



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Shifting Tides: Comparing the Economic Future of China, Vietnam, Singapore and Hong Kong



Today's Speaker



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Agenda

- ❑ **Section 1:**
Overview and Comparison of China–Hong Kong–Singapore–Vietnam
 - Macro Stats
 - COVID-19 response
 - Outlook
- ❑ **Section 2:**
Manufacturing Hub: China or Vietnam?
- ❑ **Section 3:**
Financial Hub: Hong Kong or Singapore?
- ❑ **Section 4:**
Advice for the Foreign Investor
- ❑ **Section 5:**
Q&A



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The Geography



Macro Comparison

	Area in km ²	Population	Han CN %	EoDB ¹	Corruption ²	Import	Export	FDI
	9,596M	1,400M	94%*	31 st	41/100			
	331,210	96M	0.86%**	70 th	37/100			
	722	5.7M	76.2%***	2 nd	85/100			
	1,106	7.5M	89%****	3 rd	76/100			

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

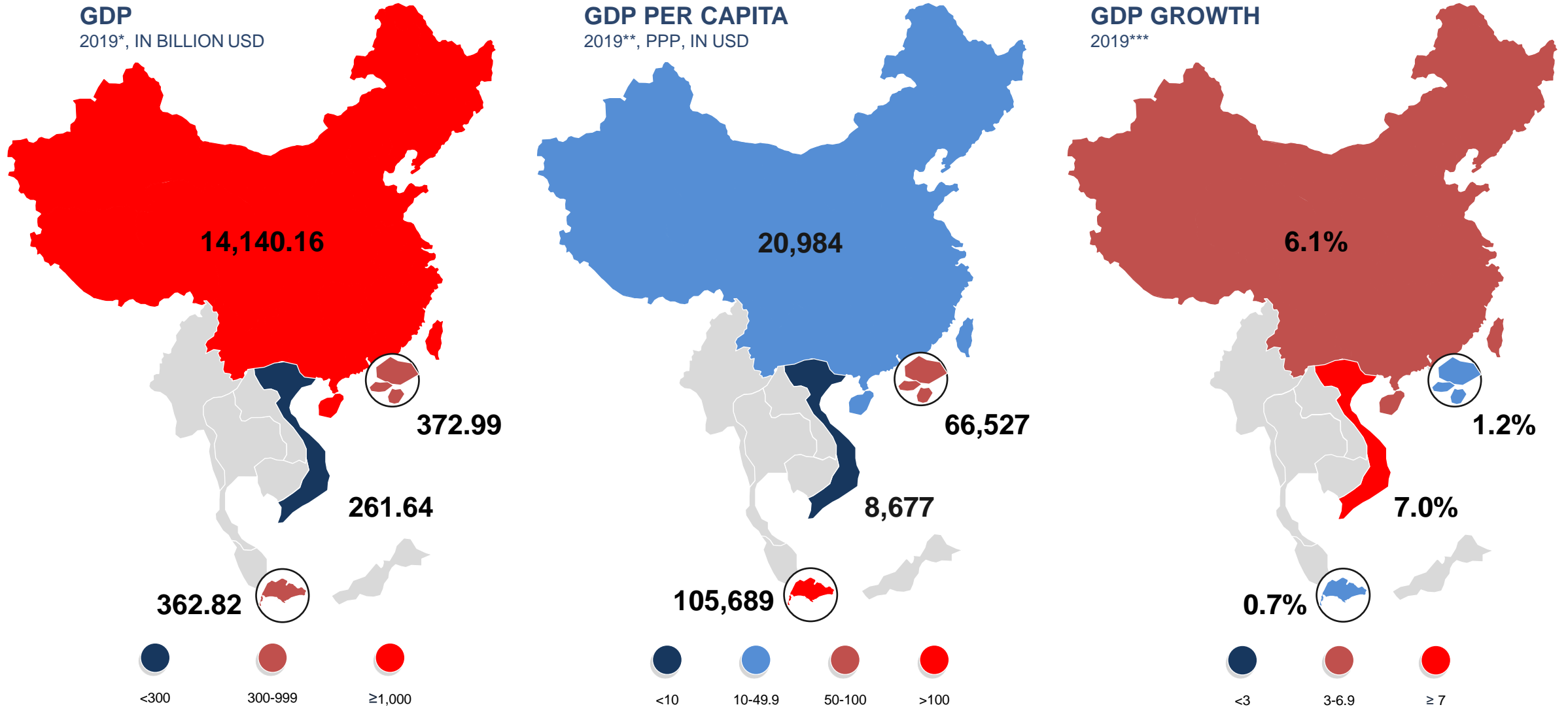
*CIA Factbook: "Han Chinese 91.6%" out of a reported population of 1,433,783,686 billion (Dec. 2019 est.).

