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THE WEEK OF JUNE 29 — JULY 5, 2015 683

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NOTEWORTHY

SGX gets stinging MAS reprimand PG5

NIRGUNAN TIRUCHELVAM: Learning about the risks and rewards of frontier markets from Burmese beer PG22

MANU BHASKARAN: Are we too pessimistic about global growth? PG23

8 885002 090004 >

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Currency TURMOIL

Currencies in Asia have depreciated to levels not seen since the crisis of 1997/98. But volatility could get worse as US interest rates lift off. How bad will things get? Turn to our Cover Story on **Pages 18 to 22**.

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- How much further will EM currencies fall?
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"When it does happen, it's usually not the first-derivative event that people are caught off guard by. They're caught off guard by the second-, third- and fourth-derivative events."

— *Gary Cohn, president of Goldman Sachs Group, warning that years of discussing when and how the US Federal Reserve will raise interest rates may not prevent market swings when announced*

TheWeek

Nike, GE among winners in Pacific trade pact

| BY RICK CLOUGH & JOHN FAHNENSTIEL |

Companies from **Nike** to **United Parcel Service** (UPS) stand to benefit as the US edges closer to the most sweeping trade accord in two decades.

The Trans-Pacific Partnership, which would broaden cooperation on Pacific trade and boost US influence in Asian markets, may move forward now that the US Senate has voted on June 24 to grant President Barack Obama so-called fast-track authority to pursue trade deals. Businesses as varied as Nike, **General Electric**, UPS and drug producers say an agreement may boost overseas sales, reduce import costs and lead to employment growth.

"Any kind of huge multinational company would like something like this," says Caitlin Webber, a trade policy analyst with Bloomberg Intelligence. "It gives them more flexibility in their supply chain, more certainty about investing."

The accord, which would link the US, Canada and countries including Japan, Australia and Vietnam, would be the most significant since the North American Free Trade Agreement was passed 20 years ago. Obama's administration is also pushing the Transatlantic Trade and Investment Partnership, a proposed free trade deal between the US and the European Union.

BLOOMBERG

Nike says fast-track authority and the Pacific accord could generate as many as 10,000 new US manufacturing and engineering jobs at the company and its partners

Nike, which makes Air Jordans and other popular shoes in Asia, says fast-track authority and the Pacific accord could generate as many as 10,000 new US manufacturing and engineering jobs at the company and its partners in the next decade as tariff reductions make it easier to invest in the US. Obama visited the shoemaker's headquarters in Beaverton, Oregon, last month to speak about the possible benefits of a trade pact.

GE, one of the largest publicly traded exporters in the US, has been vocal in support of free trade efforts and reauthorisation of the Export-Import Bank's charter, which expires at the end of the month. In a speech in Washington, CEO Jeffrey Immelt says rejecting the trade accord would hurt US companies and ultimately workers. "If you're on the side of small- and medium-sized businesses, you should be voting for free trade," Immelt says.

UPS CEO David Abney says in an interview that "there is nothing more important" than a trade agreement for companies such as his. "Every time the US signs a free trade agreement, we see package exports grow 20%," Abney says.

Drugmakers expect a trade deal to extend the US Food and Drug Administration's decades-long period of drug exclusivity to participating countries, including those that have weaker regulatory regimes. While that would hurt generic drugmakers, it may benefit companies such as **Pfizer**, **Merck & Co** and **GlaxoSmithKline**, which could postpone cheaper non-exclusive versions of their drugs from entering foreign markets.

Without competition from generic drug companies, brand drugmakers can have greater control on pricing overseas. It could also encourage large companies to expand to countries they might have previously avoided, says Mark Grayson, a spokesman for Pharmaceutical Research and Manufacturers of America, a trade organisation for large drug manufacturers.

"If they don't have a strong intellectual property protection, then their medications could be pirated," he says. "With stronger intellectual property protections, we would be able to sell our medicines and introduce them in every country."

Labour groups have battled the legislation, saying it will lead companies to ship jobs overseas. Larry Cohen, former president of Communications Workers of America, which represents 700,000 workers, says it could also harm call centre workers and other non-manufacturing positions.

"There's nothing good in this unless you're a multinational corporation concerned about your investment rights," Cohen says. "For everybody else, it's only a question of how harmed you will be. The apparel industry, auto parts, electronics don't stand a chance." — *Bloomberg LP*

WEEK IN REVIEW

Grand Banks Yachts expects to post a net loss for FY2015 ending June 30. The builder of luxury yachts cited the development of new yachts following the acquisition of Palm Beach Motor Yacht Co as the main reason for the loss. Another reason was the discounts and sales incentives given to speed up the sale of older-model inventory yachts. Furthermore, revenue for newly secured orders was to be recognised only in FY2016. Meanwhile, the longer-than-expected production times at its Malaysian factory may also dampen its bottom line. Grand Banks Yachts says it will furnish further details on its financial performance when it releases its FY2015 results in August.

Seaonics, a subsidiary of **Vard Holdings**, the designer and builder of offshore and specialised vessels, has acquired ICD Software for NOK91.3 million ($15.6 million). ICD Software specialises in the development of automation software and control systems, and employs 63 workers, half of which are in Norway and the remainder in two subsidiaries in Poland and Estonia. Through the acquisition of ICD Software and its subsidiaries, Vard says Seaonics will be able to expand its business in deck-handling equipment and automation technology.

Ryobi Kiso Holdings has secured multiple civil works contracts worth a total of $55.9 million. The contracts secured are for foundation works of various types of construction projects, mainly here, as well as in Malaysia and Australia. The new contracts are expected to be delivered by the group in the financial year ending June 30, 2016, the construction firm told the stock exchange in a statement.

SATS announced that its 59.4%-owned subsidiary in Japan, TFK Corp, has secured a multi-year in-flight catering contract from Delta Air Lines valued at ¥30 billion ($325 million). TFK is expected to start catering services for Delta at both Narita and Haneda International Airports in Tokyo by October. Delta currently operates 22 peak-day flights from Narita and Haneda.

ST Telemedia, the provider of data centre and communications services that is owned by Temasek Holdings, has acquired a 49% stake in Virtus Data Centres, a UK data centre provider. The consideration for the stake was not revealed in the filing with the Singapore Exchange. The investment will be used by Virtus to expand its footprint in the UK. ST Telemedia, on its part, will get a vital foothold in London, which is considered a key global tier-one data centre market.

ComfortDelGro, the country's biggest taxi fleet operator, is upgrading mobile data terminals in its taxis to speed up the processing of bookings. The company will install more than 6,000 X-One MDTs, which have a processing speed twice as fast as the old units, in its taxis over the next nine months, the company says in a press statement. The X-One MDT is an all-in-one system that wirelessly connects the booking despatch system to the taxi. It also acts as a built-in taxi meter-cum-payment system.

Q&M Dental Group has agreed to acquire a 60% stake in Smilebay Dental Clinics for RM12.29 million ($4.4 million). Founded in 1999, Smilebay operates a chain of six dental clinics in Penang, Malaysia. Q&M says the proposed acquisition is in line with the company's plan to continue the expansion of its main dental business in Malaysia, and enables the company to add six fully operational clinics in Penang. Under the agreement, about RM6.8 million will be paid in cash to the vendor shareholders, while the remaining RM4.5 million will be paid with Q&M shares at 72 cents each. — *Compiled by Amy Tan*

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SGX gets stinging MAS reprimand

The three-hour trading glitch that Singapore Exchange (SGX) suffered on Nov 5 last year came only five months after the Monetary Authority of Singapore (MAS) issued its Notice on Technology Risk Management to financial institutions. Among other things, the notice called for financial institutions to have backup systems and ensure that they do not suffer a cumulative downtime of more than four hours a year. Local brokerage firm UOB Kay Hian was among the financial services players that had to take immediate action. It set up a so-called "disaster recovery site" and now spends millions of dollars a year maintaining it.

With commissions under pressure, and in the light of the additional technology expenses they are required to bear, it must have been galling for brokers such as UOB Kay Hian to have seen SGX suffer its outage in November. And, the delayed market opening the following month because of a software glitch would have taken the cake. While SGX already had a secondary data centre that mirrored its primary data centre when MAS issued its notice, there was a sense in the market that the exchange had not done enough.

"They have a good system but all these [faults] happen on the margin. They are supposed to check and test and they didn't do it very well. Or it's bad luck," says a market source. Following investigations, the November outage was found to have been caused by a faulty power device as well as a flawed power supply design.

Last week, MAS delivered a stinging reprimand to SGX and imposed a series of remedial actions that has brokerage industry players nodding with satisfaction. Among other things, SGX has to allocate an additional $20 million of its capital expenditure on infrastructure enhancement. SGX will also contribute $1 million to the Investor Education Fund. In addition, it is not allowed to raise its fees for the securities and derivatives markets until it has improved its recovery capabilities to the satisfaction of MAS. In FY2014 (it has a June year-end), SGX's capital expenditure on technology was $43 million.

Some brokerage industry players are disappointed that MAS did not also impose a fine on SGX. But many think that the regulator has done enough to send a message to the market and avert future technological disruptions that could hurt Singapore's status as a financial centre.

Esmond Choo, senior executive director at UOB Kay Hian, says MAS has taken a "very enlightened" approach. A fine would have gone to the government but the moratorium on raising fees and the contribution to the fund will benefit ordinary investors, who were most affected by the trading disruptions. "The reprimand is correctly weighted and fair," says Choo.

SGX was planning to raise its post-trade fees in the second half of this year. It will now have to defer the plans. One brokerage industry player estimates that the moratorium could cost SGX at least $13 million a year in foregone revenue. That is unlikely to make much difference to investors in SGX though. For the nine months to March, SGX reported a 9.5% rise in operating revenue to $563.3 million and a 3.9% rise in earnings to $252.4 million. According to Bloomberg data, SGX is achieving a return on equity of 38.3% compared with the Hong Kong exchange's 24.9%.

Has SGX been too fixated on its profitability? Was it not spending enough on technology? "I think MAS has been troubled by this. Over the last few years, [SGX has] been doing less in terms of their systems [in order] to maintain their earnings. The breakdowns probably gave MAS leverage to make SGX spend more," says one brokerage source.

To be sure, SGX was not the only exchange that was hit by technological disruptions last year. But with increasing market complexities, it is important to ensure that enough is spent on technology systems and processes. "SGX will have to spend the $20 million wisely and implement it properly," says Tan Shong Ye, a technology risk specialist at PricewaterhouseCoopers, which is among the institutions that received the MAS notice. "It is a reasonable amount. It does show that they are paying attention to technology risk. They have probably thought it through and got the opinion of experts."

Tan points out many companies are now choosing to outsource some portions of their technology platforms, and that they should also monitor the risks that come with that strategy. "Managing outsourcing risks is very important as even very large organisations outsource their data centres. An outsourced service provider may also outsource. This may get more common. So, managing outsourcing risks is very important," he says. Indeed, MAS also issued new guidelines on outsourcing last year to ensure that outsourcing risks are managed not just at the financial institution level, but also at the outsourced service provider level, Tan adds.

SGX is said to outsource its primary data centre to Keppel Datahub. Keppel, however, declined to comment.

Shares in SGX are up 1.6% this year. They are currently trading at 24.6 times forward earnings and offer a dividend yield of 3.5%. E

ECONOMY WATCH

Easing measures helping to stabilise China's economy, says NAB's Burg

| BY ASSIF SHAMEEN |

The world's second-largest economy is actually a lot healthier than the recent headline data suggests. Look under the hood and you are likely to find "broad-based recovery" taking hold in China, according to the latest China Beige Book report, a private survey modelled after the US Federal Reserve's Beige Book, which gathers anecdotal information on current economic conditions from the US central bank's various branch offices as well as conducts interviews with key business contacts, economists and market experts. The rebound in the Chinese economy in the current April-to-June quarter is being largely driven by a resurgence in the retail sector and a rebound in real estate.

"The second quarter of 2015 was plainly better than the first," the China Beige Book report, published on June 23, said. "Overall, firms continue to do better than official data — and its legions of sell-side users — might suggest. Cash flow remains stable, volumes are increasing, and margins saw a minor uptick. Capex and borrowing both stabilised in the quarter, while the [job] market continues to show resiliency."

Gerard Burg, Asia economist for National Australia Bank in Melbourne, a veteran China watcher, couldn't agree more. He believes the Chinese economy will grow 7.1% this year, above the 7% consensus forecasts, and continue growing at a fairly similar pace, or 6.9% next year before slowing in 2017.

A graduate of the Australian National University in Canberra, Burg has been an economist at National Australia Bank for a decade now, covering Asian economies in general and China in particular. He is also a member of NAB's commodities research team, focusing on iron ore and coal. Before joining NAB, he was a commodities analyst at the Australian Bureau of Agricultural and Resource Economics in Canberra. Burg spoke to *The Edge Singapore* from Melbourne over the phone recently. The following are excerpts from the 35-minute interview.

With the US Federal Reserve expected to raise interest rates soon, how are Asian economies positioned right now? Will stronger demand from developed economies offset a strong US dollar and the outflow of capital from the region? Or do you see growth slowing in the region over the next 12 months?

Clearly, Asian economies are in a fairly difficult spot right now when you look at global trends. A lot of the Asian economies are driven by trade, not just regional trade, but also global trade, and we have seen comparatively weak demand from major markets such as North America and Europe despite the gradual recovery there. As such, for much of Asia, unfortunately, the timing of the Fed rate hike is pretty poor.

We believe the Fed will start raising rates in December and it will be a very slow and gradual process, but as they raise rates, it will put much pressure on Asian economies. You only have to look at historical trends. Higher US rates are followed by capital outflows from the region, especially if [Asian] policymakers don't raise their own rates to compensate investors. It also means weaker currencies, imported inflation and — if they do raise rates — it can trigger an even sharper slowdown. Our view is that the Asian region will continue to see sub-trend growth this year and next. We need to see stronger demand for Asian goods from the US and Europe.


NAB

Burg: Policymakers have gone about as far as they can. Clearly, we are starting to see some stabilisation.

Are there countries in the region that are particularly vulnerable in this post-hike, strong-dollar environment?

It's hard to say, but if you look at the previous financial crises in the region, Indonesia and Malaysia are probably more vulnerable. They are commodity producers and exporters. In the past, whenever there have been capital outflows from the region, Indonesia has been among the worst hit.

A big tailwind for Asia in the last year or so has been falling oil and commodity prices. Lower raw material prices have helped Asian central banks hold interest rates down or cut rates further. Will Asia continue to have the falling commodity tailwind?

You are right to say that lower commodity prices have been very helpful for Asian economies over the past year. Prices of commodities — not just oil but also metals, iron ore and coal — are up from their lows, though, of course, they are far from their previous peaks. There is still a big supply glut for many of the commodities. While higher-cost producers are being forced out of the market, it is clear that demand from China — by far the biggest market for most of the commodities — remains weak. We are still not seeing the sort of demand that we need to see that could bring back some sort of balance to the commodity markets.

So, do you believe we have seen the lows in commodities or do you think commodities could turn from a tailwind to a headwind over the next 18 months?

They could. We don't believe we will see most commodity markets move significantly higher from these levels at a more rapid rate. One of the things that we could see is more supply coming back on line, and that will be a hurdle for prices to move higher. However, when it comes to how commodity prices affect inflation in Asia, a lot will depend on currencies. So far, inflation has not been a concern in the region, in part owing to deflationary pressures from falling commodity prices. But if currencies are under pressure, it is possible that even a slight increase in commodity prices could have an impact on inflation.

China has seen such a huge stock-market rally over the past 10 months that many are contemplating what a bursting of a bubble might do. Do you think the market is telling us something about the coming recovery in China?

I am an economist, not a market analyst, but you are right. The stock market has done very well

CONTINUES ON PAGE 8


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China to have 7.1% growth this year, says Burg

FROM PAGE 6

over the past year, with huge gains despite the slight selloff in the last couple of weeks. If you look at the valuation measures, such as price-to-earnings ratios, for most Chinese companies, they are clearly at elevated levels in an environment where the economy as a whole is slowing and corporate profits are starting to look a little less robust than they were a few months ago. The way we see it, all that just doesn't add up. Clearly, there is a lot of froth if you just look at the number of new retail investor accounts. There is the old cliché that when you see taxi drivers betting on shares, that's when you know the market is overvalued. I get that sort of feeling in China right now.

As an economist, I am concerned about the bubble effect and I believe if it were to burst, it could have an adverse effect on the economy, possibly slowing it down even further. I believe a sharp correction in the market will have an impact on consumption as well as the pace of transition from a manufacturing-based, export-led economy to a consumption-led, service-based model.

Could this exuberance be just a reflection of the easing measures in China? Is it just money coming out of the property market, where investors no longer see any returns, to stocks, where they do see some upside?

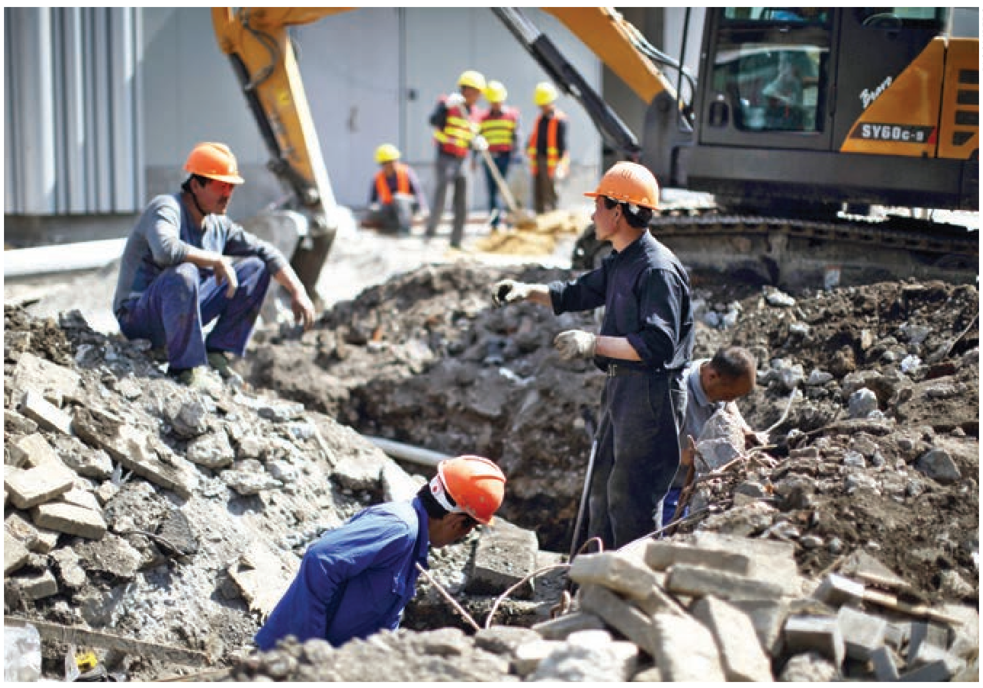
It is certainly true that the property market has had an impact. When you look at the investment options available to the average Chinese retail investor, it is clear that they are more limited compared with those available to investors in developed Western markets. There are also capital controls and the average Chinese retail investor just doesn't have the same investment opportunities, which is why we saw the growth in wealth management products and the shadow banking system over the past few years. It is possible that we are starting to see the impact of the easing measures that the Chinese government has put in place in recent months. The difficulty that we often have is that a lot of data we get is focused on the industrial sector. Economists like myself pore through things such as PMI [Purchasing Managers Index] or fixed asset investments. A lot of people are not sure whether the indicators adequately reflect what is going on in the real economy.

Are we likely to see more monetary easing, such as rate cuts and RRR [reserve requirement ratio] cuts, as well as more fiscal stimulus, or is the economy showing enough signs of stabilisation, which will force the hands of policymakers?

Clearly, we are not in the hard-landing camp. We believe a soft and managed landing can still be achieved. We have been concerned about the problems in the residential property sector in China and just how much of an impact a sharp correction there will have on the overall economy. Our view is that there has been overbuilding and overcapacity in the housing and construction sectors. Our forecast for growth in China is 7.1% for this year, which is slightly above consensus, falling to 6.9% next year and 6.5% in 2017. The reason we are slightly above consensus right now is that we think low oil prices have had a stimulatory effect on China. We also think that some of the easing measures, as well as the reforms that the government is undertaking, are starting to work. We have taken the view that by 2017, the economy will slow to 6.5%. We think the economy will grow around the target level this year and next, but clearly the leadership has been guiding the economy to a new normal that is lower than the current levels. We think the economy will grow around the 7% target level this year and next and then start to slow in 2017.

At this stage, we don't believe we will see more interest rate cuts in China. We do, however, believe the RRR could come down substantially from current levels. You need to look at the RRR cuts from a broader interest rate reform perspective. We have seen the introduction of a deposit insurance scheme and the removal of the ceiling on deposit rates. We will have full liberalisation of deposit rates by year-end.

We don't believe that cuts to the RRR in recent quarters have been stimulatory. We have compared them to the outflow of capital that has occurred in the same period and it is clear to us that cuts in RRR have been largely about maintaining liquidity levels in the broader financial system rather than trying to boost liquidity levels.



BLOOMBERG

The slowdown in China's construction sector affects the steel industry and also Australia's exports

Has Beijing done enough to mitigate the impact of a slowing real-estate market and the huge credit bubble? Could a deterioration in real estate or overextended corporates drag the economy down further?

I believe the policymakers have gone about as far as they can. When you look at the measures they have taken over the past year to stabilise the property market and some of the policy measures, such as the residence requirement under the *hukou*, or household registration system, as well as the deposit requirement for mortgages, you realise that their aim is to inject more confidence into the market. Clearly, we are starting to see some stabilisation. In some markets, we saw prices come down almost 70% from peak levels and you might recall that a lot of the property was bought with cash. But given how much prices had risen, it is clear that investors haven't been pressured as much even as prices have come down. There hasn't been the sort of forced selling that you see in Western markets during a big property crash. In China, prices rose manifold and despite the recent downturn, there hasn't been forced liquidation.

Where we have actually been more concerned about property is its impact on local government finances. Local and provincial governments in China have long been dependent on land sales to maintain their budgets. As property prices come down, local governments that are already overleveraged are under pressure to sell more land to developers and that leads to a vicious circle of more overbuilding, a bigger glut and, eventually, lower prices and more land sales. Having said that, we are encouraged by the moves [in connection with] local governments' bond issuance.

One of the other concerns in the property sector is the slowdown in the construction sector and how that affects the steel industry. About 50% of steel in China goes into construction and, while there is still demand from the infrastructure sector, most of the steel goes into housing-related construction. Remember, the Chinese steel industry is a massive employer and a large provider of social services in China, so a prolonged downturn in China's steel industry not only affects the overall economy in the country but also Australia's exports of iron ore and metallurgical coal. About 80% of Australia's iron ore last year went to China.

Do you expect China to double down on reforms and hasten the pace over the next few years or does stabilisation take away the incentive to push for reforms? What are we likely to see in China in terms of reforms in the foreseeable future?

When you look at where we are with the reform agenda 18 months after the Third Plenum, clearly it's been disappointing. I think in the short term, we are likely to see further liberalisation in the capital account, given the consideration whether the renminbi will be included in the International Monetary Fund Special Drawing Rights. We are likely to see further liberalisation in the financial sector, particularly interest rate reforms as deposit rates are liberalised fully this year. E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Buy risky assets, European, US and selected EM stocks, says HSBC's Seetharamdoo

| BY ASSIF SHAMEEN |

Even as Greece's negotiations with creditors over a bailout package to help pay the next tranches of debts to the European Central Bank (ECB) and the International Monetary Fund (IMF) went to the wire and the clock ticked away to an almost certain September interest rate hike by the US Federal Reserve, markets were last week powering ahead with the knowledge that global economies are continuing to rebound and grow.

On June 23, the tech-heavy Nasdaq and small-cap barometer Russell 2000 scaled new heights, while the larger cap Standard & Poor's 500 was just 0.3% shy of its own peak. A Fed rate hike, new twists and turns in the ongoing Greek saga, slightly slower growth in China, or more volatility in the bond markets is unlikely to throw a spanner in the works, says Julien Seetharamdoo, chief investment strategist for HSBC Global Asset Management in London.

He believes that despite more short-term volatility in the weeks ahead, investors will do well in equities, particularly in Europe, and to a lesser extent, the US, Japan and selected emerging markets over the next 12 months. A graduate of Cambridge University, Seetharamdoo worked for legendary private bank Coutts & Co, and prior to that, its controlling shareholder RBS, as well as London-based economic research consultancy Capital Economics, before joining HSBC's investment management arm, which has over US$450 billion ($605.38 billion) under management.

The way he sees it, the recent sharp selloff in European bond markets was a reflection of investors starting to price out deflation scenarios in Europe. "A lot of people had been pricing in a very weak economic outlook — potentially, the eurozone becoming the next Japan," he notes. Depreciation of the euro and some reforms on the periphery of the continent have led to a strong cyclical upturn. "What we have seen in the last few months is that European growth is picking up and inflation expectations are stabilising," he says.

