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Your Partner for Growth in Asia

Shifting Tides: What's Next for China, Vietnam, Singapore and Hong Kong in 2021

Webinar | May 20 | Thursday | 3 PM Indochina Time | Dezan Shira & Associates | Marco Förster



Agenda



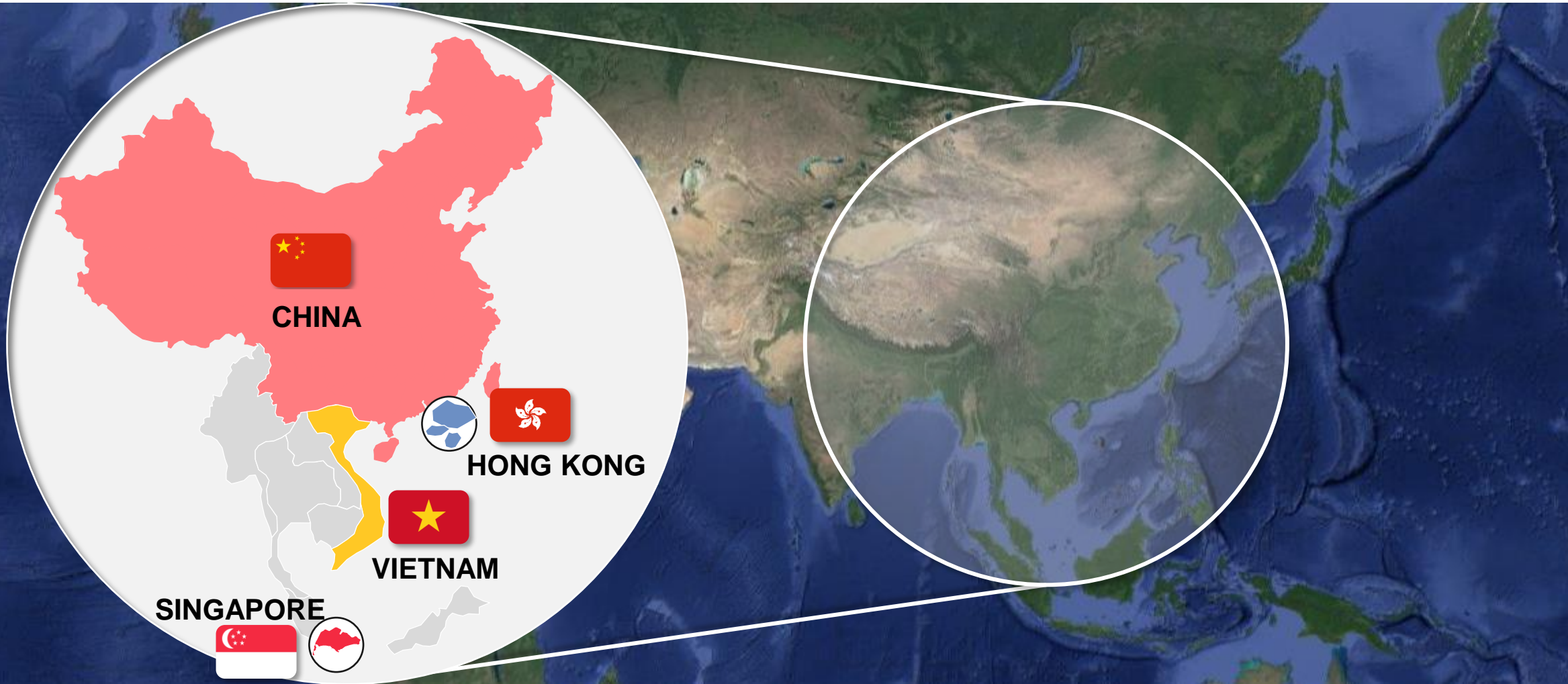
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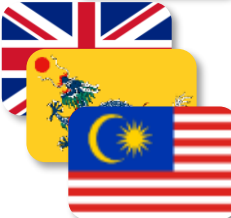
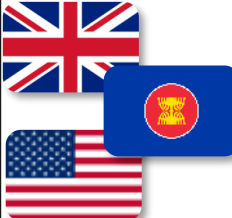




