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News and comments on
doing business in the
Far East

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accounting ▪ taxation ▪ advisory

Investments
regulations and
economic trends



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Asia Report is a magazine focusing on doing business in the Far East region, on regulations of cross-border investments and economic trends.

Asia is home of the fastest-growing and largest economies: China is the first manufacturing hub, the top economy in trade and the largest market by number of consumers. South East Asian countries combined represent the fifth largest economy worldwide and the fifteen Asia-Pacific members of the Regional Comprehensive Economic Agreement created the largest free trade area in the world. Asia is projected to exceed fifty per cent of the World's GDP by 2040.

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China's Trade Trends September 2022

According to the latest data released by the General Administration of Customs (CAG), China's imports and exports reached RMB 31 trillion in the first nine months of 2022, up 9.9% from a year ago.

The data shows the exports rose 13.8% year on year to RMB 17.67 trillion, while the imports increased 5.2% from a year ago to RMB 13.44 trillion yuan, leading to a trade surplus of RMB 4.23 trillion.

In September alone, the country's foreign trade volume climbed 8.3% year on year to RMB 3.81 trillion, with the exports and imports up 10.7% and 5.2 compared to 2021, respectively.

China's trade with its top three trading partners - the ASEAN, the EU, and the US - grew 15.2%, 9%, and 8%, respectively.

China's GDP Q3 2022

China's economy rebounded faster than expected in the third quarter of 2022, but a persistent property slump and global recession risks are set to challenge China's efforts for a strong revival planned for 2023.

In the July-September quarter, China's GDP grew by 3.9%, boosted by the government measures to revive the economy, up from 0.4% in the second quarter, while in the first three quarters, China's GDP grew by 3% year on year to RMB 87.03 trillion, up from 2.5% rise in the first half of 2022.

Industrial production showed signs of quicker recovery, with the value-added industrial output rising 4.8% year on year in the third quarter, 4.1 percentage points higher than the previous quarter.

China's retail sales of consumer goods, a major indicator of the country's consumption strength, went up 3.5% from a yearly decline of 4.6% in the second quarter.

The urban unemployment rate declined 0.4 percentage points to 5.4% over the same period.

The country's fixed asset investment, a gauge of expenditure on items including infrastructure, property, machinery, and equipment, rose 5.9% from a year ago, including an 8.6% growth in infrastructure investment and 10.1% growth in manufacturing investment. Moreover, investments in the embattled real estate sector dropped by 8%.

Xuzhou and Economic Trends

Xuzhou is a major prefecture-level city in northwestern Jiangsu province. The city has abundant water resources, with more than 213 rivers flowing within its boundary and two major lakes. It covers an area of 11,259 square kilometers with a population of 9 million and has jurisdiction over 10 county-level divisions, including 5 districts, 2 county-level cities, and 3 counties.

Xuzhou has been an industrial center for the past decades, and the recent investments have added more industrial sectors and enhanced the infrastructures. The city has become one of the most critical cities in the economic development region, the Huaihai (Huai River) Economic and Development Zone which involves four provinces in the East of China. The city has abundant coal mineral, one of the largest natural resources in this region. Coal has become one of the important fuels in Xuzhou in producing electricity and other energies. Other natural resources include marble, lime, and salt.

In 2021, the GDP reached 812 billion RMB, up 8.7% compared to the previous year, while the GDP per capita amounted to 89,400 RMB. The total value of Xuzhou's international trade reached 125 billion RMB in 2021, with the exports amounting to 105 billion RMB and the total value of imports to 20 billion RMB.

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Taizhou and Economic Trends

Taizhou is a prefecture-level city located in the middle of Zhejiang province. The city has 651 kilometers of coastline dotted with numerous islands, the largest one being Yuhuan Island. With a population of 7 million and an area of 9,411 square kilometers, it has jurisdiction over 3 districts, 3 county-level cities and 3 counties.

Thanks to a thriving commercial and trade market, favorable investment environment, continuously improved transportation infrastructure, and efficient services to attract and serve investors provided by the government, Taizhou has become a hotspot for investors at home and abroad to invest in Yangtze River Delta region. In addition, a solid industrial foundation, rich land resources and competitive operation cost make the investment advantage in the city one of the most attractive in Yangtze River Delta region. Its core industries are Healthcare, Mechanical and electrical equipment, and Energy and Resources Recycling.

In 2021, the GDP reached 579 billion RMB, up 9.9% compared to the previous year, while the GDP per capita amounted to 68,000 RMB. The total value of Taizhou's international trade reached 239 billion RMB in 2021, with the exports amounting to 220 billion RMB and the total value of imports to 20 billion RMB.

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Singapore GDP Q3

According to the latest data released by the Ministry of Trade and Industry (MTI), Singapore's economy grew faster than expected in the third quarter of 2022. Meanwhile, the Monetary Authority of Singapore tightened policy for a fifth time in the past year in a widely expected move, as rising costs continue to weigh on the economy.

The GDP in the third quarter came in at 4.4%, representing a downgrade of 0.1 percentage points over the previous quarter.

In the third quarter of 2022, the manufacturing sector grew by 1.5%, down from 5.7% in the previous quarter. The growth was driven by output expansions in the transport engineering, general manufacturing, and precision engineering clusters.

The construction sector grew by 7.8% in the third quarter, partly supported by the easing of border restrictions. In absolute terms, the value-added of the construction sector remained 18% below pre-pandemic levels.

Among the services sectors, the wholesale and retail trade, as well as the transportation and storage sectors, collectively grew by 6.2% year-on-year in the third quarter.

