UOB Business Outlook Study 2026

(SMEs & Large Enterprises)

H2 2026

China



Introduction

The UOB Business Outlook Study, now in its seventh year, provides a comprehensive view of China's business landscape, covering both SMEs 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.

The H2 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 Partnership & Connectivity 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 752 interviews,

Interviews conducted in Jan 2026 (H1'26) and Aug-Sep 2026 (H2'26)

15 mins online interviews

Who

Owners/chief executive level/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

Total 752 — 380 (H1'26) | 372 (H2'26)

	H1'26	H2'26
153 Manufacturing, Engineering & Industrials	76	77
147 Construction & Real Estate	75	72
119 Professional & Business Services	51	68
119 Consumer Goods & Wholesale Trade	64	55
110 Health, Community & Personal Services	56	54
104 Tech, Media & Telecom	58	46



"This year, Chinese businesses continue to demonstrate resilience and adaptability amid an increasingly complex operating environment. Despite ongoing uncertainties, many companies remain focused on strengthening productivity and pursuing cross-border expansion to diversify growth opportunities and build long-term competitiveness. We continue to see strong interest in ASEAN, not only as an investment destination, but also as an important sourcing base and customer market. As ASEAN marks its 60th anniversary next year and regional integration continues to deepen, businesses are well positioned to benefit from growing trade, investment and connectivity across the region. As the One Bank for ASEAN, UOB is committed to helping clients capture these opportunities and achieve sustainable growth."

Ms Adaline Zheng
President and Chief Executive Officer, UOB China

UOB Business Outlook Study H2 2026

Overview

Business sentiment and outlook have improved in 2026, with H2'26 recording higher levels of positivity

Positive about current business environment

2025 81%

2026 85% (78% H1'26, 93% H2'26)

Positive about business outlook

2025 68%

2026 75% (69% H1'26, 80% H2'26)

More businesses are prioritising ESG adoption while maintaining a focus on digitalisation and new revenue streams

Top business priorities in next 1-3 years

- Move my business towards (ESG) practices: 31% (+11%) — 29% H1'26, 33% H2'26
- Digitalise to achieve business efficiencies: 30% (-1%) — 33% H1'26, 27% H2'26
- Develop new sources of revenue: 27% (+1%) — 28% H1'26, 26% H2'26

2026 | Change vs. 2025

Improved productivity, better product and service quality, and stronger data security are key benefits of digital adoption

Impact of digitalisation

- Increases productivity and efficiency: 47% — 47% H1'26, 46% H2'26
- Delivers better quality of products or services: 40% — 41% H1'26, 39% H2'26
- Gives better data protection: 39% — 38% H1'26, 40% H2'26

Supplier diversification, digitalisation, and early stocking of input material are key to continued supply chain stability

Steps to stabilise supply chain management

- Diversified sourcing of suppliers across markets: 35% — 34% H1'26, 37% H2'26
- Digitalised supply chain management: 32% — 32% H1'26, 32% H2'26
- Stock raw/input material ahead of time: 31% — 36% H1'26, 27% H2'26
- Sourced alternative raw materials to diversify risk: 30% — 30% H1'26, 30% H2'26
- Created supply chain risk awareness within the business: 29% — 31% H1'26, 26% H2'26

Significantly lower vs. H1'26

Overseas expansion has accelerated in H2'26, with ASEAN followed by Hong Kong SAR as key beneficiaries

Overseas expansion

2025 63%

2026 61% (56% H1'26, 66% H2'26)

Significantly higher vs. H1'26

Markets expanded into

- ASEAN: 53% (-6%)
- Hong Kong SAR: 43% (+5%)
- Europe: 26%

2026 | Change vs. 2025

Results from the UOB Business Outlook Study 2026, covering business owners and key decision-makers from 752 Medium and Large Enterprises in China.

