



US-CHINA TENSIONS

THE END OF THE BEGINNING

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ZoZo Go

Management Briefings Seminar
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ARC OF CHINESE AMBITION (1949-2049)



“Stand Up”

MAO ZEDONG



“Get Rich”

DENG XIAOPING



“Get Powerful”

XI JINPING

MADE IN CHINA 2025: *Global Tech Leadership*

5M

Electrics

#1

5G



L4/5

Autonomous

#1

Robotics

Chinese Auto & Auto-Tech Investments

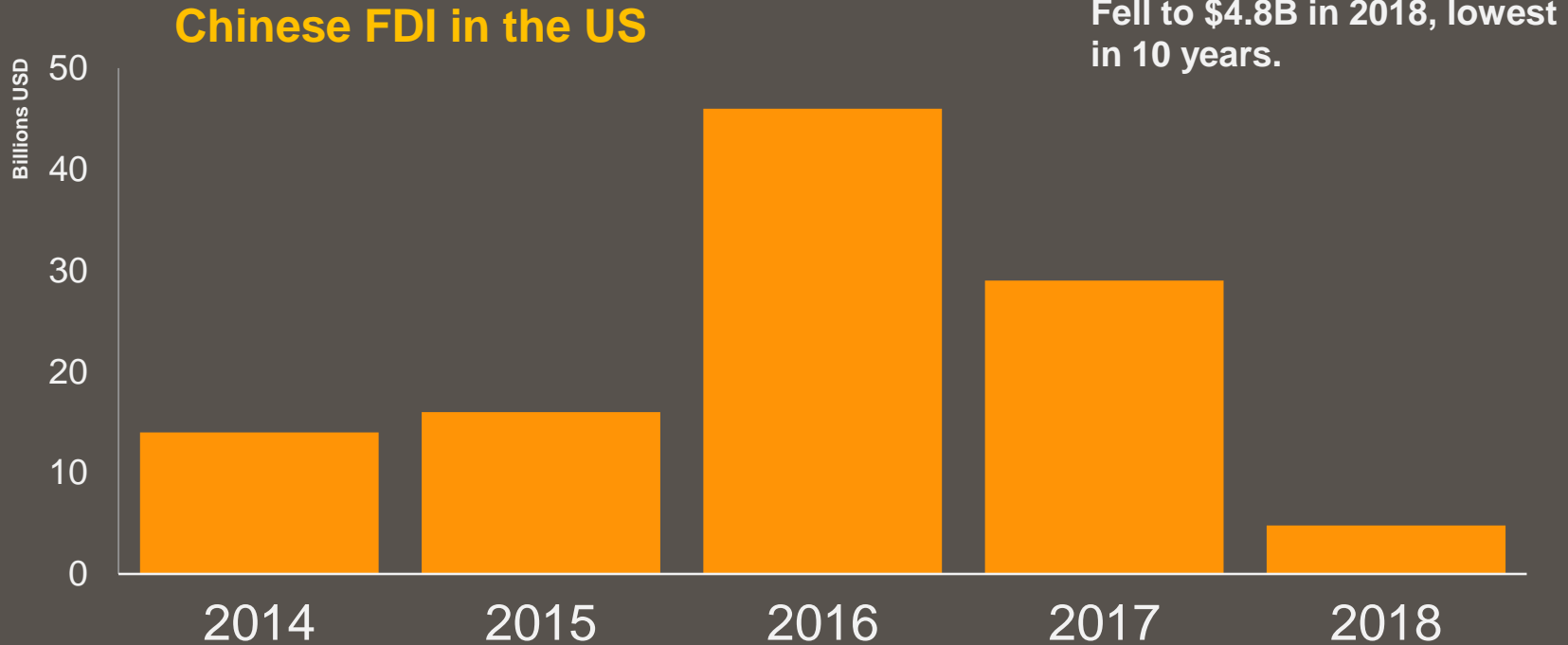
2008 - 2018

176
Locations



>\$15B
Investment

INVESTMENTS JUMP THEN HIT A (US) WALL



TRADE WAR: IT'S NOT ABOUT TRADE

THIS CLASH HAS BEEN BUILDING UP FOR A LONG TIME

USA	<ul style="list-style-type: none">• Capitalist Democracy With Global (Military and Soft) Power and Influence
China	<ul style="list-style-type: none">• One-Party Rule With Ambitions to Expand Global Power and Influence