Zhongshan and Economic Trends

Zhongshan is a prefecture-level and a regional centre in southern Guangdong province. The northern part of the city, including most of the urbanized area, is located on the floodplains of the Pearl River delta, while the southern part extends over a chain of coastal hills. The city extends across an area of 1,800 square kilometers and has a population of 4.4 million. It has no county-level division, but the municipal government does group the 24 township-level divisions into five district areas.

Zhongshan is now at the center of a fully developed home appliance industry chain that includes several of China's biggest appliance manufacturers. The city has achieved success in a number of industry sectors, including home appliances, garments, electronics, lighting, furniture, and hardware. Additionally, it plans to expand in the areas of conventions and exhibitions, cultural tourism, and modern logistics. Moreover, four service sectors are targeted for development which include technology, information, health, and business.

In 2021, the GDP reached 357 billion RMB, up 8.2% compared to the previous year, while the GDP per capita amounted to 80,500 RMB. The total value of Zhongshan's international trade reached 270 billion RMB in 2021, with the exports amounting to 224 billion RMB and the total value of imports to 46 billion RMB.

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Tax Deferral for SMEs

Recently, the State Taxation Administration ("STA") and the Ministry of Finance ("MOF") have issued the Announcement on Matters Concerning the Continued Deferral of Some Taxes and Fees for Medium, Small and Micro Manufacturing Enterprises (the "Announcement"), with effect on the date of issuance.

According to the Announcement, from September 1, 2022, those medium-sized manufacturing enterprises that have enjoyed deferral in payment of 50% of taxes and fees and small and micro manufacturing enterprises that have deferred payment all taxes and fees under the Announcement of the State Taxation Administration and the Ministry of Finance on Relevant Matters Concerning Extending the Deferral of Some Taxes and Fees for Medium, Small and Micro Manufacturing Enterprises, will be granted another four months of grace period upon the expiration of the previous deferment period. The Announcement clarifies that the deferred taxes and fees include the enterprise income tax, individual income tax, domestic value-added tax, domestic consumption tax and the additional urban maintenance and construction tax, education surcharge, and local education surcharge that have been deferred for payment as required during the period including November and December 2021, February, March, April, May, June 2022 (paid on a monthly basis) or the fourth quarter of 2021, the first and second quarters of 2022 (paid on a quarterly basis), excluding taxes withheld and paid on behalf of others, taxes collected and paid on behalf of others, and taxes and fees paid when applying to tax authorities for invoicing on behalf of others.

China's FDI September 2022

According to the Ministry of Commerce, actual Foreign direct investment (FDI) into the Chinese mainland increased 15.6% during the first nine months of 2022 reaching more than RMB 1 trillion.

In USD terms, the inflow went up 18.9% year on year to USD 155 billion.

The actual use of foreign capital in the service sector rose 6.7% year-on-year to RMB 741.43 billion during the period. High-tech manufacturing FDI rose 48.6% from a year earlier, while that in the high-tech service sector increased 27.9%. FDI into the country's western region increased 33% year-over-year, followed by 34.8% in the central region and 13.3% in the eastern region.

Indonesia Trade Trends September 2022

According to the latest data released by the Fiscal Policy Agency (BKF), Indonesia's international trade recorded a surplus of USD 4.99 billion in September 2022, while the total amount in the first 9 months reached USD 39.87 billion. Indonesia's exports in September 2022 had a positive performance, with a growth of 20.28% to USD 24.80 billion, while the period from January to September 2022 saw an increase of 33.49%. Meanwhile, the imports grew by 22.01% to USD 19.81 billion in September 2022, and from January to September 2022, Indonesia's total imports reached USD 179.49 billion.

The mining sector recorded the highest growth, reaching 91.98% year to date, followed by the manufacturing sector, which grew 22.23%, in line with the Purchasing Managers' Index (PMI) of Indonesian manufacturing, which grew in the expansion zone by 53.7%

The Association of Southeast Asian Nations (ASEAN) is a political and economic union of ten members, has 667 million people and a territory of 4.5 million Km²; is currently the third largest economy in Asia-Pacific and the fifth largest in the World. The ASEAN Economic Community (AEC) has a combined GDP of USD 3.6 trillion, according to estimates for 2022.

China's PMI September 2022

In September 2022, the Caixin China General Manufacturing PMI, an economic indicator that gives an independent snapshot of the country's manufacturing sector, unexpectedly fell to 48.1, down from 49.5 the previous month. The output fell for the first time in four months, new orders dropped the most since April, and the export sales declined at the same rate.

Furthermore, firms reduced their buying activity and inventories while employment fell to its lowest level since April 2020. On the cost side, input prices decreased at the steepest rate since January 2016 due to falls in commodity prices, and output prices have contracted the most since December 2015.

China's Expands Encouraged Catalogue

The National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) have jointly released the Catalog of Industries for Encouraged Foreign Investment (2022 Edition) (the "Catalog"), with effect from January 1, 2023.

The Catalog consists of 1474 items in total, adding 239 and revising 167 items compared with the 2022 edition. Among them, the national catalog comprises 519 items, with 39 and 85 items being added and revised compared with the previous edition; the catalog for central and western regions comprises 955 items, with 200 and 82 items being added or revised. It mainly involves the following revisions: (1) Continuously encouraging foreign investment to be made in the manufacturing sector. The national catalog continues to make manufacturing sector a key destination for foreign investment as it raises the level of supply and industrial chains and adds or expands relevant items, such as components, parts, and equipment manufacturing. (2) Continuously encouraging foreign investment to be made in producer services. Revisions are made to the national catalog with a focus on promoting the integrated development of the service and manufacturing sectors. Such items as professional design, technical service and development are added or expanded. (3) Continuously optimizing the regional layout for the use of foreign investment. The catalog for central and western regions are expanded according to the comparative advantages of various localities, such as their labor force and featured resources.

