



From China to the World: Building Global Brands

Announcer 00:01

Please welcome the panel on “From China to the World: Building Global Brands,” moderated by Ying Staton, managing director, Asia-Pacific, Milken Institute.

Ying Staton 00:25

Good afternoon, everyone, and welcome. It's very good to see all of you here today. I'm going to dive straight in, and I want to start with two snapshots of how much the concept of “Made in China” has evolved over the last 20 years. One is a statistic, and the other one is an anecdote. The first one is that a few weeks ago, I was having dinner with His Excellency, the Mexican ambassador to Singapore, and we were talking about how today in Mexico, nine out of 10 of the new energy vehicles which are sold are made in China. I've also been hearing that in recent months, Chinese social media has been full of stories of Americans actually crossing the border into Mexico in order to buy Chinese EVs. And this isn't unique to Mexico. BYD, perhaps the best-known Chinese EV brand, is now the best-selling EV brand in the UK and the best-selling brand of any car category in Singapore, and we're going to hear from Stella Li tomorrow. That should be an interesting session. And BYD and companies like it are challenging the decades-long dominance of German, American, and Japanese, and Korean automakers. The second snapshot is more lighthearted. Earlier this year in London, I was catching up with an old friend who has an eight-year-old daughter, and after months of being begged, she'd finally caved in and bought her a furry doll with an ugly snaggletooth face. Except it wasn't a Labubu; it was a Lafufu, a knockoff bought for £8 from her local corner shop, rather than the £20 original she'd have had to queue for hours outside Pop Mart's London, Oxford Street store to buy. For me, these two stories encapsulate something quite profound about the transformation of what “Made in China” means in 2026. Twenty years ago, “Made in China” meant cheap, mass-produced, and, fairly or not, often copied products. Today, we see Chinese companies and EVs, for example, developing products compelling enough that consumers are willing to cross borders in order to buy them, and in cultural products like toys, creating the designs and brands that other people are copying. They're competing not simply on cost and speed, but increasingly on innovation, technology, design, consumer experience, and brand. So, what changed? I want to put three forces in front of you today: the factory, the people, and the culture. And I'm privileged to have a panel of business leaders from different industries and a pioneering investor who can speak to all three. So, let's dive in. First, the factory. For decades, China has been the factory of the world, but there were very few recognizable Chinese brands. And that's because China's manufacturing industry was very much built on the OEM model. Chinese factories made products for foreign brands. Dee Poon, I think it's fair to say, comes from a manufacturing

dynasty, but her current venture, Tessellation, reflects a lot of how the Chinese factory has evolved over the past few decades, both in terms of what and how they're selling. Dee, can you tell us about that?

Dee Poon 03:26

When we started Tessellation, we very intentionally put together a group of companies that include manufacturing, as well as brands, as well as sustainable technologies. And the idea is that this is an ecosystem where the manufacturing drives innovation up the value chain into technology, especially green supply chain technology, and to consumer products. So, I think this is very different from the past, where really there was a market in the West, and so we would open factories to chase towards that. And it's really this recognition that the consumers are here, the talent is here, and we can do it all ourselves holistically.

Ying Staton 04:13

And Dee, what I find really interesting about that is that the advantage that you describe, it's not really about cost. Cost is a part of it, and yes, the supply chain is a part of it, but actually, you're talking about technology, and you're talking about sustainability as key competitive advantages for the Chinese manufacturing industry today.

Dee Poon 04:31

No, absolutely. I think... Because we have—one of the things, the topics that everybody's talking about right now, is the hollowing out of the American system of manufacturing. And what we really do have in China is, when you have the manufacturing, you see from the ground up what can be done. And so, the consumer is able to get this much faster because we're really working on all fronts at all times. So, it's not just a pure, "Come to us because we're cheap." The idea is, no, we recognize what we have that is valuable, and we also recognize where there is value in the market to address. And that's how we really understand the business.

