

**SPEECH FOR ENTERPRISE SINGAPORE CEO
MR LEE CHUAN TECK
AT ENTERPRISE SINGAPORE'S YEAR-IN-REVIEW 2023
ON 25 JANUARY 2024, THURSDAY**

1. Good morning, everyone, including all our guests online.
2. Thank you for being here with us today at our annual year-in-review. This is when we look back at what we have done, and also look forward to what we will focus on this year.
3. I want to start by reminding us of the difficult conditions that businesses faced last year. It was really a challenging environment.
4. First, we went through a global manufacturing recession, which arose largely because of the build-up in inventory during the pandemic. Global trade in goods contracted, and in Singapore, our NODX, or non-domestic exports, shrank as well.
5. The second challenge is that we are continuing to see higher trade and investment barriers in many countries. Even in 2023, we are continuing to see more barriers erected – not just in the United States, but also China, India, Europe, and many other countries.
6. The third challenge that our companies faced was the higher cost of financing. Interest rates rose significantly last year, which led to higher debt servicing costs. The global equity markets were not very conducive for capital raising, and the number of global IPOs also fell.
7. The fourth challenge was rising business costs. This applied to both services and manufacturing sectors, and across general and labour costs. This is a

global phenomenon, but businesses in Singapore may have felt it more acutely as a result of rising rents and labour costs locally.

8. The context is that the environment was very challenging for businesses. With that, EnterpriseSG's focus was on helping companies who are prepared to step forward and uplift themselves, to grow their revenues. We will continue to support them.
9. I am very heartened that in this challenging environment last year, about 3,000 companies undertook transformative projects. These are game changing, needle-moving projects to help grow their topline and create more jobs for Singapore. These projects are expected to raise their annual revenue by S\$16.4 billion and create 21,500 jobs.
10. To provide a breakdown, the S\$16.4 billion was split into three categories – about S\$5.2 billion will come from companies accessing new markets overseas, about S\$1.0 billion will come from companies developing new products and services, and S\$10.2 billion, the majority, will come from companies transforming their processes to strengthen cost competitiveness.
11. Let me give a couple of examples to give a flavour of the kind of projects we undertook.

New Markets:

12. VFlowTech makes vanadium redox batteries, which are high-capacity batteries for the (power) grid. What they did last year was to foray into India. We supported them to build a plant – a 100MW factory, and they expect to earn about S\$60 million annually from this.
13. Love, Bonito, which many of us are familiar with. They are established in Singapore but have been growing their presence overseas. Last year, they began their foray into the United States. We helped them to set up a pop-up

store in New York. They hope to achieve about half their revenue from overseas by the end of year.

Developing New Products:

14. Moveon Technologies – they are a company that makes optical components, mainly lenses. Last year, we helped them develop a new 3D inkjet printing system to produce optical components for augmented reality (AR) and mixed reality (MR) devices. They expect to earn S\$43 million a year from this.

15. Orient Technology is not a new company – they make energy storage systems, and despite having been around for close to 30 years, they have continued to innovate. Last year, we helped them develop a new energy storage system (ESS) that can integrate renewable energy sources with the grid. As we know, renewable energy tends to have more intermittency compared to traditional power. This ESS will help to mitigate some of that intermittency.

Process transformation to enhance cost competitiveness:

16. Scanteak has been producing furniture for more than 40 years. They, like many firms in Singapore, are facing higher labour costs. We worked with them to develop a new digital platform for customer support, inventory management and delivery scheduling. Because of that, the platform will reduce their repetitive tasks by about 40%. They also hope to introduce a dynamic pricing model which will increase their profit margin.

17. Finally, we have Agrocorp, a soft commodity trading firm. They trade soft commodities like grains, sugar, cotton, seeds and so on. They are diversifying their business to go into downstream processing and provide more value-add to their customers. Last year, we helped them to develop a new plant, together with a Japanese dairy firm, in Malaysia. This will allow them to extract protein and starch concentrates from crops.

