

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

CHINA

Asia East

Dialogue | Trust | Partnership

office@lordwaverley.com

www.lordwaverley.com

WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Shanghai	China's financial and trade capital; Lingang Special Area free-trade zone offers further financial and trade liberalization	Financial services, corporate headquarters, trade
Shenzhen	Technology and AI-hardware hub (Huawei, DeepSeek ecosystem); hosting the November 2026 APEC summit	Technology, AI hardware, electronics
Beijing (capital)	Political and policy capital; headquarters for major state-owned enterprises and regulatory decision-making	Government administration, corporate headquarters
Greater Bay Area (Guangdong-Hong Kong-Macao)	China's manufacturing and export powerhouse and a key regional-integration hub	Advanced manufacturing, export-oriented industry
Hainan Free Trade Port	Zero-tariff pilot zone with consumption and tourism incentives, fully launched in recent years	Consumption, tourism, trade
Yangtze River Delta (Jiangsu/Zhejiang/Shanghai)	Advanced-manufacturing and EV/battery supply-chain hub with strong private-sector dynamism	EV/battery manufacturing, advanced industry
Property-distressed regional markets (nationwide, especially lower-tier cities)	Site of China's ongoing multi-year property crisis; Evergrande founder Hui Ka Yan sentenced to life imprisonment in August 2026, other major developers still fighting default	Avoid direct property-sector and LGFV-debt exposure

INVESTOR ENTRY ROUTES

- Advanced manufacturing and EV/battery supply-chain investment in the Yangtze River Delta and Greater Bay Area
- Technology and AI-hardware investment riding China's push toward domestic chip self-sufficiency (Huawei Ascend, DeepSeek ecosystem)
- Financial-services and trade investment via Shanghai's Lingang Free Trade Zone and other pilot financial-opening programs
- Consumption and tourism investment in the Hainan Free Trade Port's zero-tariff pilot zone
- High-tech and equipment-manufacturing investment, the strongest-growing segments of China's own H1 2026 data (equipment +9.3%, high-tech +13.3%)
- Selective export-oriented investment structured around current US-China tariff and rare-earth truce terms, pending their November 10, 2026 expiration

MARKET-ENTRY OBSERVATION

China's economy grew 4.7% year-on-year in H1 2026 (reaching 69.57 trillion yuan), but the composition reveals real strain beneath the headline figure: equipment manufacturing (+9.3%) and high-tech manufacturing (+13.3%) are genuinely strong, while fixed-asset investment fell 5.7% and retail sales growth was a subdued 2.7%, reflecting still-weak consumer demand. The property crisis that has weighed on the economy for years remains unresolved Evergrande founder Hui Ka Yan was sentenced to life imprisonment in August 2026, and other major developers continue to fight to avoid default. Foreign-business sentiment is cautiously improving rather than

recovering: the EU Chamber's 2026 survey found the share of European firms reporting a worsening environment fell for the first time since 2021, yet only 53% still rank China among their top-three investment destinations (a record low) and 14% plan no further investment (a record high), with domestic competition, market-access restrictions and an economic slowdown cited as the top concerns. Beijing's 15th Five-Year Plan (2026-2030) explicitly commits to national treatment for foreign-invested enterprises and to tackling overcapacity and unfair competition, directly responding to these complaints.

The US-China relationship remains the central variable for any investor. An October 2025 truce (reached in South Korea) suspended China's rare-earth export licensing regime for one year, halved a 20% fentanyl-related US tariff, and paused several Section 301 investigations but average tariffs remain elevated (roughly 36.5% on Chinese goods into the US, 31% on US goods into China as of July 2026), and the truce itself expires November 10, 2026, with renewal not guaranteed. Xi Jinping's September 23-25, 2026 state visit to Washington produced warm atmospherics and plans for further meetings (at November's APEC summit in Shenzhen and a prospective December G20 meeting in Miami) but no major new trade breakthroughs, by most independent accounts. China retains significant leverage via its control of roughly 90% of global rare-earth processing capacity, and is simultaneously racing toward semiconductor self-sufficiency Huawei's Ascend AI chips and DeepSeek's newly released, Nvidia-alternative programming tools (released September 30, 2026) are central to that effort.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
US-China trade truce expiration risk	The truce reached in October 2025 expires November 10, 2026, with renewal uncertain, and average tariffs remain elevated (roughly 31-36.5%) even under the truce	Track truce-renewal developments closely and model both renewal and lapse scenarios
Ongoing property-sector crisis	Evergrande founder's August 2026 life sentence and other developers still fighting default signal the crisis remains unresolved	Avoid direct property-sector and local-government-financing-vehicle debt exposure
Weak domestic consumption and investment	H1 2026 retail sales grew just 2.7% and fixed-asset investment fell 5.7%, reflecting subdued demand	Model consumption-dependent investments conservatively against current demand data
Intensifying domestic competition and overcapacity	47% of EU firms cite domestic competitors (76% in machinery/medical devices), with automotive price wars widely reported	Assess competitive intensity in the target sector before committing capital
Market-access and regulatory restrictions	54% of EU firms report missed opportunities from access and regulatory barriers, especially in medical devices (89%) and pharmaceuticals (84%)	Verify sector-specific market-access conditions before entry, particularly in restricted sectors
Rare-earth and technology-export leverage	China's roughly 90% control of global rare-earth processing capacity gives it a standing geopolitical lever that could be redeployed if the trade truce lapses	Treat as a standing supply-chain risk factor for electronics- and EV-exposed investments
Record-low foreign investment appetite	Only 53% of EU firms rank China a top-three investment destination and 14% plan zero new investment, both record extremes	Benchmark sector-specific opportunity against this broader sentiment shift rather than historical norms

INVESTOR RISK NOTE

Waverley views China as a market of genuine scale with genuinely strong pockets of growth (high-tech and equipment manufacturing) sitting alongside an unresolved property crisis, weak domestic demand, and a fragile, soon-to-expire US trade truce. Entry should be sector-specific and insulated from both the property-sector overhang and the US-China tariff cycle, with the November 10, 2026 truce expiration tracked as the nearest-term catalyst.