Ying Staton 05:20

And I think when we spoke, it's the combination of a number of different factors, and the technology and the factory is one. The supply chain is another, the fact that you have these incredibly developed supply chains that have been built over the last several decades. But I think it's also the incredibly sophisticated and all-encompassing e-commerce ecosystem that exists in China that is very unique, that, I think, for people who haven't been to China and who haven't been to Southeast Asia, it's hard for them to comprehend how efficiently that works and how quickly you can get feedback from consumers that then influences the way that you're producing your product.

Dee Poon 06:01

No, that's exactly right. I think in China, what the platforms will give you around information is shocking, and it's just so clear. They're really giving you the data to drive more sales and drive more GMV. So, every day, you're just sitting there, and you're really with the consumer one minute at a time. And Douyin is both the world's biggest driver of trends, as well as the biggest driver of product. And it's an ecosystem in itself, attached to all the manufacturing ecosystems. So, it's a really fascinating place where things move faster than you would ever expect anywhere else.

Ying Staton 06:36

Thanks, Dee. I'm going to turn to David, who's the founder of Yatsen Group, a beauty and skincare conglomerate listed on the New York Stock Exchange, which started life with the viral cosmetics brand Perfect Diary. You've now expanded into skincare and pivoted to a focus on science and R&D. And I think the Yatsen story sort of encapsulates two of the elements that we've been talking about. One is the integration within that e-commerce ecosystem and how quickly that can help you to deliver products that the consumers want. And I think the other one is around innovation, and you've really focused on science and R&D as something that distinguishes Yatsen from your competitors. What is it about having been born in China as a company and being able to leverage the resources in China that makes Yatsen such a formidable company, which is difficult for your international competitors to emulate?

David Huang 07:33

Well, we operate in the beauty industry, and then the consumers have always many choices, and their needs are very diversified. So, they can either choose the legacy brands coming from some European countries, or they can choose some products that are more favored to Asian skins. So, when we are operating in this industry, we believe the most important part is about innovation. But what really shifted the industry from the previous generation of innovation to the next generation is now the products are more science-based, and then the consumers are looking for evidence, and they're looking for the really solid result after they apply the product. And then so that makes the whole innovation process more robust. I can give you an example that we actually launched a lipstick under Perfect Diary that was in 2023, I believe. All the ladies, they have multiple lipsticks. But the lipstick when we launched—we observed there is a rising trend that consumers are trying to see the hybrid benefit of makeup and skincare. So, they not only want to look good when they apply the lipstick on their lip, but also they want their lip skin to be good after they remove the lipstick. So, that's the idea behind our Biolip lipstick, because when we are trying to combine the skincare benefit into makeup products, it makes all the challenges so clear. Not only about the ingredients, but we have to study the fundamental, what's the difference of your lip skin versus your facial skin, and then what kind of ingredients can be preserved in the formula, and what kind of a manufacturing process is not going to destroy the active ingredient in the lipstick prototype. So, all those challenges, when we face and we resolve it, and when we launch the product, we can tell people the consumers love it. So, go back to your questions about the innovation. We think innovation is end to end, starting from advanced research to customer insight, to ingredient, to formula, to manufacturing. For sure, we get all those feedbacks from consumers and then all those data as well. So, this is fully integrated, and then it's also a very interesting, like a journey.

Ying Staton 09:59

And I'm getting from that, David, that part of what makes Yatsen such a formidable competitor is having been born in this Chinese market where consumers have so much choice and access to so many different alternatives. And in order for a brand to come out on top, you really have to deliver something different and a unique value proposition to the customers.

David Huang 10:21

Chinese consumers are one of the most demanding consumer groups globally. They are happy to enjoy all the best innovations coming from all the best brands globally. So, they are knowledgeable, and then I always have a clear belief that the best or most demanding consumers create the best-performing brand. Because whenever they have that kind of desire, they're looking for better and true innovation products. They can easily tell whether you are just following or me-better products. So, I was quite happy to see that in the past few years when we launched

innovations in this market, similar to when we launched our product in Japan and any other markets globally, and then we tried to gain their very direct and transparent feedbacks to help us to sharpen the innovations.

