NAVIGATING INTO SOUTHEAST ASIA

A PRACTICAL ROADMAP TO SUCCESSFUL REGIONAL EXPANSION

A Collaboration between Cambridge Advisers and NUS Business School on a Field Service Project, under the guidance of Professor Mark Goh

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CEO's WhatsApp Nicole Chen

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PREFACE

In today's evolving business landscape, Southeast Asia presents unprecedented growth opportunities for companies seeking to expand their operations internationally. However, navigating the complexities of a region as diverse as Southeast Asia requires a nuanced understanding of varied economic, political, and cultural environments. From emerging regulatory challenges to shifting geopolitical dynamics, businesses face a range of considerations when evaluating expansion strategies.

Against this backdrop, Cambridge Advisers is honoured to have collaborated with NUS Business School as a Field Service Project supervised by Professor Mark Goh to present this white paper, Navigating SEA: Regional Expansion Roadmap. This guide is designed to support foreign enterprises in their decision-making journey, providing an in-depth analysis of regional opportunities and practical steps for successful market entry into Singapore and selected countries in Southeast Asia. This paper combines macro-environmental insights, case studies, and a structured roadmap to assist businesses in their regional expansion journey.

Cambridge Advisers

Nicole Chen

Director, Singapore
Cambridge Advisers

Raymond Moh

Senior Adviser
Cambridge Advisers

Superviser

Professor Mark Goh

Professor, Business Analytics & Operations
Director (Industry Research) at The Logistics Institute-Asia Pacific (TLI-AP)

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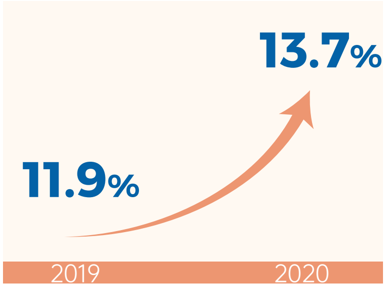
INTRODUCTION

THE ASEAN EXPANSION NAVIGATOR

Where key trade routes meet in the heart of Asia, Southeast Asia (SEA) is a microcosm of the world's most dynamic economies. With strong maritime and land links to key Asia-Pacific economies—Australia, China, India, Japan—SEA saw its share of global foreign direct investments rise from 11.9 per cent in 2019 to 13.7 per cent in 2020[1], underscoring its growing appeal on the global stage.



SEA saw its share of global foreign direct investments rise

With its rapid urbanisation, diverse attributes across countries, and improving manufacturing capacity, SEA is increasingly becoming a region of strategic importance for manufacturing companies that are considering international expansion[2], offering various opportunities to tap into[3].

However, SEA's attractiveness, which lies in its diversity of opportunities, also serves as the greatest challenge for international business expansion. The varying economic, cultural, and regulatory landscapes across SEA countries create a complex environment for expansion. A lack of openly comparable and accessible information across the region can make it difficult for business leaders to navigate the various steps during the process of expansion, often leaving them unaware of crucial considerations for choosing the different countries.

This guide, the "ASEAN Expansion Navigator," aims to bridge these information gaps, offering a structured approach to help businesses evaluate and capitalise on the opportunities within Southeast Asia's dynamic economies.

Preamble

The Strategic Challenge for Businesses

The Association of Southeast Asian Nations (ASEAN) consists of 10 member states namely Singapore, Malaysia, Indonesia, Vietnam, Thailand, Philippines, Laos, Cambodia, Myanmar, and Brunei, acts as a strategically important region for economic growth and innovation[4]. Timor-Leste was granted observer status in 2022 and is in the process of becoming ASEAN's 11th full member.

ASEAN is home to a population of 671.1 million[5] and a combined GDP of US$3.6 trillion as of US$3.6 trillion as of 2022[6]. With an annual growth rate of 4.2% as of 2022, ASEAN stands as the world's fifth-largest economy[7], characterised by its strategic location, robust economic frameworks, dynamic workforce, and an increasingly stable political environment[8]. Additionally, it is projected that ASEAN would develop to become the world's 4th largest economy by 2030[9]. If viewed as a country, ASEAN would be the world's 3rd most populous state after India and China. Unlike other developed nations in the region, ASEAN is young and growing, with a median age of 30 across the region compared with 39 in China, 49 in Japan, 38 in the US and 42 in Europe[10].

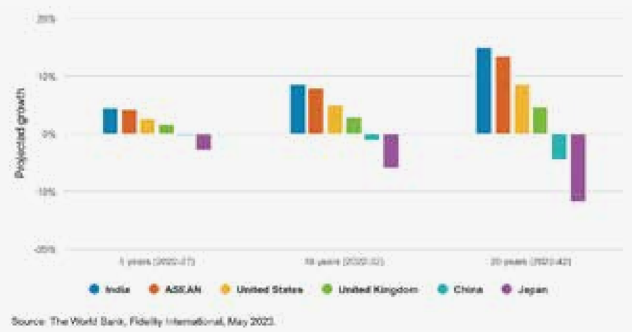


Figure 1.1.(1) Summary of Projected GDP Growth for ASEAN as compared to World Powers[11]

The ASEAN Economic Community (AEC) has fostered stronger economic integration within the region, making ASEAN an attractive expansion destination, especially considering ongoing geopolitical tensions, trade wars, and the strategic implications of the Belt and Road Initiative (BRI). As global supply chain networks realign and trade between Southeast Asia and major global markets continues to grow, companies are looking to diversify to acquire strategic resources like talent with relevant expertise, innovative technologies and develop a resilient ecosystem for them to advance their long-term business expansion goals[12]. As such, ASEAN is an ideal complement to their existing operations.

However, the diversity that makes ASEAN appealing also presents unique challenges. Companies seeking to expand often face a gap between expectations and the realities of operating in these markets. Misaligned expectations can arise from underestimating regulatory variations, administrative delays, or the time needed to navigate local business processes, all of which can introduce unexpected complexities in the expansion process.

Economic Conditions		KevIndustries
2023 GDP per capita: 4,942.36 USD Large population of 277.4 million Relatively stable inflation rate	Indonesia	Base Metals Mining Transport
2023 GDP per capita: 12,570 USD Large population of 34.1 million Relatively stable inflation rate	Malaysia	Tech & Electronics Manufacturing Service Oil and Gas
2023 GDP per capita: 84,734 USD Large population of 5.9 million Relatively stable inflation rate	Singapore	Biomedical Sciences Pharmaceuticals Energy Chemicals
2023 GDP per capita: 7,337 USD Large population of 70 million Relatively stable inflation rate	Thailand	Value-Added Manufacturing Automotives Electronic & Electrical
2023 GDP per capita: 4,324.05 USD Large population of 100.3 million Relatively stable inflation rate	Vietnam	Electronics Manufacturing Garment and Fashion Manufacturing Agricultural Products

Figure 1.1.(2) Consumption Market Value & Summary of ASEAN[13]

To address these challenges, this guide focuses on five key countries of interest (COIs) within ASEAN:

Singapore, Malaysia, Thailand, Vietnam, and Indonesia. These countries were selected based on their significant production capacities, established manufacturing industries, and competitive advantages in labour availability and consumer markets, as highlighted by the ASEAN Statistical Yearbook 2020[14].

> This ASEAN expansion navigator aims to provide foreign businesses with a framework that would support management's decision-making process as they seek to expand into the region.

What you can expect from this guide

Comprehensive Overview
A deep dive into the five COIs, covering economic trends, industry sectors, workforce availability, Environmental, Social, Governance (ESG) standards, and tax systems (non-exhaustive).

Strategic Insights and Case Studies
Real-world insights, challenges, and strategies drawn from research and interviews with industry leaders who have navigated SEA's business environment.

Roadmap for New Investors
A framework highlighting key steps, considerations, and common pitfalls to streamline expansion.

This guide equips foreign companies with the tools to make informed decisions, optimizing their expansion journey across SEA's varied markets.

Methodology

Research Flow and Roadmap Development

The ASEAN Expansion Navigator was developed through a research process that bridges information gaps for businesses exploring expansion into Southeast Asia (SEA), addressing gaps in existing guides which often miss crucial regional insights.

Methodology Outline

1 Comprehensive Analysis

We offer a broad macro-environmental comparison across key factors for the COIs, based on over 30 sub-factors.

2 Case Study Insights

Key insights from business leaders are distilled into actionable checklist questions.

3 Integrated Expansion Roadmap

The roadmap synthesizes macro factors, case insights, and checklist questions into a practical framework that guides businesses through each expansion phase.

Research Flow and Data Collection

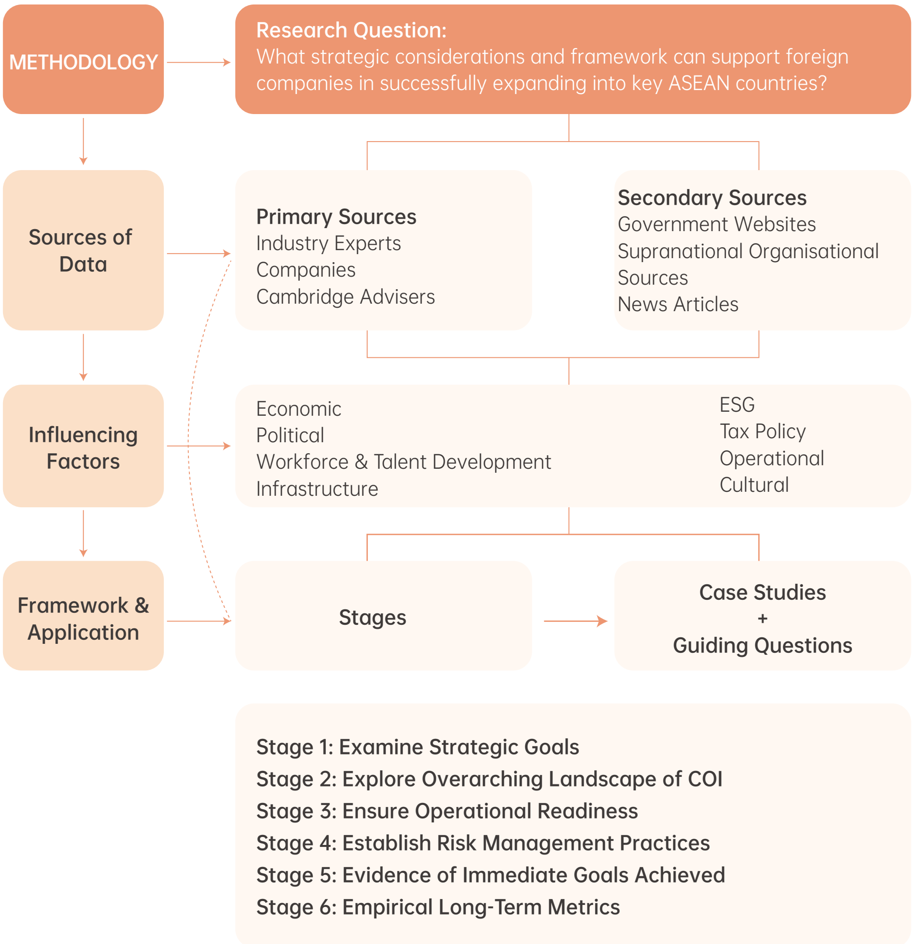


Figure 1.2.(1) Summary Infographic of Methodology

The methodology behind the ASEAN Expansion Navigator involved the following stages

Data Sources

Expert Interviews: Consultations with industry experts, advisors, and companies operating in SEA highlighted strategic considerations, specific regulatory, cultural, and operational nuances.

Case Studies: We reviewed real-world case studies of expansions into SEA to identify critical lessons, opportunities, and challenges.

Secondary Sources: We drew insights from official government websites, the OECD, World Bank, consulting research, and news articles to form a foundational analysis of each country of interest (COI).

Identification of Influencing Factors

PESLE Analysis: A comprehensive framework covering political, economic, social, legal, and environmental factors, with over 30 sub-factors, enabled detailed COI comparisons.

Operational Cost Analysis: We evaluated key operational expenses, including labour, logistics, and informal costs, to give investors a clear picture of both direct and indirect expansion costs.

Framework and Checklist Development

Roadmap Creation: A step-by-step roadmap guides each stage of the expansion journey, from initial market assessment to scaling, addressing compliance, cultural fit, and operational readiness. The roadmap integrates strategic and operational insights to support effective decision-making.

Stage-by-Stage Approach: The roadmap is organised into distinct stages, each addressing key considerations like regulatory compliance, cultural adaptation, and operational scalability. By following this staged approach, companies can mitigate risks and make informed decisions at every step.

Checklist of Questions: Insights from interviews and case studies were distilled into a checklist of key questions and helping companies systematically assess each COI.

Toolkit Integration

Investor Toolkit: The final section integrates the roadmap, influencing factors, and checklist questions into a cohesive toolkit for investors. This practical toolkit not only supports strategic decision-making but also helps businesses anticipate challenges, plan for effective market entry, and leverage the Singapore+1 strategy.

Scalability and Flexibility: Designed to be adaptable, the roadmap allows companies to initiate pilot projects and scale operations based on real-time insights and evolving market conditions, guiding companies from initial SEA operations to potential expansions beyond.

Through this methodology, the ASEAN Expansion Navigator aims to empower manufacturing companies with a comprehensive, adaptable framework that supports each phase of their expansion journey, enabling them to make informed, strategic decisions for expansion in SEA's complex and dynamic environment.

OVERVIEW

OPPORTUNITIES IN 5 ASEAN COIS

Southeast Asia (SEA), comprising over 655 million people, is one of the world's most economically and culturally diverse regions. SEA has a combined GDP of 3.6 trillion USD, with the manufacturing industry playing a key role, contributing 21.2% to the region's economic output[15]. This industry's strategic growth is supported by SEA's unique position as a hub for global trade, with established connections to major markets like China, the United States, and the European Union. It is projected that ASEAN would develop to become the world's 4th largest economy by 2030[16].

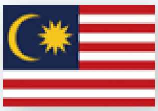
The region also benefits from a vibrant labour and consumer market, supported by a young demographic profile and a large workforce. SEA is the third-largest labour pool after China and India, with 61% of the population under 35 years old[17].

The ASEAN-China Free Trade Area (ACFTA) is a free-trade agreement between ASEAN and China, aimed at enhancing economic integration by reducing tariffs and boosting trade and investment. Established in 2010, it forms one of the world's largest free-trade zones. In November 2022, leaders agreed to launch ACFTA 3.0 negotiations, which concluded in October 2024[18]. The upgrade introduces new commitments in areas like the digital economy, green economy, and supply chain connectivity, while strengthening existing areas like customs and trade facilitation. It also supports micro, small and medium enterprises (MSMEs), promoting an inclusive and resilient regional economy. Overall, ACFTA 3.0 aims to foster long-term growth, improve supply chain resilience, and accelerate digital transformation[19].

This guide focuses on five key countries of interest (COIs) within ASEAN

Singapore, Malaysia, Thailand, Vietnam, and Indonesia.

These countries were selected based on their significant production capacities, established manufacturing industries, and competitive advantages in labour availability and consumer markets, as highlighted by the ASEAN Statistical Yearbook 2020[20].

COI	Brief Country Profile
 Indonesia	Indonesia is one of the world's emerging market economies, with a GDP of 1.37 trillion USD in 2023, making it the largest economy in SEA. With a large population of 277.4 million, Indonesia has substantial market potential and a large labour force. The country has been attracting significant foreign direct investment (FDI) over the past few years, more than doubling from 2021 to 2023, reaching 47.34 billion USD[21]. Inflation rates in Indonesia have remained relatively stable over the past eight years, staying below 4%. In 2023, the inflation rate was 3.71%, with a forecast of 2.56% for 2024. FDI in Indonesia has been steadily increasing, particularly in the base metals, mining, and transport industries[22]. These are its three largest industries. With the country holding the largest nickel reserves in the world and the government's decision to ban the export of nickel ore, the nickel processing industry has experienced significant growth[23]. China and Indonesia have been deepening their collaboration in the nickel sector, driven by the global demand for electric vehicles (EVs) and battery materials. The two nations recently signed agreements worth $10 billion, encompassing industries such as EV manufacturing, lithium batteries, and other new energy technologies[24]. The abundance of nickel reserves has increasingly attracted players in the growing electric vehicles (EV) market, including manufacturers of battery materials as well as companies operating both upstream and downstream.
 Malaysia	Malaysia with a GDP of 415.57 billion USD in 2023, is one of the smaller economies in SEA, yet ranks as the second wealthiest with a GDP per capita of 12,570 USD despite a modest population of 34.1 million. Inflation rates in Malaysia have remained stable over the past decade, consistently staying below 4%. In 2023, the inflation rate was 2.49%, and it is projected to rise slightly to 2.79% in 2024[25]. Malaysia's economy has successfully diversified from being commodity- and agriculture-based to one that now features strong manufacturing and service sectors. This shift has made the country a key exporter of electrical appliances and components, which account for over one-third of its gross exports[26]. Oil and gas also continue to be a significant contributor to Malaysia's exports[27]. In 2023, Penang attracted a record-breaking 12.8 billion USD in foreign direct investment (FDI), surpassing the total FDI inflows of the previous seven years combined, with a particular focus on the semiconductor industry, affirming Malaysia's position as a growing tech and electronics manufacturing hub in SEA[28].
 Singapore	Singapore, an advanced economy with a GDP of 501.43 billion USD in 2023 and the highest GDP per capita of 84,734 USD, is SEA 's premier global financial centre[29]. Despite its relatively small population of 5.9 million, Singapore's open economy is heavily trade-reliant, with trade as a percentage of GDP at 311%[30]. Known for its efficient institutions and high-quality infrastructure, Singapore hosts the second-largest port in the world, reinforcing its role as a global trade hub. Singapore's inflation rate spiked in the past two years, reaching 4.8% in 2023, though it has historically been stable and is forecasted to drop to 2.98% in 2024. Singapore's key industries include biomedical sciences, pharmaceuticals, energy, and chemicals[31]. FDI inflows reached 150.7 billion USD in 2023, the highest in SEA, due to its conducive business environment, attractive regulatory framework, and strategic location for regional headquarters.

COI	Brief Country Profile
 Thailand	Thailand, SEA's second-largest economy, reported a GDP of 514.95 billion USD in 2023. Its GDP per capita of 7,337 USD ranks as the third largest in the region. With a population of 70 million, Thailand has maintained low and stable inflation, staying under 2% for most of the last decade. An anomaly in 2022 saw inflation spike to 6%, attributed to the after-effects of COVID-19, but it returned to 1.23% in 2023 and is forecasted to drop to 0.7% in 2024[32]. Thailand has seen a steady rise in foreign direct investment (FDI), amounting to 23.79 billion USD in 2023[33], primarily in value-added manufacturing, the automotive sector, and the electrical and electronics industries. It already boasts the largest automotive industry in SEA, with well-established supply chains. The Thai government now aims to position the country as a hub for electric vehicle (EV) production, offering generous investment incentives to develop EV infrastructure[34].
 Vietnam	Vietnam's emerging economy, with a GDP of 433.7 billion USD in 2023, is one of the fastest-growing economies in SEA, with a GDP growth rate of 8.1% in 2022 and 5.04% in 2023. Vietnam's population stands at 100.3 million, providing a large and relatively young workforce that contributes to its economic dynamism[35]. Inflation has remained stable over the past decade, staying under 4%, with a rate of 3.25% in 2023 and a forecast of 3.74% for 2024. Vietnam's foreign direct investment (FDI) inflows were the third largest in SEA at 36.6 billion USD in 2023[36], Directed towards its main industries, including garment and fashion manufacturing, agricultural products, and electronics manufacturing[37]. Vietnam's competitive labour costs and proximity to global trade routes have strengthened its role in global supply chains, making it a favourable destination for manufacturing investments.

Table 2. (1): Brief Country Profile of COIs

SEA presents a compelling mix of strategic advantages for businesses, driven by its specialised manufacturing hubs, vital trade connectivity, and expansive labour and consumer markets. With each country offering distinct manufacturing strengths—such as electronics in Malaysia and Vietnam or automotive in Thailand—businesses can strategically align their operations to leverage these specialties. Positioned along major global trade routes and supported by extensive free-trade agreements, the region facilitates seamless international trade. Additionally, SEA's young workforce and growing middle class create an attractive environment for both production and consumer market expansion, reinforcing its role as a prime location for business growth.

