

UOB survey reveals Southeast Asia set to be the top destination for Chinese companies expanding overseas

Beijing, China, 11 May 2017 – According to the *United Overseas Bank (UOB) Asian Enterprise Survey 2016/2017*¹, Southeast Asia will be the most popular expansion destination in Asia for Chinese enterprises in the next three to five years. Within the region, Malaysia and Thailand (35 per cent each) were tied as the top choice, followed by Singapore (34 per cent) and Indonesia (25 per cent).

These survey results are a shift from that of the inaugural *UOB Asian Enterprise Survey* in 2014, when Singapore was picked as the top choice, followed by countries beyond Southeast Asia.

Chinese enterprises have been tapping the Belt and Road's (B&R) 21st Century Maritime Silk Road initiative to step up their expansion efforts into Southeast Asia. This initiative aims to increase China's economic connectivity and collaboration with Southeast Asia.

Mr Peter Foo, President and Chief Executive Officer of UOB (China), said, "More Chinese companies are now considering Southeast Asian countries for their overseas ventures due to the opportunities that the region's rapid urbanisation, rising incomes and increasing consumption create."

The survey results also showed that the automotive and transportation (70 per cent) and manufacturing (68 per cent) sectors have the largest percentage of Chinese companies that earn more than 30 per cent of their overseas revenue from Southeast Asia.

"Southeast Asia's appeal to Chinese enterprises seeking overseas expansion is further enhanced with the potential of a more integrated region through the ASEAN Economic Community, which was established in 2015. For example, these companies can capitalise on Singapore's status as a gateway to Southeast Asia to set up their regional headquarters there and to springboard into

¹ This survey was conducted by UOB in 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.

countries such as Indonesia, Malaysia and Thailand. This is to capture the opportunities driven by the young population and increased consumption from rising incomes in these markets,” Mr Foo said.

Connecting Chinese enterprises to opportunities in Southeast Asia

The potential economic growth of Southeast Asia is huge, with ASEAN projected to be the fourth largest economy in the world by 2030. The region’s combined gross domestic product is expected to expand from the current US\$2.5 trillion to US\$6 trillion by 2030².

While the long-term outlook for ASEAN is positive, Mr Foo noted that there were distinct challenges when investing in the region.

Mr Foo said, “The region’s cultural diversity can be challenging for companies seeking to enter new markets. Each market has its own business and cultural practices that must be understood to ensure business success.”

“At UOB, we believe that our strong appreciation of what makes each market in Southeast Asia unique, combined with our deep local presence and expertise, enables us to support our clients as they expand across the region. Our strong network of partners, including government agencies, trade and industry associations and professional services providers, also helps us to offer our clients value-added services beyond banking as companies navigate the complexities of doing business in ASEAN.”

A company that UOB has supported in its expansion into Southeast Asia is Zhongce Rubber Group Co., Ltd. (Zhongce Rubber), one of China’s largest tyre manufacturers, which set up a manufacturing base in Thailand.

Mr Jiang Min Sheng, Chief Financial Officer of Zhongce Rubber said, “UOB has been instrumental in our expansion into Thailand. The bank not only provided us with a comprehensive suite of products and services to meet our financial needs, it also helped us to understand the intricacies of operating in the Thai market.”

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² Source: Speech by Mr Lim Hng Kiang, Singapore’s Minister for Trade and Industry (Trade) at the Singapore Business Federation’s ASEAN Conference 2017, 4 May 2017.

About United Overseas Bank (China)

United Overseas Bank (China) Limited (UOB (China)) is a wholly-owned subsidiary of the United Overseas Bank Limited (UOB), a leading bank in Asia. Headquartered in Shanghai, UOB (China) was incorporated in the People's Republic of China on 18 December 2007 and commenced operations on 2 January 2008.

With a stable and far-sighted approach, UOB (China) has grown its network to 16 branches and sub-branches in the major cities across China. As UOB (China) continues to grow its business, it is also committed to its people and the community. Since 2012, UOB (China) has participated in the annual UOB Heartbeat Run/Walk to raise funds for underprivileged children and to support various education initiatives in China.

For more information about UOB (China), please visit www.UOBChina.com.cn

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