After the factory moves

Chinese manufacturers have put $78 billion of plant into Southeast Asia. The finance, data and compliance systems behind those plants have not followed at the same speed.

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AT A GLANCE

The capital has arrived. The operating model has not.

Between 2020 and 2025, Chinese manufacturers more than doubled their investment in Southeast Asia. Over the same period, five of the region's governments rewrote the rules on invoicing, personal data and corporate tax. Most of the companies now running plants in the region built their systems for a different rulebook.

$78 billion

Chinese manufacturing investment stock in ASEAN at the end of 2025, up from $32 billion in 2020.

$263 billion

Machinery and electrical equipment shipped from China to five ASEAN economies in 2025, up from $136 billion in 2020.

842

Privately controlled, listed Chinese manufacturers that earn at least 30 percent of revenue outside mainland China.

15 to 1

Ratio of Chinese manufacturing investment to Chinese IT and software investment in ASEAN.

8 of 10

Invoicing, data protection and minimum-tax regimes in the five main host countries that are fully in force. A ninth is being phased in.

59%

Share of Chinese companies abroad that still run overseas finance offline or on basic accounting software.

EXECUTIVE SUMMARY

Five findings for executives running plants in Southeast Asia

1. **Manufacturing leads China's investment in the region by a wide margin.** The stock of Chinese manufacturing investment in ASEAN rose from $32 billion in 2020 to $78 billion in 2025. The next largest sector, wholesale and retail, holds $48 billion.
2. **The equipment has followed the capital.** China's exports of machinery and electrical equipment to Vietnam, Thailand, Malaysia, Indonesia and Singapore grew from $136 billion to $263 billion. Shipments to Thailand multiplied 2.4 times and shipments to Vietnam 2.1 times.
3. **Investment in systems has not kept up.** For every $15 that Chinese companies have invested in ASEAN factories, they have invested $1 in IT, software and telecom services. Among listed companies, automotive overseas revenue grew 2.7 times in five years; software and computer services grew 1.5 times from a base a quarter the size.
4. **The rules changed while the plants were being built.** Malaysia, Vietnam and Indonesia now require invoices to pass through the tax authority's platform. Vietnam, Malaysia, Indonesia and Thailand all enforce personal data laws with cross-border transfer conditions. All five countries apply the 15 percent global minimum tax.
5. **The exposed group is large and easy to describe.** 842 privately controlled listed manufacturers earn at least 30 percent of their revenue abroad. Of these, 553 employ between 1,000 and 20,000 people, large enough to run several overseas entities and too small to staff a regional compliance function. Their median revenue is RMB 2.6 billion.

What we recommend

Companies with plants in the region should treat the next 180 days as a catch-up period. The work falls into three steps: map every legal entity against the rules that already apply to it; connect the plant's billing and payroll systems to the local tax and data requirements; and give one executive at headquarters ownership of overseas finance and data compliance. Chapter 5 sets out the steps.

CHAPTER 1

Manufacturing has become the largest form of Chinese capital in Southeast Asia

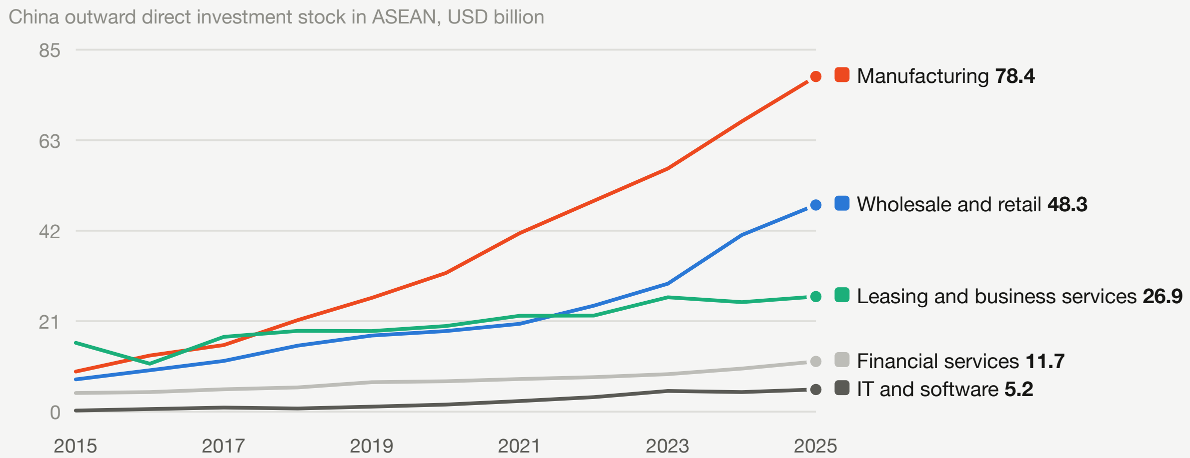
Ten years ago, Chinese investment in ASEAN was led by holding companies and trading firms. Today it is led by factories.