- ❑ **Section 1:
Overview and Country Comparisons:
China, Vietnam, Singapore, Hong Kong**
 - Country, History and Diplomatic Ties
 - Trade agreements, and macroeconomic outlook
 - COVID-19 impact and response
 - Economic forecasts
- ❑ **Section 2:
Asia's Manufacturing Hub:
China or Vietnam?**
- ❑ **Section 3:
Asia's Financial Hub:
Singapore or Hong Kong**



The Geography



Macro Comparison – General, History, and Politics

	Area in km ²	Population	Historical Influence	Han CN %	Independence	Historical Tensions Causing Hostility to this Day	Close Allies	Threat
	9,596M	1,398M	<i>complicated</i>	94%*	1937 (JP invaded Beijing) 1943 (KMT abrogates treaty ports)			US
	331,210	96M		0.86%**	1945 (FR)		 +ASEAN	South China Sea
	722	5.7M		76.2%***	1965 (MY)	Member of Non-Aligned Movement, and the Forum of Small States, abstaining from the most controversial votes at the UN		Space
	1,106	7.5M		92%****	1997 (UK)		 Countries that criticized NSL	Freedom?

¹Ease of Doing Business Index 2020 Ranking; ²Corruption Perceptions Index 2019 Score (Transparency International)

















*CIA Factbook: "Han Chinese 91.6%" out of a reported population of 1,433,783,686 billion (Dec. 2019 est.).

**"Population and Employment". General Statistics Office Of Vietnam. 13 November 2010.

***_Population Trends 2018

**** Wikipedia, (2016 numbers)

Macro Comparison - Business

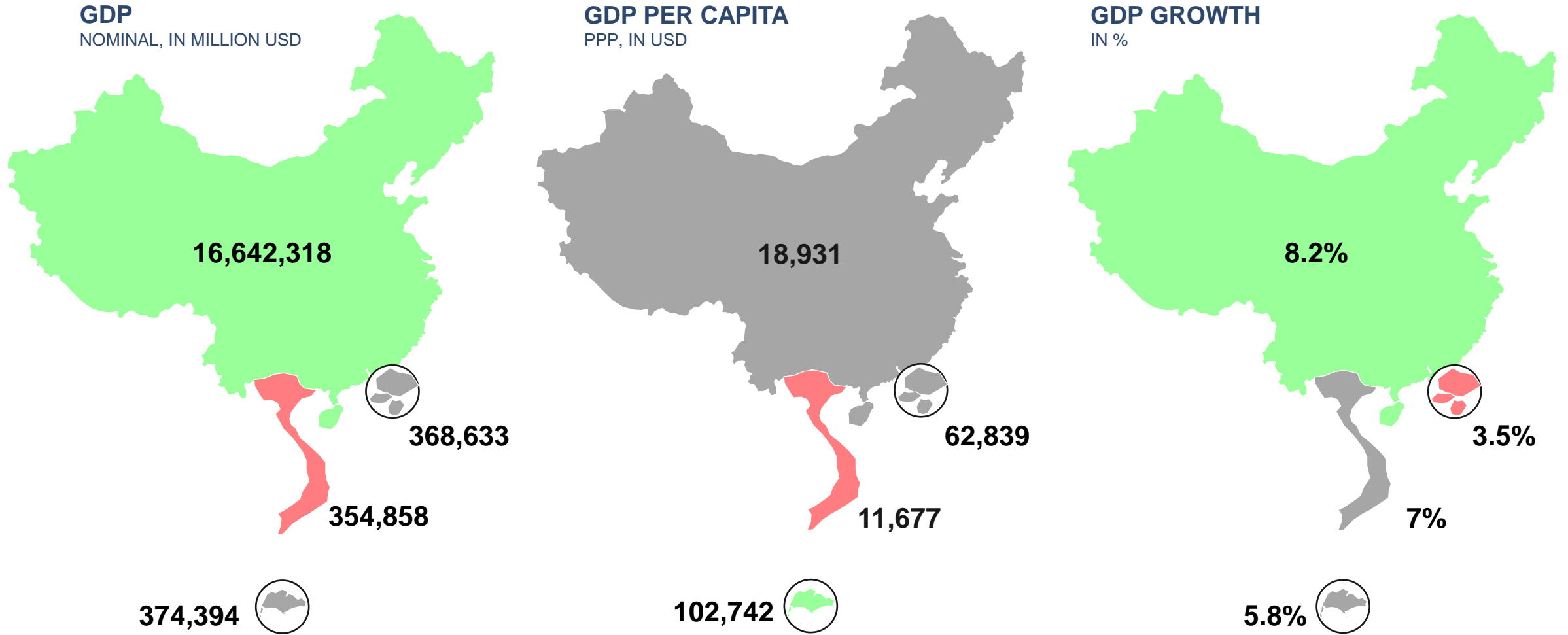
	Global F500 HQ	Billionaires	Internet Freedom*	EoDB ¹	Corruption ²	Import	Export	FDI
	117	978 0.7/M	10/100	31 st	41/100			
	0	6 0.06/M	22/100	70 th	37/100			
	2	35 6.1/M	54/100	2 nd	85/100			
	7	80 10.7/M	Taken out of report, <u>used to rank higher than Singapore</u> , similar to Italy and South Korea	3 rd	76/100			