To be sure, Europe has gone from pricing in a prolonged Japan-style deflation-induced downturn to economic recovery, with prices stabilising. "Investors started to reassess their outlook for Europe, which led to a selloff in the European bond markets," Seetharamdoo notes. Now, they are expecting the ECB to raise rates as early as 2018, as opposed to 2020, that had been priced in earlier.

Yet, as recovery takes hold, there are near-term risks in Europe around Greece, despite optimism that Athens may be close to striking a last-minute deal with key creditors, including ECB and IMF, with some concessions on raising taxes and pension contributions, as well as spending cuts. Though an agreement would need the approval of the Greeks and could eventually still be derailed, Seetharamdoo believes Grexit is unlikely in the foreseeable future. "Beyond the Greece agreement, European recovery remains on track," he notes. Even if investors were to discount a worst-case "Graccident", he argues, "if you are looking two years ahead, European economies would have recovered sufficiently with ECB's quantitative easing [QE] in place".

As the economic outlook starts to improve, investors will continue to flock to Europe because of relatively more attractive valuations. While Greece might weigh on Europe in the short term, the HSBC global strategist says the key drivers for markets will be valuations and the macro outlook, as well as improving corporate earnings. The ECB's QE is adding more liquidity and the lower euro makes the continent's assets more attractive, he notes. Though European stocks have bounced back from their lows of 2014 in the wake of QE, so far, earnings growth among eurozone companies has been disappointing, he adds. "Now, earnings are starting to recover and margins are improving," notes Seetharamdoo, who also sees recovery in the return on equity of European corporates. "There is often a lag between [when] GDP growth recovers and earnings recovery begins," he says.

BRYAN TAY/THE EDGE SINGAPORE

Seetharamdoo: Consumption is likely to be a strong tailwind for the US economy

He is less sanguine about US stocks, which are now trading around 19 times this year's earnings, with little or no earnings growth over the next 12 months. Since late last year, corporate captains in the US have bemoaned the strong US dollar, which continues to put pressure on margins and earnings. Moreover, with the revised 0.2% contraction in the first quarter, the US economy has been weaker than most investors had anticipated.

Seetharamdoo says the US economy's weakness in the first quarter was mainly the result of bad weather and falling oil prices, which led to lower investments in the shale sector, as well as the impact of the stronger dollar. "While the strong dollar is a headwind for the US, it is also a reflection of the relative strength of its economy compared with the rest of the world," he argues.

There are also signs that consumption, which accounts for 70% of the US economy, is starting to pick up, he adds. Lower oil prices are seen as a tax cut for US households. So far, US consumers have not spent that windfall, but there is increasing evidence that they are starting to open up their wallets, he notes. "Retail sales have rebounded and there are signs of consumption picking up across the board. Consumption is likely to be a strong tailwind for the US economy over the next year," he says.

Still, Seetharamdoo does not see dramatic improvement in the earnings outlook in the US over the next few quarters. Margins have been quite high, he concedes. "We are likely to see stabilisation in earnings, or, at best, very modest earnings growth over the course of the year," he told *The Edge Singapore* in a recent interview.

The HSBC strategist believes the expected Fed rate hike in September is likely to be a positive for US equities. "If it is clear a few months after the first rate rise that the US economy is continuing to grow, investors will be more confident that the [hikes] won't derail the growth story." He is betting that the Fed will raise rates gradually, and as earnings pick up again, equities will continue to do well over the next two years.

As such, he argues, investors should remain overweight risky assets in the current environment. "In our multi-asset strategy, we are overweight developed and emerging market equities, credit markets as well as emerging market debts, but underweight commodities and developed market bonds," he says. "Clearly, the risk premium currently on offer is reward for taking on the additional risk."

While he concedes that the Fed rate rise could be negative for Asia in the short term as capital flows out and currencies weaken, he sees the region's markets as relatively attractive from a long-term perspective. "I think emerging markets are largely discounting a Fed hike in September," he says. "While there will be volatility when the Fed moves, we believe overall Asian emerging markets are still trading at fairly attractive valuations right now."

Seetharamdoo is a little wary about China right now, in the aftermath of the huge market rally in Shanghai and Shenzhen over the past year. He expects China's growth to moderate steadily and be driven less by investment as it moves away from an export-led manufacturing model to a domestic-demand-driven economy, where consumption accounts for an increasingly larger share of GDP. "Within China, we believe there are some sectors where valuation looks frothy at current levels," he says. "The sectors that still look attractive to us are financials, industrials and some of the state enterprises that are benefiting from reforms."

He still sees upside in India, which has had a strong rally over 18 months, but saw a pullback in recent weeks. "We like the long-term fundamentals in India where [Prime Minister Narendra] Modi's government has embarked on reforms," he says. "Compared with other emerging markets, on a relative basis, India still looks fairly attractive to us. Its current account deficit has come down from over 4% of GDP three years ago to 1% of GDP," he notes. India also has a huge tailwind from lower oil prices, which has put a lid on inflation and allowed its Reserve Bank to cut interest rates. With the Indian economy starting to fire up on all cylinders, he believes corporate earnings are likely to improve as well and that will give the market its next tailwind. While investors are already sold on Modi's big promise, the big challenge in India, he adds, is implementation.

The HSBC strategist is slightly less enamoured of Japanese stocks, which have run up quite a bit over the past year. Corporate earnings in Japan are likely to improve over the next few quarters and give the market another boost, he says. "Valuations have come up from very low levels in Japan. While the market is no longer cheap, it's not expensive either." Investors are looking at catalysts that will drive the market higher from here, he says. As long as Japan continues to make progress on the Third Arrow of structural reforms, there is likely to be more upside there.

Overall, Seetharamdoo says markets are in what he calls "a fragile equilibrium" right now. Global economies are recovering, but it remains to be seen what impact the first few Fed rate hikes will have on the US economy. While risky assets still look attractive, it is not the time for investors to be overly bullish either. "We are cautiously optimistic about the outlook for markets over the next 12 to 18 months," he says. How investors react to the first two US Fed rates hikes will be critical, he thinks. "The risk is that bond yields [will] move sharply higher over the next 12 months." Although we have already had a sharp spike in yields this year, there could be another leg- up in the yield curve, the HSBC strategist says. E

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CORPORATE

Nelson: We can find an IT person here in Singapore who is probably three times more expensive than in our other locations, but doing twice what that other locations might be able to produce

UTAC

Manufacturing change

Higher costs are pushing local tech companies to increase automation while offshoring low-value production. Meanwhile, new entrants are making Singapore a centre for R&D as well as hi-tech products and software.

| BY JOAN NG |

Employees at semiconductor test and assembly company UTAC Group are feeling happier about their work environment these days. Their premises in Serangoon have been upgraded and the company has invested in new machinery. "People feel good when new equipment is coming in because they feel their job is stable," says UTAC CEO John Nelson. UTAC's financial performance has also improved, resulting in some welcome staff bonuses. "For quite a long period of time, the factory did not really have any bonuses," Nelson adds.

These changes have come about as UTAC has restructured its local operations in response to the higher-cost environment that the company has faced in Singapore. "Over the last three to four years, the company has effectively reduced its Singapore footprint," says Nelson. UTAC used to have two factories here but has since sold one. "The product lines that have high labour content and are more commoditised, we have migrated overseas to other centres." Cash from the sale of one factory was then reinvested into the other.

At UTAC's Serangoon plant, the company is now dealing with wafer-level chip-scale packages. This is an industry term for chip packages that are smaller and thinner, and are used mostly in smartphones and other mobile devices. Because of the nature of the work involved, Nelson says, UTAC is actually investing much more in Singapore than it used to — but on machinery instead. "These technologies are much more capital-intensive. Our headcount is less than half what it used to be but our capital investment is two to three times more." And because UTAC's job is more complicated and the machines involved are more sophisticated and expensive, its clients are more willing to pay a premium.

On top of its physical exports, UTAC's Singapore facility is now also the hub for intellectual exports. "A lot of research and development is performed here," Nelson says. Singapore forms the centre for the group's R&D efforts and it is the local team that sets the technology roadmap for the business. UTAC's corporate headquarters are also here. "It's not an inexpensive location. You have to be canny with your dollars, so every head we hire we have to think through," he adds. However, he believes that the capabilities of local hires more than make up for the extra cost. "We can find an IT person here in Singapore who is probably three times more expensive than in our other locations, but doing twice what that other locations might be able to produce."

ICT's shrinking share of exports

The changes at UTAC, while positive for employees and for the company, are leading to weaker headline numbers for the local economy. UTAC is not the only local technology manufacturer moving work out of the country, and the result is that Singapore's non-oil domestic exports (NODX) are declining.

For May, NODX declined 0.2% y-o-y, owing to a contraction in the electronics sector. Irvin Seah, senior economist at DBS, says the figure was a disappointment. "The rally in electronics has dissipated quickly. Sales were down 2.5% y-o-y, following a 4% dip in the previous month after a solid 10.4% expansion in March. Cost pressure and manpower shortage have compounded the woes of local manufacturers amid rising competitive pressure from the regional players. The writing is on the wall. Singapore is losing its competitive edge amid structural shifts in the regional electronics supply chain," he says. "Manufacturing has been in the doldrums for the past three years. Despite occasional upticks in global macro data, the general outlook for the manufacturing sector appears half-empty rather than half-full."

HSBC economist Joseph Incalcaterra adds that Singapore is undertaking the restructuring of its labour force at a difficult time. "[The electronics] segment has seen significant declines over the past few years and is undergoing a restructuring as certain types of electronics manufacturing relocate to other countries in the Asian electronics supply chain with significantly lower wages. Unfortunately, soft global demand makes the process a bit more painful for Singapore," he says.

Incalcaterra warns that the downward trend may continue. "As electronics companies concentrate their higher value-added activity in Singapore over the next few years, while potentially downsizing operations in other types of electronics manufacturing, overall goods export levels are likely to shrink," he says. Yet, he also sees a silver lining. "If all goes according to plan, the economy will benefit elsewhere from more R&D activity — investment and services exports."

Indeed, Incalcaterra's view ties in with UTAC's story, and with a recently released trade forecast report commissioned by his employer HSBC and produced by Oxford Economics. The HSBC Trade Forecast report predicts that Singapore's exports for 2015 to 2020 will grow 3.9% a year. Exports to Asia-Pacific ex-Japan will grow 5% annually in the same period. It is an optimistic view, given Singapore's recent export growth of 1.1% over 2013 and 2014. But Joe Arena, HSBC Singapore's head of global trade and receivables finance, says that the demographic trends in Asian markets are likely to provide an important boost to trade from 2017. "Singapore is set to benefit," he adds.

Interestingly, the HSBC Trade Forecast emphasised the improving prospects for trade in the information, communication and technology (ICT) sectors. Singapore's ICT exports are forecast to grow 6% a year over 2015 to 2030 while expected growth for imports is 8% a year. Despite the country's shifting balance of trade within ICT — from exports to imports, reflecting the move of ICT manufacturing to low-cost economies — HSBC believes Singapore is well positioned to remain a global player in ICT trade. In fact, it expects Singapore to be one of the top five contributors of ICT trade globally.

"The shifting dynamics of ICT manufacturing within Asia also highlight the robustness and nimbleness of Singapore's ICT sector," says Arena. "Singapore is seeking to position itself as a smart country, by encouraging companies to invest and set up their head offices here. Practically speaking, we are seeing ICT businesses in Singapore move up the value chain by shifting production to lower-cost manufacturing economies in the region, but centrally retaining their intellectual property, sales, distribution and decision-making in Singapore. Embracing the trade and economic realities of the region further demonstrates Singapore playing to its strengths as a financial trade hub and remaining strategically significant in the ICT sector."

Attracting new players

In recent years, as the government has forced firms to make do with fewer foreign workers, many have complained about difficulties in hiring. These companies also say costs have been pushed up because of the new restrictions while it has been very difficult to raise productivity levels. An appreciation in the Singapore dollar in recent years has not helped. Arguing that the city-state is losing its competitiveness, some business owners are calling for a relaxation of the labour controls.

Newly appointed manpower minister Lim Swee Say, recently spoke up, however, to dash their hopes. Earlier this month, Lim was quoted in the local press as saying: "We have reached a point of no return. If they (the companies) keep hoping that the Ministry of Manpower will revisit our policy on foreign workers to treat them special, give them higher quotas and so on, that is not possible." Lim says that companies should instead try to strengthen the Singaporean core by tapping local graduates and investing in education and training of the workforce.

In fact, even as local companies carp at the difficulties of operating in Singapore, large multinationals are swooping in to tap other advantages that the country provides. In 2008, solar company REC selected Singapore out of 200 countries and invested NOK13 billion to build a solar panel manufacturing facility here. Among other things, REC CEO Steve O'Neil says the company was impressed by the stable environment provided by the local government, the world-class transportation and logistics infrastructure and — somewhat ironically — the skilled workforce available.

"From a present-day perspective, it was a very wise decision," O'Neil adds. "With Singapore as our regional hub and operating headquarters, we have employed more than 1,700 skilled employees." In fact, Singapore forms the bulk of REC's presence today. As at May, REC had 1,861 employees globally, of which 1,780 were based in Singapore. This is its only manufacturing site and every year, REC produces four million solar panels at its facility in Tuas. The company has actually boosted its production capacity over the years — to 1.3GW at present. "Singapore also serves as REC's global R&D centre," O'Neil says. "Some of the most highly qualified scientists and top-notch engineers work at REC to develop future solar technologies."

Another major manufacturer that chose to set up shop here is Pratt & Whitney, an aerospace player that is a subsidiary of **United Technologies**. In January 2013, Pratt & Whitney broke ground here for a new production facility that will manufacture fan blades and high-pressure turbine disks for the company's family of PurePower Geared Turbofan engines. Production is expected to begin this year. "The country is well known throughout the aerospace industry and in the region for its highly trained and technically skilled workforce as well as its build-up of supporting industries that complement the aviation industry," says Joseph Sylvestro, Pratt & Whitney's vice-president of manufacturing operations.

Quality local educational institutions churn out quality graduates for a wide spectrum of industries, he adds. "The net end-result is a flourishing ecosystem of businesses large and small, which create jobs and innovative technology that enable companies such as Pratt & Whitney to compete effectively in the global marketplace. In addition, the country has a well-interconnected network of infrastructure and excellent compliance and regulation practices, which also thrive to protect intellectual property." By basing some of its manufacturing operations in Singapore, Sylvestro believes Pratt & Whitney is best positioning itself for the high-growth Asia-Pacific region. "Singapore is an ideal place in Southeast Asia to do business and helps us to be more competitive on a global scale."

These narratives reflect points brought up in HSBC's Trade Forecast report. "As a major trading hub in the Asia-Pacific region, Singapore will benefit from a gradual improvement in world trade," the report says. "Singapore has consistently been ranked No 1 among 189 economies in the World Bank's 'Doing Business' reports. And given its geographic location, it is ideally situated to tap into the rising middle class in Asia."


REC

Singapore forms the bulk of REC's presence today as its regional hub and operating headquarters, employing more than 1,700 skilled staff

Adapting to change

Why aren't local companies seeing the same positive picture? While some might argue that companies such as Pratt & Whitney and REC are MNCs that are better able to attract the best talent, an argument can also be made for change. Steven Koh, an adviser to the Singapore Precision Engineering and Technology Association (SPETA), says many association members claim to be precision engineering firms but in fact do work that requires very little precision. To stay competitive, therefore, they will need to change the scope of their work.

After Koh retired from his role as deputy CEO of local precision engineering company Armstrong Industrial Corp in March this year, he was asked by SPETA to take on an advisory role helping member companies improve their productivity and raise their levels of competitiveness to deal with higher cost structures. While he was at Armstrong, Koh was well known for having pushed the company to develop specialisations, pursue higher-margin products and optimise its assets and balance sheet. Now, he is trying to coach SPETA members to do the same.

"I like acronyms, so I have developed one that spells out SPETA," Koh says. The 'S' stands for standardisation and specialisation. By implementing standard operating procedures for everything — even minutiae such as signage and corporate stationery — companies can reduce their costs. They also need to specialise in the products in which they have an advantage. "While I was at Armstrong, we chose to specialise in crash stops for hard disk drives. By focusing on one product, we increased production from 10 million to more than 400 million a year. We took share from other companies, as there was no way they could be cheaper."

The 'P' stands for productivity for performance and profitability. To generate productivity, Koh says companies need to make sure they allocate their capital efficiently. Some companies, for instance, spend more money on furniture and office space — unproductive assets — than they do on production machinery. As for the 'E', it stands for education, and the 'T', for technology, both elements that Koh says companies need to spend more on. Finally, 'A' stands for alignment and acquisitions. "Align your interests with customers, suppliers and even competitors," he says.

For evidence that even homegrown firms can compete effectively if they make the right moves, companies can turn to the example of **Micro-Mechanics (Holdings)**. The company, which is also a member of SPETA, started out in 1983 with a small workshop in Singapore. Today, it also has manufacturing facilities in Malaysia, China, the Philippines and the US. But Low Ming Wah, chief operating officer of Micro-Mechanics and a deputy chairman of SPETA, says that the local facility remains profitable and efficient, thanks to the adoption of automation.

Micro-Mechanics makes tools for the semiconductor industry and also does some custom manufacturing. While the company has relocated some of its facilities out of Singapore, the changes were all linked to the movements of customers. The tools that Micro-Mechanics produces are highly specialised and customers often value proximity in the business. Moving out of Singapore just to take advantage of lower costs is not a permanent answer, Low adds. "Labour costs in Singapore are high, but this is not unique to Singapore. Costs are already rising in Malaysia and will soon rise in China."

To survive in Singapore, Micro-Mechanics turned to technology. It has developed its own fully automated machining line that can run 24 hours a day, seven days a week, with minimal manpower. This eliminates the need to pay workers overtime and also reduces the turnaround time for customers, Low says. Micro-Mechanics was able to take advantage of co-funding from SPRING Singapore to develop this line. Having been pushed to become more productive, Micro-Mechanics can now enjoy an edge overseas. "We are applying this not only in Singapore but also in other countries," he says. On top of cutting costs, it helps to reduce the manpower crunch. "In many countries, it is not easy to find skilled labour."

Having worked hard to find solutions to manpower issues, Low says he is sometimes upset by the furore that business leaders make over foreign worker curbs. Micro-Mechanics' own hiring policy has long been to rely on the local workforce as much as possible. Only 35% of its employees are either non-citizens or permanent residents — versus its quota of 60%. And Low says he continues to try to bring that number down.

Future in software, services

There is no denying that many companies will fail to make the transition that companies such as Micro-Mechanics and UTAC have made. Indeed, HSBC's report notes that for Singapore to maintain its living standards, productivity needs to improve. This will shift the trade profile away from labour-intensive products to more technologically advanced production techniques. But even if productivity does improve, long-term economic growth is still set to slow to 2.1% a year over the decade to 2030. "The outlook for domestic exporters is more subdued. A loss of export competitiveness and limited productivity gains will weigh on growth going forward," the report adds.

In the long run, some of the drop in physical ICT exports will have to be made up for in software and services. A glimpse of this future is visible at **Autodesk**'s premises on Fusionopolis Way. The company employs close to 700 people in Singapore, nearly 400 in R&D. That makes Autodesk the largest software R&D firm in the country. Autodesk Singapore is also the second-largest R&D centre for the company in Asia-Pacific. The largest is China, where there are more than 1,000 people doing R&D in Shanghai. The Singapore team is responsible for several products that are used all around the world, including Autodesk Memento, which can convert photographs or scanned images into high-definition 3D meshes. These can then be cleaned up and optimised for the web, mobile, 3D printing and fabrication.

Brian Mathews, Autodesk group chief technology officer, says it was not difficult to decide to put such a large team in Singapore. "We have found really good talent here who are doing some incredibly good work," he says. On top of hiring the best from local educational institutions, Mathews says, Autodesk can also pick from a large pool of start-ups that have received strong support from the government. "At Autodesk, more than half of our employees have come in through acquisitions. Most of our acquisitions are very small — we buy companies generally 10 people at a time," he says. Autodesk recently acquired a local company called AKSAAS and is now using the AKSAAS team to coordinate its global smart cities platform.

Autodesk's smart cities solution will be able to replicate a highly successful model that Autodesk drew on to develop a building information modelling software called Autodesk Revit. "Traditionally, buildings are a beta product. It is the first time it has ever been built," Mathews explains. BIM software, however, allows architects or developers to first build a 3D building virtually, thus reducing errors and increasing efficiency. The Singapore government was among the first governments globally to recognise BIM's potential and push its local construction industry to adopt it, by encouraging the submission of BIM blueprints, providing funding support and mandating the use of BIM for government buildings. Mathews says Autodesk was able to work closely with the local authorities to refine its product, and is now able to draw on its experiences here as it pushes the software overseas.

This exporting of human capital and ideas by companies such as Autodesk is not as easily quantified as semiconductor chips or hard disk drive crash stops. But, it is likely to be an important driving force for the country. The nature of Singapore's trade exports is changing and businesses will have to change with it. E


AUTODESK

Mathews: On top of hiring the best from local educational institutions, we can also pick from a large pool of start-ups that have received strong support from the government


REC

O'Neil: From a present-day perspective, it was a very wise decision to choose Singapore out of 200 countries and invest NOK13 billion in 2008 to build a solar panel manufacturing facility here


MICRO-MECHANICS

Low: Labour costs in Singapore are high, but this is not unique to Singapore. Costs are already rising in Malaysia and will soon rise in China.


GWYNETH YEO/THE EDGE SINGAPORE

Koh is advising SPETA member companies on ways of improving their productivity and raising their levels of competitiveness to deal with higher cost structures

GuocoLeisure's stock rises on hospitality focus; it plans to divest non-core assets

| BY RYAN SONG |

Michael DeNoma did not have to work too hard two weeks ago to convince analysts and investors that GuocoLeisure was making good progress in executing the multi-year plan to expand its hotel business. During the company's second annual investor relations roadshow in Singapore — and the first with DeNoma as CEO of the whole group — there was a sense of optimism in the market about the company's prospects.

On June 24, shares in GuocoLeisure closed at $1.02, up 34% since the company unveiled plans to transform its hotel business in June 2013. The stock is up 14% year-to-date versus the Straits Times Index's 0.4% loss. Indeed, GuocoLeisure's results have been speaking for themselves. For its 9MFY2015 ended March, earnings were up 19.7% y-o-y to US$35.8 million. Since last December, it has opened two rebranded and refurbished hotels apparently to strong reviews.

Previously known as BIL International, GuocoLeisure was once the key corporate vehicle of New Zealand-born asset trader Sir Ronald Brierley. Malaysian billionaire Quek Leng Chan took majority control of the group in 2005.

GuocoLeisure held a hodgepodge of assets over the years, but it has gradually narrowed its focus to its hospitality business. Its hotel portfolio currently consists of 17 four- and five-star properties mostly under the Guoman and Thistle brands, located in prime central London areas such as Knightsbridge, Mayfair and Kensington. The company also has two hotel properties in Malaysia.

Now, as GuocoLeisure's hotel operations are beginning to contribute more strongly to its top and bottom lines, the group might begin monetising its other assets, which could draw more trading interest in its stock. Besides its hotels, GuocoLeisure owns London casino The Clermont Club, royalty interests in oil and gas production in Australia's Bass Strait, real estate in Fiji and some investments in Hawaii. Last year, GuocoLeisure's hotel business contributed 87.4% of its total revenue and 67.5% of its operating profit.

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

DeNoma: It is one of the deadly myths to think that the hotel industry has figured everything out

GUOCOLEISURE

In London, GuocoLeisure refurbished an existing 239-room hotel and an 82-room hotel and relaunched them as Amba Hotel Charing Cross and every hotel Piccadilly respectively

New hotels well-received

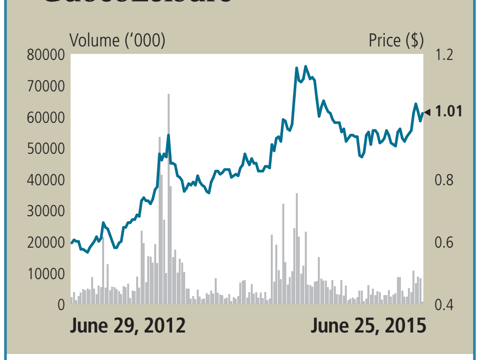
As part of its transformation plan, GuocoLeisure has launched new hotel brands. Two were launched in October 2013: Clermont, a global luxury hotel and private residence brand; and Amba Hotels, a global four-star full-feature hotel brand. The third — every hotels — was launched in July 2014 and is a limited-feature four-star hotel brand that aims to be affordable by eliminating unnecessary traditional facilities such as bars, restaurants and function rooms. In its latest move, the company launched in April this year Thistle Express, marking its foray into the economy segment of the UK hotel market. DeNoma disclosed that another luxury limited-feature brand could be announced by year-end.