In 2015, Chinese companies held $9.4 billion of manufacturing investment in ASEAN, less than they held in leasing and business services. By the end of 2025 the manufacturing figure was $78.4 billion. It moved ahead of business services for good in 2018 and has widened the lead every year since.

The pace has picked up. Manufacturers added $46 billion of stock in the five years to 2025, compared with $23 billion in the five years before. Annual flows reached $15.4 billion in 2024 and $14.4 billion in 2025, more than double the $6.3 billion recorded in 2020.

EXHIBIT 1

Chinese manufacturing capital in ASEAN has grown 2.4 times since 2020, far ahead of every other sector.



Source: Ministry of Commerce of China, via Wind; authors' analysis.

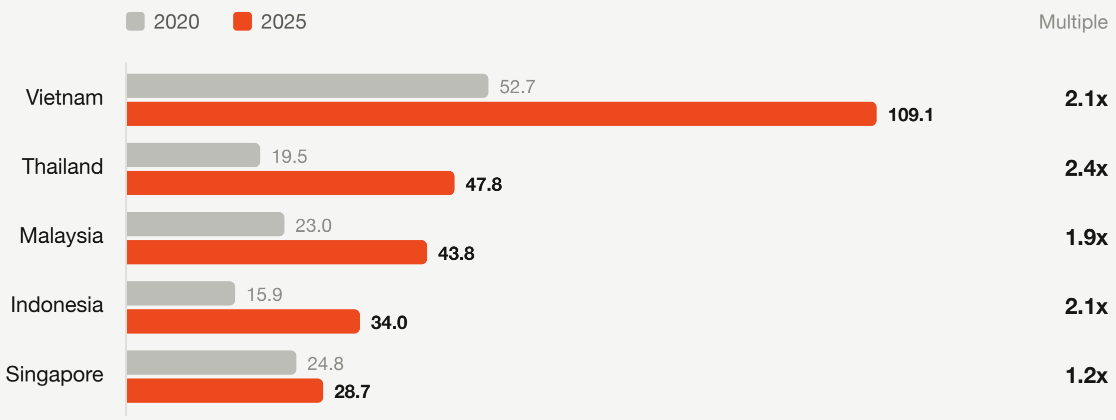
Investment in IT, software and telecom services tells a different story. It reached $5.2 billion in 2025, which is 7 percent of the manufacturing total. Some of the systems that serve these plants are bought from headquarters budgets and do not appear in investment statistics. Even so, the gap is wide enough to describe how the expansion has been sequenced: land, buildings and production lines first, and the systems that run them later.

Equipment exports confirm that the plants are being fitted out

Investment statistics record where money is registered. Trade statistics record where machines are delivered. China's exports under HS chapters 84 and 85, which cover production machinery, computers and electrical equipment, show the same pattern as the investment data.

EXHIBIT 2

China's exports of machinery and electrical equipment to five ASEAN economies rose from $136 billion to $263 billion.



Exports under HS chapters 84 and 85, USD billion. These chapters cover production machinery, computers, electrical equipment and components.

Source: General Administration of Customs of China, via Wind; authors' analysis.

Vietnam took $109 billion of this equipment in 2025, more than the other four countries received in 2020 combined. Thailand's imports grew fastest, in step with the arrival of Chinese carmakers and their suppliers. Singapore's grew 16 percent, which fits its role as a location for headquarters functions and not for production.

Total Chinese exports to ASEAN rose from $385 billion in 2020 to $666 billion in 2025. Machinery and electrical equipment to these five economies accounted for 45 percent of the increase.

