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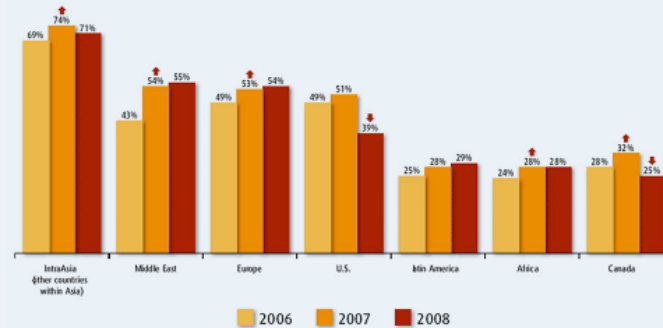
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**UPS Asia Business Monitor 2008**

How do Singapore SMEs compare with the rest of Asia?

Based on the UPS Asia Business Monitor (ABM) 2008, SMEs in Asia expect to continue to trade strongly within the region, as they expect trading with the US to decline. These SMEs also believe that trade with the Middle East and Europe will remain strong.

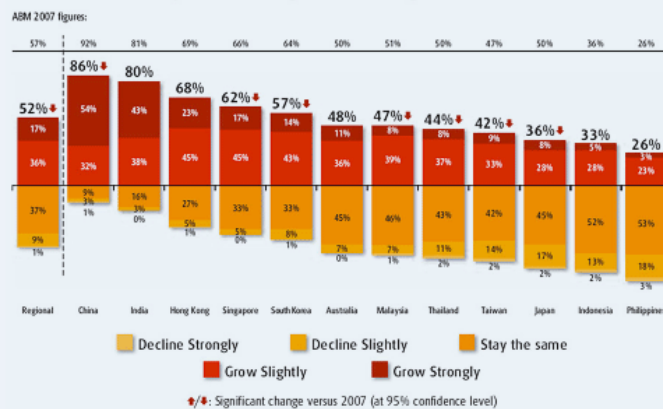
Projection for trade growth from 2006 to 2008



▲/◆: Significant change versus previous year (at 95% confidence level)

With the economic challenges ahead, Singapore SMEs are poised to meet business challenges head on. SMEs in the region are generally less positive about economic growth in their own countries and in the region, compared to last year's figures. In 2007, 66 percent of Singapore SMEs rated growth prospects for the region positively. The figure dipped to 62 percent this year.

Expectations on regional economic growth for 2008



▲/◆: Significant change versus 2007 (at 95% confidence level)

Such findings are not surprising, given that Singapore's Ministry of Trade and Industry recently announced that Singapore's economy is expected to grow by 4 to 5 percent in 2008, as consensus forecasts for the US, EU and Japan have come down.

It was heartening, however, that SMEs across the region, while cautious, are stepping up their game.

The UPS ABM has found that 71 percent are keen to capitalise on intra-Asia trade growth, and have recognised the need to strengthen competitiveness by retaining a qualified workforce and embracing innovation as a competitiveness differentiator.

In Singapore, accessibility to overseas markets is cited as the most important contributing factor to SME competitiveness. Compare this to 2007, when this was only ranked seventh out of 14 factors.

In addition to access to overseas venture opportunities, training and development, as well as access to trade development funds, are viewed as vital resources for SMEs in Singapore.

"The global outlook in recent months has been highly challenging, with rising costs and inflation, to the looming US recession, as well as natural disasters in the region taking headlines. The ABM results showed that while Singapore SMEs are coping with these 'caution' factors, they have managed to look beyond the issues and explore ways to take their businesses through this period," said Mary Yeo, Managing Director of UPS Singapore.

According to International Enterprise (IE) Singapore, the lead agency promoting overseas growth of Singapore-based enterprises and international trade, its services and funding have benefited or one in five local SMEs in 2006 and 2007. SMEs were given more than S\$280 million in tax and financial grants to support their export and international expansion needs into over 90 overseas markets, which will generate over S\$13 billion in projected overseas turnover when fully realised in the next three to five years.

While high labour cost is still seen as the major obstacle to SMEs, it has improved significantly from 2007, standing now at 54 percent compared to last year's 76 percent. The SME Rebate Scheme, which took effect in July 2007, helps SMEs to mitigate the rising labour costs due to the increase in employer CPF contribution rate.

Other UPS Asia Business Monitor Highlights on Singapore:

- While SMEs in Singapore viewed availability of quality workforce as a highly important factor to competitiveness, 53 percent of the respondents also saw it as an obstacle, closely behind labour cost.
- More than half the respondents are concerned about their financial performance in this global economy, followed by customer loyalty/retention and political and economic stability.
- 63 percent of SME leaders in Singapore mainly see China's rise as a boost to their business.
- Singapore SMEs expect strong growth momentum in the building & construction, manufacturing and financial services sectors in 2008.

#### About the UPS Asia Business Monitor

Into its fourth year, the UPS ABM is an annual survey of 1,200 SME leaders across 12 Asia Pacific countries focusing on competitiveness and issues facing SMEs in Asia. Apart from Singapore, SME leaders from Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Taiwan and Thailand are surveyed.

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