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

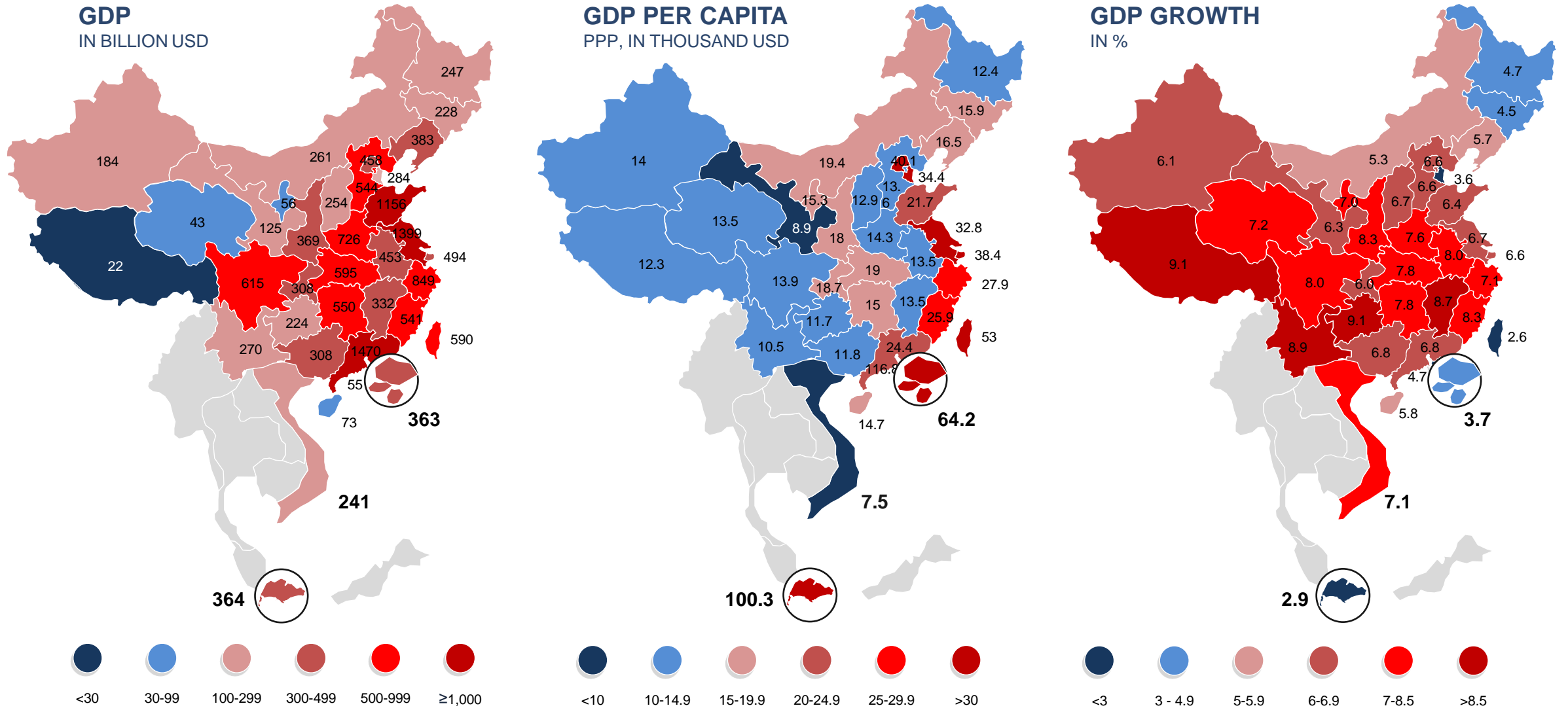
*** Population Trends 2018

**** Place of