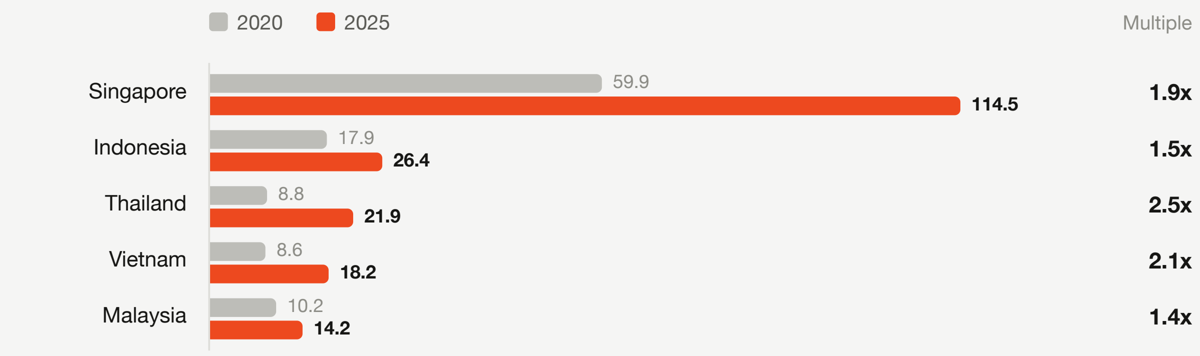
CHAPTER 2

Each host country plays a different role, and each sets different obligations

Chinese investors use Singapore to hold and finance their regional businesses and use Thailand, Vietnam, Indonesia and Malaysia to make things. A group with plants in two countries and a holding company in a third answers to three sets of rules.

EXHIBIT 3

Thailand and Vietnam have more than doubled their stock of Chinese investment in five years.



China outward direct investment stock by destination, USD billion. Singapore's figure includes regional holding and treasury entities.

Source: Ministry of Commerce of China, via Wind; authors' analysis.

Singapore holds $114 billion of Chinese investment, more than the other four countries combined. Singapore's own statistics show what that capital does. Of the S$14.0 billion that arrived from mainland China in 2025, S$8.2 billion went into finance and insurance and S$2.8 billion into wholesale and retail trade. Manufacturing received S$0.3 billion.

Indonesia is the opposite case. Bank Indonesia recorded $2.7 billion of direct investment from China in 2025, of which $2.5 billion, or 91 percent, went into manufacturing. In Vietnam, newly licensed projects from mainland China rose from 342 in 2020 to 1,275 in 2025.

The practical consequence is structural. A typical mid-sized manufacturer now operates a holding entity in Singapore, one or two production entities elsewhere in the region, and a parent in mainland China. Invoices, payroll records and customer data cross at least two borders on their way to the group's books.

EXHIBIT 4

The five main host economies differ by a factor of 20 in income and by a factor of 7 in electricity use per person.

Country and main role for Chinese investors	Chinese investment stock, 2025, USD bn	Multiple of 2020	Inflow from China, 2025, USD bn	GDP per person, USD	Real GDP growth, 2025	Electricity use per person, kWh
Singapore Regional holding, treasury and trading hub	114.5	1.9x	16.9	98,814	5.0%	9,750
Malaysia Electronics and data centre supply chain	14.2	1.4x	2.5	13,125	5.2%	5,084
Thailand Automotive and appliance production base	21.9	2.5x	5.3	8,057	2.4%	2,965
Vietnam Electronics assembly for export	18.2	2.1x	2.5	5,066	8.0%	2,585
Indonesia Metals processing and battery materials	26.4	1.5x	1.6	5,060	5.1%	1,445

Electricity use is for 2023, the latest year published. Roles are the authors' summary of the sector pattern in host-country and Chinese statistics.

Source: Ministry of Commerce of China, via Wind; World Bank, World Development Indicators; authors' analysis.