Ying Staton 11:15

So, I think the intensely competitive environment in China is one—the second aspect of the factory that I want to pick up on, and it's something that's often described as *neijuan* or involution. It's a level of competitive intensity that basically is a compressed margin for Chinese businesses. But it's also the same pressure that's produced companies that are so fast, so efficient, and so battle-tested by the time they go overseas. So, here I want to turn to Eugene, who's the chief marketing officer of CHAGEE in APAC. Selling tea in China is about as crowded a category as exists. And there's a joke in there somewhere that I was trying to figure out, but I haven't quite hit on it. Thousands of operators, near-identical menus, constant discounting. CHAGEE opened its first teahouse in Yunnan in late 2017, is now over 7,400 stores. How did CHAGEE break out of a market that competitive?

Eugene Lee 12:11

Yeah, no, I completely agree with you. I think that the competitiveness of China is something that I've never seen before, having operated very globally and internationally. Just to give you an example, CHAGEE will launch a new menu, and let's say we say that lemon teas are up and coming and we want to launch a new lemon tea menu. In launching that, within two weeks, within the vicinity of our stores, three lemon tea stores will open up, and they only sell lemon tea. They are specialized in selling lemon teas, right? Because they say that if CHAGEE is selling it, there must be a market for it, and look, we're going to come out around you. And so that's how competitive the market is within China, right? And it's amazing to see how quickly and how innovative competitors can come up. And so, for us, the way that we stood out and how we've managed to grow to where we are today is really focusing on the brand. And so, the old saying in the past was, "You're either fast, good, or cheap. Pick two." Right? You're fast and good, you're not cheap. You're good and cheap, you're not fast. So, you pick out these three, you pick two qualities to have. The amazing part is that China has now managed to solve all three and to deliver all three from a product perspective, right? So, you can deliver the best quality tea at the fastest speed possible at the most affordable price to the customer, right? So, from a product perspective, I think that China has been able to—not just on the tea side, but in terms of everything that is produced and that comes out from China, they're able to hit on all three. I think what's happening right now and where we are succeeding is that we're layering in a very Western concept, which is building brand, right on top of that. Where you win not just the head and on the functional side of things, but you win the heart. Right? And that's where CHAGEE is really seeing a lot of its success, being very clear with the target audience that we're going after, where internally we call her the CHAGEE girl. Right? So, it's a very specific customer group that we're going after, and we're very focused on going after that customer group and haloing on everyone else. So, focusing on the brand and building the brand is where we have managed to stand out at the end of it. Being very clear with our target audience so that our marketing and our communications are all very catered to that one specific group. And being single-minded that way, I think, is why we've been successful.

Ying Staton 14:32

We're definitely going to come back to this point about brand and what's unique about CHAGEE's brand, but I wanted to ask a follow-up question, which is that, Eugene, you spent many years working at McDonald's, and when we spoke before, you made a very interesting point about the difference between how CHAGEE operates compared with McDonald's and I think what you described to me as the superpower of Chinese companies. Can you share that with the audience?

Eugene Lee 14:56

Yeah, no, absolutely. And so, just for everyone's background, I spent 5,647 days with McDonald's. Not that I'm counting. But 16 years with McDonald's. I did a local stint, I did APAC stint, and then I was finally international CMO at McDonald's. So, it's been a journey there. But it's so interesting to see a contrast coming over from an 80-year-old American brand to an eight-year-old Chinese brand, right? And just the juxtaposition between the two and the contrast between the two. I think we were just speaking about it the other day where I think in McDonald's and with Western companies, a lot of the times we're spending a lot of our energy on the planning side of things, right? And it's a strategy. We need to plan it out, get it right, get it 70 percent of the way, and then we move into the 30 percent on execution. With Chinese brands, and especially moving over into CHAGEE, if it's a good idea that we're discussing right now, it can appear in the stores tomorrow. Right? That's how quickly things move, where on the strategy side of things, I think that through a discussion, through an observation, through something that we've seen outside that we think could work, it could roll out into the stores immediately overnight, right? Within two weeks or within even a month. And so, the pace at which things evolve, I think the mindset is if we don't do it, someone else is going to do it. And so, if you don't do it now and you don't move on it quickly enough, someone else is going to copy or someone else is already going to be ahead of you and have that first mover's advantage. So, if you think of it, let's just try it, right? And so, that readiness to fail and that readiness to explore and to be the first mover, we'll figure it out along the way. I think that mindset is very different, and it's been exciting.

