



Connecting you to opportunities across Asia

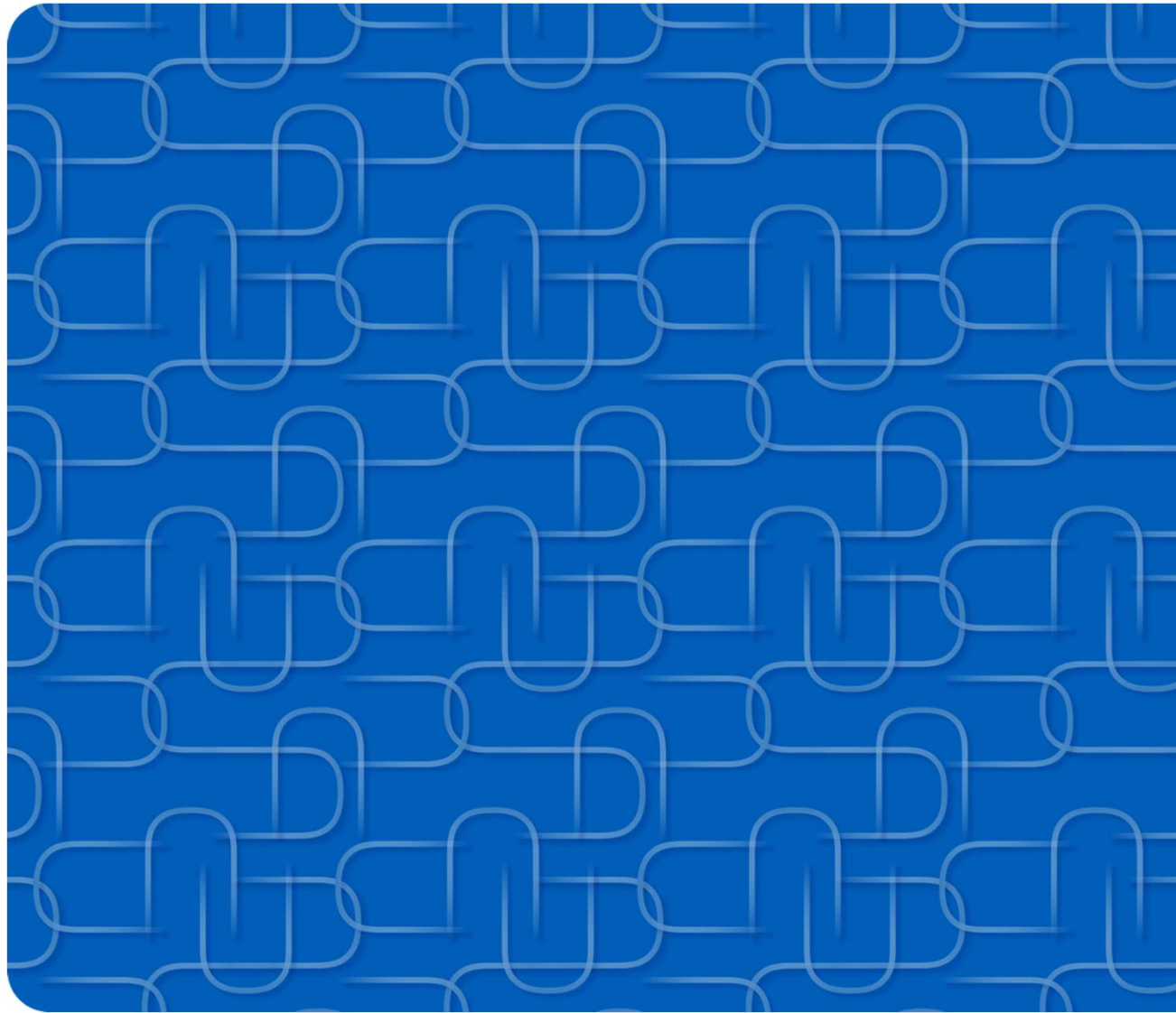
Foreign Direct Investment (FDI) Advisory

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September 2023

Private and Confidential

Investing into ASEAN



ASEAN is the 5th largest economy in the world
and is expected to be the world's 4th largest economy by 2030.