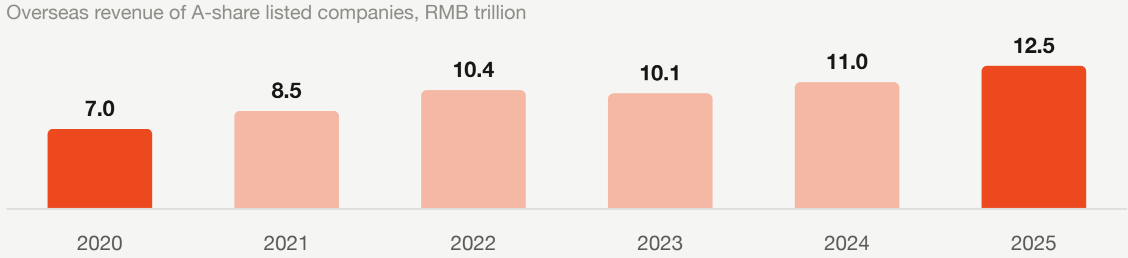
CHAPTER 3

The companies most exposed are mid-sized, privately owned and already dependent on foreign sales

Listed-company filings show who has moved. The group is broader than the household names, and most of its members do not have a regional finance or legal team.

EXHIBIT 5

Overseas revenue reported by A-share companies reached RMB 12.5 trillion in 2025.



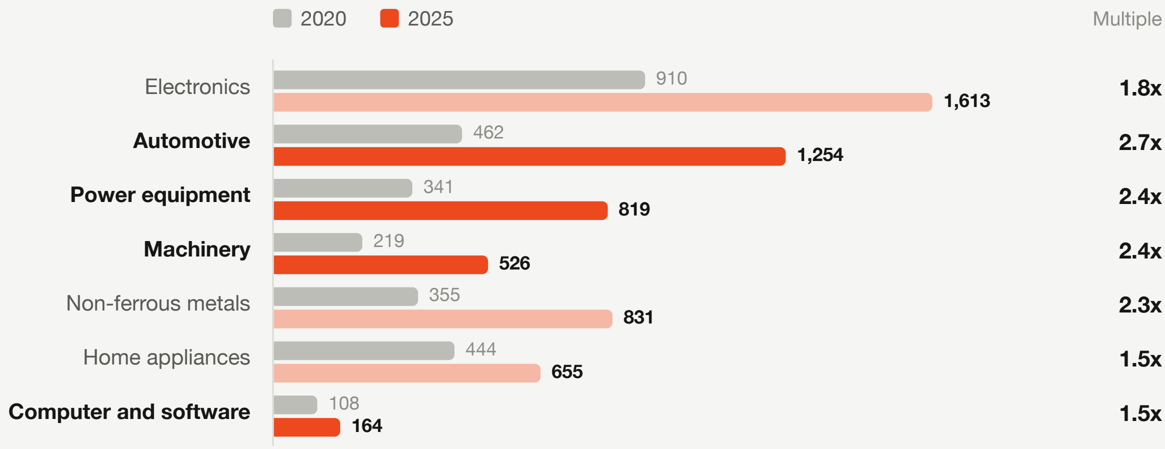
For the 3,425 companies that reported in both 2020 and 2025, the total rose 73 percent. Overseas revenue includes exports from China as well as sales by overseas subsidiaries.

Source: Company annual reports, via Wind; authors' analysis.

Of the 5,569 companies listed on mainland exchanges, 3,910 reported overseas revenue for 2025. The number earning at least 30 percent of revenue abroad rose from 1,037 to 1,215, and the median overseas share rose from 12.7 percent to 14.9 percent.

EXHIBIT 6

Four manufacturing sectors doubled their overseas revenue; software companies did not keep pace.



Overseas revenue by sector, RMB billion. Constant sample: only companies that reported overseas revenue in both 2020 and 2025.

Source: Company annual reports, via Wind; Shenwan industry classification (2021); authors' analysis.