birth 2016 Hong Kong census

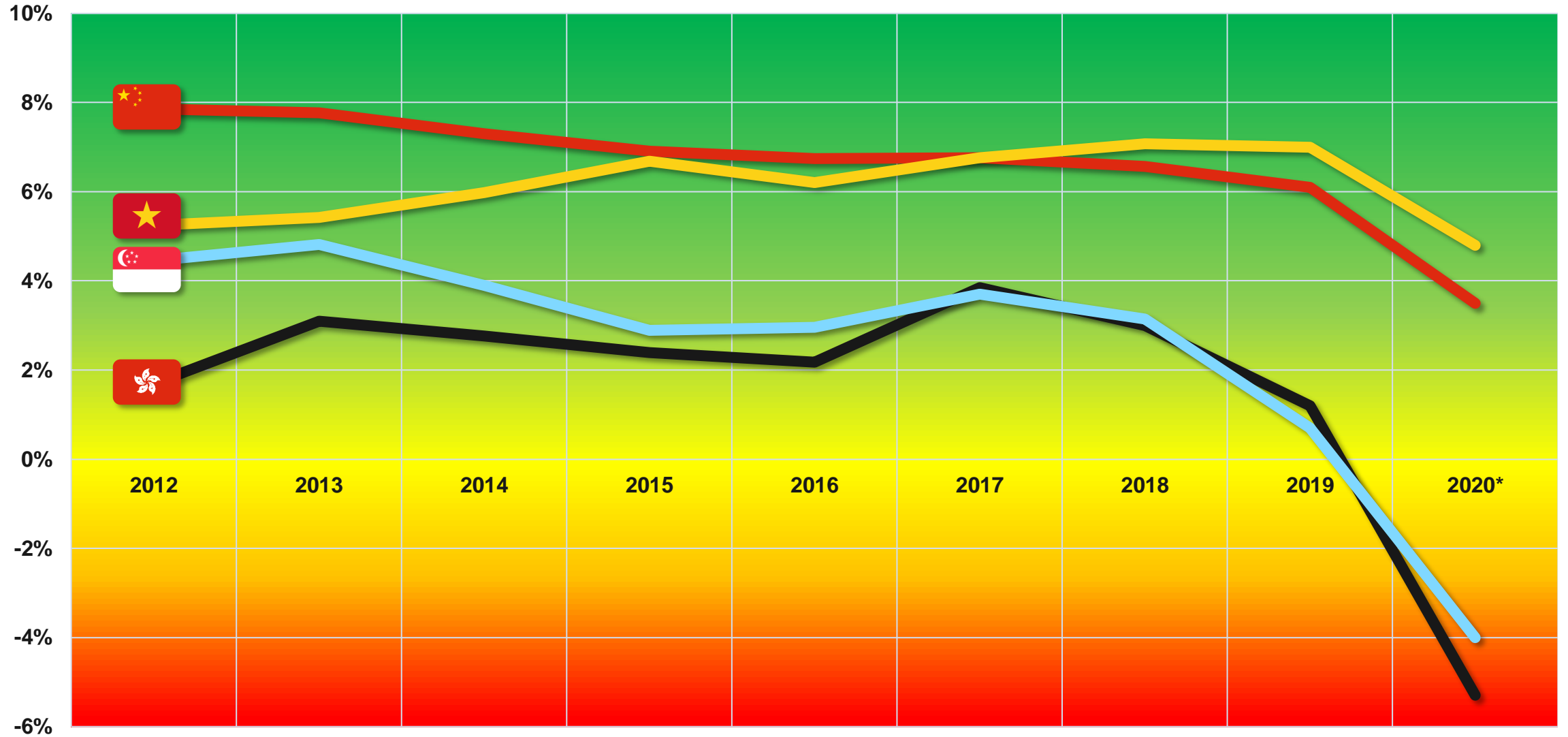
GDP Statistics 2019 China vs. Vietnam vs. Singapore vs. Hong Kong