United States
(US\$20.9 trillion)



China
(US\$14.9 trillion)



Japan
(US\$5.0 trillion)



Germany
(US\$3.8 trillion)



ASEAN
(US\$3.2 trillion)

Source: World Economic Forum 2022

ASEAN: an engine of global FDI growth



Top investors (2021)

US Billion Dollars



United States
40



Intra-ASEAN
21



Mainland China
14



Japan
12



Netherlands
11



Hong Kong SAR
8

Top recipients (2021)

US Billion Dollars



Singapore
99.1



Indonesia
20.1



Vietnam
15.7

Top invested sectors (2021)

US Billion Dollars



Financial and Insurance Activities
57



Manufacturing
45



Wholesale & Retail Trade
26

In 2021, ASEAN recorded a robust rebound in Foreign Direct Investment (FDI) inflows, surging by 42% to reach US\$ 174 billion

Source: ASEAN Secretariat, ASEAN Investment Report 2022

Australia and New Zealand: ANZ-ASEAN flows



Australia-ASEAN

(USD billion)

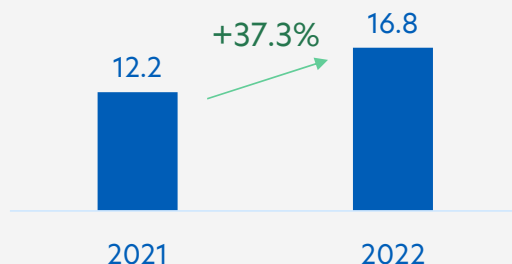


■ Bilateral Trade

- Australia imported >US\$430 million worth of electronic equipment from Indonesia.
- This was followed by US\$317 million for machinery, mineral fuels (US\$300million), and fertilizers (US\$289 million).

New Zealand-ASEAN

(USD billion)



■ Bilateral Trade

- New Zealand had 42 FDI projects in Vietnam with a total registered investment of US\$210 million, up from 32 projects in 2019.
- Investment was in a broad range of sectors - real estate, education, manufacturing and processing

Australia and New Zealand were ASEAN's seventh-largest source of foreign direct investment in 2022, at US\$2 billion, a rise of 430% from 2021.

Source: Channel News Asia, Straits Times



Australia outlines national strategy to boost trade and investments with Southeast Asia

Key sectors highlighted in the document include agriculture, energy security, clean energy transition, infrastructure, education, digital economy and tourism.



Darrelle Ng
07 Sep 2023 07:15PM

THE STRAITS TIMES

BUSINESS

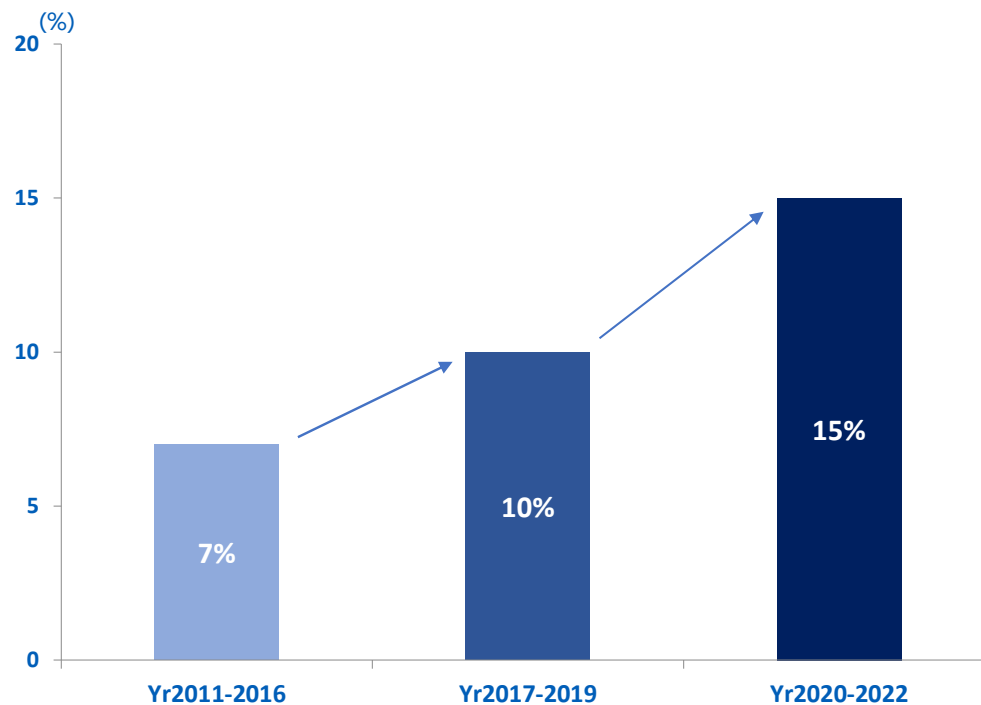
Asean, Australia and New Zealand's upgraded FTA deal to give boost to trade and investment