Ying Staton 16:38

Yeah, absolutely. I want to turn to the investor. Ye runs, I think, one of the most exciting VC firms in China, Cyanhill Capital. And you are investing across a number of different categories. Every category is crowded, and there are multiple competitors. So, how do you determine which company and which brand is going to break out and come out on top?

Ye Zhang 17:01

Yeah, from an investor's perspective, I think what people call involution is really a result of an extremely competitive market. Of course, it puts a lot of pressure on companies, and jokingly, I think it pushes company in two directions. Some figure out how to make things even cheaper. Others figure out how to make things better. It actually reminds me a little bit of Japan in 1980s and 1990s. Japan also had a very competitive domestic market back then, and a very sophisticated, associated manufacturing ecosystem. That competition pushed companies to keep improving their engineering and manufacturing capabilities. You saw it in consumer electronics. You saw it in cars. Japanese companies were making products that were more reliable, more efficient, and often better value. And those product advantages helped companies like Sony, Toyota, and Honda become global brands. I think something similar is happening in China today. If you look at EVs, batteries, drones, consumer electronics, and increasingly AI hardware, Chinese companies are making products that are not just cheaper. They are increasingly competing on technology, engineering, design, and speed. So, China is no longer just manufacturing products for global brands. Chinese companies themselves are starting to build global brands. So, for a long time we talked about China for China. But now what we are increasingly looking for today is China for global. So, as an investor, I don't only see this intense competition as a problem, I also see it as a training ground for the next generation of global companies coming out of China.

Ying Staton 18:56

Absolutely. Yeah, I'm actually going to stay with you and move on to my second topic, which is around people. And when we met, you explained that part of your investment thesis is around a new generation of founders and talents. And these are people born in the 1980s and even the 1990s, who've studied, lived, and worked around the world, including for multinational companies like Alibaba and TikTok. What is distinctive about the businesses that this generation of entrepreneurs is building?

Ye Zhang 19:30

I think there's an interesting way to look at China's talent advantage through the lens of history. Throughout human history, countries and civilizations have always learned from each other. In the Middle Ages, Europeans traveled to places like Spain and Sicily to learn from Arab world mathematics, medicine, philosophy. During the Renaissance, scholars from across Europe went to Italy. Peter the Great sent Russians to Western Europe to learn shipbuilding, engineering, and military technology. And of course, during Meiji era, Japan systematically sent students, officials, and engineers to Europe and the United States. But what's really interesting to me is the scale. None of these happened at anything close to the scale we've seen with China over the past three decades. Millions of Chinese students have studied overseas, and a very large number of them came back. Oh, actually, my glasses are reminding me right now the exact number. Yeah, these are AI glasses.

Ying Staton 20:51

That's an unfair advantage, Ye.

Ye Zhang 20:55

Yeah. The exact number was 6.5 million by 2019, and 4.2 million had already returned to China. Thank you, glasses. So, sometimes I think of China as perhaps the largest cross-border learning experiment in human history. And think about what these people actually learned. In Silicon Valley, they learned how to come up with crazy ideas and how to actually make things happen. In Nordics, they learned what great design looks like and how to build products around people. And in New York and in London, they learned how capital works, how businesses scale. And of course, there are millions of other experiences across different countries, universities, companies, and industries. But now imagine bringing all of that back to China and combining it with China's huge pool of engineers, its manufacturing and supply chain capabilities, the scale of its market, and the most relentless culture of hard work. What happens when you put all of those things together? I think that's a really interesting question. Maybe the first stage was learning, the second stage was localization, and now we may be entering the third stage, recombination. You are taking ideas, knowledge, and experience from all over the world and putting them into this incredibly large, fast, and competitive environment, and something new starts to emerge. And I think this is one of the reasons we are beginning to see a new generation of Chinese companies that are not simply made in China, but truly built for the world. In a way, China spent decades learning from the world. Now we may be entering the period where we start to see the return on that learning.

