed train, likely a Shinkansen, is stopped at a station platform. The train is white with a red and grey livery. The platform is elevated and has a green safety line. There are some orange and white traffic cones on the platform. The background shows the station structure with windows and railings.

Industrial Network & Infrastructure

Sanshui

- F&B South China Base
- Logistics Hub
- Supply Chain

Changcheng

- City Government
- Cultural Center
- Ceramics Capital

Gaoming

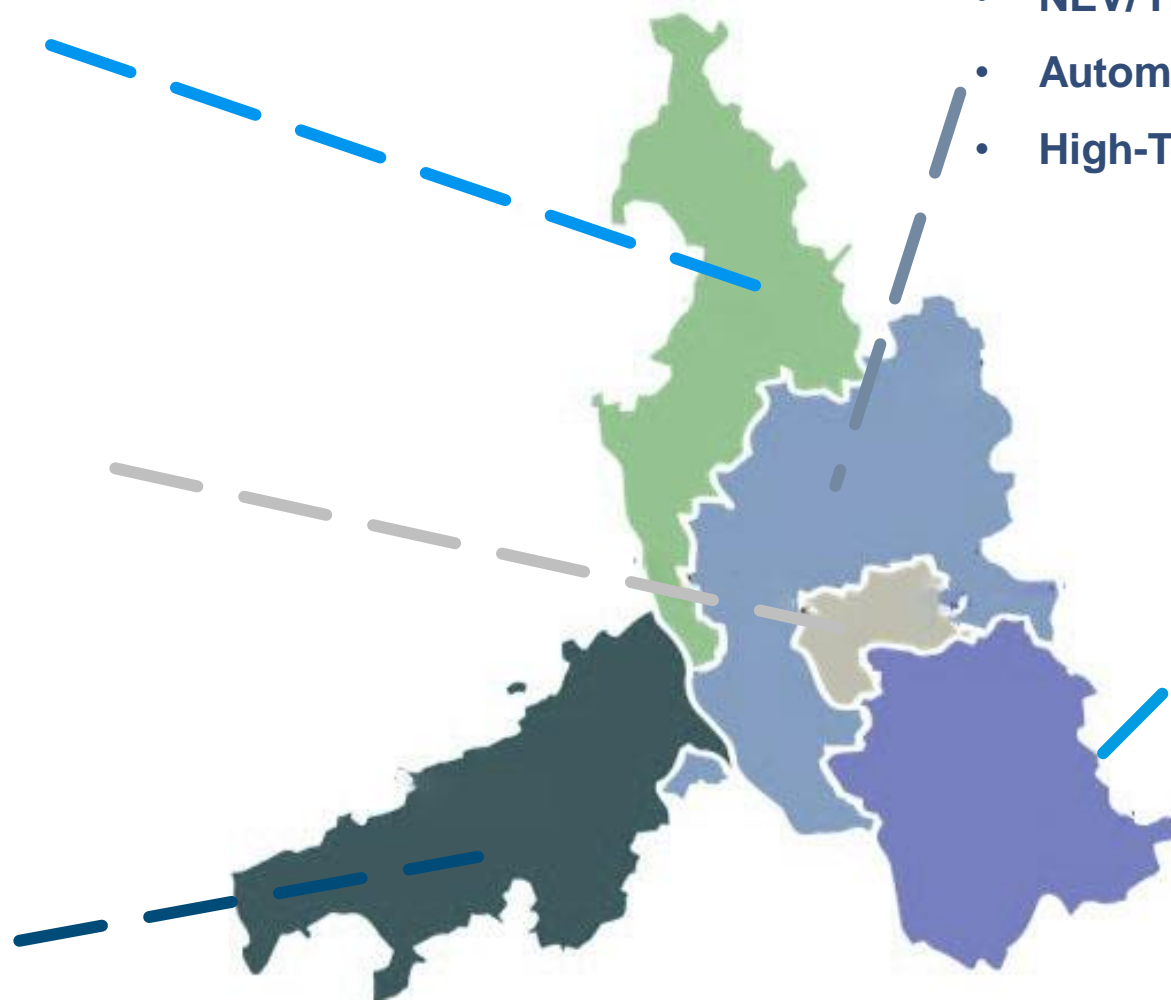
- New Airport City
- NEV Basis
- Hydrogen Tram