From De-globalisation to Regionalisation: shift in investments



ASEAN share (avg. %) of global FDI inflows



- ASEAN share of global FDI inflows has **doubled over the last decade** to 15%. The amount has reached **US\$224bn** due to rapid supply chain regionalisation into ASEAN, favorable governments' policy and Singapore Hub to attract global FDI.
- ASEAN share of global FDI inflows will continue to grow. Emerging industries like new energy and new technology which develop innovative materials, pharmaceuticals will give impetus to ASEAN share of FDI inflows. FDI inflow is expected to hit **>US\$250bn¹** in 2025.

source: UNCTAD World Investment Report 2023

¹UOB Global Economics and Markets Research ; ²ASEANStats

ASEAN: Epicenter for Global Investment Opportunities



Attractive Production Base for Manufacturers

ASEAN semiconductor market is projected to grow from \$28 billion in 2021 to **\$42 billion** in 2028



Burgeoning Middle Class

334 million in 2030
51% population
Long term potential attracting markets seeking FDI



Innovation and Digital Economy

460 million young and tech savvy, digital consumers
Digital economy project to grow 6% annually for ASEAN
Market could reach as much as **\$1 trillion** by 2030



Green Infrastructural FDI

Southeast Asia's green economy can potentially attract over **\$2 trillion** in new investments and create over 5 million new jobs
Nearly **\$14 billion** is required for 5G rollout in ASEAN up to 2025

source: Fortune business insights; Bain & Co report; Speeda

Key Sectorial Trends in ASEAN 5 to drive future FDI growth



Indonesia

Preferred FDI Sectors

- ❖ Digital Economy
- ❖ Labor intensive Manufacturing
- ❖ Renewable Energy
- ❖ Electric Vehicle Ecosystem
- ❖ Mining Industry that create added value



Malaysia

Preferred FDI Sectors

- ❖ Semiconductor and Electrical & Electronics
- ❖ Renewable Energy
- ❖ Medical Devices and Medtech
- ❖ High value-added manufacturing



Singapore

Preferred FDI Sectors

- ❖ RHQ, FTC, M&A, R&D
- ❖ Urban Solutions & Sustainability
- ❖ Smart and Hi-Tech
- ❖ Pharmaceuticals



Thailand

Preferred FDI Sectors

- ❖ Mid-high tech manufacturing
- ❖ Healthcare Industry - medical tourism/medical devices
- ❖ Renewable Energy
- ❖ Digital Sector



Vietnam

Preferred FDI Sectors

- ❖ Export-Manufacturing
- ❖ Power and Renewable Energy
- ❖ Logistic and Industrial RE
- ❖ Telecommunications and Technology

Key Strengths

- Southeast Asia's largest economy
- Sizeable and young workforce
- Blossoming digital economy
- Processing hub for natural resources (palm oil and nickel downstream)
- labour intensive manufacturing base

Key Strengths

- Strategic location and extensive trade links
- High Value Manufacturing Hub
- Well-established Electrical & Electronics and Medtech ecosystem value chain
- Availability of multi-lingual and skilled talent

Key Strengths

- Stable socio-political climate
- Skilled and highly educated talent
- Global Financial Center Status / Global Connectivity network
- Conducive Business Environment
- Established investment, R&D and trading hub