*Internet Freedom Ranking by Freedom House

¹Ease of Doing Business Index 2020 Ranking;

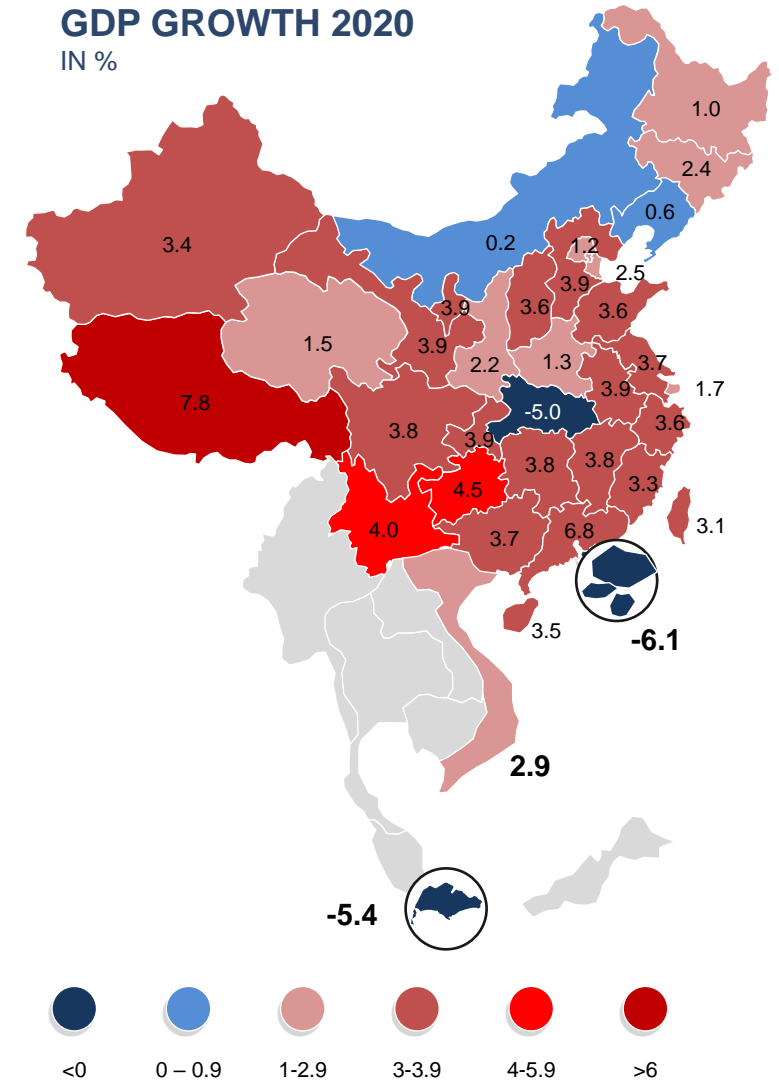