China's Trade Trends August 2022

In the first eight months of the year, China's foreign trade growth lost momentum as soaring inflation affected overseas demand and fresh COVID curbs and heatwaves disrupted output, reviving downside risks for the economy.

The latest data shows China's foreign trade in goods jumped 10.1 percent year on year to 27.3 trillion yuan (about USD 3.95 trillion) from January to August.

In USD terms, total foreign trade came in at USD 4.19 trillion in the eight months, up 9.5 percent year on year.

According to the General Administration of Customs (GAC), the exports rose 14.2 percent year on year to 15.48 trillion yuan, while the imports increased 5.2 percent from a year ago to 11.82 trillion yuan, leading to a trade surplus of 3.66 trillion yuan.

In August alone, the country's foreign trade volume climbed 8.6 percent year on year to 3.71 trillion yuan, with the exports and imports up 11.8 percent and 4.6 percent from a year ago, respectively.

China's trade with its top three trading partners - the ASEAN, the EU, and the US - grew 14 percent, 9.5 percent, and 10.1 percent, respectively. While its trade with the Belt and Road economies jumped 20.2 percent year on year to 8.77 trillion yuan. China's foreign trade with the Belt and Road economies jumped 20.2 percent year on, while that with the RCEP members rose 7.5 percent from January to August.

GAC Expands Pilot Program for Market Procurement Trade

Recently, the General Administration of Customs (GAC) has issued Announcement [2022] No. 101, clarifying that the pilot program for market procurement trade will be expanded.

According to the Announcement, the scope of pilot program for the market procurement trade will be expanded to cover eight markets, including Tianjin Wanglanguang International Trade Center and Hebei Tangshan International Trade Center. The Announcement points out that, according to the Announcement [2019] No. 221, the scope of application of the customs supervision mode "Market Procurement" (code: 1039) is extended to the export commodities purchased in the said markets, and matters concerning customs supervision shall be handled according to the Announcement No. 221, to regulate the management of market procurement trade. The Announcement also states that the above policy will be officially effective after the acceptance of the market procurement commodity identification system and the market comprehensive administration system covering all entities involved in the market procurement trade and the entire trade process in the pilot regions. The specific effective date will be released by customs offices of Tianjin and Shijiazhuang.

China's Industrial Profits August 2022

According to the latest data released by the National Bureau of Statistics (NBS), Industrial profits fell 2.1% in the first eight months of 2022 from a year earlier. As COVID-related restrictions and a worsening downturn in real estate weighed on domestic demand, Chinese industrial profits declined at a faster pace between January and August.

Profit growth in the mining sector fell by 88.1 percent in January-August, due to weaker commodity prices. The manufacturing sector reported further declines in profits, dropping 13.4% in the first eight months, speeding up from a 12.6% fall in January-July. China's industrial output rose 4.2% from a year earlier in August, quickening from a 3.8% rise in July. The automobile sector, which has enjoyed purchase tax cuts and saw profits double in August. Profits in the power industry rose 1.58 times year-on-year in August, driven by high demand for electricity due to hot weather. China's retail sales grew by 5.4 percent in August from a year earlier, up from a growth of 2.7 percent in July.

Nanchang and Economic Trends

Nanchang is the capital city of Jiangxi province and one of the central cities of urban agglomeration in the middle reaches of the Yangtze River. It is located in the north-central part of the province and is surrounded by the Jiuling Mountains on the west and the Poyang Lake on the east. With a population of 6 million and an area of 7,194 square kilometers, it has jurisdiction over 3 counties and six districts.

Nanchang is an important node city for the co-construction of the Belt and Road, an important central city of the Yangtze River Economic Belt, a strategic pivot city for the rise of Central China, and a core city of the great Nanchang Metropolis Circle. The city is the main agricultural production base of the province. Other main industries include aircraft manufacturing, automobile manufacturing, metallurgy, electro-mechanics, textile, chemical engineering, Traditional Chinese Medicine, and pharmaceuticals.

In 2021, the GDP reached 665 billion RMB, up 8.7% compared to the previous year, while the GDP per capita amounted to 92,600 RMB. The total value of Nanchang's international trade reached 118 billion RMB in 2021, with the exports amounting to 69 billion RMB and the total value of imports to 49 billion RMB.

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China's CPI August +2.5%

According to the National Bureau of Statistics (NBS) data released on September 9, China's consumer price index (CPI), a leading indicator of inflation, rose 2.5 percent year on year in August.

Thanks to efforts to contain COVID-19 and extreme weather impacts, as well as efforts to ensure sufficient supply and stable prices, August's CPI remained relatively stable, reversing the 0.5-percent rise in July to edge down 0.1 percent. Data shows that food prices went up 0.5 percent from July to August, raising the monthly consumer inflation by about 0.1 percentage points.

Non-food prices rose 1.7 percent from a year earlier, lifting the yearly consumer inflation by about 1.38 percentage points.

The prices of gasoline and diesel reported year-on-year growths of 20.2 percent and 21.9 percent, respectively.

Core CPI, which excludes food and energy prices, gained 0.8 percent year on year in August and remained unchanged from July.

Additionally, the data showed that China's producer price index, which measures costs for goods at the factory gate, went up 2.3 percent year on year in August.

