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Deloitte China Gateway Services

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**MAKING AN
IMPACT THAT
MATTERS**
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Gateway services introduction

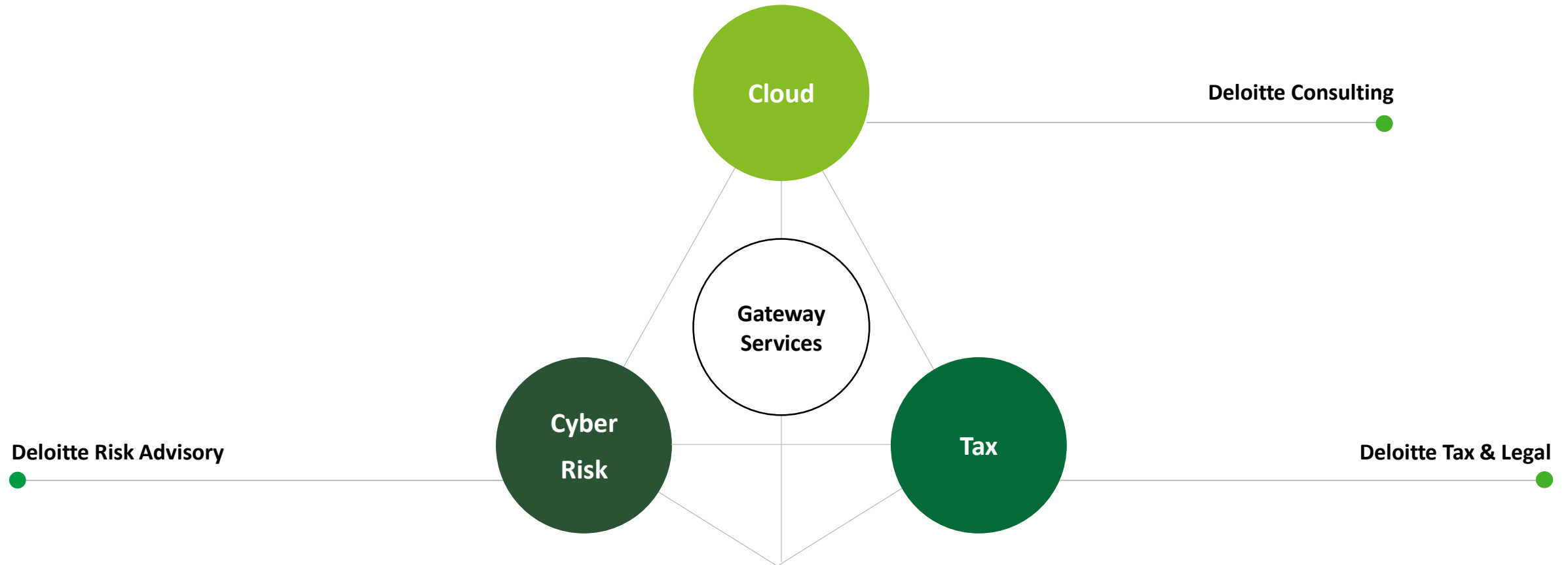
Challenges for Investment in China



We offer our gateway services through an integrated approach to assist inbound clients in dealing with the challenges for operating their China businesses successfully