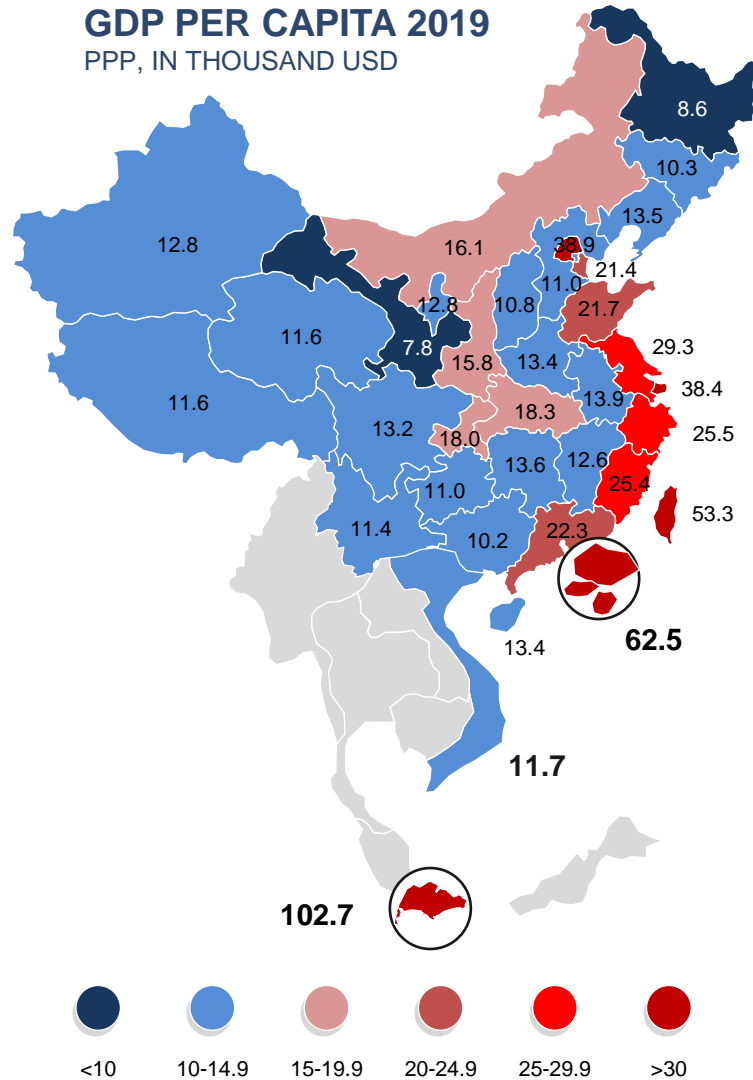
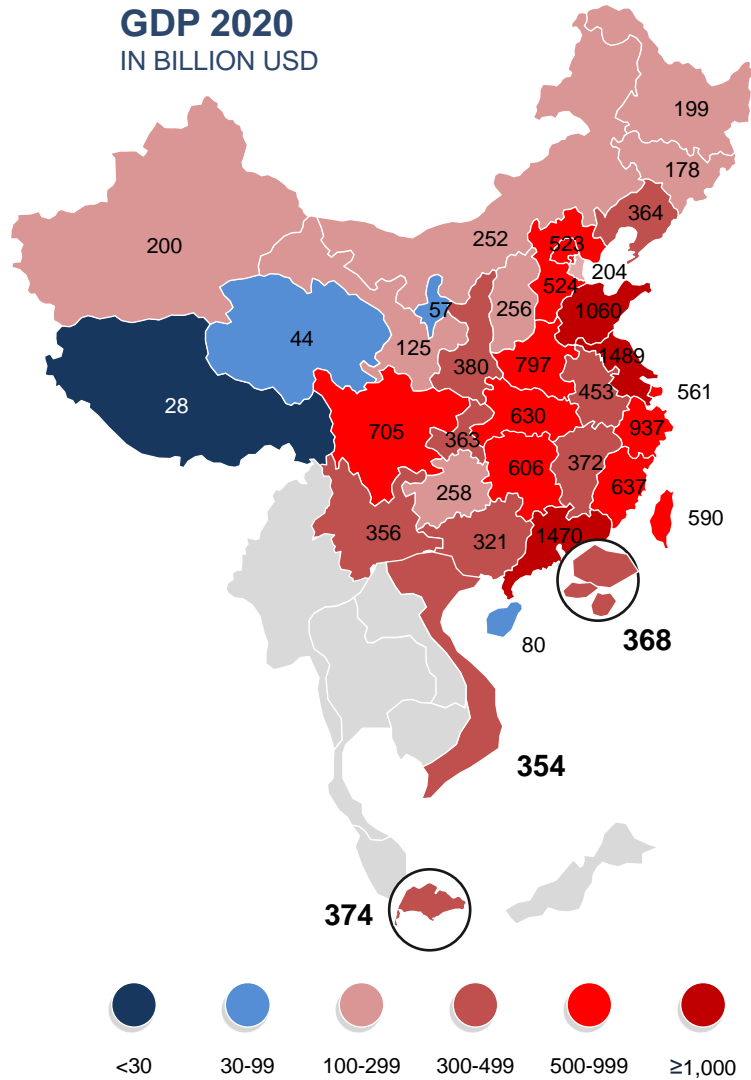
²Corruption Perceptions Index 2019 Score (Transparency International)