18. These are some of the transformative projects that we are doing with companies. They are significant because they have high-impact and are game-changing. On average, the S\$16.4 billion translates into an average of 30% revenue growth for the companies.
19. But we also helped many other enterprises to build basic capabilities. There were 15,000 in all. We worked with them mainly through the Productivity Solutions Grant (PSG). Most of these projects were for basic capability building – around three quarters were in digitalisation and the remaining were for automation and market preparations.
20. Helping companies is our bread and butter, but there are a few more milestones that bear mentioning.
21. The first is what we are doing in the Heartlands. Last year, at the Committee of Supply (COS) debates, we announced HIT – the Heartland Innovation and Transformation programme. The essence of this programme is that we want to introduce novel concepts into the HDB heartlands, generate more footfall and improve the income of the shops operating there. We started with Ang Mo Kio and worked with stakeholders like the Heartland Enterprise Centre Singapore (HECS) and HDB to identify a plot of land in Ang Mo Kio Town Centre and build about 17 kiosks. Then we invited businesses to come up with fresh concepts for each of these kiosks; some of these are quite interesting and different from what you would typically see at the HDB heartlands. For example, one of the firms, Bakestarters, sells pre-portioned baking ingredients to suit their customers' needs.
22. Many of these ideas came from new entrepreneurs. To help them develop their business plans, we have also assembled a panel of mentors with seasoned business experience; this includes Ms Dione Song (Love, Bonito); Mr Loh Jwee Poh (Mr Bean); and Mr Joe Tan (Tuckshop). We hope that some of these shops

can start operating soon. We are also exploring different concepts in other heartlands, and hope that we can announce more of them at COS.

23. For our Trade Associations and Chambers (TACs), in August last year, we launched a new governance framework. This is part of our ongoing process to uplift the capabilities and standing of our TACs. Nine TACs have signed on and we encourage more to join us.
24. Also, I am very proud to announce that our Director-General, Ms Choy Sauw Kook, has been elected to the ISO Council. As many of you know, Singapore has a very strong reputation in setting and enforcing high standards. This election is a recognition of this. We also hope that with this position, we can better influence standards setting globally, especially in novel areas like AI and Sustainability.
25. That was in 2023. Looking ahead to 2024, we expect some of the cyclical headwinds that our businesses faced last year to ease, and some may even turn into tailwinds. We do expect manufacturing to rebound, and interest rates may ease a little in the later part of the year.
26. But we should remember that many structural challenges will remain for years to come. It is likely that our global economy will continue to fragment. Trade tensions between large and small countries are unlikely to ease anytime soon. Additionally, we must remind ourselves that as a small country, Singapore has resource constraints that will only become tighter over time.
27. So, what do we do? There are three prongs.
28. First, we will continue our push to help companies who are ready and willing, to enter new markets, develop new products and become cost competitive. These are the same things we have been doing last year, but with a further push.

29. Second, we want to strengthen the symbiotic relationship between smaller firms and larger enterprises. There are many opportunities to do so.
30. One example is Penguin, a company that makes sea vessels. Shell engaged them to design and operate its first fully electric sea vessel. So, Penguin was able to expand its business line.
31. Another one is Nissin, the instant noodle maker, who collaborated with Irvins to develop salted egg instant noodles.
32. What you can see from these examples are that large firms, with their capacity and global presence, can be a big boon for local enterprises, by helping them develop new products, enhance their processes and penetrate new markets. In turn, if we develop a good crop of local firms and strong local ecosystem, we can attract more investments into Singapore. This is mutually beneficial, and we want to see how we can encourage more of these collaborations. We are working closely with EDB on this.
33. Finally, we want to continue to multiply our efforts through our partners, especially the TACs as well as foreign partners. Let me cite two examples of sector-specific projects. There are many other examples.
34. We are working with the Singapore Logistics Association (SLA) to develop a playbook for sustainability. We hope this will help many of our logistics firms to reduce emissions and develop sustainability as a competitive advantage.
35. We are working with consultancy firm Louken Group to help promote our retail brands overseas, including in Indonesia.
36. In essence, we want to use multipliers, partners that we can work with, both locally and abroad, to see how we can further our efforts.

37. In a nutshell, that is what we have done last year and what we plan to do this year.

38. Before I end, I want to express our deepest gratitude to Mr Peter Ong, our Chairman. We announced yesterday that he will be retiring from our Board at the end of March. We have all benefitted greatly from his leadership over the past six years, and wish him all the best. We thank you very much for your contribution to EnterpriseSG.

39. Thank you.