MEGATRENDS

COI'S EMERGING INDEX/STRENGTHS IN DIVERSITY

In this section, we compare five countries of interest (COIs) in ASEAN —Malaysia, Thailand, Indonesia, Vietnam, and Singapore—across seven aspects. We've used a colour-coded relative ranking system (Darkest Shade: Most Ideal for this COI, Lightest Shade: Least Ideal for this COI) to represent the relative performance of each COI. Data and detailed graphs are available in the appendix for further reference.

Economic Competitiveness

Evaluating a country's potential as a manufacturing hub requires understanding its economic landscape. We compare Indonesia, Malaysia, Singapore, Thailand, and Vietnam across fifteen economic factors. GDP measures overall economic output, while GDP per capita reflects living standards and income distribution. Economic growth rates, particularly in emerging economies, reflect future potential and the country's growth trajectory, while household disposable income provides insight into consumer's spending power. Interest rates influence borrowing costs and impact investment decisions. Foreign Direct Investment (FDI) inflows reveal investor confidence, market stability, and the influx of capital and technology. Currency volatility is assessed using weighted averages of exchange rate fluctuations with the USD, EUR, and RMB and helps determine the stability of a currency, assessing how exposed a country is to international financial risks. The exact methodology is explained in the Appendix A3.1. Import and export trends in manufacturing demonstrate integration into global supply chains, while Free Trade Agreements (FTAs) with major economies enhance market access and competitiveness. For a complete list of all FTAs, please refer to the Appendix A3.1. The growth of the manufacturing sector, particularly its share of GDP, as well as the popular industries reflects the level of development and importance of industries within each economy, making these factors crucial for assessing the economic competitiveness of each COI.

Economic Competitiveness	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Size of Economy[38] GDP (USD Billions)	1,371.17	415.57	501.43	514.95	433.70
Economic Standing[39] GDP Per Capita (USD)	4,942.36	12,570.46	84,734.28	7,337.19	4,324.05
Economic Growth[40] Forecasted GDP Growth Rate (%)	4.9	4.4	2.1	2.7	5.8
Population[41](Millions)	277.4	33.1	5.9	70.2	100.3
Forecasted Household Disposable Income per Capita[42](USD)	3,690	6,780	45,820	4,710	3,310
Interest Rate[43] 6 Month T-Bill Rate (%)	6.00	3.15	3.06	2.27	5.15
FDI Inflows[44] (USD Billions)	47.34	8.58	177.05	23.79	36.60
Inflation Rate[45](%)	3.713	2.489	4.821	1.228	3.253
Currency Volatility[46] Weighted Average Monthly FX Volatility	1.198	1.214	0.815	1.453	1.069
Import Trend[47] Manufacturing / Total Imports (%)	65.86	68.66	68.99	68.37	78.39
Export Trend[48] Manufacturing / Total Exports(%)	44.55	68.71	74.86	73.96	83.96
Free Trade Agreements[49] China | US | EU | Total	ACFTA |Negotiating | Negotiating | 18	ACFTA |Negotiating | Negotiating | 18	ACFTA | USSFTA | EUSFTA | 31	ACFTA |Negotiating | Negotiating | 15	ACFTA |--------- | EVFTA | 15
Manufacturing Industry Average Growth Rate[50] 2022-2023 (%)	4.77	4.40	-0.81	-1.28	5.91
Manufacturing Industry / GDP[51] (%)	18.67	23.05	17.65	24.91	23.88
Popular Industries[52]	Base Metals Mining Transport	Manufacturing Service Oil & Gas	BioMed Pharmaceutical Energy	Manufacturing Automotive Electronics	Garment Agriculture Electronics

Table 3.1.(1): Economic Competitiveness Metrics across COIs

The economic competitiveness of the five ASEAN countries—Indonesia, Malaysia, Singapore, Thailand, and Vietnam—reveals diverse strengths and strategic opportunities for investors. Singapore stands out with the highest GDP per capita and minimal currency volatility, making it an attractive hub for high-value industries and foreign direct investment (FDI), which reached USD 177.05 billion. However, its high inflation rate as well as slowdown in manufacturing industry growth may not suit labour-intensive manufacturing. Vietnam and Indonesia demonstrate strong economic growth rates (5.8% and 4.9%, respectively) and substantial manufacturing contributions to GDP, underscoring their appeal as cost-effective manufacturing bases. Vietnam comes in second after Singapore in FTA ranking, with an extensive Free Trade Agreement (FTA) network, including the Regional Comprehensive Economic Partnership (RCEP), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and bilateral agreements such as the EU-Vietnam FTA (EVFTA) and Vietnam-Israel FTA. This network boosts Vietnam's access to global markets, providing tariff advantages and integrating it deeply into international supply chains, especially in electronics. Malaysia and Thailand also hold competitive positions; Malaysia leverages its developed infrastructure and moderate GDP per capita, while Thailand's strengths in automotive manufacturing, coupled with low inflation and interest rates, foster economic stability. This diversity within ASEAN allows investors to strategically align their goals, whether focused on cost-efficiency, regional market access, or stability, by leveraging each country's unique economic profile and trade relationships.

Political Factors and Impact on Foreign Investors

The political landscape of a country plays a pivotal role in shaping the expansion strategies of foreign firms. Critical factors include the government's attitude toward the country from where the foreign firm originate, stability of political leadership, and how involved a country is with initiatives such as the Belt and Road Initiative (BRI) in the case of China. These factors not only influence bilateral relations but also impact trade policies, tax regimes, and institutional frameworks that directly affect foreign investments. In this section, we evaluate each COI through key lenses such as political friendliness, openness to foreign investors, and institutional efficiency.

Political Friendliness

Political relations between Southeast Asian countries and the country from where the foreign firm originate are shaped by a combination of diplomatic engagement, economic ties, and national interests. For instance in Asia, countries like Thailand, Malaysia, and Indonesia maintain favourable relations with China due to significant investments and non-interference policies. China's diplomatic outreach in 2024 further strengthened these relationships, with new bilateral agreements focusing on sectors like the digital economy, clean energy, and infrastructure development[53], underscoring ASEAN's strategic importance to China's regional influence[54].

Openness to Foreign Investors

A country's regulatory framework and business structure influence its attractiveness to foreign investors. Key elements include ease of establishing a business, levels of foreign ownership allowed, and overall transparency of regulations. Countries that offer more flexibility and ownership rights to foreign firms rank higher. Singapore is a standout with its open investment environment, while Indonesia and Vietnam are relatively more restrictive.

A country's tax policies also play a significant role in its openness to foreign investors. Political leadership often shapes these policies to either attract or limit foreign investment. Countries that view foreign investment as critical to economic growth, such as Singapore and Malaysia, tend to offer more favourable tax incentives. On the other hand, nations with more restrictive political attitudes may impose higher tax burdens on foreign enterprises, as seen in Vietnam.

To assess the openness of countries to foreign investment, we can refer to the Foreign Direct Investment (FDI) Confidence Index. This index reflects both the regulatory environment and the economic conditions within each country.

COI	2024 FDI Confidence Index[55]	Market Type	Tax Environment
Indonesia	12th (Emerging Markets Index)	Emerging Market	Higher corporate tax rate (22%), but offers tax holidays and incentives for investment in priority sectors (infrastructure, energy)[56]
Malaysia	10th (Emerging Markets Index)	Emerging Market	Corporate tax rate (24%) with multiple tax incentives for manufacturing, green tech, and digital industries[57]
Singapore	12th (Main Index)	Developed Market	Corporate tax rate of 17%, various tax exemptions and sector-specific tax incentives for foreign investors[58]
Thailand	9th (Emerging Markets Index)	Emerging Market	Competitive corporate tax rate (20%) and tax incentives for strategic sectors, but political instability affects long-term tax planning[59]
Vietnam	18th (Emerging Markets Index)	Emerging Market	Corporate tax rate (20%), though compliance is complex. Incentives available for high-tech and export sectors[60]

Table 3.2.2.(1): FDI Confidence Index, Market Type and Tax Environment across COIs

Singapore stands out among the COIs for its inclusion in the Main FDI Confidence Index, ranking 12th in 2024. This distinction is critical because Singapore, as a developed market, operates under different parameters and expectations compared to the emerging markets of Indonesia, Malaysia, Thailand, and Vietnam, all of which are ranked on the Emerging Markets Index. The latter group faces distinct challenges like political instability, tax compliance complexity, and reliance on incentives for strategic sectors.

Singapore's higher ranking on the more prestigious Main Index highlights its global appeal to investors due to its business-friendly environment and stability. Though its corporate tax rate is lower at 17%, compared to others, the strategic tax incentives and exemptions it offers make it an even more attractive destination for FDI. This competitive edge in taxation will be discussed further in later sections, where Singapore's superior tax environment will be explored in greater detail.

Key Political Factors for Evaluation

In assessing the viability of foreign firms expanding into Southeast Asian countries, three key political factors warrant careful consideration:

- **Government Continuity:** We will assess the historical and current state of government leadership in each COI, focusing on the continuity of governance and its implications for political stability. Government effectiveness score[61] is also used to reflect the quality of public services, the competence of civil servants, and the government's ability to implement sound policies effectively. Higher scores indicate a capable, efficient administration that fosters stability and growth, while lower scores suggest challenges in policy execution and public service delivery.
- **Impact of China's Belt and Road Initiative (BRI):** This analysis will explore how China's BRI projects have influenced the political landscape of each COI.
- **Institutional Efficiency:** We will evaluate each COI using the Institutional Efficiency Index[62] to examine the effects on Institutional Efficiency and Public Sector Transparency, as well as the political landscape[63] in the COI.

COI	Government Continuity	BRI Impact	Institutional Efficiency
Indonesia	Stable leadership transition with Prabowo Subianto's presidency ensures policy continuity[64]	Largest BRI recipient in SEA with major infrastructure projects, though political challenges like cost overruns remain[65]	115th[66] – Challenges in transparency. The new administration's priorities could bring opportunities for infrastructure and economic growth, though policy unpredictability may pose challenges for both local and foreign investors.
Malaysia	Frequent leadership changes; the current government under Anwar Ibrahim maintains overall stability[67]	Significant BRI projects, focusing on green and digital sectors under the current government[68]	57th[69]– Gradual improvement in governance. Political and economic management faces challenges due to coalition dynamics, yet individual states like Johor and Penang are pursuing growth through their own strategic pathways.
Singapore	The ruling party has maintained uninterrupted governance and political stability since independence, with Mr Lawrence Wong recently take over the reins as the fourth Prime Minister[70]	Key regional BRI hub, facilitating one-third of China's total BRI investments. Many ASEAN BRI infrastructure projects originate from Singapore, leveraging its financial institutions for project financing, creating opportunities for local businesses to engage in BRI projects[71]	5th[72]– Highly transparent, efficient governance. Singapore is known for its highly transparent and effective governance. Despite demographic pressures and regional dynamics, Singapore plays a complementary role in the region, working synergistically with neighbouring countries like Malaysia to enhance ASEAN's collective economic strength.
Thailand	Political instability marked by fragile coalitions and leadership challenges[73]	Key participant in BRI in regional infrastructure development, but controversies like the Sino-Thai rail project highlight concerns over sovereignty[74]	108th[75]–Governance challenges persist. The post-election government is working to stabilise and address economic inequalities, yet frequent political transitions contribute to a conservative and cautious approach among policymakers.
Vietnam	Leadership transitions and anti-corruption efforts create uncertainty[76]	Cautious participation in BRI due to sovereignty concerns, but increasing engagement in recent years, especially in rail connectivity[77]	80th[78] – Ongoing governance reforms. Actively balancing economic liberalisation with party control, it is driving institutional reforms to improve transparency, though slowed growth from over-investment in real estate presents hurdles.

Table 3.2.3.(1): Government Continuity, BRI Impact & Institutional Efficiency across COIs

The political landscapes of Indonesia, Malaysia, Singapore, Thailand, and Vietnam vary in stability and openness to foreign investors. Singapore's developed market, high FDI confidence, and efficient institutions make it ideal for long-term, high-stakes investments despite higher costs. Indonesia and Malaysia offer cost-effective entry with strong BRI involvement and tax incentives. Thailand and Vietnam also present opportunities, though challenges like Thailand's political instability and Vietnam's cautious BRI stance require strategic consideration. Together, these factors guide foreign investors in aligning their expansion strategies with each COI's unique political and regulatory conditions for informed decision-making in SEA.

Workforce and Talent Development Strategies

As a customer-centric approach gains prominence, effective Human Resource Management (HRM) in manufacturing to enhance customer satisfaction and productivity[79]. HRM encompasses a strategic set of policies underpinned by organisational design strategies aimed at attracting, developing and retaining talent[80]. By strategically attracting, developing and retaining talent, firms can leverage on their workforce to meet long-term goals. This section evaluates the HRM landscape of each COI, using four key metrics: workforce composition, skill levels, training programs and labour productivity. Each factor is summarised in a table format, that facilitates quick comparison across COIs.

Workforce Composition

Workforce composition refers to both the size and age demographics within the COI's labour pool. A younger workforce indicates adaptability and potential for skill development. On the contrary, a mature and experienced workforce might provide immediate expertise but require succession planning. Ultimately, subfactors like age and size of the labour force inform HRM practices like workforce planning based on business needs, enabling companies to effectively leverage human capital[81].

In the table below, a larger and younger workforce is shaded with darker shade, as this is favourable for adaptable talent. Please refer to Appendix A3.3 for detailed justification of the rankings.

Workforce Composition	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Size of Workforce	Over 140 million workers[82]	Over 17 million workers[83]	Over 3 million workers[84]	Over 40 million workers[85]	Over 56 million workers[86]
Age of Workforce	17.9% of population aged 25-29[87]	15.27% of population aged 25-29[88]	11.88% of population aged 30-34[89]	Majority of population less than 35 years old[90]	Majority of population less than 35 years old[91]

Table 3.3.1.(1): Workforce Composition Factors across COIs

Skill Levels

Skills levels highlight the competencies within the workforce, such as the percentage of those with advanced education or highly skilled professionals[92]. Higher skilled labour aligns with industries that require technical expertise, which affects HRM strategies.

The table below summarises the skill levels across five COIs. Darker shade indicates higher education levels and skill proficiency, which is desirable for specialised roles.

Skill Levels	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Workforce with advanced education (%)	81.42[93] (As of 2023)	77.92[94] (As of 2022)	85.55[95] (As of 2022)	81.35[96] (As of 2023)	87.26[97] (As of 2023)
Workforce with highly skilled professionals (%)	No Data; Approximately 20% of the workforce is categorized as under-skilled[98]	27.2[99]	No Data ; Tops the world for having the most highly skilled workers[100]	14[101]	11[102]

Table 3.3.2.(1): Skill levels across COIs

Training Initiatives

The manufacturing landscape can be characterised by evolving megatrends and external forces, which require skilled labour. This can be described by advancements in technology that require constant training programs to develop new skills as the complexities of job tasks increase. Access to training initiatives allows countries to upskill their workforce in line with evolving industry demands[103]. The table below summarises the COIs with their respective training initiatives and training initiatives on a state level if applicable.

Indonesia

Training Initiatives

1 Kartu Prakerja[104]

- Launched in 2020, this nationwide Indonesian program aims to cultivate workforce competencies, productivity, and competitiveness through skill development (skilling, reskilling and upskilling).
- Available to all Indonesian citizens aged 18 years and above who are not enrolled in any formal education.
- Training programs are administered via a private-public partnership scheme by partnering with 6 digital platforms and 183 training institutions, leading to the provision of 1085 courses.
- Training courses are implemented via a Learning Management System (LMS), webinar or a combination of both modes.

Expected Impact

- Supports productive employment, decent work and SDG related targets like quality education and lifelong learning.
- According to a Statistics Indonesia survey, out of 14.3 million Kartu Prakerja beneficiaries, 87% agreed that work competency levels have improved.
- Additionally, according to test results, beneficiaries could increase skill levels by 95% post-training.
- Digitalisation has helped to mitigate geographical challenges and course take up rates of training courses across different states beyond Java[105] .

Malaysia

Training Initiatives

1 APAN Malayan Technical Institute (JMTi)[106]

- Established in 1988 through a cooperation with Japan to address Malaysia's skilled workforce needs.
- It offers certificates of different levels: Diploma, and Advanced Diploma programs in fields like electronic, computer, mechatronic, and manufacturing engineering, alongside short courses.

Expected Impact

- JMTi seeks to increase Malaysia's highly skilled workforce to 35% by 2030, by aligning training with industry demands and equipping individuals with high-tech skills.
- These programs enhance employability and support further education opportunities for graduates, contributing to Malaysia's economic growth.

Malaysia

Training Initiatives (State Level)

1 FMM Institutes

• FMM Institute, a subsidiary of the Federation of Malaysian Manufacturers, was founded in 1999, to provide industry-focused skills training for Malaysia's manufacturing and services sectors.

• These institutes offer training programs and are equipped with training facilities across nine branches nationwide, its Selangor & Kuala Lumpur branch operates in Hicom Glenmarie Industrial Park, Shah Alam.

Expected Impact

• On average, around 1,000 programs and training 18,000 participants annually are conducted annually

• It aims to enhance personnel skills across all levels of industry, as the Institute provides a broad range of corporate training programs tailored to meet sector-specific needs.

• This includes options for cost-effective, in-house programs that allow the attainment of high-quality and learning outcomes.

• Emphasising lifelong learning, the Institute offers various Certificate and Professional Development programs, enabling working professionals to gain qualifications for career advancement.

2 Penang STEM Talent Blueprint in Support of National Semiconductor Strategy[107]

• In light of plans to build a sustainable STEM talent pipeline, The Penang STEM Talent Blueprint was launched.

• This aligns with Malaysia's New Industrial Master Plan 2030 and the National Semiconductor Strategy.

• Key industry players like Penang STEM Working Group with partners like Intel and Motorola collaborate to develop this blueprint which aims to double STEM enrolment, output from TVET, female participation in STEM, and high-value jobs through a comprehensive education and workforce development model (IGNITE, EMBED, IMMERSE, EMBRACE, ENABLE) and incentivising STEM careers.

Expected Impact

• The Blueprint will address Malaysia's talent gap, attract investments, and support Penang's ambition to become a regional high-tech hub.

• By training and upskilling 60,000 engineers, it strengthens Malaysia's value proposition for global investors and boosts the workforce capability of Penang's semiconductor and industrial sectors.

Singapore

Training Initiatives

1 Skillsfuture Movement[108]

• SkillsFuture is a national movement in Singapore, founded in 2016 which is aimed at empowering individuals with lifelong learning opportunities, which equip Singaporeans with the relevant skills to advance in an evolving economy.

• It emphasises skill mastery, continuous education, and career development, regardless of one's background, age, or qualifications.

Expected Impact

• With the transition to an increasingly knowledge based and technology driven economy, SkillsFuture will enhance Singapore's competitiveness by fostering a highly-skilled workforce capable of adapting to technological advancements and global demands.

• Through this, it also creates the potential for better job opportunities, higher incomes, and a stronger culture of lifelong learning and skill recognition.

Singapore

Training Initiatives

2 Refreshed CET Masterplan

• The refreshed Continuing Education and Training (CET) Masterplan in Singapore, is part of the SkillsFuture movement, which seeks to build a resilient and skilled workforce through offering an integrated, adaptable system of education and lifelong learning opportunities.

Expected Impact

• The CET Masterplan will strengthen Singapore's workforce by encouraging employers to value and invest in skill development, enabling individuals to make informed career choices, and creating a dynamic ecosystem of high-quality learning options.

• This initiative is expected to allow individuals to map out the journey of career development, enhance career resilience, deepen expertise, and align workforce skills with industry needs.

3 WSQ Skills Qualifications[109]

• The Singapore Workforce Skills Qualifications (WSQ) is a national credentialing system that provides competency-based training, development, assessment, and certification of skills aligned with the Skills Framework.

• It outlines the qualifications that are focused on role-specific and transferable skills to enhance workforce adaptability and mobility.

Expected Impact

• WSQ promotes lifelong learning and career progression by offering flexible, accessible training without academic prerequisites, recognising prior learning, and providing structured pathways.

• This initiative aims to develop a skilled, adaptable workforce with certifications that meet industry standards.

• Thus, reflecting industry needs as individuals, employers, and training providers collaborate to support employability via in-house training.

4 Advanced Manufacturing Training Academy (AMTA)[110]

• The Advanced Manufacturing Training Academy (AMTA) was launched in 2020 and is operated by the Singapore Manufacturing Federation.

• The training academy supports the local manufacturing sector's industry's needs by identifying future job and skill needs, coordinating training, and developing programs to fill skill gaps.

• It leverages on valuable insights and partnerships from government agencies, educational institutions, and industry leaders.

