UOB Business Outlook Study 2026

(SMEs & Large Enterprises)

H1 2026

Mainland China

Introduction

The UOB Business Outlook Study, now in its seventh year, provides a comprehensive view of the business landscape in Mainland China, covering both Medium and Large Enterprises.

From 2026 onwards, the survey is being conducted every six months to better capture rapid geopolitical and economic shifts and provide timely insights for decision-makers.

This H1 2026 report features core and pulse topics. Core topics include Business Sentiment, Sustainability, Digitalisation, Supply Chain Management, and Overseas Expansion, which are tracked over time to gauge evolving conditions and how businesses respond to them.

Pulse topics such as AI Adoption, Energy Management, and Supply Chain Resilience focus on emerging areas that are expected to grow in significance for businesses. They offer a forward-looking view, helping firms anticipate their needs and better equip themselves in the future.

By examining these areas, the study aims to equip businesses with the insights needed to navigate challenges and seize opportunities in the years ahead.

What

Total of 380 interviews, 15 mins online interviews conducted in January'2026

Who

Owners/C-suite/Management level who are involved with business decision-making

Medium Enterprises, Large Enterprises

Classification

Medium Enterprises
RMB 100m to < 4b

Large Enterprises
≥ RMB 4b

Coverage

- Manufacturing, Engineering & Industrials
- Construction & Real Estate
- Professional & Business Services
- Consumer Goods & Wholesale Trade
- Health, Community & Personal Services
- Tech, Media & Telecom

"As the UOB Business Outlook Survey China Report enters its seventh year, we see Chinese businesses demonstrating greater resilience and forward-looking confidence amid a complex external environment. By strengthening productivity and accelerating cross-border expansion, they are advancing into the next phase of growth, with digitalisation, sustainability, supply-chain diversification and ASEAN expansion emerging as structural trends. As the One Bank for ASEAN, UOB integrates our regional network, sector expertise and cross-border capabilities to build an ecosystem to help clients navigate complexity and capture long-term growth opportunities."

Ms Adaline Zheng
President and Chief Executive Officer, UOB China

UOB Business Outlook Study H1 2026

Business sentiment and outlook have recovered this year, but continue to lag behind levels recorded two years ago

Positive about current business environment

- 2024: 81%
- Post US tariffs: 58%
- 2025: 78% (-13%)

Change vs. 2023

Positive about business outlook

- 2025: 68%
- Post US tariffs: 51%
- 2026: 69% (-20%)

Change vs. 2022

Rising costs are driving efficiency through digitalisation and ESG, while fuelling growth through new revenue streams and partnerships

Top business priorities in next 1-3 years

- Digitalise to achieve business efficiencies: 33% (+8%)
- Move my business towards ESG practices: 29% (+7%)
- Develop new sources of revenue: 28% (+7%)
- Find new business partnerships for collaboration: 27% (+6%)
- Pivot to a new business model: 24% (+3%)

2025 | Change vs. 2024

Digital adoption remains high, but sustaining success is becoming harder as digitalisation mature

Digital adoption and success

- Adoption: 87% (-3%)
- Success: 43% (-13%)

2025 | Change vs. 2023

Sustainability adoption continues to grow steadily, even as attention has moderated

Sustainability implementation

- Importance: 87% (-5%)
- Adoption: 58% (+5%)

2025 | Change vs. 2024

Geopolitical disruption hits half of businesses, yet supply chains remain a strategic priority

- SCM importance: 92% (-4%)
- Geopolitical impact: 47% (-6%)

2025 | Change vs. 2024

Intent to expand overseas over the next three years is stronger than the expansion observed in 2025

- 56% Overseas expansion in 2025
- 80% Interest in overseas expansion in next 3 years

Markets intended to venture into

- ASEAN: 41%
- Hong Kong SAR: 34%
- Rest of North Asia: 27%

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UOB Business Outlook Study H1 2026

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Change vs. 2023

Positive about business outlook

2025	68%
Post US tariffs	51%
2026	69% (-20%)

Change vs. 2022

Businesses are increasingly affected by the uneven recovery, even as operational costs remain high