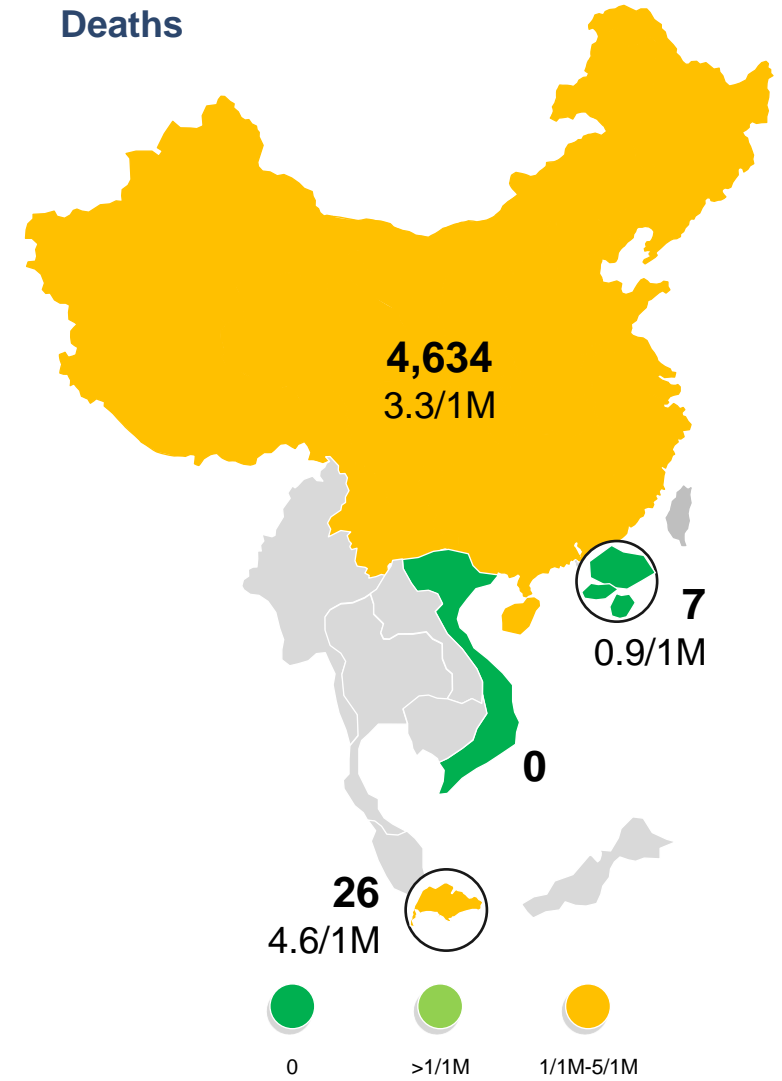
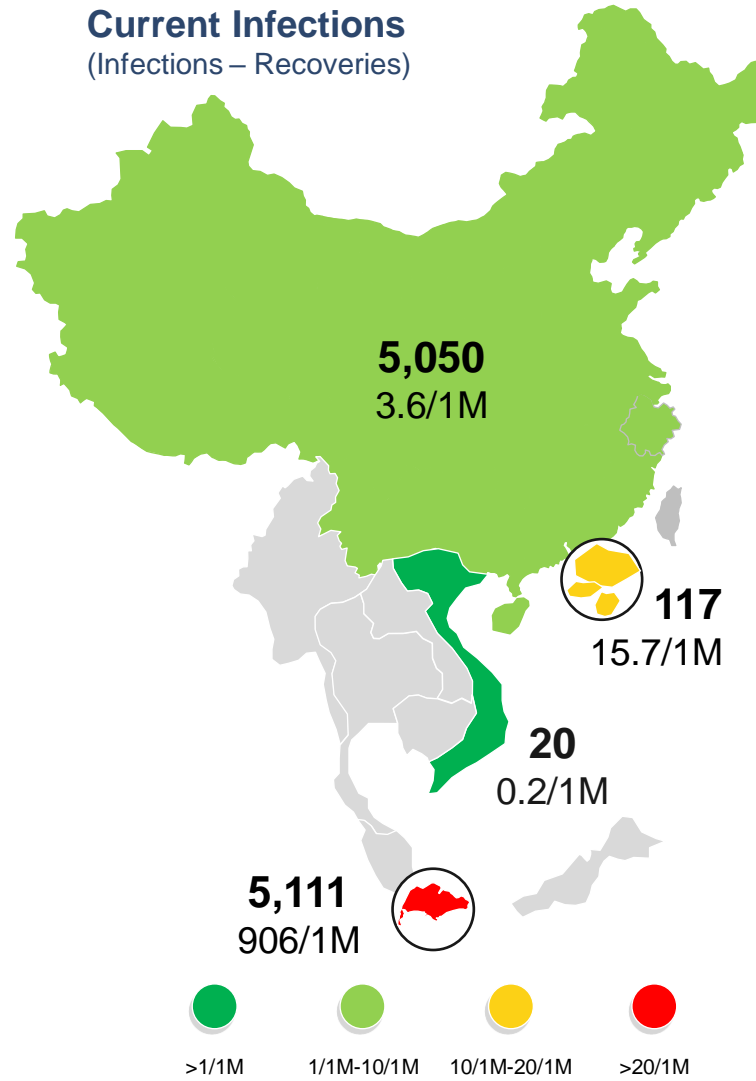