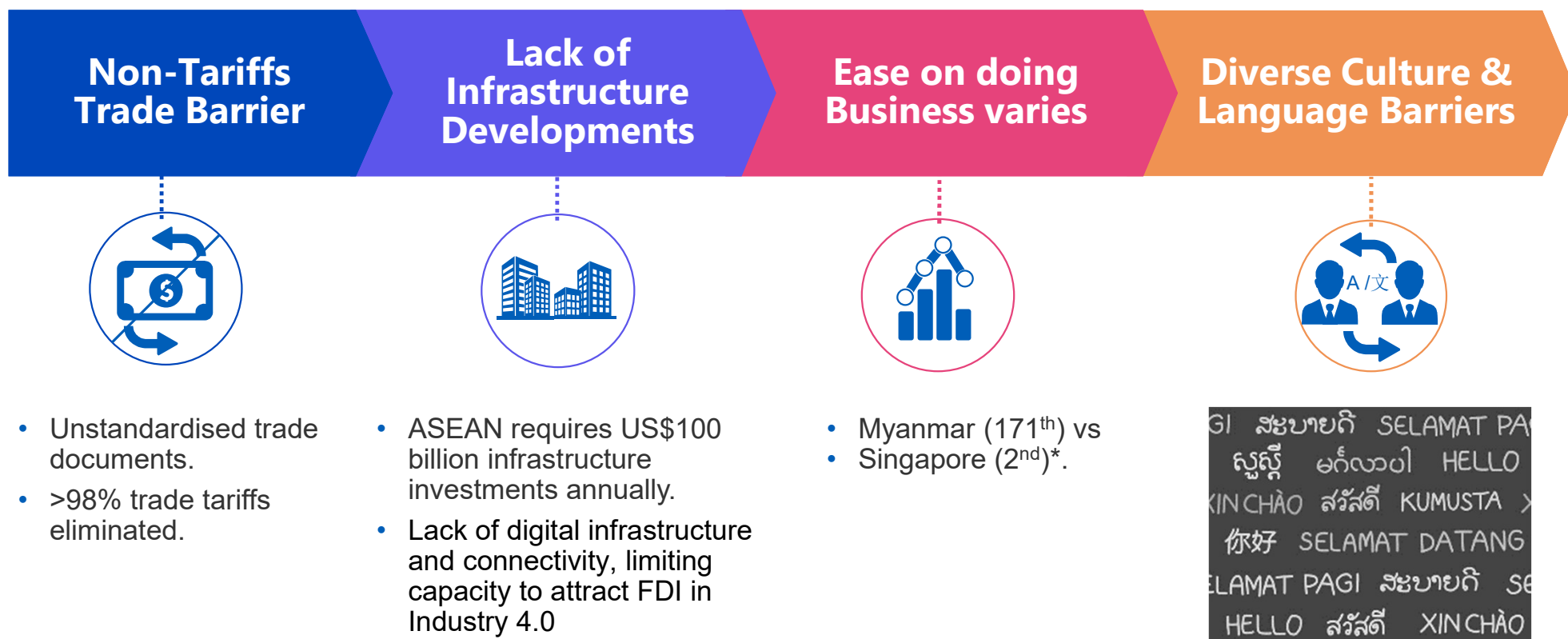
Key Strengths

- Heart of ASEAN
- Eastern Economic Corridor is popular to FDI
- Robust manufacturing sector
- Strategic regional and logistical hub for multimodal transportation
- Strong automotive, healthcare and electronic value chain