In April, GuocoLeisure ceased the management of 19 regional UK Thistle brand hotels (outside London) controlled by private-equity fund Lone Star Funds. While they appear to represent a significant portion of the company's portfolio, Neil Gallagher, chief financial officer of GuocoLeisure's hotel business, says they are immaterial to the company's financials, representing less than 2% of hotel revenue and even less of earnings before income, taxes, depreciation and amortisation. The 17 hotels that remain in GuocoLeisure's portfolio fits the profile and delivery standards of the new brands.

So far, the company has refurbished and relaunched an existing 239-room hotel and an 82-room hotel as Amba Hotel Charing Cross and every hotel Piccadilly respectively. The 692-room Amba Hotel Marble Arch, which is currently undergoing refurbishment works, is expected to be launched by year-end. The iconic 282-room The Royal Horseguards, which overlooks River Thames, is expected to be converted into Clermont London by June 2016; and the 54-room Thistle Hyde Park will be converted into the still-unannounced luxury limited-feature brand. Two more every hotels are expected to be launched by then. The first Thistle Express (Heathrow) is currently on the drawing board.

On one slide during his presentation, DeNoma drew the audience's attention to the huge improvement in Amba Hotel Charing Cross' TripAdvisor's ranking. "There are 1,050 hotels in London. Amba Hotel Charing Cross' ranking jumped from 220 in October 2012 [when I joined the company] to four in June 2015. This is unprecedented," he said.

GuocoLeisure



CHARTS: BLOOMBERG/THEEDGEMARKETS.COM

Valuation score*	1.40
Fundamental score**	0.85
TTM PER (x)	23.26
TTM PEG (x)	(104.21)
P/NAV (x)	0.96
TTM dividend yield (%)	1.96
Market capitalisation ($ mil)	1,395.42
Shares outstanding (ex-treasury) (mil)	1,368.06
Beta	0.75
12-month price range ($)	0.84-1.16

*Valuation score — Composite measure of historical return and valuation
**Fundamental score — Composite measure of balance sheet strength and profitability
Note: A score of 3.0 is the best to have and 0 is the worst to have

DeNoma said the jump in ranking was a huge thing because research had shown hotel reviews and ratings on travel websites such as TripAdvisor were now dominating consumers' decisions when booking accommodation. "Ratings and reviews on review sites are as important as price. It is the [review] sites that are determining the perception and choice of hotels. Loyalty programmes and brands are at the bottom of the list," DeNoma said as he pointed to a ranked list of factors that affect consumers' decisions.

"What's happening now is that metasearch is now taking over search. [When searching for accommodation online,] nobody puts in 'Marriott Singapore' if you are coming to Singapore; one puts in 'Hotels Singapore'. If you are going to Kuala Lumpur; one puts in 'Hotels KL'. Brands themselves are no longer the determinant because part of the reason is that they have lost credibility now. This is because the experience can be highly variable between the hotels [of the same brand].

"Just knowing the brand name now isn't enough for consumers. What they want to do is check review sites and see generally what the bad reviews are. The new global currency for satisfaction and choice for property owners and guests are now review sites such as TripAdvisor and Booking.com."

Good ranking and reviews are good for building reputation but to what extent does a good ranking on sites such as TripAdvisor translate into higher rooms rates and revenues for GuocoLeisure? No actual figures were shared in DeNoma's slide deck, but some general industry research suggests there is a positive correlation. According to a 2012 study by Cornell University's School of Hotel Administration, higher review scores or online reputation scores allow hotels to increase room prices while maintaining the same occupancy rate or market share, or achieve higher room occupancy rates and revenue per available room (revpar).

TripAdvisor's ranking of hotels in each city is based on each hotel's Popularity Index, which is calculated based on a proprietary algorithm that the website does not disclose. It has been reported, however, that a hotel could achieve a high index score when it has a high number of recent and positive reviews and ratings.

As at June 2015, Amba Hotel Charing Cross has 790 reviews, 99% of which are either "Excellent" or "Very good" and only five reviews are in the "Average", "Poor" or "Terrible" category. The oldest review was dated November 2014 around the period when the hotel relaunched. A user from Reading, England who goes by the name "gbgeebee" gave the Charing Cross hotel a "Poor" rating complaining of (self-admittedly) minor issues such as insufficient room heating, creaking floor boards and being served cold coffee for breakfast.

Despite the minor hiccup, DeNoma believes that one reason the hotel had received overwhelming positive reviews was that it was simply meeting basic needs that many hotels are still not doing. This surprisingly simple insight arose from a global consumer research commissioned by the company and is used to inform the design of its new hotel brands. "It is one of the deadly myths to think that the hotel industry has figured everything out and all the 'exciting' customer deliverables have been done," DeNoma said.

GuocoLeisure's research tested consumers from around the world for what they felt were exciting if hotels had certain attributes. "We found that 'a hotel that is so efficient that you get what you want quickly and without hassle' is an *exciting* attribute. Now, that's a pretty tough criticism of the industry," said DeNoma, adding that simply offering hotel guests features such as free high-speed WiFi has made a difference for GuocoLeisure.

DeNoma added that the ranking success of the four-star Amba Hotel Charing Cross had raised expectations for Clermont London, the five-star offering that will be launched. The unveiling of the hotel has been pushed back to June next year and the company is using the extra time to conduct additional guest research to ensure that it will set a new benchmark in luxury. "Clermont London is a five-star product and it should rank in the top 10 [of TripAdvisor's ranking]. We are fine-tuning it to get the product right," he said.

Indeed, one sticking point in the industry is that sometimes even budget hotels can surpass luxurious hotels in ranking. TripAdvisor has clarified before, however, that rankings measure more of how well a property exceeds guest expectations rather than the range of amenities provided by higher-star hotels.

Casino drags down results

With the refurbishment of GuocoLeisure's hotels, the company has been forced to cope with a lower number of available rooms. But that does not appear to have hurt its financial performance. According to figures from the company, hotel profits alone improved 61% y-o-y for 1HFY2015 ended December 2014. This performance was driven mainly by operating cost reductions, following the closure of its central reservation system and removal of 150 personnel supporting the system. For 9MFY2015 ended March 2015, GuocoLeisure's earnings were up 19.5% y-o-y to US$35.8 million. The earnings report for the period does not segment the performance of its hotels and the Clermont Club casino.

According to analysts, the stronger earnings were due to improved hotel earnings and higher-than-expected savings in interest costs from a debenture refinancing.

Analysts also point out that earnings could have been even stronger if not for the record 9MFY2015 loss, estimated at US$8 million, made by the Clermont Club itself and that has raised a flag among some analysts. The Clermont Club is an exclusive

Quadria Capital raises funds for healthcare investments in Asia as demand rises

| BY KANG WAN CHERN |

Quadria Capital, a private-equity (PE) group based in Singapore, has raised US$304 million ($407 million) that it plans to invest in mid-sized but scalable healthcare businesses in India and Southeast Asia. The closing of the fund, which is Quadria's third, was announced on June 9 and comes amid broad enthusiasm and high valuations for healthcare plays in the region. Still, the company expects growth in the sector to deliver good returns.

"In Asia today, total spending on healthcare is about US$1.3 trillion. By 2030, this figure will rise to US$4.3 trillion, which is a phenomenal jump, as it exceeds total healthcare spend in the US and Europe combined. Over the shorter term, we see the industry growing at 10% to 15% a year, driven by an ageing population and rising disease burden," Abrar Mir, managing partner at Quadria, tells *The Edge Singapore*. "This is a secular and irreversible trend that will continue into the future."

Amit Varma, another managing partner at Quadria, says, "As the population becomes more affluent, people are living longer, and lifestyle diseases such as diabetes and heart conditions are becoming more prevalent. So, we believe Asia requires a lot of healthcare infrastructure support, as no government in the region has enough money to develop a proper system to meet this level of demand."

Thus, the private sector will have a major role to play, according to Varma. Already, at least seven out of every 10 new hospital beds in India are being provided by private sector players. India currently spends about 2% of its GDP on public healthcare, whereas the rest of Asia spends about 1% to 1.5% of GDP. In comparison, the US now spends close to 15% of its GDP on healthcare. "In that light, we see ourselves playing an important role in this space, with tremendous long-term returns for our investors," Varma says.

Unique strategy

Varma and Mir founded Quadria in Singapore in 2012. A trained physician who still maintains his licence to practice, Varma previously played a key role in setting up Milestone Religare, a joint venture between financial services major Religare Enterprises and Mumbai-based investment management firm Milestone Capital Advisors.

Mir: What differentiates us from other PE firms is that we bring operating experience to our investments. We don't just put in the money.

Varma: No government in the region has enough money to develop a proper system to meet this level of demand

PICTURES: BRYAN TAY/THE EDGE SINGAPORE

Quadria focuses on companies in the healthcare delivery, life sciences, medical technology and associated healthcare services in India and emerging Southeast Asia. It plans to deploy 70% of the capital raised for its latest fund in Southeast Asia, with a focus on Indonesia, the Philippines, Thailand, Malaysia and Vietnam. The remaining 30% will be deployed in India. So far, Quadria has completed investments in **Medica Synergie**, the largest hospital network in East India, and **SOHO Global Health**, Indonesia's largest pharmaceutical product manufacturer. Concluded in March, the latter was the first PE deal in Indonesia's pharmaceutical industry.

While demand is certainly rising in emerging Asia, OCBC Investment Research points out that the Asian healthcare sector is looking pricey, with the FTSE ST Health Care Index trading at a forward price-to-earnings ratio of 25.8 times, a six-year high. The brokerage also notes that higher expenses could result in margin pressures over the short term.

Nevertheless, Varma and Mir are targeting an internal rate of return of at least 25% for Quadria's current fund. Its first two vehicles generated IRRs of more than 30% each. Varma says, "We want to invest in businesses that have established cash flows and growth prospects but still need value-add in areas such as project financing, business model restructuring, achieving operational efficiency and technology innovation. We are using our experience and expertise in the sector to help businesses transition to the next level of growth and maximise our returns.

"For instance, we are helping SOHO develop an international presence and improve their operations to help them expand beyond Indonesia and across the region."

Mir says, "What differentiates us from other PE firms is that we bring operating experience to our investments. We don't just put in the money.

"In the space that we are focusing on, most of the healthcare operators need operating expertise much more than they need additional funds."

Quadria will be looking to invest in a maximum of seven companies for its current fund, "as this will allow us enough bandwidth to engage with the companies and assess their individual needs". Quadria plans to spend at least five to eight years with the selected to companies to "add real operating value and take them to the next stage of their development", says Mir.

Challenges ahead

Mir says it has not been all that easy to raise capital, though. It took Quadria two years to close its latest fund. One reason for the investor wariness is government bureaucracy and regulations in Asia. Mir and Varam add, however, that given the sheer volume of demand for quality healthcare in Asia, governments from India to Vietnam are deregulating and making it much easier for the private sector to invest in healthcare.

"Everyone is working very hard to facilitate and encourage investments in the healthcare sector," says Mir. "Also, we have done work with Asian companies for years now and we have accumulated lots of experience in dealing with the local governments." Among the institutional backers Quadria eventually secured for its latest fund was Overseas Private Investment Corp (OPIC), a development financial institution that provides financial resources to companies run by the US government.

Now, Quadria has to manage the trade-off between making money from its investments and being socially responsible. Unlike in the US or Europe, where 95% of healthcare needs are taken care of by insurance or the government, in Asia, 95% of healthcare needs are paid out of pocket by the population, a large portion of whom earn less than US$10 a day. "The challenge for us is in bringing the same level of quality and outcomes of healthcare to this region at a much lower price," says Mir.

One way to achieve that balance is by making healthcare more readily available across the region. "By scaling up our offerings and building up in size, we can lower costs and make our services more affordable. At the same time, we are also making our services more accessible, which helps to grow our profits. We aim to build up the right business model for healthcare in Asia that allows us to both make money and meet our social responsibility," says Mir. "We are fortunate to not be in an industry where the two are not incompatible but reinforced."

Varma says, with the right scale and volume, margins of between 20% and 25% are achievable in the Asian healthcare sector. "We can play a big role in bringing innovation to help healthcare companies in Asia make more money and raise our returns," he says. E

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high-rollers' casino in Mayfair, London that was acquired in 2006 for £31 million from British gambling and leisure company **The Rank Group**.

"To put it into perspective, the asset base of the casino is about US$37 million and employs only about 20 people out of the group's headcount of 3,000. The hotel did well but the casino did so badly and diluted the group's performance," says Linus Loo, head of research at Lim & Tan Securities.

Loo thinks the casino business earnings are too volatile and he would prefer for it to be divested, as it is not core to GuocoLeisure's hotel transformation strategy. "If [GuocoLeisure] can just dispose of it, the loss can come back to the bottom line. If they can dispose of it without having to realise a loss, it would be magic to their bottom line. The casino's earnings are so volatile."

Goh Han Peng, an analyst with RHB Securities, also thinks it would be a positive move for GuocoLeisure to dispose of the casino. "By selling the casino, [the company] will be less subjected to volatile earnings and their results will be more stable. They will also get proceeds, which could be redeployed to the hotel business."

Indeed, DeNoma made it clear at the investor relations roadshow that GuocoLeisure's focus was on its hotel business. He joined the company in 2012 as CEO of the hotel unit but was appointed group CEO last October. "The Clermont Club has underperformed our expectations over the last 12 months," he said. "We are reviewing all possible options, including a disposal."

DeNoma explained that, in the casino business, the gambling odds were in the owners' favour. So, over time, it would make money. In the short term, however, earnings could be volatile, especially for Clermont Club, which operates in the high-rolling segment. "You can't even do an earnings forecast. If a guy comes in, if he wins he wins!"

As for other non-hotel assets, including the Australian Bass Straits oil and gas royalty interests and properties in Fiji and Hawaii, divestments could be on the cards if the company can get a good price, DeNoma said. He assured his audience that these assets did not take up management's time and thus he was not in a hurry to sell them.

Analysts remain bullish

On the whole, analysts continue to favour investing in GuocoLeisure for its hotel transformation story. RHB Securities' Goh is maintaining his "buy" recommendation and his price target of $1.43 based on sum-of-the-parts valuation. CIMB Research is also maintaining its "add" recommendation, with a price target of $1.18. Goh says his valuation is higher because the company's hotel real estate portfolio warrants a premium. "There is a lot of embedded real estate value in their flagship hotels, which are in hard-to-replace locations. Shangri-La Hotel, for example, has been trying to get into London for many years but was able to get their first hotel there only recently," says Goh.

DeNoma's focus on hotel transformation and divesting non-core assets cause analysts to revise their forecasts and price targets for GuocoLeisure. "Right now, hotel earnings are going through an inflexion point and are performing quite well. There might be room to revise earnings forecasts upwards on that front," says Goh. "Currently, I value it on an asset basis. [Looking ahead,] when the earnings show more momentum, it [will be] appropriate to take into account earnings potential from hotels and not just on an asset basis."

Lim & Tan Securities' Loo does not issue a price target but is keeping the stock as a favoured 2015 recommendation. "Mike DeNoma has done a good job with the hotel business. For 9MFY2015, it had done so well that it was able to grow earnings that mitigated lower earnings or losses from other businesses. I expect more rooms to be available, and that would help with revenues. The company management has told me that, in the last two years, they have taken down about 50,000 room nights a year. From this year, they are going to take down only an estimated 25,000 room nights for refurbishment work. This means there will be an additional 25,000 room nights, which would help with revenues." E

Global Invacom building one-stop shop for satellite components, says CEO

| BY TRINITY CHUA |

Satellite component maker Global Invacom Group may be acquiring a loss-making company, but CEO Tony Taylor is certain the deal will be good for the firm. On June 2, Global Invacom announced that it plans to acquire US-based satellite terminal manufacturer Skyware Global from private equity firm Edgewater Fund for up to US$11.6 million ($15.6 million) in cash and shares. Edgewater will receive US$6.6 million worth of Global Invacom's treasury shares and up to US$5 million in cash depending on Skyware's earnings performance. The deal will give Edgewater a 9.9% stake in Global Invacom. It will also, Taylor says, transform Global Invacom into a one-stop-shop for satellite components.

Following the acquisition, Global Invacom will be the only maker of components for satellite communications that can produce both the low noise block (LNB) electronics in a satellite that receive and convert signals, as well as the dishes that surround them. "There are only four major companies making dishes in our industry," Taylor explains. "And, there are only five major players making electronics." Global Invacom ranks third or fourth among the electronics makers and Skyware is the smallest of the dish makers. "Now, we're the only company that makes both."

With this acquisition, Taylor sees Global Invacom beefing up its customer base in order to grow earnings. The company generally makes small dishes for direct-to-home broadcasters alongside its LNB electronics offerings. The addition of Skyware allows the company to offer a wider range of broadband satellite dishes with sizes between 60cm and 2.4m. "We can offer our customers the whole package: We can give you the transceiver, dish, fibre it up and we can give you wireless," he says. "We guarantee it works, too. At the moment, if you buy from different suppliers, if they don't work together, you get incompatibility. We guarantee the dishes and electronics that we make will work together."

Global Invacom Group

BLOOMBERG/THEEDGEMARKETS.COM

Valuation score*	0.80
Fundamental score**	2.50
TTM P/E (x)	13.03
TTM PEG (x)	(0.36)
P/NAV (x)	1.11
TTM Dividend yield (%)	1.67
Market capitalisation (mil)	88.96
Shares outstanding (ex-treasury) mil	282.40
Beta	0.33
12-month price range	0.31 to 0.54

**Valuation score — Composite measure of historical return and valuation*
***Fundamental score — Composite measure of balance sheet strength and profitability*
Note: A score of 3.0 is the best to have and 0 is the worst to have

String of deals

Global Invacom started life as Global Communications, which was founded by Roger Pannell in 1985 in the back of his garage. Pannell grew the business into an international exporter that sold 200,000 multi-switches a month, to places as far off as Africa. In 2006, Taylor joined Global Communications as managing director. Global Communications and Invacom merged in 2008 to form Global Invacom, and he became the group's CEO and chairman two years after. In 2012, the company came to market through the reverse takeover of Radiance Group.

Under Taylor's stewardship, Global Invacom acquired several companies after the listing. Shortly after the RTO, it acquired The Waveguide Solution for US$7.4 million. The latter was making satellite components that were more advanced than Global Invacom's, and provided the company with higher margins. In 2013, Global Invacom bought Raven Manufacturing, a manufacturer of satellite antennas or dishes, for US$2.4 million. That brought more business for Global Invacom in the form of dishes sold to **Sky** — at the time known as British Sky Broadcasting — in the UK. The following year, it bought Israel-based satellite equipment specialist OnePath Networks for US$3.5 million. This gave the company new market reach as OnePath serves clients in more than 35 countries.

Through all that deal-making, Taylor says, he kept an eye on Skyware. He had, in fact, wanted to buy its US operations in 2013 but the company was incurring losses. Since then, the losses have been substantially reduced. "Skyware has turned away unprofitable business, focused on higher-margin specialist VSAT antennas, reduced direct headcount, implemented more efficient manufacturing processes, acquired their only viable composite competitor [**General Dynamics**' Prodelin brand] and reduced costs in its supply chain. They have more savings in the pipeline and are increasing VSAT sales at healthy margins," he says.

BRYAN TAY/THE EDGE SINGAPORE

Taylor: We can offer our customers the whole package

Last year, Skyware's gross margin was 24%, up from 16% two years ago. The company reported a net loss of US$4.7 million in 2014 but Taylor says it expects to post strong earnings in the third and fourth quarters of this year on the back of more sales to satellite broadband services provider Hughes Network Systems (HNS).

Expanding to South America

Global Invacom reported earnings of US$5.1 million last year, down 36.5% y-o-y, in spite of a 16% rise in revenue to US$134 million. The decline was largely attributed to a 25% increase in administrative expenses to US$25.5 million following the company's secondary listing on London's Alternative Investment Market (AIM). Higher manpower costs were also a drag on earnings.

Taylor hopes to boost revenue and earnings by seeking out new customers. In particular, he is eyeing the South American market, where Skyware already has a toehold. Six members of Skyware's sales team, who joined the company through the acquisition of General Dynamics' satellite communications business Prodelin, have long-term relationships with broadcasters and distributors that operate in South America, he explains. The most notable is Spanish telecommunications and broadband services provider **Telefónica**, which has a large presence in Brazil and generated over €11.2 million ($16.9 million) in revenue from satellite communications services last year.

Demand for satellite communications services in South America is set to increase rapidly because of its growing middle class. More than 65% of the country's population currently lives in rural areas, with very little access to data and television services. But by 2030, the middle class population is set to hit 45% and they will be clamouring for more connectivity and entertainment. Expectations of a boom in demand have led both Telefónica and HNS to set up shop in South America, Taylor says. And both companies are likely to turn to manufacturers such as Global Invacom to meet their needs.

Through the relationships built by Skyware and rising demand in South America, Taylor is optimistic the group can build up additional sales of US$10 million in South America in the next 2½ years. Last year, US sales made up 55% of Global Invacom's total revenue, while Europe and Asia made up about 27% and 16%, respectively.

The acquisition of Skyware also gives Global Invacom a manufacturing base in the Americas — vital if the company hopes to tap the South American market. At the moment, Global Invacom's factories are located in China, Israel, Malaysia and Europe. Skyware has a plant in North Carolina that Taylor plans to integrate into Global Invacom's operations. The integration will also allow Global Invacom to meet the needs of existing customers based in the US. Shipping across the Atlantic takes six weeks and that does not include the time needed to clear custom checks. The cost of transportation has also weighed on margins.

Going forward, Taylor says he remains on the lookout for acquisition targets. He would like, for instance, to acquire a company that makes modems. "It would be interesting to have a modem so that we can say to a small VSAT provider, particularly in [developing countries such as those in] Africa, that we can provide the whole solution and all they have to do is have a WiFi router," he says.

However, he is also mindful of diluting shareholders' interests. Last year, after Global Invacom announced its plans to raise US$15 million through an AIM listing by issuing 44.6 million new shares at 19.75 pence each, the stock fell from 51 cents to 47 cents in two days. Locally listed shares of Global Invacom currently trade at 32 cents, down 38% in the last 12 months. They are currently trading at 16 times earnings. The company's AIM-listed shares are worth 17 pence each.

Global Invacom's acquisition of Skyware was structured to avoid further dilutions. The company is paying for most of the purchase with treasury shares. On June 19, locally listed electronics distributors **Serial System** also paid $3.5 million for treasury shares that give it a 4.5% stake in Global Invacom. Taylor believes Serial System will be able to help Global Invacom source for electronic components.

Could investors soon begin to appreciate Taylor's deal-making strategy too? Global Invacom was flagged by theedgemarkets.com as a Stock With Momentum on June 12. Perhaps in time, the CEO will be able to convince shareholders that his deals are shaping up to be beneficial for them. E

Financial information on Global Invacom is available from www.theedgemarkets.com/sg

Global Invacom's acquisition trail

ACQUISITION	PRICE (US$ MIL)	WHAT IT DOES	WHAT IT DOES FOR GLOBAL INVACOM
Radiance Group (2010)	49	Key subcontractor of Global Invacom before RTO, with two manufacturing plants in China	Strengthened Global Invacom's manufacturing footprint, and global presence
The Waveguide Solution (2012)	7.4	UK-based manufacturer of components for telecoms, medical, military, aerospace and marine industries	Offered the company higher margin and skills gained in precision engineering
Raven Manufacturing (2013)	2.4	UK-based manufacturer of satellite antennas	Manufacturing footprint in Europe, gaining majority share of dish pressing in UK market
OnePath Networks Ltd aka Foxcom (2014)	3.5	A pioneer in Radio Frequency over Fibre technology, it provides products and services to satellite operators and broadcasters in 35 countries	Larger market reach in North and South America, particularly the military sector
Skyware Global (2015)	Up to 11.6	US-based manufacturer of antenna systems and satellite broadband technology	Only company that offers satellite communications equipment from antennas/dishes to electronics

AirAsia grapples with negative report, expects associates' recovery by year-end

| BY MICHELLE TEO |

Running an airline profitably is notoriously hard work, with single-digit profit margins even in the best of times. Making the airline profitable in the cut-throat low-cost carrier [LCC] segment is that much harder. In spite of this, Malaysian budget carrier AirAsia has managed to flourish over the past decade and become the largest LCC group in the increasingly competitive and saturated Southeast Asian market. It has expanded beyond its home base of Malaysia, setting up bases in Thailand, Indonesia, the Philippines and India. And, it has managed to eke out double-digit pre-tax margins, as high as 27.8% in 2010, for most of the past six years.