MARKET ACCESS

China's 15th Five-Year Plan (2026-2030) commits to national treatment for foreign-invested enterprises and to tackling overcapacity and unfair competition; the Hainan Free Trade Port offers a zero-tariff pilot zone, and Shanghai's Lingang Special Area and other free-trade zones offer further financial and trade liberalization though market access in sensitive sectors (medical devices, pharmaceuticals) remains significantly restricted in practice, and the current US-China tariff truce is due to expire November 10, 2026.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
State Council / National Development and Reform Commission (NDRC)	Sets overall economic policy and administers the 15th Five-Year Plan	Primary reference point for national economic-policy direction
Ministry of Commerce (MOFCOM)	Administers foreign-investment approvals and trade-policy negotiations, including the US tariff truce	Primary channel for foreign-investment approval and trade-compliance matters
People's Bank of China	Manages monetary policy amid weak domestic demand and property-sector stress	Reference point for monetary-policy and currency developments
Shanghai Municipal Government / Lingang Special Area Authority	Administers Shanghai's free-trade-zone incentives	Primary channel for Shanghai-based financial and trade-sector entry
Hainan Free Trade Port Authority	Administers the zero-tariff pilot zone's incentives	Primary channel for Hainan-based consumption and trade-sector entry
Local government financing platforms (LGFVs)	Carry significant debt exposure tied to the ongoing property crisis	Monitor for debt-related developments affecting regional investment conditions
Huawei / domestic chip ecosystem (Ascend, DeepSeek)	Key private/quasi-state partners for technology-sector entry amid the push for chip self-sufficiency	Primary channel for AI and semiconductor-adjacent technology partnerships

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through Ministry of Commerce project approval, free-trade-zone authorities (Shanghai Lingang, Hainan, Greater Bay Area), and direct partnership with leading domestic technology players (Huawei, DeepSeek-ecosystem firms) for AI and semiconductor-adjacent investment.

INVESTOR PROFILE BEST SUITED

Best suited to advanced-manufacturing, EV/battery and high-tech investors able to compete with intensifying domestic competition, financial-services investors entering via Shanghai or Hainan's free-trade pilot zones, and technology investors able to partner within China's domestic chip ecosystem. Less suited to investors exposed to the property sector, dependent on a stable US-China tariff environment, or requiring full market access in medical devices or pharmaceuticals.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between advanced manufacturing, technology/AI, financial services, or consumption-sector investment.

STEP 2: Engage the relevant institution

Open discussions with the Ministry of Commerce or the relevant free-trade-zone authority for approvals.

STEP 3: Structure entry to minimize property and debt exposure

Avoid direct property-sector and local-government-financing-vehicle debt exposure in structuring the investment.

STEP 4: Monitor the US-China tariff truce

Track the truce's November 10, 2026 expiration closely and model both renewal and lapse scenarios.

STEP 5: Assess domestic-competition intensity

Evaluate competitive conditions in the target sector before committing capital.

WAVERLEY'S ROLE

- Track the US-China tariff truce's renewal prospects past its November 10, 2026 expiration
- Monitor the property crisis and broader domestic-demand indicators
- Coordinate introductions to the Ministry of Commerce and free-trade-zone authorities
- Screen advanced-manufacturing, technology and financial-services opportunities against current competitive and regulatory conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture China's genuinely strong high-tech and equipment-manufacturing growth, while explicitly tracking the unresolved property crisis, intensifying domestic competition, and the looming November 2026 US-China tariff-truce expiration engage now through free-trade-zone channels and sectors insulated from these specific risks.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in advanced manufacturing and EV/battery supply chains in the Yangtze River Delta and Greater Bay Area, technology and AI-hardware investment within China's domestic chip ecosystem, and financial-services and consumption investment via Shanghai's Lingang zone and the Hainan Free Trade Port.

POSITIONING

China remains a market of unmatched scale with genuinely strong pockets of growth equipment manufacturing and high-tech manufacturing both grew by double digits in H1 2026 and a 15th Five-Year Plan explicitly committing to national treatment for foreign investors.

That scale sits alongside real, current strain: an unresolved multi-year property crisis, weak domestic consumption, intensifying domestic competition, and a fragile US-China tariff truce due to expire in November 2026. Waverley frames China as a market for sector-specific, risk-aware entry through its free-trade zones and strongest-growing segments, rather than broad-based exposure to its property sector or trade-cycle swings.

SELECTED SOURCES

- Al Jazeera, "As Xi Meets Trump, Who's Winning Their Trade War?," September 2026
- German Marshall Fund, "The Trump-Xi Summit: A Fragile Trade Truce, Not a Reset," October 2025
- China Briefing, "European Business in China: Key Takeaways from the EU Chamber's 2026 Survey"
- AIM News, "China's Economy Grows 4.7% in First Half of 2026," July 2026
- New Straits Times, "China's Property Crisis Grinds On After Evergrande Sentencing," August 2026