Key Strengths

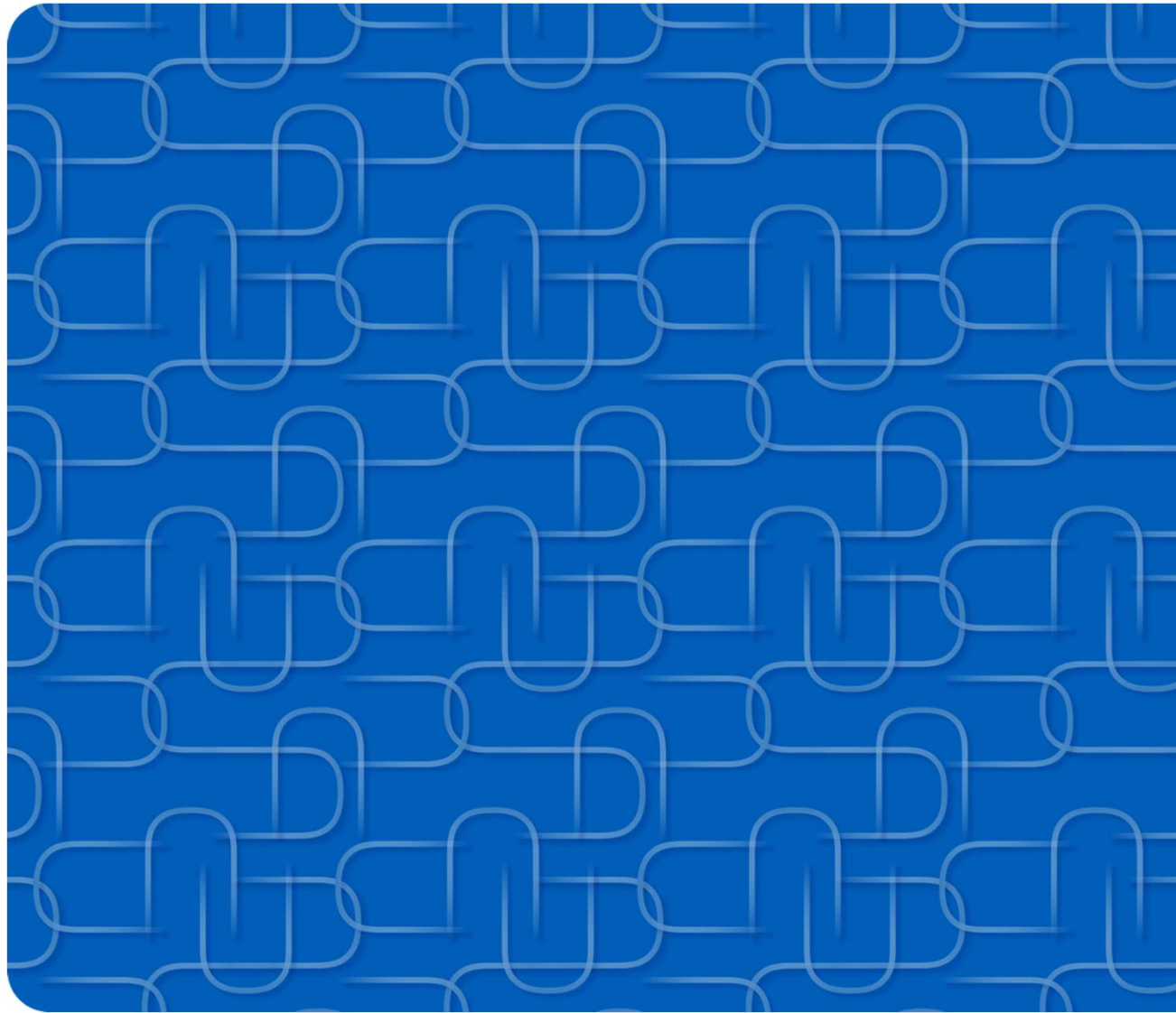
- Stable central government
- Proximity to China's value chain
- Export Manufacturing base
- Extensive FTAs include with EU
- Young and competitive workforce of approx. 60m
- Progressive incentive scheme

ASEAN challenges



Source: ASEAN Singapore 2018 Factsheet; ASEAN Development Bank; *The World Bank 's Doing Business 2020, ASEAN Investment Report 2020-2021 UNCTAD

UOB is right by you
for your investment
into ASEAN



Unrivalled platform in ASEAN

UOB is rated among the world's top banks: 'Aa1' by Moody's and 'AA-' by Standard & Poor's and Fitch Ratings. With our deep roots and wide reach in Southeast Asia, is well placed to help companies understand the opportunities in local markets, develop their entry strategies and navigate the complexities of doing business in the region.



HQ in Singapore

Incorporated in 1935
58 branches



Brunei

Branch set up in 2001
1 branch



Indonesia

Incorporated in 1956
130 branches



Malaysia

Incorporated in 1993
55 branches



Myanmar

Branch set up in 2015
1 branch



Philippines

Branch set up in 1999
1 branch



Thailand

Incorporated in 2005
147 branches



Vietnam

Incorporated in 1995
5 branches

Branch Network: As of April 2023

UOB Foreign Direct Investment Advisory Unit



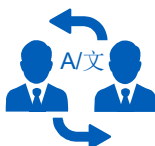
First regional bank to set up a FDI Advisory unit in 2011 to serve as a one-stop service for foreign companies looking to set up regional operations.



Dedicated team of local FDI Advisers across 10 FDI centres¹, who are able to provide in-market insights to help you unlock the region's potential.



Complete ecosystem of strategic partnership to provide seamless and integrated market entry support.