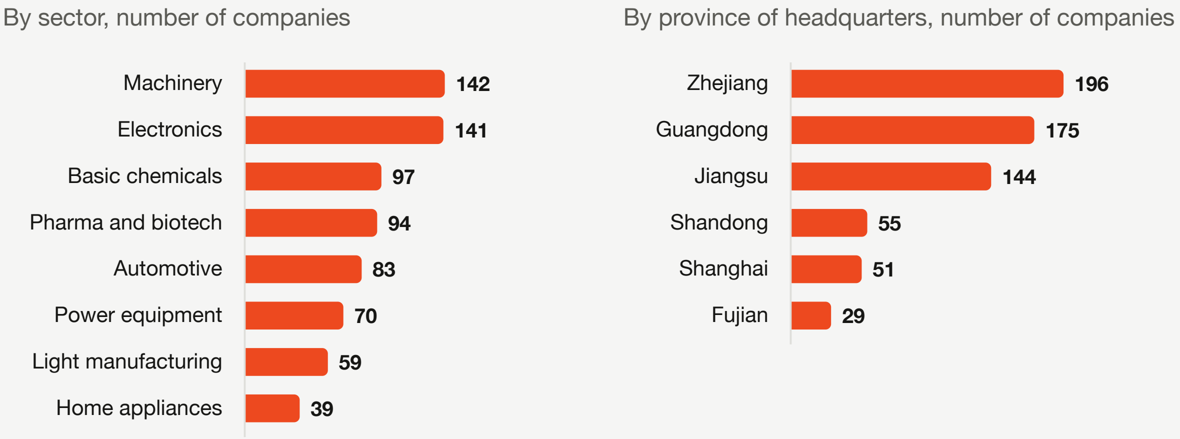
Automotive companies multiplied their overseas revenue 2.7 times, and power equipment and machinery makers 2.4 times each. Electronics remains the largest sector at RMB 1,613 billion. Computer and software companies reported RMB 164 billion, about one-tenth of the electronics total. Chinese manufacturers abroad are, for the most part, not being followed by Chinese software and IT service providers.

A segment of 842 companies carries most of the exposure

We screened for companies that meet three conditions: they operate in a manufacturing sector, their ultimate controller is an individual or an overseas entity, and they earned at least 30 percent of 2025 revenue outside mainland China. 842 companies qualify. Together they reported RMB 3.9 trillion of overseas revenue.

EXHIBIT 7

The 842 privately controlled manufacturers that earn at least 30 percent of revenue abroad are concentrated in six sectors and three provinces.



Manufacturers are companies in 17 Shenwan level-one manufacturing sectors. Privately controlled means the ultimate controller is an individual or an overseas entity.

Source: Company filings, via Wind; authors' analysis.

Zhejiang, Guangdong and Jiangsu are home to 515 of the 842, or 61 percent. Machinery and electronics each contribute more than 140 companies.

Size matters for how these companies cope. 553 of the 842 employ between 1,000 and 20,000 people. Their median revenue is RMB 2.6 billion, their median headcount is 2,439, and the median company earns 53 percent of its revenue abroad. They spend 4.5 percent of revenue on research and development. Companies of this size usually run overseas entities with a finance manager seconded from headquarters and a local bookkeeping agent.

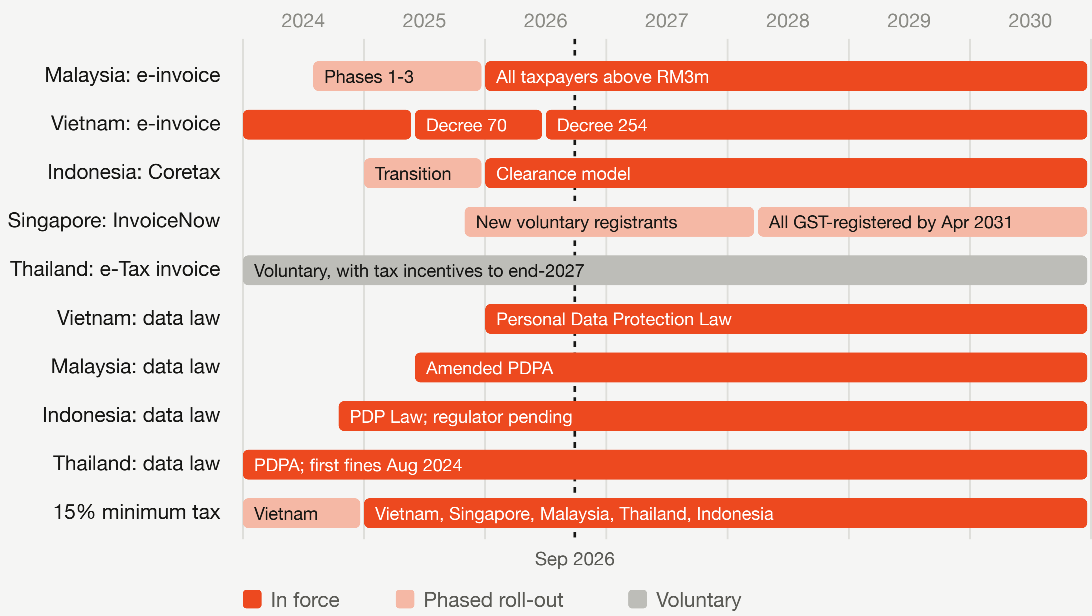
Public filings seldom show where these companies operate. Only 17 of the 5,569 listed companies name a Southeast Asian country or the region among their five largest geographic segments. Most report two lines, domestic and overseas. Boards and investors therefore see little of the regional footprint in the accounts, which is one reason the compliance workload attracts little attention until a tax audit or a data incident.

