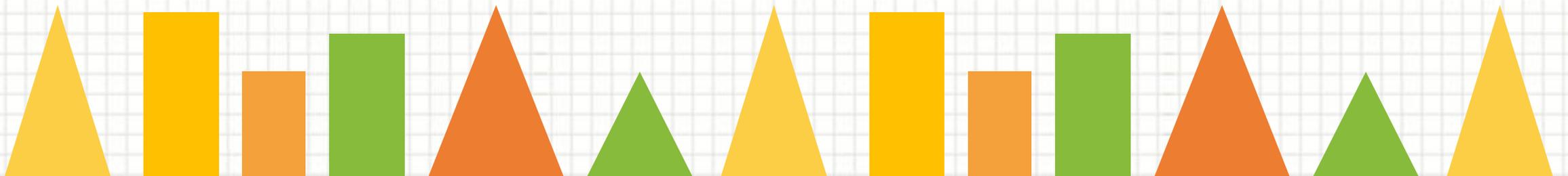


The Development of Chinese County Territory Economy

----The research of the main mode and problems of current Chinese county territory economic development

Kevin Tan from **Wisdom Consulting**



Current China's Macroeconomic Situation

The main mode of current county territory economic development



Those problems of county economy development mode need to be resolved

Current China's Macroeconomic Situation

Although under the pull effect of the powerful Internet + and asset securitization innovative policy, China's macroeconomic situation is still continuous low.



Background

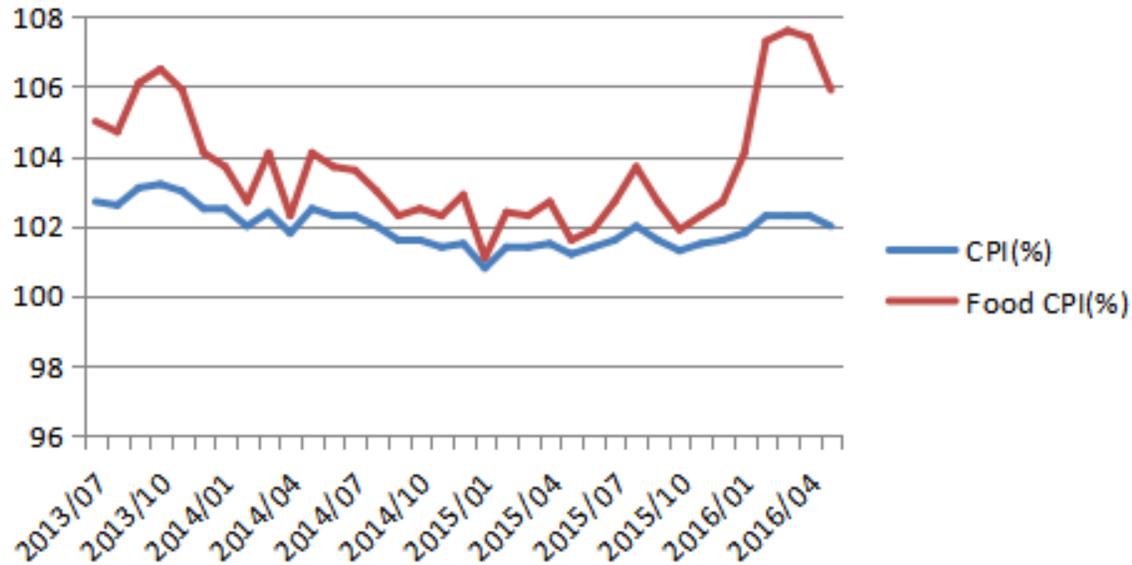
The root cause is that, we still can not find those rational solution for these serious redundant construction and excess capacity problems which caused by the previously extensive and energy intensive development pattern of China.

This year, general secretary of China Xi Jinping had emphasized the guidance ideology of the supply side reform: De-capacity and structural optimization, in order to promote the change and upgrade of China's economic model step by step.