GDP Statistics 2021 China vs. Vietnam vs. Singapore vs. Hong Kong

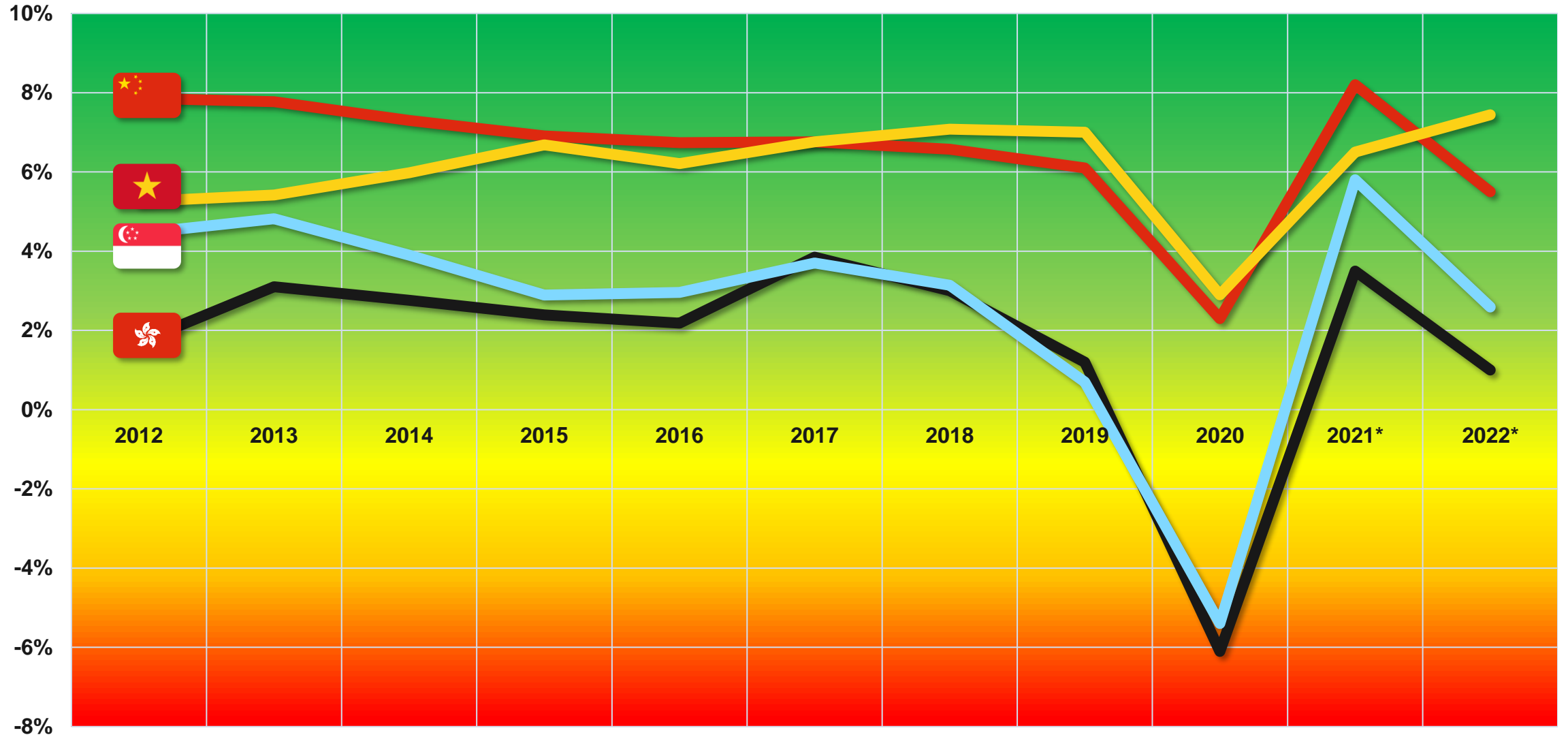


*Per the International Monetary Fund (2021 estimates)



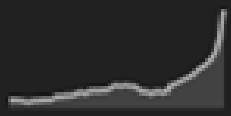

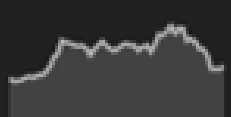

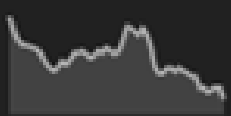
GDP Heatmap 2019/20 China Provinces vs. Vietnam vs. Singapore vs. HK



GDP Growth 2012-21 China vs. Vietnam vs. Singapore vs. Hong Kong



COVID-19 Impact and Travel Restrictions as of 19th May 2021

	Lockdown	Inbound Travel Restrictions	New Cases Curve (last 60 days)	Total Cases per 1M People	Deaths	Deaths per 1M People	Doses per 100 People	% Fully Vaccinated
	None	Very Strict Visa Restrictions	N/A	65	4,636	3	29	N/A
	Partial (very recently)	Strict Visa Restrictions		32	35	0.4	1	0.02%
	Partial	Strict Visa Restrictions		10,745	31	5	55	22.22%
	Partial	Visa Restrictions		1,573	210	28	26	10.72%



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Asia's Manufacturing Hub China or Vietnam?



Where to look? Geography and Infrastructure of Bay Areas