UOB Business Outlook Study H2 2026

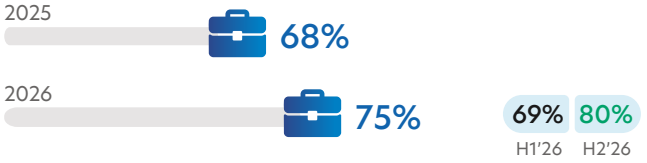
Business Sentiment

Business sentiment and outlook have improved in 2026, with H2'26 recording higher levels of positivity

Positive about current business environment



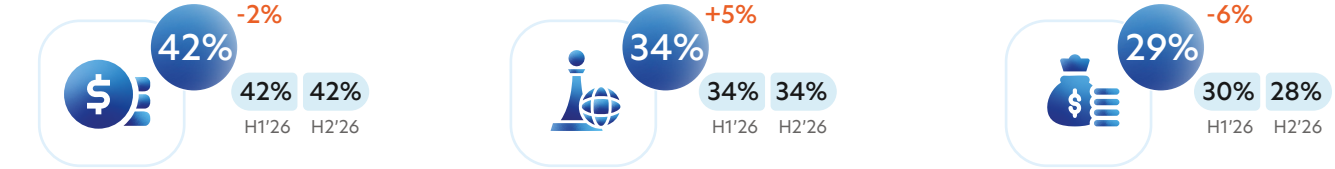
Positive about business outlook



H2'26 is significantly higher than H1'26

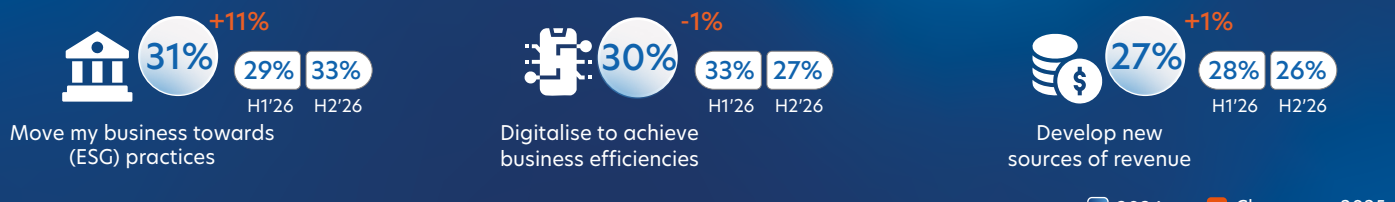
Operational costs, global recovery, and manpower remain key concerns, despite easing manpower pressures amid rising market uncertainty

Top macro factors impacting businesses in 2026



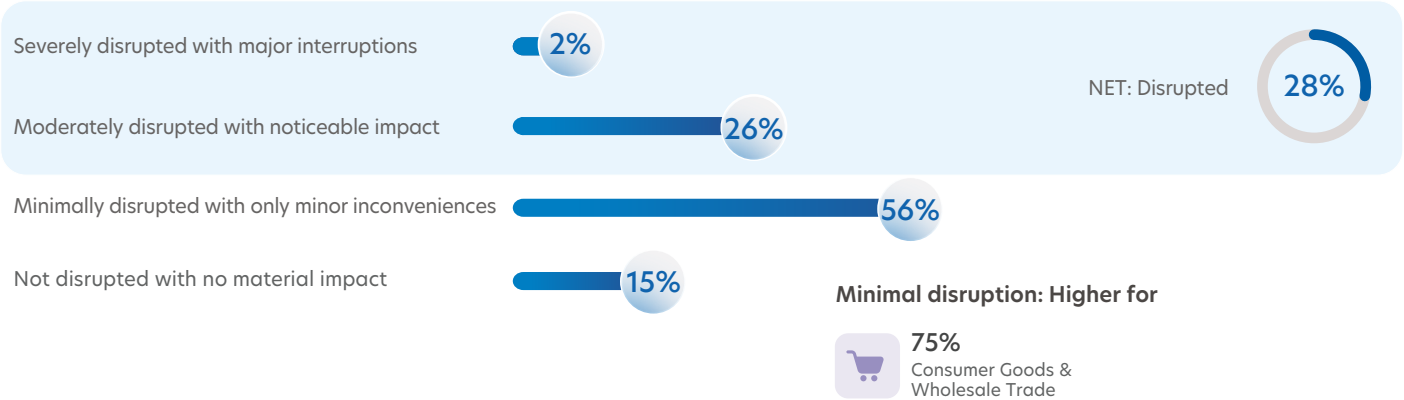
More businesses are prioritising ESG adoption while maintaining a focus on digitalisation and new revenue streams