Expected Impact

• AMTA aims to strengthen Singapore's manufacturing workforce by addressing skill shortages, ensuring alignment with industry demands, and preparing workers for emerging roles.

• Thus, enhancing industry competitiveness and resilience.

Thailand

Training Initiatives

1 Lift Skill Thai Labour Force[111]

• Thailand aims to address labour skill shortages hindering its Thailand 4.0 goal by implementing a two-year project, in partnership with Mercer.
• This initiative aims to analyse future labour demands and develop relevant curricula to align education and training with market needs.

Expected Impact

• The initiative seeks to enhance Thailand's economic and social resilience by creating a skilled workforce aligned with future market needs.
• Thus, supporting the country's transition to support an advanced, innovation-driven economy.

2 Sustainable Manufacturing Center (SMC)[112]

• Launched by Thailand's NECTEC-NSTDA to support transitioning to Industry 4.0.
• This includes assessment, consultation, solution provision and training.
• To target the specific needs of clients and common challenges for SMEs, SMC offers both customised and platform solutions.
• It encourages Industry 4.0 readiness through a training and collaborative platform membership program at EECi.

Expected Impact

• SMC aims to drive productivity and efficiency within Thailand's manufacturing sector, enabling the adoption of advanced technologies in over 140000 factories.
• By providing workforce training and fostering an Industry 4.0 ecosystem, SMC supports sustainable industrial growth and positions Thailand as a competitive player in the digital manufacturing era.

Vietnam

Training Initiatives

1 Technical and Vocational Education Training System[113]

• Vietnam's Technical and Vocational Education and Training (TVET) program seeks to address skill shortages, enhance inclusivity, and align vocational training with economic, environmental, and digital needs.
• This program fosters all-rounded collaboration between training institutes, businesses, and civil society, and supports 30 institutes in developing green and digital competencies, especially for the energy, forestry, and environmental sectors.

Expected Impact

• The initiative seeks to make TVET more accessible and relevant, improve job prospects for trainees, and support Vietnam's socially just, digital, and green transformation.
• Through equipping workers with future-ready skills, Vietnam can increase its talent attractiveness in the long run.

Vietnam

Training Initiatives

2 Training Program in the Semiconductors Industry held by Vietnam-Korea University (VNU)

• Vietnam-Korea University (VKU) in Da Nang has launched a human resources training program in the semiconductor industry, aiming to produce 600 to 1,000 skilled engineers by 2028.

• The initiative is largely facilitated by key stakeholder partnerships with companies like Synopsys and Samsung, and is designed to train engineers in semiconductor technology.

• Plans to implement upskilling courses for lecturers and students are already underway.

• Meanwhile, Da Nang is also establishing the Da Nang Semiconductor Research, Design Training & AI Centre to support research, training, and design in the semiconductor field.

Expected Impact

• Through this, it is expected to develop a strong, skilled workforce, to support Vietnam's growing semiconductor industry that can attract long-term investment from global players like Intel, Qualcomm, and Samsung.

• The initiative will contribute to making Da Nang a hub for semiconductor research and manufacturing, supporting high-tech industry development and fostering partnerships in AI, automation, and IT with companies and universities worldwide.

Table 3.3.3.(1): Nationwide and Manufacturing Specific Training Initiatives across COIs

Labour Productivity

Labour Productivity is defined as output (GDP) or value-added per worker, reflecting both efficiency and the level of industrialisation in each COI[114]. Productivity impacts cost structures, with higher productivity leading to better output for investment.

In particular for Chinese businesses looking to expand into SEA, we gathered that businesses need to account for differences in labour productivity in comparison to the Chinese workforce. This can result in higher labour costs that Chinese businesses need to factor in and devise long term strategies to mitigate. As shared by our interviewees and corroborated by the New Zealand Ministry of Foreign Affairs and Trade, a potential way to offset relatively higher labour costs is to invest in technologies that can ensure greater automation of processes[115]. Consequently, this investment into technology can ensure greater consistency in production efficiency and bridge the mismatch between expectations for the local labour force productivity.

The graph below summarises the output (GDP) per worker in USD and its respective trends across the five COIs from 2004-2024. From this, we observe an overall increasing trend in labour productivity over time across all five COIs, with Singapore emerging as the lead to be particularly attractive for high-value industries.

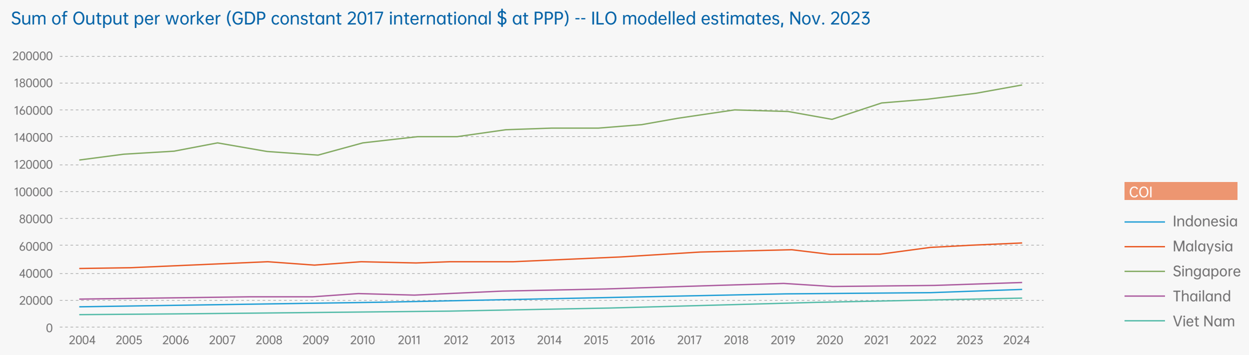


Figure 3.3.4.(1): Labour Productivity per worker per hour in USD across COIs[116]

Summary of Workforce and Talent Development Strategies

The ASEAN region offers various workforce strengths across its respective member countries. Each country possesses unique advantages that influence strategic human resource management (HRM) decisions for businesses. By examining these workforce characteristics, businesses can make informed HRM decisions tailored to their business goals and expansion strategies. For roles requiring high productivity and workers with advanced skill sets, Singapore emerges as a prime choice. Next, Malaysia and Thailand offer appealing options for companies seeking out a balanced workforce with skill and size considerations. Meanwhile, Indonesia and Vietnam serve as advantageous locations for businesses aiming to leverage cost-effective, youthful labour for scalable operations. Thus, an in-depth analysis as such enables businesses to strategically align their HRM decisions with the specific strengths of each country in the ASEAN region, which ultimately impact business outcomes.

Infrastructure Readiness and Strategic Investments

Infrastructure, comprising physical, digital, and organisational systems, is essential for enabling efficient trade, productivity, and business operations[117]. High quality infrastructure supports the seamless flow of goods, information, and people, enabling productivity alongside lower costs, leading to higher output[118] and thus, promoting economic growth and attracting investment. In this section, we focus on the quality of existing infrastructure within the country and its future development plans to further improve infrastructure.

Quality of Existing Infrastructure

In the table below, the ASEAN countries have been ranked across the factors, which collectively determine the quality of a country's infrastructure and its ability to support business activities. Existing physical structures, transport networks and sources of power supply support daily operations of businesses by connecting them with the resources they require to function[119]. High quality of existing infrastructure is often associated with higher levels of safety and efficiency[120]. Accessibility on top of convenience ensures that employees' time is used efficiently, increasing the economy's overall productivity. In turn, higher levels of productivity attract investors, contributing to the growth of businesses.

To assess the quality of existing infrastructure within the COIs, the following factors are analysed in greater detail.

Factors	Description
Public Transit Index[121]	Measures efficiency, utilisation rate, public transit density and extent to which the COI's public transport can adapt to counter competition from emerging mobility services.
Container Port Performance Index[122]	Measures operational efficiency through analysing vessel turnaround, port capacity and resource utilisation, loading and unloading efficiency, and extent of integration of port into the global supply chain.
Quantity of Industrial Estates	Indicates the availability of business-ready spaces to facilitate smooth operations and easy access to necessary resources.
Digital Quality of Life (DQL) Index[123]	Measures the quality of the country's digital infrastructure in terms of internet quality, electronic infrastructure and security (Surfshark, 2023), all of which supports business efficiency.
Logistics Performance Index[124]	Measures the efficiency of the COI's logistics systems, highlighting the ease and efficiency of the movement of goods through the COI.

Table 3.4.1.(1): Factors assessed and description chosen factors determining Quality of Existing Infrastructure

Quality of Existing Infrastructure	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Public Transit Index Ranking[60]	37th	23rd	3th	42th	26th
Container Port Performance Index[61]	23rd(Tanjung Priok)	28th(Klang)	17rd(Singapore)	45rd(Laem Chabang)	132rd(Saigon)
Quantity of Industrial Estates/Parks	103[125]	> 500[126]	11[127]	64[128]	563[129]
Digital Quality of Life (DQL) Index	67th	37th	10th	51th	56th
Logistics Performance Index	3	3.6	4.3	3.5	3.3

Table 3.4.1.(2): Quality of Existing Infrastructure across COIs

Singapore and Malaysia boast the highest quality infrastructure in the region, driven by robust public transport networks, high operational efficiency of its ports, and advanced digital infrastructure. However, Singapore faces limitations in the number of Industrial Estates and Parks, primarily due to its constrained land area. In contrast, Vietnam excels in the quantity of Industrial Estates and Parks, coupled with above-average public transport quality and strong port activity. Meanwhile, Thailand has relatively good digital infrastructure, but its public transport, port activity, and availability of Industrial Estates and Parks are less developed. Indonesia lags the most for port throughput and digital infrastructure. Please refer to Appendix A3.4.1 for a closer look into details of existing infrastructure present in the COIs and the rationale behind choosing the above factors.

Future Development Investments

Future infrastructure investments are crucial indicators of a country's long-term growth potential. We assess the financial commitment of each COI to infrastructure development, including transport, industrial zones, and technological advancements. Higher investments signal a commitment to improving infrastructure, increasing connectivity, and contributing to enhanced business productivity.

2023 and 2024 figures for development investment from multiple sources are used to measure the country's financial commitment to future infrastructural developments. Higher average development investment is an indicator of the country's ability and willingness to commit to enhancing the standards of its infrastructure. Such improvements would better serve the needs of businesses in terms of accessibility, connectivity and productivity.

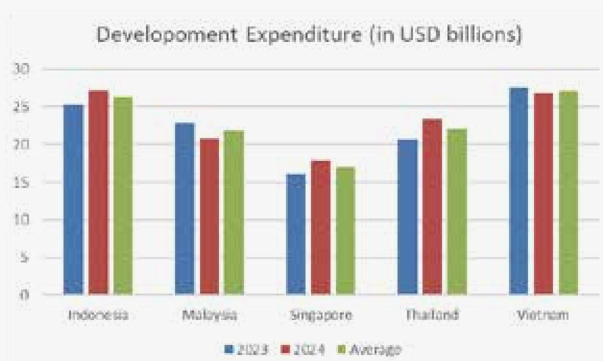


Figure 3.4.2.(1): Development Expenditure across ASEAN countries in 2023 and 2024

Development Expenditure	Indonesia	Malaysia	Singapore	Thailand	Vietnam
2023	25.24[132](Projected)	22.91[133]	16.06	20.72[134]	27.52
2024	27.23[135]	20.83[136]	17.83	23.42[137]	26.80
Average	26.26	21.87	16.95	22.07	27.16

Table 3.4.2.(1): Development Expenditure across COIs in 2023 and 2024

Of the 5 COIs, the average of investment on the development of infrastructure between 2023 and 2024 was the highest for Vietnam, at US$27.16 billion, as shown above (Figure 3.4.2). This is followed by Indonesia (US$26.24 billion), Thailand (US$22.07 billion), Malaysia (US$21.87 billion) and Singapore ($16.06 billion) in last place.

In preparation for the development of its economy, each COI has engaged in several major infrastructure enhancement projects.

COI	Major Development Projects
Indonesia	• Giga Industrial Park in Southeast Sulawesi, Kolaka Resource Industrial Estate, Stargate Industrial Estate, and Toapaya Industrial Estate in Bintan[138] • Nusantara Airport[139] • Road constructions[140]
Malaysia	• East Coast Rail Link[141] • Sabah-Sarawak Link Road[142]
Singapore	• Jurong Region Line[143] • Cross Island Line[144] • 5th Changi Airport Terminal[145] • Tuas Port – Fully automated[146], designed to support Singapore's growing status as a global logistics and trade hub
Thailand	• Dual-track railroad project connecting Kohn Kaen and Nong Khai[147] • Orange Line Project between Bang Khun Non and Min Buri[148] • Extension of Highway 4027[149]
Vietnam	• Extension of road networks[150] • Long Thanh International Airport[151]

Table 3.4.2.(2): Major Development Projects in COIs

Overall, Vietnam and Indonesia show strong potential due to their high development investments, which indicate a commitment to long-term infrastructure improvement. Singapore and Malaysia lead in quality of existing infrastructure, offering immediate operational benefits, though Singapore's growth may be limited by its land constraints. These factors collectively enable investors to align their infrastructure needs with each COI's unique strengths.

Sustainable Growth: Environmental Considerations

When evaluating potential markets for expansion, environmental conditions and regulatory frameworks are key considerations. Factors such as natural resources availability and Environmental, Social and Governance (ESG) regulations directly influence operational costs, efficiencies and long-term viability of investments in each COI.

Abundance of Natural Resources

Natural resources are a key driver of economic growth, particularly for the manufacturing industry which is reliant on raw materials such as oil, coal, and natural gas and metals that have contributed significantly to the growth of economies globally[152]. The abundance of resources reduces costs for businesses and enhances a country's attractiveness for investment.

An abundance of natural resources within the chosen COI would translate to lower costs of importing and transporting the required components. Below are examples of key manufacturing industries and the core natural resources they require:

Automotive Industry

Generally, the automotive industry requires high levels of aluminium, copper and lithium to produce car bodies and motors of the drive system[153]. Particularly in the Electric Vehicles (EV) market, each car requires approximately 8 kilograms (kg) of lithium, prompting the International Energy Agency (IEA) to predict that the world could very soon face a shortage of lithium[154].

Aerospace Industry

Aircraft manufacturing requires a large amount of metals, such as aluminium, nickel, titanium and steel alloys. The A320[155] and Boeing 777[156], some of the most common aircrafts used by airlines, are made up of over 70% aluminium and aluminium-lithium alloys[157].

To gauge resource availability, we used natural resource rent as a percentage of the country's GDP as a proxy. This indicator takes into consideration the sum of natural gas, coal, oil, forest and mineral rents[158] and reflects the revenue generated from resource extraction relative to the cost[159], signalling each COI's dependence on and access to natural resources.

As of 2021, Malaysia shows the highest percentage, indicating a strong resource base, followed by Indonesia, Vietnam, Thailand and Singapore. These rankings suggest that Malaysia and Indonesia may offer cost advantages for resource-dependent industries, while Singapore, with the lowest natural resource rents, is less resource-reliant but has a highly developed economy and infrastructure. You may refer to Appendix A3.5, Table 3.5.1 (1) for more details on the natural resources of each COI.

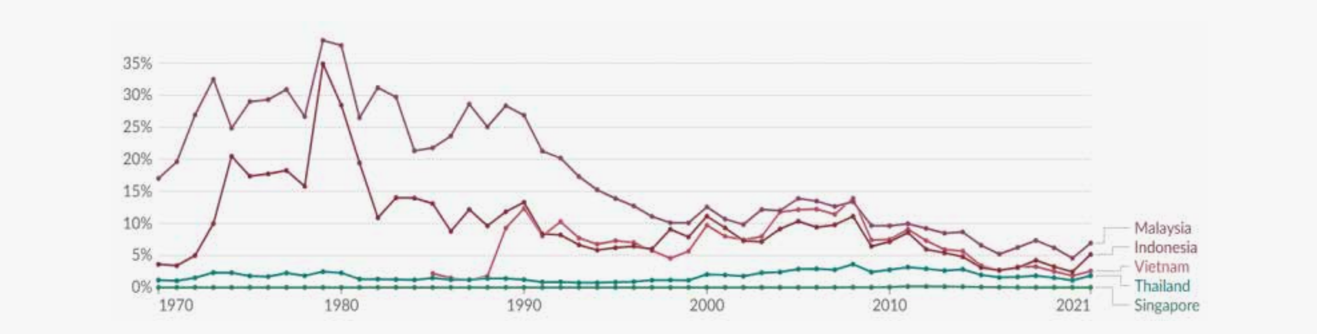


Figure 3.5.1.(1): Natural Resources Rent as a percentage of GDP (2024)[160]

Environmental, Social and Governance (ESG) Regulations

With a global shift toward sustainable practices, assessing a COI's commitment to ESG standards is increasingly crucial for long-term operational success. Strong ESG regulations can boost investor confidence, enhance reputational value, and reduce long-term operational costs through sustainable practices. Conversely, meeting these standards can involve initial compliance costs for firms, arising from data collection, monitoring, and hiring ESG experts[161].

The table below summarises each COI's ESG regulatory requirements, water pollution penalties, carbon taxes, budgets allocated to environmental efforts, future plans focused on sustainability, and key environmental policies and laws that firms should keep a lookout for. In an ESG Report, more factors have to be taken into consideration when evaluating a country's ESG performance. Please refer to Appendix A3.5, Table 3.5.2 (4) for the comprehensive list of factors, as well as the rationale for the chosen factors.

Singapore stands out with the most rigorous ESG requirements, being one of the 2 countries to implement carbon taxes, while also dedicating a high amount of budget to environmental efforts. Malaysia and Thailand also show commitment to ESG while Indonesia shows relatively low engagement in this aspect.

Environment	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Is ESG Reporting Necessary?	Necessary for Public listed companies, financial institutions, non-public companies using natural resources[162]	Necessary for companies listed on Bursa Malaysia[163]	From 2025, necessary for all listed companies From 2027, also applied to large non-listed companies[164]	Necessary for listed companies to produce the 56-1 One Report[165]	Necessary for listed companies[166]
Water Pollution Penalties	Fines up to 3 billion Rupiah (USD 191,142) Daily fines may be imposed for unresolved violations[167]	Fines ranging from RM 50,000 - RM 10 million (USD 11,520 - USD 2,270,784) and mandatory imprisonment of up to 5 year[168]	Fine up to SGD 15,000 (USD 11,344) and/or maximum 3 months jail for discharge of hazardous substances Fine up to SGD 50,000 (USD 37,816) and/or maximum 12 months jail if safety and health of others are compromised[169]	Up to 200,000 Baht (USD 1,485)[170]	Warning may be issued Fine ranging from VND 1 million - VND 1 billion (USD 39.42 - USD 39,417) may be issued Possible suspension of operations for at least 3 - 6 months Environmental licence may be revoked[171]
Carbon Tax	No active carbon tax	No active carbon tax	2024 - 2025: SGD 25/tonne (USD 18.91) 2026 - 2027: SGD 45/tonne (USD 34.03)[172]	Starting 2025: 200 Baht/tonne (USD 5.94)[173]	No active carbon tax
2024 Budget allocated to Environmental Efforts	No data	RM 7.1 billion (USD 1,635,945,080)[174]	SGD 3,401,292,300 (USD 2,572,449,174)[175]	131,020.5 million Baht (USD 3,892,469,691)[76]	No data
Future Environmental Plans	Golden Indonesia 2045[176] Establishing a Green Economy Emphasising a low carbon, circular and blue economy, along with energy transition	National Policy on the Environment (DASN)[177] 8 principles which align economic development with environmental mindfulness and sustainability	The Singapore Green Plan 2030[178] Long-term net zero emissions by 2050 Strengthening commitment to the UN's 2030 Sustainable Development Agenda and Paris Agreement Focus on 5 pillars	Climate Change Master Plan 2015 - 2050[179] Promote sustainable development Encourage low carbon growth and climate change resilience Focus on 3 key strategies	Vietnam's National Green Growth Strategy[180] Reduce greenhouse gas emissions Reduce energy production and consumption Achieve sustainable urban development

Environment	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Key Environmental Policies/Laws	Law No. 32 of 2009, on Environmental Protection and Management[181] Highlights: • Pollution and Environmental Damage Control • Environmental Licensing and Permits • Accountability and Liability of Environmental Damages	Environmental Quality[182] • (Sewage) Regulations • (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) Regulations • (Clean Air) Regulations • (Licensing) Regulations • (Pollution Control from Solid Waste Transfer Stations and Landfills) Regulations • (Industrial Effluents) Regulations	Policies[116] • Carbon Pricing Act • Environmental Protection and Management Act • Sewerage and Drainage Act • Energy Conservation Act • Public Utilities Act • Resource Sustainability Act • Environmental Public Health Act • Hazardous Waste (Control of export, import and transit) Act • Radiation Protection Act	Policies[183] • Enhancement and Conservation of National Environment Quality Act • Factory Act • Hazardous Substance Act • Public Health Act • Occupational Safety, Health and Environment Act • Energy Conservation Promotion Act • Industrial Estate Authority of Thailand Act	Policies[184] • Law on Environmental Protection • Air Pollution • Water Resource Management • Waste Problems • Greenhouse Gas Reduction • Law on Water Resources • Law on Water Supply and Sewerage Law

Table 3.5.2.(1): Environmental Factors across COIs

Social	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Life Expectancy at Birth, 2021 (Years)[185]	67.6	74.9	82.8	78.7	73.6
Gini Coefficient, 2023[186]	0.36	0.41	0.37[187]	0.35	0.36
Unemployment Rate, 2022 (%)[188]	3.5	3.6	3.6	0.9	1.5
Education Spending as a share of Total Government Expenditure, 2021 (%)[189]	16.1	20.5	13.1	11.9	14.8

Table 3.5.2.(2): Social Factors across COIs

Governace	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Government Effectiveness, 2022[190]	0.44	0.99	2.15	0.13	0.14
Liberal Democracy, 2022	0.39	0.32	0.32	0.19	0.14
Regulatory Quality[191]	0.21	0.64	2.21	0.17	-0.43
Rule of Law[192]	0.39	0.69	0.96	0.35	0.34

Table 3.5.2.(3): Governance Factors across COIs

Environmental Impact Assessment (EIA) Guidelines

While each country adopts separate systems with regards to EIA Guidelines, its intention to prevent excessive environmental damages caused by development projects remains the same. Particularly for manufacturing firms whose operations may result in land, water and air pollution, it is crucial to ensure legal compliance and prevent any unnecessary fines or delays in projects. Additionally, identifying potential issues beforehand enables firms to address risks of non-compliance early on, ensuring smooth operations and reducing future liability. Details of each COI's EIA guidelines are further explained Appendix A3.5.