Bohai Bay / Bohai Economic Rim

Beijing, Tianjin, Cities in Hebei, Liaoning, Shandong
Population: >230M; GDP: 1.5 (nominal)

Yangtze River Delta

Shanghai, Nanjing, Hangzhou, Suzhou, Ningbo, ...
Population: >100M; GDP: 2.2 trillion (nominal)

Pearl River Delta / Greater Bay Area

Hong Kong, Guangzhou, Shenzhen, Macao, ...
Population: ~60M; GDP: 1.5 trillion (nominal)

Red River Delta

Hanoi, Hai Phong, ...
Population: 17M



Mekong Delta

Ho Chi Minh City, Phu Quoc, ...
Population: 21M

Where you want to be and why the Bay Areas are where they are



China vs Vietnam: The Business Perspective

	Company Incorporation*	Remote Company Incorporation?	Ease of Doing Business	Tariff Rate***	Numbers of FTAs signed	Number of DTAs signed	Attitudes towards entrepreneurial risk	Fitch Country Rating
	2 months	Not Possible	31 st	3.38% (2017)	24	104	4.5/7	A+
	1.5 months	Possible	70 th	2.86% (2016)	14***	80	3.9/7	BB 04/2021



*Based on professional experience of setting up a Trading company, including pre- and post-licensing until full operation