Global companies in China are looking to shift supply chains (Apple) and or selling out (Carrefour to Suning) or struggling to compete (Ford, down 50% since 2016 peak)

What To Do: Adjust to the “New Era”

- Massive overcapacity finally bites. Export or move supply chain out.
- Autonomous, connected, electric and shared technologies hot.
- Chinese still coming to US - in fits and starts.
- Tensions – plan on them for 10-20 more years.

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A Dunne Automotive Company

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“ACES” STRATEGIC RESEARCH

CHINA GENIUS BRIEFINGS

INVESTMENT ADVISORY

Zozogo.com

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IRRESISTIBLE FORCE (TRUMP) VS IMMOVABLE OBJECT (CHINA)

"THE **WORST** US-CHINA **RELATIONS** IN 40 YEARS" SUSAN SHIRK, ORVILLE SCHELL

"THE **IDEA** OF A US-CHINA **RELATIONSHIP** HAS **COLLAPSED**" GRAHAM ALLISON



Belt and Road Initiative - *Global Influence*



- 1700 projects
- 68 countries
- 65% of humanity
- 40% global GDP
- \$1 trillion budget
- \$200 billion spent

CHINESE TECH BASE CAMPS IN CALIFORNIA

Navinfo - Cupertino
Roadstar AI - Cupertino
Beijing EV - Fremont
Gotion - Fremont
Pony.ai - Fremont
Innovusion - Los Altos
BYD NA - Los Angeles
Faraday Future - Los Angeles
Geely Design - Los Angeles
SAIC Capital Menlo Park
Karma Auto Moreno Valley

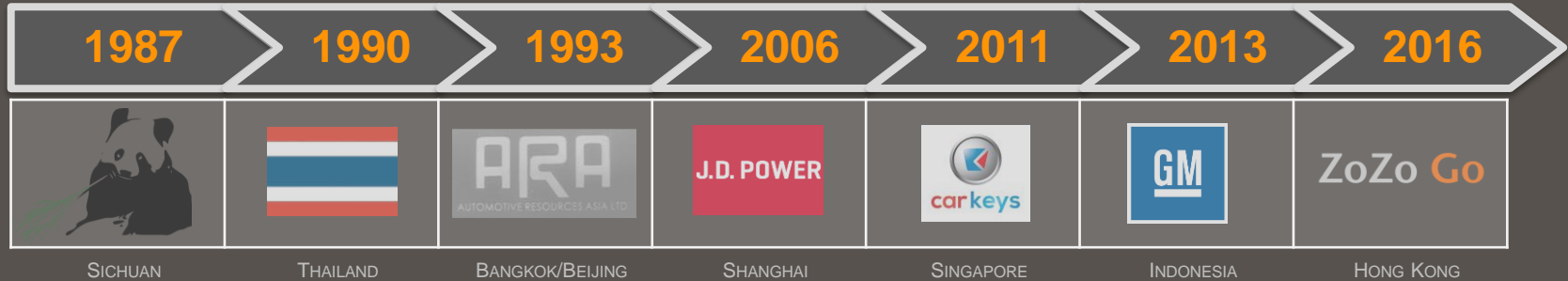


Didi Labs - Mountain View
Lucid Motors - Newark
Tencent - Palo Alto
TuSimple - San Diego
AutoX - San Jose
NIO - San Jose
Deep Map - Santa Clara
BYTON - Santa Clara
Seres - Santa Clara
Baidu - Sunnyvale
WeRide - Sunnyvale