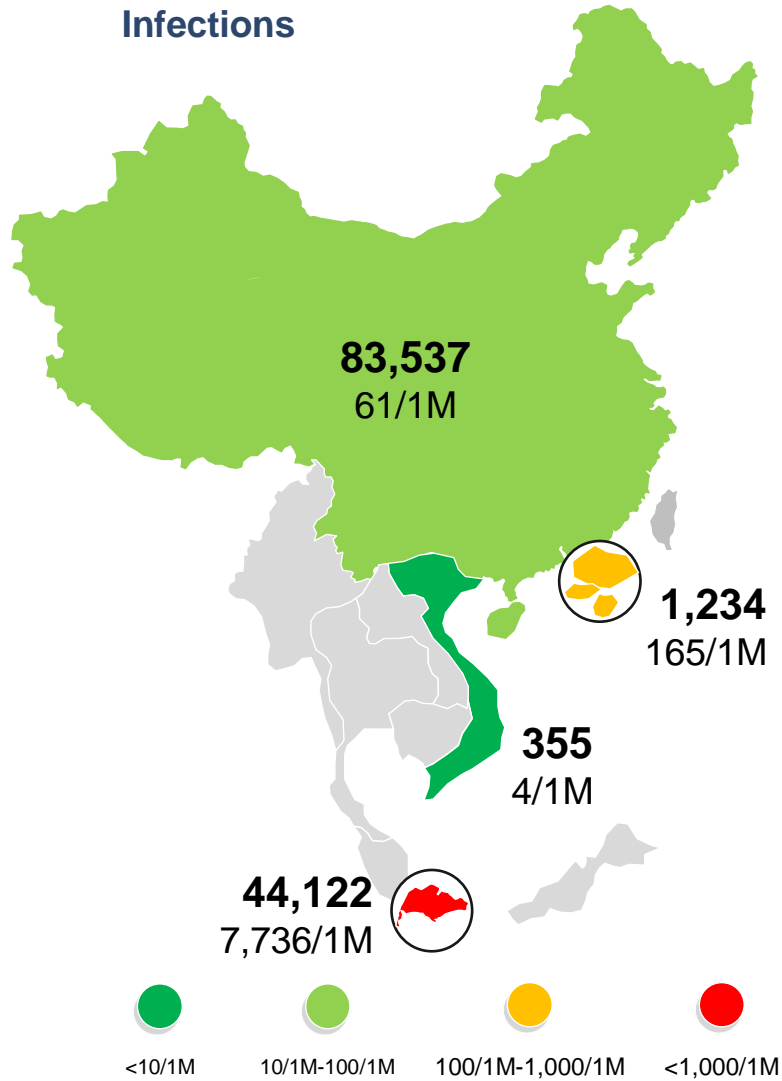
GDP Statistics 2018 China Provinces vs. Vietnam vs. Singapore vs. HK