**2019 World Competiveness Report

***applied, weighted mean, all products, excluding FTAs and trade-war related changes

**** More cross-country FTAs, VEUFTA i.e. including all 27 EU member states

China vs Vietnam: Soft Factors and Taxes

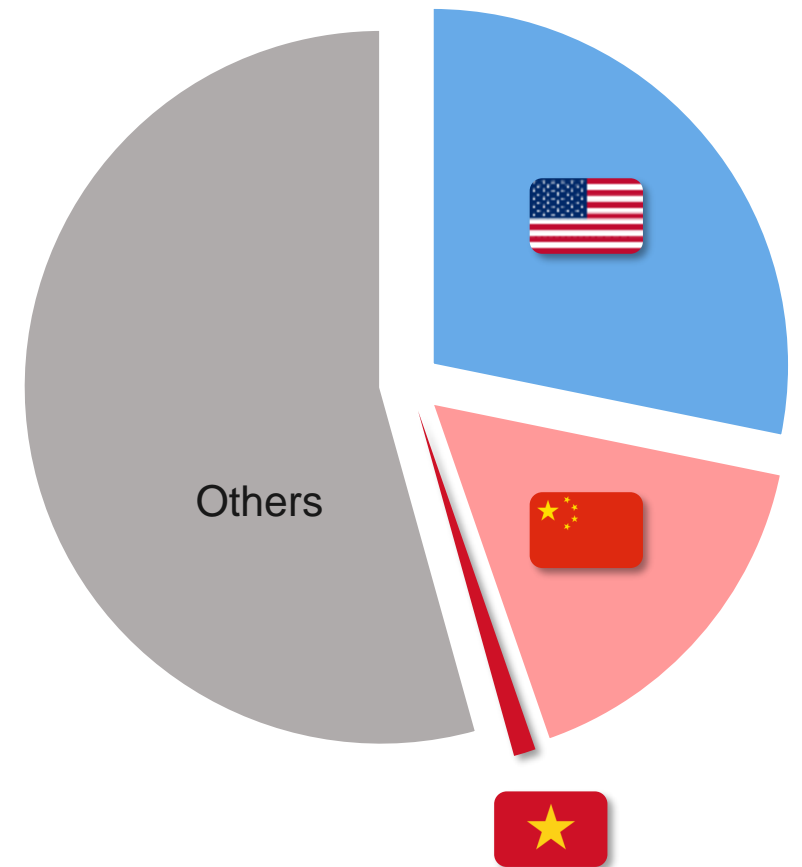
	Visa-Free Entry	Internet Freedom*	Labor Force	IIT/PIT	CIT	VAT	2020 GDP Growth	Fitch Outlook
	18	10/100	806.7M	3-45%	25% (incentives up to 15%)	13%	2.3	Stable
	24	24/100	54.8M	5-35%	20% (incentives up to 10%)	10%	2.9	Positive

*Freedom House Index 2019

Is Vietnam really it?

- Favored Destination for Supply Chain Shifts during Trade War
- EUVFTA, ASEAN, ACFTA = In Vietnam for EU, in Vietnam for ASEAN, in Vietnam for China
- Media and interest hype but actual relocation from China to Vietnam scarce
- Bottlenecks?

Share of Global Manufacturing Output*



Asia's Financial Hub Singapore vs Hong Kong



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HK vs Singapore: The Business Perspective

	Company Incorporation	Cost of starting a business*	Ease of Doing Business	Corporate Tax	Overseas Dividends	Number of DTAs signed	Attitudes towards entrepreneurial risk*	Fitch Country Rating
	1-2 weeks	0.4% /GNI per capita	2 nd	75% tax exemption on first S\$100,000, 50% on next S\$200,000, 17% onwards	No withholding tax	101	4.5/7	AAA
	1-2 weeks	1.1% /GNI per capita	3 rd	8.25% on first HK\$2million, 16.5% onwards	No withholding tax	50	1.1/7	AA

*2019 World Competiveness Report

HK vs Singapore: The Individual Perspective

	VAT	Permanent Residency	Top 5 city in AP for Millenials*	Employment prospects	Cost of Living	Quality of Life	2020 GDP Growth	Fitch Outlook
	7% on local delivery of goods and services	Foreign Investor / PTS Scheme (case-to-case basis)	1 st	1 st	7 th	1 st	-5.4%	Stable
	None	Living in Hong Kong for continuous seven years	3 rd	2 nd	9 th	11 th	-6.1%	Negative

*ValueChampion, SCMP

The Struggle of Hong Kong

- Extremely High Real Estate Prices
- High Living Costs
- Brain Drain
- Political Instability
- China's National Security Law
- Safety Concerns
- Highly Specialized Economy



Is the GBA integration the only escape for Hong Kong's economy?



The Big Questions

Will Hong Kong Remain
Asia's World City?



Is Singapore the Floodgate
for FDI into ASEAN?



Is Business in Asia
possible without China?



How much can Vietnam
really take on?



More Questions? Where to invest? Where to look next? Ask our experts on the ground:



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Q&A



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