Gateway services introduction

The nature of Gateway services demand us to be great collaborators

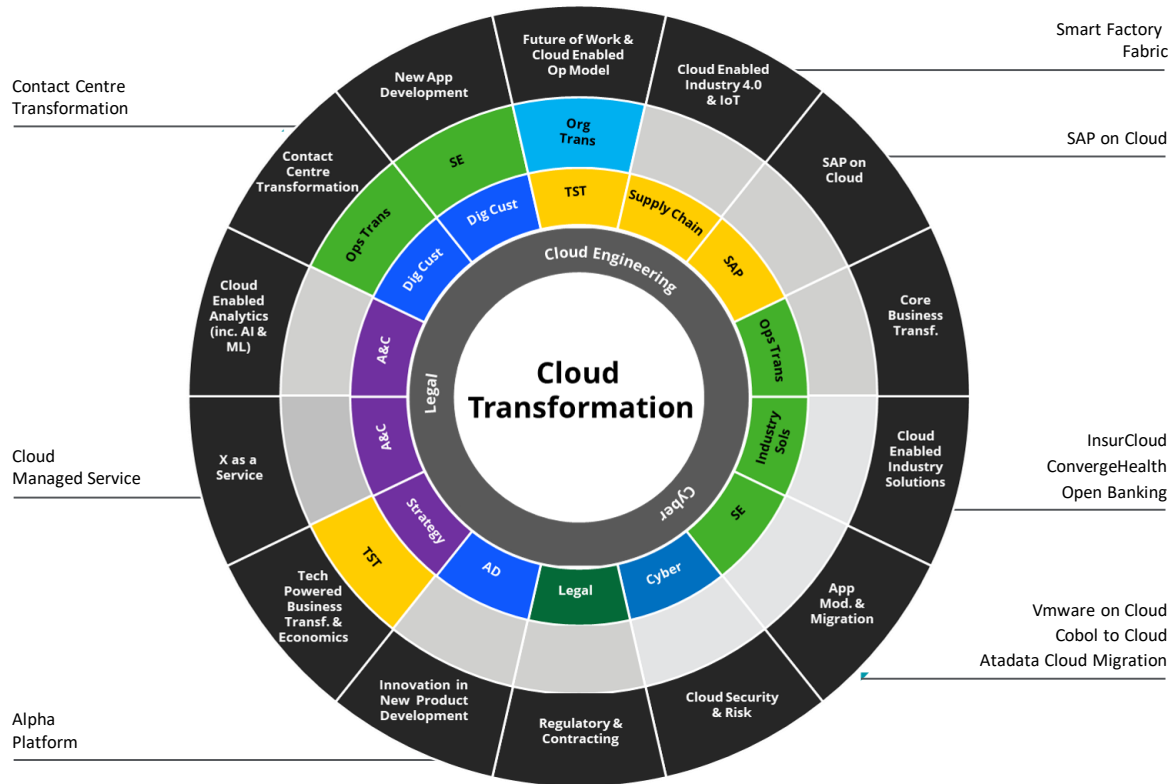


Creating tangible value for clients through planning and executing Inbound Investment strategies, integrations and separations throughout the business lifecycle

The difference from “Cloud Adoption” to “Cloud Transformation” is to aim for a cloud-based true business transformation

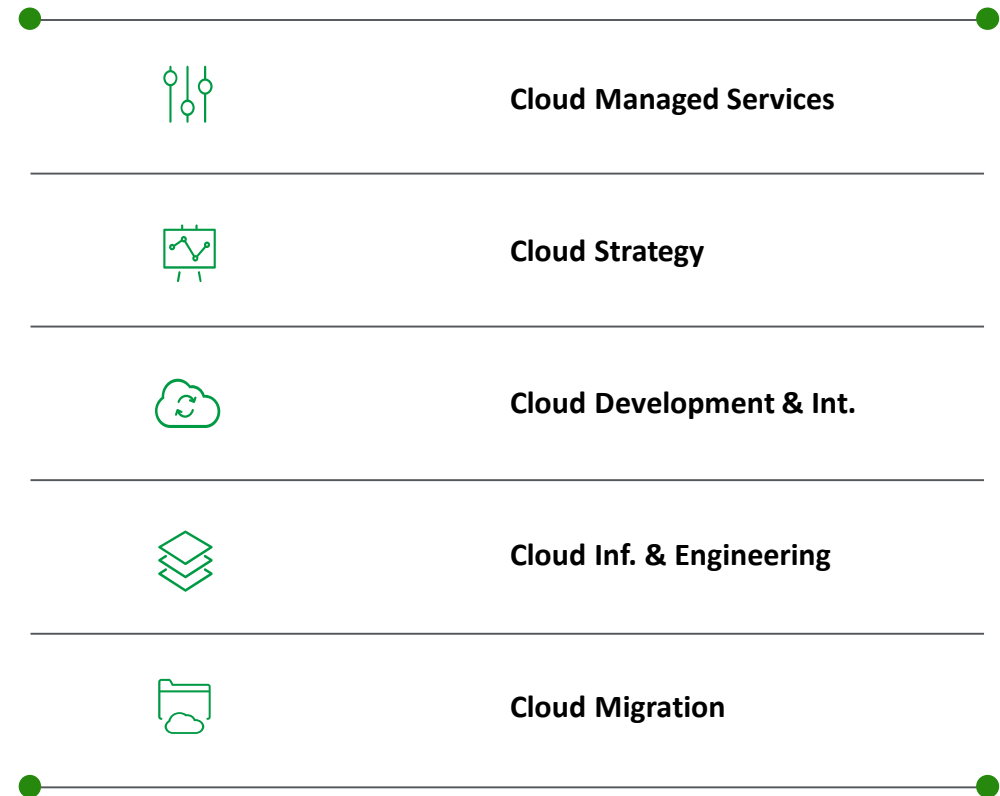
Cloud-enabled solutions to Transform an Organization

