



CHINA Fifth Generation Leaders 5GEN3 Project (2014-18)

China: Who's Next? Overview

A Tool for Intelligent Targeted Action in China

2016

Introduction

XRG – Exceptional Resources Group (a China-focused customer-specific / bespoke strategy and transaction consulting firm), together with our affiliate, the China Dialogues Network (CDN), is delivering our third China 5th Generation Leaders Project offering (5GEN3 Project) to select multinational company, non-government / multilateral and government clients (Client / Clients).

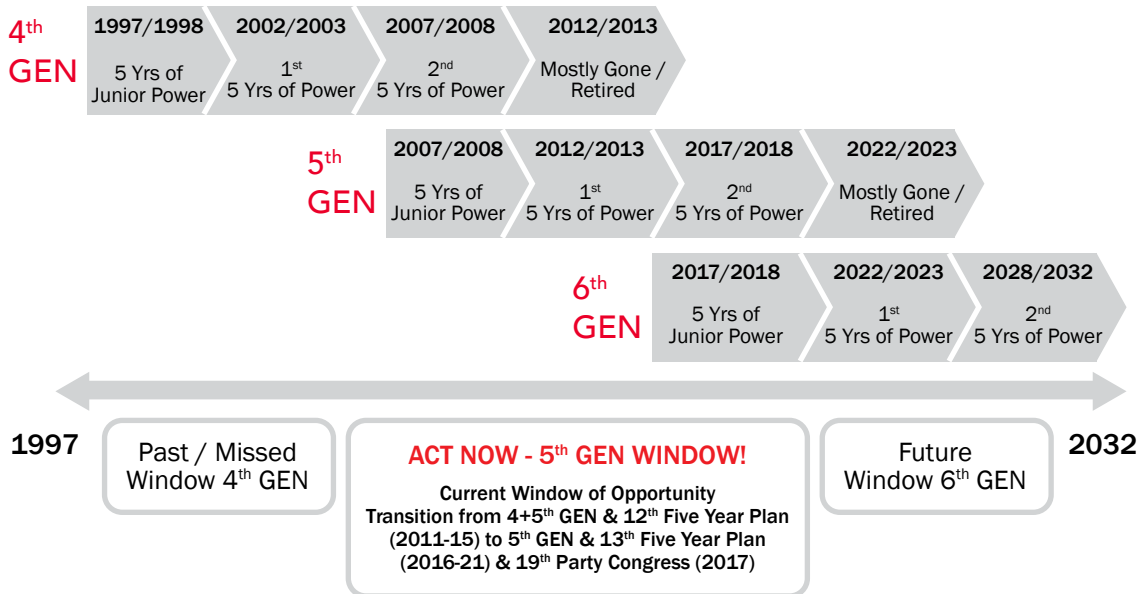
China is the must-get-right priority for all 5GEN3 Clients. The 5GEN Project aims to provide an in-depth understanding of how China's Party-State really works and what each Client needs to know that relates directly to their specific businesses and investments in China. The 5GEN3 Project Report (Report) is a comprehensive simple-to-use reference tool that consolidates in one source the data necessary to develop bespoke durable strategies and more effective implementation in China's complex political-economic-social ecosystem. In particular, the Report sets out the key organizational portfolio responsibilities of all top leaders in the Party and the State as well as the detailed information about the structures and functions of the central-level Chinese Communist Party (CCP / Party), State and Military organizations.

To get China right, XRG knows that a forward-looking strategy is a critical step-stone to success. It is also essential to know who to talk with and listen to when devising and implementing a China strategy. This critical data is not obvious in the best of times, but it is pivotal during the uncertain times of the current, on-going transition to the new 5GEN top Party leadership in China led by Xi Jinping. XRG expects that Xi Jinping's Rule of Law / Anti-Corruption Campaign will continue and may even intensify through the Party Congress in Q4 2017. This means today's "rising star" top Party leader could become tomorrow's "black-hole" event, just like Bo Xilai, Zhou Yongkang and Ling Jihua.