Top business priorities in next 1-3 years



Severe disruption is limited in China, with most businesses experiencing minimal impact

Impact of US-Iran conflict on business operations (H2'26)





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UOB Business Outlook Study H2 2026

Digitalisation

Digitalisation remains high among Chinese businesses, led by businesses in the Business Services sector and larger businesses

Digital adoption

2025 90%

2026 89%

87% H1'26 91% H2'26

Higher for

94% Business Services

92% Large Enterprises

Improved productivity, better product and service quality, and stronger data security are key benefits of digital adoption

Impact of digitalisation

	H1'26	H2'26
47% Increases productivity and efficiency	47%	46%
40% Delivers better quality of products or services	41%	39%
39% Gives better data protection/data security	38%	40%
34% Improves customer experience	32%	36%
34% Increases coordination across functionalities	35%	33%

Businesses are seeing tangible benefits and remain committed to investment in H2'26

Change in future digital expenditure

	H1'26	H2'26
73% Spent 10% and more	72%	74%
25% Spent same	26%	24%
2% Spent less	2%	2%

Digital investment remains resilient, but businesses are moderating budget growth as they shift from broad-based digital transformation towards more targeted, ROI-led digital spending



Blockchain is emerging as the next digital frontier, with 68% of businesses either piloting or planning to adopt in the next 6-12 months



An ROI-led approach is driving digital adoption across customer-facing, technology, and innovation functions

Processes digitalised & planned for digitalisation (H2'26)

	Digitalised	Plan to digitalise
Finance and Admin	80%	58%
People and Operations	75%	52%
Technology, Risk and Innovation	66%	61%



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UOB Business Outlook Study H2 2026

AI Adoption

AI adoption has accelerated, but advanced capability gaps persist between large and medium businesses

AI adoption

Early adoption 59%

54% H1'26 64% H2'26

Advanced adoption 17%

9% H1'26 26% H2'26

Total adoption 76%

64% H1'26 90% H2'26

By business size

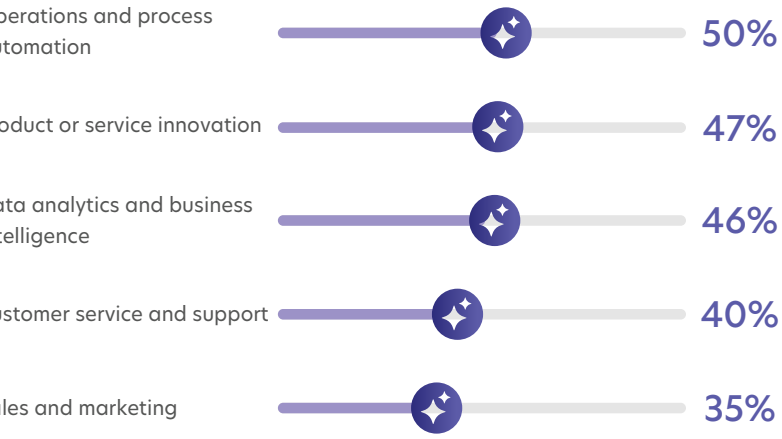
26% Large Enterprises

12% Medium Enterprises

H2'26 is significantly higher than H1'26

AI delivers the greatest value through process automation, followed by innovation and data analytics

Business functions where AI would add the most value (H2'26)





AI governance adoption remains uneven with Large Enterprises (88%) and Tech, Media and Telecom (96%) businesses leading on governance adoption



AI governance frameworks are in place, but for most, they remain limited to basic policies that have yet to be fully implemented

Availability of a formal AI governance framework (H2'26)

Any yes 83%

Yes, comprehensive, enterprise-wide framework 24%

Yes, basic policies, but to be fully implemented 60%

A stronger focus on redesigning roles and reskilling talent over external hiring signals a more structured approach to AI transformation

Approaches to managing AI's impact on the workforce (H2'26)

46% Job redesign to integrate human and AI collaboration

27% Upskilling and reskilling programs for employees

20% Hiring new specialised AI talent externally

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UOB Business Outlook Study H2 2026 | Supply Chain Management