China's Incentives for Green Building Construction

The Ministry of Finance (MOF) and two other departments have released the Circular on Expanding the Coverage of the Policy for Supporting Green Building Materials through Government Procurement and Promoting Construction Quality Improvement (the "Circular").

The Circular clarifies that, starting from November 2022, the policy for supporting green building materials through government procurement and promoting construction quality improvement will be rolled out in 48 cities (municipal districts), including Chaoyang District in Beijing Municipality, as well as the six pilot cities announced previously. The projects covered in the policy include government procurement construction projects ranging from hospitals, schools, office buildings, complexes, exhibition halls, convention and exhibition centers, stadiums to affordable housing, including those for which bidding law is applicable. The Circular specifies that relevant cities may select some projects for trial implementation, and then gradually expand the scope of implementation upon learning from the good practices,

and shall seek to realize full coverage by 2025. Other government investment projects are encouraged to be included in the scope of implementation.

China's FDI August 2022

According to the Ministry of Commerce, actual Foreign direct investment (FDI) into the Chinese mainland increased 16.4 percent during the first eight months of the year to RMB 892.74 billion.

In USD terms, the inflow went up 20.2 percent year on year to USD 138.41 billion.

According to the ministry, FDI inflows to the service industry rose 8.7 percent year on year to RMB 662.13 billion, while those to high-tech industries increased 33.6 percent.

Specifically, FDI in high-tech manufacturing rose 43.1 percent from the same period a year ago, while that in the high-tech service sector surged 31 percent year on year.

High-tech manufacturing FDI rose 43.1 percent from a year earlier, while that in the high-tech service sector increased 31 percent.

During the period, investment from the Republic of Korea, Germany, Japan, and the United Kingdom grew by 58.9 percent, 30.3 percent, 26.8 percent, and 17.2 percent, respectively.

FDI into the country's western region increased 43 percent year-over-year, followed by 27.6 percent in the central region and 14.3 percent in the eastern region.

Weifang and Economic Trends

Weifang is a prefecture-level city located in the center of Shandong province. Neighbored to the south by Yishan Mountain, and to the north by the Bohai Sea, the city is also known as "the corridor of Eastern Shandong". With a population of 9 million and an area of 16,167 square kilometers, it has jurisdiction over 12 county-level divisions, including four districts, six county-level cities, and two counties.

As an important regional central city of the province and a major coastal city of the Circum-Bohai-Sea belt, Weifang is the transport junction of the Shandong Peninsula with developed sea, land, and air transport systems. The city has an advanced manufacturing industry, and solid foundation of traditional industries such as equipment manufacturing, automobile manufacturing, petrochemical and salt chemical industry, clothes manufacturing, food processing, and paper packaging. It has more than 150 development zones at the national and provincial levels and key industrial parks with complete infrastructure and preferential policies. These zones and parks are an important hub for foreign cooperation.

In 2021, the GDP reached 701 billion RMB, up 9.7% compared to the previous year, while the GDP per capita amounted to 75,600 RMB. The total value of Weifang's international trade reached 265 billion RMB in 2021, with the exports amounting to 186 billion RMB and the total value of imports to 79 billion RMB.

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China-SCO Trade August 2022

According to the latest data from the General Administration of Customs, China's trade with other members of the Shanghai Cooperation Organization (SCO) has grown rapidly in the first months of 2022. The value of trade rose 26

percent from January-August to RMB 1.73 trillion (about USD 250 billion). The growth rate was 15.9 percentage points higher than that of China's total foreign trade.

The percentage of Chinese exports to other members of the SCO increased 0.8 percentage points from a year ago to 6.3 percent.

In August alone, the trade volume hit a record high of RMB 256.79 billion, up 28.9 percent year on year.

A breakdown of the first eight months shows that China imported 117 million tonnes of crude oil, coal, and natural gas from other SCO members, with the combined value accounting for 56.9 percent of the total imports from these countries. Meanwhile, agricultural imports accounted for 7.5 percent.

In terms of exports, China's mechanical and electrical goods, labor-intensive products, and basic organic chemicals accounted for 52.6 percent, 19.1 percent, and 5.9 percent of the total exports to other SCO members, respectively.

The Shanghai Cooperation Organization (SCO) was founded in 2001 and currently comprises eight full members, China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, India, Pakistan, and Uzbekistan. Four countries are observers, and there are several dialogue partners as well.

China's New Policies to Promote Individual Businesses

The State Council has recently released the Regulations on Promoting the Development of Self-employed Businesses (the "Regulations"), with effect from November 1, 2022.

The Regulations mainly involve: (1) clarifying the position and role of self-employed businesses in the socialist market economy and the basic principles for promoting their development; (2) establishing a sound working mechanism for promoting the development of self-employed businesses; (3) specifying the duties of and the requirements for governments and relevant departments in promoting the development of self-employed businesses; and (4) reinforcing the constraints for governments and relevant departments to perform their duties and strengthening the protection of the legitimate rights and interests of self-employed businesses. The Regulations stipulate that no entity or individual shall charge any fee from self-employed businesses in violation of laws, regulations, or relevant state provisions, or do so in disguised form, expand the range of charges or raise the rates without permission, raise or apportion any funds from self-employed businesses, or forcibly require them to provide sponsorship or accept paid services. Where any staff member of the government and its relevant departments fails to perform or incorrectly perform his or her duties in the course of promoting the development of self-employed businesses, thereby damaging their legitimate rights and interests, and causing serious consequences, he or she shall be punished in accordance with laws and regulations.