Considering a COI's ESG standards is essential for evaluating potential operational efficiencies, compliance costs, and alignment with global sustainability practices. While compliance may increase initial upfront expenses, these investments often yield long-term financial, reputational, and operational gains. Sustainable practices can drive efficiency and help reduce costs over time. Investors prioritising COIs with strong ESG performance, such as Singapore, may benefit from greater stability and growth. Meanwhile, countries like Indonesia and Malaysia offer rich natural resources, albeit with some environmental trade-offs.

Tax Policy Impact on Business Competitiveness

Taxes have a direct impact on the net profits of a firm. Favourable tax policies can lower tax burden and increase net profits, allowing for greater reinvestment into the firm's operations and growth, while high tax rates and the lack of sufficient and effective incentives could result in the loss of profits in the short run, threatening the firm's long-term survival[193]. This section evaluates the tax environment of each COI by examining three key areas: Standard Corporate Income Taxes, available Tax Credits and Incentives as well as the presence of Double Tax Agreements/Treaties (DTAs/DTTs), using data from October 2024. These factors provide insight into the overall tax burden and financial support available to businesses.

Tax Factors	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Standard CIT Rates (%)	22	24	17	20	20
Number of Tax Credits and Incentives	12	31	23	10	6
Number of DTAs/DTTs	71	78	102	61	80

Table 3.6.(1): Tax Policy Attractiveness of COIs

Singapore dominates with the lowest CIT rate, as well as DTAs/DTTs with all markets in Europe and the United States except for 4 countries. This is followed by Malaysia, which offers the highest number of tax incentives. Vietnam and Thailand have moderate CIT rates but fewer incentives, while Indonesia ranks lower due to fewer DTAs.

Standard Corporate Income Tax

Based on data compiled by PricewaterhouseCoopers[194], the Standard Corporate Taxes of the 5 COIs are listed below. They are typically the highest statutory Corporate Income Tax (CIT) rate, and include surtaxes, but not local taxes.

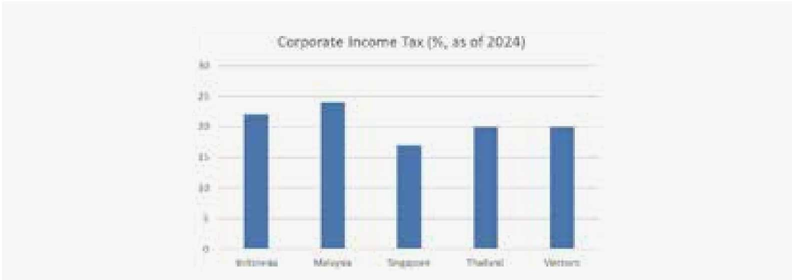


Figure 3.6.1.(1): Corporate Income Tax across ASEAN countries

Tax Factors	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Standard Corporate Tax (%)	22	24	17	20	20

Table 3.6.1.(1): Corporate Income Tax across COIs

In this case, Singapore has the lowest Standard CIT of just 17%, putting it in first place. This is followed by Thailand and Vietnam in second, then Indonesia, and Malaysia in last place.

Tax Credits and Incentives

Tax credits and incentives play a crucial role in providing financial benefits and support to businesses, enhancing their operations, stimulating growth, and encouraging desirable behaviours. They help reduce tax liabilities, increase cash flow, foster competitive advantages, support innovation, and create jobs. These benefits contribute to sustainable economic growth by lowering costs, increasing cash flow, and driving innovation. The table below summarizes the total number of tax credits and incentives, along with those specific to the manufacturing sector:

COI	Total Number of Tax Credits and Incentives (inclusive of those not specific to Manufacturing Sector)	Tax Credits and Incentives (Specific to Manufacturing Sector – non exhaustive)
Indonesia[195]	12	1.Bonded Stockpiling Area Incentives
Malaysia[196]	31	1.Pioneer Status (PS) and Investment Tax Allowance (ITA) 2.Investment Tax Allowance (ITA) 3.Special Incentive Schemes a.Reinvestment Allowance b.Incentives for relocating to Malaysia c.Export Incentives 4.Special Economic Regions a.Northern Corridor Economic Region b.Sabah Development Corridor 5.Green Incentives a.Manufacture of electric vehicle (EV) charging equipment 6.Aerospace Industry Incentives 7.Automation Capital Allowance

COI	Total Number of Tax Credits and Incentives (inclusive of those not specific to Manufacturing Sector)	Tax Credits and Incentives (Specific to Manufacturing Sector – non exhaustive)
Singapore[197]	23	1.Pioneer Tax Incentive 2.Development and Expansion Incentive (DEI): a.Recently updated to expand eligibility, now including SMEs as beneficiaries[198] b.Aligns with BEPS 2.0 standards, introducing a higher, globally competitive tax rate.
Thailand[199]	10	1.Board of Investment (BOI) Tax Incentives 2.Research & Development (R&D) Incentives
Vietnam[200]	6	1.Inbound Investment Incentives 2.Employment Incentives

Table 3.6.2.(1): Tax Credits & Incentives across COIs (Specific to Manufacturing Sector)

Avoidance of Double Taxation Agreement (DTA) / Treaty (DTT)

To prevent businesses from being taxed twice on the same income, countries enter into Avoidance of Double Taxation Agreements/Treaties. This decreases the overall tax burden on businesses operating overseas, encouraging expansion. The table below showcases the DTAs and DTTs each COI has with Europe and the United States. Some countries such as Singapore and Malaysia have Limited DTAs with the United States, which limits tax relief to income generated from air transport and shipping only. At the same time, Vietnam also has a DTA that has yet to be put into effect with the United States.

Double Tax Agreements	Indonesia[201]	Malaysia[202]	Singapore[203]	Thailand[204]	Vietnam[205]
Total Number of DTAs/ DTTs	71	78	78	78	78
DTA with China?	Yes	Yes	Yes	Yes	Yes
DTA with the United States?	Yes	Yes (Limited)	Yes (Limited)	Yes	Yes (Not in Effect)
DTA with Europe?	Yes (except Ireland, Greece, Estonia, Cyprus, Iceland, Bosnia & Herzegovina, Andorra)	Yes (except Bulgaria, Greece, Estonia, Cyprus, Portugal, Andorra)	Yes (except Croatia, Iceland, Bosnia & Herzegovina, Andorra)	Yes (except Greece, Croatia, Iceland, Bosnia & Herzegovina, Portugal, Andorra)	Yes (except Greece, Cyprus, Iceland, Andorra, Bosnia & Herzegovina)

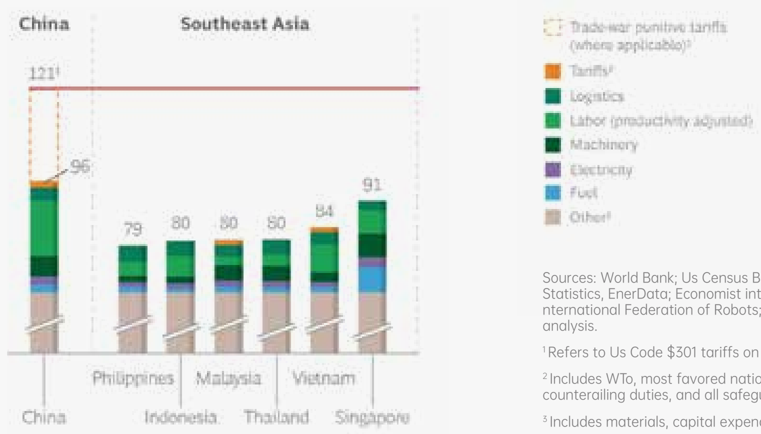
Table 3.6.3.(1): Double Tax Agreements/Treaties across COIs

A larger number of tax agreements and treaties suggests more markets in which firms can choose to enter without having to be concerned about double taxation. There is greater ease and less tax burden on such firms, allowing for better financial planning and smoother cross-border operations.

Operational Costs in the Business Environment

Operational costs are a crucial consideration for businesses assessing new markets, as they directly impact profitability and efficiency by minimising overhead costs[206]. Operating costs vary widely across countries due to factors like local labour costs, infrastructure quality, and economic stability[207]. In this section, we assess the operational environment of each COI.

Landed Cost Competitiveness for Goods Shipped to the US



Sources: World Bank; Us Census Bureau; World Trade Organization; Us Bureau of Labor Statistics, EnerData; Economist inteligence Unit; International Labor Organization; nternational Federation of Robots; Drewry;, National Bureau of Statistics of China; BcG analysis.

[1] Refers to Us Code $301 tariffs on Chinese imports; graph displays maximum value of 25%.

[2] Includes WTo, most favored nation, and preferential tarifs. Excludes ant-dumping, counterailing duties, and all safeguard tarifs except Us trade war tarifs on China.

[3] Includes materials, capital expenditures on facilities, taxes, and other operating expenses.

Figure 3.7.(1): BCG Global Manufacturing Cost Competitiveness Index Graph (2022)[208]

The BCG Global Manufacturing Cost Competitiveness Index benchmarks manufacturing costs, including the cost of producing a product and shipping it to the US market. This analysis considers factors such as productivity-adjusted labour costs, energy prices, logistics, tariffs, machinery depreciation, and transportation.

Even with a relatively competitive score of 96 without tariffs, China's cost competitiveness declines sharply with the imposition of US trade-war tariffs, raising its score to 121. This provides an opportunity for the other COIs to position themselves as attractive alternatives for export-driven manufacturing to the US.

In particular, Vietnam, Malaysia, Thailand, and Indonesia, offer competitive operational costs for manufacturing aimed at US exports. While Singapore has a higher landed cost due to higher labour and operational costs, its efficiency in logistics and trade facilitation makes it a strategic hub for high-value production. These variations in cost structures highlight the importance of industry-specific analysis when considering the best location for operational efficiency and cost optimization.

As precise cost structures vary by industry, by region, and often by locality within a country, companies must conduct on-the-ground analysis. To realise labour productivity advantages in certain regions, manufacturers may also need to design new processes and train workers in new locations. Still, the index offers a useful macroeconomic view of cost competitiveness.

For this analysis, we selected the main cost components that represent a significant share of operational expenses in a manufacturing environment:

Labour Cost

The cost of employing workers, often measured by average wages in the manufacturing sector.

Land & Rental Cost

The expense associated with purchasing or renting industrial land, factories, and office spaces.

Utilities Cost

Primarily electricity, a major operational expense, particularly in energy-intensive industries.

Logistics (Freight) Cost

The cost of domestic and international transportation, which is essential for export-oriented companies reliant on efficient supply chains.

Each of these components varies across the COIs and influences the cost-effectiveness and ease of setting up and maintaining operations. For clarity, we colour-code these values in shades, with darker shades indicating more favourable conditions due to lower nominal costs, which can enhance profitability.

Labour Cost

Labour is often one of the largest operational expenses for manufacturers. According to the OECD, unit labour costs are a broad measure of international price competitiveness[209]. Within the context of manufacturing companies, we assess the average monthly manufacturing wages in each COI, which serves as a measure of labour cost competitiveness. The wages were extracted from sources including Statista, Trading Economics, and Indeed, with more details in Appendix 3.7.1.

Labour Cost	Indonesia[210]	Malaysia[211]	Singapore[212]	Thailand[213]	Vietnam[214]
Average monthly manufacturing wages (USD)	196	803	1,389	425	226

Table 3.7.1.(1): Average monthly manufacturing wages across COIs

Countries like Indonesia and Vietnam stand out with relatively low wages, making them attractive for labour-intensive operations. In contrast, Singapore, while offering a skilled workforce, has significantly higher labour costs, aligning better with industries focused on high-value or specialised manufacturing.

Cost of Land and Rent

A significant part of setting up a business overseas includes securing industrial land, ready-built factory space and office rentals. As such, this subfactor includes the cost to lease or purchase industrial land, rent factory space, and secure prime office locations. The comparisons in the table below mainly account for lease comparisons. As construction costs are also a significant component of comparison, we include some figures in the Appendix 3.7.2 but exclude them here to avoid generalising comparisons.

Cost of Land and Rent	Indonesia[215]	Malaysia[216]	Singapore[218]	Thailand[219]	Vietnam[220]
Industrial Land Rate (USD): Lease (unless otherwise specified)	Leaseholds up to 30 years; prices vary by location, subject to Indonesian Investment Board (BKPM) approvals Purchase: Greater Jakarta area: $177/sqm, Jakarta city: $400/sqm, Tangerang: $181/sqm, Bekasi: $173/sqm, Bogor: $139/sqm	$0.0581 - 0.5165 per sqm per annum	$22.79 - $53.17 per sqm per annum	$2.67 - 8.33 per sqm per annum	$2.20 - 2.64 per sqm per annum
Ready-Built Factory Rental	Varies by location and facility specifications; consult local listings for current rates	$3.44 - 7 per sqm per month	$15.19 - 30.38 per sqm per month	$4 - 6 per sqm per month	No Data
Office Rent	Jakarta office rental prices are increasing; consult local real estate listings for current data	$10.44 - 16.68 per sqm per month	$91.90 per sqm per month	$14 - 29 per sqm per month	$27.1 - 47.5 per sqm per month

Table 3.7.2.(1): Cost of Land and Rent across COIs

Malaysia offers more affordable industrial land options, while Singapore's high costs can be offset by its advanced infrastructure. Countries that offer lower land rates, such as Vietnam (USD 2.20 - USD 2.64 per sqm per annum), are ideal for firms focused on minimising initial setup costs. While publicly available data is not readily available for Indonesia, more information can be found in Appendix A3.7.2.

Logistics Cost (Freight)

Logistics costs significantly influence the cost-efficiency of exporting goods and connecting to supply chains. This component is measured by the cost of shipping a 20-foot container (TEU) from major hubs, such as Port of Shanghai, to each COI, as well as from the COI to major global ports like—Rotterdam in Europe and Los Angeles in the U.S.

Low quality infrastructure and run-down ports generally cause prices of transporting exports internationally to increase[221]. This ultimately affects the cost of production, a key consideration for firms in their expansion decision making process. In this section, we analyse how much it costs to ship a 20-foot standardised shipping container (1 TEU) from Shanghai, the biggest port in China, to the COI. Following this, costs of exporting from the COI to the Port of Los Angeles and Rotterdam, Netherlands, the largest ports in the United States and Europe respectively, are also calculated to determine the final comparison. Countries with lower shipping costs and faster transit times rank more favourably. Singapore and Thailand rank highly due to competitive freight rates and efficient shipping times, while Vietnam's higher costs place it lower in the rankings.

International Freight Cost[14] (based on shipping cost range and time taken: lower cost, shorter time, and smaller range = better) **Amounts in USD**	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Port of Shanghai → COI	$1,100 10 - 15 days	$1,194 9 - 14 days	$1,154 9 - 20 days	$931.50 8 - 12 days	$2,195.50 6 - 11 days
COI → Port of Rotterdam	$6,749.50 24 - 34 days	$6,424 20 - 40 days	$6,262 20 - 32 days	$6,404.50 20 - 42 days	$6,614 20 - 30 days
COI → Port of Los Angeles	$6,439 35 - 46 days	$5,798.50 32 - 53 days	$5,798.50 32 - 53 days	$5,837.50 32 - 56 days	$6,062 31 - 57 days

Table 3.7.3.(1): International Freight Cost across COIs

Lower freight costs and faster transit times, seen in Singapore and Thailand, are favourable for businesses relying on export markets. Vietnam, with relatively higher logistics costs, may face disadvantages in attracting export-oriented businesses. Investors should assess the relative importance of shipping from China to COI and exporting manufactured goods out of the COI based on business needs.

Utilities Cost

Utilities, especially electricity, are a key component of operational expenses, particularly for the energy-intensive manufacturing industry. In our analysis, electricity rates (in cents per kWh) are used as a measure of utility costs in each COI.

Utilities Cost	Indonesia[223]	Malaysia[224]	Singapore[225]	Thailand[226]	Vietnam[227]
Electricity Tariffs (USD cents)	10	9	24	13	10

Table 3.7.4.(1): Utilities Cost across COIs

In general, Singapore has the highest rates due to its dependence on imported energy, while countries like Malaysia and Indonesia offer lower rates, making them more attractive for energy-dependent manufacturing processes. The stated rates are the average rates in USD, with detailed ranges in Appendix 3.7.4.

Navigating Cultural Dynamics in Business Operations

Given the diverse cultural landscape and demographics within the five COIs, businesses need to account for cultural complexities and how it would impact their operations within each COI[228]. Understanding different cultural factors like religion, language, demographics and customs within each COI, helps businesses to tailor their communication, business practices, staff training and expectations in a way that resonates with local stakeholders.

In this section, we will analyse the cultural factors of the five COIs by expounding on the following key factors:

Factors like language, religion, and demographics shape how business interactions are conducted in each COI. We will assess the significance of language, religion, demographics and customs on business operations in each COI.

Workforce attitudes toward work-life balance, hierarchy, and workplace enjoyment vary widely across COIs. We will delve into potential implications on labour practices and workplace culture from the differences in a diverse culture landscape of each COI.

Each COI has distinct norms around business relationships. This analysis will explore how the business culture is like within the COI and the ways to build business relationships.

The table below summarises these three factors and their similarity to home culture (using Chinese culture as an illustration), business culture, labour practices and workplace culture.

COI	Diverse Cultural Landscape
 Indonesia	Bahasa Indonesia is the official language in Indonesia. While English is used during business dealings, learning basic phrases in Bahasa Indonesia signals a respect which can help to build trust[229]. As one of the largest Muslim populations in the world, religion forms a big part of the lives of Indonesians. Businesses need to cater to the perceptions towards having the autonomy to express their religion within their workplace. For instance, having family work-life balance and work arrangements that allow them to pray and practise their religion freely[230]. Despite comprising 3-4% of the Indonesian population, Chinese Indonesians dominate the ownership of private capital and non-state businesses[231]. For Chinese businesses, this implies a relative ease to communicate in Chinese when conducting business dealings.
 Malaysia	Bahasa Melayu is the official language in Malaysia. While many in Malaysia can speak English, their command of the language can be limited with a preference to use their preferred mother tongue[232]. As of 2024, 22.4% of Malaysia's population are ethnic Chinese[233], which suggests a relative ease for Chinese businesses to communicate in Chinese within business dealings. In Malaysia, religion plays an important role in workplace culture and practices. For instance, businesses should avoid scheduling meetings on Fridays as this is a day of worship for Muslims[234]. Working and meeting agendas can get interrupted as the Muslim workers need to pray multiple times a day. Thus, businesses need to design working hours and breaks accordingly to account for these religious practices[235]. As such, businesses also need to be prepared for non-negotiable breaks in productivity in staff's ability to meet production targets.

