

SPEECH BY MRS LIM HWEE HUA, MINISTER IN PRIME MINISTER'S OFFICE AND SECOND MINISTER FOR FINANCE & TRANSPORT AT THE 23rd ANNUAL SINGAPORE 1000 & SME 500 AWARDS DINNER, 22 JANUARY 2010 AT 7.30 PM, AT THE RITZ-CARLTON MILLENIA SINGAPORE

Mr Ken Sansom,
Chairman of DP Information Group,

Mr Steven Phan,
Country Managing Director of Ernst and Young LLP,

Ladies and Gentlemen,

1. I am delighted to join you this evening to celebrate the achievements of the best and brightest companies in Singapore. DP Information's Singapore 1000 and SME 500 rankings lists Singapore's most successful corporations and SMEs based on their annual audited financial performance. Started in 1988, the ranking has entered its 23nd year. The 2010 ranking is all the more revealing, as it captures the effects of the economic recession last year.

2. Corporations have, on the whole, weathered the storm well. Schemes such as the Jobs Credit Scheme, SPUR and the Special Risk-sharing Initiatives have helped employers retain workers and improve competitiveness so as to ride out the difficult times.

3. The Singapore economy is expected to grow by 3 to 5 per cent this year. Notwithstanding the recession, our corporations remain well placed to expand beyond the constraints of our domestic market. We must

continue to grow our external wing, especially into the fast-growing Asian region.

4. I am glad that even though many of our companies faced very challenging conditions last year, they continued to seize global opportunities and persevered in their internationalisation efforts. This resulted in 69 percent of our SME community successfully venturing overseas, as compared to 65 percent the year before.

5. To internationalise, many companies would take the first step to export their goods and services. I am glad that the number of SMEs engaging in exports has also surged – from 38 percent in 2008 to 53 percent in 2009, as reflected in DP's SME Development Survey.

6. As a small country, our ability to do business internationally is crucial for the growth of our companies. We should leverage on our good name to develop opportunities and maximise growth potential. Increased internationalisation would enable our companies to expand the scale of their operations so that they can invest in high-value activities such as brand development, research and design in Singapore. It would also provide our people with more exciting and varied job opportunities and mobility.

7. I believe that there are growth opportunities for all companies, big or small. While our bigger firms pitch for large-scale projects like developing integrated townships and telecommunications and power businesses, smaller firms can either support the bigger players or venture into niche areas in a myriad of sectors such as consumer products, education, health and wellness and environmental solutions.

8. Allow me to share some thoughts on the challenges frequently encountered by our companies when venturing abroad. These revolve around the need to build up the relevant capabilities and resources, and to leverage business networks when establishing a toehold or foothold in a new market.

Building up capabilities and resources

9. Many SMEs are having to internationalise at a relatively early stage of their organisational development. As such, many of the entrepreneurial enterprises have found it difficult to have enough trustworthy employees to help them penetrate a new market. Some are understandably reluctant to engage professionals just for their overseas operations. However, in practice, it is difficult to centralise decision-making or business plan execution in one place or in one person. Hence, a willingness to decentralise management control and to professionalise is often the first step to sustaining a presence both here and overseas.

10. Yet others may have ventured abroad without adequate preparation, in terms of not just having the right individuals but also sufficient financial resources to help develop a market presence. Developing business overseas cannot be accidental nor ad hoc, nor be left to sending the most dispensable staff member overseas, as is the tendency for some of the larger companies.

11. Securing sufficient financial resources is a major preoccupation. A large part of the capital needs would be defined by the business plan. This in turn hinges on business projections and knowledge of the

underlying market itself. Many businessmen have unwittingly made the wrong assumptions, based on their experiences in Singapore – about the demand for their services, the regulatory and business environment, or even of fundamental issues like culture, values and business practices.

Importance of Networking

12. This brings me to the very important role that business networks play. When addressing a new market, apart from spending effort on the necessary due diligence, corporations should learn from the experiences of those who have gone before them. In fact, the networking should continue for the whole spectrum of mutual benefit – banding together to provide more compelling solutions and identifying more business opportunities when hunting in a pack. We can certainly work towards reducing the amount of tuition fees that we pay when venturing abroad.

Conclusion

13. Tonight we recognise the companies who are silent achievers, as well as hope that these achievements will spur all companies onto even greater heights. This year, 14 companies who have seen remarkable sales or turnover from overseas markets will also receive the Singapore International 100 Awards. These awards also honour our outstanding business leaders on their sterling achievements.

14. I would like to acknowledge the effort of DP Information Group and its partners for compiling the rankings and organising the ceremony this evening.

15. Let me conclude by congratulating all the companies that have made this year's rankings, and the award winners as well.

Thank you.