Top macro factors impacting businesses in 2025

Factor	2025	Change vs. 2024
Rising operational cost	42%	-2%
Uneven recovery in global markets	34%	+5%
High manpower (labour) costs	30%	-5%
US tariffs in 2025	28%	
Rise in consumption and spending	23%	

Rising costs are driving efficiency through digitalisation and ESG, while fuelling growth through new revenue streams and partnerships

Top business priorities in next 1-3 years

Priority	2025	Change vs. 2024
Digitalise to achieve business efficiencies	33%	+8%
Move my business towards ESG practices	29%	+7%
Develop new sources of revenue	28%	+7%
Find new business partnerships for collaboration	27%	+6%
Pivot to a new business model	24%	+3%

Major need emerges for business transformation support as firms look for greater efficiency through digitalisation

Support sought for business success in 2026 and beyond

Support	2026	Change vs. 2025
Support on business transformation	45%	+5%
Solutions that help with efficient business processes	37%	+4%
Digital infrastructure and solutions support	34%	-2%

Exposure to rising raw material costs is prompting half of MFG, Engg., & Industrials businesses to seek transformation and efficiency support, more than businesses in other sectors

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UOB Business Outlook Study H1 2026 | Digitalisation

The 13-point decline in digitalisation success versus 2023 is driven primarily by Medium Enterprises, with only 1 in 3 businesses reporting success

Digital adoption remains high, but sustaining success is becoming harder as digitalisation matures

Digital adoption and success

	2025	Change vs. 2023
Adoption	87%	-3%
Success	43%	-13%

Success in digitalisation

- 57% Large Enterprises
- 35% Medium Enterprises

Talent gaps, cost, and cybersecurity concerns limit digitalisation success

Reasons for limited success

- 40% Lack of digital skillset among employees
- 39% Expensive to implement
- 33% Concerns over cybersecurity issues
- 32% Increased risks of data breach and cybersecurity
- 26% Incompatibility between old and new systems

Even with limited digitalisation success, businesses continue to realise benefits in productivity, customer experience, and data security

Impact of digitalisation

- 47% Increases productivity and efficiency
- 41% Delivers better quality of products or services
- 38% Gives better data protection and data security
- 35% Increases coordination across functionalities and departments
- 32% Drives business performance

7 in 10 businesses plan to increase digital spending in 2026, although this is lower than in the past two years

Future expenditure on digital solutions vs previous year

2024	83%
2025	78%
2026	72%

Top spenders

- 78% Manufacturing, Engineering & Industrials
- 72% Large Enterprises

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UOB Business Outlook Study H1 2026 | AI Adoption

AI adoption is still in its early stages, driven primarily by Large Enterprises

AI Adoption

Early adoption	Advanced adoption	Total adoption
54%	9%	64%

Total adoption

72% Large Enterprises

59% Medium Enterprises

Businesses that are fully digitalised are ahead on the AI adoption curve

Digitalisation is linked to pace of AI adoption

	Total AI adoption	Early stage of AI adoption	Advanced AI adoption
All business	64%	54%	9%
Digitalised entire business	84%	63%	21%
Digitalised multiple departments	68%	61%	7%
Digitalised 1 department	56%	50%	6%

Businesses are expecting clear returns from AI adoption, driven by productivity gains, cost reduction, and customer engagement

Expected ROI from AI deployment

Productivity gains	Cost reduction	Improved customer satisfaction and customer engagement	Improved data quality or analytics accuracy
56%	47%	44%	38%

Productivity is a major focus for the Tech, Media & Telecom sector (65%), while cost reduction is the priority for Construction & Real Estate businesses (53%)

Confidence in positive outcomes is translating into higher AI budgets in 2026

AI budget planned for 2026

Total increase 90%

Increase by up to 25%	43%
Increase by 26% to 50%	26%
Increase more than 50%	21%

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UOB Business Outlook Study H1 2026

Sustainability adoption continues to grow steadily, even as attention has moderated

Sustainability implementation

Importance: 87% (-5%)

Adoption: 58% (+5%)

2025 | Change vs. 2024

MFG, Engg., & Industrials and larger businesses in Mainland China lead sustainability adoption, reflecting stronger exposure to industry standards and stricter government regulations