COI	Diverse Cultural Landscape
Singapore	The primary business language used is English with many being bilingual in their mother tongues[236]. With 75% of Singapore's population being ethnic Chinese, Singapore is cited as one of the easiest foreign countries for the Chinese to live in and communicate with[237].
Thailand	Approximately 11-14% of Thais are ethnic Chinese[238], which suggests relative ease in communicating in Chinese during business dealings. However, primary and secondary research findings show that Chinese firms do indeed face challenges in communicating with locals. These language barrier issues are particularly faced when firms want to communicate to workers about the production processes but face difficulty in finding a common language to express business terms[239]. As shared by our interviewees, a possible way to manage this issue is to hire bilingual employees that were well-versed in Chinese and Thai to resolve communication problems that could cause delays in production processes[240].
Vietnam	Many still prefer to use the official language - Vietnamese to converse and have limited capability to converse fluently in English[241] . This preference goes beyond conversations into official business documentations and paperwork relating to business operations that have to be in Vietnamese[242]. Less than 1% of Vietnam's population are ethnic Chinese[243], which further reinforces the difficulty in conversing in Chinese during business dealings.

Table 3.8.(1): Diverse Cultural Landscape across COIs

COI	Business Culture and Relationship Building
Indonesia	In Indonesia, preserving mutual respect and harmony and achieving consensus are highly valued in business dealings[244]. Displays of dissatisfaction or overt confrontation are generally discouraged, as they can complicate interactions and prolong negotiations[206]. A culturally sensitive approach is essential for businesses to foster positive relationships and avoid misunderstandings.
Malaysia	Initial business meetings in Malaysia usually seek to set expectations and build personal relationships. Hence, businesses should try to be patient and do not expect key decisions to be made during the initial meeting stages[245]. The pace of decision making also tends to be slower due to consultative decision-making approaches in Malaysia, which can lead to lengthy negotiations[213]. A potential to overcome these challenges is to engage a local intermediary, particularly before initiating business negotiations in Malaysia. This helps to smoothen potential gaps in cultural and communication that promotes more productive business dealings[213].
Singapore	Singapore's workplace environment places a strong emphasis on pragmatism, transparency, and compliance, with high regard for seniority and authority. This culture encourages businesses to recognize and respect the leadership of senior management, who are often entrusted with making significant strategic decisions[246]. Furthermore, collaboration and consensus within a team is essential hence enough respect must be given, and trust must be built from developing a professional relationship with each stakeholder[247].
Thailand	Thailand has a deeply ingrained culture of "Khap Chun" which emphasises on respect towards workplace hierarchy and greater significance surrounding those in senior positions[248]. As a result, businesses should strive to have more conversations in a respectful manner with those in senior positions who have greater decision-making authority. The pace of business negotiations can be rather slow in Thailand, with the expectations for both parties to make concessions and meet halfway[249]. Hence, businesses need to consider room for adjustments and be open to adjusting their expectations accordingly[213].

COI	Business Culture and Relationship Building
Vietnam	In Vietnam, trust and personal relationships form the basis for successful business partnerships[250]. Such personal connections have great business implications as business dealings are often made through referrals and recommendations and the price offered can be dictated by the method of introduction[251]. Navigating Vietnam's business culture goes beyond merely overcoming language barriers. Companies need to understand workforce interactions, including how to negotiate, follow proper etiquette, be culturally sensitive, and meet other underlying expectations[252]. Business meeting outcomes are rarely achieved from the get-go with frequent possibilities for last minute changes and lots of convincing to do[216]. Businesses should be more open and flexible in adapting to last-minute decisions instead of strictly adhering to earlier agreements, especially when dealing with Vietnamese government agencies and local partners [216].To address such issues, foreign businesses in Vietnam usually hire locals to help them. Having the right local intermediary also entails the quality of being adept at addressing the challenges of dealing with the local business culture[216].

Table 3.8.(2): Business Culture and Relationship Building across COIs

COI	Labour Practices and Workforce Culture
Indonesia	Work is not a priority and is perceived as a means to support personal and family goals[253]. The work culture in Indonesia emphasizes a balance between professional duties and personal or family priorities. For many Indonesian employees, work is a means to support family and personal goals, which can lead to requests for greater flexibility and work-life balance. One notable challenge highlighted in our findings is the adjustment to Indonesia's more moderate work pace, especially for companies accustomed to a faster, high-intensity business environment. Unlike China's typically rapid work tempo, Indonesia's approach is generally lower paced. Companies should be prepared to manage expectations and avoid imposing high-pressure environments, which may not align with local workplace norms. Organisational loyalty is also a significant aspect of Indonesia's workforce culture. Employees with long tenures are often viewed as committed and reliable, with a strong sense of loyalty towards their organisation [254]. This is often commonly seen in organisations where employees feel a sense of belonging and trust[255]. Hence, companies are encouraged to cultivate this loyalty by creating an inclusive environment and building long-term relationships with employees.
Malaysia	Malaysians are quite flexible towards deadlines and time, where they are less often than not strictly adhered to[256].Thus, firms need to better manage their expectations towards adherence to deadlines and allocate additional buffer time in the production planning timelines. Additionally, Chinese firms face challenges in recruiting and training local labour. Due to the mismatch in expectations and output regarding labour productivity, businesses anticipate difficulties in replicating the efficiency of its Chinese workforce by hiring local workers in Malaysia.
Singapore	Singapore's workforce can be described as disciplined, efficient and hardworking. A lot of this can be attributed to the strict adherence to workplace rules and norms aimed at creating a productive and harmonious work environment[257]. Additionally, Singaporean workers often possess a strong work ethic where they are prepared to work long hours to deliver work outcomes[258]. The workforce culture in Singapore can be characterised by a blend of Asian and Western influences focused on the following values[259]: • Professionalism and Efficiency - prioritising efficiency, results and punctuality • Hierarchy - strong respect for senior leadership and authority • Collaborative Team Approach - focus on collective results and decision making

COI	Labour Practices and Workforce Culture
Thailand	Companies expanding into Thailand should be prepared to adapt to a slower pace of business operations. Cultural sensitivity and flexibility in pacing of work-related processes are essential to overcoming initial challenges and ensuring long-term success[226]. The Thais tend to emphasise on the importance of work-life balance where sufficient time should be allocated outside of work to account for social and family interactions[260]. The concept of Sanuk is widely entrenched in Thai work culture, where workers seek to make their working experience enjoyable[209]. Moreover, Thai workplace culture is characterised by a need for consensus-based decision making facilitated by fostering personal relationships[227]. For businesses, this implies that embracing such workplace beliefs and customs into team design can encourage improved work outcomes.
Vietnam	Vietnamese workers generally value quality of life and are less willing to work in poor conditions, which contrasts with the more intense work culture in China. The mismatch in expectations towards workplace conditions can cause challenges in attracting and retaining workers for businesses should they fail to provide a good physical working environment for them. For instance, solely designing a fully air-conditioned factory working space for attracting and retaining workers can also add to additional business costs[227]. Within the workplace, Vietnamese working culture emphasises harmony, teamwork, and a common collective spirit[261]. The concept of "Gia Đình" promotes collaboration, shared responsibility and team synergy where personal relationships thrive[228]. There is also a huge focus on adhering to a hierarchical structure where respect and decision making is usually given to seniors[262]. Thus, promoting discipline, order, and efficient communication within workforces[229]. The relatively young and disciplined labour force in Vietnam has a strong work ethic which makes them increasingly productive[229]. Furthermore, Vietnamese workers are relatively adept towards embracing change, learning new skills, and quickly adapting to evolving technologies and industry demands[229].

Table 3.8.(3): Labour Practices and Workforce Culture across COIs

FRAMEWORK

ROADMAP TO REGIONAL EXPANSION

This section serves as a practical framework for foreign investors considering expansion into SEA. Drawing from the experiences of companies we interviewed, subject matter experts, and prominent case studies from sources such as the Singapore Economic Development Board (EDB), we developed a "Roadmap to Regional Expansion" framework and corresponding guiding questions to provide foreign investors a structured approach to evaluating potential investment destinations and navigating operating decisions in the region. The compiled list of guiding questions can be retrieved in Appendix A.

The Roadmap to Regional Expansion includes six stages that firms can use to guide their thinking and approaches before expanding into the respective COIs.

Stage 1 **Examine Strategic Goals**	Understanding and clarifying the strategic goals of the business is an essential first step for investors looking to expand into a new COI. By examining how well different COIs align with their key motivations, investors will be better equipped to develop an appropriate overseas expansion strategy.
Stage 2 **Explore Overarching Landscape of COI**	This stage encourages investors to begin their analysis of the COI by taking a broader view, analysing the overarching landscape through the lens of broader macro-environmental factors (economic, political, and tax conditions) within the country, in order to determine if the COI offers a favourable environment for business growth and investment.
Stage 3 **Ensure Operational Readiness**	After analysing high-level opportunities and gaps that the business can potentially fill, this stage prompts firms to assess how well the COI's operational environment can support the business (in terms of workforce management, infrastructure and logistical considerations, cultural affinity, and the regulatory environment) by scoping down the analysis to the industry level.
Stage 4 **Establish Risk Management Practices**	With clear strategic goals set and a thorough understanding of the current conditions of the COI, investors must plan ahead for the resources required for an effective expansion into the desired market. As they expand into their chosen COI, this business contingency plan should detail mitigation strategies and additional resource preparation to manage unprecedented risks (relating to economic shocks and Environmental, Social, and Governance risks).
Stage 5 **Evidence of Immediate Goals Achieved**	To close the loop, investors should take a step back at this stage to evaluate the potential impact and level of success in achieving their immediate goals through the business expansion against the realities of the COI. This involves conducting a thorough analysis of both the COI and associated risks, then re-evaluating whether it still makes sense to expand to the COI using the current strategy it has developed.
Stage 6 **Empirical Long-Term Indicators**	Beyond the strategic planning process outlined by the first 5 stages, the final stage of the Roadmap to Regional Expansion highlights the importance of long-term indicators that can be evaluated over a period of time after the expansion into the COI has occurred. These long-term indicators include metrics and qualitative measures of success to examine the impact of the expansion strategy on the overall business.

Table 4.(1): Rationale of the Stages in Roadmap to Regional Expansion

Roadmap to Regional Expansion

Figure 4. (1) A Flowchart Depicting the Multi-Stage Approach of the Roadmap to Regional Expansion

Application of the Roadmap

To demonstrate the usefulness of the Regional Expansion Roadmap, we will utilise the case study of Jiangsu Kunge Smart Technology Co., Ltd. (Kunge) as the backbone, supplementing this section with additional case studies of other companies and subject matter experts, and weaving in relevant guiding questions to promote further discussion. We will highlight crucial considerations that contributed to each company's success and setbacks that they faced along the way that could have been avoided with the guidance of this framework.

The table below summarises the companies and experts from whom we have interviewed and gathered primary data insights. This includes the company names, operating locations and their main products and services.

Companies	Operating Locations	Main Products and Services
Jiangsu Kunge Smart Technology Co. Limited (Vietnam)[263]	• Established regional headquarters in Singapore • Established subsidiary in Vietnam	Specializes in manufacturing home appliances, with 95% of products exported to international markets. Key clients include global brands like Walmart, Amazon, and Costco.
W (Malaysia)[264*] subsidiary of an electronics manufacturing company based in Jiangsu.	• Established regional headquarters in Singapore • Established subsidiary in Malaysia	Specialises in manufacturing automotive electronic components. Dominates the domestic market, with over 60% of products exported to Europe and North America, serving renowned international automobile manufacturers and system integrators.
Merit Metals Sdn. Bhd. (Malaysia)[265], subsidiary of an Aerospace company based in Jiangsu.	• Established Singapore presence • Established subsidiary in Malaysia	Focuses on the distribution of imported aluminium alloys for aerospace, research institutions, and high-precision manufacturing.

Companies	Operating Locations	Main Products and Services
Suna Optoelectronics (Thailand) Co. Ltd[266], subsidiary of a semiconductor manufacturing company based in Jiangsu.	• Established regional headquarters in Singapore • Establish subsidiary in Thailand	Specializes in the manufacturing of silicon lenses and other optoelectronic products. Positioned upstream in the optical communication industry chain, with proprietary intellectual property and core competitiveness.
X (Singapore)[267]*, subsidiary of a State-owned enterprise based in China	• Mainly based in Singapore	Specializes in global supply chain management and diversified business development, encompassing manufacturing, trade, and services. The company operates in over 160 countries and regions, providing customs clearance and market entry strategies for manufacturing companies.
Tuah & Suparto Law Firm[268]	• Jakarta-based law firm	Specializes in foreign direct investments and corporate/commercial law, offering legal support for businesses expanding in Indonesia.
Professor Xu Xiang[269]	• Professor at Xi'an Jiaotong-Liverpool University International Business School (Suzhou)	Guides enterprises in practical applications, management optimization, resource connection, and equity investment.
XNode[270]	• Headquartered in Shanghai, China • Regional Presence in Singapore	Specializes in global acceleration programs, connecting Chinese enterprises to international markets through market entry strategies and local partnerships.

Table 4. (2): All interviewed companies with their operating locations and main products & services

*Company requested anonymity during the interview

Stage 1
Examine Strategic Goals

Before deciding to expand into a COI, it is imperative for businesses to clarify the strategic goals of their expansion. Professor Xu Xiang identifies several key motivations driving foreign firms to expand into ASEAN markets, primarily focusing on tax avoidance, supply chain de-risking, and cost management. These factors have been consistently echoed in the real-world experiences of companies we interviewed, providing a clear framework for understanding why many businesses are increasingly looking toward SEA.

Assessing Strategic Goals

Main goals of investment and expansion should align with broader organisational strategy and long-term goals. This could be pertaining to making decisions on the type of market entry strategy, ownership type and strategies to ensure long term profitability. Listed below are some of the most common drivers of expansion.

#	Factor	Importance of Factor
1	Tax Avoidance and Trade Pressures	To stay competitive and reduce incurring extra costs, expanding into new markets with favourable tax incentive schemes can allow firms to avoid having to pay high tariffs. Imposed in 2018, the US Section 301 Tariffs on China specifically targets Chinese imports based on allegations of unfair trade practices by China. Tariff rates ranged from 7.5% to 25% on several types of products, ranging from technology and consumer goods to industrial materials[271].
	Case 1A: Kunge (Vietnam) In order to optimize the global supply chain and reduce the impact of high tariffs, Kunge set up a subsidiary in Vietnam. Based on a demand analysis of U.S. customers, the company understands that most customers are comfortable with price increases of less than 10%, but if they increase by more than 20%, it could impact demand. Therefore, Kunge chose to establish a production base in Vietnam to balance costs and customer needs in the context of the changing global tariff environment. This measure not only protects the interests of customers, but also strengthens the resilience of the supply chain, helping the company maintain a competitive advantage in the global marketplace.	
2	Supply Chain De-Risking	Given the occurrence of global events like the COVID-19 pandemic, there is an increasing need for supply chain diversification, to minimise logistical disruptions. Diversifying production to other ASEAN countries is a strategic response to these risks, ensuring resilience against future disruptions.
	Case 1B: W (Malaysia) Company W's primary strategic rationale for establishing a production base in Malaysia is to mitigate the effects of Sino-U.S. trade tensions and geopolitical factors on its product exports, thereby safeguarding business stability and sustainability. Additionally, Company W views this expansion as a strategic entry point into the broader Southeast Asian market, aiming to leverage Malaysia's geographic location to better serve international clients and meet potential future market demand.	
	Case 1C: Interview from Strategy Expert, Professor Xu Xiang Similarly, Professor Xu Xiang suggests that supply chain de-risking has become an essential part of long-term strategic planning, especially for firms engaged in global trade. Engaging in supply chain de-risking allows better resource allocation and increases the firm's ability to respond to unexpected events that can significantly impact operations.	
3	Cost Considerations	There are assumptions that some ASEAN markets provide a steady stream of low-cost labour. However, firms have to take into account hidden costs in the form of lower levels of labour productivity, bureaucratic inefficiencies and infrastructural challenges which may offset expected savings.
	Case 1D: Merit Metals (Malaysia) In evaluating its strategic decision to expand into ASEAN, one reason contributing to Merit Metals being particularly keen on selecting Malaysia as its manufacturing base was its significantly lower labour and rental costs.	
4	Geographical Proximity to Country of Origin and Customers	Closer proximity translates to lower transportation costs. For instance, using China as the country of origin, given the increased BRI influence and its impact on infrastructure developments in the ASEAN region, a closer proximity to China can also offer an increase in the quality of infrastructure and create an ecosystem to facilitate logistical processes. Additionally, alternative modes of transportation can be utilised when weather conditions are unpredictable, offering increased flexibility.
	Case 1E: Suna (Thailand) Suna's decision to establish a presence in Thailand was driven by two key factors: first, Thailand's proximity to existing customers enables Suna to meet customer needs more efficiently; second, this move aligns with Suna's broader international expansion strategy, underscoring the company's commitment to growing in overseas markets. By setting up an operational base in Thailand, Suna aims to enhance service quality and deliver stronger support to its customer base.	
	Case 1F: Kunge (Vietnam) When choosing the production base, Kunge fully considered Vietnam's geographical advantage of being close to China. Thanks to its geographical proximity, the company is able to use a variety of modes of transport, such as sea and land, ensuring flexible transport options in the event of logistical disruptions. The geographical advantage not only reduces the transportation cost, but also enables Kunge to quickly respond to changes in market demand. By optimizing transportation efficiency, Kunge has reduced overall operating costs and increased the flexibility and adaptability of the supply chain.	

Table 4.1.1.(1): Strategic Goals Factors and Cases

Types of Overseas Expansion

Firms need to be clear on the importance of their investment goals before expanding abroad. As a result, the table below summarises the different types of expansion:

<table>
<tr><th>#</th><th>Factor</th><th>Importance of Factor</th></tr>
<tr><td rowspan="3">1</td><td>Sales-Oriented Expansion</td><td>Firms choose to expand into locations where their existing customers are based or to develop new markets, focusing on sales and distribution through channels like local distributors, e-commerce platforms or local warehouses. Firms may also leverage merger and acquisition to gain immediate access to markets, infrastructure, and local expertise.</td></tr>
<tr><td colspan="2">Case 1G: Suna (Thailand)
As Thailand consisted of Suna's major customer segments, customer proximity was a key factor that accounted for their expansion. With this goal in mind, Suna adopted a sales-oriented expansion that enabled them to better cater to customer needs. By prioritising customer relations in their expansion, Suna could build stronger, long-term partnerships that contribute towards developing customer-centric strategies.</td></tr>
<tr><td>Case 1H: Leyan Technologies (SEA)
Leyan Technologies, a leading AI-driven digital solutions provider in China, targeted untapped e-commerce markets in SEA, leveraging its expertise in AI-driven customer service. By identifying blue ocean market opportunities and partnering with a market accelerator XNode, Leyan captured underserved markets, creating a competitive edge in the region.
Strategic Actions and Achievements:
• Localization Strategy: Developed tailored customer acquisition plans and implemented compliance-driven frameworks.
• Key Products: Introduced "ChatPlusAI," integrated across platforms such as Shopee, Lazada, and TikTok.
• Operational Expansion: The firm established Singapore as its regional headquarters in 2022 and has since expanded its regional footprint, including setting up local service capabilities in Indonesia, Philippines and Thailand.</td><td>Guiding Questions for Sales-Oriented Expansion:
• How can companies identify and target untapped market opportunities in the COI?
• What role does localization play in building a competitive advantage for your business?
• Are there partnerships or acceleration programs that can enhance entry into local markets?</td></tr>
<tr><td rowspan="3">2</td><td>Production-Oriented Expansion</td><td>Companies relocate manufacturing outside of their country of origin to capitalise on cost advantages and reduce reliance on domestic production.</td></tr>
<tr><td colspan="2">Case 1I: W (Malaysia)
To achieve its goal of mitigating risk and controlling costs arising from tariff pressures from the United States, W (Malaysia) adopted the production-oriented expansion by establishing operations in Malaysia. This allowed the firm to shift manufacturing activities there in order to benefit from favourable trade relations and lower production costs.</td></tr>
<tr><td colspan="2">Case 1J: Kunge (Vietnam)
For Kunge Smart Technology, both types of expansion strategies were integrated.
The firm set up operations in Singapore to serve as a hub for Southeast Asia's sales and market development while building a factory in Vietnam to tap into cost advantages for production.</td></tr>
</table>

Table 4.1.2.(1): Type of Overseas Expansion and Cases

SG+1 Strategy

A key theme across all companies interviewed is the adoption of the "SG+1" strategy, which uses Singapore as a regional headquarter while subsequently expanding operational footprints into neighbouring ASEAN countries. The Singapore Economic Development Board (EDB) describes the "SG+" twinning model[272] as pairing Singapore's strengths as a global business hub and innovation ecosystem with the manufacturing capacities of neighbouring countries, such as Malaysia, Vietnam, and Indonesia. By using Singapore as a command centre for high-end operations—such as research and development (R&D), regional management, and logistics—businesses can benefit from the complementary cost advantages of nearby production hubs. The model not only supports cost-efficient production but also builds resilience in supply chains, a crucial need in today's volatile global market.