Nanhai

- Financial High-Tech Zone
- NEV/ Hydrogen Valley
- Automotive Hub
- High-Tech Zone Core Area

Shunde

- Home Appliances
- Sanlongwan
- Robotics Center
- Tanzhou Exhibition
- Equipment Manufacturing



Industry Cluster

Industrial Parks & Production Bases in Foshan

“ Every family enjoys products made in Foshan ”

DENSO



HONDA

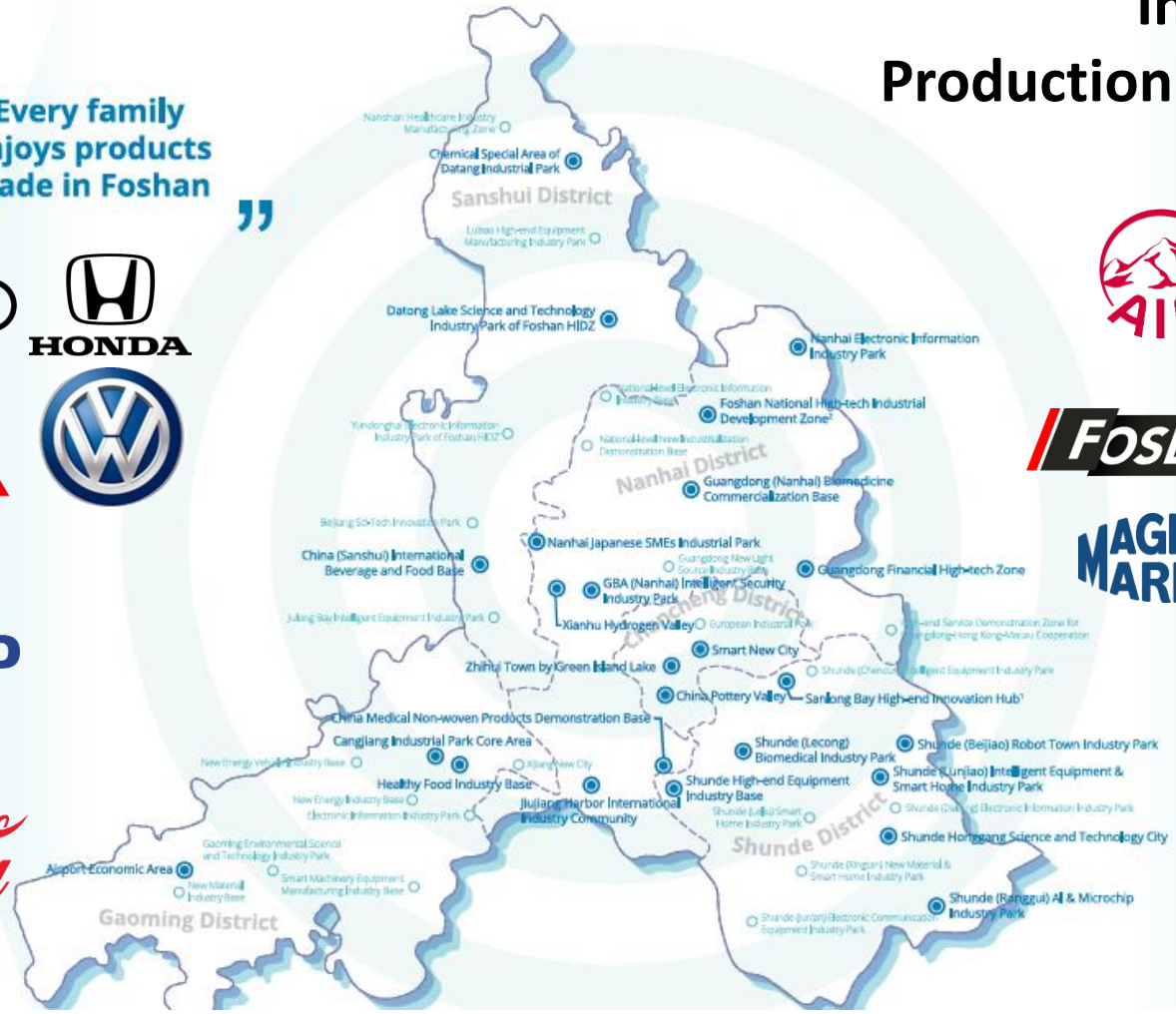
DUPONT



TOSHIBA



PEPSICO



HSBC



PIAGGIO



Infrastructure

Built for Business





Foshan has several strategical inland ports in all districts of the city facilitating smooth transportation of goods directly to the factory or warehouse.



The Foshan Gaoming New Airport is under construction and expected to be finished in 2024. The international airport will support Guangzhou's Baiyun airport and serve as a passenger and logistics hub.



Foshan West Railway Station & Guangzhou South – Foshan's and Guangzhou's main railway hubs – direct link to Shenzhen & Hong Kong within 1 hour



Supply Chain Advantages

GBA Supplier & Distributor Network

Household appliances,
Building Material &
Ceramics



Fully available supply
chain in multiple
industries



Automotive, Robotics,
Food & Beverage,
Industrial Machinery



Tier 1-3 supplier



Targeted Government Policies & Incentives



Targeted Government Policies

Policies for Industry Development

- Further opening up high-quality development of FDI
- Annual subsidy to assist in technology upgrade
- Support technological transformation

Policies for Sci-Tech Innovation

- Financial subsidies for R&D
- Funding of core tech research
- Support for tech R&D and commercialization

Policies for Talent Development

- Innovative policies for overseas talent (housing, R&D)
- Subsidies for leading and high-profile talent

Promotion of Intelligent & Digital Transformation

Targeting high-quality growth
5 area policy support:

1. Support digitization & smart manufacturing
2. Increase financial support (RMB 10-30 M)
3. Strengthen industrial cluster
4. Improve capacity
5. Optimizing public digital services