Using the power of the Cloud to deliver business transformation and solve business problems

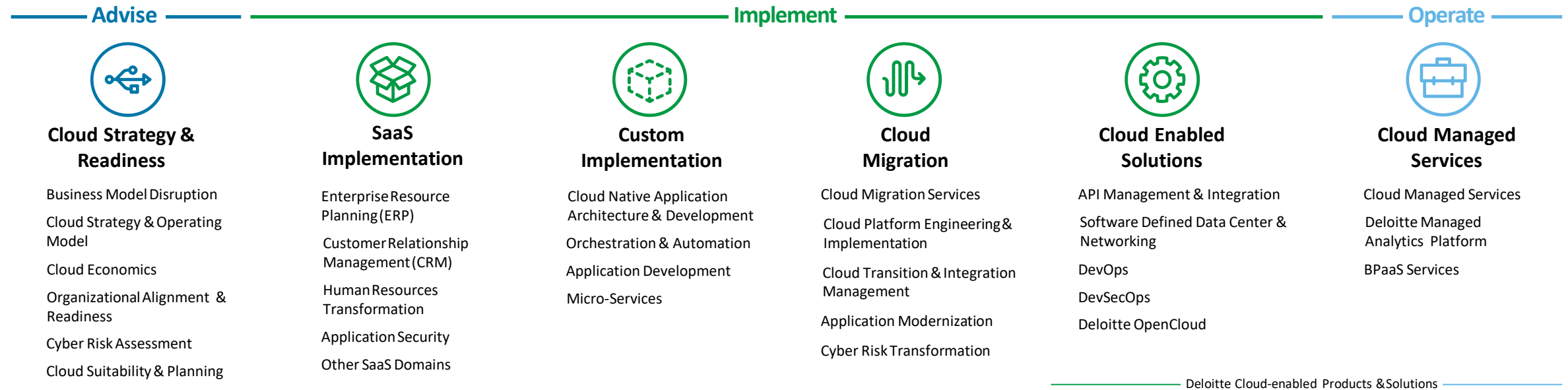


Market Offerings to implement the required technology for change

Working with our Alliances and Strategic Partners to deliver Cloud Technology projects