Ying Staton 23:00

Thank you. Yeah. That was great. One of the interesting things was the statistic that your AI glasses told you about how the percentage of the Chinese who've studied overseas have chosen to come back. So, it's around 60 or 70 percent. And I wonder, what are the dynamics that are driving that? So, clearly there's huge opportunity in the Chinese market. But at the same time, I think we all hear and talk constantly about the challenges in the domestic economy and particularly in the consumer economy. So, there are definitely some headwinds there. Is there also a push factor that has emerged over the last few years in terms of Chinese talent wanting to stay overseas and build

businesses and build lives there? Is there both a kind of push and a pull factor that is leading this generation of Chinese to choose to build in China? And I'd like to open this up to the other panelists. And maybe, Dee, would you have any thoughts on that? You have a very global background, and yet you've chosen very much to build your business with a central focus in China and in Hong Kong.

Dee Poon 24:13

I think, actually, in the creative industry, what you see is you see exactly that push and pull. And I talked to a friend of mine, and she runs something called InnoX, and it's an incubator start-up situation in Shenzhen, right? And it's all around robotics and all this. She's always like, "I'm so excited. We can do so much here. We can do so much here." And I looked at her and I was like, "Wait a minute. I'm trying to start a fashion business in Hong Kong." And there's zero creative talent in fashion in Hong Kong. Literally zero. Okay? Maybe Singapore is worse. But it's not the center of the world. Whereas for something like robotics and technology, Shenzhen is the center of the world. So, I think it really depends on which—but at the same time, I look at a lot of my friends who start brands or whatever, and being close to the supply chain and being close to a market that's open to a lot of new ideas, that's really exciting for them. And being part of something new. So, again, London, New York, Paris, they're great and they're ecosystems of the creative arts, but there's something that's quite contained, and there's a very specific discourse there around what's going on, which is why I think also sci-fi is so strong out of China. Right? Because of this very futuristic view of what is possible. And so, I think there is a push and pull for talent depending on what type of things they're looking for and how they really imagine their own growth and future.

Ying Staton 25:51

I love the comment you made about sci-fi, and it reminds me of what Eugene was saying earlier about what is so unique about the Chinese mindset is the entrepreneurialism and the willingness to fail, and this idea that any version of the future is possible. And that's very much why sci-fi resonates, I guess, in China. David, can I turn to you? And I think Yatsen has an interesting combination of very much an organically grown brand in the cosmetics business in China that you have combined in recent years with M&A of skincare across the world, particularly in Europe. So, how do you see the future of the company in terms of China versus the rest of the world?

David Huang 26:40

So, after our IPO in end of 2020, we started to expand into the skincare category. And now, skincare is taking over 70 percent of our total revenue and becoming the main driver for the company's growth, and then our gross margin and profitability. When we started this journey, it was five–six years ago, and we chose to acquire a few brands that we believe have a very strong brand asset. And when we look at the brand asset, we look at the brand's originality, whether the brand is distinctive enough versus any other brands. Like Galénic we acquired from France, and then it's one of the pioneering dermatologist and science brands globally, and dating back to almost five decades ago. And then the second thing we look at is also the R&D track record. Whether they have a product and also accumulated patents, especially on advanced research. Advanced research normally takes a longer time, like decades long. However, whenever the brand has very strong advanced research, which means they are the pioneer, and then they are trying to explore a new pathway to provide a solution to consumers' skin, never provided by any other brands before. So, those are the things we look at when we are trying to expand our brand portfolio.

Ying Staton 28:14

So, you build, and then what you don't already have, you buy from overseas, so the patents and also the heritage brands in skincare.

David Huang 28:26

Yeah. Yeah. And our role is more like the super enabler. Because we think buying the brand is just one thing, but how to escalate up, and then with someone like the enabler, we rely on the R&D. For sure, we also help those brands with the access to the biggest skincare market globally, China, and also the organization culture is very entrepreneurial. And then even now we have offices in Paris, UK, Japan, Shanghai. But relatively, we are still a small organization. We are 1,000 people and still led by the founder, so we work with the same culture. And then we are passionate about innovation. And then we try to eliminate all those politics, and we don't have a clear operational center—that you have to follow the global guideline, that you have coming from very strong mindset, the corporate mindset. We only focus on consumer. We all focus on the consumers, what kind of desire they're looking for, and then we are passionate on one thing. We are creating the innovation that is world-class innovation.