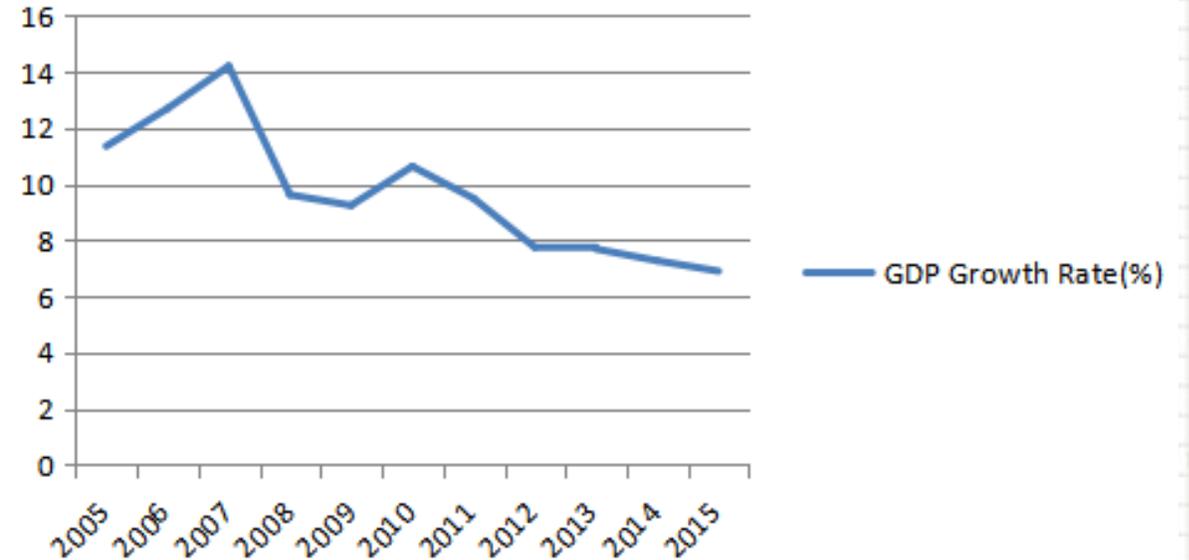
China's Macroeconomic

The M1 money supply and growth rate is much greater than the M2, the inflation pressure is obvious

Year 2013-2016 CPI/ Food CPI (%)



Year 2005-2015 GDP Growth Rate(%)



Data sources: China's National Bureau of Statistic

Since 2010, China's GDP growth continued downward, annual GDP growth was 6.9% in 2015. It was the first time that China's GDP growth fell into the "age of 6" since 1978, and the GDP growth of 2016 first half year was 6.7%.

The Main Mode of Current County Territory Economic Development

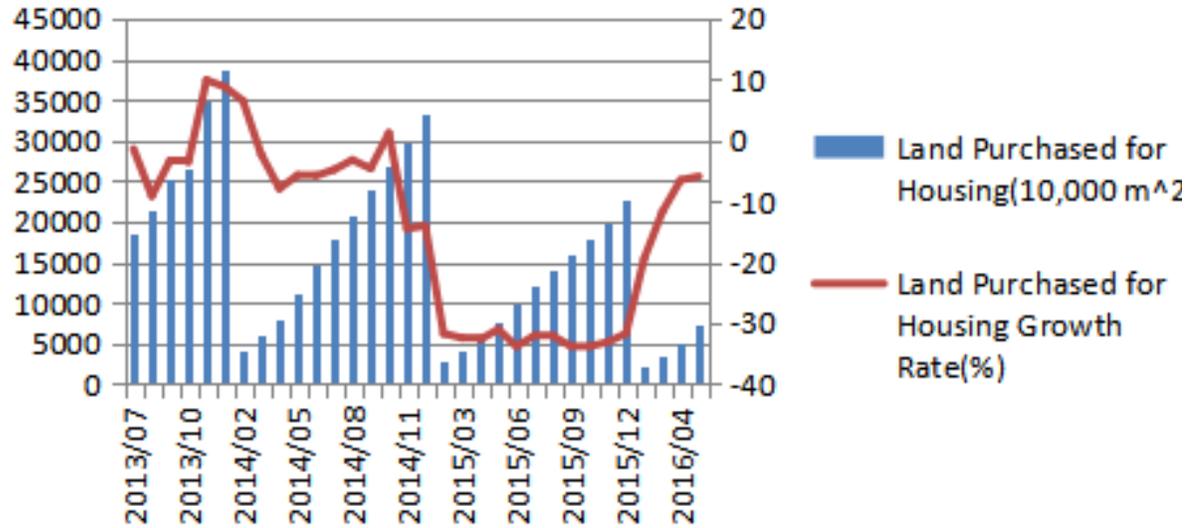
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Land finance is unsustainable, so those counties which are lack of fiscal revenues must find new pulling force and income resource.