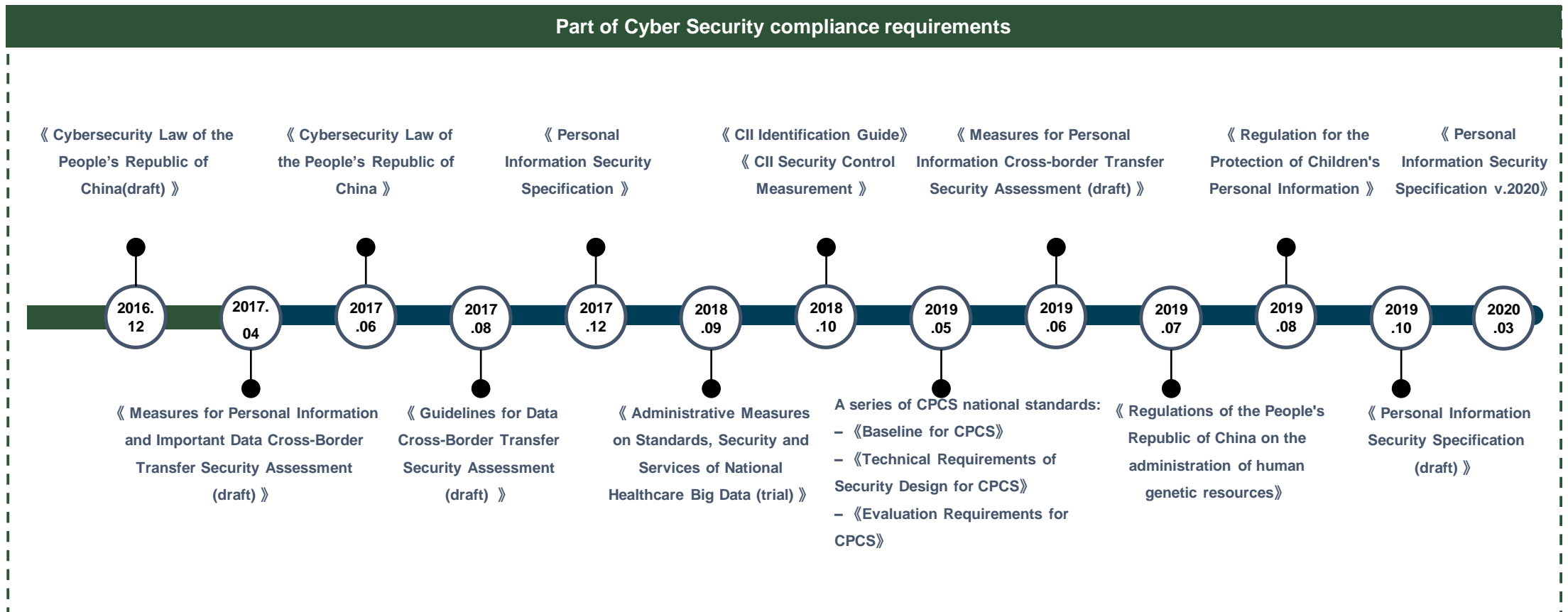


Deloitte is able to support our client's journey to the cloud at any stage, along with multi-cloud strategy, services, and solutions.