However, the budget airline group has now been accused of "gaming its associates", via related-party transactions such as aircraft leasing income, to boost its own bottom line, according to a report by Hong Kong-based GMT Research. Now, with those associates — its 49%-owned airline venture in Indonesia and 40%-owned airline in the Philippines in particular — making losses and not being able to pay their dues, AirAsia's balance sheet has come under increasing strain. With debt-to-equity levels of more than 2.8 times, the company needs to raise some RM7 billion ($2.5 billion) to bring its debt levels down, or risk default, says GMT.

GMT has in the past issued negative research on a number of other companies it has accused of "financial shenanigans", including commodity trader **Noble Group**. In its June 10 report on AirAsia, GMT alleged that it has managed to inflate its profit by 39% over the past five years through related-party transactions with associate companies that have not been properly disclosed.

That report, released on June 24 to a wider audience after a two-week embargo for the benefit of GMT's clients, unleashed a selloff in AirAsia's Bursa Malaysia-listed stock last week. Shares in the company lost about 24% in market value within a week of the date of the report, closing at a low of RM1.53 on June 17. They have since recovered to about 20% below the level at which they traded before the report came out.

The report's author, Gillem Tulloch, tells *The Edge Singapore* that the research took three months to complete. It came about after one of GMT's clients, who has, or had, a long position on AirAsia, suggested the research firm "look into" the Malaysia-listed airline's aircraft leasing arrangements with its associates; while leasing income was growing, it would seem AirAsia was not actually getting paid as its receivables were also ballooning. "It just looked odd," Tulloch says. And, "no one on the sell side was talking about it".

Related-party transactions

What began as an "innocent request" from a client then culminated in a 12,000-word report alleging that AirAsia managed to inflate its profit by 39% over the past five years through related-party transactions with associate companies. GMT notes that such transactions have risen from RM13 million in 2004 to RM1.7 billion in 2014, or from 22% to 213% of operating profit. In 2014, more than half of its operating income, or RM 896 million, came from leasing and other income, according to the GMT report.

GMT estimates that related-party transactions such as aircraft leases contributed RM251 million to AirAsia's pre-tax profit in 2014. That was almost 11 times the group's reported pre-tax profit of RM23 million for the year.

BLOOMBERG

GMT is alleging that AirAsia managed to inflate its profit by 39% over the past five years through related-party transactions with associate companies

GMT says the leasing business alone generated RM149 million in pre-tax profit. Stripped of these transactions, AirAsia would have reported a pre-tax loss of RM234 million for 2014 instead.

"Profits from related parties could be a highly material driver of profit," GMT argues, adding that the airline ought to be forced to disclose the associates' exact contributions to earnings. Instead, AirAsia "is basically creating profits and flattering its operating cash flow by abusing its associates".

Notably, it alleges that AirAsia "conveniently lowered" its fees from AirAsia X just before the long-haul unit's IPO in 2013. AirAsia disclosed it generated service fees of RM86 million from AirAsia X in 2010, or 6.7% of AirAsia X's revenues. That fell to RM6 million, or 0.3% of AirAsia X's sales, between 2010 and 2012. "This made AirAsia X profitable and helped ensure its IPO was a success."

According to GMT, the fees AirAsia charges its associates undermines their competitiveness. For instance, the associate airlines' operating costs are as much as 36% higher than those of the parent company. GMT notes that

AirAsia

BLOOMBERG/THEEDGEMARKETS.COM

Valuation score*	1.40
Fundamental score**	0.20
TTM PER (x)	47.99
TTM PEG (x)	(0.63)
P/NAV (x)	0.96
TTM dividend yield (%)	1.86
Market capitalisation ($ mil)	4,480.59
Shares outstanding (ex-treasury) (mil)	2,782.97
Beta	0.80
12-month price range ($)	1.53-2.90

*Valuation score — Composite measure of historical return and valuation
**Fundamental score — Composite measure of balance sheet strength and profitability
Note: A score of 3.0 is the best to have and 0 is the worst to have

while AirAsia seems to record losses when it sells its aircraft to independent third parties, such as the RM38.6 million provision made in 1Q2015, it recognises profits on the sale of aircraft to associates.

However, because the associates themselves, particularly Indonesia AirAsia and AirAsia Philippines, are loss-making and now need loans from the parent, the practice is putting more strain on AirAsia's balance sheet. "AirAsia will be forced to stop gaming its associates because of competitive pressures and financial difficulties at its associates."

To be sure, industry watchers have long pointed out the operating challenges in Indonesia and the Philippines, where AirAsia faces strong competition. In Indonesia, privately owned Lion Air commands about 40% of the domestic air travel market while national carrier **Garuda Indonesia** takes about a quarter of international traffic. In the Philippines, **Cebu Air Inc**, operated under Cebu Pacific Airways, has more than half of the domestic market share, versus Zest AirAsia's 8.4%, in 2014, according to CAPA Centre for Aviation.

But AirAsia expects both ventures to turn around shortly. According to a June 17 JP Morgan report, AirAsia's management expects operations in Indonesia, which were hit by the flight QZ8501 incident at end-2014, to recover by 3Q2015, with higher fares and demand returning. The airline also plans to grow its international flights, redeploying four jets from domestic routes, as the weaker rupiah could boost inbound tourism. In the Philippines, operations are expected to turn profitable in 4Q2015, driven by improved aircraft utilisation and cost-saving initiatives.

In Thailand, however, AirAsia's 45%-owned affiliate has been profitable. The airline, listed in Bangkok as **Asia Aviation**, recorded profit after tax of THB344.6 million ($13.7 million) in 2014. This was an 82% decline from the year before, which the airline has attributed to poor international travel demand owing to the political crisis in Thailand. In 1Q2015, earnings recovered to THB922.8 million from THB244.7 million the year before.

AirAsia has since outlined plans to raise funds at its Indonesian and Philippine associates through a convertible bond issue and, in 2017, IPOs that will value the companies at some US$700 million ($939 million) and US$600 million, respectively. Its management has also told analysts that it expects the RM2.4 billion in receivables due from its associates to be repaid in the next three to five years from the companies' internally generated cash flows.

Meanwhile, AirAsia will be transferring all the aircraft that are to be leased to its associates to its leasing company, Asia Aviation Capital. It is also expected to lease jets to third-party airlines in the future.

Fundamental reassurances

GMT's assertions have elicited scathing responses from the airline and its founder and CEO Tony Fernandes, who called the report "garbage". But Fernandes nevertheless soon set about reassuring AirAsia's stakeholders.

On June 15, a letter was sent to AirAsia shareholders, outlining plans to raise funds at the associate airlines in Indonesia and the Philippines. On June 17, Fernandes held a conference call with investors and investment analysts who cover the stock, telling them it was business as usual, and that there have not been questions from the airline's creditors or regulators. On June 25, it was reported that Fernandes told staff and analysts that he and AirAsia chairman Kamarudin Meranun will be focusing more of their time on operations in AirAsia. One of the issues that GMT brought up was how the company's management seemed distracted, being "invested in a plethora of industries" that include insurance, hotels, schools and sport.

AirAsia and Fernandes have not responded to *The Edge Singapore*'s requests for comments. However, Fernandes has actively voiced his thoughts on Twitter. He wrote on June 23 that similar doubts had been raised previously about Thai AirAsia, adding: "All paid and now IPO valuable." The airline, which listed in mid-2012, is trading at about 17% higher than at its IPO, and more than 6% higher than a year ago.

On June 23, he told his social media followers that AirAsia would likely be launching a flight to Maldives soon. In earlier tweets he expressed optimism about a turnaround in operations in Indonesia and the Philippines. "Will prove all wrong," Fernandes wrote on June 21.

Meanwhile, investment analysts who cover AirAsia's stock have noted that the issues raised in the GMT report were not new. "We have always highlighted our concerns regarding the RM2.86 billion owed by related parties — some of which are overdue. These are mostly aircraft lease payments owed to the parent in addition to working capital," writes Maybank analyst Mohshin Aziz in a recent report.

He estimates that should the total RM2.86 billion in loans, or 61% of shareholders-equity, be written off, it would cut AirAsia's book value to 65 sen a share, and push up gearing to 6.1 times, from 2.5 times currently. AirAsia plans to cut its gearing level to two times by year-end. Nevertheless, Mohshin reckons a fair-value estimate for AirAsia's stock in the worst-case scenario would still be about one standard deviation above its long-term mean of 1.61 times book value, "owing to the strong growth potential of the LCCs and AirAsia's ability to tweak its business model faster vis-à-vis the full-service carriers".

JP Morgan analysts also believe the operating environment for AirAsia is improving. "Malaysia Airlines has started to cut capacity on domestic routes, which is helping to lift fares." Furthermore, Malindo, another domestic competitor, has not added capacity since it started three years ago.

Whatever the case, Fernandes has said he would rather focus on the group's operations than take legal action against GMT. He is now set on repairing whatever damage the GMT report has done to AirAsia. E

COVER STORY

PICTURES: SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Currency TURMOIL

Asean currencies have depreciated to levels not seen since the financial crisis of 1997/98. But volatility could get worse as US interest rates lift off later this year. How bad will things get?

| STORIES BY KANG WAN CHERN |

It might not feel like a financial crisis, but some currencies in the region have depreciated to levels not seen since the dark days of 1997/98. Back then, the sudden and disorderly depreciation of currencies in the region was accompanied by a deep recession as well as social and political strife. This time around, the depreciation has unfolded gradually, and some economists see it as a necessary adjustment in the face of soft growth and weak inflation. But things could get more volatile when the US Federal Reserve begins raising interest rates later this year.

Much of the movement in major currencies over the last couple of years is the result of diverging monetary policies. While the US has wound down its quantitative easing (QE) programme and is preparing to hike rates, central banks in Europe, Japan and China have been pursuing looser monetary policies. Meanwhile, in Asean, central banks have also been easing and allowing their currencies to depreciate in order to bolster their economies. Yet, exports appear to be stalling across the region and current accounts are deteriorating, raising concerns that the pace of depreciation might accelerate and turn volatile.

Among the regional currencies that are being watched is the Malaysian ringgit, which weakened to a multi-year low of RM3.7575 against the US dollar on June 25. That is close to the RM3.80 level at which it was pegged when Malaysia instituted capital controls in 1998. (The capital controls were eventually lifted, and the peg was abandoned in 2005.) Besides the strengthening US dollar, the ringgit's weakness has also been attributed partly to growing concerns about the country's debt-laden sovereign wealth fund, 1MDB, and an upcoming review of the country's credit rating.

Some economists say the weakening ringgit also reflects the country's deteriorating economic fundamentals. "Malaysia's economy is not much better than where it was [during] the Asian financial crisis," says Chua Hak Bin, an economist at the Bank of America Merrill Lynch.

For starters, the country's foreign exchange reserves stood at RM390.2 billion as at June 15, down RM4.1 billion over a fortnight. That is only 1.1 times its short-term external debt, a level not seen since the 1997/98 period, according to Chua. And, while the country has a current-account surplus equivalent to 3% of its GDP, weak oil prices are hurting its exports. According to data from BOAML, for every 10% drop in oil prices, Malaysia's current account would shrink by 0.1% of GDP.

Weak oil prices have also decimated the revenue and earnings of Malaysia's national oil company, Petroliam Nasional Bhd, which in 1Q2015 reported a more than 39% y-o-y decline in earnings to RM11.4 billion. Over the same period, liquefied natural gas exports also fell, by 40% y-o-y. "Despite Malaysia's depreciating currency, exports have been weakening, owing to lower oil prices," says Chua.

The ringgit is not the only currency in the region that is suffering. Earlier this month, the Indonesian rupiah depreciated to IDR13,384 against the dollar, its weakest level since the Asian financial crisis. Indonesia registered growth of 4.7% in 1Q2015, short of the government's touted target of 5.7% for 2015. To bolster its economy, the country cut its main interest rate to 7.5% from 7.75% in February for the first time in three years. Its central bank also reduced the rate it pays banks for overnight deposits by 25 basis points (bps) to 5.5%.

That has resulted in the rupiah weakening, but it has not improved its current account. One problem is that slower growth in China has blunted its imports from Indonesia. According to BOAML, China accounts for about 12% of Indonesia's total exports and about 2.6% of its GDP. Moreover, 60% to 70% of Indonesian production has import content. As a result, Indonesia still runs a current-account deficit of about 1.8% GDP, down from a surplus of 3% GDP in 2007 and on a par with Asian financial crisis levels.

"Indonesia has really embarrassed on the downside so far this year. Also, a lot of government aspirational targets in terms of growth in tax revenues and infrastructure spending did not come through," says Chua. The country saw foreign outflows of about IDR1 trillion ($100.75 million) in 1Q2015, while domestic deposit growth recently surpassed loan growth.

It's a similar story across the rest of the region, according to Chua. "As a whole, Asean growth has really disappointed on the downside despite the weaker currencies," he says. "Export growth has disappointed in Singapore and Malaysia, while in Indonesia and Thailand, infrastructure spending has surprised on the downside and capital outflows have risen. Even the Philippines, which we had expected to be the shining star of Asean, has been disappointing."

More volatility

Things might get worse for Asean's main economies once the Fed makes good on its promise to hike rates later this year. At a scheduled meeting on June 17, the Fed upgraded its assessment of the US economy, citing stable employment and housing numbers and indicating that its first rate increase in almost a decade remains likely this year. BOAML reckons the hike will take place in September.

Claudio Piron, emerging Asia FX strategist at BOAML, says investors should be prepared for further weakness in regional currencies. "We are seeing that the market has taken a consensus view of a strong US dollar and we have been seeing currency volatility at consistent, elevated levels recently. We expect Asian currencies to depreciate between 5% and 9% over the next 12 months, assuming the Fed hikes rates in September," Piron says. "As US interest rates rise, we will see more capital outflows from Asia into US dollar assets with more attractive yields. Corporations have also been accumulating more US dollars and selling off their emerging-market currencies ahead of the rate hike."

Another reason to expect regional currencies to keep depreciating is that current accounts have been weakening. While Asia is generally in better shape in terms of trade surpluses and growth compared with the 1997/98 period, those surpluses have diminished considerably in the last few years. "That means currencies are now more influenced by the capital account and capital flows. We should expect more volatility in global exchange rates because currencies will be more capital-determined and we are beginning to see capital outflows from emerging Asia," says Piron.

Chua: The US is no longer the heavyweight that it was and it is not able to pull Asia back up

In 1Q2015, for example, investors pulled some RMB156 billion ($33.7 billion) out of China, up from RMB94 billion just a quarter before. Over the same period, Malaysia saw some RM30 billion in portfolio and bank-related outflows compared with just RM10 billion in capital investments.

Less demand

Yet, isn't a stronger US economy beneficial for Asia? Wouldn't a combination of stronger US growth and weaker regional currencies lead to an export boom?

"In the past, whenever the US economy recovered, Asia would get a lift from exports, which supported exchange rates and the market. This time, though, an Asian export re-

TABLES: BOAML

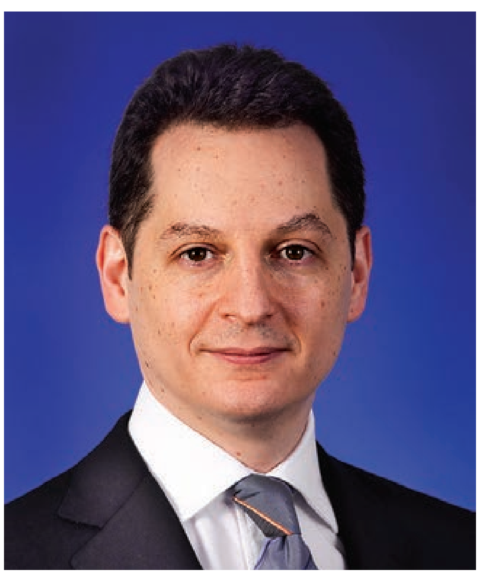
Bank of America Merrill Lynch's FX forecasts — G3 economies

	SPOT	JUNE 2015	SEPT 2015	DEC 2015	MARCH 2016	JUNE 2016	SEPT 2016
EUR/USD	1.14	1.05	1.02	1.00	1.00	1.00	1.00
USD/JPY	123	123	121	125	125	127	125
EUR/JPY	140	129	123	125	125	127	125

Bank of America Merrill Lynch's FX forecasts

Asian currencies expected to depreciate by up to 9% in the next 12 months

		JUNE 2015	SEPT 2015	DEC 2015	MARCH 2016	JUNE 2016	SEPT 2016	DEC 2016
new	CNY	6.25	6.29	6.33	6.35	6.45	6.50	6.50
old		6.30	6.34	6.36	6.38	6.36	6.35	6.35
new	HKD	7.75	7.80	7.81	7.82	7.82	7.82	7.82
old		7.80	7.81	7.82	7.81	7.81	7.81	7.81
new	INR	63.00	64.00	63.50	63.50	63.50	63.00	63.00
old		63.00	64.00	63.00	63.00	63.00	63.00	62.00
new	IDR	13400	13600	13800	14000	14300	14500	14500
old		13400	13600	13800	13800	13800	13600	13500
new	KRW	1125	1135	1145	1145	1150	1160	1160
old		1125	1135	1145	1145	1145	1140	1130
new	MYR	3.64	3.71	3.78	3.86	3.87	3.90	3.90
old		3.80	3.87	3.91	3.91	3.91	3.90	3.88
new	SGD	1.35	1.37	1.39	1.42	1.42	1.43	1.43
old		1.40	1.42	1.45	1.45	1.43	1.42	1.41
new	PHP	45.00	45.20	45.50	46.00	47.00	48.00	48.00
old		46.00	46.50	46.50	46.00	46.00	45.00	45.00
new	TWD	30.80	31.00	31.30	31.50	32.00	33.00	33.00
old		32.40	32.80	33.00	33.50	33.50	33.50	33.00
new	THB	33.50	34.50	35.00	35.30	35.60	36.00	36.00
old		33.50	34.00	34.00	34.00	34.00	34.00	34.00



BANK OF AMERICA MERRILL LYNCH

Piron: We expect Asian currencies to depreciate between 5% and 9% over the next 12 months, assuming the Fed hikes rates in September

Leong: With a large current account and capital account, China is likely to maintain a strong currency to keep its economy on an even keel

covery remains elusive," says Chua. That is because weaker exports to China and Europe have offset demand from the US, he adds. "The US is no longer the heavyweight that it was and it is not able to pull Asia back up." BOAML expects export recovery to remain soft in 2H2015 on the back of weak import numbers from China.

BOAML calculates that the ringgit will depreciate to RM3.78 against the greenback by year-end and weaken further to RM3.90 by end-2016. For the rupiah, it has a forecast of IDR13,800 per US dollar for 2015 and IDR14,500 for 2016. The forecasts assume a 100bp hike in US rates next year, and that the US economy will grow 2.4% this year and 3% next year. BOAML is forecasting growth of 6.1% for Asean this year, followed by growth of 6.2% next year.

Not everyone is as bearish as Chua, though. Leong Sook Mei, Asean head of global markets research at the Bank of Tokyo Mitsubishi UFJ, says the economies of Japan and Europe are improving on the back of their QE programmes. That is likely to boost trade between Asean and those economies. Asean has also been enjoying strong foreign direct investment (FDI) flows from Japan since 2013.

In addition, Asean currencies are likely to be supported by guidance from China that it will continue to keep the value of the renminbi stable, according to Leong. On April 15, Chinese Premier Li Keqiang told the *Financial Times* that China will not devalue its currency to boost exports, and wishes to avoid a currency war that could destabilise the international financial system. "With a large current account and capital account, China is likely to maintain a strong currency to keep its economy on an even keel," says Leong.

She reckons the biggest risk to Asean currencies, particularly the Singapore dollar, is the euro. "The euro actually has the highest correlation to the Singapore dollar. Each time the euro drops, the Singapore dollar drops. Last year, the Singapore dollar depreciated a lot because of the euro," says Leong. One event that could drive up volatility in the euro is if Greece ends up getting booted out of the eurozone. "Should that happen, Asean currencies will do badly and not even the Singapore dollar, which is touted as a safe haven in Asean, will be spared."

More easing ahead?

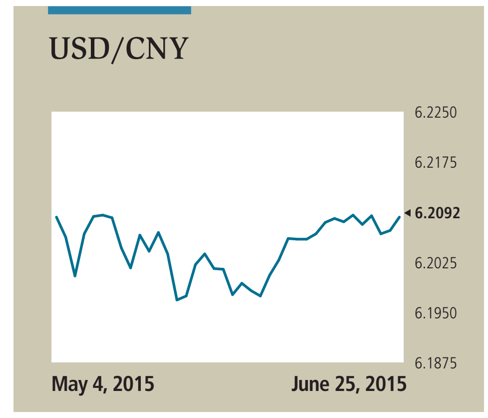
What should investors expect for the rest of the year? Leong thinks further easing of monetary policy in the region is becoming increasingly unlikely as inflation stabilises after being driven down by falling oil prices. In fact, the El Niño weather phenomenon could also add to inflation by driving up food commodity prices. To boost their economies, governments in the region might now turn to fiscal measures, she adds.

Chua of BOAML is more bearish. He reckons that Malaysia may cut interest rates soon to boost its economy. "The Malaysian economy could slow further from 1Q2015, which was supported by pre-[Goods and Services Tax] spending. Our sense is that there has been a big pullback in consumer spending after GST was implemented in April," he says.

As for Singapore, further easing in monetary policy is also on the cards. "Exports and private investment have been contracting and we expect the next quarter's loan growth figures to decline, too. Meanwhile, employment numbers have been extremely peculiar, at just 300 new jobs in 1Q2015. So, we are still expecting further easing to happen at home," says Chua.

And, with the US likely to hike rates, that could mean continued depreciation pressure on the Singapore dollar and other regional currencies. E

China's renminbi anchoring the region, but will it last?



One Asian currency that is holding up well against the US dollar is the renminbi. At a steady RMB6.20 per US dollar, the currency has actually been appreciating against many other regional currencies. And, with strong confidence that China will succeed in the restructuring of its economy, and eventually internationalise its currency, the renminbi has been an anchor of sorts in the region amid the recent turbulence.

Chinese Premier Li Keqiang hasn't put a foot wrong so far. Beijing has intensified efforts to liberalise its capital account, allowing more cross-border financing and investment opportunities for Chinese investors. For example, in its latest scheme to encourage freer cross-border capital flows, the People's Bank of China (PBOC) will allow Chinese investors to buy overseas stocks, bonds and real estate directly rather than through a handful of government-approved foreign mutual funds.

In March, Li said that China intended to accelerate reforms needed to meet the criteria for the renminbi to be included in the International Monetary Fund's Special Drawing Rights basket. The IMF board will vote on this in October. "The very stringent requirements for currency inclusion in the SDR serve as a quality assurance to global users that the currency in question is indeed very liquid and stable as a store of value," writes Paul Mackel, head of Asia forex research at HSBC, in a report.

Koon How Heng, FX analyst at Credit Suisse, believes China will succeed in getting the renminbi included in the SDR basket. "Beijing has made it clear that it seeks the IMF's fair assessment to include the renminbi into the SDR basket. There is a fair basis for this, given that the renminbi is now the fifth most widely used global payment currency," he writes in a June 21 report.

In April, Li also told the *Financial Times* that China would not devalue its currency to boost growth, and wished to avoid a currency war that could destabilise the international financial system. "All these reform-minded initiatives by Beijing have helped to stabilise and rebuild confidence in the renminbi. It also ring-fences the currency from ongoing efforts by the PBOC to ease monetary policy and stabilise China's growth outlook," writes Koon.

Koon also points out that outflows of funds from China have eased recently. In 1Q2015, a total of RMB156 billion was withdrawn from the Middle Kingdom, rising from RMB94 billion in 4Q2014. "Our latest estimate of proxy foreign exchange flows by Chinese commercial banks suggest that capital outflows from China have eased over the recent months and have reverted to a tiny inflow in the latest month's reading," writes Koon. "We no longer see risk of gradual weakness in the RMB and expect range trading around RMB6.20 against the US dollar, going forward," he adds.

Not everyone expects the renminbi to stay stable, though. Claudio Piron, emerging Asia FX strategist at the Bank of America Merrill Lynch, warns that China cannot possibly maintain a steady exchange rate while allowing free capital flows and running an independent monetary policy. "China is headed towards an impossible trinity, under which its exchange rate policy of keeping the renminbi stable will be the easiest to give up," says Piron.

PBOC has been easing monetary policy by cutting its reserve requirement ratio and policy rates. That is spurring capital outflows and pressuring the renminbi as investors swap the currency for foreign currencies with higher yields. On the other hand, PBOC also wants to keep its currency stable, so it is buying back more renminbi to support its value.

"China's policies are increasingly conflicted," says Piron. The way he sees it, PBOC's moves will eventually drain liquidity from the system and put an abrupt stop to China's equity market rally. But Beijing needs ample domestic liquidity to help the market deleverage. "So, anything that might upset the equity market unhinges that priority," says Piron. "We think that when push comes to shove, Beijing will most likely sacrifice its currency policy."