FOSHAN'S DIGITAL UPGRADE & TRANSFORMATION

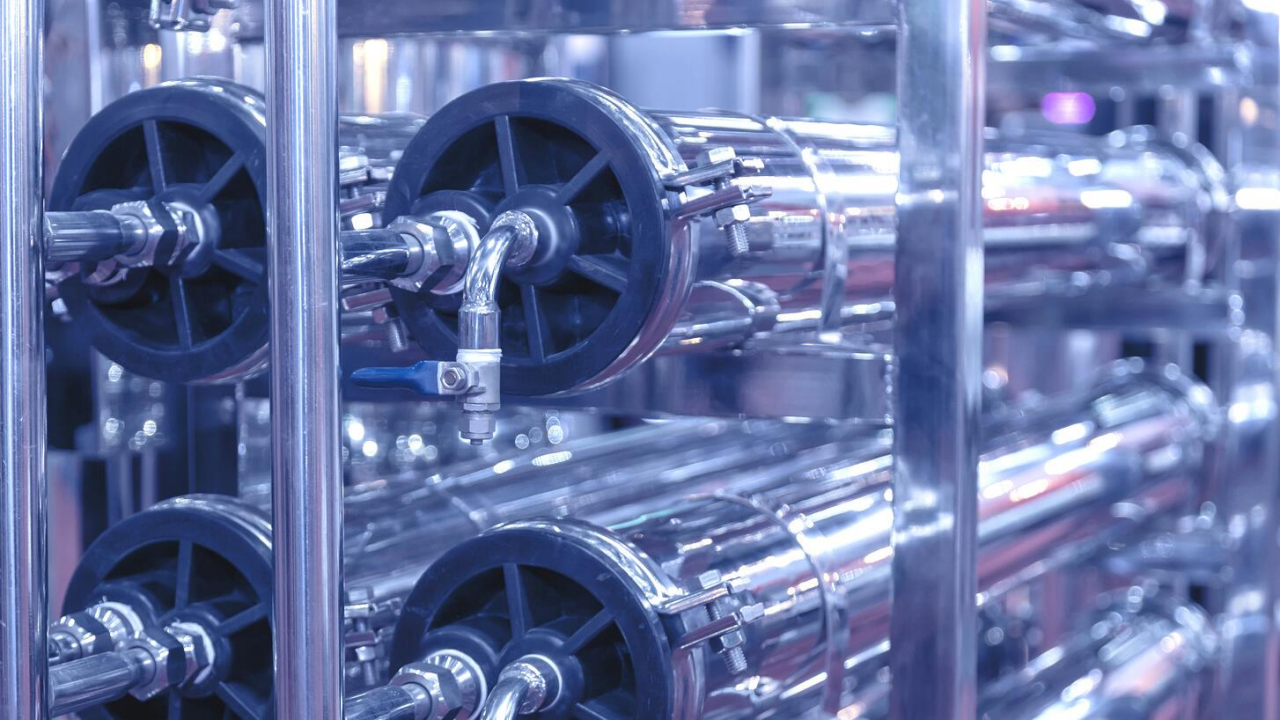
Develop Digital Industry Ecosystem

Construction of digital factories

Support pilot projects for digital transformation

Support talent training + create digitally fit workforce