SCM importance has remained at comparatively high levels, indicating that businesses continue to view it as a key priority

SCM importance

2025 — 96%

2026 — 94%

H1'26	H2'26
92%	95%

Businesses in China have diversified their sourcing and become more resilient. SCM remains more important for Large Enterprises with complex supply chains (97%)

Geopolitical disruptions to supply chains persist, but supplier sourcing have become less challenging in H2'26

Top challenges in supply chain management (2026)

	2026	Change vs. 2025	H1'26	H2'26
Geopolitical disruptions to existing supply chains	30%	+2%	30%	31%
Challenges in procuring supplies or raw materials	29%	-7%	34%	24%
Requirement of just-in-case supply	26%	-1%	28%	23%
Inventory management issues	23%	+1%		
Inability to predict demand and match it to supply	23%	-2%		

Significantly lower vs. H1'26

Supplier diversification, digitalisation, and early stocking of input material are key to continued supply chain stability

Steps to stabilise supply chain management

	2026	H1'26	H2'26
Diversified sourcing of suppliers across markets	35%	34%	37%
Digitalised supply chain management	32%	32%	32%
Stock raw/input material ahead of time	31%	36%	27%
Sourced alternative raw materials to diversify risk	30%	30%	30%
Created supply chain risk awareness within the business	29%	31%	26%

Significantly lower vs. H1'26

Tier 2 suppliers form the largest share of businesses, with domestic markets leading in both sourcing and end-customer demand

Primary position within the supply chain (H2'26)

Direct supplier to large corporations or government clients (Tier 1)	15%
Supplier to other manufacturers or distributors (Tier 2)	47%
Sub-contractor or component supplier to other SMEs (Tier 3)	25%
Direct to consumer or retail (D2C)	8%
We operate across multiple tiers	5%

Sourcing and end-customer locations (H2'26)

	Top sourcing locations	Top end customer locations
ASEAN	33%	29%
Within our home country/market	81%	78%
Hong Kong SAR	28%	27%



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UOB Business Outlook Study H2 2026 | Partnership and Connectivity

The market is dominated by substantial manufacturing base and a strong presence of service providers

Company's current role in industry's value chain (H2'26)

- 30% Manufacturer/Producer
- 23% Service provider
- 9% Logistics/Supply chain provider

Operations and revenue sources remain predominantly domestic

Current business operations (H2'26)

- Domestic 70%
- Cross-border 30%

Revenue sources: Domestic vs Cross-border (H2'26)

- Domestic 81%
- Cross-border 19%



- Majority of revenue is from domestic customers, with some from overseas 55%
- All or almost all revenue is from domestic customers 26%
- Revenue is roughly split between domestic and overseas customers 9%
- Majority of revenue is from overseas customers 9%

Most businesses use both direct and partner channels, with digital marketplaces as the leading partner channel and existing customer referrals a key direct channel

Primary customer acquisition channels (H2'26)

Direct channel 89%

- Referrals from existing customers 34%
- In-house sales team 33%
- Events, trade shows, exhibitions 31%

Partner channel 85%

- 41% Digital marketplace or online platform
- 27% Trade agent or broker
- 27% Distributor or wholesaler

Most businesses seek partnerships, primarily to drive geographic expansion and improve profitability, however finding trustworthy partners is a challenge

Primary outcome from business partnerships (H2'26)

- 20% Enter new markets and expand geographically
- 16% Improve profitability/ reduce cost
- 12% Accelerate digitalisation

Challenges in forming business partnerships (H2'26)

- 30% Finding trustworthy partners
- 27% Ensuring alignment of business goals
- 22% Difficulty assessing credibility or financial standing of partners

Results from the UOB Business Outlook Study 2026, covering business owners and key decision-makers from 752 Medium and Large Enterprises in China.