If that happens, the renminbi might be the anchor that sinks Asian currencies rather than stabilises them. BOAML expects the renminbi to weaken to RMB6.33 against the US dollar by year-end and fall further to RMB6.50 by end-2016.

COVER STORY

Export-oriented companies with Malaysian assets could gain as ringgit falls against USD

| BY JOAN NG |

BLOOMBERG

An interesting weak ringgit play is palm oil producer Mewah International, which has three palm oil refineries in Malaysia

As the Malaysian ringgit looks set to continue weakening, shorting the currency is not the only way for investors to make some money. Companies with operations in Malaysia but that export to the US or have their sales denominated in the US dollar could enjoy some margin improvements. And, if these companies also happen to be listed in Singapore, they may be seen as less vulnerable to the political risks that Malaysia-listed companies face.

At least 57 locally listed companies report assets in Malaysia. *The Edge Singapore* screened this list for names that report having at least 20% of their assets in Malaysia. From this list, we have singled out companies that generate either most of their revenue in US dollars — because they trade in US dollar-quoted commodities or products — or a chunk of it from the US market. These companies should be able to benefit as their ringgit-denominated cost base shrinks relative to their sales.

The largest of these is **Riverstone Holdings**, a glove maker whose base of operations is in Malaysia. According to the company's 2014 annual report, it has four manufacturing facilities in Malaysia, Thailand and China.

Riverstone sells its gloves throughout Asia, the Americas and Europe. Its biggest market is Europe, which accounted for 36% of revenue in 2014. Southeast Asia accounted for 28.6%, China 12.4%, other parts of Asia 9% and the rest of the world 14%. A significant proportion of its trade is in US dollars. As at end-2014, 74.3% of its trade receivables were denominated in US dollars. It also held 45.9% of its cash and cash equivalents in US dollars. At the same time, only 31.1% of its payables and accruals were denominated in US dollars, versus 61.6% in ringgit. Based on 2014 numbers, a 1% gain in the US dollar against the ringgit would have led to an RM852,000 increase in pre-tax earnings.

For 2014, Riverstone reported a 22.4% rise in earnings to RM71 million ($25.4 million). The company declared total dividends of 6.9 sen a share for the year. In 1QFY2015, it reported a 68.6% jump in earnings to RM27 million on the back of higher sales and increased manufacturing capacity.

Another interesting weak ringgit play is palm oil producer **Mewah International**, which has three palm oil refineries in Malaysia. Its palm oil is processed and packed in Malaysia and Singapore, before being sold in Malaysia as well as to more than 100 other countries. Last year, 52% of its palm oil products were sold in Malaysia and Singapore. Of the remaining 48%, 29% was shipped to Africa, 31% to the Middle East, 21% to other parts of Asia and 8% to the Americas.

Mewah's functional and reporting currency is the US dollar. So, although palm oil prices have fallen to a five-year low, the weakening ringgit has contributed to its improving performance. The company says in its annual report that, last year, it reported its highest sales volume in history as palm oil became more attractive to international buyers. Meanwhile, the company's earnings for the first quarter of this year have more than doubled from US$1 million last year to US$2.2 million this year, owing to margin improvements.

Much like Riverstone, most of Mewah's cash and its receivables are denominated in US dollars. As at the end of last year, 50.4% of its cash and cash equivalents and 76.8% of its trade and other receivables were denominated in US dollars. In 2014, a 5% strengthening in the US dollar against the ringgit would have boosted its earnings by US$24,000.

Component maker **Innovalues** has operations in Malaysia, Thailand and China. In Malaysia, it has three manufacturing sites with a total area of 27,776 sq m. Its three manufacturing sites in China are smaller, totalling 12,025 sq m. In Thailand, its plant measures 10,400 sq m. The company has been gradually growing its revenue from the US. In 2010, Malaysia was its second-largest revenue contributor after China. Last year, the US was the second-largest generator of revenue, as the company has increasingly been focused on making parts for cars.

Announcing its results for the first quarter of this year, Innovalues says it will be moving some of its operations to its plants in Malaysia to mitigate rising labour costs in China. During the quarter, revenue rose 19% to $29.1 million and earnings doubled to $5.5 million.

CNMC Goldmine Holdings is the only company on our list with all of its assets in Malaysia. The company's primary asset is a gold mine in the state of Kelantan. The price of gold has fallen over the past year from more than US$1,300 an ounce to just below US$1,200 now. Denominated in ringgit, however, gold prices are actually up over that same period — from just above RM4,200 an ounce to above RM4,400.

In the first quarter of this year, CNMC Goldmine's earnings rose 63.4% to US$2.5 million on the back of a 53.4% increase in revenue to US$7.9 million. Part of the earnings growth has been attributed to a low cost base. The US dollar's appreciation against the ringgit is likely to help CNMC Goldmine contain its costs further. According to its annual report, 93.1% of its trade and other payables as at the end of last year were denominated in ringgit. However, CNMC also holds 83.2% of its cash and cash equivalents in ringgit.

Micro-Mechanics (Holdings), which makes tools, parts and assemblies for the semiconductor, medical and aerospace industries, has manufacturing plants in Singapore, Malaysia, the Philippines, China and the US. Most of the work it does at its plant in Penang, Malaysia is for the domestic market, so the company may not benefit significantly from exports to the US. However, its sales are mostly denominated in US dollars.

For 3QFY2015 ended March, Micro-Mechanics' earnings more than doubled to $3.7 million — its highest-ever quarterly earnings number. The company's gross margin expanded to 55.1% from 50.4% in the year-ago quarter. In Malaysia, its second-largest market, sales increased 26.6% to $8.5 million.

Finally, there is **JB Foods**, which sells cocoa ingredient products such as cocoa butter, cocoa powder, cocoa liquor and cocoa cake. It has a cocoa processing facility in Johor with a capacity of 85,000 tonnes of cocoa beans equivalent a year, and has just acquired an 80% stake in a cocoa processing facility in Indonesia with a capacity of 60,000 tonnes.

On Feb 27, the company announced that it would change its reporting currency from ringgit to US dollar with effect from the start of this year. "This is because a significant amount of the group's revenue and purchases are currently transacted in US dollars, and will remain so with the expansion into the US and Indonesia," it says.

JB Foods is currently loss-making. For the first quarter of this year, however, the company managed to narrow its losses to US$489,000 from US$2.7 million before. It also reported gross earnings of US$1.2 million against a gross loss of US$1.1 million in the first quarter of 2014. The turnaround was driven by a more favourable average selling price for products delivered.

JB Foods says cocoa processors have had a tough two years because of sluggish demand, capacity oversupply and high bean prices. As a result, it sees a slowdown in the addition of worldwide capacity that may lead to improving margins for the industry. E

Shrinking ringgit, expanding margins

These companies could enjoy better earnings as their ringgit-denominated costs fall

COMPANY	PRICE ($)	MARKET CAP ($ MIL)	CHANGE YTD (%)	PER (TIMES)	INDICATED DIVIDEND YIELD (%)	ASSETS LOCATED IN MALAYSIA (%)
CNMC Goldmine Holdings	0.25	101.9	-3.0	5.9	2.4	100.0
Innovalues	0.72	233.7	53.0	12.5	1.7	23.0
JB Foods	0.08	61.4	-33.1	–	–	42.9
Mewah International	0.34	502.7	-14.1	95.9	5.1	84.7
Micro-Mechanics (Holdings)	0.73	101.5	19.5	8.7	4.1	24.8
Riverstone Holdings	1.70	628.1	73.9	21.5	1.5	81.9

BLOOMBERG, COMPANY FILINGS

COVER STORY

Will EM currencies keep weakening?

| BY LOH CHEN-YI |

It's been a rough couple of years for emerging-market (EM) currencies. And, with the imminent tightening of monetary policy by the US Federal Reserve spurring US dollar bulls, things might not get any better soon. On the other hand, EM currencies are beginning to look undervalued on some metrics.

The US dollar has been strong against most global currencies this year. Data from Bloomberg shows that about 140 of the 160 currencies traded on its platform have either weakened or been stagnant versus the US dollar. The US Dollar Index, which tracks the movement of the greenback against six developed-market currencies, has risen 7.5% year-to-date. But that's nothing compared with the US dollar's rise against some EM currencies. The Belarus ruble and Ukrainian hryvnia, for instance, have lost almost 30% of their value against the US dollar this year.

David Rees, senior markets economist at Capital Economics, says EM currencies are now so depressed that they are unlikely to depreciate much further. Indeed, the Russian ruble has risen almost 12% this year, mirroring the rebound in the price of oil, which has recovered from lows of around US$45 a barrel in January 2015. The ruble crashed 85% last year, on the annexation of Crimea as well as the slump in oil prices.

Among the few other currencies that have appreciated against the US dollar this year is the Swiss franc, which shot up after Switzerland's central bank scrapped a self-imposed ceiling on its exchange rate in January. Elsewhere, the Seychelles rupee is up almost 9% against the greenback.

While the upward pressure on the US dollar is unlikely to ease soon, many EM currencies now seem to be undervalued, according to Rees. "This is quite different from the situation that prevailed two years ago," he says,

CONTINUES NEXT PAGE

Exchange rates against US dollar as at June 25, 1.30pm

CURRENCY	RATE (JUNE 25)	1M % CHG	3M % CHG	YTD % CHG	1Y % CHG	2Y % CHG
Belarus Ruble	15400.00	-7.0	-5.5	-28.6	-51.1	-75.9
Ukraine Hryvnia	21.83	-4.9	-0.3	-27.5	-82.9	-168.1
Ghana Cedi	4.41	-8.6	-14.7	-27.0	-31.6	-118.9
Tanzanian Shilling	2335.00	-12.4	-20.8	-25.8	-39.4	-43.8
Azerbaijan Manat	1.05	-0.4	-0.5	-25.7	-34.5	-34.2
Madagascar Ariary	3238.75	-4.9	-7.7	-20.2	-33.2	-48.2
Syrian Pound	217.58	-0.2	-2.5	-17.1	-45.5	-116.4
Moldova Lei	18.70	-3.6	-1.0	-16.5	-33.8	-50.4
Georgia Lari	2.25	1.7	-1.4	-16.2	-27.0	-36.2
Ugandan Shilling	3293.00	-8.6	-9.4	-15.9	-26.5	-27.1
Mozambique Metical	38.40	-5.7	-6.0	-15.2	-22.1	-29.1
Tajikistan Somoni	6.26	0.1	-8.6	-15.2	-26.9	-31.4
Angolan Kwanza	120.45	-8.8	-10.6	-14.6	-23.3	-25.1
Brazil Real	3.10	0.0	1.3	-14.2	-39.3	-39.1
Zambian Kwacha	7.34	-2.6	3.8	-13.0	-20.9	-33.9
Turkish Lira	2.68	-2.3	-3.3	-12.8	-25.6	-38.3
New Zealand Dollar	0.69	-5.5	-9.2	-11.4	-20.9	-10.8
Algerian Dinar	98.91	0.4	-2.8	-11.1	-24.6	-24.8
Mauritania Ouguiya	326.00	-1.7	-3.4	-10.1	-8.8	-7.9
Paraguay Guarani	5156.20	-1.2	-7.0	-10.1	-17.3	-15.8
Mauritius Rupee	35.15	0.6	3.8	-9.7	-16.3	-13.4
Uruguay Peso	26.83	0.1	-4.9	-9.4	-16.9	-27.8
Sao Tome Dobra	21918.50	2.0	2.3	-8.2	-22.0	-17.1
Kenyan Shilling	98.45	-0.6	-6.6	-8.0	-12.3	-14.5
Albanian Lek	125.50	2.5	2.0	-7.9	-22.1	-16.7
Nigeria Naira	199.00	0.1	0.0	-7.8	-22.3	-24.0
Lithuanian Litas	3.08	2.0	2.1	-7.7	-21.7	-16.7
Danish Krone	6.66	2.0	2.2	-7.6	-21.8	-16.8
Myanmar Kyat	1117.25	-2.5	-2.8	-7.6	-14.5	-16.3
Central African Republic CFA Franc	588.64	1.9	2.1	-7.5	-22.3	-17.1
Cape Verde Escudo	98.41	2.6	3.1	-7.5	-21.2	-16.3
Bulgarian Lev	1.75	2.0	2.1	-7.4	-21.7	-16.8
Euro	1.12	2.0	2.1	-7.4	-17.8	-14.4
Estonian Kroon	13.97	2.0	2.1	-7.4	-21.7	-16.8
Slovenia Tolar	213.94	2.0	2.1	-7.4	-21.7	-16.8
Latvian Lat	0.63	2.0	2.1	-7.4	-21.7	-16.9
Comoros Franc	438.94	1.8	2.2	-7.4	-21.6	-16.9
Bosnian Convertible Marka	1.75	1.8	2.2	-7.4	-21.6	-16.9
New Romanian Leu	3.99	1.6	0.8	-7.3	-24.0	-16.4
Colombian Peso	2559.50	-2.7	-1.9	-7.1	-35.4	-31.9
Malaysian Ringgit	3.76	-4.0	-2.6	-7.1	-16.7	-18.2
Indonesian Rupiah	13329.00	-1.1	-2.6	-7.1	-10.2	-34.4
Guinea Franc	7550.00	-1.7	-4.4	-7.0	-7.1	-7.7
Serbian Dinar	107.49	2.5	2.6	-6.7	-26.8	-22.7
Argentine Peso	9.07	-1.1	-3.0	-6.7	-11.5	-69.1
Moroccan Dirham	9.70	1.3	1.1	-6.4	-17.7	-13.9
Egyptian Pound	7.63	0.0	0.0	-6.2	-6.7	-8.9
Rwanda Franc	735.31	-6.7	-4.4	-6.2	-6.6	-13.5
Canadian Dollar	1.24	-0.6	1.1	-6.2	-15.6	-17.8
Peruvian New Sol	3.17	-0.6	-3.1	-6.1	-13.1	-13.9
Hungarian Forint	278.25	0.8	-2.0	-6.0	-23.5	-22.6
Czech Koruna	24.31	2.5	2.6	-6.0	-20.8	-23.1
Iranian Rial	28690.00	-2.4	-3.6	-5.6	-12.7	-133.7
Australian Dollar	0.77	-1.1	-1.4	-5.3	-17.8	-16.4
Swedish Krona	8.25	2.1	2.9	-5.3	-22.4	-22.8
Norwegian Krone	7.85	-2.6	-0.1	-5.0	-28.0	-28.8
Uzbekistan Som	2550.85	-0.9	-2.6	-5.0	-10.7	-21.9
Mexican Peso	15.51	-1.6	-3.4	-4.9	-19.2	-17.3
Polish Zloty	3.73	0.4	0.0	-4.9	-22.7	-12.4
South African Rand	12.15	-1.7	-2.4	-4.7	-14.7	-20.2
Lesotho Loti	12.15	-1.7	-2.4	-4.7	-14.6	-20.2
Namibia Dollar	12.14	-1.7	-2.4	-4.7	-14.6	-20.1
Swaziland Lilangeni	12.14	-1.7	-2.4	-4.7	-14.6	-20.1
Fiji Dollar	0.48	-1.0	-2.1	-4.3	11.9	9.6
Afghanistan Afghani	60.70	-3.9	-5.0	-4.3	-5.0	-7.6
Chilean Peso	632.51	-3.3	-1.6	-4.1	-14.6	-23.5
Tunisian Dinar	1.94	1.1	-0.6	-4.0	-15.0	-17.8
Botswana Pula	0.10	-0.2	-0.6	-3.5	11.0	12.7
Liberian Dollar	85.50	-1.2	-1.2	-3.5	5.5	-12.5
Iceland Krona	131.91	-1.2	2.5	-3.3	-16.2	-6.7
Libyan Dinar	1.37	1.5	1.6	-3.2	-8.7	-7.4
Japanese Yen	123.67	-1.7	-3.4	-3.1	-21.4	-26.4
Kuwaiti Dinar	0.30	0.1	-1.0	-3.1	-7.0	-6.2
Kyrgyzstan Som	60.75	-3.7	3.4	-3.1	-16.6	-25.2
Honduras Lempira	21.62	1.5	1.3	-2.8	-3.2	-6.5
Thai Baht	33.79	-0.6	-3.7	-2.7	-4.1	-9.1
Mongolia Togrog	1939.00	-0.5	2.5	-2.6	-6.6	-34.4
Ethiopian Birr	20.72	-0.8	-1.5	-2.5	-5.6	-10.7
Kazakhstan Tenge	186.18	-0.2	-0.1	-2.1	-1.4	-22.8
Vietnam Dong	21819.00	0.0	-1.4	-2.0	-2.3	-3.7
Sri Lankan Rupee	133.80	0.1	-0.4	-1.9	-2.7	-3.8
Dem Rep Congo Franc	928.00	-0.9	-1.1	-1.8	-0.7	0.1
Jamaica Dollar	116.45	-0.5	-1.3	-1.8	-4.3	-15.6
South Korean Won	1109.78	-1.0	-0.8	-1.7	-8.7	4.3
Brunei Dollar	1.34	-0.1	2.0	-1.4	-7.5	-5.9
Singapore Dollar	1.34	-0.1	2.1	-1.3	-7.5	-5.8
Pakistani Rupee	101.85	0.2	0.1	-1.3	-3.3	-3.0
Dominican Republic Peso	44.92	-0.1	-0.5	-1.1	-3.8	-7.7
Philippines Peso	45.15	-1.2	-0.8	-1.0	-2.8	-4.2
Bhutan Ngultrum	63.62	-0.1	-2.0	-0.9	-5.8	-6.6
Indian Rupee	63.62	-0.1	-2.0	-0.9	-5.8	-6.6
Nepal Rupee	101.80	0.1	-1.7	-0.9	-5.8	-6.6
Haiti Gourde	47.61	2.6	0.1	-0.9	-4.3	-12.2
Nicaragua Cordoba	26.72	-0.4	0.7	-0.5	-3.0	-8.2
Guatemala Quetzal	7.63	0.6	0.1	-0.4	2.1	2.5
Jordanian Dinar	0.71	-0.1	-0.1	-0.3	0.0	0.0
Maldives Rufiyaa	15.25	0.1	0.0	-0.2	1.0	0.1
Laos New Kip	8112.50	-0.2	-0.1	-0.2	-0.6	-4.9
China Renminbi	6.21	-0.1	0.1	-0.1	0.4	-1.0
Guyana Dollar	206.90	0.0	0.0	0.0	-0.2	1.9
Bahraini Dinar	0.38	0.0	0.0	0.0	0.0	0.0
UAE Dirham	3.67	0.0	0.0	0.0	0.0	0.0
Eritrea Nakfa	15.07	0.0	0.0	0.0	-0.1	1.2
Sudanese Pound	5.75	0.0	0.0	0.0	0.3	-30.2
Ecuadoran Sucre	25000.00	0.0	0.0	0.0	0.0	0.0
Panamanian Balboa	1.00	0.0	0.0	0.0	0.0	0.0
East Caribbean Dollar	2.70	0.0	0.0	0.0	0.0	0.0
Aruban Guilder	1.79	0.0	0.0	0.0	0.0	0.0
Bahamas Dollar	1.00	0.0	0.0	0.0	0.0	0.0
Barbados Dollar	2.00	0.0	0.0	0.0	0.0	0.0
Cayman Islands Dollar	1.22	0.0	0.0	0.0	0.0	0.0
Cuban Peso	1.00	0.0	0.0	0.0	0.0	0.0
Omani Rial	0.39	0.0	0.0	0.0	0.0	0.0
Qatari Riyal	3.64	0.0	0.0	0.0	0.0	0.0
Macau Pataca	7.98	0.0	0.0	0.0	0.0	0.0
Hong Kong Dollar	7.75	0.0	0.0	0.0	0.0	0.1
Yemeni Rial	214.89	0.0	0.1	0.1	0.1	0.1
Saudi Riyal	3.75	0.0	0.0	0.1	0.0	0.0
Cambodia Riel	4068.50	-0.1	-0.8	0.1	-0.5	-0.2
Netherland Antilles Guilder	1.79	0.1	0.1	0.1	-0.6	0.0
Bangladesh Taka	77.80	-0.1	0.0	0.2	-0.3	0.0
Bolivian Boliviano	6.90	0.2	0.2	0.2	0.2	0.2
Djibouti Franc	177.10	0.4	0.1	0.2	0.0	0.4
Lebanese Pound	1507.50	0.0	-0.3	0.3	0.1	0.3
Belize Dollar	2.00	0.5	0.5	0.5	0.5	0.5
Armenia Dram	472.13	1.6	0.0	0.5	-15.0	-15.2
British Pound	1.57	1.4	5.4	0.7	-7.7	1.7
Costa Rican Colon	535.15	0.0	-0.1	0.8	1.9	-7.3
Trinidad & Tobago Dollar	6.32	0.4	0.3	0.8	-0.4	1.5
Suriname Dollar	3.38	0.0	1.5	1.5	0.0	-2.3
Sierra Leone Leone	4115.75	4.0	4.7	1.7	4.1	
Burundi Franc	1564.50	1.1	0.4	2.0	-0.9	-0.1
Taiwan Dollar	30.93	-1.3	1.1	2.3	-3.1	-2.7
Israeli Shekel	3.77	2.9	4.4	3.5	-9.9	-4.5
Somali Schilling	691.24	2.2	2.0	4.9	25.7	52.2
Gambian Dalasi	40.73	5.5	5.3	5.0	-2.1	-11.5
Malawi Kwacha	437.95	0.5	-0.3	6.1	-11.3	-33.5
Swiss Franc	0.93	1.2	2.8	6.5	-4.6	0.5
Seychelles Rupee	13.02	3.4	5.6	8.5	-5.5	-9.8
Russian Ruble	54.42	-8.1	5.5	11.6	-61.2	-65.6

BLOOMBERG

OPINION

Learning about the risks and rewards of frontier markets from Burmese beer

Rip Van Winkle is a story about a villager who sleeps for 20 years and realises when he awakens that the world has passed him by. Myanmar, the Rip Van Winkle of Asia, was an isolated pariah state for decades. From 1962 to 2011, the country was ruled by a military junta that wielded absolute power despite wide condemnation. In 2011, the military junta loosened its grip and the country is now open to investment.

Three years on, the vestiges of Myanmar's long slumber are still plainly evident. Barely two-fifths of the country's 51 million people have a mobile phone. Even consumer goods like soft drinks and instant noodles are in shortage. Its citizens have only just discovered ATMs, credit cards and iPhones over the last three years.

Yet, there is one consumer item that Myanmar's tormented people were not denied during the country's dark era — beer. In 1995, **Fraser and Neave**, a Singaporean conglomerate, entered into a joint venture with the Union of Myanmar Economic Holdings (UMEHL), a wing of the Burmese military. Together, they formed Myanmar Brewery (MBL), which has a commanding market position in the country's tiny beer industry.

| BY NIRGUNAN TIRUCHELVAM |

In 2013, I was part of the flood of curious business visitors who arrived in Myanmar, and sampled MBL's products in Yangon's watering holes. The immense potential of the business became clear to me. F&N's investment in MBL was one of the largest foreign investments in the country. MBL is already the country's largest taxpayer, with revenues of over US$250 million. In FY2014, MBL's earnings rose 50%. But beer consumption in Myanmar is still at a nascent stage.

Vietnam, a country with a similar income and culture to Myanmar, has eight times Myanmar's beer consumption per capita. Myanmar's beer industry seems to be on the same trajectory as that of Vietnam, Cambodia and Sri Lanka when their isolation ended. Vietnam was closed to consumerism until around 1985. Cambodia opened its doors around 1995. Sri Lanka was embroiled in a vicious conflict that ended in 2009. Since then, visitor arrivals have accelerated in these countries and beer sales have boomed.

MBL's success underscores the merits of investing in consumers in frontier markets. Beer is a cheaper and safer alternative to the crude, homemade hard liquor that is common in these markets. Indeed, beer is viewed as an aspirational intoxicant. Andaman Gold, one of MBL's main brands, has 8% alcohol content.

MBL is also an example of the potent mix of branding, expertise and incumbency. UMEHL has unparalleled logistical capability, which enables MBL's products to be distributed effectively. Meanwhile, the brewing of MBL's beers is based on the processes of Asia Pacific Breweries (APB), which F&N once jointly controlled with Heineken. (APB was F&N and Heineken's joint-venture vehicle in Asia. But Heineken opted out of investing in MBL because of the sanctions on Myanmar at the time. APB has since been privatised by Heineken). The result is that MBL's brands such as Myanmar Double Strong and Andaman Gold are ubiquitous and respected in Yangon.