Special funding & supportive policies



Equipment Manufacturing

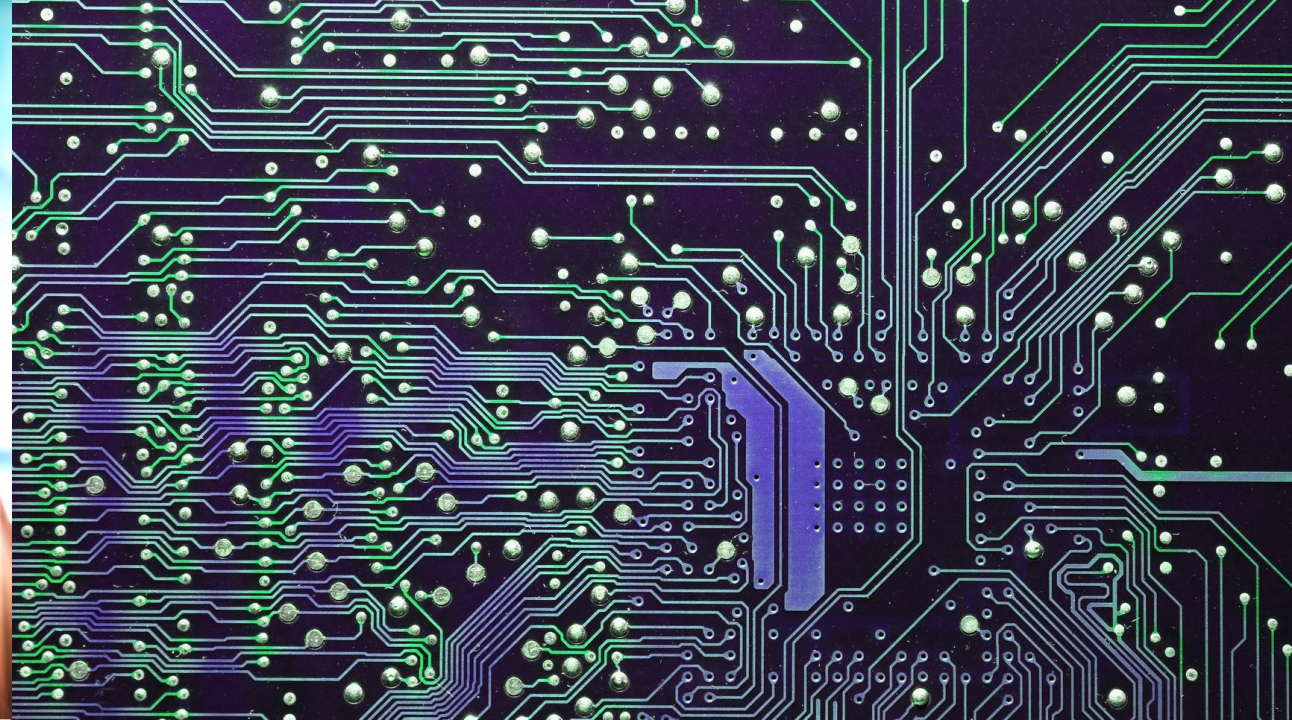
- Develop industry belt for advanced equipment manufacturing
- Focus on high-end equipment manufacturing, industrial robots & machine tools