Shanghai's New Measures to Support Businesses Sep 2022

Shanghai's municipal government announced a series of favorable policies on September 28th to maintain economic recovery momentum.

This is the third time since the beginning of 2022 that Shanghai has introduced supportive measures to stimulate economic growth. The first 21 measures were rolled out in late March, and then another 50 measures were announced in May. The third round will consolidate the foundation of the city's economic recovery and development by introducing 22 policies to support businesses and industries affected by the outbreaks.

The newest policies extend the scope of their application by not limiting them only to the five most affected sectors, such as catering, retail, and tourism. For instance, in the fourth quarter of 2022, companies working in advertising can obtain a refund of 50 percent of the actual fees paid, while the support for the fields of sports, exhibitions, senior care, and childcare has been increased.

Shanghai's new measures represent an upgrade of previous ones, which come at a critical time in the national effort to stabilize economic growth further, injecting more vitality into market entities and improving the business environment.

The city plans to award 500,000 yuan each to key high-tech companies to foster technology innovation. The government has increased its fiscal subsidy for technology upgrades of major projects in key areas to 100 million yuan. The subsidy was previously raised to 50 million yuan in May.

Organizers of economic and technology fairs in Shanghai this year will receive a maximum subsidy of 1 million yuan each. Moreover, the Shanghai government will provide incentives worth 100,000 yuan to 300,000 yuan to those small and medium-sized firms which are recognized as niche leaders by the Ministry of Industry and Information Technology with high market share and strong innovation abilities.

The focus has shifted to improving market entities, assisting small and micro enterprises and high-tech firms in expanding, and supporting high-quality firms to get listed. In addition to dealing with the effects of the pandemic, the new policies also take into consideration other aspects of economic development. For example, they offer subsidies to help consumers replace their old home appliances with eco-friendly and smart ones, increasing consumer demand while strengthening environmental trends.

A total of 460 detailed provisions have been issued by Shanghai since the first round of policies, resulting in double-digit growth for several economic indicators in August as well as higher investment and consumption growth rates.

Shaoxing and Economic Trends

Shaoxing is a prefecture-level city located in the south corner of the Yangtze River delta, in Zhejiang province. The city is Asia's largest production base for chemical fiber fabrics and the world's largest textile distribution center. With a population of 5 million and an area of 8,279 square kilometers, it has jurisdiction over 3 districts, 2 county-level cities, and 1 county.

Shaoxing, as a key pilot city of the province, gives top priority to the development of the information economy, cultural tourism, and advanced equipment manufacturing. To increase its competitiveness, Shaoxing keeps upgrading its traditional industries while cultivating new businesses. The city's main industries together with the textile, are computing communication, electronics equipment manufacturing and pharmaceuticals. Four new industries have been developing rapidly in Shaoxing, such as intelligent equipment, modern medicine, new materials and electronic information. Moreover, there are four national economic and technological development zones in Shaoxing.

In 2021, the GDP reached 680 billion RMB, up 8.7 % compared to the previous year, while the GDP per capita amounted to 50,500 RMB. The total value of Shaoxing's international trade reached 257 billion RMB in 2021, with the exports amounting to 239 billion RMB and the total value of imports to 18 billion RMB.

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China's Carbon Neutrality Policies in Energy Sector

The National Energy Administration ("NEA") has recently released the Action Plan for Raising Standardization for Carbon Peaking and Carbon Neutrality in Energy Sectors (the "Plan").

The Plan envisions that, by 2025, a relatively complete energy standard system that can effectively support and lead the green and low-carbon transformation in energy sector will be initially established; by 2030, a structurally optimized, advanced and reasonable energy standard system will take shape, energy standards will develop in close coordination with technological innovation and industrial transformation, and energy standardization will provide powerful support and guarantee for carbon peaking and carbon neutrality in energy sector. To this end, the Plan identifies multiple key tasks, such as vigorously promoting the standardization for non-fossil energy, strengthening the building of new power standard system, and accelerating the improvement of new energy storage technology standards. Among others, the Plan calls for efforts to coordinate with national standards and accelerate the building of standardized management, top-level design, and standard system for carbon emission reduction in energy sector; serve the needs for establishing

a national carbon market mechanism and accelerate the development of key standards such as the carbon trading and offset mechanism for energy companies.

World Bank Economic Update Asia Oct 2022

According to the latest data released by the World Bank in its economic outlook for the Asia-Pacific of October 2022, there will be a significant slowdown in the region in 2022, but growth will rebound in 2023. The downgraded forecast was driven primarily by China's strict zero-COVID rules that have impacted industrial production, domestic sales, and exports.

The report shows that the region's growth will slow to 3.2 percent, 1.8 percentage points in 2022 from April estimates before accelerating to 4.6 percent in 2023.

China, which constitutes 86 percent of the region's economic volume, is projected to grow 2.8 percent in 2022, significantly decelerating from the previous estimate of 5.0 percent, and 4.5 percent in 2023.

Meanwhile, the region's economies, excluding China, are projected to grow 5.3 percent in 2022, up 0.5 percentage points from the previous April forecast, while last year's growth was 2.6 percent. The growth in these countries has been driven by recovery in domestic demand and growth in exports, supported by a relaxation of COVID-related restrictions.

For the largest five ASEAN economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam), the growth is projected at 5.4 percent in 2022, 0.5 percentage points more than previously expected. Individually the projections are: Indonesia stable at 5.1 percent, Malaysia at 6.4 percent (up 0.9 percentage points), the Philippines at 6.5 percent (up 0.8 percentage points), Thailand at 3.1 percent (up 0.2 percentage points), and Vietnam at 7.2 percent (up 1.9 percentage points).