China Desks set up in Singapore, Indonesia, Malaysia, Thailand and Vietnam to support Chinese enterprises' internationalisation.



10 FDI Centres



Hong Kong SAR



India



Indonesia



Japan



Malaysia



Mainland China



Myanmar



Singapore



Thailand



Vietnam

¹10 FDI Centres: Hong Kong SAR, India, Indonesia, Japan, Mainland China, Malaysia, Myanmar, Singapore, Thailand and Vietnam.

Our Purpose-driven Goal

“Enabling the creation of 1 million job opportunities”

Since the start of the pandemic in 2020, investments facilitated by FDIA has enabled the creation of about 100,000 job opportunities as at end of 2022

Enabling Job Creation



Through the FDIs we help to bring in with ecosystem partners in local communities

Benefiting the Value Chain

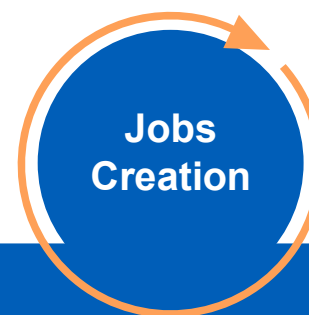


Through our extensive connectivity with government agencies, local SMEs, and service providers

Uplifting Social Impact of Community



Through providing income and knowledge transfer into the community



Economic growth

Increasing GDP per capita; Velocity of Money

Improves standard of living

Providing income; growing middle-income class

Encourage Consumers spending

Increasing Demands for goods and services

Empowerment to community

Lifting people out of poverty; empowering women and young people; Inclusive hiring

Encourage knowledge transfer and skills upgrading

Bridging knowledge, skills, and capabilities

The Batam Story

Connecting the World through ASEAN | UOB FDI Advisory



Link to view (online): <https://www.youtube.com/watch?v=vz6Jab54RkY&t=30s>

Deepening our connectivity capabilities to support key FDI economic corridors



Greater China – ASEAN

- ODI to ASEAN +35% in 2021 (US\$27 billion)
- The combined trade volume between China and ASEAN exceeded US\$800 billion in 2021
- Regional Comprehensive Economic Partnership (RCEP) is expected to increase economic activities



Intra – ASEAN

- US\$21 billion intra-ASEAN flows in 2021
- Singapore remained largest regional investor at US\$13.3 billion
- 37% intra-ASEAN investments in Manufacturing (US\$7.7 billion)



Europe – ASEAN

- EU-27 FDI flows to ASEAN +43% in 2021 (US\$27 billion)
- Merchandise trade between EU-27 and ASEAN +18.6% (US\$269 billion)
- 69% of EU businesses in ASEAN see the region with the best economic opportunity over the next 5 years



Japan – ASEAN

- Japan FDI flows to ASEAN rose slightly to US\$12 billion
- Investments into ASEAN largely in manufacturing (e.g. electronics and automotive)
- 83% Japanese firms surveyed that they will expand into ASEAN in the next 3 years.

Source: ASEAN Investment Report 2019; ASEANStats; 2022 EU-ASEAN Business Sentiment Survey; ASEAN Secretariat Information Paper, as of October 2022; Japan External Trade Organisation (JETRO) 2021 Survey on the International Operations of Japanese Firms

FDI Initiatives 2023

New FDI desks to target growth and untapped opportunities



South Korea

- >15,000 South Korean companies operated in ASEAN and FDI inflows amounted to US\$7 billion in 2021.
- Investment stayed resilient during Covid-19 pandemic with FDI inflows of US\$8 billion in 2021.
- South Korea has reduced its economic dependence on China and shows a shift to ASEAN, accelerated due to the pandemic and the US-China trade tensions.
- Target mid-cap companies with well established business models/technology and Chaebol's opportunistically .



EU

- EU has consistently been one of the top sources of FDI for ASEAN. As ASEAN embarks on its green transition, industry 4.0, EV and deepening its GVC, EU companies are key strategic partners.
- For example, German's government inked a new foreign policy in 2020 for the Indo-Pacific region. In the strategy, there is an outlined engagement plan with ASEAN for a deeper relationship.
- Germany's FDI outflow in 2021 amounted to US\$152 billion and Germany has been the top investor amongst EU into ASEAN.

