

News Release

UOB survey reveals Singapore to be the favourite business expansion destination in Asia

Singapore's stable political and economic climate draws investors in

Singapore, 19 October 2016 – According to the *United Overseas Bank (UOB) Asian Enterprise Survey 2016*¹, Singapore has retained its top spot as Asian enterprises' favourite expansion destination. One-third of Asian enterprises surveyed chose the city-state as the market that they would expand into in the next three to five years.

They are drawn to Singapore's stable political and economic climate (41 per cent), large and growing customer demand (40 per cent) and its favourable tax and regulatory environment (35 per cent). In particular, Indonesian (43 per cent), Malaysian (36 per cent), Thai (34 per cent) and Hong Kong (32 per cent) companies ranked Singapore among their top three expansion destinations.

Of all the Asian companies which UOB's Foreign Direct Investment Advisory Unit² had helped expand in the region in the first nine months of 2016, four in ten of them had ventured into Singapore. The Unit was set up in 2011 to offer companies assistance ranging from incorporation to business expansion.

Mr Frederick Chin, Head of Group Wholesale Banking at UOB, said that the findings from the *UOB Asian Enterprise Survey 2016* reaffirmed Asian enterprises' entrepreneurial spirit as they continue to seek new markets for growth.

"As Singapore strives to become a global hub for research and innovation, it is attracting more companies from high-value industries, such as the information technology and telecommunications sectors, as well as the professional services sector. By collaborating with these companies, Singaporean enterprises will also build on their capabilities and develop new skills to transition to a high value-added, innovation-driven economy," said Mr Chin.

¹ This survey was conducted by UOB in May and June 2016 among 2,500 Asian enterprises across China, Hong Kong, Indonesia, Malaysia, Singapore and Thailand. The objective was to explore how Asian enterprises are capitalising on business opportunities amid global and regional economic trends and trade flows.

² The Foreign Direct Investment Advisory Unit also provides access to the Bank's full suite of corporate and personal banking products, and borderless financial services through UOB's long established regional network.

Singapore enterprises overcome growth constraints through innovation and regional expansion

In the survey, Singapore enterprises cited rising operating costs (42 per cent) as their top growth constraint. This has been a stated concern since UOB's inaugural survey in 2014. To overcome these constraints, Singapore enterprises are investing in information technology (44 per cent), employee training (33 per cent), as well as research and product innovation (32 per cent) to become more nimble and competitive.

One company that has adopted technology to improve their business efficiency is Fitlion Pte Ltd, an online retailer specialising in health and fitness supplements and accessories. The company invested in a customised warehouse management system which enabled it to handle high sales volumes more efficiently.

Mr Tan Tse Yong, Fitlion's Group CEO, said, "Managing our warehouse inventory used to be a very strenuous task as our employees had to make several trips to pick up the goods required based on individual orders. With the system, they can make use of a tablet to consolidate and collect the items for multiple orders in a single trip. Without increasing our manpower, we can now fulfill more orders daily, and in turn raise our customers' satisfaction level."

Singapore firms are also staying resilient by expanding regionally to sustain business growth. According to the survey, China remains the top destination market for Singapore firms, even as 56 per cent of them are already doing business or operating in China.

Mr Chin added that while Singapore's economy may be affected by global market uncertainties stemming from a precipitous drop in oil prices and tepid consumer demand in the West, Asia's rapid development still presents many opportunities.

"The global economy may be slowing down but Asian economies are still seeing growth. Singapore companies that are able to seize the arising opportunities, and produce the products and services needed to meet the rising demands of Asia's middle class, will have a unique opportunity to build strong and sustainable regional businesses," said Mr Chin.

The *UOB Asian Enterprise Reports 2016* can be found on www.UOBAsianEnterprises.com.

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia and Thailand, as well as branches and representative offices.

UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the twelfth consecutive year in 2016. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in China, Indonesia, Malaysia, Singapore and Thailand.

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