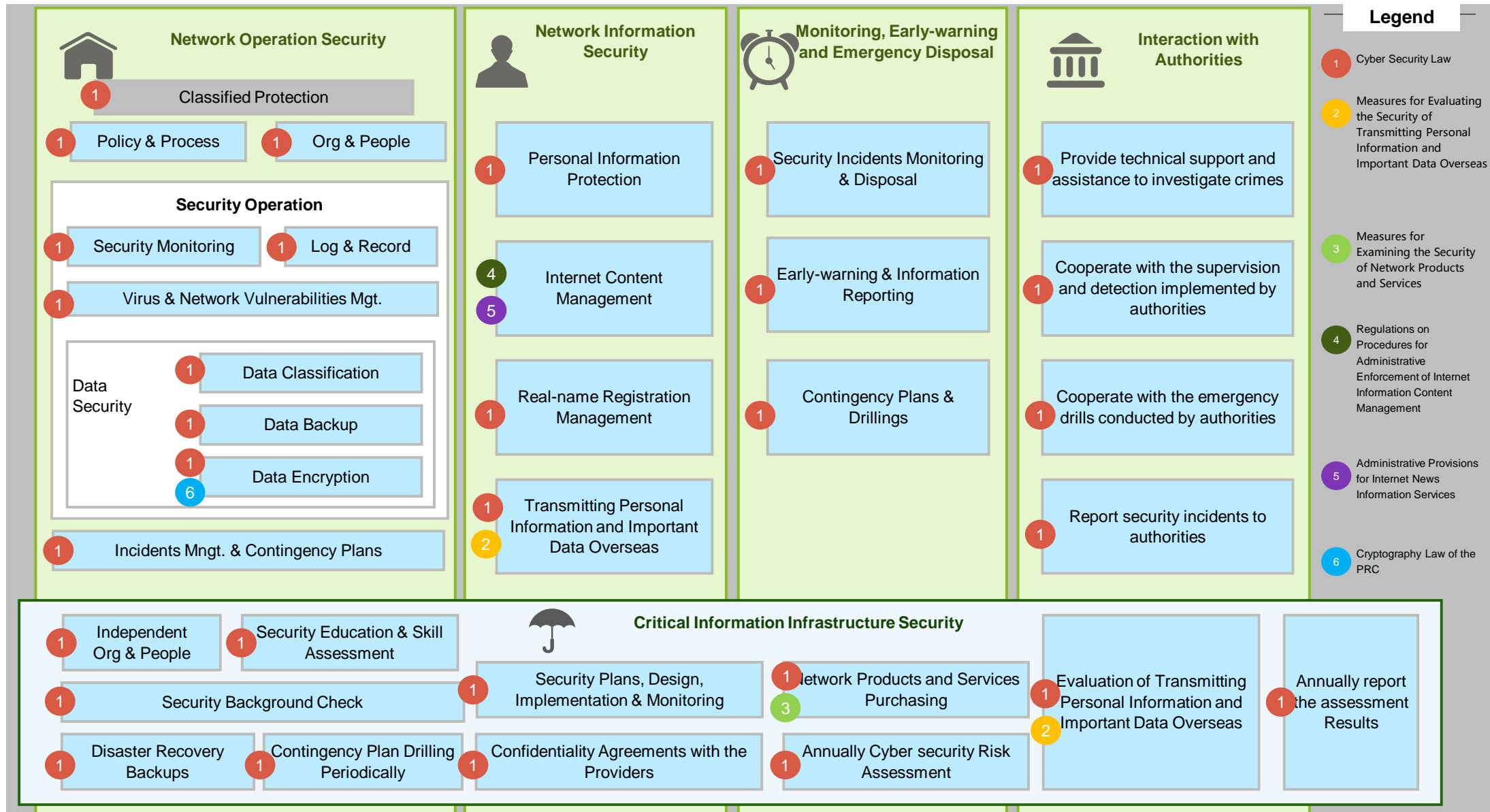


China Cybersecurity Compliance Challenge

Chinese government want to enhance cyber space security and citizen privacy maturity, there are a series of laws, regulations, and standards published and enacted frequently by following “Cybersecurity Law of the People’s Republic of China” (CCSL). Due to space constraints , below only listed part of policies, regulations or standards,



