

Singapore proving popular as hub for corporate transformation

By LIVIA YAP, Business Times

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Factors are higher China costs, rising S-E Asia importance

[SINGAPORE] Singapore is gaining ground as a centre for corporate transformation because of the rising costs in China and the increasing importance of South-east Asia, say restructuring professionals.

At the Asia Transformation and Turnaround Association (ATTA) mid-year conference last Friday, they said corporate clients are looking to Singapore for their expansion into Asia.

ATTA is an accreditation body for professionals in corporate transformation, which helps businesses to turn around and avoid financial distress.

Rupert Purser, deputy chairman of ATTA and director of Turnaround Advisors Asia, a corporate finance and advisory practice in Asia-Pacific, said that Singapore serves as a hub for South-east Asia the same way that Hong Kong serves as a hub for the majority of China.

“We have been noticing an increasing trend (that) some companies are subtly – but very clearly – moving their functions from China to Singapore”, added Salman Bokhari, head of ATTA’s Singapore chapter.

ATTA board member Bernd Stucken, who is based in Shanghai, corroborated this, saying that China is no longer a low cost country so his clients in the industrial sector have been looking at moving to South-east Asia.

A lot of technology corporations from East Asia, like Korea and Japan, have also been looking at Indonesia as a potential market, Mr Stucken added.

However, while production may occur in countries such as Vietnam or Cambodia, for example, the overall headquarters of the company would remain in Singapore because of the “right structure” available here, Mr Stucken said.

The three agreed that Singapore proves a valuable base for restructuring because of its high concentration of trained professionals, stable rule of law and easy access to international capital markets via the stock exchange.

But, this does not imply that Singapore is gaining importance over China or its often compared “rival”, Hong Kong.

“(Singapore is) going to be not replacing but expanding. China, of course, will have its place and will always have its place, and so will Hong Kong,” Mr Bokhari said.

He added that “to effectively manage the corporation you see that a lot of professionals are moving to (Singapore) and from here going to do short-term assignments (in South-east Asia).”

They also feel that small and medium enterprises (SMEs) in Singapore should look at restructuring in order to expand further.

“There is going to be an increasing need to mentor, to coach, to guide these SMEs to look at growth opportunities which may require turnarounds and transformation, beyond Singapore and beyond Malaysia, into relatively difficult markets, for instance Indonesia or perhaps even China,” Mr Bokhari said.

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