Insights from Experts

Ms. Jacqueline Poh, Managing Director of the Singapore Economic Development Board (EDB), highlighted, Singapore offers transparency, a diversified economy, and advanced logistics capabilities. These attributes enable businesses to manage complex supply chains, mitigate risks, and access talent crucial for industries like advanced manufacturing, semiconductors, and technology[273].

According to **Professor Xu Xiang**, companies looking to expand into Southeast Asia are drawn to Singapore for its "strategic centrality" and ability to facilitate seamless operations across multiple ASEAN markets. This has become even more relevant in the context of global disruptions such as the COVID-19 pandemic and the US-China trade war, where companies need to ensure operational resilience and diversification (Interview conducted on 25 Sep 2024 by Team NUS).

Table 4.1.3.(1): Insights from Experts on SG+1

The SG+1 model is grounded in Singapore's unique position as a gateway to ASEAN. The country's stable business environment, robust governance, and world-class infrastructure make it an attractive destination for companies establishing regional or global headquarters.

Key Components

Access to Southeast Asia's Expanding Manufacturing Ecosystem	Southeast Asia Manufacturing Alliance (SMA) is a partnership under EDB, Enterprise Singapore (ESG), and Strategic Partners such as CapitaLand (Malaysia), Gallant Venture (Indonesia), and Sembcorp Development (Indonesia, Vietnam), which collectively operate over 10 industrial parks in the region[274]. It supports the SG+1 model by connecting businesses with local partners and industrial parks across ASEAN, supporting companies as they tap into established manufacturing ecosystems. Sembcorp Development Ltd, a strategic partner, has a large portfolio of industrial parks in Southeast Asia[275]. With a diverse offering of building types, prepared land in special economic zones and export processing zones, they have "guided over 1,000 manufacturers in their investment cycle", according to Sembcorp's Chief Executive Officer Mr Kelvin Teo. This allowed investors to leverage proximity to the region and streamline access to the manufacturing ecosystem, growing their manufacturing footprint in Southeast Asia[276].

Diverse Supply Chain Offerings	The model also offers diverse and flexible supply chain solutions. Singapore serves as the hub for high-level operations such as corporate governance, financial oversight, and R&D, while neighbouring regions provide cost-effective manufacturing environments. Kunge Smart Technology (who exports 95% of its products to global markets, particularly US retailers), established its regional headquarters in Singapore due to its ability to offer strategic oversight, efficient logistics, and favourable trade agreement. Production occurs in Vietnam due to cost efficiencies from mass production. "By combining the operational advantages of Vietnam with the strategic and logistical strengths of Singapore, we are better positioned to meet global demand while managing risk," said Kunge's representative.
Cost-Effective Production in Neighbouring Regions	Neighbouring regions such as Johor and the BBK islands (Batam, Bintan, Karimun) offer significant cost advantages, including lower labour costs, rent, and utility expenses compared to Singapore. Alcon, a leading medical products company, manages its regional operations from Singapore while maintaining production facilities in Johor and Batam[277]. This allows the company to scale production without compromising on efficiency, leveraging Singapore's advanced business infrastructure for supply chain oversight while keeping operational costs low in nearby regions.
Leverage Singapore's World-Class Infrastructure	Singapore's position as a global logistics hub provides unmatched connectivity, with port facilities and airports linking over 600 destinations worldwide, demonstrated by its World Bank ranking as Asia's top logistics hub for 10 years in a row[278]. Infineon, a semiconductor manufacturer, exemplifies this approach by conducting production in Batam while using Singapore's logistics network to distribute components to European markets. The proximity between production facilities in Batam and Singapore's logistics infrastructure allows for faster turnaround times and more efficient distribution across global markets.
Strategic Resilience and Innovation	Singapore's strong governance, competitive tax policies, and intellectual property (IP) protection make it an ideal location for companies to anchor their regional headquarters. EDB offers grants of up to S$1.5m (subject to conditions) for eligible R&D and innovation activities undertaken in SG[279] With Singapore's robust IP regime, which is ranked 2nd globally, investors can securely conduct high-end R&D and take their innovations to market. GDS, a Chinese data centre operator, uses Singapore as its data management hub while expanding its production into Johor and Batam[280]. Infineon also leverages Singapore as a vital node in its Global Production Network, enabling real-time visibility and control over multiple manufacturing sites globally, such as its Batam production facility[281]. The Design Centre in Singapore is also Infineon's key R&D hub for the conceptualisation, design, test, application and system development of Integrated Circuits.

Table 4.1.3.(2): Key Components of SG+1

Case 1K: Lingyi iTech (SG+1)[282]

For companies like Lingyi iTech, a Chinese original design manufacturer, the evolution of the company's business model and change in focus towards R&D, design and production resulted in the selection of Singapore as the market to enter. The motivation behind this expansion was to tap on the availability of superb international talent, as well as take advantage of the highly developed existing R&D infrastructure. Being present in Singapore presented Lingyi iTech with the opportunity to collaborate with the Agency for Science, Technology and Research (A*STAR) to develop new materials.

Case 1L: Suna Optoelectronics (Thailand) Co. Ltd (SG+1)

Suna's dual-country strategy exemplifies the SG+1 model, where Singapore serves as the regional headquarters for overseeing Southeast Asian operations while Thailand functions as a production hub. Singapore's advanced tax policies, political neutrality, and financial efficiency made it the preferred location for Suna's regional management. In contrast, Thailand's lower operational costs and proximity to key clients made it ideal for large-scale manufacturing. Suna's decision to gradually move its entire optical product line to Thailand over the next three years reflects the company's long-term vision to capitalise on both countries' strengths.

Table 4.1.3.(3): SG+1 Cases

The SG+1 strategy combines Singapore's high-level corporate advantages with the cost-efficiency of nearby regions, optimising production, enhancing supply chain resilience, and maintaining operational flexibility. According to Professor Xu, this synergy offers a strong platform for companies to expand across Southeast Asia, particularly in industries needing both high-tech innovation and large-scale production. ASEAN's large consumer base and young workforce further make the SG+1 model an ideal framework for sustainable growth and long-term presence in the region. The model is particularly valuable for industries such as semiconductors, electronics, and automotive manufacturing, which require a balance between advanced R&D and large-scale production. As global trade tensions and supply chain disruptions continue to challenge businesses, the SG+1 model offers a practical solution for companies looking to mitigate risks and diversify their operations.

In conclusion, the SG+1 strategy is more than just an operational model—it is a strategic approach that enables companies to navigate the complexities of expanding into diverse ASEAN markets. By leveraging Singapore's strengths as a regional hub and combining them with the cost advantages of nearby regions, businesses can ensure a competitive, resilient, and scalable presence in Southeast Asia.

Stage 2
Explore Overarching Landscape of COI

In this stage, we conduct a comprehensive overview of the COI's landscape to assess its overall suitability for expansion. Drawing from our analysis of influencing factors in Section 3, we will examine the economic, political, and tax conditions within the country where we aim to determine if the COI offers a favourable environment for business growth and investment.

01 Economic Considerations

Businesses should analyse how the economic landscape aligns with their strategic goals and operational needs, paying attention to consumption demand, supply chain access, and government support policies that are crucial for successful expansion.

Case 2A: X (Singapore)

Challenge: Internationalization strategy and diversification cooperation of a supply chain management solution provider orignated from China

Since its establishment in 1978, X has been actively expanding its global business as a core member of China's large machinery group. Its internationalization strategy is focused on expanding in the ASEAN region, especially under the Belt and Road Initiative, which requires an in-depth analysis of the Southeast Asian market to identify suitable regional hubs.

Specific strategy analysis:

Although the expansion targets include Indonesia, Malaysia, Vietnam, and Thailand, company X has strategically chosen Singapore as its regional hub.

Guiding Questions based on Stage 2: Economic Considerations:

- What is the overall economic stability of the COI?
- Does the COI have a strategic location?
- Have you considered the consumption power of the populations within respective COIs you intend to expand into?
- How open is the COI to foreign investment?
- What is the COI's policy on foreign direct investment (FDI)?

Singapore's position as a global commodity trading and shipping hub, its concentration of resources, and its efficient communications network support the company's operational and logistical challenges. In addition, Singapore's open-door policy, tax incentives and abundant financial resources have laid a solid foundation for its regional operations and helped it enter other ASEAN markets. The company's presence in Singapore not only focuses on market expansion, but also improves the resilience and efficiency of its supply chain.

Market Selection & Regional Centres:

The company leverages Singapore's policy strengths and global logistics network to support its expansion in markets such as Indonesia, Malaysia, Vietnam, and Thailand. As a global logistics hub, Singapore's network of ports and airports connects more than 600 destinations, providing the company with strong logistical support to ensure that products are delivered efficiently.

Business Integration and Synergies:

The company has set up several subsidiaries in Singapore, covering shipping, trading and supply chain management, to achieve business diversification and synergy. For example, the company's shipping department cooperates with its own shipbuilding enterprises to form a two-wheel drive model of "shipbuilding + shipping" through technical management and ship financing. Through refined management, it has improved its operational efficiency and further consolidated its position in the medium bulk carrier market, becoming one of the world's leading capacity suppliers.

Diversified layout and partnerships:

The company continues to expand diversified cooperation in the ASEAN market. In addition to the traditional manufacturing and shipping business, the company also has an active layout in the energy sector. In 2024, the company signed a strategic cooperation agreement with a well-known energy group in Singapore, focusing on the development, investment, construction and operation of new energy projects. The two sides integrated their respective advantages in resources, technology and management, and built a mutually beneficial and win-win cooperation model through resource sharing and information exchange. This cooperation further strengthens the company's regional influence in the field of new energy and lays a solid foundation for its long-term layout in the ASEAN market and the expansion of key markets.

- What is the country's vulnerability to global economic shocks, trade wars, or supply chain disruptions?
- How will consumption demand or patterns be affected within the manufacturing industry in the COI given economic changes?
- How resilient is the COI's economy to external factors like pandemics, global recessions, or commodity price fluctuations?
- Are there risks of policy changes, like shifts toward protectionism that could affect the economic conditions in the COI?
- Are you aware of all the relevant trade agreements between China and COI, along with its benefits to your business?
- What trade agreements does the COI have in place, both within ASEAN and internationally?

02 Political Considerations

Political considerations focus on a COI's stability, business openness, regulatory transparency and diplomatic ties, as stable, business-friendly environments with incentives and favourable relations reduce risks and support smoother market entry.

Case 2B: Kunge (Vietnam)

Challenge

Kunge shifted some of its operations to Vietnam, mainly in response to tariff pressures caused by the US-China trade friction. Vietnam's robust diplomatic relations with China and the United States provide a favourable environment for Kunge's supply chain, enabling the company to better respond to global tariff changes. At the same time, Vietnam's alliance with major trading partners also supports the development of its foreign trade. However, in Vietnam, Kunge has encountered inconsistent policy implementation between government departments. Due to the lack of uniform policy guidelines, companies face challenges such as reduced tax incentives and unclear land use contracts when setting up factories in non-industrial zones, which complicates the application process for fire protection and environmental permits and increases compliance costs and the risk of delays.

Mitigation Strategy

To mitigate these challenges, Kunge partnered with local Vietnamese firms to navigate the regulatory landscape and minimise integration costs. By collaborating with established local entities, Kunge gained access to valuable insights on compliance, local market preferences, and operational best practices, which eased its transition. Kunge engaged professional lawyers and consulting firms to navigate Vietnam's opaque regulatory environment. Through an iterative test and refine method, Kunge vetted numerous intermediaries, selecting the most reliable for specific tasks like location selection, tax guidance, and land-use documentation. This approach enabled Kunge to resolve contract issues and align with Vietnamese regulatory expectations, though the process remained time-intensive and required adaptability to shifting policies and interpretations.

Guiding Questions based on Stage 2: Political Considerations:

- Did you consider political trends and its significance on operations before deciding on the COI to expand into?
- Have you considered how good political relations are between the originating country and the COI?
- Have you considered certain political instability risks before entering the COI?
- What role do trade unions play in the political sphere, and how do they influence labour policies and business operations?
- How prevalent is corruption in the COI, and how will this affect business operations, permits and legal compliance?
- What is the level of bureaucratic red tape in securing licences, permits and government approvals for manufacturing activities?
- What measures can the company take to reduce the risks associated with corruption and inefficient bureaucracy?

03 Tax Considerations

Tax considerations are crucial for businesses as they directly impact profitability and long-term financial planning. Evaluating the COI's tax rates, incentives, and policies—such as corporate income tax, VAT, withholding taxes, and double tax treaties—helps businesses gauge potential costs and benefits, ensuring that expansion aligns with financial goals and minimises tax liabilities. Companies should also pay attention to Special Economic Zones (SEZs) or industrial parks which offer tax rebates when considering site selection.

Case 2C: Suna (Thailand)

Challenge

For Suna, the decision to expand into Thailand was driven largely by the need to follow key customers who had already set up manufacturing facilities there. However, Thailand's tax policy and financial incentives are quite different from those in China, and there is a lack of relevant experience, which brings certain challenges to the financial efficiency and logistics management of regional businesses.

Mitigation Strategy

To address these challenges, Suna chose Singapore as its regional headquarters to take advantage of Singapore's tax incentives and efficient financial system. Singapore offers significant advantages in terms of capital management, tax policy, and resource support, supporting Suna's regional management function. At the same time, Thailand serves as a production base to ensure efficient logistics and operational timeliness due to its proximity to customers, while Singapore is responsible for broader financial and administrative functions.

In addition, Suna has gained significant advantages by leveraging the wealth of resources and information provided by its headquarters in the Suzhou Industrial Park (SIP). SIP provides an extensive guide, support network, and referral service for companies looking to expand into an Overseas Special Economic Zone (SEZ), and this support makes it easier for Suna to navigate the complex process of site selection and setup operations. In particular, Suna has received effective support in the selection of industrial parks in Thailand; In contrast, Kunge faced a more complex and time-consuming process due to the lack of similar institutional support during its expansion in Vietnam. This comparison further highlights the critical role of systematic support and resources for the rapid implementation and operation of enterprises when entering new markets.

Guiding Questions based on Stage 2: Tax Considerations:

- How does the COI handle VAT/GST refunds for export-oriented manufacturing?
- What are the export tax policies, if any, for products manufactured in the COI?
- Are there differences in the tax treatment of local versus foreign employees?
- What are the Special Economic Zones (SEZs) or industrial parks available?
- What benefits are there in these zones?
- Who should I approach to get a more comprehensive understanding of this before site selection?

Case 2D: Kunge (Vietnam)

Challenge

Kunge overlooked key tax incentives available to companies operating in industrial zones, such as reductions and exemptions for export-oriented businesses. By establishing their operations in a non-industrial zone, they missed out on these benefits. Unfortunately, due to the initial contract signed, they are unable to relocate until the end of contractual period. This situation could have been avoided had they thoroughly considered the differences in tax incentives between industrial and non-industrial zones during their planning phase.

Specifically, Kunge had to pay VAT and import duties upfront and then go through a lengthy and uncertain refund process upon export. Additionally, without access to the regulatory support available in industrial zones, Kunge had to rely on informal advice from landlords, who often lacked the expertise needed to navigate complex land-use and investment licensing requirements.

Guiding Questions that would have helped Kunge earlier:

- Are there any specific tax incentives or exemptions for manufacturers in special economic zones or free trade zones within the COI?
- Have you identified key tax incentives applicable to your business within each COI?
- Are there significant tax differences within each COI (e.g., between states or regions)?

Stage 3
Ensure Operational Readiness

After considering broader macro-environmental factors that offer opportunities and gaps that the business can fill, ensuring operational readiness within the COI is crucial for successful expansion. Critical areas for operational readiness include workforce management, infrastructure and logistics, navigating the cultural landscape, and regulatory compliance, to gauge the operational readiness of the COI. In essence, this stage prompts each investor to scope down the analysis to the industry level and assess how well the COI's operational environment can support the business once it is in operation. Investors can then proceed with the business expansion at the end of this stage.

01 Labour Costs and Productivity

While some ASEAN countries appear to have lower labour costs relative to the home country from which the foreign business originate, companies must take into account labour productivity differences. Investors can take reference from the various ways firms have mitigated such challenges.

Case 3A: Kunge (Vietnam)

Challenge

Despite the appeal of lower labour costs, Kunge quickly realised that Vietnam's labour productivity lagged behind China's. According to Kunge's representative, "While wages in Vietnam are lower, productivity is only about 60-70% of China's, which increases our overall production costs."

Mitigation Strategy: Pilot Approach

Kunge has adopted a step-by-step pilot approach, carefully advancing production plans to assess and optimize labour costs and production efficiency. The company quickly adjusted its strategy after identifying productivity discrepancies to ensure that cost planning was more in line with actual operational needs.

Guiding Questions based on Strategy:

- How does the labour productivity in the COI and skill level compared to the workforce back at the country of origin?
- What are the local labour laws regarding minimum wage, working hours, and overtime pay?

Additional Guiding Questions that would have helped Kunge earlier:

- How does labour productivity impact overall manufacturing costs? (account for inefficiency when considering labour cost)
- Does the COI provide incentives or subsidies for businesses that hire local workers?
- Are there any restrictions on hiring or firing employees, like severance pay or mandatory notice periods in the COI?
- How common are labour strikes or disputes in the COI, and what is the company's risk of facing disruptions due to labour unrest?

Case 3B: W (Malaysia)

Challenge

Company W is facing similar labour productivity issues in Malaysia to other ASEAN countries. Although the cost of wages in Malaysia is about 40% lower than in the southern Jiangsu region of China, the production efficiency is relatively low. As a result, Company W needed effective strategies to improve overall labour cost-effectiveness to ensure that costs were reduced without compromising production continuity and quality.

Mitigation Strategy: Production Automation

W (Malaysia) decided to adopt a higher level of automation in their Malaysian (Penang) factory than in China (Wuxi). Through custom-designed production equipment, W (Malaysia) leveraged on its own expertise and experience in production, continuously improving processes through automation. This allowed W (Malaysia) to reduce its reliance on labour and be flexible in the skill level of workers it can attract, realising cost savings.

For W (Malaysia), minimising labour costs are important, but not the only consideration. Other companies may prefer countries with lower labor costs, such as Thailand or Vietnam, while W is more focused on Malaysia's strengths in terms of infrastructure and rule of law environment. This choice also reflects its emphasis on operational stability and long-term development, which will be discussed in the other sections.

Guiding Questions based on Strategy:

- How are the labour productivity in the COI and skill level compared to the workforce back at the country of origin?
- What is the availability of high skilled labour and unskilled labour?
- Is there any competitive advantage(s) your firm can leverage on to mitigate labour cost or productivity challenges?

While W (Malaysia) partially addressed labour productivity challenges, there were still challenges in terms of working with local employees and acculturating to culture. As a result, other companies can consider different coping strategies to overcome similar labour-related issues as they expand into ASEAN.

Additional Guiding Questions that can help W (Malaysia) going forward:

- Are there available and accessible training programs in the specific COI for workers to skill, upskill and reskill?
- Are there government programs to support skill development, apprenticeships, or on-the-job training for manufacturing sectors?
- Is there any competitive advantage(s) your firm can leverage on to address challenges in hiring and retaining talent?

Additional Insights from interview with SGETGROUP: Talent Development

According to SGETGROUP, which has helped numerous Chinese firms with ASEAN recruitment, finding the right local talent with essential skills like cross-cultural competence and technical expertise can significantly improve the efficiency of operations.

What recruitment strategies can mitigate talent acquisition challenges?