Cybersecurity Compliance Assessment Framework



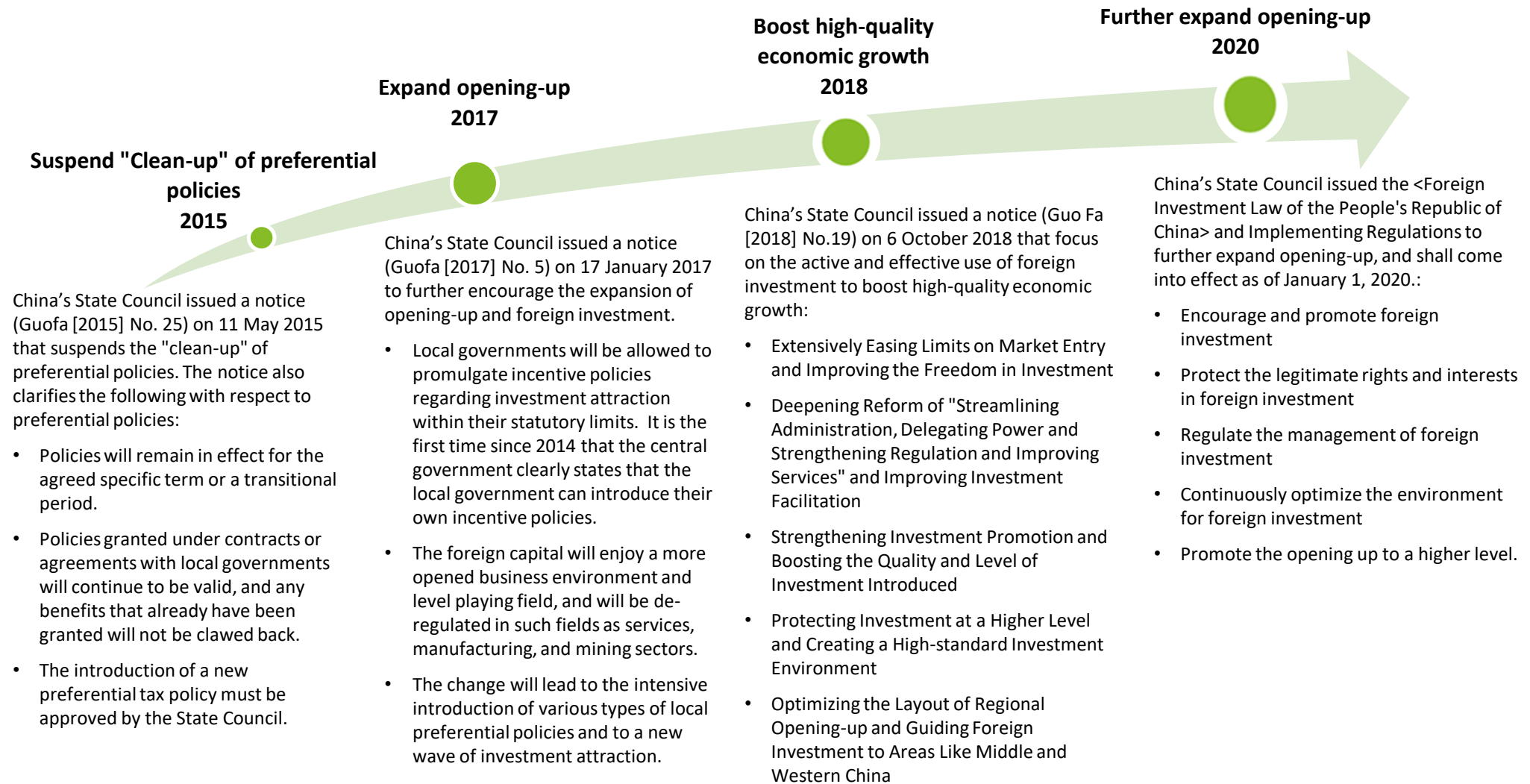
Deloitte Cloud Cyber Risk Services

Our Cloud Cyber Risk Team can enable required capabilities across the entire spectrum of security domains





Cyber Strategy & Governance	Identity & Access Management	Threat Monitoring	Data Protection & Privacy	Vulnerability Management	Infrastructure & Network Security	Application Security	DevSecOps and Automation	Compliance & Risk
Cloud Security Strategy	Role Based Access Controls	Log Centralization	Data Encryption	Patch Management	Firewall Configuration	Application RBAC	Security Automation	Cyber Risk Assessment
Cloud Security Governance	Privileged Access Management	SIEM Integration	Key Management	Host Based IDS/IPS	Network Segmentation	Application Vulnerability Management	Static/Dynamic Code Scanning	Certification Readiness
Metrics and Reporting	Multi-Factor Authentication	Security Alert Configuration	Data Loss Prevention	OS Hardening	High Availability & DDoS Protection	Application Security Monitoring	CI/CD Secure Pipeline	Third Party Risk Assessment
Training & Awareness	Federation and Single Sign-On	SOC Enablement	Data Tagging & Privacy	Anti-Malware Protection	Configuration Management/ Guardrails	Application Layer Data Protection	Robotics Process Automation	Integrated Cloud Controls Framework

- Services can be customized based on client requirements and deployed in multiple ways
- Flexible pricing based on consumption or solution based services
- Services should be included as part of AWS Cloud Migration and Transformation projects
- Cyber Risk assessment typically done prior to the design and implementation of security capabilities