Sustainability remains centred on long-term impact, with compliance playing an increasingly important role

Top reasons for sustainability importance

- 49% (-1%) Builds an environmentally and socially sustainable future
- 46% (-18%) Improves reputation and branding of the company
- 44% Helps my business fit better into the ecosystem
- 37% (-7%) Easier to work with MNCs which have their sustainability goals
- 34% (+12%) It is a requirement by the industry body and government

2025 | Change vs. 2024

Energy efficiency practices are a key sustainability focus for 1 in 2 businesses

Sustainable practices incorporated

- 52% More efficient use of resources to minimise waste
- 49% Use energy efficient equipment and technologies
- 46% Implement clear operational policies and processes

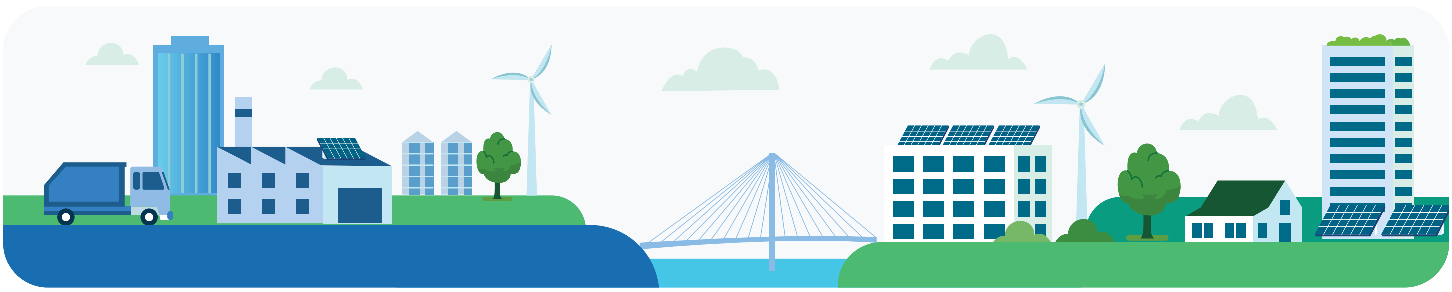
Higher costs, profit concerns, and infrastructure needs remain key barriers to adoption

Top barriers

- Increase in cost of products and services to end customers: 42% (+3%)
- Concerns about negative impact on profits: 33% (-1%)
- Lack of proper infrastructure for renewable energy: 32% (+4%)

2025 | Change vs. 2024

Nearly 1 in 2 businesses in the Tech, Media & Telecom sector face heightened challenges as rising customer costs weigh on profitability



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Energy management is important to around 9 in 10 business

Very or somewhat important

Mainland China 89%

Region 87%

94% of businesses in the Consumer Goods & Wholesale Trade sector consider energy management and efficiency more important than others

Energy efficiency and cost reduction remain the top priority, with one in three businesses also focusing on supply stability and renewables

Top interest areas

61% of businesses in the Consumer Goods & Wholesale Trade Sector are interested in reducing energy consumption and improving efficiency

Reducing energy consumption and improving efficiency 53%

Optimising energy usage through digital tools 48%

Lowering energy costs 42%

Ensuring stable, reliable energy supply for operations 36%

Increasing renewable energy usage 34%

HVAC upgrades, efficient machinery, and EMS find strong adoption among 1 in 3 businesses

Energy Management solutions adopted

HVAC upgrades	Efficient machinery	Energy management systems (EMS)	AI-based energy optimisation tools	Renewable electricity
34%	34%	34%	31%	30%

2 in 5 businesses need a combination of infrastructure and technology support to meet their energy management goals

Top support areas

Support area	%
Reliable energy grid infrastructure	45%
Affordable and accessible efficiency technologies	44%
Flexible renewable energy procurement	41%
Government grants and incentives	41%

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UOB Business Outlook Study H1 2026 | Supply Chain Management

Geopolitical disruption affects fewer than half of businesses, yet supply chain management remains a strategic priority