However, recent developments at MBL have highlighted the risks that accompany the rewards of frontier markets. UMEHL's principals are connected to the Myanmar military. It is projected as a welfare organisation for the officers. Last year, UMEHL launched a claim on F&N's 55% stake in MBL. The argument was that the change in control of F&N after it was acquired by companies linked to Thai billionaire Charoen Sirivadhanabhakdhi meant UMEHL should have the chance to buy F&N's stake in MBL.

Last November, commercial arbitrators in Singapore ruled in favour of UMEHL. The abitrators also ruled that an independent valuer will determine the value of F&N's stake in MBL.

The loss of its stake in MBL is a blow to F&N. It also casts a cloud over **Thai Beverage**, which spent $3.6 billion on a 29% stake in F&N. (F&N included a substantial property business at the time, which has since been spun off.) Thai Beverage has outperformed the Straits Times Index by 113% in the last three years, and currently trades at 20 times earnings. F&N trades at 27 times earnings. Those valuations partly reflect the euphoria around the opportunities in Myanmar. The growth in the rest of their businesses is comparatively tepid. For instance, beer volume growth in Thailand is just 4%.

Myanmar may have just risen from its deep sleep, but its thirst for beer is already a lucrative business. Investors, however, must tread gingerly. E

Nirgunan Tiruchelvam is director, research at Religare Capital Markets

COVER STORY

'Rupiah and ringgit may be susceptible to risk aversion'

FROM PREVIOUS PAGE

citing recent estimates of fundamental equilibrium exchange rates from the Peterson Institute for International Economics, a think tank in the US. FEERs are valuation indicators for currencies based on economic fundamentals. According to Rees, they now indicate that many EM currencies are at levels that will lead to stable positions in the balance of payments.

"On that basis, it doesn't seem that many of the currencies need to fall significantly. The only currency that stands out in that analysis is the Turkish lira, which just needs to fall a little bit further," says Rees. Yet, it is entirely possible that EM currencies will weaken well past their FEER values as the Fed begins raising interest rates later this year, he adds. "It doesn't exclude the possibility that there could be movements away from that measure of fair value."

CAPITAL ECONOMICS

Rees: Most of the big falls in EM currencies are probably behind us

'Usual suspects' at risk

Notably, if the US dollar were to gain a renewed tailwind when the Fed raises interest rates, countries with an unhealthy combination of economic factors will be under scrutiny again. "These are countries that have substantial current-account deficits and a relatively high proportion of short-term capital flows to finance their deficits," Rees says. "[It's] the list of usual suspects — the 'Fragile Five' economies apart from India, which has pulled itself together a bit — and one or two more countries that have now fallen into the bracket, particularly Colombia."

The other members of the Fragile Five, Brazil, Indonesia, South Africa and Turkey, have failed to institute significant reforms of their economies. Rees believes their currencies will be highly vulnerable if market sentiment on their economies were to sour. Colombia is the classic case of a commodity-based economy suffering from a sharp fall in the value of its oil exports, compounded by economic mismanagement. Its current-account deficit has fallen deeply into the red, with Rees forecasting that the Colombian peso will face major downside risks over the next 12 to 18 months.

Neighbouring Venezuela is in the same boat as Colombia except that its economy is even more dependent on oil. Rees would normally include Venezuela in his analysis but for the fact that its currency, the bolivar, has not been freely traded since at least 2009. The poorly diversified nature of its economy beyond oil and political spats with the US have hurt Venezuela over the years, leading to government controls on capital outflows and its currency being traded on the black market.

"The Colombian government still maintains an official exchange rate of 6.3 bolivars to the dollar, but they've got various exchange rates, and on the black market, the currency has collapsed to more than 400 to the dollar. As far as I am concerned, it is only matter of time before we see a massive devaluation of the currency and even a default on their external debt," says Rees.

Volatility without big falls

Other than these special cases, however, Rees figures most of the big falls in EM currencies are "probably behind us", although volatility will remain a factor. "One possible source of volatility is bouts of risk aversion. If Greece does default and abandon the euro, or if the pace of tightening by the Fed is faster than expected, there could be some dislocation in the markets," he warns.

Closer to home in Asia, Rees flags Indonesia and Malaysia as countries with currencies that may be susceptible to severe bouts of risk aversion. "Indonesia's balance of payments position makes it look fragile and Bank Indonesia will want to start lowering interest rates if it can. If it does that too aggressively or takes the market by surprise, the rupiah could decline sharply," he says.

"As for Malaysia, it has been a victim of the sharp fall in oil prices. Oil prices should be broadly flat over the next 18 months, but if they do come off a little more than we expect, the ringgit will come under some pressure." The good news from Rees is that further downside for EM currencies is likely to be limited to 3% to 5%, rather than the 30% to 40% declines of the past two years. E

BLOOMBERG

The Federal Reserve building in Washington. If the US dollar were to gain a renewed tailwind when the Fed raises interest rates, countries with an unhealthy combination of economic factors will be under scrutiny again.

Are we too pessimistic about global growth?

| BY MANU BHASKARAN |

my say

Recent weeks have seen the International Monetary Fund and the World Bank downgrading their forecasts for global economic growth. In its monetary policy statement, the Federal Reserve Bank of the US also expressed caution about the economy, cutting its forecast for US GDP growth. The consensus among many learned commentators seems to agree with these downbeat expectations.

Getting the economic trajectory right is crucial for ensuring that the right monetary policy decisions are made, so these forecasts do matter. For example, the US Fed has justified its dovish stance towards monetary policy normalisation on the back of these downgraded forecasts and what they mean for unemployment and inflation. Global investors' risk appetites have grown on the expectation that weak growth will keep monetary conditions loose so as to keep boosting valuations. If growth turns out to be faster than expected, there will be a disorderly recalibration of expectations of monetary policy: Risk appetites will fall, capital will exit emerging market assets, and currencies will weaken in much of Asia.

We believe that global growth will turn out to be stronger than expected for two reasons. First, the drags on economic activity early this year are dissipating and being replaced by stronger growth drivers. Second, the underlying processes in the global economy are becoming more supportive of economic growth. This means a high risk of disruption in financial markets but we believe that most Asian countries will gain more from the global up-cycle than lose from the likely financial market turbulence.

Growth drivers turning more positive

Growth slowed in the early part of this year because of a number of one-off factors which are diminishing or reversing completely. First, the bad weather and labour strikes at ports in the US west coast are over, taking away a considerable negative. Second, the initial impact of falling oil prices was negative for growth because oil producers wasted no time in slashing capital spending and employment, while the winners from lower oil prices preferred to wait to ensure that lower oil prices were here to stay before celebrating with a surge in spending.

Sure enough, economic data in recent weeks shows that these one-offs have reversed and that a decent pickup in economic vibrancy across the world is unfolding:

- The US economy, in particular, is gathering momentum. The Conference Board lead indicator is pointing to a modest acceleration in growth. Confidence among small and medium-sized businesses, which are the economy's biggest source of labour demand, is at its strongest level this year, prompting increased hiring and capital spending plans. Consumer confidence is returning after the weakness in the beginning of the year, boosted by rising wages and growing job security because of falling unemployment. The housing sector is a source of growth as well, with strength in home sales and housing starts and as home builders' confidence levels return to post-crisis highs.
- The eurozone is also growing faster than expected. The latest purchasing manager index for June shows the region's manufacturing and services sectors at a 49-month high. Passenger car sales are growing strongly, attesting to rising consumer confidence, and unemployment is edging down. Fears earlier in the year that the eurozone would fall into a deflationary trap have eased following signs that prices were beginning to stabilise.
- Japan's economy is turning around, overcoming the hit to growth from last year's increase in the sales tax: Economic growth in the first quarter was strong with corporate capital spending accelerating. The more recent strength in core capital goods orders suggests that capital spending will continue to support growth. The spring wage negotiations point to a further rise in wages, which will support consumer spending.

The strong momentum in the developed economies of the US, Europe and Japan means that about half of world GDP is now accelerating. Since these three giant economies are well-integrated, growth in one spills over into another, reinforcing each other's prospects.

The less favourable news has been in large emerging economies such as China, Russia, Brazil, Turkey and South Africa, where the headwinds remain daunting. But these countries account for only about 20% of world output. Moreover, India and other emerging economies are doing well, so the overall global economy is in increasingly good shape.

Underlying processes in the world economy largely support growth

If we look beyond the data at the underlying processes driving the world economy, this positive interpretation of global prospects becomes more convincing.

First, the sharp fall in oil prices and in commodity prices in general will boost growth more forcefully over the next few months. The World Bank estimates that a sharp fall in oil prices of the magnitude we have seen and which is caused by supply factors will boost global growth by around 0.7 to 0.8 percentage points over the medium term.

What about the negative impact on commodity producers? Remember that there are far more businesses and consumers who use commodities than there are commodity producers. Also, remember that the winners from high commodity prices in developing countries like Indonesia are usually large corporations, such as the big mining companies, not the average citizen. So, the losses to commodity producers are more than offset by the gains to businesses that produce manufactured goods, and to consumers. The fall in energy costs and costs of most raw materials, including base metals and rubber, supports growth in two ways: (a) reduced production costs will boost profitability and so incentivise manufacturers to raise output and employment; and (b) as lower production costs are passed on to consumers, they will raise demand as well.

Second, liquidity conditions remain supportive of growth in most parts of the world. Despite the recent rise in bond yields in the US and Europe, yields remain low in historical terms. Combined with the rise in equity valuations over the past year, the overall cost of capital has actually fallen, just as improving economic prospects are raising potential returns on investment. This is a strong argument for investment, which has been disappointing so far, to recover. With so many new technologies reaching takeoff points — 3D printing, robotics, social-mobility-analytics-cloud computing and bio-medical advances, huge new investment opportunities are opening up as well. This week's data showing core capital goods demand turning around in the US is encouraging, though we will need a few more months of data to be sure.

Third, the recovery in the US and other developed economies has been disappointing so far in that it has not generated as strong a recovery in Asian exports of manufactured goods as expected. However, we believe that the global recovery is entering a new and more import-intensive phase. If investment spending does recover more strongly, as argued above, then demand for components of capital goods that Asians produce will rise. Moreover, the lagged impact of a stronger US dollar will also kick in, boosting Asian exports.

What about the risks?

There are certainly several areas where things could potentially go wrong.

First, China: Although data in the last two weeks shows that China's economy is beginning to stabilise, there are many troubling signs that make us wonder whether this stabilisation is for real. For instance, while purchasing manager indices have edged up, the fact that hiring has been slashed, capital spending is weak and loan demand is at multi-year lows raises the question of how sustainable the stabilisation can be if businesses do not have enough faith in the future to add jobs and capacity. Equity markets have soared, driven by liquidity, a worrying rise in margin debt and the comfortable assumption that policymakers will take care of any risks. It will be sensible to expect that China will experience some stresses in the coming months, even if policy support does contain the worst scenarios.

Second, if US growth does pick up well ahead of expectations as we believe, US monetary policy will have to tighten a lot more quickly than markets currently expect. As we saw in the May 2013 "taper tantrums", abrupt changes to a complacent market consensus can cause a lot of disruption in financial markets, especially for emerging market economies. It is probably inevitable that emerging markets become stressed in the strong growth scenario that we foresee. At this point, it is markets such as Brazil, Turkey and South Africa that look particularly vulnerable given the challenges they face.

Conclusion: what is the bottom line for our region?

In short, overall global demand will pick up but risks related to China and monetary tightening could worsen.

Asian markets will face risks but we suspect they will be less than in the 2013 taper tantrum:

- India's fundamentals have improved hugely — greater political confidence, a current account deficit that has virtually disappeared, sharply lower inflation, a strong rupee and a rising economic cycle.
- Indonesia has also seen some improvement but not as much as India — inflation is actually higher today than in May 2013, and while the current account deficit has come down below 2% of GDP, Bank Indonesia estimates that it is likely to rise again soon. Moreover, Indonesia's rupiah has been volatile as well, unlike the Indian rupee which has remained remarkably resilient in the face of the recent financial turbulence.
- Malaysia's economic fundamentals are reasonably good — a credible central bank, a strong current account surplus, relatively low inflation, an improving fiscal position and rising private investment. As one of the world's most open economies, it will be one of the biggest winners from the expected recovery in global demand. However, the ringgit has been hurt as a result of the controversy over government-backed entities such as 1Malaysia Development Bhd and the subsequent increase in political temperatures.
- Singapore's robust financial position and super-strong external accounts will allow it to weather any renewed instability in financial markets, while its manufacturing sector will gain from rising export demand. However, its real estate sector is already deflating, so the prospect of rising US interest rates will cause domestic rates to rise and reinforce the real estate correction.
- The Philippines and Vietnam are likely to be resilient — their economies are growing nicely, and external accounts are in relatively good shape.

Overall, we believe that the risks can be mitigated: The underlying momentum in the world economy should be strong enough to offset the risks. E

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BLOOMBERG

Growth in the US is expected to improve as one-off factors that have slowed growth early this year, such as bad weather, are diminishing or reversing completely

Stocks with momentum*

NAME	DATE FLAGGED	PRICE	MARKET CAP ($ MIL)	P/E	PEG	P/NAV	DIVIDEND YIELD (%)	ROE (%)	GEARING (%)	INTEREST COVER	VALUATION FACTOR*	FUNDAMENTAL FACTOR**
Singapore Medical Group	June 24	0.145	38.64	(20.32)	NA	5.59	NA	9.26	NA	22.08	0.00	2.10
Keong Hong Holdings	June 24	0.455	109.2	0.23	(0.25)	1.26	3.76	27.26	NA	56.98	1.80	2.10
Lum Chang Holdings	June 24	0.405	152.09	0.33	0.33	0.73	4.92	17.78	NA	10.37	3.00	1.90
Super Group	June 24	1.125	1.249 bil	1.04	(0.6)	2.36	2.76	13.69	NA	418.73	1.10	3.00
China Minzhong Food Corp	June 23	0.93	609.56	0.51	(0.24)	0.53	11.68	7.17	NA	6.96	2.40	2.30
Luzhou Bio-chem Technology	June 22	0.03	12.28	NA	NA	0.70	NA	(105.4)	850.21	(2.56)	0.90	0.20
Sunmoon Food Co	June 19	0.055	15.94	NA	NA	1.20	NA	(22.86)	3.53	(2.71)	0.30	0.95
Joyas Intl	June 19	0.023	7.8	(0.49)	0.01	1.71	NA	31.13	NA	2.06	0.90	1.50
Hengxin Technology	June 19	0.4	192.06	1.16	0.39	0.75	NA	8.89	NA	29.36	1.70	2.50
Mandarin Oriental Intl USD	June 18	1.53	1.995 bil	2.19	28.29	2.08	4.15	10.02	42.14	7.79	1.10	1.40
Mapletree Greater China Commercial Trust	June 17	1.03	2.282 bil	NA	NA	0.86	NA	NA	36.15	NA	1.55	0.90
Singapore Reinsurance Corp	June 17	0.32	196.7	1.52	(0.75)	0.81	4.61	7.40	NA	NA	2.10	0.35
Ezra Holdings	June 16	0.3	310.15	0.60	0.04	0.20	NA	6.66	139.97	3.17	2.10	0.80
Hanwell Holdings	June 16	0.26	151.31	(19.23)	(1.6)	0.56	NA	2.25	NA	10.41	0.90	1.85
Yamada Green Resources	June 16	0.099	57.31	0.19	(0.44)	0.31	2.43	10.48	0.74	146.26	1.80	2.30
Viva Industrial Trust	June 16	0.79	492.62	NA	NA	1.02	NA	NA	42.94	NA	NA	NA
Mercurius Capital Investments	June 15	0.016	17.66	1.09	(0.29)	0.41	NA	5.67	54.22	2.48	1.10	0.40
QAF	June 15	1.105	615.28	1.42	0.3	1.46	4.49	11.24	NA	32.17	2.00	1.80
Joyas Intl Holdings	June 12	0.026	8.16	(0.51)	0.01	1.78	NA	31.13	NA	2.06	0.90	1.50
Global Invacom Group	June 12	0.315	87.54	1.23	(0.35)	1.08	1.70	10.20	NA	518.79	0.80	2.50
Debao Property Devt	June 11	0.083	100.12	1.08	(0.52)	0.34	2.62	6.99	127.45	4.39	2.00	1.00
TT Intl	June 10	0.079	64.59	NA	NA	1.10	NA	NA	747.76	(0.63)	0.30	0.00
Ntegrator Intl	June 9	0.029	20.98	NA	NA	1.50	NA	(26.65)	NA	(40.79)	0.30	0.95
Jiutian Chemical Group	June 9	0.048	87.29	3.96	(0.8)	0.83	NA	5.07	NA	NA	1.10	1.65
Q & M Dental Group (S)	June 9	0.75	580.07	3.67	1.32	7.25	0.86	18.28	0.66	27.23	1.10	1.75

Table updated as at June 24, 2015

**Stocks With Momentum are counters that have exhibited heightened trading volume and price movements versus their historical averages. A list of these counters is provided daily at www.theedgemarkets.com.*

*** Valuation factor is a composite measure of the historical return and valuation of the company's stock. Fundamental factor is a composite measure of the company's balance sheet strength and profitability. In both cases, the measure ranges from zero to three, with three being best and zero being worst.*

Q&M acquires 60% stake in Penang dental group for $4.4 mil

June 22 — Q&M Dental Group has agreed to acquire a 60% stake in Smilebay Dental Clinics for RM12.29 million ($4.4 million).

Founded in 1999, Smilebay operates a chain of six dental clinics in Penang, Malaysia.

Q&M says the proposed acquisition is in line with the company's plan to continue the expansion of its main dental business in Malaysia and enables the company to add six fully operational clinics in Penang.

The vendors of the shares are Dr Yong Peng San, Tong Hiew Yu, Dr Tan Pui Ling and Dr Lim Sze Ming.

Under the agreement, about RM6.8 million will be paid in cash to the vendor shareholders, while the remaining RM4.5 million will be paid with Q&M shares at 72 cents each.

Q&M will also increase the issued capital of Smilebay by RM1 million within one month of completion of the deal.

Q&M closed at 71 cents today. — *By P C Lee*

Sembcorp Marine, Keppel stand by denial of bribery in Brazil

June 23 — Keppel Corp strongly refuted allegations of its involvement in a scheme that paid bribes to secure multi-million-dollar rig-building contracts from a company linked to Brazilian national oil company Petrobras.

"We strongly refute allegations made regarding Keppel FELS' involvement in the payment of bribes relating to the ongoing investigations surrounding Petrobras in Brazil," Keppel Corp said in a statement.

A Bloomberg report today cited testimony released by a Brazilian court alleging that Estaleiro Jurong Aracruz, a unit of Sembcorp Marine, and Keppel FELS were among several companies that paid bribes through intermediaries to win 21 rig-building contracts worth US$800 million ($1.1 billion) each from Sete Brasil.

The report said the allegations were made by Pedro Barusco, a former Petrobras and Sete Brasil director who has agreed to return to authorities about US$97 million that he said he earned from bribes, including payments from shipyards to win work with Sete Brasil.

Keppel Corp said it has a Code of Conduct that prohibits, among others, bribery and corruption. "Our employees are required to conduct themselves with integrity, in an ethical and proper manner, and in compliance with the applicable laws and regulations of the countries in which we operate, including anti-bribery laws," it said.

Sembcorp Marine is also standing by its denial of the allegations.

In its Feb 8 statement, the company said it did not make any illegal payment and that its policies and contracts prohibit bribery and unethical behaviour. In its March 30 statement, the company reiterated its anti-bribery policy and said it was conducting internal investigations.

Shares in Keppel Corp closed at $8.40 while shares in Sembcorp Marine closed at $2.88 today. — *By Leu Siew Ying*

Ezra sets issue price of rights shares at 10.5 cents each

June 23 — Ezra Holdings has set the issue price for each rights share at 10.5 cents, on the basis of 190 rights shares for every 100 shares.

This represents a discount of 38.4% to the theoretical ex-rights price for each rights share, said Ezra.

The total number of rights shares to be issued is about 1.9 billion shares, which means Ezra will raise $202 million from the rights issue.

On May 30, the oilfield services firm announced plans to raise about $400 million through a combination of rights issue — sale of shares to existing shareholders — and convertible bonds to refinance debt.

Proceeds will be used to repay $225 million fixed rate notes and $150 million perpetual securities.

Ezra shares closed at 26.5 cents today. — *By P C Lee*

Singtel says 'balanced and complete view' needed on how it remunerates CEO, senior management

June 23 — Singapore Telecommunications has hit back at media reports critical of the 19% pay hike group CEO Chua Sock Koong received for the fiscal year ended 2015 despite weak earnings growth from the previous year.

In a filing with the Singapore Exchange, Singtel chairman Simon Israel said it is important that its shareholders and the public have a balanced and complete view of how it remunerates its CEO and senior management.

According to Singtel's annual report released on June 22, Chua's pay rose by about $900,000 to nearly $5.6 million from a total of $4.71 million the preceding year, with increases in both her fixed wage and variable bonus.

In comparison, Singtel posted a 3.5% y-o-y growth in net profit to $3.78 billion for the financial year ended March 31. Operating revenue grew 2.2% to $17.22 billion over the same period.

Israel said Singtel has a pay-for-performance philosophy that measures and rewards short-term, mid-term and long-term performance.

"This is a true measure of value creation for our shareholders and is not linked in any way to the vagaries of the stock market. It is important to note that this bonus can be clawed back if Singtel does not continue to deliver sustainable value," said Israel.

According to Israel, Singtel's total shareholder return for this year's award was 25% compared with 11% for the Straits Times Index and 12% for the MSCI Asia Pacific Telco Index.

"Our compensation framework ensures an alignment between compensation and performance. The increase in total compensation to the CEO of 11% (19% cash component) reflects the outperformance against various plans and their targets, and not profits alone," explained Israel.

In addition, as a large and complex business that operates across the region, Singtel's compensation is also benchmarked against comparable businesses.

"Three quarters of our earnings come from overseas and this diversification has helped create considerable shareholder value," he added.

Singtel closed three cents lower at $4.27 today. — *By P C Lee*

BLOOMBERG

SATS' unit TFK signs $325 mil in-flight catering contract with Delta Air Lines

June 24 — SATS announced its 59.4%-owned subsidiary in Japan, TFK Corp, has secured a multi-year in-flight catering contract from Delta Air Lines valued at ¥30 billion ($325 million).

TFK is expected to start catering services for Delta at both Narita and Haneda International Airports in Tokyo by October this year.

Delta currently operates 22 peak-day flights from Narita and Haneda.

The airline's owned and operated in-flight kitchen in Narita will close following the transition to TFK.

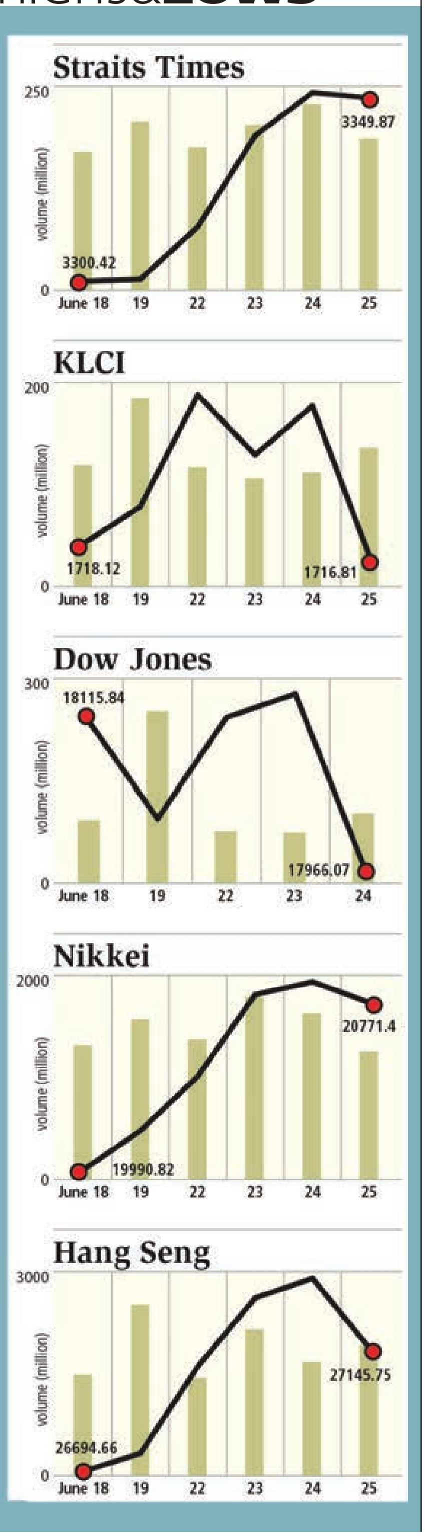
"We are delighted to welcome Delta back to TFK. This new agreement re-establishes our long-standing relationship of 22 years, which had ended in 2009 following Delta's merger with Northwest Airlines," SATS president and CEO Alex Hungate said.