Deepen engagement with fast growth mid-cap FDIs

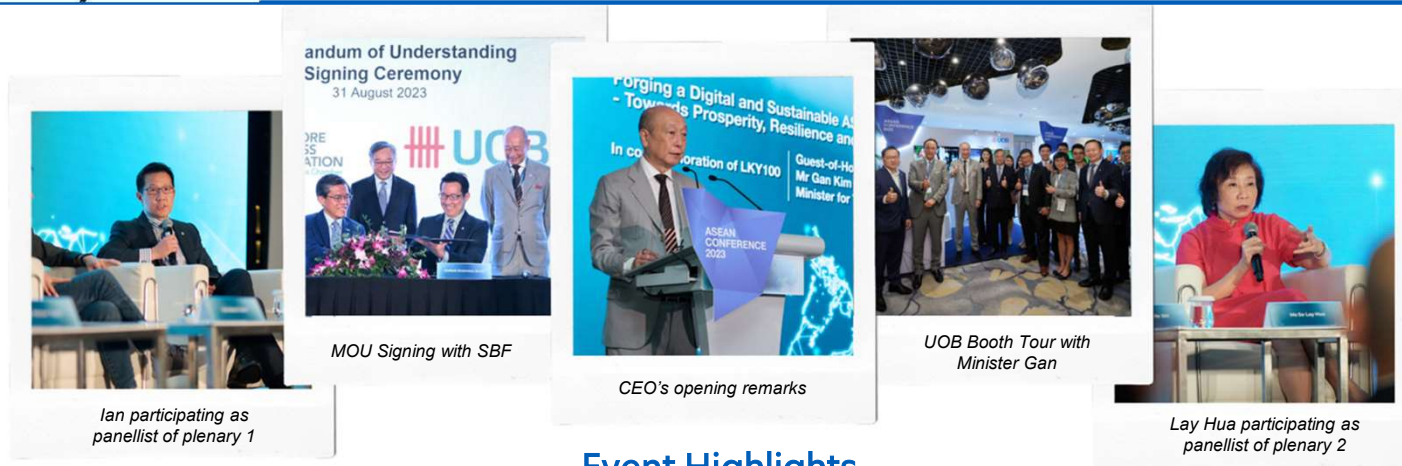
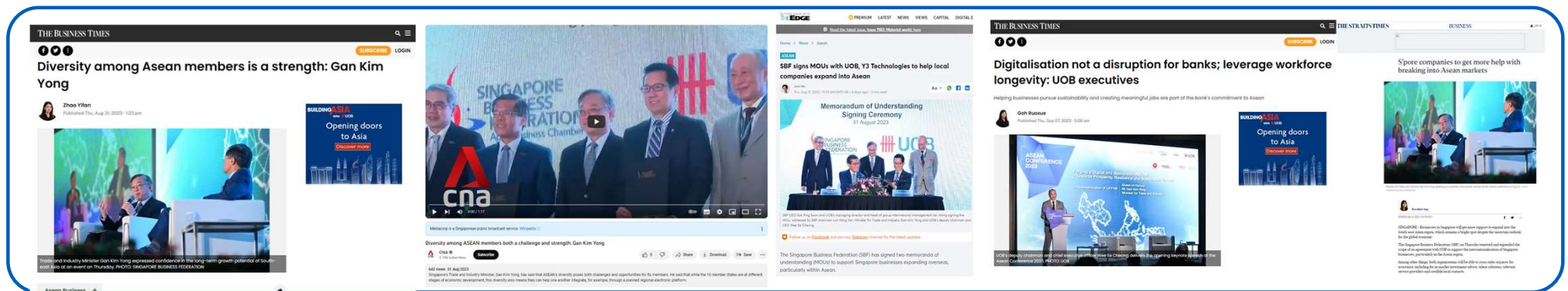
To target fast-growing mid-sized companies FDIs, we are developing credit underwriting framework together with CMB, CBK, and the country managers to engage and harness these opportunities.

Source: ASEAN Investment Report 2022

7th Edition of the ASEAN Conference



Participants include more than 400 high-level participants (ASEAN ambassadors, Government officials, Government promotion agencies, Senior business leaders). Companies leverage on the event to find opportunities overseas and into ASEAN.



Event Highlights

Thank you



Please visit our FDI Advisory
<https://www.uobgroup.com/foreign-direct-investment/>



or visit UOB ASEAN Insights
www.uobgroup.com/asean-insights



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