Xiamen and Economic Trends

Xiamen is a sub-provincial city situated on the southeast coast of Fujian province. It is one of the few municipalities in China with independent status in state economic planning and one of the first five Special Economic Zones of the country. With a population of 5 million and an area of 1,700 square kilometers, it has jurisdiction over 6 districts.

The city has a diverse and well-developed economy and is considered as one of the most important ports in China for international trade and cross-Strait trade. The city's main industries are the manufacturing of electronics, machinery, and chemicals, while food processing, textiles, tobacco processing, paper manufacturing, plastics production, beverage production, pharmaceuticals, and construction materials are also significant sectors. Two nationwide investment promotion events are held annually, "China International Fair for Investment and Trade" and "China Xiamen Machinery and Electronics Exhibition".

In 2021, the GDP reached 704 billion RMB, up 8.1 % compared to the previous year, while the GDP per capita amounted to 136,000 RMB. The total value of Xiamen's international trade reached 887 billion RMB in 2021, with the exports amounting to 470 billion RMB and the total value of imports to 417 billion RMB.

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China's Incentives for High-Tech

Three authorities, including the Ministry of Finance ("MOF"), have jointly released the Announcement on Increasing Pre-tax Deduction for Supporting Sci-tech Innovation (the "Announcement").

The Announcement specifies that, for the equipment and appliances newly purchased by high-tech enterprises during October 1, 2022 and December 31, 2022, the expenses are allowed to be deducted in full in the current year on a one-time basis when calculating taxable income, and an extra 100% pre-tax deduction is allowed. This policy will be applicable to all enterprises with high-tech enterprise qualification in the fourth quarter of 2022. If an enterprise chooses to enjoy this policy and the deduction is insufficient in the current year, the balance may be carried forward to subsequent years and the existing relevant regulations may still be applicable. Meanwhile, the Announcement clarifies that, for enterprises that currently enjoy pre-tax deduction for R&D expenses at the ratio of 75%, the pre-tax deduction ratio will be increased to 100% during the period from October 1, 2022 to December 31, 2022.

Guiyang and Economic Trends

Guiyang is the capital and largest city of Guizhou province. It lies on the north bank of the Nanming River, a branch of the Wu River, and on the east bank of the Yunnan–Guizhou Plateau. With a population of 6 million and an area of 8,034 square kilometers, it has jurisdiction over 6 districts, 1 county-level city and 3 counties.

The city maintains its steady and fast economic growth thanks to the support of a new model of industrial system featuring big data, modern agriculture, automotive manufacturing, service and high-tech industries, and constantly seeks to boost the local economy through innovation. It has a diversified economy, traditionally a center for aluminum production, mining, and optical instrument manufacturing, it also features a sizable domestic pharmaceuticals industry, producing traditional Chinese as well as Western medicines.

In 2021, the GDP reached 471 billion RMB, up 6.6 % compared to the previous year, while the GDP per capita amounted to 63,000 RMB. The total value of Guiyang's international trade reached 418 billion RMB in 2021, with the exports amounting to 239 billion RMB and the total value of imports to 89 billion RMB.

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MOF Issues New Government Accounting Standards

Recently, the Ministry of Finance ("MOF") has issued the Interpretation of the Government Accounting Standards System No. 5 (the "Interpretation"), with effect on the date of issuance.

The Interpretation clarifies two issues: the accounting treatment related to the integrated budget management and the accounting treatment of dedicated funds drawn from the balance. According to the Interpretation, when a central budget organization switches to the payment method under the integrated budget management, it shall cancel the previous zero-balance account credit limit, and debit "Revenue from Financial Appropriations" subject (this year's budget indicator) or "Amount of Fiscal Repayment" subject (the previous year's budget indicator) under the financial accounting, according to the amount of the zero-balance account credit limit, and credit the "Zero-balance Account Credit Limit" subject; in the meantime, it shall debit "Budget Revenue from Financial Appropriations" under budget accounting subject (this year's budget indicator) or "Fund Balance – Amount of Fiscal Repayment" subject (the previous year's budget indicator), and credit the "Fund Balance – Zero-balance Account Credit Limit" subject.

Deferred Contributions for Businesses

Two Authorities Clarify Deferred Payment of Some Administrative and Institutional Fees by Enterprises and Individually Owned Businesses. Recently, the Ministry of Finance ("MOF") and the National Development and Reform Commission ("NDRC") have jointly issued the Announcement on Deferring the Payments of Some Administrative and Institutional Fees by Enterprises and Individually Owned Businesses (the "Announcement").

The Announcement states that, firstly, during the period from October 1, 2022 to December 31, 2022, the charging items in the List of Administrative and Institutional Fees Deferred for Payment by Enterprises and Individually Owned Businesses that are payable by enterprises and individually owned businesses should be postponed for payment for one quarter from the due date, and no late surcharge will be imposed. Secondly, the List of Administrative and Institutional Fees Deferred for Payment by Enterprises and Individually Owned Businesses includes 14 fees and charges such as farmland reclamation fees and sewage treatment fees. Thirdly, all localities, competent authorities and entities concerned should strictly follow the requirements of the Announcement and effectively implement the policy of deferred payment, to ensure that the policy is put into place.

Huizhou and Economic Trends

Huizhou is a Prefecture-level city located in the southeastern coastal area of Guangdong Province at the northeastern end of the Pearl River Delta. With a population of 6 million and an area of 10,922 square kilometers, it has jurisdiction over 5 county-level divisions, including 2 districts and 3 counties.