TFK now serves more than 40 airlines, including Japan Airlines, Singapore Airlines, Qantas, Lufthansa, Air France and major Chinese carriers.

The contract is not expected to have any material impact on SATS' net tangible assets per share and consolidated earnings per share for the current financial year.

SATS closed three cents higher at $3.53 today. — *By P C Lee* E

HIGHS&**LOWS**



Greek boost?

All eyes will be on efforts to reach a debt deal for Greece

| BY LOH CHEN-YI |

The Singapore market staged a rebound this past week as global risk factors abated. One factor lifting sentiment was that efforts to resolve the Greek crisis appeared to be making headway. Investors appear to be betting that the main actors in the eurozone's long-running saga will reach a compromise ahead of a June 30 deadline for Greece to accept the terms of a refinancing package. However, gaps remain on a number of issues. The International Monetary Fund has concerns that genuine reforms to the country's much-criticised pension system are sorely lacking. Greece's reliance on improving its tax collection rather than cutting back on spending is also viewed as an unrealistic option to reduce its debt burden.

Some voices are also warning that a successful outcome to the negotiations is not certain, and investors need to be prepared for contingencies. Russ Koesterich, chief investment strategist at BlackRock, believes that in the absence of a comprehensive settlement, some form of capital controls will be imposed by the Greek government. It will be needed to stem a worsening run on Greek banks that is already occurring, and reduce the outflow of money from the country. "That said, investors should not equate the imposition of capital controls with a Greek exit from the eurozone. Our base case remains that a solution, albeit a temporary solution, is likely to be found," he writes in a recent report.

But for the time being, investors clearly prefer to adopt an optimistic view of the situation. At the close of trading on June 25, the Straits Times Index put on 49.45 points, or 1.5%, for the week to close at 3,349.87. But average turnover in the market was the usual $1 billion in the value of daily trades done. Market activity was also dominated by the likes of **Debao Property**, **Noble Group** and **YuuZoo** on company-specific themes.

Noble, in particular, has been in the spotlight for its stock buyback exercise, which appears to have stemmed a tide of selling for the time being. The company had reportedly bought more than 134 million shares, or nearly 2% of its issued capital, by June 24. During Noble's AGM in April, its shareholders approved a resolution to buy back nearly 674 million shares from the market. Noble's share price closed up two cents at 73.5 cents on June 25 and was the third most heavily traded counter that day.

On broader market themes, Credit Suisse says it has a positive outlook for Singapore stocks, especially as the US Federal Reserve approaches a lift-off in rates after nearly a decade of ultra-loose monetary policy. The Swiss bank points to the defensive nature of the local market by highlighting how the MSCI Singapore Index outperformed the broader region in all episodes of Fed tightening from 1994. "In each of these episodes, MSCI Singapore outperformed the MSCI Asia ex Japan Index, as measured by peak-to-trough decline and three-month performance, after tightening," says Credit Suisse in a June 22 report.

Credit Suisse adds that from a valuation perspective, the price-to-book ratio of 1.34 for Singapore is already below a 2004 low of 1.53 when the Fed began a cycle of rate hikes, as well as a low of 1.36 during the 2013 "taper tantrum". Singapore is also one of the four cheapest markets on a relative-valuation model that compares P/B ratios to return on equity. "We suggest hiding in Singapore banks and consumer staples. MSCI Singapore banks' P/B has dropped to 1.28, which is just 4% above the lows seen during the Fed taper tantrum," says Credit Suisse. It recommends **DBS Group Holdings** and **United Overseas Bank** as its core banking stocks.

Likewise, Credit Suisse highlights that valuations of consumer staple stocks in the MSCI Singapore Index is undemanding at a current P/B of 0.72. "**Wilmar** is a potential beneficiary if a moderate El Niño hits. For mid-caps, we like **Raffles Medical** and **First Resources**," it says.

Conversely, property and telco stocks will be the "most vulnerable" when the Fed starts its rate hikes. "MSCI Singapore telcos' P/B is at 2.84, above the lows of 1.98 and 2.52 in previous episodes," says the bank. Singapore property stocks have corrected only 9% from their highs versus a correction of 22% in 2004 and 24% during the taper tantrum of 2013. The P/B ratio of 0.95 for MSCI Singapore property stocks is also well above their low of 0.77 in 2004.

What to look out for

With the June 30 repayment deadline for Greece occurring this week, all eyes will be on its negotiations with creditors. A compromise solution must be reached, failing which, a replay of September 2008, when Lehman Brothers went bankrupt, could occur on a smaller scale.

If all goes well for Greece, as hoped, the markets will have the US employment report as the next key event on their watch-list. The report will be published on Thursday, July 2, instead of the first Friday of the month, owing to the observance of Independence Day on July 3. A strong reading for non-farm payrolls, or a figure in line with consensus forecasts of 225,000 jobs, should confirm that the Fed is on course to tighten monetary policy before year-end. E

Singapore stocks

Buy banks, developers, Jardine group, SingPost, says CLSA's Jonathan Galligan

| BY ASSIF SHAMEEN |

One of the key beneficiaries of the US Federal Reserve's zero interest rate policy in Southeast Asia were Singapore-listed stocks. With the Fed ready to raise rates in September, should investors sell Singapore and run? They need not fret too much about the Fed hikes says Jonathan Galligan, head of Singapore research at CLSA. While there is likely to be volatility in the immediate aftermath of the rate rise as capital is sucked out of emerging markets, when the dust settles there will be plenty of decent offerings in the local market, argues Galligan.

Following a strong rally in the aftermath of the global financial crisis, Singapore stocks have taken a breather of sorts over the past year. The benchmark Straits Times Index is down 2.9% over the past month and is up barely 2.7% over the past year. (US barometer the Standard & Poor's 500 Index is up 8.9% over the past year, but virtually flat over the past month.) Singapore's fundamentals may not look as attractive as the next flavour-of-the-month emerging market, but they aren't shabby either, he argues. "Three to four per cent earnings growth and 3.5% yield is not unattractive for a developed market like Singapore," notes the CLSA analyst.

To be sure, slowing economic growth and corporate earnings has been weighing on markets in Southeast Asia. While a healthy and growing Asean region and China is seen as a positive, Galligan notes that Singapore is a low-beta, safe-haven market that generally underperforms when its neighbours are doing well, but performs better when they are being sold off. Compared with Indonesia, India, Malaysia, Thailand and other emerging markets, "investors are getting a significantly lower level of risk in Singapore and the trade-off is slightly slower earnings growth", he says.

Over the past five years, Singapore was a magnet for global dividend investors who were searching for yield, so local real estate investment trusts (REITs), telcos and banks were in a sweet spot. Now, as interest rates rise, dividend strategies globally are under threat as bond yields go up. Moreover, investors searching for yield in Singapore no longer have the tailwind of currency appreciation against the greenback. Indeed, the underlying fundamentals of some of the local companies have begun deteriorating in recent quarters. Still, "relative to their Asean peers, Singapore companies are in a class of their own with un-leveraged balance sheets and high dividend payout ratios", says Galligan. "Dividend strategy is still alive and well but investors now need to be a little more careful and go for stocks that have better earnings potential," he argues.

That means moving away from telcos and REITs. Instead of looking at stocks with just high yield, investors should focus on those that might have slightly lower yield, but higher earnings growth and whose returns are more sustainable. "Investors need to look for companies where return on invested capital is higher than the weighted average cost of capital, or the money that companies are getting back from investments is more than their borrowing cost," Galligan told *The Edge Singapore* in a recent interview.

Property, plantation, telco stocks

So, how can investors make money over the next 12 months? "The correct way to position yourself in Singapore right now is to find high-quality businesses that are well run with managements focused on the long term," says Galligan. He is slightly overweight developers even though he believes the property market faces strong headwinds and will continue to decline over the next 12 months. "Some of the stocks have now priced in a lot of downside and, as such, are trading at attractive valuations for long-term investors," he argues. He touts **City Developments** and **CapitaLand**, which he believes are looking "fairly interesting" right now. "CapitaLand has a great China portfolio and that is a substantial part of their business now," he notes. The property stock selloff as the Fed begins to raise rates in September, Galligan argues, should be seen as a buying opportunity. He is less sanguine on the REITs though, conceding that retail REITs will remain under pressure in the foreseeable future. He argues, however, that even in that segment, some like **Frasers Centrepoint Trust**, which has big exposure in suburban malls, look attractive. Among office REITs, CLSA likes **CapitaLand Commercial Trust**, which Galligan says is better positioned relative to its competitors.

Galligan is still neutral on the plantation sector despite the recent weather-related rebound. The only name he likes in the space is **First Resources**, which owns oil palm plantations in Riau and Kalimantan. "We believe that palm oil prices will eventually recover," he says. That's not an El Niño call or a punt on the weather, but a belief that the sector, which has rebounded 10% recently, may be turning the corner. "Agri players are highly cyclical but you never know when the cycle might turn because it is often due to the weather turns or supply imbalances," he notes. Yet, First Resources is unique in that substantial parts of its plantations are only just maturing. "They are likely to produce more and yield more than most of their competitors," as the cycle turns, he notes.

CLSA is now lukewarm on the telco sector that was re-rated a few years ago as yield-hungry investors piled into them. As the yield hunters move out, valuations are likely to become more stretched. "Telcos are trading way above their long-term averages and now have significant challenges," argues Galligan. "There are not a lot of growth opportunities locally, their earnings are under threat and as earnings decline, their dividend payout may be lower," he says. There is also the impending arrival of a fourth operator. Among telcos, Galligan's only pick is **Singapore Telecommunications** (Singtel), which he argues has done a great job diversifying within the region as well as outside its core telco business. "Singtel would be the least impacted among the incumbent trio whenever the fourth operator launches," argues Galligan, who started out in the venture capital business before joining CLSA.

Banks, Jardine group, SingPost

In a rising interest-rate environment, the spotlight will be trained squarely on the local property market. "There are three headwinds facing real estate: rising rates, a glut of new supply and, on the demand side, a slowdown in immigration with fewer foreigners coming in, which is being reflected in a softer rental market," notes the CLSA analyst. On top of that, there have been eight rounds of tightening measures to cool soaring property prices. "If you look at the property index, from the peak to the current level, prices are only down 6%," he says. While he agrees that things could get ugly for the local property market, he argues there is a silver lining. "If things do get difficult, the government has the option of relaxing some of the measures," he notes. "Clearly, there is a lot of room to manoeuvre."

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Galligan: Time to move out of yield plays like REITs and telcos

Galligan says the three locally listed banks will do fine over the next 12 months or so. In a higher interest rate environment, the banks benefit from improving net interest margins, he notes. Even though GDP growth is likely to be lacklustre, around 2.8%, it is unlikely that local banks' fundamentals will deteriorate substantially in the foreseeable future. "How banks do will depend on how quickly the rates go up," he says. "If the rates go up at a measured pace, banks will be fine." CLSA prefers **United Overseas Bank** in the financial sector as a medium to long-term play, though from a short-term valuation perspective, **DBS Group Holdings** looks good as well, he argues.

Galligan is also bullish on the Jardine group companies — particularly conglomerate **Jardine Matheson** and **Jardine Cycle & Carriage**, the auto distributor that has a huge footprint in Indonesia through **Astra International**. "We have had a 'buy' on JC&C for a while but our call has been wrong so far because the rupiah has been far weaker than we had anticipated," he says. "The Jardine group are probably the best-in-class operators in Asia. They invest in high-quality businesses that they want to be in over a long period and they do everything they can to support and grow those businesses." The Jardine group's focus is on long-term growth rather than trying to boost short-term earnings. "What the Jardine group delivers for equity investors is consistency. They are not the top performer one year to the next, but if you measure over a five- or 10- or 15-year period, the Jardine group companies are among the top performers." JC&C's earnings are expected to grow 18.2% this year and 13% next year. The stock trades at 11 times this year's earnings.

Another favourite is **Singapore Post**, which is emerging as a regional e-commerce play. Chinese e-commerce giant **Alibaba Group Holding** last year bought a 10.3% stake in the firm, whose main business is still postal delivery. Last week, SingPost itself bought a 30% stake in Hubbed, an Australian e-commerce player, and is strengthening its e-commerce delivery platform. "We think e-commerce will play out as a big story in the region over the next five years," says the analyst. "Right now, e-commerce makes up just 1% of total retail sales in Singapore even though everyone has a smartphone," he notes. "It's only a matter of time before it takes off in a big way and becomes 5% or 10% of total sales. Companies like SingPost, which do the delivery, will make money," he says.

Avoid O&M stocks, buy Noble

So what is Galligan staying away from? The offshore and marine sector, for one. "I think it is far too early to be jumping into the O&M space right now," he argues. "While we believe the O&M sector will eventually turn, now is not the time to be in there." He notes there are plenty of short sellers across the O&M space. "The fundamentals of the sector are still very difficult and we don't see a catalyst." CLSA's only "buy" in the sector is offshore service provider **Ezion Holdings,** a favourite of short sellers. "The big question around Ezion has been whether their earnings will come through over the next year," he says. "We believe they will."

One big contrarian call for CLSA in Singapore is the beleaguered **Noble Group.** "It's a very tricky call," he concedes. "We have heard all the doomsday scenarios but we think everything has a price," he says. CLSA's Singapore strategist argues that Noble is not a stock for everyone right now because there are a lot of risks associated, but for investors who have the stomach, the stock could ultimately provide a lot of upside."Clearly, there are issues with the company but that doesn't mean the stock should sell at these levels," says Galligan. "The bulk of the allegations are about over-aggressive accounting practices as opposed to fraudulent claims about what they own," he notes. The next 12 to 18 months may not see local stocks touching new heights, but as the Fed moves and emerging markets take a beating following a capital flight and a surging US dollar, the Singapore market will re-establish its safe haven credentials. E

Versalink Holdings, IHH Healthcare and Engro Corp to trade ex-dividend

| BY AMY TAN |

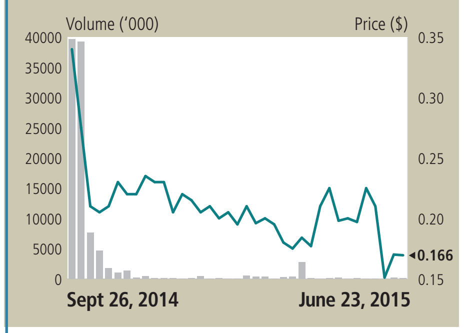
Versalink Holdings is trading ex-dividend on July 1 for a final dividend of 0.5 cent for FY2015 ended February. This translates into a dividend yield of about 3%, based on its June 23 closing share price of 16.6 cents. The Malaysia-based company made its debut on the Catalist on Sept 24, 2014.

Versalink designs, manufactures and supplies a wide range of system furniture under its Versalink brand, or on an OEM (original equipment manufacturer) basis that can be tailored to customers' specifications. The group also supplies ancillary products, such as seating models and work tools, that it sources from third-party manufacturers. In addition, Versalink is the reseller for various established international third-party brands of premium office furniture, such as ZÜCO Bürositzmöbel AG of Switzerland and Dauphin HumanDesign of Germany.

Its earnings declined from RM14.54 million ($5.2 million) in FY2014 to RM601,000 in FY2015 on the back of a 24.1% y-o-y decrease in revenue to RM59.8 million. This is attributed to economic uncertainty and a slowdown of the group's global businesses and domestic developments in Malaysia. Many significant projects that the group had enjoyed previously have been deferred prior to the introduction of the Goods and Services Tax (GST) by the Malaysian government, which came into effect in April. As at end-February, the group held cash and cash equivalents of RM24.95 million.

Meanwhile, **IHH Healthcare**, another Malaysian company, is trading ex-dividend on July 1 for a final dividend of three sen for FY2014 ended December. This translates into a dividend yield of about 0.5%, based on its June 23 closing share price of $2.06. In FY2013, the group paid a final dividend of two Malaysian sen.

Versalink Holdings



Valuation score*	–
Fundamental score**	–
TTM PER (x)	–
TTM PEG (x)	–
P/NAV (x)	1.02
TTM dividend yield (%)	–
Market capitalisation ($ mil)	22.95
Shares outstanding (ex-treasury) (mil)	135.00
Beta	1.43
12-month price range ($)	0.15 to 0.37

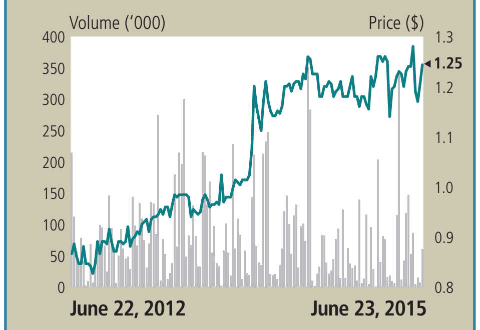
**Valuation score — Composite measure of historical return and valuation*
***Fundamental score — Composite measure of balance sheet strength and profitability*
Note: A score of 3.0 is the best to have and 0 is the worst to have

IHH Healthcare

Valuation score*	0.70
Fundamental score**	1.65
TTM PER (x)	61.65
TTM PEG (x)	3.94
P/NAV (x)	2.37
TTM dividend yield (%)	0.35
Market capitalisation ($ mil)	16,880.30
Shares outstanding (ex-treasury) (mil)	8,194.32
Beta	0.59
12-month price range ($)	0.01 to 2.25

**Valuation score — Composite measure of historical return and valuation*
***Fundamental score — Composite measure of balance sheet strength and profitability*
Note: A score of 3.0 is the best to have and 0 is the worst to have

Engro Corp



Valuation score*	2.20
Fundamental score**	2.50
TTM PER (x)	9.86
TTM PEG (x)	3.34
P/NAV (x)	0.61
TTM dividend yield (%)	4.15
Market capitalisation ($ mil)	143.04
Shares outstanding (ex-treasury) (mil)	118.70
Beta	0.24
12-month price range ($)	1.14 to 1.28

**Valuation score — Composite measure of historical return and valuation*
***Fundamental score — Composite measure of balance sheet strength and profitability*
Note: A score of 3.0 is the best to have and 0 is the worst to have

CHARTS: BLOOMBERG/THEEDGEMARKETS.COM

IHH Healthcare is listed on both Bursa Malaysia Securities and the Singapore Exchange. Its business units operate over 7,000 licensed beds in 38 hospitals as well as medical centres, clinics and ancillary healthcare businesses across 10 countries. It has over 3,000 new beds in the pipeline, to be delivered through new hospital developments and the expansion of existing facilities.

For FY2014, group earnings rose 20% y-o-y to RM754.3 million on the back of a 9% y-o-y increase in revenue to RM7.3 billion. The better performance was driven in part by the improving contributions of the group's new hospitals, Acibadem Atakent in Turkey and Pantai Hospital Manjung in Malaysia, which have rapidly gained momentum.

As at end-December, the group held cash and cash equivalents of RM2.5 billion. The group has adopted a dividend policy in which it will reward its shareholders with no less than 20% of its earnings and minority interests, excluding exceptional items.

Elsewhere, **Engro Corp** is trading ex-dividend on July 3 for a first and final dividend of three cents per share for FY2014 ended December. This translates into a 2.4% dividend yield, based on its June 23 closing price of $1.25. In FY2013, the group paid total dividends of five cents, comprising a first and final dividend of three cents and a special dividend of two cents.

Engro manufactures and sells cement products. For FY2014, the group recorded a 49.5% y-o-y decline in earnings to $13.05 million, despite a 4.8% y-o-y increase in revenue to $174 million. The decrease in earnings is attributed to the absence of an exceptional gain of $14.2 million from the disposal of an investment property in FY2013. As at end-December, the group held cash and cash equivalents of $36.97 million. E

Cott beats Coke and Pepsi as it swaps soda for water

| BY JEN SKERRITT |

Cott stock is beating its North American peers, including **Coca-Cola** and **PepsiCo**, as the Canadian beverage maker diversifies away from sugary soft drinks to cater for health-conscious consumers.

Investors are banking on Cott's ability to increase profits after the provider of private-label soft drinks to companies such as **Wal-Mart Stores** became the biggest publicly traded water supplier to US homes and offices.

While consumption of carbonated sodas is declining as consumers seek healthier options, a US economic recovery is stoking demand for water and coffee delivery. Cott gained a major foothold in that market last year with the US$1.25 billion ($1.7 billion) purchase of Atlanta-based DS Services of America, which supplies 1.5 million homes and offices.

"They've managed to change their portfolio mix, their cash flow and we think it is going to accelerate from here," says Jack Murphy, senior portfolio manager at New York-based Levin Capital Strategies, the largest holder of Cott shares. "Over the next couple of years, I think that's a very reasonable return, and it could be better than that."

Levin Capital has tripled its holdings since November when Cott announced the acquisition, its largest ever, Murphy said by phone recently.

The Mississauga, Ontario-based company's shares have returned 60% this year, while PepsiCo returned 2.5% and Coca-Cola lost investors 2.8%, according to data compiled by Bloomberg. That is more than six times the average for North American beverage makers worth more than US$500 million and second only to the 65% return for Coca-Cola Bottling, the largest independent bottler of Coke products in the US.

Kent Landers, a spokesman for Coca-Cola in Atlanta, says the company doesn't comment on its stock performance or its competitors. PepsiCo didn't respond to an interview request from Bloomberg News.

Cott has used its soft-drink manufacturing lines to make sparkling and flavoured waters, energy drinks and sparkling teas. DS Services is providing Cott with a truck distribution network to sell some of those products directly to customers, CEO Jerry Fowden says in an email.

DS Services also came with its own bottled water brands, such as Alhambra, Hinckley and Sparkletts.

Now Cott will pursue as much as US$20 million in acquisitions of smaller water and coffee delivery services to expand its distribution, Fowden says.

"We will have the opportunity to participate in the continued roll-up of smaller players at attractive valuations within the home and office bottled water delivery market," Fowden says.

Fowden expects rising sales of bottled water, mixers and coffee will help offset the decline in sodas. Soft drinks now account for less than 20% of Cott's revenues, down from 41% in 2012.

Cott, which has 60 manufacturing facilities in the US, Canada, the UK and Mexico, was founded by Henry Pencer, who started importing Cott sodas into Canada in 1952 and began bottling beverages in Quebec three years later.

Four analysts recommend buying the stock, while four have a "hold" rating and one says "sell", according to data compiled by Bloomberg. Seven of the analysts have an average 12-month price target of C$14.12 a share, according to the data. Cott closed down 0.3% at C$12.59 on June 24.

While Cott is focusing on healthier drinks, declines in the company's legacy soda business may pressure earnings estimates, according to a May 8 Stifel Financial report.

Soft drink, juice and snack producers could see reduced sales and increased production costs when the US government implements new dietary guidelines this fall, according to a June 2 Bloomberg Intelligence report.

Cott also has the highest debt-to-earnings ratio of its North American peers after its purchase of DS Services, Bloomberg Intelligence analyst Kenneth Shea says in a May 27 report. The company's stock is more than twice as expensive relative to projected earnings than the average of its North American peers, data compiled by Bloomberg shows.