The 5GEN3 Project – China Who's Next? offering aims to provide Clients with an actionable database tool (Matrix) for mapping, short-listing and follow-on targeted engagement. Clients receive the critical data they need about the relevant individual China 5th Generation Top Leader current incumbents and their future successor candidates – nationwide, especially those now in the four new Party Leading Groups and in Xi Jinping's inner circle of trusted friends, allies and advisors.

CCP CC SUCCESSION CYCLES

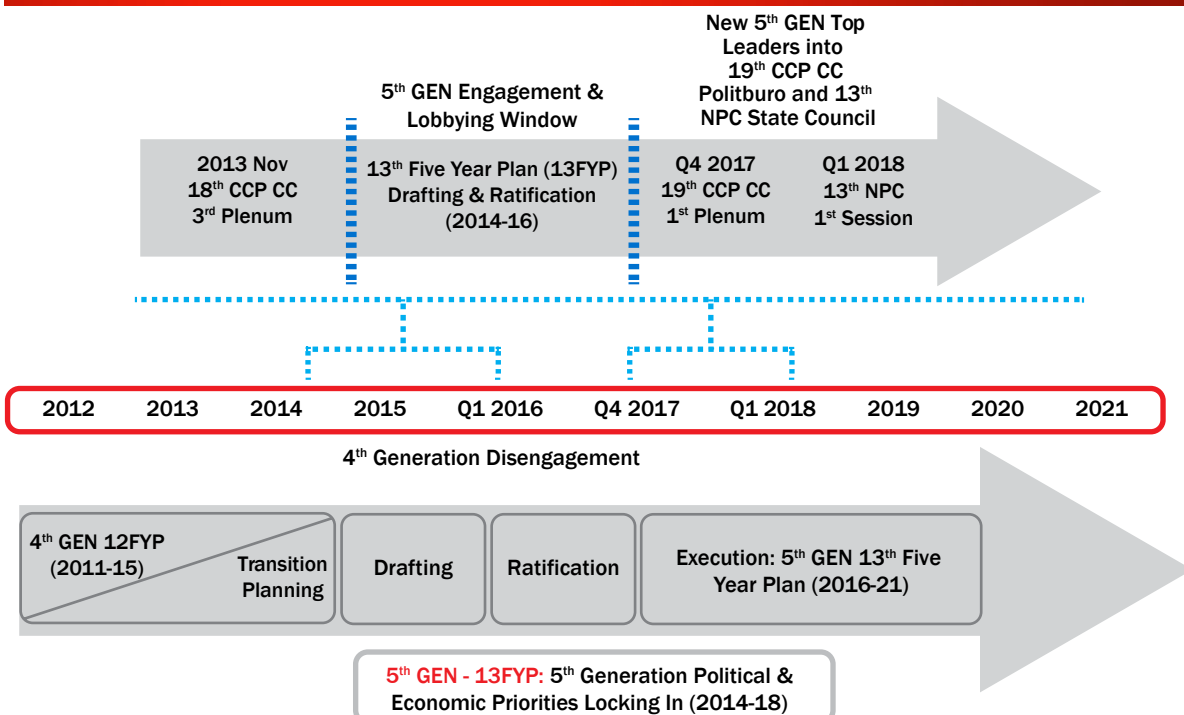
The 5th Generation Window of Opportunity



As the generational shift from the 4th Generation to the 5th Generation top leadership in China progresses and Xi Jinping continues to consolidate his political power therein as the Core Leader of the 5th Generation, Xi is relentlessly reshaping the Party, State, Military and China's state-owned enterprise (SOE) bureaucracies to include and involve his trusted inner circle of allies and protégés in top leadership positions. These changes have spawned a critical 5th Generation window of opportunity for foreign businesses in China via the 13th Five Year Plan (13FYP), the first of the Xi-led regime.

XI JINPING'S FIRST FIVE YEAR PLAN OPPORTUNITY

The 12FYP to 13FYP transition (2014-18)



A clear understanding of who from Xi Jinping's loyal inner circle are to be tasked with pruning and prioritizing the myriad of new 13FYP reform policies and projects; and, thereafter, who will be overseeing and implementing these policies and projects, which will be on-going from Q2 2016 through 2021, is critical for every foreign company and government that is interested in building the resilient strategic relationships necessary for their businesses and investments to survive today in China and thrive globally tomorrow.