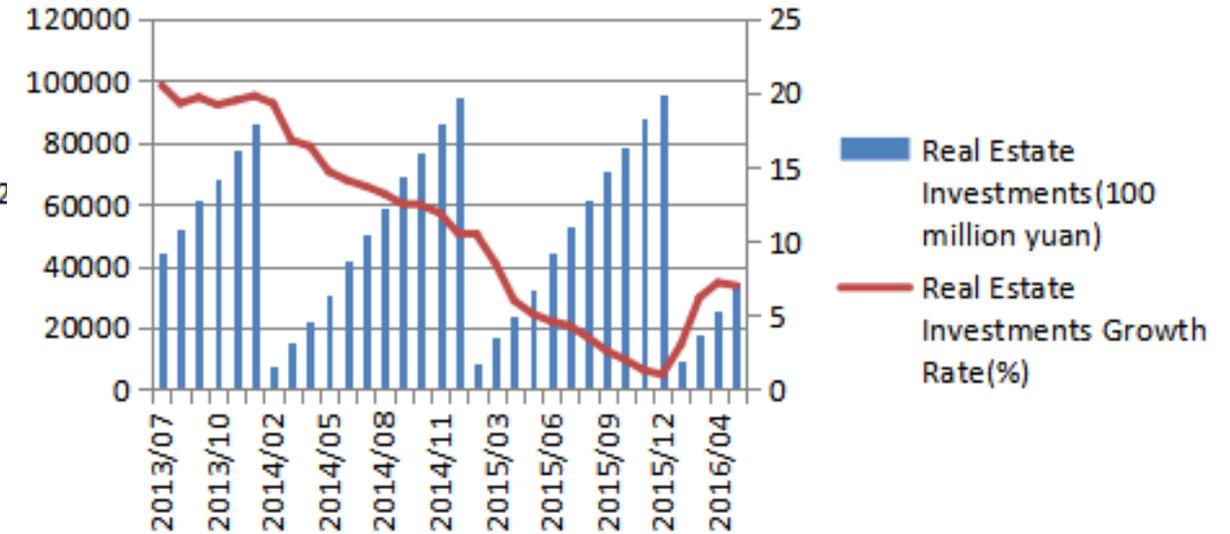
Real Estate Industry

Had lost the pulling power

2013-2016 Land Purchased for Housing/ Growth Rate(%)



Year 2013-2016 Real Estate Investments/Growth Rate



Data sources: China's national bureau of statistic

2016 China listed real estate companies evaluation research indicate that the real estate development investment growth of 2015 had fallen to the lowest level in past 17 years, the market segmentation situation would be further intensified.

Rural E-commercialization

Pulling regional economy and increasing tax revenues

Relying on the vast overall internet infrastructure construction and successful experience of electronic business platform operation of China, more and more counties take subsidiary agricultural products and low value-added processing industrial products as new integrative points. Those huge rural population and assets , capital stock would be the gold mine to attract capital intensively to undergo the exploitation.