	2025	Change vs. 2024
SCM importance	92%	-4%
Geopolitical impact	47%	-6%

Consumer Goods & Wholesale Trade businesses (98%) and Large Enterprises (97%) place greater importance on supply chain management

Around 1 in 3 businesses are challenged by procurement, geopolitical factors, and inventory management

Top challenges in supply chain management

Challenge	2025	Change vs. 2024
Challenges in procuring supplies or raw materials	34%	-2%
Disruptions to existing supply chains caused by geopolitical factors	30%	+2%
Requirement of just-in-case supply	28%	+1%
Limited business networks to tap into for collaboration and supply chain solutions	27%	

In addition, regulatory ambiguity around Local Content and Country of Origin poses a challenge for supply chain planning

91%

Country of Origin ambiguity

Drivers of ambiguity

Driver	%
The definition of "Substantial Transformation"	39%
Lack of harmonisation between US, EU, and Asian trade pact	38%
Limited supplier transparency	36%
Difficulty in tracing the origin of Tier-2 and Tier-3 raw materials	36%

Businesses are reinforcing supply chains through proactive planning, diversification, digitalisation, and enhanced internal risk awareness

Steps to stabilise supply chain management

Step	2025	Change vs. 2024
Stock raw and input material ahead of time	36%	+5%
Diverse sources of suppliers from different markets	34%	+1%
Find local suppliers within my market	32%	+4%
Digitalise supply chain management for real-time inventory status	32%	-1%
Create awareness about supply chain risk within the company	31%	+1%

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UOB Business Outlook Study H1 2026 | Supply Chain Resilience

Businesses are primarily planning supplier and manufacturing expansion in ASEAN or within Mainland China

Supplier diversification plans: 63%

Manufacturing expansion: 52%

Primary goal of expansion

	Suppliers	Manufacturing
More within the country	35%	33%
More within the ASEAN region	32%	38%

Supply chain expansion is driven mainly by resilience, cost optimisation, and access to new markets

Consumer Goods & Wholesale Trade, MFG, Engg., & Industrials, and Large Enterprises are expanding supply chains to build greater resilience

Reasons for supply chain expansion

Building supply chain resilience	59%
Cost optimisation	56%
Access to new markets	56%
Meeting growing customer demand	47%

Improving operational efficiency and productivity is a core resilience priority for more than half of businesses

Top supply chain resilience strategies

Improving operational efficiency and productivity	56%
Digitalising supply-chain systems (tracking, analytics, automation)	43%
Expanding multi-country sourcing for diversification	42%
Reducing reliance on a single country or supplier	41%
Improving logistics connectivity	41%

1 in 2 businesses consider digital innovation highly critical to supply chain resilience

Digital innovation in supply chain resilience

	%
Mainland China	50%
Region	43%

62% of Large Enterprises and Tech, Media & Telecom businesses find digital innovation critical for supply chain resilience

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UOB Business Outlook Study H1 2026 | Overseas expansion

Intent to expand overseas over the next three years is stronger than the expansion observed in 2025

56% Overseas expansion in 2025

80% Interest in overseas expansion in next 3 years

Markets intended to venture into

ASEAN	41%
Hong Kong SAR	34%
Rest of North Asia	27%

Within ASEAN, businesses are prioritising expansion into Malaysia, Singapore and Thailand

Markets intended to venture into

Malaysia	Singapore	Thailand	Indonesia	Vietnam
56%	54%	51%	30%	27%

Businesses are increasingly expanding overseas to seize market opportunities rather than to chase profits or revenue

Top drivers for overseas expansion

Driver	2025	Change vs. 2024
Improved profitability	54%	-13%
Reducing business risk by market diversification	41%	-1%
Revenue growth	39%	-10%
Taking advantage of opportunities in other markets	39%	+9%
Leveraging my company's regional and global network	35%	-1%

Supply chain de-risking is a key driver for FDI, followed by pro-business policy incentives and proximity to customers

Reasons for FDI

Supply chain de-risking and China+1 strategy Trade access	63%
Pro-business policy incentives / tax holidays	42%
Proximity to customers and demand growth	35%
Lower operating cost base like labour and utilities	33%
Access to finance and local capital markets	33%

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