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30 years in Asia



“ACES” STRATEGIC RESEARCH

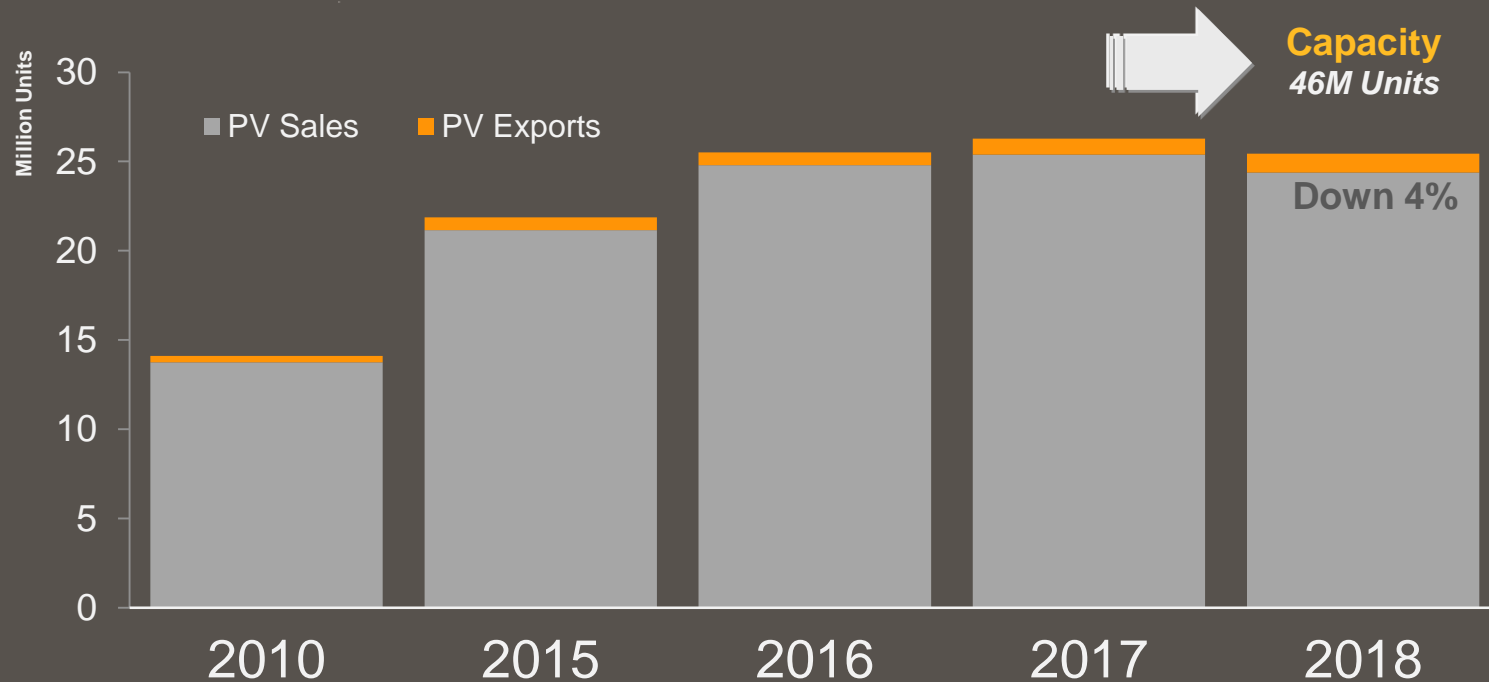
CHINA GENIUS SERIES

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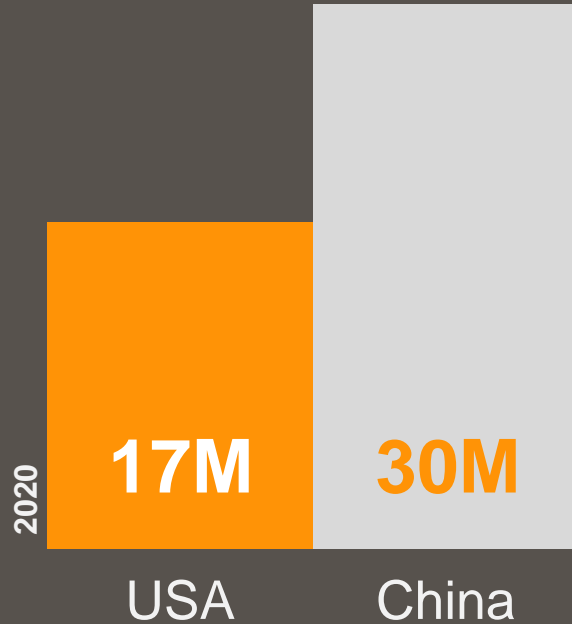
New Realities: *Slowing Home Market*