GDP Growth 2012-20 Vietnam vs. Singapore vs. Hong Kong



COVID-19 Impact as of 2nd July 2020





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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

China vs Vietnam: The Business Perspective



	Company Incorporation*	Cost of starting a business**	Ease of Doing Business	Tariff Rate***	Numbers of FTAs signed	Number of DTAs signed	Attitudes towards entrepreneurial risk	Fitch Country Rating
	2 months	0.4% /GNI per capita	31 st	3.38% (2017)	24	104	4.5/7	A+
	1.5 months	5.9% /GNI per capita	70 th	2.86% (2016)	14	80	3.9/7	BB

*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

China vs Vietnam: Soft Factors and Taxes

	Visa-Free Entry	Internet Freedom*	Labor Force	IIT/PIT	CIT	VAT	GDP Growth Estimate in 2020	Fitch Outlook
	18	10/100	806.7M	3-45%	25% (incentives up to 15%)	13%	3.5%**	Stable
	24	24/100	54.8M	5-35%	20% (incentives up to 10%)	10%	4.8%***	Positive

*Freedom House Index 2019

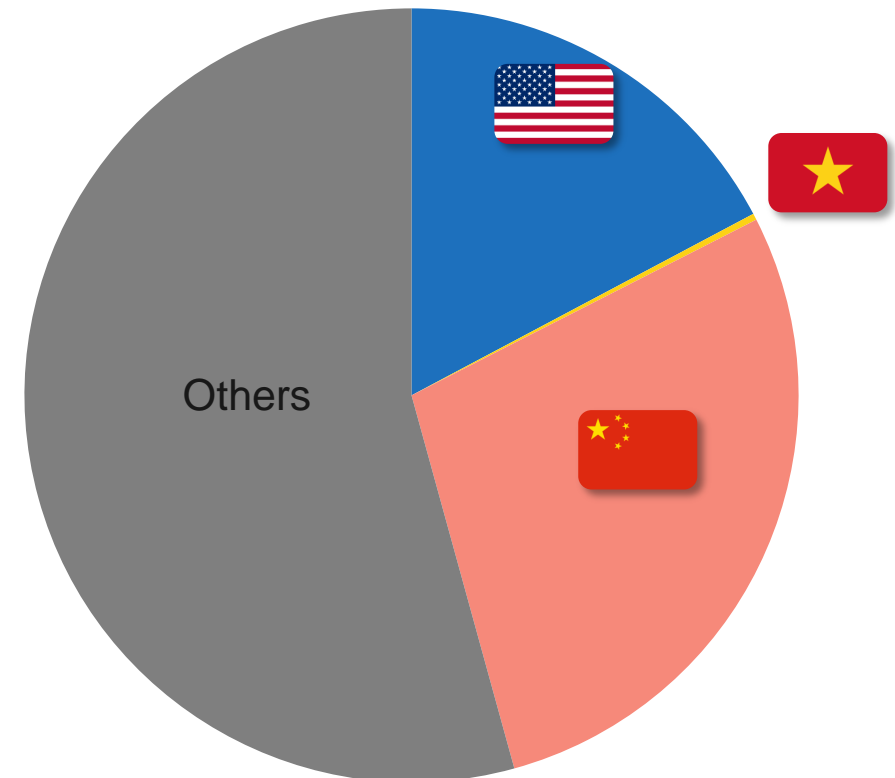
**Global Times Forecast (Chinese State Media)

**ADB Forecast

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 Millennials*	Employment prospects	Cost of Living	Quality of Life	Expected GDP Change in 2020	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	-4%	Stable
	None	Living in Hong Kong for continuous seven years	3 rd	2 nd	9 th	11 th	-5.3%	Negative