SGETGROUP recommends that businesses consider hiring local managers with strong communication skills, as they can serve as bridges between expatriates and the local workforce. Additionally, they emphasise the importance of placing candidates who understand the regional industrial park dynamics, which ensures a smoother start-up phase.

Recently, they assisted a Nanjing-based company in setting up its Thailand operations by recruiting a finance manager and an HR manager, both of whom had strong English skills and familiarity with Thai business norms. These hires helped bridge cultural gaps, allowing the company to achieve quicker alignment with local practices and regulations. Their guidance on cross-cultural hiring and adapting roles to local expectations directly supports firms in achieving smoother workforce integration.

Practical Tips

• Focus on Cross-Cultural Skills: When recruiting local talent, prioritize candidates with strong cross-cultural communication skills and proficiency in English to ease integration.

• Understand Regional Hiring Dynamics: SGETGROUP emphasizes the importance of recruiting candidates located near the company's operations, as it reduces relocation challenges and allows for a faster onboarding process.

• Adapt Hiring Criteria to Local Norms: For critical positions, SGETGROUP recommends flexibility with role definitions, especially in the early stages. This allows local hires to take on expanded responsibilities, enhancing operational flexibility.

Guiding Questions

• Do you need local, bilingual staff to manage communication and operational challenges?
• How do labour expectations, such as work-life balance and flexibility, differ from your home country?
• What specific cultural adjustments in management style or operations would ease integration?
• How can you leverage local recruitment agencies or experts to ensure cultural fit and language compatibility?

02 Infrastructure and Logistics

Firms have to consider certain logistical and infrastructure-related challenges when deciding to expand into the COI. This includes identifying and assessing the potential impact of the varied quality of infrastructure across different COIs. This is because adapting to differences in infrastructure from the home country remains a key challenge for foreign firms. Furthermore, this challenge is exacerbated in COIs such as Vietnam and Indonesia, where areas of underdeveloped road networks can impede the efficient movement of goods.

Apart from the current state of infrastructure, firms also need to consider long-term infrastructure development plans and their impact on improving the quality of infrastructure. Take China for example, the country's active role in building infrastructure across ASEAN under the Belt and Road Initiative has helped mitigate some of these challenges[283]. In Indonesia for instance, ongoing infrastructure projects including the development of highways and ports are improving connectivity. According to Tuah & Suparto whose firm specialises in foreign direct investments, has noted that these developments are already beginning to enhance logistical efficiency for companies, thereby strengthening supply chain management and overall operational effectiveness, gradually attracting more investment in sectors like manufacturing. These infrastructure advancements underscore Indonesia's commitment to enhancing connectivity across its extensive archipelago, benefiting companies that depend on reliable and efficient supply chains.

Case 3C: Kunge (Vietnam)

When preparing for production operations, Kunge needs to assess the COI's existing infrastructure and supply chain suitability to ensure that it meets business needs.

Challenge 1

Due to the increasing requirements of the supply chain, countries are increasingly focusing on the management of the origin of products. Inadequate local supply chains can force companies to rely on imports, increasing product compliance risks if customers operate in regions with strict regulations on the origin of imports. This can lead to the need to extend longer supply chains to meet demand, increasing time costs and operational risks.

Guiding Questions based on Strategy:

• Did you consider the quality of existing infrastructure within each COI? Is it sufficient to support your operational needs?

Mitigation Strategy: Choosing Vietnam for Supply Chain Compatibility

Kunge chose Vietnam for its relatively developed supply chain, particularly for materials needed for electronics and appliances, compared to countries like Malaysia and Cambodia. Vietnam's infrastructure and port conditions also offer significant advantages over Cambodia's. For an export-oriented business, proximity to ports is crucial in ensuring efficiency.

- How reliable and developed is the supply chain infrastructure in the COI?
- Considering a long- term perspective, have you explored further on the COI's long term infrastructure plans?

Challenge 2

According to Kunge, port conditions for export-led enterprises are critical since materials need to be imported and products exported. The distance to the port directly affects logistics efficiency and costs.

Mitigation Strategy: On-site Investigation

When considering logistics conditions, proximity to ports is essential. To better understand the COI, business leaders of Kunge visited Vietnam itself and spoke to relevant business leaders. With such considerations in mind, Kunge was able to source out ideal locations and better understand the inner workings of the COI to overcome infrastructural and logistical challenges within Vietnam.

Guiding Questions based on Strategy:

- What are the costs and lead times for transporting raw materials and finished products within the country and to other markets?
- Are there sufficient and reliable shipping routes, ports, and airports for importing and exporting goods?

Additional Guiding Questions for Investors:

- How developed is the COI's digital infrastructure?
- How committed is the government to further improvement and development of the COI's infrastructure?
- Pertaining to specific COIs, have you considered how the quality of infrastructure may change with future BRI plans?

Case Study 3D: Suna (Thailand)

Challenge

Since many of Suna's key clients have established operations in Thailand, proximity to customers was essential for Suna's international expansion strategy. Operating within the semiconductor and optoelectronics sectors, Suna also prioritised high-quality infrastructure in the COI to enhance downstream support for its clients.

Mitigation Strategy: Leveraging on Industrial Park Infrastructure

After conducting an on-site assessment of Thailand's business environment, Suna's management team chose to set up a factory in WHA Industrial Park in Thailand's Eastern Economic Corridor (EEC) region. Located in places such as Chonburi and Rayong, the industrial park has a well-developed infrastructure and enjoys preferential tax policies. Suna's factory location close to key customers (just a 10-minute drive away) enables the company to streamline logistics processes and improve service quality to more closely meet customer needs.

Guiding Questions based on Strategy:

- Did you consider the quality of existing infrastructure within each COI? Is it sufficient to support your operational needs?
- How reliable and developed is the supply chain infrastructure in the COI?
- Which sites, zones, and states in the COI offer government support or incentives? What sort of additional support or incentives are there for manufacturing companies (e.g. tax reductions, grants, or subsidies)?

03 Cultural and Linguistic Affinity

In several ASEAN countries, such as Malaysia and Singapore, the presence of substantial Chinese-speaking communities provides cultural and linguistic advantages that facilitate smoother day-to-day operations and integration for Chinese firms. This shared heritage can reduce certain operational challenges, particularly those related to communication and cultural adaptation. However, differences in working culture pose major challenges for most of the companies that we interviewed, particularly because of China's relatively faster pace of operations. While automation has mitigated some labour demands, collaborating effectively with local teams remains a focus for companies as they navigate these nuanced cultural landscapes.

Case Study 3D: Suna (Thailand)

Challenge

For Kunge, Vietnam was the COI chosen as it aligned with the aim of investing in a location that was geographically close to China. However, Kunge assumed that cultural differences would be minimal. While there are indeed many similarities, there are still significant cultural differences that they did not account for. For instance, the efficiency of operations and understanding of issues in China differ from that in Vietnam, especially in northern Vietnam. Sometimes personal interests can come into play, making things even more complex. While Chinese businesses are used to a more efficient way of doing things, in Vietnam, communication and problem-solving tend to be slower. "In Vietnam, you must adapt to the local work rhythm. Workers care more about their quality of life, and we had to adjust to meet their expectations, like installing air conditioning to attract employees." – Kunge representative. Cultural affinity provides a clear advantage, facilitating smoother operations, communication, and management in local markets.

Mitigation Strategy

Due to the inefficiency of government processes, Kunge decided to take a more cautious approach, starting as a pilot project and delaying full production in Vietnam until after further assessment. This pilot strategy helped Kunge accumulate localized management experience while controlling costs, laying the foundation for future production expansion. In addition, Kunge also developed better understanding of the local culture during the pilot exercise, allowing them adapt certain work practices which subsequently improve employee satisfaction and motivation.

Guiding Questions based on Strategy:

• How do labour expectations in the COI differ from your home country? (E.g., pace of work, cultural sensitivities, methods of working)
• Are there challenges in retaining skilled workers in the manufacturing sector in the COI and does the business have the capability to resolve them?

Additional Guiding Questions that would have helped Kunge earlier:

• Will you need to hire local bilingual staff to manage communication gaps and operational challenges?
• How does the COI's employee benefits structure differ from your home country, and will the ASEAN entity need to adapt its talent retention strategies to align with local expectations?
• Are there specific expectations regarding work-life balance, holidays, or flexible work arrangements in the COI?

04 Regulatory Environment

One of the primary hurdles for foreign firms operating in ASEAN markets is navigating complex and/or ambiguous regulations which affect go-to-market strategy and business operations. Firms must frequently interact with multiple government departments—investment, labour, fire safety, and environmental—that may lack transparency and consistency in enforcement.

Case Study 3F: Kunge (Vietnam)

Challenge: Adaptation of the Regulatory Process

In Kunge's experience, Vietnam's policies and procedures often lack clear guidance, resulting in businesses needing to make multiple adjustments when submitting business applications. When policies change, the complexity of the process is further exacerbated, causing companies to experience delays in communication and enforcement, increasing administrative costs and uncertainty.

Mitigation Strategy: Seek Local Expertise

Kunge works with local lawyers and consultants who are familiar with local corporate regulations to ensure compliance with Vietnam's standard regulatory protocols. By partnering with local professionals, the company reduces site selection and compliance risks and ensures that the investment site meets local requirements.

Guiding Questions based on Strategy:

- Which are the government departments relevant to your business before you can start production (e.g., investment, fire safety, environment)?
- How much authority do local governments have in regulating business, and are there risks of inconsistent enforcement of policies across different regions in the COI (e.g. State vs Federal level) ?
- Are there local content requirements, export quotas, or import restrictions that could impact production and supply chain management?

How efficient is the local legal system in handling commercial disputes?

Case Study 3G: W (Malaysia)

Challenge

When W (Malaysia) made the initial decision to explore potential expansion to Malaysia, they faced difficulties in deciding whether to rent a factory or buy land to build one. This was in part due to a lack of knowledge of Malaysia's regulatory landscape.

Strategy: Engaging Official Government Agencies

To understand the COI better, W (Malaysia) reached out to the Malaysian Investment Development Authority (MIDA) through email and received guidance. W (Malaysia) had a pleasant experience throughout the process, which provided W with several resources, such as referrals from real estate agents and information from the Penang Investment Promotion Agency, which enabled W to choose Penang as its production base more clearly. Representatives from MIDA have also inspected W (Malaysia)'s factory in southern Jiangsu to further support expansion efforts.

Guiding Questions based on Strategy:

- Are there any existing resources or government entities with expertise you can contact? Does the COI offer government support or incentives for manufacturing companies, like tax reductions, grants, or subsidies? How does it compare to other ASEAN countries of interest?

Additional Guiding Questions that would have helped both companies earlier:

- Does your market consultant have access to these government entities?
- Are there risks of regulatory changes that could impact long-term plans?

Case 3H: Leyan Technologies (SEA)

Leyan Technologies encountered several regulatory and operational risks during its expansion into SEA, which included:

1.Strategic Gaps in Market Understanding:

Leyan initially lacked a cohesive strategy to navigate the regulatory and compliance landscapes in Southeast Asian markets. This created challenges in identifying product fit and market entry points across diverse countries like Indonesia, Thailand, and the Philippines.

2.Localization and Compliance Challenges:

Leyan faced difficulties aligning its business operations with varying local regulations. These included developing branding and trademark protection strategies, meeting compliance standards for multiple markets, and establishing a compliant regional headquarters in Singapore.

3.Resource Constraints:

Limited financial and human resources made it challenging for Leyan to simultaneously launch products across multiple markets, further complicating regulatory adherence.

Mitigation Strategies and Actions Taken:

1.Partnering with Market Accelerator:

Leyan collaborated with XNode's market acceleration program to bridge market understanding and regulatory gaps:

Participation in the China-Singapore Joint Innovation Call project, connecting Leyan with local partners and relevant stakeholders in the ecosystem to reduce go-to-market risks.

2.Localized Positioning and Compliance:

Leyan developed targeted customer acquisition strategies and compliance frameworks tailored to specific ASEAN markets. This included addressing diverse regulatory requirements and establishing robust operational models to align with local laws.

3.Operational Expansion:

By setting up local sales management teams and launching "ChatPlusAI" on platforms like Shopee, Lazada, and TikTok, Leyan was able to manage compliance burdens and optimise operational efficiencies across the region.

Guiding Questions for Navigating Regulatory Challenges:

- How can partnerships with local accelerators or government initiatives ease regulatory navigation?
- What compliance frameworks are essential to address varying local regulations?
- Are financial and human resources sufficient to meet regulatory requirements across multiple COIs?
- How can businesses ensure their operations remain agile while complying with strict local regulations?

Stage 4
Establish Risk Management Practises

After assessing the COI's operational readiness, firms need to outline and plan ahead for the resources required for an effective expansion into the desired market. This involves devising the necessary contingency plans to deal with unexpected local and global issues. By way of illustration, the increasingly pertinent issues related to Environmental, Social and Governance (ESG) are delved into.

01 Environmental Costs

With increasing focus on environmental consciousness, regulations are constantly being reviewed by governments to enhance sustainability efforts. Changes imposed could result in firms' operations no longer being compliant with legal standards, incurring penalties and damaging their reputation. This makes it imperative for firms to plan and take the necessary actions to prevent this from happening.

Case Study 4A: Malaysia

Challenge

Just recently, Malaysia published the Environmental Quality (Amendment) Act 2024[284], enforcing stricter penalties and environmental regulations. For instance, EIA guidelines were made harsher as the Amendment indicated lowered tolerance for deviation from agreed upon EIA conditions, and a reduction in exemption from EIA requirements[278]. Greater transparency is also emphasised, as regular reporting is often required for projects with potentially high impact on the environment. For existing firms in Malaysia, this act incurs extra monitoring and reporting costs required to ensure and maintain compliance, in order to avoid penalties.

Mitigation Strategy

To stay ahead of these changes, firms must constantly invest in innovation and green technologies which help to lower a firm's environmental impact. This prepares the firm to meet or outperform future environmental regulations that would become increasingly stringent. Additionally, firms should set ambitious environmental goals which go beyond simple compliance, enhancing the firm's long-term ability to achieve growth by eliminating potential environment-related costs.

Guiding Questions based on Strategy:

- How well-prepared will the firm be to meet changes in future environmental regulations?
- What are the firm's environmental targets? Are they sufficiently ambitious?
- How can resources be invested to ensure continuous innovation in Green Technology?

02 Social Costs

This category comprises costs arising from local cultural differences, social cohesion, and community relations among others. Often, firms are unaware of these costs until factories have been built and local workers have been hired.

Case Study 4B: Malaysia

Challenge

It is stated in the Constitution, Article 3, that Islam is recognised as the state religion[285]. This, coupled with the fact that over 60% of citizens in Malaysia are Muslim has made it necessary for prayer rooms to be built in offices, to provide the appropriate environments for daily prayers to be carried out[286]. In order to meet the needs of the majority of the labour force and to prevent dissatisfaction among workers, firms which have chosen to expand into Malaysia have to take this into consideration, and factor in extra funds to be set aside for the designing and construction of prayer rooms.

Mitigation Strategy

To prevent worker dissatisfaction, firms should conduct proper research and a needs assessment to identify the specific needs of their workforce. In the context of Malaysia, the needs assessment can assess the religious needs of the people, and how the firms can design infrastructure or integrate these needs to better cater to their workers. Doing so also signals the firm's desire to prioritise workers' needs, contributing to overall increased job satisfaction and commitment to the firm.

Guiding Questions based on Strategy:

- What are the needs of your target workforce? Are you meeting these needs? If not, how can you ensure that they are being prioritised?
- What is the demographics of the COI's workforce?
- Are there any legal implications for not accommodating religious practices?

03 Governance Costs

Beyond identifying the key legislations to abide by, firms are also required to keep themselves updated of any changes. To keep up with evolving needs, laws may be changed at any time. It is important for firms to anticipate these changes and be well-prepared for these unexpected changes to avoid incurring hefty penalties.

Case Study 4C: Vietnam

Challenge

In September 2024, a new draft Law on Personal Data Protection (PDPL) was issued by the Vietnamese government, meant to enforce stricter provisions than the Personal Data Protection Decree. Under this new law, firms will be required to share data with the country's ruling party and several state organisations. Additionally, it would also limit data transfers across borders. This has raised concerns among firms, hindering the expansion of technology companies, social media platforms and data centre operators abroad[287].

Additionally, enterprises must appoint a data protection department for both basic and sensitive data processing. The draft law also mandates that data protection departments have to be appointed for both basic and sensitive data procession. This would lead to extra costs for the firms impacted. However, micro-enterprises, SMEs and startups are exempted from this requirement for 2 years. If they are directly engaged in personal data processing activities, they will not be subject to this exemption[288].

Mitigation Strategy

Given that societal needs and values are ever-evolving, firms should anticipate regulatory changes and proactively understand the nature of potential amendments. Where exemptions are not applicable, companies are encouraged to consult with specialised third-party advisors to ensure they have the capacity and framework in place to comply with these changes effectively.

Guiding Questions based on Strategy:

- What upcoming regulations or amendments are expected to impact your industry, and how might they affect your operations?
- What financial, operational, or reputational risks could these changes introduce?
- Are there provisions for exemptions within the new regulations, and do you qualify for any of them?
- Have you incorporated mechanisms into your compliance processes to respond efficiently to future regulatory changes?

Case Study 4D: W (Malaysia)

Challenge

W adopted the "Singapore+1" model, setting up its ASEAN regional headquarters in Singapore and a manufacturing base in Malaysia. Companies based in Singapore are subject to local compliance requirements, such as data protection regulations. While requirements such as appointing a data protection officer are inexpensive for companies, such administrative requirements reflect the impact of government policies on business operations. Representative from W (Malaysia) believes that simplified procedures are crucial for reducing administrative burdens and enhancing operational efficiency.

Mitigation Strategy

While certain administrative requirements do not necessarily have a direct impact on their main business, they are essential in complying with local laws and international directives. By engaging a consulting firm or consultant who is familiar with local business regulations to provide regulatory compliance support, companies can ensure compliance with the latest regulations and reduce operational compliance risks. At the same time, setting a budget to cope with these unavoidable expenses is critical to the company's long-term operations in the target market.

Guiding Questions based on Strategy:

- How frequently does your COI update its regulations to align with international standards, such as GDPR or other global directives?
- What specific administrative or compliance roles are mandated by your COI that may not be required in your home country?
- How comprehensive is your understanding of the local regulatory framework, and do you have a process for regularly updating this knowledge?
- What are the potential costs and resources needed for dealing with changes in laws such as appointing compliance officers or fulfilling other administrative requirements in your COI?
- Do you have a team or local consultants familiar with navigating the procedures and regulations in your COI?
- Does your current risk management framework include scenarios related to sudden compliance or governance challenges?

Case Study 4E: X (Singapore)

Challenge

During the expansion into Singapore, the business faced several compliance requirements. While Singapore offers a variety of strategic and operational advantages, they are mindful of the need to comply with the strict and transparent regulations in the country.

Mitigation Strategy

Establish a Compliance Budget and Plan: The company has set up a dedicated compliance budget and works closely with local compliance consultants to ensure compliance with Singapore's evolving regulations. This approach helps companies respond quickly to policy changes and reduce compliance risks.

Participate in industry seminars and cooperation: The company actively participates in industry seminars, maintains close communication with government agencies and partners, and obtains the latest policy updates, so as to effectively manage compliance risks and enhance market competitiveness. In addition, the company has further improved compliance efficiency with the help of resource sharing and technical support with partners around the region and gather support from their parent company.

Guiding Questions:

- Does the company have a compliance program and budget in place for local regulatory changes?
- Have you hired a professional advisor who is familiar with local regulations to support compliance management?
- Are internal processes and resources sufficient to ensure timely response to policy adjustments?

04 Trade Shocks Costs

Shifts in political and administrative leadership, especially in powerful countries, could significantly impact the global business environment through the changes in regulatory frameworks and trade policies. These policies could have both positive and negative effects on businesses when they enter COIs impacted by these changes, particularly in the context of existing geopolitical tensions.

Case Study 4F: Huawei

Challenge

Changes in political leadership can lead to new trade laws being implemented. For example, in 2019, the US specifically targeted Hua Wei and implemented trade restrictions where it banned Hua Wei from purchasing US technology as well as banned its equipment from US telecom networks on national security grounds[289].

With another change in leadership in 2024, new trade laws may be legislated and there is a chance where not only specific firms, but specific industries may be targeted and have their exports banned or face a high tariff amount.