The city has two state economic development zones: the Daya Bay Petrochemical Zone which ranks first in the country in terms of the scale of petrochemical-refining integration; and the Huizhou Zhongkai Hi-tech Industrial Development Zone which is the country's first national electronic information industrial base, with relatively complete supply chains of mobile communications, panel display, automotive electronics, LED, and new energy.

Electronic information and petrochemicals are the main industries, and together with automotive and equipment manufacturing, as well as clean energy industries, they form the modern industrial system of Huizhou.

In 2021, the GDP reached 500 billion RMB, up 10 % compared to 2020, while the GDP per capita amounted to 66,500 RMB. The total value of Huizhou's international trade reached 305 billion RMB in 2021, with the exports amounting to 213 billion RMB and the total value of imports to 92 billion RMB.

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IMF World Forecast October 2022

The International Monetary Fund (IMF) released its World Economic Outlook on October 11, 2022. The report confirmed the global growth forecast for 2022 at 3.2%, but it slows further to a GDP rate of 2.7% in 2023, representing a downgrade of 0.2 percentage points over the estimates of July. The global economy continues to deal with several challenges, such as war-related energy and food crises, sharply rising interest rates, and the ongoing pandemic, which all weigh significantly on the outlook.

IMF lowered the 2022 GDP forecast of the United States by 0.7 percentage points, from 2.3% to 1.6%. Other advanced economies see their growth improve: IMF revised the estimates for Germany (from 1.2% to 1.5%), Italy (from 3 to 3.2%), Spain (from 4% to 4.3%), the United Kingdom (from 3.2% to 3.6%), Japan (stable at 1.7%), and Canada (from 3.4% to 3.3%).

The 2022 forecast downgrade also reflects revisions among a few large emerging markets. As a result of ongoing pandemic restrictions and a weakening property market, China's growth outlook for 2022 was also downgraded, from

3.3% to 3.2%. India's forecast was cut by 0.6 percentage points to 6.8%. Meanwhile, for the largest five ASEAN economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam), the growth is projected at 5.3% in 2022, in line with the previous projections.

Jinan and Economic Trends

Jinan is a sub-provincial city and the capital of Shandong province. Located at the center of the province, it borders Mount Tai in the south and the Yellow River in the north. The city is also the political, economic, cultural, scientific, and financial center of the province. It covers an area of 10,247 square kilometers with a population of 9 million and has jurisdiction over 10 districts and 2 counties.

As a major economic junction within the Bohai Economic Rim, the city serves as a hub for the province's railways, highways, and airlines. Through government strategies and numerous research and educational facilities, the city's economy has transformed from one based on agricultural produce to one that is based on technology. Its main industries are electronic information, transportation equipment, home appliances, machinery manufacturing, bio-engineering, and textile.

In 2021, the GDP reached 1.14 trillion RMB, up 7.2 % compared to the previous year, while the GDP per capita amounted to 58,000 RMB. The total value of Jinan's international trade reached 271 billion RMB in 2021, with the exports amounting to 194 billion RMB and the total value of imports to 77 billion RMB.

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China's Tax Cuts for SME

The Ministry of Finance and the State Administration of Taxation jointly issued on 1 March 2022 the Announcement [2022] no. 10 about "the Further Implementation of the Six Taxes and Two Fees Reduction and Exemption Policy for Small and Micro Enterprises".

The Announcement provides further support for the development of smaller enterprises, such as small-scale VAT taxpayers, small low-profit enterprises, and self-employed households.

Eligible taxpayers can therefore reduce the following six taxes and two fees:

- Resource tax
- Urban maintenance and construction tax
- Real estate tax
- Urban land use tax
- Stamp duty tax (excluding the stamp duty for security transactions),
- Farmland occupation tax
- Education surcharge
- Local education surcharge

Each province will implement the policy from 1 January 2022 to 31 December 2024 according to the local conditions, and eligible taxpayers can claim reductions or exemptions without additional documents.

The State Administration of Taxation issued the Circular [2022] no. 3 on 4 March 2022, to clarify that small low-profit enterprises that are eligible for the reduction and exemption policy of the above six taxes and two fees are those with a taxable income, total assets and total headcount not exceeding respectively CNY 3 million, CNY 50 million, and 300 persons.

An enterprise registered as a general VAT taxpayer is determined to be a small low-profit enterprise based on the latest annual CIT settlement.

Newly established enterprises registered as general VAT taxpayers meeting the two conditions of no more than 300 employees and total assets of no more than CNY 50 million are eligible to benefit from the policy until their first annual CIT settlement. If, after the first annual CIT settlement, the enterprise is classified as a small low-profit enterprise, it could continue to enjoy the policy; if the enterprise is determined not to be a small low-profit enterprise after the first CIT settlement, it will be no longer eligible for enjoying the policy.

MOF's New Regulations on Accounting Treatment of Governmental Institutions

The Ministry of Finance ("MOF") has recently issued the Provisions on the Accounting Treatment Regarding the Transfer, Merger, Division, Revocation and Restructuring of Administrative and Public Institutions (the "Provisions"), with effect from the date of issuance.