 "2+2+4" 1 tn RMB Industry Cluster



Household Appliances

- Boost complete industry chain
- Focus on smart appliances, furniture, ceramics & building material



New Energy & Automotive

- H2 industry with national leading value chains & infrastructure
- Production of NEV & FCV key components

Electronic Information

- Accelerate development of EI industry for components, displays, terminals and circuits
- Prioritizing high-end equipment manufacturing



"2+2+4" 500 m RMB Industry Cluster

China Hydrogen Economy Capital

H2-Tram Gaoming



H2 & Fuel Cell Supply Chain



20 H2 fueling station

第四届中国（佛山）
与燃料电池技术及产品展览会
THE 4th INTERNATIONAL HYDROGEN ENERGY
& FUEL CELL TECHNOLOGY AND PRODUCT EXPO FOSHAN CHINA

1000 plus H2-driven buses



Hydrogen Valley Nanhai

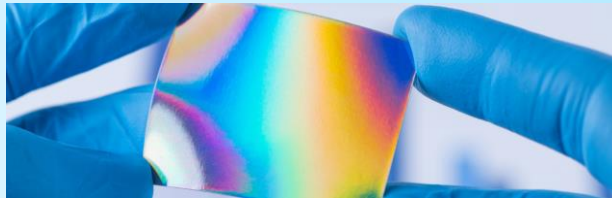
“2+2+4” Industry Plan

Intelligent Manufacturing Equipment & Robotics



Develop automatic equipment
Systematic integration
Industrial robots

New Materials



Battery materials
High-performance plastics
New functional coating materials

Food & Beverage



Develop flavorings & beverages
Healthy & nutritious food
Functional health food

Biomedicine & Healthcare



Cluster for pharmaceuticals
manufacturing
Medical equipment & devices
Medical & healthcare services

Future Outlook



Industry 4.0 & Challenged Environment

Positive Effects on Manufacturing Sector

- Build agile manufacturing & supply chain systems
- Tackle disruptions, promote cross industry collaboration
- Logistics coordination across global value chain
- Business continuity & employee protection
- Improve labor efficiency & reduce costs

Midea Lighthouse Leading Smart Factory

- Midea's first intelligent production base
- End-to-end connected value chain
 - ✓ 28% Improved labor efficiency
 - ✓ 14% Unit cost down
 - ✓ 56% Shorter order lead time
 - ✓ 50% Labor force cut
 - ✓ 20% Net profit increase

Future Development Foshan Landscape



- Promote regional integration of GuangFo Metropolis & “Shenzhen Innovation + Foshan Industries“



- Continue Industry Transformation & Upgrading

- Become a comprehensive transportation hub on rail, road, air & sea

- Accelerate integrated development of “Manufacturing + Services“



- Make use of Greater Bay Area talent hub & foster R&D + SciTech

- Service-oriented government facilitating company development



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Q & A



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