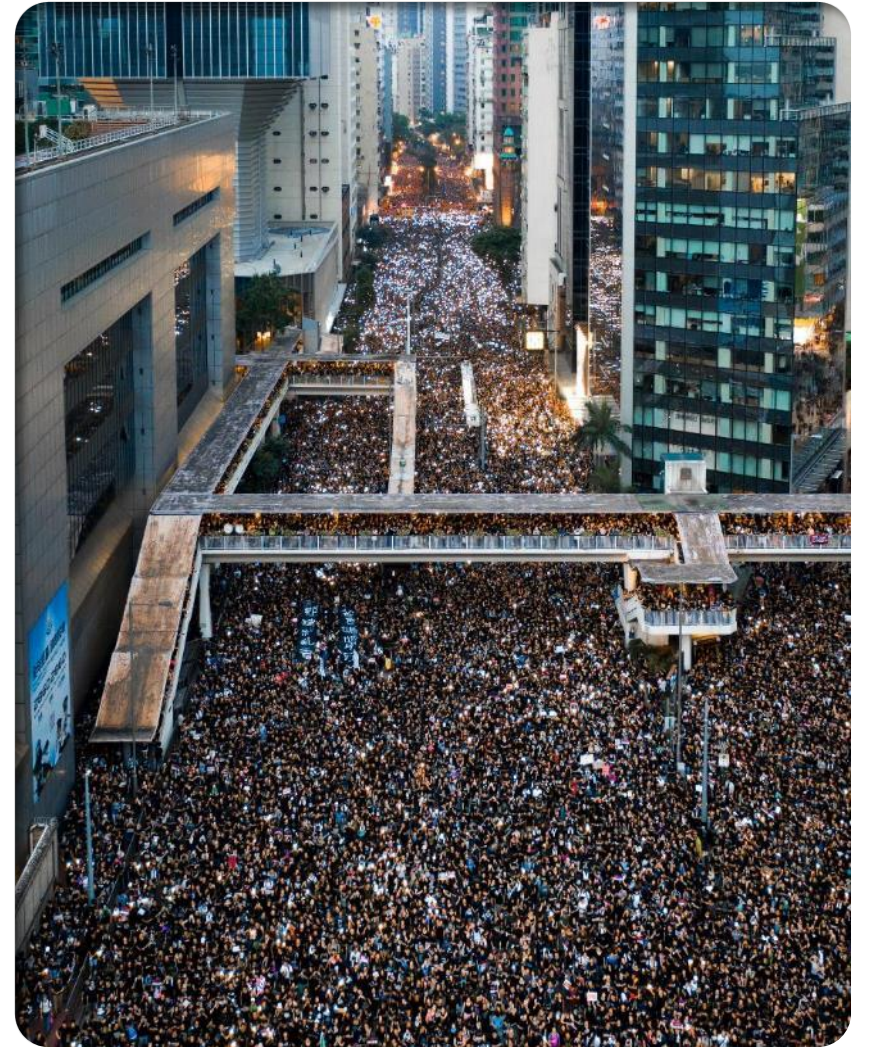
*ValueChampion, SCMP

The Struggle of Hong Kong

- Extremely High Real Estate Prices
- High Living Costs
- Brain Drain
- Political Instability
- Safety Concerns
- COVID-19 Outbreak
- Highly Specialized Economy