Ying Staton 29:39

I feel like that's a very Chinese mindset. We don't let the politics distract us. We just get on and do what we need to do. So, I want to move on to the third topic, which is the most fun one, and it's around culture. And I think one of the things that's very interesting to me in the last few years is the resurgence of appreciation within China for Chinese culture and aesthetics, what's been called *guochao* or the national wave, or in fashion, the *xin zhong shi*, so the new Chinese style. This is a huge contrast to the prevailing trend from 20 years ago where it was considered a compliment to describe something as *yangqi* or Western, right? So, I want to turn to Eugene, and CHAGEE is a great example. Could you tell us the story behind your best-selling drink, which is BO-YA Juexian?

Eugene Lee 30:30

Yeah, no. And I really resonate with what you just mentioned, Ying, where it's really the modernization of the two things that we are passionate about, which is Eastern culture from China and tea culture at the same time. That's why CHAGEE has succeeded, right? Where we're really taking it to what would appeal to a modern generation. And for us, the founder always says this, right, that if young people stop drinking tea, tea culture will die in the next generation, right? So, for example, I'm Fuzhou by birth, but I don't speak a word of it. And it's so sad that the language will die with my generation, right, because my son will never speak Fuzhou because I don't know how to speak it. And so, it's sad to put it to an end there. And so, I think with tea culture, it's the same thing where we're trying to modernize it for the modern generation, for the younger generation to come in. With coffee, it was the millennials that really took it to the next level where, if you look at Starbucks and what Starbucks did with coffee, it was everything surrounding the cup that they managed to elevate. Who didn't want to be seen with the white Starbucks cup with the green logo? Who didn't want to be seen in the nice café seats that they had? The stores that were beautiful. The latest iced mocha Frappuccino that was served, right? And so, that's what Starbucks did for it. And so, what we're doing right now is elevating that on the tea culture side, where we're doing everything surrounding the cup on tea, but elevating that through the lens of Eastern culture. And I think that's the beauty of both coming in together where tea is inherently Eastern, right? And I think it's very Eastern where the word for tea, and I don't have it right now, but it's *cha*. And something that's very beautiful about Chinese characters is all Chinese characters are—they're made up of symbols, right? They're just all symbols. And so, for those that understand Chinese, *cha*, tea, is made out of three symbols: a top, a middle, and a bottom. The top symbol is actually *cao zi tou*, which is grass. The middle symbol is *ren*, which is human. The bottom symbol is *mu*, which is

trees, right? And so, what the cha symbol is made out of is humans between the grass and the trees. “*Ren zai cao mu jian*.” When you drink tea, it's supposed to bring you back to nature. Right? It's so beautiful. And this is not Eugene Lee making up some nonsense. It's thousands of years of Chinese literature and Chinese history. And I use that example because it's so beautiful on the tea culture side, and how do I modernize that story for a younger generation? And at the same time, that story is also inherently Eastern and Chinese, right? And so, how do I modernize that for the future, right? And so, it's the same story, but how do I tell it in a sexy, young way that the younger generation will care about?

Ying Staton 33:20

So, how do you tell the story of BO-YA Juexian? And how many of the consumers who buy a cup of CHAGEE in Singapore know that story?