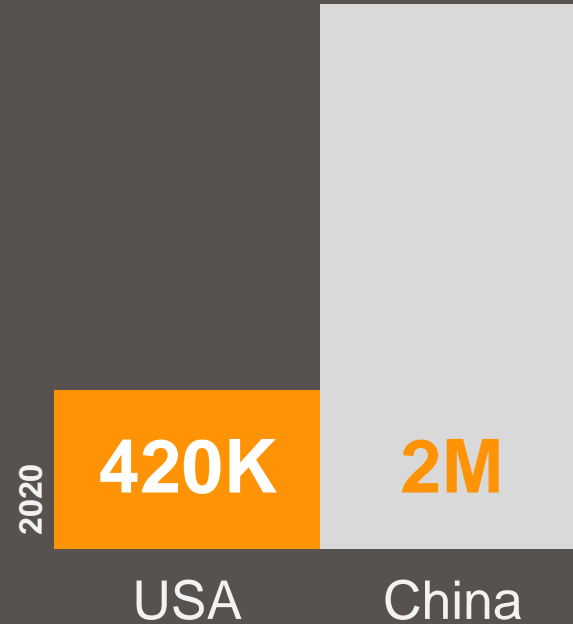
Source: LMC Automotive, ZoZo Go Analysis

SCALE *CHINA HAS IT*

Vehicle Sales



Electric Vehicles



Regulation *Directs the Industry*

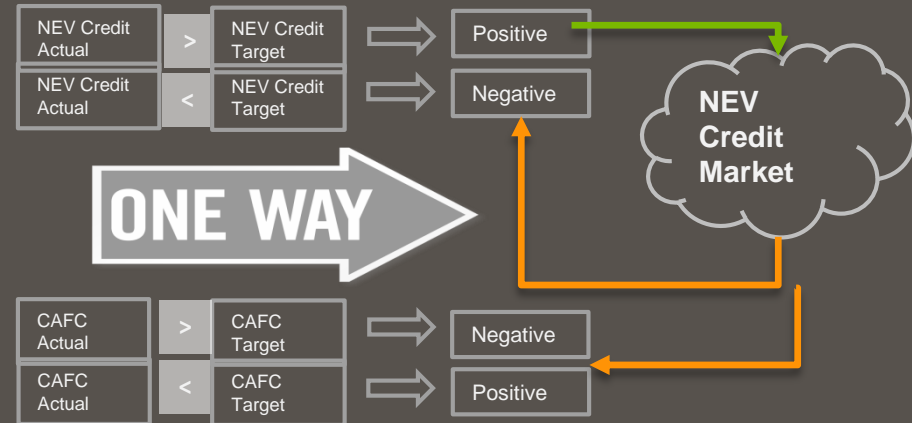
Subsidy (decreasing) co-exists with credit/quota system (increasing).

Subsidy from both central and local government










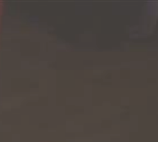





- Local subsidy in most cities are equal or less than central government
- Subsidy from both central and local government will end by 2020
- CAFC & NEV credit system will replace the subsidy system, but will coexist to 2020.

CAFC&NEV credits system effect

- CAFC target in 2020 (5L/100Km) is achievable, however, it is hard to reach 4L/100Km in 2025 according to current technologies.
- The NEV percentages (8%, 10%, 12%) set by MIIT are controversial.
- Mandatory scheme for legal entities with:
 - Over 30,000 units per year (NEV)
 - Over 2,000 units per year (CAFC)



Technology *China's Tech Giants Invest in the Automotive Industry 2.0.*

Chinese Leading Tech Companies	Electric Vehicles	Autonomous Vehicles	Ride Sharing	Connectivity
 Baidu 百度 (think google)				
 Tencent 腾讯 (think apple)				
 Alibaba Group (think amazon)				

CHINA CAR INDUSTRY EVOLUTION: 1980-2020