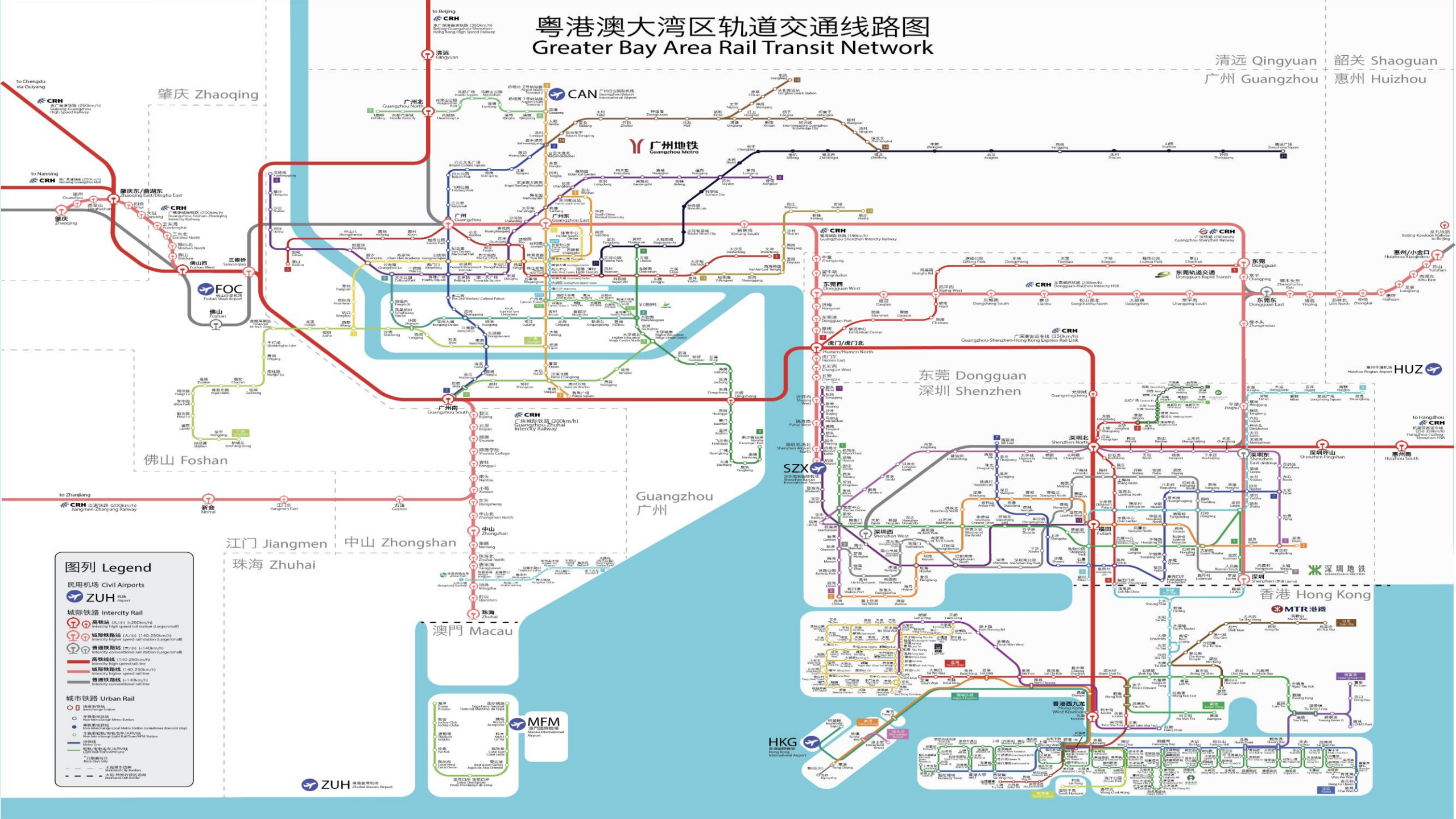


Is the GBA integration Hong Kong's only escape?



粤港澳大湾区轨道交通线路图

Greater Bay Area Rail Transit Network



清远 Qingyuan 韶关 Shaoguan
广州 Guangzhou 惠州 Huizhou

肇庆 Zhaoqing

广州地铁
Guangzhou Metro

东莞 Dongguan
深圳 Shenzhen

香港 Hong Kong
MTR 港铁

图例 Legend

- 民用机场 Civil Airports
- ZUH 珠海金湾机场 Zhuhai Jinwan Airport
- 城际铁路 Intercity Rail**
 - 高铁站 (250km/h) Intercity high speed rail station (Large/small)
 - 城际铁路站 (140-250km/h) Intercity high speed rail station (Large/small)
 - 高铁线路 (250km/h) High speed rail line
 - 城际铁路线 (140-250km/h) Intercity high speed rail line
 - 普通铁路线 (140km/h) Intercity conventional rail line
- 城市轨道交通 Urban Rail**
 - 换乘站/换乘站 Terminal Station (Transfer/Transfer)
 - 普通车站/普通车站 Local Metro Station (Normal/Normal)
 - 机场线/机场线 Airport Line (Airport/Airport)
 - 轻轨站/轻轨站 Light Rail Station (Light Rail/Light Rail)
 - 机场线/机场线 Airport Line (Airport/Airport)
 - 轻轨线/轻轨线 Light Rail Line (Light Rail/Light Rail)
 - 港铁线/港铁线 MTR Line (MTR/MTR)

ZUH 珠海金湾机场
Zhuhai Jinwan Airport

MFM 澳门国际机场
Macau International Airport

HUZ 惠州平海机场
Huizhou Pinghai Airport

CRH 香港西九龙高铁站
Hong Kong West Kowloon High Speed Rail Station

CRH 深圳北站
Shenzhen North Station

CRH 深圳东站
Shenzhen East Station

CRH 深圳坪山站
Shenzhen Pingshan Station

CRH 惠州南站
Huizhou South Station

CRH 惠州小东口站
Huizhou Xiaodongkou Station

CRH 惠州北站
Huizhou North Station

CRH 惠州站
Huizhou Station

CRH 惠州南站
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CRH 惠州站
Huizhou Station

CRH 惠州南站
Huizhou South Station

The Big Questions

Is Business in Asia possible without China?



How much can Vietnam really take on?



Is Hong Kong a Place of the Past?



Is Singapore the Shining Star?



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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