The Provisions consist of four parts. The second part, entitled the accounting treatment for the liquidation of institutions involved in transfer, merger, division, revocation, and restructuring, regulates the setting-up of accounting subjects and instructions, and the accounting of the main business and matters, and preparation of liquidation financial statements during the liquidation period, according to whether it is premised on the continuous operation. The third part, entitled the accounting treatment after liquidation, mainly regulates the accounting treatment of main business and matters under various circumstances after liquidation and the preparation of relevant statements. For entities premised on continuous operation, their business or functions will be normally conducted or performed before and after the transfer, merger, division, revocation and restructuring, and the liquidation work will focus on ensuring the smooth transition of their business and functions. For entities not premised on continuous operation, they will no longer carry out business activities or relevant functions, and the liquidation work will focus on identifying the value of various assets and liabilities, and the changes thereof.

Zhuhai and Economic Trends

Zhuhai is a prefecture-level city located in the southwest Pearl River estuary, Guangdong Province. In addition to being one of China's first special economic zones, the city also plays an important role in the Maritime Silk Road, with a continuous emphasis on ecological development. With a population of 3 million and an area of 1,724 square kilometers, it has jurisdiction over 3 county-level divisions and 5 special economic districts.

Since its establishment as a special economic zone in 1980, Zhuhai has achieved constant rapid economic growth, especially in its industrial development. Over the years, the city has also focused on high-end services, hi-tech industries, a characterized marine economy, and eco-agriculture to boost its economy. The main industries are electronic information, home appliances, electricity and energy, biopharmaceuticals and medical devices, petrochemicals, and precision machinery, along with two other distinctive industries: printing consumables and yacht manufacture.

In 2021, the GDP reached 390 billion RMB, up 6.9% compared to 2020, while the GDP per capita amounted to 159,000 RMB. The total value of Zhuhai's international trade reached 331 billion RMB in 2021, with the exports amounting to 188 billion RMB and the total value of imports to 143 billion RMB.

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MOFCOM Introduces Measures to Boost Foreign Trade

The Ministry of Commerce ("MOFCOM") has recently issued Several Policy Measures for Supporting the Stable Development of Foreign Trade (the "Policy Measures").

The Policy Measures involve six aspects, including guaranteeing production and contract performance, and supporting competitive products to explore global markets; actively supporting enterprises to participate in various exhibitions to seek orders; playing the role of foreign trade innovation platform; and further playing the role of cross-border e-commerce in stabilizing foreign trade. The Policy Measures call on all localities to enhance their guarantee measures for foreign trade enterprises in various aspects, such as pandemic control, energy consumption, employment, and logistics, provide them with full support where necessary, and ensure timely performance and delivery of foreign trade orders. Meanwhile, under the premises of legality, compliance, and controllable risk, efforts should be made to further strengthen the support of export credit insurance for the building and operation of overseas warehouses; optimize the customs filing process, enhance the transportation organization of China Railway Express to Europe, and support the transportation of export goods from overseas warehouses; and accelerate the introduction of tax policies to facilitate cross-border e-commerce export returns and exchanges.

Nantong and Economic Trends

Nantong is a prefecture-level city located on the north wing of the Yangtze River estuary in the southeastern part of Jiangsu province, adjacent to Taizhou to the west, and bordering on Yancheng to the north. With a population of 8 million and an area of 8,544 square kilometers, it has jurisdiction over 8 county-level divisions, including 3 districts, 3 county-level cities, and 1 county.

Nantong's manufacturing sector has traditionally been focused on cotton spinning and salt production, but now the city is shifting towards more advanced manufacturing such as high-end equipment, new energy and equipment manufacturing, alongside the upgrading of the city's industries and its increasingly closer economic ties with neighboring cities. The city's service sector has been growing faster than the manufacturing sector and accounted for over 50% of total fixed-asset investment. Nantong has 14 provincial-level or higher economic development zones, including four national economic and technological development zones, one national high-tech industrial park and nine provincial zones.

In 2021, the GDP reached 1.1 trillion RMB, up 8.9 % compared to the previous year, while the GDP per capita amounted to 142,000 RMB. The total value of Nantong's international trade reached 340 billion RMB in 2021, with the exports amounting to 226 billion RMB and the total value of imports to 114 billion RMB.

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Jinhua and Economic Trends

Jinhua is a prefecture-level city located in East China's Zhejiang province. The city is a transport hub in the province thanks its close proximity to the Shanghai Port and Ningbo Port. With a population of 7 million and an area of 10,926 square kilometers, it has jurisdiction over 9 county-level divisions, including 2 districts, 4 county-level cities and 3 counties.

Jinhua has been focusing on innovating cross-border e-commerce cooperation in an all-round way, in order to build itself into a national logistics hub city. It is also accelerating the comprehensive upgrading of the commodities market and vigorously developing new retail formats, aiming to become an international trade and logistics center. Its main industries include transportation equipment manufacturing, arts and crafts, electrical machine manufacturing, metal

products, chemicals and textiles. Other specializations available are automobiles and auto parts, information technology, food processing and bio-pharmaceuticals. The city also features 3 major development zones, including Zhejiang Quzhou Hi-Tech Park, Zhejiang Zhoushan Economic Development Zone and Zhejiang Donggang Economic Development Zone.

In 2021, the GDP reached 535 billion RMB, up 7.1 % compared to 2020, while the GDP per capita amounted to 75,900 RMB. The total value of Jinhua's international trade reached 500 billion RMB in 2021, with the exports amounting to 430 billion RMB and the total value of imports to 70 billion RMB.

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RsA asia is a tax and corporate advisory firm assisting companies, multinational groups and institutions in Asian region and Far East. With offices in China and a network of correspondents in Asia, the firm specialized in the emerging markets of the Far East region. The firm combines a multidisciplinary vision and focus on different business sectors, providing tax and corporate finance consultancy in Asia.

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- Annual Statutory Audit
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- Interim CFO and management assistance