5GEN3 PROJECT

Project Team

Key members of the XRG-CDN 5GEN3 Project Team include W. John Hoffmann (Co-Founder & Principal, XRG-CDN), Dr. Cheng Li (Senior Fellow, The Brookings Institution) and Professor Anthony (Tony) Saich (Harvard Kennedy School of Government, Harvard University).

The XRG-CDN 5GEN3 Project Team was set up in 2006 and has established an impressive record in responding to the information needs of major international corporate and country Clients:

- 1 **5GEN1 Project (2006-08)** was developed for five non-competing foreign clients during the run-up to the 17th CCP Congress (Q4 2007) and for the follow-on from the 11th National People's Congress (Q1 2008).
- 2 **5GEN2 Project (2010-13)** was completed for major international corporate and foreign country clients on a confidential, non-exclusive basis during the run-up to the 18th CCP Congress (Q4 2012) and for the follow-on from the 12th National People's Congress (Q1 2013).
- 3 **5GEN3 Project (2014-18)** was launched in Q4 2014 for a limited number of major international corporate beta-clients (5GEN3 Project Beta-Clients) on a confidential, non-exclusive basis during the run-up to the 19th CCP Congress (Q4 2017) and for the follow-on from the 13th National People's Congress (Q1 2018).

5GEN3 PROJECT

Project Database

The 5GEN3 Project Matrix database information interface for the Client is presented in an easy-to-follow format that has proved extremely user-friendly, even for those new to the China market. The available output is also structured to provide information at varying levels of detail so that Clients may readily find what they need.

The complete 5GEN3 Project Matrix database information has the following six basic components:

- 1 **Party Top** – Successors to the current Party Top Leaders in the 18th Chinese Communist Party (CCP) Central Committee (CC) Political Bureau (Politburo) (25 personalities / 25 portfolios):
 - Rising Star 5GEN3 successor candidate subset for Party Top Leaders (Politburo).

- All new and existing CCP CC Central Coordinating and Leading Groups.
- Xi Jinping's Inner Circle Members.
- All CCP CC Full and Alternate Members.

2 State Top – Successors to the current State Top Leaders in the 12th Executive Committee of the State Council (10 personalities / 11 portfolios):

- Rising Star 5GEN3 successor candidate subset of State Top Leaders (State Council).

3 Legislative Top – Current State senior leaders in the Central Legislative organizations including the 12th National People's Congress (NPC) and the 12th Chinese People's Political Consultative Conference (CPPCC) including the Eight Democratic Parties of China (300+ personalities):

- All NPC and CPPCC National Standing Committee Chairmen and Vice Chairmen.
- All NPC Committees and NPC Special Committees Chairmen and Vice Chairmen.
- Successor candidates' data not available.

4 Central Top – Successors to the current top leaders in 90+ Central Government organizations under the 12th Executive Committee of the State Council (i.e., Central-level Ministers / Directors plus Party Secretaries in key organizations) (100+ personalities):

- Rising Star 5GEN3 subset of Central Top successor candidates.

5 Provincial (Geography) Top – Successors to the current senior leaders of mainland provincial-level units and equivalent administrations (i.e., Provincial Party Secretaries plus Chairmen / Governors / Mayors) (60+ personalities):

- Rising Star 5GEN3 subset of Geo Top successor candidates.

6 Business Top – Current senior management in 150+ of the largest national-level state-owned enterprises under the leadership of the State-owned Assets Supervision and Administration Commission (SASAC) and national-level state-owned financial institutions (i.e. Board Chairmen, CCP Party Secretaries, CEOs / Presidents) (300+ personalities):

- Successor candidates' data not available.

5GEN3 PROJECT

China: Who's Next? Overview

While XRG-CDN will continue working closely with our existing 5GEN3 Project Beta-Clients through 2018 on enhancements to and refinements of our complete 5GEN3 Project Matrix database (as above), XRG-CDN is pleased to offer a new 5GEN3 Project offering: an intelligent targeted action tool that provides a Client-customized short-list of ten (10) current Party-State Top Leaders and their rising star successor candidates who are and will be most relevant to each of our Clients' current and future business success in China (5GEN3 Project – China: Who's Next?).