UOB Business Outlook Study H2 2026 | Overseas Expansion

Overseas expansion has accelerated in H2'26, with ASEAN followed by Hong Kong SAR as key beneficiaries

Overseas expansion

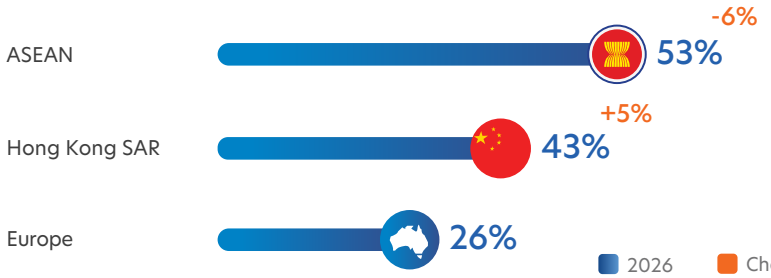
2025: 63%

2026: 61%

56% (H1'26) 66% (H2'26)

Significantly higher vs. H1'26

Markets expanded into



Overseas expansion continues to be driven by profitability growth, albeit at a slower pace, as businesses increasingly seek new markets for their offerings

Top drivers for overseas expansion

	2026	Change vs. 2025	H1'26	H2'26
Improved profitability	47%	-20%	54%	41%
Reducing business risk by market diversification	42%		41%	42%
Taking advantage of opportunities in other markets for my products and services	39%	+9%	39%	40%
Leveraging my company's regional, global network	35%	-1%	35%	34%
Revenue growth	35%	-14%	39%	31%

Significantly lower vs. H1'26

FDI plans over the next 12-24 months remain steady, with most FDI flows directed to ASEAN markets and Hongkong SAR

FDI plans

66%

64% (H1'26) 68% (H2'26)

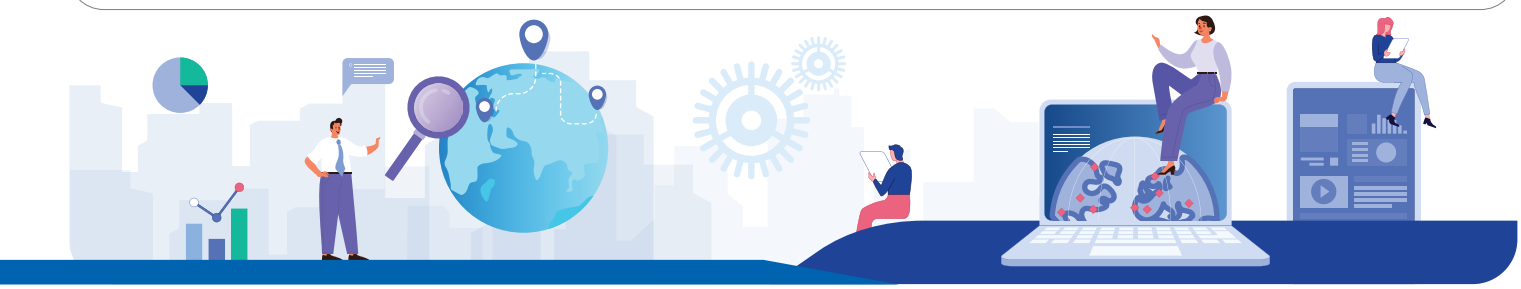
Primary markets



Supply chain de-risking remains the leading driver of FDI, with a reduced urgency in H2'26

Reasons for FDI

	2026	H1'26	H2'26
Supply chain de-risking/China+1 strategy	57%	63%	52%
Pro-business policy incentives/tax holidays	36%	42%	30%
Lower operating cost base	31%	33%	29%
Proximity to customers and demand growth	30%	35%	26%
Talent availability and skills ecosystem	29%	31%	26%



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UOB Business Outlook Study H2 2026

Sustainability

Sustainability adoption is on the decline with lowest levels seen in H2'26

Sustainability implementation

2025 — 53%

2026 — 55%

58% (H1'26) 51% (H2'26)

Medium Enterprises (51%), those in Beijing (45%), and from the Real Estate & Hospitality sectors (46%) lag in sustainability adoption indicating a need for more targeted support



The pullback in adoption reflects short-term commercial pressures and not inadequate renewable-energy infrastructure (28%) or financial support (25%)



Sustainability adoption is slowing down due to short-term concerns over higher customer costs, revenue, and profitability