Eugene Lee 33:27

Yeah. So, BO-YA Juexian, it's our number one top seller. The English name for it is actually the Jasmine Green Milk Tea, and so that's our number one seller. It's 30 percent of our product mix. We sell 700 million cups every single year. And the name of the product has nothing to do with jasmine green milk tea, right? It's called BO-YA Juexian, and it's actually a very Eastern story, right? It's a Chinese story. It's a story of friendship, right? Where BO-YA was a guqin player, so he used to play the traditional Chinese instrument, and it was about his friendship with someone. And so, basically what he's trying to say is that because of this cup of tea, you're able to connect deeply on another level. That story in China, when you say BO-YA Juexian as a name, people immediately know, oh, okay, it's about connection, it's about deep friendship, it's about understanding someone on a deeper level, and that's what tea is supposed to do, and so that's what I'm going to get when I have this product with you, and we sit down and have a BO-YA Juexian together. Now, how do I translate that story to someone in Singapore that has never heard of BO-YA Juexian before, right? It's translating, and it's not a direct translation of it. I have to bring the spirit and the essence of it out, because it will mean something different. Friendship will mean something different in Singapore. It will mean something different in the Philippines. It will mean something different when I open in the Middle East. It will mean something different when I open in the UK, right? And so, how do I tell that story? I guess that's the fun and that's the challenge around it, where the roots and the culture of it is in Eastern culture, but how do I then translate that where outside of China, we still retain the name BO-YA. So, it's an ode back to it, right, with B-O-Y-A. What does it mean? It means nothing to a person outside of it. But it's the same way where, what does a Big Mac mean? Is it a burger? Is it a drink? But everyone today, after the story has been told for 80 years, understands what a Big Mac is. It represents something. It's a burger, right? It's a Big Mac Index. And so, over time, as we continue to do that, the spirit of BO-YA will continue in that story.

Ying Staton 35:30

I think that BO-YA is currently turning in his grave because you compared him with a Big Mac. But we'll let that one be. I want to turn back to Ye. And when we met we talked a lot about *shenmei*, the sense of aesthetics and design being central to your investment process. And your portfolio reflects it. I think we talked about how the glasses you've invested in, very stylish, the lightest e-bike on the market, and I think the one I found most memorable was this brand of cat litter that has become very popular in the US, not because it's the cheapest, but because it's aesthetically pleasing. So much of this speaks to a question of taste, which I think is something that hasn't historically been associated with Chinese brands and products. So, can you tell us a bit more about that and how the taste of the Chinese consumer has evolved and how that has shaped the way that you invest?

Ye Zhang 36:22

Yeah, of course. I really like, Eugene, what you said, so beautiful. I really like it because that is the point. That is the case, and that's the biggest change we've seen for the last 15 years, right? We care about beauty; we care about taste. For many years, China became incredibly good at manufacturing and engineering, of course. But if you think about the journey from "Made in China" to "Branded in China," I think one of the biggest gaps has been taste.

And taste is a very abstract word. People often think it simply means whether something looks good or beautiful. But I think it goes much deeper than that. Maybe I can use these glasses I'm wearing today as an example. They are made by a company called Even Realities. The founder studied in the US, worked at Apple as a product manager, then went back to China and started this company. From day one, he believed that if smart glasses were going to become something people wear every day, they first had to be comfortable as a pair of glasses. So, there's a lot of engineering behind these glasses. They weigh only 37 grams, have around three days of battery life, and a very clear optical display. And actually, they are giving me information in real time right now, and sometimes it feels like I have another panelist sitting behind me whispering in my ear. But that's not really the point. The interesting part is what they chose not to do. When almost every smart glasses company was adding cameras, Even Realities decided from day one, no camera. That probably cost them some customers, but their thinking was very clear. Comfort isn't only about the person wearing the glasses. The people around you need to feel comfortable, too. Privacy matters. How people feel when they talk to you matters. And to me, that is taste. Taste is not just about making something beautiful. It's having the confidence to make choices. It's knowing what to leave out. It's being willing to say no, even when you know you can build it. Steve Jobs was famous for saying no to a lot of things, and those nos were a big part of what made Apple's products so distinctive, at least back when he was around. So, for a long time, the mindset of many Chinese companies was, if we can make it, we make it. If we can add another feature, we add it, and then we sell as many as we can. But I think this generation of Chinese entrepreneurs is different. They have engineering capability, but increasingly, they also have taste, ambition, and the confidence to make choices. They're not just asking, "What can we build?" They're asking, "What should we build?" And I think that difference is fundamental to creating a truly global brand. So, we're already seeing it with DJI in drones, and now companies like Even Realities in smart glasses. And Even Realities is still very young. It's only in its third year. But companies like this are emerging very quickly, and that makes me very excited about the next generation of global brands coming out of China.