The rules changed while the plants were being built

A company that designed its Southeast Asian systems in 2022 designed them for paper or PDF invoices, light data regulation and tax holidays. All three assumptions have since been overtaken.

EXHIBIT 8

Eight of the ten regimes that matter most to a plant's finance and IT systems are fully in force, and a ninth is being phased in.



Source: National tax and data protection authorities; adviser publications listed in the appendix. Status as of 28 September 2026.

Invoicing: the tax authority now sits inside the billing process

Three of the five countries have moved to models in which the tax authority receives or approves each invoice. The billing system has to be connected to a government platform, and an invoice that has not passed through it may not be valid for tax purposes.

Country	What is required	Where it stands
Malaysia	E-invoices issued through the Inland Revenue Board's MyInvois platform.	Rolled out in four phases by turnover from August 2024 to January 2026. From 1 September 2026, businesses with annual turnover below RM3 million are exempt.
Vietnam	E-invoices for all sellers; point-of-sale systems connected to the tax authority for consumer-facing businesses.	Decree 70 took effect on 1 June 2025. Decree 254 and Circular 91 replaced the earlier framework from 1 July 2026.
Indonesia	Tax invoices validated in real time by the tax authority through Coretax before they are issued to the buyer.	Coretax went live in January 2025 and has applied to nearly all VAT-registered businesses since 31 December 2025. Large taxpayers can connect their ERP directly.
Singapore	Invoice data sent to the tax authority over the InvoiceNow network.	Applies to new voluntary GST registrants since November 2025 and April 2026. Other GST-registered businesses will follow between April 2028 and April 2031.
Thailand	E-tax invoices and e-receipts submitted monthly to the Revenue Department.	Voluntary. In June 2026 the cabinet approved an extension of tax incentives for adoption to the end of 2027.

Personal data: four countries now regulate transfers to headquarters

Employee records, customer lists and supplier contacts move from plant to parent every day. In four of the five countries, that movement is now a regulated transfer.

Country	What is required	Where it stands
Vietnam	A cross-border transfer impact assessment filed with the Ministry of Public Security within 60 days of the first transfer.	Personal Data Protection Law in force since 1 January 2026. Fines for unlawful transfers can reach 5 percent of the previous year's revenue.
Malaysia	Appointment of a data protection officer; notification of data breaches to the Commissioner.	Amendments in force since 1 June 2025. Maximum fine raised from RM300,000 to RM1 million.
Indonesia	Full compliance with the Personal Data Protection Law, including conditions on transfers abroad.	Transition period ended on 17 October 2024. The supervisory agency had not been established as of August 2026; the communications ministry handles enforcement in the interim.
Thailand	Transfers abroad only to destinations with adequate protection, or under approved contractual safeguards.	Cross-border rules enforceable since March 2024. The regulator had issued fines of more than THB 21.5 million across five cases by August 2025.

Corporate tax: incentives no longer guarantee a low effective rate

All five countries apply the 15 percent global minimum tax to multinational groups with consolidated revenue of at least EUR 750 million. Vietnam applied it from 2024, and Singapore, Malaysia, Thailand and Indonesia from 2025. A group above the threshold that pays less than 15 percent in a host country because of a tax holiday now owes a top-up tax there. For the largest investors, this changes the value of incentive packages negotiated before 2024, and it requires entity-level data that many groups do not yet collect.