Top barriers

		H1'26	H2'26
Increase in cost of our products/services to end customers	41%	42%	40%
Concerns about negative impact on profits	33%	33%	32%
Possible impact to revenues in the short term	32%	28%	36%

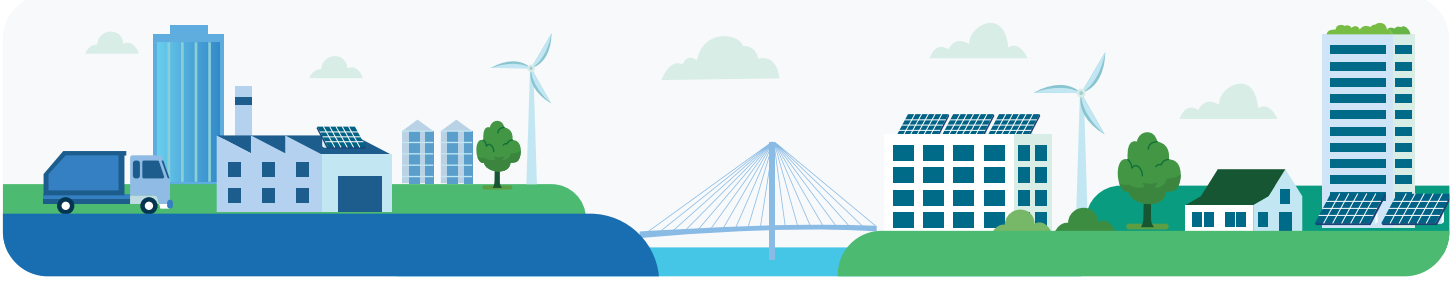
Significantly higher vs. H1'26

Practical impact drives adoption, with continued focus on efficient technology and operational policies in H2'26

Top sustainable practices incorporated

	2026	H1'26	H2'26	Change vs. 2025
More efficient use of resources to minimise waste	50%	52%	48%	-6%
Use energy efficient equipment and technologies	50%	49%	51%	-3%
Implement clear operational policies and processes	48%	46%	51%	-4%
Procure from businesses with sustainable practices	42%	41%	44%	-1%
Measure impact of processes on pollution and biodiversity	36%	39%	33%	

Businesses in MFG, Engg. & Industrials are ahead in efficient use of resources to minimise waste and using energy-efficient technologies to drive sustainability



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UOB Business Outlook Study H2 2026 | Energy Management

Energy management gains importance in H2'26, with a third highly concerned about energy price volatility

Concern level about energy price volatility (H2'26)

Extremely or Very Concerned

30%

Higher for

40%
Professional & Business Services

Importance of energy management and efficiency

Very or somewhat important

91%

89% H1'26 92% H2'26

Higher for

94%
Manufacturing, Engineering & Industrials

Businesses are largely responding actively to energy supply disruptions, with supply source diversification and energy efficiency emerging as the leading measures

Impact of energy disruptions on business strategy (H2'26)

NET: Active response 80%

Top 2 responses

- Actively diversified our energy supply sources — 39%
- Increased energy efficiency and reduced consumption — 17%

NET: Passive response 20%

Top 2 responses

- Reduced energy input dependencies in our supply chain — 13%
- Not yet made changes but are monitoring the situation — 4%

In response to the US-Iran conflict, businesses appear to be balancing both near-term energy cost management and long-term efficiency goals

Top interest areas

		H1'26	H2'26
Reducing energy consumption and improving efficiency	43%	53%	34%
Optimising energy usage through digital tools	43%	48%	38%
Lowering energy costs	36%	42%	30%
Ensuring stable, reliable energy supply for our operations	34%	36%	31%
Increasing renewable energy usage	30%	34%	25%



Significantly lower vs. H1'26

More businesses struggle with higher upfront investment costs and uncertain ROI when adopting energy management practices

Top barriers

		H1'26	H2'26
Higher upfront investment costs	43%	46%	40%
Uncertain ROI	34%	36%	31%
Lack of reliable information about the right solutions for my business	29%	33%	25%
Lack of technical expertise	28%	29%	28%
Limited time and internal resources	28%	31%	25%

Significantly lower vs. H1'26

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