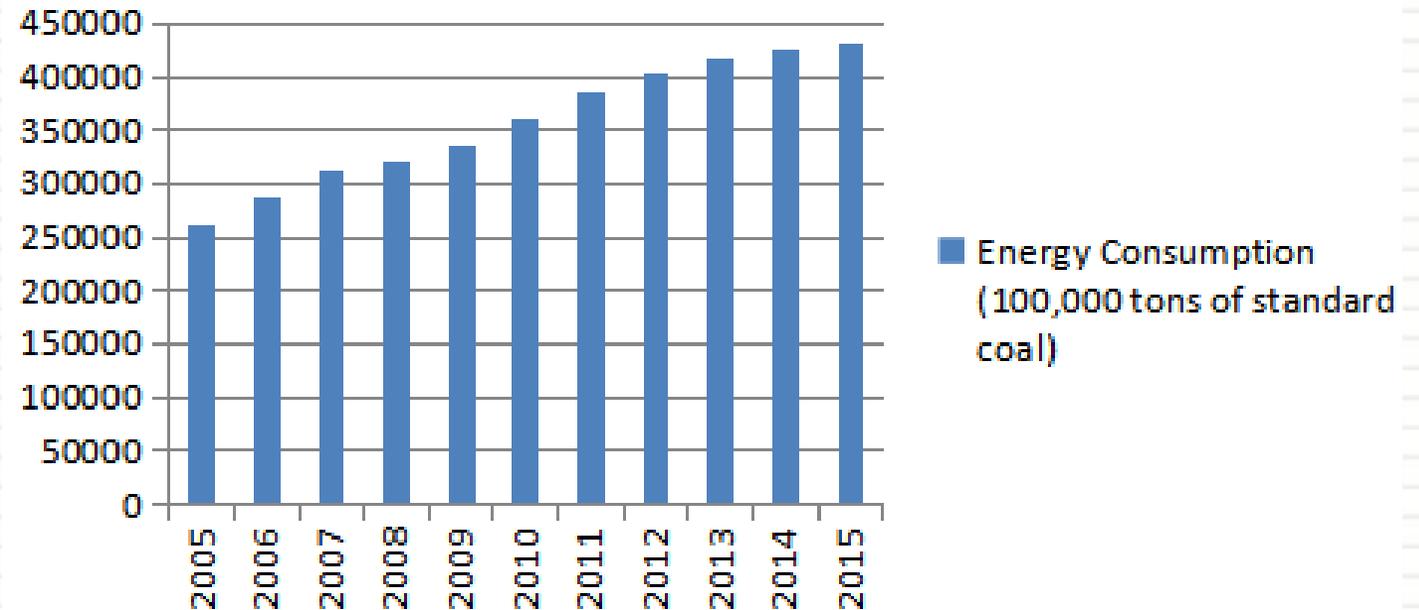


**The traditional
overcapacity industry
segmentation vertical
E-commercialization**

More and more vertical segment
electric business platform will arise

For some excess traditional industries with cross-regional advantages, the county governments will support those leading enterprise to conduct segmentation vertical E-commercialization with effective measures, in order to optimize industrial structure and achieve the industrial upgrading in the future.