CHAPTER 5

Where operations break, and a 180-day plan to catch up

The gap between how these plants are run and what the rules require is a matter of record. Survey data show that most Chinese companies abroad manage finance and risk with tools suited to a single domestic entity.

EXHIBIT 9

Most Chinese companies abroad still run finance and risk by hand.

68% have no risk-control mechanism for their overseas business	**59%** run overseas finance offline or on basic accounting software	**40%** rely on outside agents for basic tax filing	**32%** have no unified plan for funds held overseas

Source: CPA Australia, Shanghai National Accounting Institute and Deloitte China, survey of Chinese enterprises going global, 2025-26 edition, published May 2026.

Set against the rules in chapter 4, these figures point to four places where problems surface first.

- **Billing.** A plant that issues invoices from a spreadsheet or a stand-alone accounting package cannot obtain clearance from Coretax or MyInvois without manual re-entry. Volume turns re-entry into delay, and delay into late payment by customers.
- **Group reporting.** Headquarters consolidates in one chart of accounts and the plant keeps books in another to satisfy local rules. Month-end reconciliation is done by hand, and differences are found weeks later.
- **People data.** Payroll and attendance records are sent to headquarters systems hosted in mainland China. In Vietnam this now requires a filed impact assessment; in Malaysia it requires a named data protection officer.
- **Tax position.** Incentives are tracked at entity level by local agents. Few groups can calculate an effective tax rate by country, which the minimum tax rules require of groups above the revenue threshold.

A 180-day plan

DAYS 1 TO 30

Establish the facts

- List every legal entity in the region, its activity and its turnover.
- Record which invoicing, data and tax rules apply to each entity today.
- Map where invoices, payroll and customer data are created, stored and sent.
- Name one executive at headquarters who owns the result.

DAYS 31 TO 90

Close the urgent gaps

- Connect billing to the tax platform in each clearance country, directly or through a certified provider.
- File transfer impact assessments in Vietnam; appoint data protection officers in Malaysia.
- Agree one group chart of accounts with local mapping tables.
- Test whether the group crosses the minimum-tax threshold.

DAYS 91 TO 180

Build for the next plant

- Choose a standard finance and production system template for new sites.
- Write the template so a new country adds a configuration and does not require a new project.
- Set a quarterly review of rule changes in each country.
- Report regional compliance status to the board twice a year.

The order matters. Companies that start by selecting software tend to automate the process they already have. Companies that start with the entity and data map find that a third of the work is organisational: deciding who owns overseas compliance, and which decisions stay at the plant.

Questions for the executive team

- How many legal entities do we have in Southeast Asia, and who at headquarters could list them today?
- In which countries must our invoices pass through a government platform, and are our systems connected to it?
- What personal data leaves each plant, where does it go, and under what legal basis?
- Do we know our effective tax rate in each host country?
- If we open another plant next year, how long would it take to bring its systems into line?

APPENDIX

Data and method

Sources

Investment, trade and company data were extracted from Wind on 28 September 2026. Investment figures originate from China's Ministry of Commerce; trade figures from the General Administration of Customs; host-country investment figures from the Singapore Department of Statistics, Bank Indonesia and the General Statistics Office of Vietnam; company figures from annual reports. Macroeconomic indicators come from the World Bank's World Development Indicators.

Definitions and limits

- **Investment stock** is recorded by first destination. Capital routed through Singapore or Hong Kong to a third country is counted at the first stop, so figures for production countries understate, and figures for Singapore overstate, the final location of assets.
- **Overseas revenue** in company filings includes exports from mainland China as well as sales by overseas subsidiaries. It measures dependence on foreign markets and does not measure overseas production.
- **Constant sample.** Where we compare 2020 with 2025 by sector, we include only companies that reported in both years, so that new listings do not inflate growth.
- **Manufacturing sectors** are 17 level-one sectors in the Shenwan 2021 classification: electronics, automotive, power equipment, machinery, home appliances, basic chemicals, non-ferrous metals, light manufacturing, textiles and apparel, pharma and biotech, telecom, defence, steel, building materials, food and beverage, personal care, and environmental protection.
- **Annual totals** for monthly trade series are sums of the twelve monthly values.
- **Regulatory status** reflects published rules as of 28 September 2026. Thresholds and dates in this field change often. This report is not legal or tax advice.

Regulatory references

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