Ying Staton 40:15

That is such a powerful point. Yeah. Thank you. And I love this idea of taste not just being about aesthetics, but it's about social responsibility, it's about sustainability. It's a sort of moral and almost kind of philosophical outlook that really taps into something that is global. And I wish we had more time because we'd love to spend hours discussing this topic, but we're almost at the end, and I did want to finish with a lightning round. And I had asked the panelists ahead of time to come up with one brand or product from China, not their own company, that maybe we haven't heard so much about yet, but which is likely to be a household name in the same way that BYD is, for instance, in the next five to 10 years. So, that's the question I'm going to ask. And David, maybe I'll start with you.

David Huang 41:06

Well, brands are always about inspiration. Brands inspire people to imagine what the better or even the new paths for either living or for some solutions. So, I always think about the best brand is not only local but also global because it truly connects with the—resonates with consumer's heart. That is going to be another innovative and a very pioneering brand. So, going back to your question, if one day that we are not going to ask about the brand's

identity, about where the cultural origination, but to think about what kind of value helps people to connect and helps people to inspire, I think that would be probably the best day for the consumers.

Ying Staton 41:57

You didn't answer the question, though, because you could only think of your own brands.

David Huang 42:04

I believe there will be tons of brands that are doing that. Because we talk about this, about the new generation of founders and everything, and the founders are always optimistic. And then I'm a very typical founder. So, I am very optimistic about those brands that are emerging.

Ying Staton 42:20

Yeah. Dee?

Dee Poon 42:22

I think this is a really hard question because I think, in some ways, what you're basically asking is, okay, who is big enough in China that is ready to go out and has a certain—and I think in some ways, it probably is something like Perfect Diary. Because FMCG also, they make a lot of noise, right, when they move around. So, I tend to work in the world of fashion, and fashion, it's a little bit more niche. It's not necessarily something that becomes that household. But perhaps an ANTA or a Li-Ning because also of their huge tie-ups with global sports celebrities would be another really, really obvious one.

Ying Staton 43:02

Yes. Well, and I think this trend of Chinamaxxing that we hear so much about, that suddenly there seems to be so much positive reception globally for Chinese culture and Chinese brands. So, interesting. Eugene, and you can't say CHAGEE.

Eugene Lee 43:17

Yeah. I was thinking really hard about it, and so I've always been a European—so, I'm a big car person, right? And so, I'm very big into cars. I've always been a Mercedes driver my entire life, right? I've owned a Mercedes-Benz my entire life. And recently, and this year, I bought a Zeekr, right? So, it's a Chinese brand, right? It's a Chinese brand. And the reason why I bought it is because of the aesthetics. It's because of the performance. It's because of the branding. It's because of everything that they've injected in, that I absolutely adore this car. It gives me everything that I want, right? It's all the power that I want. It's all the space that I need. It's a good brand. It's a community that they're building. Once you buy the car, there's a huge community around it. The owners themselves, or the brand owners themselves in Singapore, they're reaching out, they're organizing drives, they're organizing all these things. And so, to me, it just goes back to what I was saying earlier, where on the functional side, they've managed to give the best car with the best features at a great, amazing entry-level price. But at the same time, they've layered in this brand on top of that, and that to me is where I think China is succeeding so much now, right? And that will be the next five years where, as the brands in China have managed to already fix the functional side of things, once they fix the emotional side of it and they merge the two together, that's where it's going to be a superpower and a powerhouse, and that's why I'm excited to see Chinese brands.

Ying Staton 44:47

Thank you, Eugene. Ye?

Ye Zhang 44:48

Yeah, it's an easy question for me. I think everyone can probably guess my answer right now. It's Even Realities. It's definitely a company you should know, and you should probably buy a pair of these glasses as well.

Ying Staton 45:01

Thank you. Well, as Chinese brands take over the world, I think we could have a whole different panel on what kind of reactions that's likely to elicit from the markets in which these products go in and start disrupting the incumbents, but sadly, we're out of time. So, thank you so much to all of my panelists for joining me, and thank you to all of you as well.

Announcer 45:32

We hope you enjoyed the discussion. The next panel will begin shortly.

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