In late 2017, we expect that out of the current 25 Politburo members, there will be between 14 to 20 new members elected at the 19th CCP Congress during Q4 2017 (including at least 5 new members of the Politburo Standing Committee); and, out of the current 9 State

Council members there will be between 5 to 7 new members elected at the 13th National People's Congress during Q1 2018.

XRG-CDN's new 5GEN Project – China: Who's Next? offering provides a simple and easy to use tool for your company's top management to intelligently target and then engage these future Politburo and State Council Top Leaders during 2016-17 to start laying the foundation for your successful businesses in and with China's new Top Leaders over the following five to ten years.

5GEN3 PROJECT

China: Who's Next? Key Deliverables

The 5GEN3 Project – China: Who's Next? deliverables comprise Matrix bio-data and Thumbnail Profile Sketches for all of the relevant current / incumbent Party-State Top Leadership in the Politburo and State Council and a top ten (10) Client-specific prioritized short-list of the relevant successor candidates:

- 1 **Party Top** – Client-specific incumbents in and successors to the current Party Top Leaders in the 18th Chinese Communist Party (CCP) Central Committee (CC) Political Bureau (Politburo) (25 personalities / 25 portfolios):
 - Rising Star 5GEN and 6GEN relevant successor candidate subset for Client-specific Party Top Leaders (Politburo).
- 2 **State Top** – Client-specific incumbents in and successors to the current State Top Leaders in the 12th Executive Committee of the State Council (10 personalities / 11 portfolios):
 - Rising Star 5GEN3 and 6GEN relevant successor candidate subset of State Top Leaders (State Council).

At the start of work, each Client will receive a 5GEN3 Project – China: Who's Next? Checklist (Checklist) and a 5GEN3 Project Overview Report (Report).

Within no more than 45 days following the completion and receipt by XRG-CDN of a completed Checklist, XRG will deliver a Customized Client-specific Matrix to the Client containing information updated to and relevant as at end Q4 2015 – including all of the relevant individual bio-data and available Thumbnail Profile Sketches for the Party Top and State Top current Top Leaders as well as their rising star successor candidates. This allows each Client to begin engaging with their customized top ten (10) short-list of Client-specific Party Top – Politburo and State Top – State Council rising star successors candidates as early as Q1 2016.

XRG will provide assistance in the form of 5GEN3 Project – China: Who's Next? Client Support Meetings (Meetings) to each Client with the preparation of their customized Client-specific Matrix – including up to two one-on-one meetings with XRG in Hong Kong. The date and time of each such Meetings will be subject to prior mutual agreement. Meetings outside Hong Kong may also be arranged on a no-additional-fees basis but with all direct expenses borne by the Client.

Should any Client require additional assistance or services from XRG beyond that described above (e.g., arranging meetings with relevant 5GEN3 Project – China: Who's Next? personalities, or other follow-up work), XRG is available to provide such assistance or services on the basis of its standard XRG Ad Hoc Consultancy Agreement.

5GEN3 PROJECT

China: Who's Next? Charges and Payment

USD30,000 fixed price payable in advance by each Client for one Client-specific Matrix, Report and Thumbnail Profile Sketches updated as at end Q4 2015 – including all of the relevant individual, incumbent and successor bio-data and Thumbnail Profile Sketches, to be delivered within 45 days following receipt by XRG of Client's completed Checklist.

Each Client also has an option to buy a second Client-specific Matrix, Report and Thumbnail Profile Sketches, all updated as at end Q4 2016, for a special discounted price of **USD20,000** payable only during Q1 2017 (with the update being delivered within 45 days of payment receipt).

References

Select 5GEN Project Client references are available on request.

Further Information

For further information about our 5GEN3 Project – China: Who's Next? offering, please contact:

W. John Hoffmann - Co-Founder & Principal
LinkedIn Profile: www.linkedin.com/in/wjohnhoffmann

XRG – Exceptional Resources Group
Suite 209, Yu Yuet Lai Building
43-55 Wyndham Street
Central, Hong Kong
Tel: (852) 2523 7733
Fax: (852) 2877 5918
Email: wjohnhoffmann@xrg-china.com
URL: www.xrg-china.com