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The Evolving Investment Climate in Asia: Chinese Investors' Concerns, Risks & Opportunities

In recent years, more and more Chinese TMC companies such as Alibaba, Tencent, and ByteDance have set up regional offices in Singapore. RHTLaw Asia has been following this “migration” trend closely and Amanda Chen, Head of International China Practice of RHTLaw, had invited two distinguished guests, Elon Huang (founder of Mainnet Capital) and Didier Zheng (Web3 Investor) to share their insights of this phenomena, live on March 23, 2022 at the recent Tech Investments in Asia webinar.

During the discussion, the panel explored three main topics: (1) the recent change of Chinese domestic policy towards TMC industry; (2) the unique advantages of Singapore as an investment hub; and (3) the expectation of those “migrated” companies.

Regarding the Chinese government’s further crackdown on cryptocurrency in September 2020, Elon is of the view that cryptocurrency indeed poses a threat to the traditional AML/CFT regime but cryptocurrency can also simplify financing activities by consolidating the banking and clearance function into one system. Elon also noted that the launch of digital RMB might be one reason for the crackdown as cryptocurrency is against the centralisation nature of digital RMB.

Didier observed from an angle of antitrust enforcement in China. He noted that, unlike US antitrust actions against Facebook and Amazon, Chinese government’s attacks on monopoly companies are much faster and abrupt, and although this approach may be more efficient, the interest of investors will be harmed if due process is not in place. He also added that the prime focus of the Chinese government for the next 10 years will be on the manufacturing industry, so this could also explain why Chinese TMC companies are eager to explore overseas.

When comparing Singapore with other Asia countries or regions as an investment hub, Elon and Didier both agreed that Singapore has its unique advantages: (1) Culturally, “Singapore is a Chinese society” and many Singaporeans can speak Chinese; Chinese companies and investors therefore find it easier to blend into the society; (2) Geographically, Singapore is a shipping centre like New York and London, which in turn strengthens its status as a financial centre and ideal for investment; and (3) Singapore remains its neutrality against the backdrop of US-China clash; companies migrating to Singapore can trade globally without worrying much about political factors.

Singapore as one of the four developed countries in Asia and a founding member of ASEAN, has close economic connections in Asia region. Elon and Didier both agreed that big companies based in Singapore are not just looking for Singapore's local market, but Asia and the global market. "EU and US have a strong trust in Singapore. Singapore is a super good bridge between east and west", Elon said. "(Companies) assemble all the necessary resources in Singapore to occupy the market of the world" Didier said.

There is no doubt that Singapore is attractive to Chinese TMC companies due to its stable business climate, advanced industry cluster, access to the international market and ease of cultural assimilation. We will continue to observe this trend on any further development and provide our clients with insights of market trends on top of quality legal services.

About the Author



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