Recent Development of Local Preferential Policies



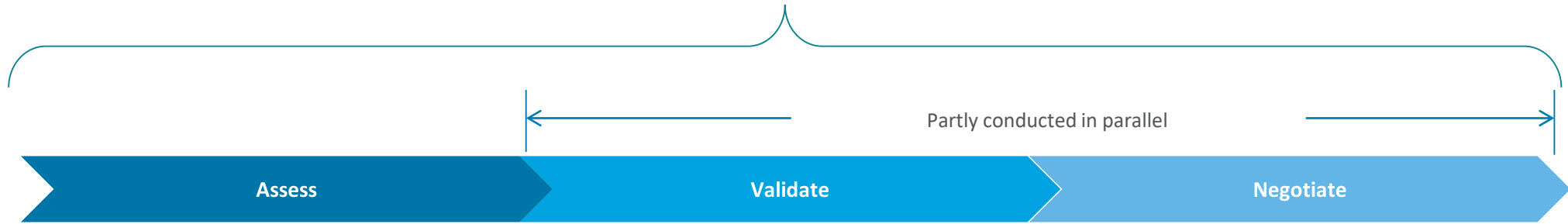
Enterprises should avoid falling into typical pitfalls in the location decision making process

	Typical client mistakes	Deloitte value add
People 	<ul style="list-style-type: none">▪ Inexperienced in-house resources▪ Insufficient stakeholder involvement▪ Politics and emotions▪ Communication with third parties	<ul style="list-style-type: none">▪ Specialised CoE with dedicated SME team▪ Involvement of multiple client stakeholders▪ Factual and evidence driven decision making▪ Complete confidentiality of the project
Process 	<ul style="list-style-type: none">▪ Single factor / unidimensional focus▪ Quick investigation▪ Follow the crowd	<ul style="list-style-type: none">▪ Holistic analysis of direct and indirect factors▪ Thorough and rigorous assessment▪ Location fit for client strategic objectives
Data 	<ul style="list-style-type: none">▪ Generic open source data▪ Outdated data▪ Insufficient criticism / calibration of data▪ Biased local government data	<ul style="list-style-type: none">▪ Combination of data and insights▪ Most recent insights from the field work▪ Data interpretation based on local knowledge▪ Independent assessment of local data
Regulations 	<ul style="list-style-type: none">▪ Local business environment▪ Local regulations▪ Regional/local regulatory variations	<ul style="list-style-type: none">▪ Insights into local operational risks▪ Knowledge of local business regulations▪ Knowledge of local regulatory specificities

What We Offer – Gateway Services



3-phased Approach to Site-Selection & Government Incentive Services



What are the possible candidate locations?

What are the finalist and alternate locations for final negotiation and discussion?

What are the incentives or subsidies available?

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> • Identify Key Success Factors (“KSF”) • Develop and issue Request for Proposal (“RFP”) to candidate locations • Gather and evaluate location data • Provide a snapshot for each of the longlisted candidate locations • Use a customized scoring model to compare candidate locations and screen out a shortlist | <ul style="list-style-type: none"> • Arrange on-site visits and detailed interviews with the shortlisted locations • Validate or update data gathered in Step I • Provide detailed analysis regarding the finalist locations • Assist in finalizing the investment locations based on KSF | <ul style="list-style-type: none"> • Develop and refine negotiation priorities, strategy and tactics • Conduct in-person presentations/meetings and negotiation with key location and government officials • Review and finalize the Memorandum of Understanding (“MoU”) • Provide timely feedback in the process of negotiation |
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Typical Local Government Incentives / Subsidies

