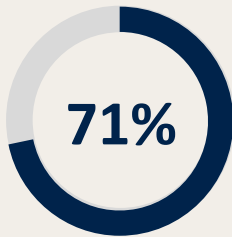
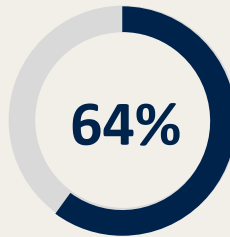


BUSINESS CONFIDENCE AND KEY FACTORS IN 2021



of respondents expect their company's profit will remain the same or increase



of respondents believe their company will maintain or increase its headcount

DRIVERS



Recovery of the global economy

A universally available Covid-19 vaccine



Improved China-US relations

Government initiative to build a dual circulation economy



Policies to support innovation

CHALLENGES



Economic uncertainty caused by the Covid-19 pandemic

Slowing global economy



Ageing population and low birth rate

High and rising corporate debt



Slowing domestic growth

INNOVATION AND TECHNOLOGY

57%



of respondents expect their business will slightly or significantly increase investment into new technologies

Top-three focus areas in 2021



Product/ Services



Customer Experience



Business Process

TAX REFORM

79%



of respondents stated that tax reform and fees reduction measures were beneficial to their business in 2020

Major focus of tax reform in 2021

Individual income tax

Corporate income tax

Value-added tax

GOING GLOBAL AND RCEP

38%



of respondents expect the signing of RCEP will create more trade opportunities for Chinese businesses



CPA AUSTRALIA

ECONOMIC AND BUSINESS SENTIMENT SURVEY 2021

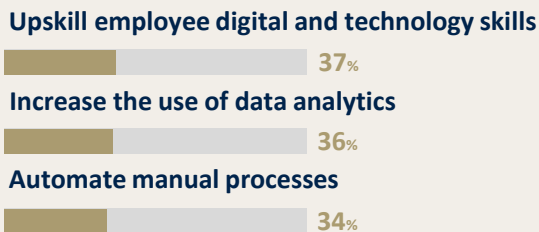
CHINA

KEY STRATEGIC FOCUS FOR BUSINESSES IN 2021

TOP-THREE BUSINESS STRATEGIC FOCUSES



TOP-THREE INNOVATION AND TECHNOLOGY FOCUSES



TOP-THREE EMPLOYEE SKILLSETS



RECOMMENDATIONS FOR BUSINESSES



Review and utilise existing business data to inform innovations in areas such as products / services, customer experience and business operations.



Access training and advice so the business is better placed to keep abreast of recent tax relief and fees reduction measures, as well as to take advantage of tax reforms that may be introduced in 2021.



Control costs to a level consistent with the firm's needs rather than just cutting costs. Longer-term and recurring savings are better than short-term wins.



Encourage a corporate-wide innovative culture through training programs that develop or improve the digital and technical skills of employees, as well as increasing their flexibility and adaptability.



Keep up to date with reforms to the financial sector, such as the expansion of the registration-based IPO system, the Digital Currency Electronic Payment (DCEP) and increasing environmental, social and governance (ESG) disclosures.



Embrace the dual-circulation economy model and cautiously explore new opportunities to diversify and expand businesses in both domestic and overseas markets, such as taking advantage of the Hainan Free Trade Port, the Greater Bay Area Initiative and the RCEP.