Mitigation Strategy

Mitigating the impact of trade wars requires a combination of strategies to reduce risks, maintain competitiveness, and adapt to changing economic and political landscapes. These include localising production and leveraging Free Trade Agreements (FTAs) to access markets with favourable terms, leverage on financial instruments like futures or options to mitigate exchange rate volatility caused by trade wars and seek to develop domestic markets in ASEAN to reduce reliance on further regions that are drawn into geopolitical tensions.

The more forward thinking firms may seek to strengthen relationships with key partners in the region to improve negotiation leverage and access to alternatives during disruption, invest in technologies to reduce dependency on labour-intensive processes in high-tariff regions, or even consider to further diversify their supply chain by setting up production in another COI under FTA.

Guiding Questions based on Strategy:

- How well-informed is your company about the trade laws and political climates of your COI and major export markets?
- What alternative supply chains are in place to mitigate risks if trade restrictions are imposed?
- Have you developed robust scenario plans for different types of trade shocks, and do you test these regularly?
- What proportion of your operations are located within tariff-vulnerable regions, and how can this be balanced?
- Are your products adaptable to changes in regulations, such as meeting new certification or safety standards if required?
- Are your current risk management and supply chain strategies designed to withstand sudden trade shocks?

Stage 5
Evidence of Immediate Goals Achieved

Stage 5 serves as a checkpoint where companies assess their immediate goals against the realities of the market in the country of interest (COI). After a thorough analysis of both the COI and associated risks, companies evaluate whether it still makes sense to proceed with their expansion plans or if a change in strategy is required. This section provides an overview of how companies can approach their immediate goals, the outcomes, and any subsequent decisions. Additionally, this stage will outline common problems that companies may encounter when immediate goals are unmet, along with recommended stages to revisit for refining strategies and ensuring alignment with expansion objectives.

Case study 5A: Merit Metals Sdn. Bhd (Malaysia)

Immediate Goals	Actions Taken	Outcomes
Establish a regional foothold in Southeast Asia with proximity to clients.	Placed regional headquarters in Singapore with a manufacturing site in Malaysia, specifically chosen for strategic positioning near Singapore.	Successfully set up a presence that aligns closely with the company's core clients based in Singapore.
Minimise operational costs compared to Singapore's high expenses.	Opted for Malaysia over Singapore to reduce labour costs and save on rent, choosing Kuala Lumpur and Johor Bahru.	Achieved cost-effective setup while maintaining strategic connectivity to the Singaporean market.
Ensure political and economic stability for operations.	Chose Malaysia due to the stable political environment and good bilateral relations with Singapore and China.	Established operations in a relatively stable environment that facilitates better control and predictability.
Ease of access and compliance for Chinese personnel and operations.	Malaysia offers a visa-free entry for Chinese citizens, making it easier for team transitions and market entry.	Reduced administrative challenges in team management and coordination between Malaysia and China.
Expanding into other ASEAN countries.	Utilised Singapore as a strategic base with potential plans for expansion in Thailand, Vietnam, and India.	Positioned well for gradual entry into other ASEAN markets, using Singapore as a stable base for further growth.

Merit Metals is used as an illustration of this stage. The successful achievement of its immediate goals illustrates the advantages of aligning company objectives with local market benefits. Through skilled labour access, streamlined setup, and strong local partnerships, Merit Metals's market entry proceeded as planned, reinforcing its expansion strategy and highlighting the importance of thorough COI analysis to meet immediate goals effectively. With these foundations in place, Merit Metals can carry on to Stage 6: Empirical Long-Term Metrics, where it can assess the sustained impact of its expansion against strategic objectives, enabling future adjustments to adapt to evolving business needs.

Addressing Unmet Immediate Goals through Strategic Backtracking

When companies realise that they have not met their immediate goals, revisiting and strengthening risk management practices can help realign their strategy. By Stage 5, firms should already have an established presence in a Country of Interest (COI) and operational groundwork completed. However, unforeseen issues, like exceptional events, resource shortages, or significant market disruptions, may necessitate a strategic backtrack to refine their risk management approach.

Refocusing on Stage 4 for Enhanced Risk Management

Stage 4, focused on risk management, enables companies to develop or adjust contingency plans that account for both local and global uncertainties. Revisiting this stage provides an opportunity to reassess operational risks and implement more robust frameworks to mitigate challenges that may arise. In cases of resource depletion, economic downturns, or other unpredictable challenges, firms may also need to consider a broader reassessment of their goals or potentially evaluate the suitability of their current COI.

Using Stage 4 to Sustain Long-Term Objectives

By strategically returning to Stage 4, companies can strengthen their resilience, refine contingency planning, and ensure a more sustainable path toward achieving long-term objectives. This approach enables firms to adapt to immediate challenges while maintaining alignment with their overarching expansion goals.

Stage 6
Empirical Long-Term Indicators

Lastly, this stage is where you evaluate the long-term impact of your expansion and your company's strategic goals. This allows firms to adjust their expansion strategy to better reflect changing business needs upon evaluating its impact with such metrics.

#	Long Term Indicators	Description
1	Return on Investment (ROI)	ROI is a measure of the profitability of an investment relative to its cost. This highlights how effectively a company is generating profit from its investments[290]. **Formula[261]:** $\text{ROI} = \frac{\text{(Current Value of Investment-Cost of Investment)}}{\text{Cost ofInvestment}}$ **Description of Usage[261]:** Firms expanding into ASEAN can use ROI to evaluate the financial returns from the costs incurred in entering new markets, including setup costs, labour, tax and operations. A positive ROI over time indicates that the expansion is financially beneficial and implies that investment resources have generated financial gains.
	Case 1: Huawei Huawei's Intelligent Distribution System (IDS) was developed based on quantitative ROI evaluation and has a lifecycle of 10 years. In the 10-year lifecycle of Huawei's intelligent distribution solution (IDS), the economic impact is evaluated based on both capital (CAPEX) and operational expenditures (OPEX) to gauge return on investment (ROI). Hence, via utilising a system based ROI metrics, Huawei could enforce quick decision making as companies could adjust their manpower and assets allocations according to meet changing business needs. As businesses increasingly adopt an agile driven innovation mindset, using such economic metrics like ROI to evaluate business outlook can support the implementation of key phase tasks within their expansion strategy[291].	

#	Long Term Indicators	Description
2	**Capacity Utilisation Rate**	Capacity utilisation measures the percentage of potential output being realised. This illustrates how effectively a company is using its production capacity and whether resources are being used efficiently[292]. **Formula[263]:** $\text{Capacity Utilisation Rate} = \frac{\text{Actual Output}}{\text{Potential Output}} \times 100$ **Description of Usage[263]:** A higher capacity utilisation ratio is desirable as it indicates that more resources are utilised effectively to maximise firm potential. On the contrary, low capacity utilisation rates can signal a limited ability to respond to future demand changes. For instance, when facilities and equipment are not operating at optimal levels, companies may struggle to adjust production levels and operation strategies, in response to sudden increases in demand. In relation to the business cycle, capacity utilisation rates are usually higher during expansion phases. This is so as companies increase production activities and utilise greater resources like factories and equipment, to maximise its potential.
		Case 2: Samsung Electronics[293] Samsung Electronics used capacity utilisation rates to inform its decisions on whether to allocate greater resources. Based on the low capacity utilisation rates, coupled with downturn within the semiconductor industry, Samsung production reduction plans to better utilise its resources more effectively. However, once capacity utilisation rates boomed and its major factories have reached full capacity, Samsung increased production rates within its Xi'an factories and Pyeongtaek South Korea factories. Thus, allowing Samsung to better adjust resource allocation and reconcile operational inefficiencies across different production bases, in order to achieve demand-supply balance.
3	**Development of Local Supplier Networks**	The development of local supplier networks serves as an essential long-term indicator of success for Chinese manufacturing firms in their expansion strategies. This indicator allows firms to assess their ability to navigate supply chain, growth and regulatory challenges over time. Using this is crucial as it enables firms to leverage on strong supplier relationships that can harness mutual benefits, such as reliable supply chains, strategic access to key resources, and faster product cycles[294]. These all culminate in an exchange of information and resources from diversified sources that are essential for scaling production and reducing risk from supply chain shocks[295].
		Case 3: Intel (Malaysia) Since 1974, Intel has developed a strong local supplier network in Malaysia via targeted training, tax incentives, and financial support as a result of initiatives like the Penang Skills Development Centre (PSDC) and the Global Supplier Program (GSP)[296, 297]Intel aims to further develop its local supplier networks which helps local suppliers grow into global players via its "Smart Approach" supplier program that follows a structured five-step process: identifying promising suppliers, providing training and engagement, allocating business based on capabilities, offering technical support to enhance competencies[266, 267]. Thus, leading to the success of multiple local firms which are facilitated by Intel's collaboration with the government, targeted FDI, public-private dialogue, and selective SME support[266, 267]. Intel's success in Malaysia set a foundation for expansion into other Asian markets, leveraging local partnerships to fuel growth and resource access into other Asian markets like Vietnam, India and Taiwan[298]. Thus, further solidifying Intel's capability to leverage on multiple sources of growth and resources via their expansion strategies. Moreover, Intel's partnerships with local suppliers and contributions to the Penang Skills Development Centre have enabled Intel to focus on shifting low-level production to local SMEs[299]. Over time, Intel developed a trustworthy supply network of suppliers in Penang which they have tapped on as a resource. Thus, Intel could focus on developing advanced R&D and technology, which brought about strategic access to key resources[268].
4	**Establishment of High-Tech Facilities**	Manufacturing firms can use the establishment of high-tech facilities as a key long-term indicator of success in their expansion strategies. By being able to invest in advanced production capabilities, like specialised assembly plants, R&D centres, and automated testing facilities, firms demonstrate their ability to enhance operational efficiency, innovate, and meet global standards upon expansion. Over time, the effectiveness of these facilities in scaling production, improving quality, and reducing costs reflects the firm's success in adapting to both local and international markets[300].
		Case 4: Infineon (Singapore) As a renowned player in the chip industry, Infineon stands out for its strategic investment into Singapore to embark on a comprehensive journey for all business and operation functions, with AI being embraced and embedded into each job function[301]. It first started out as Siemens, which focused on assembling low-cost discrete transistors, diodes and passive components. As time passes, Infineon ramps up investments to €70 million, to upgrade its Singapore production site into a high-tech smart factory over the next five years from 2017. As a result, it saw a boost in productivity with advanced robotics, automation, and digital integration[302]. This transformation under the Smart Enterprise Programme also strategically positions Singapore a central hub in Infineon's Global Production Network, offering real-time visibility and control across global manufacturing sites[300]. Singapore also serves as Infineon's Asia Pacific headquarters, managing key functions like R&D, supply chain, and sales, along with hosting a Design Centre focused on Integrated Circuit innovation for automotive and industrial applications[300]. Through leveraging Singapore's regional logistics capabilities, Infineon efficiently manages about 50% of its global revenue from this strategic location[300].

Table 4.6.(1): Long Term Indicators & Cases

CONCLUSION

Based on the diverse challenges encountered by Kunge throughout its regional expansion journey, we demonstrate the practical application and value of the Roadmap to Regional Expansion framework in supporting business growth. Examining Kunge's expansion through the lens of this framework not only illustrates the utility of the framework but also emphasises its role in facilitating more efficient and informed decision-making during regional expansion.

Roadmap to Expansion

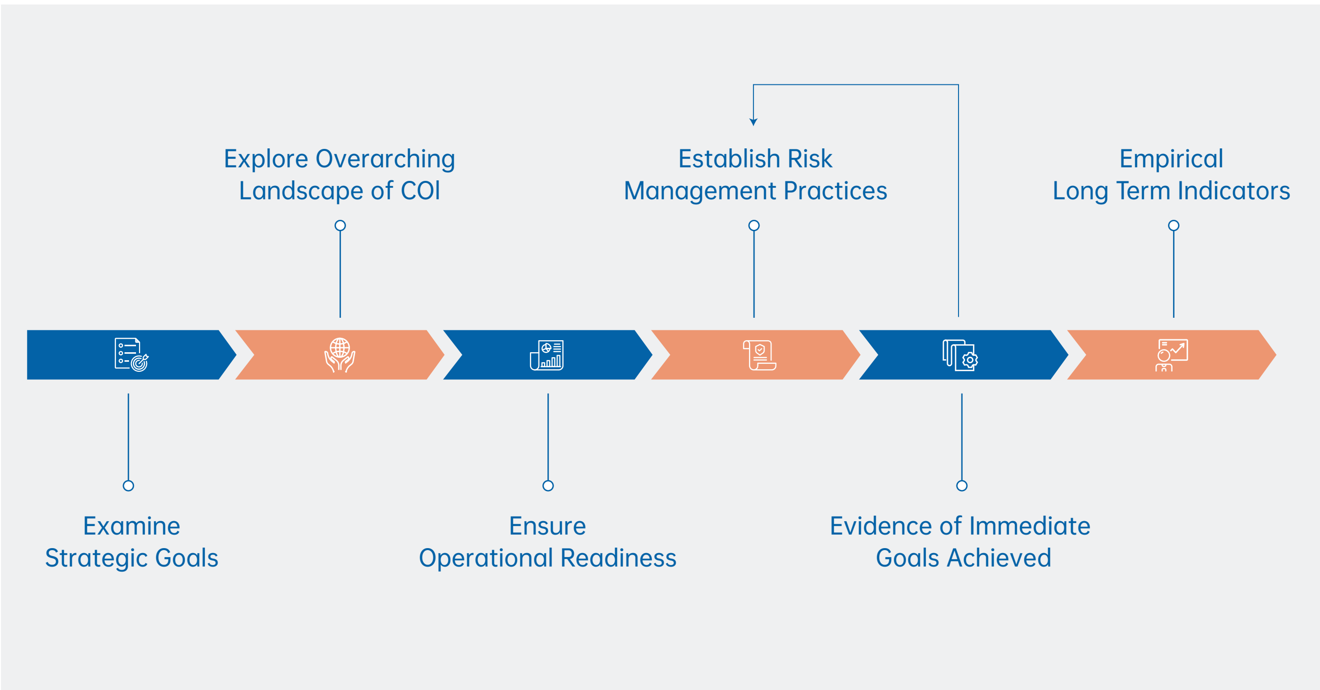


Figure 5.(1) Overview of Kunge's Roadmap to Regional Expansion

Stage 1 Examine Strategic Goals	Initially, Kunge enters Vietnam directly before establishing its regional headquarters in Singapore. This led to inefficiencies during the early stages of expansion, due to lack of clarity on several fronts. Our guidebook would have suggested an initial evaluation of locations based on the company's goals and compatibility of the COI in attaining these goals. This prevents companies from overweighting the importance of any single factor, which could lead to unexpected situations.
Stage 2 Explore the Overarching Landscape of the Country of Interest (COI)	Kunge moved production to Vietnam to avoid U.S. tariffs but later faced unexpected regulatory and tax challenges. Our framework would have helped Kunge anticipate Vietnam's regulatory landscape earlier, aligning their objectives with the country's policies and considering potential tax incentives and challenges upfront.
Stage 3 Ensure Operational Readiness	Kunge assessed Vietnam's infrastructure but overlooked cultural differences that later impacted operations. Our guidebook emphasizes a full evaluation of operational readiness, including cultural and workforce considerations. This would have helped Kunge proactively address these gaps and avoid costly delays.
Stage 4 Establish Risk Management Practices	While it is difficult to plan for unexpected events, certain challenges can be resolved with on-site preliminary assessments of the COI. One such example would be worker dissatisfaction due to the lack of air conditioning in workshops. Our guidebook urges each company to have a thorough business contingency plan that details additional resource allocation for unprecedented situations could have helped Kunge to navigate some of the roadblocks that it faced, minimising frictional and adaptation costs.
Stage 5 Evidence of Immediate Goals Achieved	Kunge continues to face challenges in Vietnam after expansion mainly in unexpected situations, thus our framework directs Kunge back to Stage 4 to consider establishing thorough risk management practices. Under the guidance of a proper framework, important factors to achieve the strategic goals would have been considered which would have played a part in shaping the early decision making process.

Table 5. (1): Kunge assessed throughout the Roadmap to Regional Expansion

Kunge's challenges in Vietnam underscore the need for a comprehensive guide throughout the business expansion process. This would have allowed them to employ a dynamic adjustment of strategies such as the consideration of adopting SG+1 and setting up its regional headquarters in Singapore first, creating a more overall effective expansion path. Using our guidebook, companies like Kunge can thoroughly assess each stage with data-driven insights and practical case studies, supporting strategic alignment and successful business expansion.

ASEAN offers a multitude of opportunities for business expansion, with its diverse markets and an increasingly affluent middle class. However, in order for firms to succeed in their expansion, diligent research, cultural understanding, and a strategic approach must be present. By factoring in each COIs' value add and using our guidebook to frame decision making processes, businesses can make informed choices on the ideal COI to expand into based on their business needs. Through establishing strong local partnerships, firms can fully leverage the potential of SG+1 strategies in this region.

ABOUT CAMBRIDGE ADVISERS

Cambridge Advisers is an award-winning professional service firm providing corporate advisory, regulatory compliance and fund administration services. Headquartered in Singapore with subsidiaries in China and Southeast Asia, the company serves as the trusted partner of enterprises, financial institutions and family businesses to establish or expand their presence in the region and comply with the local regulations.

Cambridge Advisers is privileged to be selected by Enterprise Singapore and Ministry of Law in the Professional Services Partner Guide in the categories of Incorporation, Corporate Secretarial Service and Setting up of Family Offices. The company has also been awarded the Top 10 Corporate Business Service Providers in Singapore 2023 by Asia Business Outlook, and the prestigious Singapore Business Review Technology Excellence Award 2023 for her RegTech solution, iCOMPASS®. The partners are professional members of the Global-Asia Family Office (GFO) Circle supported by Singapore Economic Development Board and Monetary Authority of Singapore.

In 2023, Cambridge Advisers and Suzhou Industrial Park signed a strategic cooperation to enhance cooperation in serving the cross-border business expansion needs of China and Singapore enterprises. Cambridge Advisers shall provide one-stop business advisory support and professional advice. The signing ceremony is witnessed by Jiangsu Party Secretary Xin Changxin and Vice Governor Fang Wei., Minister in Prime Minister's Office, Ms Indranee Rajah, Senior Minister of State Dr Koh Poh Koon.

ABOUT THE PROFESSIONAL SERVICES PARTNER GUIDE

The Enterprise Singapore and Singapore Ministry of Law co-developed the Professional Services Partner Guide in collaboration with industry partners Law Society of Singapore (LSS) and the Institute of Singapore Chartered Accountants (ISCA). This is a specially curated catalogue of professional services firms with track record in serving companies expanding in the region.

ABOUT ICOMPASS

iCOMPASS® is a regulatory technology software that helps companies, corporate secretary providers and financial institutions manage their compliance risks and comply with Singapore regulations. The solution automates monitoring processes for compliance-related activities such as KYC, customer onboarding, technology risks, business continuity risks, outsourcing risks, employee training and certifications, policy changes, and generates audit trails. Compliance issues can be identified in real-time and corrective action can be applied promptly.

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NUS Business School is a leading business school in the region, ranked number 8 in the world and top in Asia, in the Quacquarelli Symonds (QS) World University Rankings 2025, for its excellence in education and research. Its mission is to advance knowledge and cultivate leaders who can positively impact both business and society.

For almost 60 years, the school's esteemed faculty has provided undergraduate, graduate, and postgraduate students, as well as business professionals, with in-depth insights across a range of business disciplines, including marketing, finance, strategy, policy, analytics, and operations.

NUS Business School holds accreditations from AACSB International (Association to Advance Collegiate Schools of Business) and EQUIS (European Quality Improvement System), affirming its commitment to maintaining the highest standards in business education. The institution plays a vital role in shaping the leaders of tomorrow.

APPENDIX A

Scan to view Appendix

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Should you have any enquiries regarding this guidebook, please contact the following:

Cambridge Advisers Pte Ltd
Address:
Singapore:#20-33/25/18 One Marina Boulevard, Singapore 018989
China: #37-10, Building 1, No.15 Moon Bay Road, Suzhou Industrial Park, Jiangsu
Website: www.caglobe.com
Contact: Ms Nicole Chen, nicole.chen@caglobe.com

NUS Business School
Address: BIZ, 7-1, NUS Business School, 15 Kent Ridge Drive, National University of Singapore, Singapore 119245
Contact: Professor Mark Goh; bizgohkh@nus.edu.sg

Cambridge Advisers' Website

CEO's WhatsApp Nicole Chen