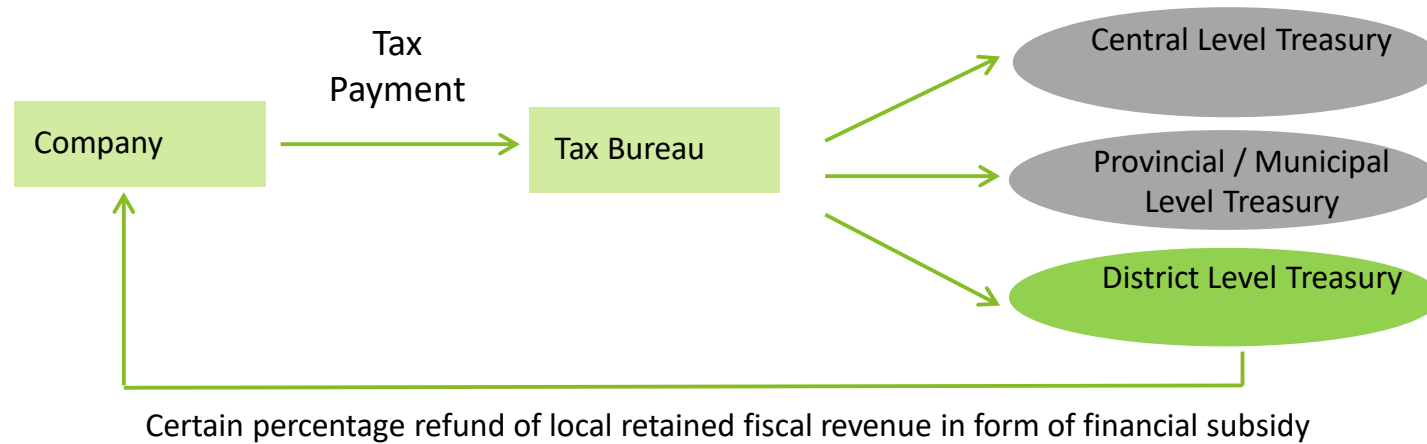
In recent years, some local government authorities have introduced preferential policies to promote regional economic development in forms of:

- Subsidy for land/construction/rental cost
- Subsidy for talent development and employee training cost
- Subsidy for investment of fixed assets
- Subsidy for R&D expenditures
- Subsidy for auxiliary facilities
- Subsidy for utility cost
- **Financial subsidy based on the local retained portion of taxed to be paid**

Please note that the availability or the detailed package of government incentives / subsidies should usually be subject to case-by-case discussion with the in-charge authorities.

Tax-sharing Mechanism in China/Shanghai

Below shows how the financial subsidy is granted by the local government :



- Tax revenue sharing mechanism in China

- Tax revenue sharing ratio among the central, municipal and district level treasury (City of Shanghai is exemplified in the table below)

	Central Level	Municipal Level	District Level in Shanghai (for reference only)
Enterprise Income Tax (EIT)	60%	20%	20%
Value-added Tax (VAT)	50%	17.5%	32.5%
Individual Income Tax (IIT)	60%	18%	22%

Financial subsidy to be granted by district / local government is mostly based on this portion of fiscal revenue.

Remark: The local financial subsidy would be granted based on the district/local portion of the tax revenue, subject to case-by-case negotiation.

Why Deloitte Team



Case – A Singapore personal care product manufacturer

Background

- The client intended to totally invest USD 20M to set up a WFOE in China;
- The client preferred to set up the new WFOE in southern or western China , especially in Pearl River Delta area.

Services

- Analyze client’s strategy and set Key Location Success Factors (“KSF”) for site selection process;
- Distribute a Request for Proposal (“RFP”) to a long-list of candidate locations or industrial parks in the intended areas/cities and seek preliminary feedback;
- Provide a snapshot for each of the overall qualified longlisted candidate location and evaluate those longlisted locations according to the KSF agreed;
- Screen out a shortlist of candidate locations for visit and validation;
- Arrange for the first round on-site visit and accompany the management to meet with the in-charge local government officials of the shortlist of candidate locations;
- Update the snapshot for each of the shortlist of candidate;
- Obtain the relevant information about local investment policy and financial subsidies that could be offered by the local authorities and arrange for the second round on-site visit to further negotiate the financial subsidies with the in-charge local government officials;
- Summarize the main findings of the local investment environment and assist the management to finalize the investment location after the on-site visit and comparison.

Results

- Distributed the RFP to more than 40 locations in the target areas, followed up with the local authorities and collected feedback from about 15 locations;
- Accompanied the management in on-site visits to 9 potential locations in Pearl River Delta area;
- Set up 2-3 rounds of meetings with the competent officials of the shortlisted locations to facilitate the management’s negotiations to get more favorable subsidies and narrow down the list;
- The client has made the final decision, and signed the MOU to obtain favorable incentive policies.



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