**Year 2005-2015 Energy Consumption
(100,000 tons of standard coal)**

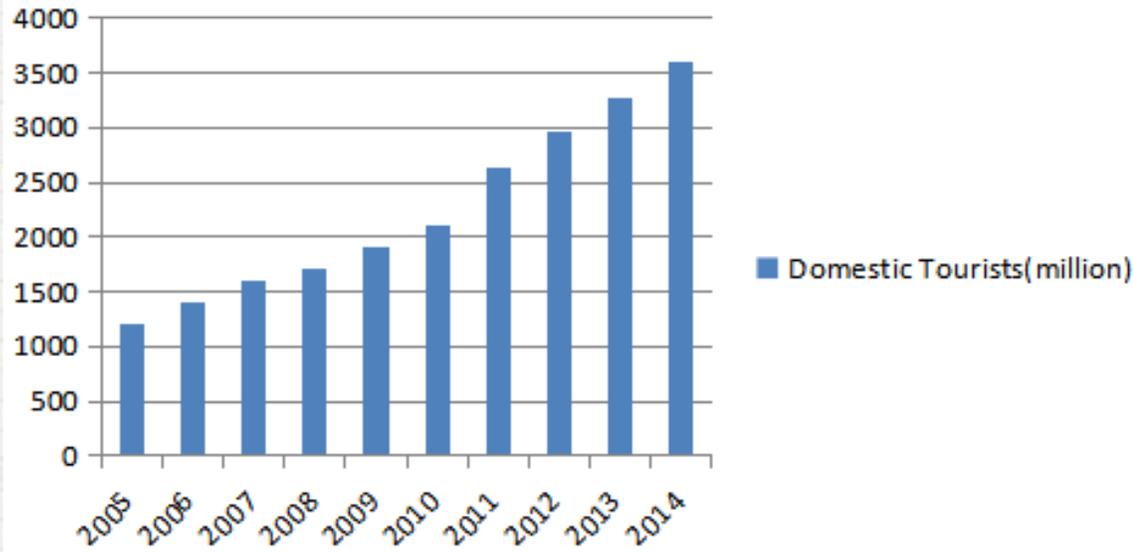


Data sources: China's national bureau of statistic

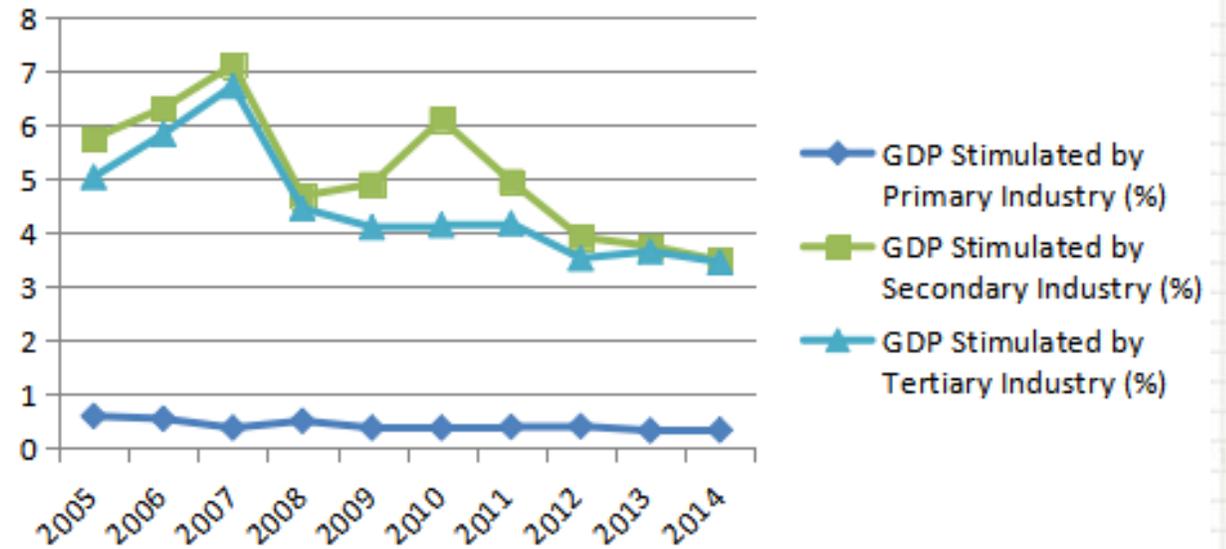
Agricultural Tourism

Tourism had become efficient growth point to pull the national domestic demand

Year 2005-2014 Domestic Tourists (million)



Year 2005-2014 GDP Stimulation (%)



Data sources: China's national bureau of statistic

Chinese rich natural resources makes many counties have a certain tourism development potential and characteristic agricultural product configuration potential, and most domestic counties has pay more and more attention to relative investment currently.

How to Accurately Segment and Position the Market Accurately is the Major Problem of Those Counties to Face

How to get accurate market segmentation & positioning and avoid excessive E-commercialization, repeated investment & vicious competition?

Problem 1

Be short of effective experience, resources and ability of electric business platform investment, construction and operation.



It must bring great decision-making and investment risk due to the short of investment, construction, operation experience when more county governments or enterprises in the face of the internet.

Problem 2

How to get accurate market segmentation and positioning should be the major problem of those counties to face.



If we can not change the decision making mentality and position the customer base on the data accurately, it would be a major problem of those counties and enterprises to find their own market segmentation.

THANKS

Wisdom Consulting From China