Still, DS Services is a "stable, capital-steady, high-cash flow business with consistent growth," Perry Caicco, an analyst at the Canadian Imperial Bank of Commerce in Toronto, says in a May 7 report. DS Services' earnings are substantial and it will probably grow more than the stagnant or declining soft drink and juice segment of Cott's business, he says. — *Bloomberg LP* E

CAPITAL | EXCHANGE-TRADED FUNDS

TOP 20 TURNOVER

RANK	ETF NAME	SGX STOCK CODE	BLOOMBERG TICKER CODE	REUTERS TICKER	TURNOVER FOR WEEK ENDED JUNE 19, 2015 ($)	AVG TURNOVER FOR WEEK ENDED JUNE 19, 2015	VOLUME FOR WEEK ENDED JUNE 19, 2015	AVG VOLUME FOR WEEK ENDED JUNE 19, 2015	NAV (JUNE 19, 2015) ($)	LAST PRICE (JUNE 19, 2015) ($)	PRICE CHANGE (%)
1	SPDR® STRAITS TIMES INDEX ETF	ES3	STTF SP Equity	STTF.SI	15,103,873.00	3,020,774.60	4504800	900960	3.346063	3.35	-0.9
2	DB X-TRACKERS MSCI AC ASIA EX JAPAN INDEX UCITS ETF	IH1	XAXJ SP Equity	DAXJ.SI	8,013,184.28	1,602,636.86	161874	32374.8	49.62922	49.43651	-0.5
3	SPDR® GOLD SHARES	O87	GLD SP Equity	SGLD.SI	5,824,906.60	1,164,981.32	38130	7626	154.07829	153.54429	0.9
4	ISHARES MSCI INDIA ETF	I98	INDIA SP Equity	INDI.SI	3,917,607.68	783,521.54	405700	81140	9.84832	9.86861	3.3
5	DB X-TRACKERS FTSE CHINA 25 UCITS ETF	HD8	XX25 SP Equity	DFXI.SI	3,458,192.27	691,638.45	67030	13406	50.35243	50.27781	-3.0
6	UNITED SSE50 CHINA ETF	JK8	USSE50 SP Equity	USCH.SI	2,468,742.00	493,748.40	823800	164760	2.852	2.88	-11.7
7	DB X-TRACKERS CNX NIFTY UCITS ETF (INDIA)	HE0	XNIF SP Equity	DNIX.SI	2,314,439.04	462,887.81	13520	2704	175.36256	176.52653	2.3
8	DB X-TRACKERS MSCI THAILAND INDEX UCITS ETF	LG7	LG7 SP Equity	DMTH.SI	2,007,235.19	401,447.04	74530	14906	26.6187	26.77477	-0.9
9	SPDR® S&P 500® ETF	S27	SPY SP Equity	SPY.SI	1,822,968.81	364,593.76	6420	1284	281.22239	283.1048	0.6
10	DB X-TRACKERS MSCI CHINA INDEX UCITS ETF	LG9	LG9 SP Equity	DMCN.SI	1,447,074.45	289,414.89	68310	13662	20.80244	20.79218	-2.6
11	DB X-TRACKERS MSCI INDONESIA INDEX UCITS ETF	KJ7	XMIN SP Equity	DMIN.SI	1,438,556.32	287,711.26	84270	16854	17.28225	17.22666	2.9
12	DB X-TRACKERS CSI 300 UCITS ETF	KT4	XCSI SP Equity	DCSI.SI	1,420,927.08	284,185.42	79690	15938	17.69564	16.95958	-11.2
13	NIKKO AM SINGAPORE STI ETF	G3B	DBSSTI SP Equity	DSSE.SI	1,374,506.00	274,901.20	402600	80520	3.3939	3.41	0.0
14	DB X-TRACKERS FTSE VIETNAM UCITS ETF	HD9	XFVT SP Equity	DFVT.SI	1,223,380.48	244,676.10	36380	7276	33.14313	33.35829	-0.8
15	ISHARES BARCLAYS CAPITAL USD ASIA HIGH YIELD BOND INDEX ETF	O9P	AHYG SP Equity	AHYG.SI	966,015.72	193,203.14	67900	13580	14.22426	14.27543	-0.3
16	ISHARES J.P. MORGAN USD ASIA CREDIT BOND INDEX ETF	N6M	AJAC SP Equity	BRJP.SI	925,224.75	185,044.95	65700	13140	13.99516	14.00835	-0.2
17	DB X-TRACKERS MSCI TAIWAN INDEX UCITS ETF	HD7	XMTW SP Equity	DMTW.SI	781,648.09	156,329.62	26240	5248	29.62265	29.89961	-0.1
18	DB X-TRACKERS MSCI KOREA UCITS INDEX ETF	IH2	XMKO SP Equity	DMKO.SI	607,185.58	121,437.12	8270	1654	74.10443	73.71408	-0.5
19	DB X-TRACKERS MSCI PHILIPPINES IM INDEX UCITS ETF	N2E	N2E SP Equity	DPQP.SI	581,511.34	116,302.27	208000	41600	2.85751	2.84307	1.7
20	DB X-TRACKERS MSCI PAKISTAN IM INDEX UCITS ETF	O9D	O9D SP Equity	DPAK.SI	565,514.64	113,102.93	203100	40620	2.72422	2.7576	-1.6

TOP 20 GAINERS

RANK	ETF NAME	SGX STOCK CODE	BLOOMBERG TICKER CODE	REUTERS TICKER	TURNOVER FOR WEEK ENDED JUNE 19, 2015	AVG TURNOVER FOR WEEK ENDED JUNE 19, 2015	VOLUME FOR WEEK ENDED JUNE 19, 2015	AVG VOLUME FOR WEEK ENDED JUNE 19, 2015	NAV (JUNE 19, 2015) ($)	LAST PRICE (JUNE 19, 2015) ($)	PRICE CHANGE (%)
1	DB X-TRACKERS MSCI BRAZIL INDEX UCITS ETF	J0O	XMBR SP Equity	DMBR.SI	479.92	95.98	100	20	4.86328	4.95433	3.4
2	ISHARES MSCI INDIA ETF	I98	INDIA SP Equity	INDI.SI	3,917,607.68	783,521.54	405700	81140	9.84832	9.86861	3.3
3	DB X-TRACKERS MSCI INDIA INDEX UCITS ETF	LG8	LG8 SP Equity	DMNI.SI	135,444.83	27,088.97	10310	2062	13.73751	13.78133	3.0
4	DB X-TRACKERS MSCI INDONESIA INDEX UCITS ETF	KJ7	XMIN SP Equity	DMIN.SI	1,438,556.32	287,711.26	84270	16854	17.28225	17.22666	2.9
5	ISHARES MSCI INDIA ETF	QK9	INDIAS SP Equity	INDI-D.SI	12,526.00	2,505.20	1300	260	9.8483	9.88	2.6
6	LYXOR ETF MSCI INDIA	G1N	INR SP Equity	LINR.SI	10,663.98	2,132.80	520	104	21.7136	21.70025	2.6
7	LYXOR ETF RUSSIA (DJ RUSINDEX TITANS 10)	JC7	RUS SP Equity	LRUS.SI	74,569.80	14,913.96	20000	4000	3.75131	3.77918	2.5
8	DB X-TRACKERS CNX NIFTY UCITS ETF (INDIA)	HE0	XNIF SP Equity	DNIX.SI	2,314,439.04	462,887.81	13520	2704	175.36256	176.52653	2.3
9	DB X-TRACKERS MSCI PHILIPPINES IM INDEX UCITS ETF	N2E	N2E SP Equity	DPQP.SI	581,511.34	116,302.27	208000	41600	2.85751	2.84307	1.7
10	DB X-TRACKERS MSCI RUSSIA CAPPED INDEX UCITS ETF	J0R	XMRC SP Equity	DMRC.SI	12,034.56	2,406.91	4280	856	2.78589	2.83105	1.6
11	LYXOR ETF NASDAQ-100	H1Q	NDX SP Equity	LNDX.SI	96,205.95	19,241.19	3980	796	24.06925	24.2108	1.6
12	DB X-TRACKERS MSCI USA INDEX UCITS ETF	KF8	XMUS SP Equity	DMUS.SI	2,883.43	576.69	40	8	71.94351	72.4588	1.1
13	DB X-TRACKERS MSCI PACIFIC EX JAPAN UCITS INDEX ETF	J0Q	XPXJ SP Equity	DPXJ.SI	6,438.16	1,287.63	940	188	6.90602	6.91737	1.0
14	DB X-TRACKERS S&P 500 UCITS ETF	K6K	K6K SP Equity	DBBM.SI	363,531.05	72,706.21	7660	1532	47.68538	47.99428	1.0
15	SPDR® GOLD SHARES	O87	GLD SP Equity	SGLD.SI	5,824,906.60	1,164,981.32	38130	7626	154.07829	153.54429	0.9
16	DB X-TRACKERS II MARKIT IBOXX ABF SINGAPORE GOVERNMENT UCITS ETF	KV4	KV4 SP Equity	DCSX.SI	15,506.40	3,101.28	120	24	130.1413	130.21	0.9
17	LYXOR ETF DOW JONES INDUSTRAL AVERAGE	JC6	DJI SP Equity	LDJI.SI	2,214.18	442.84	90	18	24.54682	24.71825	0.9
18	DB X-TRACKERS MSCI WORLD INDEX UCITS ETF	J0P	XMWO SP Equity	DMWO.SI	107,441.79	21,488.36	16930	3386	6.29533	6.36986	0.7
19	SPDR DOW JONES INDUSTRIAL AVERAGE ETF	D07	DIA SP Equity	DIA.SI	143,540.13	28,708.03	590	118	240.16468	241.80088	0.6
20	SPDR® S&P 500® ETF	S27	SPY SP Equity	SPY.SI	1,822,968.81	364,593.76	6420	1284	281.22239	283.1048	0.6

TOP 20 LOSERS

RANK	ETF NAME	SGX STOCK CODE	BLOOMBERG TICKER CODE	REUTERS TICKER	TURNOVER FOR WEEK ENDED JUNE 19, 2015 ($)	AVG TURNOVER FOR WEEK ENDED JUNE 19, 2015	VOLUME FOR WEEK ENDED JUNE 19, 2015	AVG VOLUME FOR WEEK ENDED JUNE 19, 2015	NAV (JUNE 19, 2015)	LAST PRICE (JUNE 19, 2015) ($)	PRICE CHANGE (%)
1	UNITED SSE50 CHINA ETF	JK8	USSE50 SP Equity	USCH.SI	2,468,742.00	493,748.40	823800	164,760	2.852	2.88	-11.7
2	DB X-TRACKERS CSI 300 UCITS ETF	KT4	XCSI SP Equity	DCSI.SI	1,420,927.08	284,185.42	79690	15,938	17.69564	16.95958	-11.2
3	LYXOR ETF CHINA ENTERPRISE (HSCEI)	P58	ASI SP Equity	LASI.SI	155,207.75	31,041.55	6350	1,270	24.17967	24.31763	-3.2
4	DB X-TRACKERS FTSE CHINA 25 UCITS ETF	HD8	XX25 SP Equity	DFXI.SI	3,458,192.27	691,638.45	67030	13,406	50.35243	50.27781	-3.0
5	DB X-TRACKERS MSCI CHINA INDEX UCITS ETF	LG9	LG9 SP Equity	DMCN.SI	1,447,074.45	289,414.89	68310	13,662	20.80244	20.79218	-2.6
6	DB X-TRACKERS S&P 500 INVERSE DAILY UCITS ETF	HD6	XSPS SP Equity	DSPS.SI	29,210.13	5,842.03	1020	204	28.50077	28.37725	-2.3
7	DB X-TRACKERS MSCI PAKISTAN IM INDEX UCITS ETF	O9D	O9D SP Equity	DPAK.SI	565,514.64	113,102.93	203100	40,620	2.72422	2.7576	-1.6
8	DB X-TRACKERS MSCI JAPAN UCITS INDEX	LF2	LF2 SP Equity	DMJP.SI	20,692.64	4,138.53	300	60	68.11341	68.13211	-1.5
9	LYXOR ETF EASTERN EUROPE (CECE EUR)	H1M	CEC SP Equity	LCEC.SI	571.90	114.38	100	20	5.65425	5.6888	-1.5
10	LYXOR ETF COMMODITIES CRB	A0W	CRB SP Equity	LCRB.SI	348,514.96	69,702.99	125650	25,130	2.75142	2.76428	-1.2
11	LYXOR ETF JAPAN (TOPIX®)	CW4	JPN SP Equity	LJPN.SI	45,196.52	9,039.30	25740	5,148	1.75188	1.75071	-1.2
12	DB X-TRACKERS MSCI THAILAND INDEX UCITS ETF	LG7	LG7 SP Equity	DMTH.SI	2,007,235.19	401,447.04	74530	14,906	26.6187	26.77477	-0.9
13	SPDR® STRAITS TIMES INDEX ETF	ES3	STTF SP Equity	STTF.SI	15,103,873.00	3,020,774.60	4504800	900,960	3.346063	3.35	-0.9
14	DB X-TRACKERS MSCI AC ASIA EX JAPAN HIGH DIVIDEND YIELD INDEX UCITS ETF	N2F	N2F SP Equity	DPVJ.SI	48.98	9.80	20	4	2.4447	2.44645	-0.9
15	DB X-TRACKERS FTSE VIETNAM UCITS ETF	HD9	XFVT SP Equity	DFVT.SI	1,223,380.48	244,676.10	36380	7,276	33.14313	33.35829	-0.8
16	LYXOR ETF HONG KONG (HSI)	A9B	HSI SP Equity	LHSI.SI	2,023.03	404.61	450	90	4.50046	4.51365	-0.8
17	DBXT MSCI MALAYSIA INDEX UCITS ETF	LG6	LG6 SP Equity	DMMY.SI	8,378.16	1,675.63	500	100	16.62373	16.67915	-0.7
18	DB X-TRACKERS DB COMMODITY BOOSTER DJ-UBSCI UCITS ETF	L5F	L5F SP Equity	DBBN.SI	14,883.03	2,976.61	500	100	29.61492	29.76607	-0.6
19	LYXOR ETF MSCI ASIA EX JAPAN	G1K	APEX SP Equity	LAPX.SI	6,718.82	1,343.76	1000	200	6.73926	6.74377	-0.6
20	DB X-TRACKERS MSCI EMERGING MARKETS INDEX UCITS ETF	J0M	XMEM SP Equity	DMEM.SI	83,255.71	16,651.14	15880	3,176	5.25196	5.27483	-0.5

** Last Price will be the daily ETF closing price published by the Exchange. From 24 February 2014, SGX introduces a new closing price methodology for ETFs and this closing price will be computed for all SGX-listed ETFs based on a pre-defined methodology and published at the end of each day.*

Popularity of 'smart' funds pushes fees to record lows

June 19 — Launches of investment funds that mimic strategies used by active managers have surged 60% over the past year to cater for growing demand, with average fees hitting record lows.

Such "smart-beta" funds use formulas to decide when to buy and sell stocks and bonds on a semi-regular basis, against funds blindly tracking an underlying index or those being actively managed on a daily basis.

Fund tracker Morningstar estimates the sector has quadrupled assets to about US$400 billion ($537.2 billion) since 2010. These products are also known as strategic beta, advanced beta or factor-based funds.

Analysts said inflows might fluctuate in the short term on concerns over Greece and a US rate hike, but the underlying trend was likely to remain strong because of their focus on long-term trends such as high dividends and low volatility.

Industry data shows 74 such funds were launched globally in the January-to-May period, a record for the first five months of a year, against 45 in the period in 2014. They made up half of all the exchange-traded fund (ETF) launches in May, according to data from financial information provider Markit.

"We started investing in factor-based funds two years ago and now about one-fifth of our total ETF allocation goes to these funds," says Lorne Baring, managing director of Geneva-based B Capital Wealth Management.

"It is very useful to tilt a portfolio towards the style an investor would like such as growth and value. Costs are definitely coming down. A large amount of cash entering the ETF universe means the issuers get more scale and can afford to drop their fees further."

Data shows the average total expense ratio (TER) — costs for operating a fund, including management fees and other expenses — was 44 basis points in 2014, with 12bps being the minimum, against an average of 55bps in 2013.

Active equity fund managers typically charge between 100 to 200bps. On the other hand, some passive ETF providers tracking an index charge as low as five to 10 BPS, fund managers said.

Lyxor ETF, which has €50 billion ($75.2 billion) in assets under management, said on Friday that it was partnering JP Morgan to launch a new range of "smart-beta" funds.

The growing popularity of these funds has caught the eye of regulators in Europe and the US who are looking at their potential risks.

"With any industry that's growing this fast, you want to be careful that you're making sure the products being brought to the market are well thought out," says Bill Tilford, head of quantitative investments at RBC Global Asset Management.

Edmund Shing, global equity fund manager at BCS Asset Management, which allocates three-quarters of its total ETF budget to such funds, says certain strategies such as mid-caps and low volatility often outperform over time, but many other investment styles may not work that well.

"You are getting a lot of 'me too' launches, as issuers are trying to stretch the universe by offering strategies that are more marginal now. I have doubts about their outperformance." *— Reuters*

| COMPILED BY RAHAYU MOHAMAD |

Every week, *The Edge Singapore* brings you digested excerpts of research reports of Singapore Exchange-listed companies available in the public domain or received from brokers. Investors interested in research on companies are also encouraged to register for free access to reports from stockbrokers that participate in the SGX-Monetary Authority of Singapore Research Incentive Scheme (research.sgx.com).

DCF	—	Discounted cash flow
DPS	—	Dividend per share
DPU	—	Dividend per unit
Ebitda	—	Earnings before interest, taxes, depreciation and amortisation
EPS	—	Earnings per share
NAV	—	Net asset value
NTA	—	Net tangible assets
Patmi	—	Profit after tax and minority interests
P/BV	—	Price-to-book value
PEG	—	Price earnings to growth
PER	—	Price-to-earnings ratio
ROE	—	Return on equity

CapitaLand (June 24: $3.46)

MAINTAIN BUY. CapitaLand recently announced that it had agreed to acquire a shopping mall in Japan for ¥3.05 billion ($33.2 million) in cash. The price reflects fair value, in our opinion, and we assign no accretion to revalued NAV (RNAV) on this acquisition. CapitaLand also successfully completed the issue of $650 million in convertible bonds (due 2025) earlier this month. It intends to use the proceeds to refinance the repurchases of outstanding convertible bonds. The group's net gearing and interest coverage ratio remains at a prudent 57% and 7.2x, respectively. Unchanged fair-value estimate of $4.07. — *OCBC Investment Research (June 23)*

Nam Cheong (June 24: 29 cents)

MAINTAIN HOLD. The stock has hovered in a tight range, which we believe reflects the still-challenging OSV environment and lack of vessel sales momentum. Vessel sales have slowed in FY2015 on the back of the oil-price slump, with only two contract wins YTD. The company has yet to sell eight vessels from its 2015 built-to-stock programme and 18 from its 2016 programme. In FY2009, following the financial crisis, Nam Cheong sold only four units of OSVs. We believe the situation will be better this time around, as it is primarily an oil-price crisis and not a credit-crunch issue. Price target of 33 cents a share, pegged to 1.4x P/BV. — *DBS Vickers Securities (June 23)*

Singapore Press Holdings (June 24: $4.15)

MAINTAIN HOLD. Singapore Press Holdings' (SPH) advertising revenue contraction appears to be tapering off. Our monthly page monitor of *The Straits Times* suggests advertising spending (adspend) contracted 2% y-o-y in 3QFY2015 (February-to-May quarter) versus a reported advertising revenue contraction of 9% y-o-y in 2QFY2015. SPH's print revenue is expected to perform in tandem with Singapore's muted GDP growth, which is projected at 3.3% for 2015. The share price is expected to be flat, but annual dividend yields of 4.4% for FY2015-2017 are decent amid a low interest-rate environment. No change in our earnings forecasts. Our price target of $4.20 is based on a SOTP valuation. — *UOB KayHian (June 23)*

Ezion Holdings (June 24: $1.065)

BUY. Ezion is well-positioned to benefit from the rising popularity of liftboats in this region, capitalising on its first-mover advantage. We believe service rigs are in an early growth phase, buoyed by the substitution effect to replace typical work boats/barges in this region. Ezion has taken delivery of 22 service rigs and the fleet is expected to grow to 33 units by end-2015 and 37 units by 2016, propelling earnings CAGR of 26% in 2015-2017. We believe its stock price would soon recover to the $1.20 level prior to the emergence of a dispute with rig-operator partner Atlantic Marine Services, following the latter's withdrawal of its lawsuit against Ezion. We value Ezion at 8x FY2015 PER, to derive a price target of $1.50. — *DBS Vickers Securities (June 22)*

SATS (June 24: $3.53)

MAINTAIN HOLD. SATS announced that TFK Corp, its 59.4%-owned inflight caterer in Japan, had secured a multi-year contract worth about ¥30 billion ($325 million) from Delta Air Lines. As TFK has been reeling from overcapacity in Japan's in-flight-catering market, this contract should provide a much-needed shot in the arm. And given Delta's long-haul flights, we expect meal values to be high. Assuming a typical three-year term with the option for another three years, we estimate annual contract values of $54 million. This approximates 24% of TFK's revenue of $221 million in FY2015. We raise FY2016E-2018E EPS by 1.8% to 2.5% for stronger TFK contributions and our price target to $3.21 from $3.15. — *Maybank Kim Eng (June 24)*

Singapore Telecommunications (June 24: $4.24)

MAINTAIN HOLD. We believe Singtel's share price will take a breather after a good run over the past 18 months. FY2016 earnings growth is likely to be flattish, given weaker regional currencies and dilution from the recent Trustwave acquisition, which will offset Optus' stronger performance. We expect core net profit growth to be flattish (-0.4%) in FY2016 (FY2015: +3.6%), mainly owing to weaker regional currencies versus the Singapore dollar, before hitting 6% in FY2017 and 6.2% in FY2018. In constant currency, our FY2016 core net profit growth forecast is 2.5%. We cut our FY2016-2017 core EPS forecasts by 1.7% to 3.4%, but raise our SOP-based price target by 3.5%, owing to stronger medium-term growth prospects at Optus. — *CIMB (June 23)*

GuocoLand (June 24: $2.40)

ADD. With the legal ownership resolved, investors can now refocus on upside from unlocking value at Beijing Dongzhimen (DZM). Recurrent income will grow by FY2017 when Tanjong Pagar Centre is completed. GuocoLand Malaysia (GLM) is set to enjoy strong earnings and NAV expansion when Damansara City is completed in 2H2016. GuocoLand is trading at a 38% discount to our base-case RNAV of $3.84, which pegs GLM at current share price. There is upside room to GuocoLand's RNAV if GLM's share price discount-to-book NAV narrows or if surplus from DZM is greater than our base-case assumptions. Our price target of $2.88 is based on a 25% discount to our base-case RNAV of $3.84. — *CIMB (June 22)*

Sembcorp Industries (June 24: $3.96)

UPGRADE TO BUY. Since our downgrade to "hold" in early May, Sembcorp's stock price has corrected about 14% to settle near its 52-week low of $3.87, likely owing to more downbeat guidance by management regarding the local power business, as well as later-than-expected earnings contribution of the Indian plant. Poor sentiment on SembMarine's stock probably also weighed on its parent's stock as well. Though the group is currently facing headwinds, we remain sanguine about its prospects over the longer term. At about 9.4x forward PER and 1.2x P/BV, valuations are undemanding. We see an upside potential of about 16% from our revised fair-value estimate of $4.40 (previous $4.72). — *OCBC Investment Research (June 24)*

Venture Corp (June 24: $7.99)

MAINTAIN BUY. Caution among customers earlier this year has turned into a positive attitude as clients are learning to "just deal with it". Earlier this year, growth uncertainties in Europe and China had raised concerns among customers. Management said it is "business as usual" and added that it has not seen any major negative reactions by customers. Therefore, we remain optimistic on Venture's business trajectory this year. M&A among customers should also remain positive for Venture. Price target unchanged at $10.25, based on 18x FY2015 EPS, or 10% discount to peer average. Venture offers close to 7% dividend yield at this price. We think dividend per share could be raised back to 55 cents this year. — *Maybank Kim Eng (June 23)* E

CAPITAL | INSIDER MOVES

Koh brothers increase stakes in Fragrance Group, Global Premium Hotels, Maxi-Cash

| BY AMY TAN |

Koh Wee Meng, CEO and founder of **Fragrance Group** and non-executive chairman of **Global Premium Hotels,** has been increasing his direct stake in both companies. In three transactions between June 16 and 19, he scooped up approximately 5.2 million Fragrance Group shares at an average price of 21 cents apiece. This brings his direct stake to 4.98 billion shares, or 74.15% of the property developer and investment holding company. His deemed interest in the company remains at 735 million shares or 10.95%. Year to date, Fragrance shares have fallen 2.3%.

For 1QFY2015 ended March, Fragrance Group recorded a 32.2% y-o-y decrease in earnings to $16.44 million, on the back of a 21.3% y-o-y decline in revenue to $87.79 million. The group's property development segment saw lower contributions of $83.19 million. This was mainly owing to the fewer number of ongoing projects in the quarter, compared with 1QFY2014. Projects that contributed to revenue during this period include Urban Vista, Kensington Square, Icon @ Pasir Panjang and Novena Regency.

The group also recorded lower rental income for 1QFY2015, mainly owing to the absence of contribution from its investment property at Alexandra Road, following asset enhancement work that commenced in 3QFY2014. Rental from its investment properties at Hoe Chiang Road and Punggol Point Road contributed to revenue during the quarter.

Fragrance Group is currently working on redevelopment plans for its Australian portfolio of properties. In September 2014, the group proposed a spin-off of its property business in Australia, to be listed on the Catalist board of the Singapore Exchange. In its 1QFY2015 results announcement on May 7, the group noted that if the proposed restructuring materialises, it will streamline its business activities and add to the net tangible assets of the group.

In 2012, Fragrance Group spun off its hotel arm under Global Premium Hotels, which operates 22 hotels under the Fragrance brand and one hotel under Parc Sovereign. Fragrance retains a majority stake in its hotel unit.

On June 18 and 19, Koh purchased 1.6 million Global Premium shares at approximately 34.5 cents each, bringing his direct interest in the hotel unit to 654.6 million shares, or 62.22%. Koh is deemed to be interested in another 58.8 million shares or 5.59% of the company, held by his spouse, Lim Wan Looi. Year to date, Global Premium shares have fallen 2.9%.

For 1QFY2015 ended March, the group reported an 18.6% y-o-y decrease in earnings to $3.22 million. Hotel room revenue for 1QFY2015 increased 6.9% y-o-y to $14.49 million, mainly owing to a contribution of $2.5 million from Parc Sovereign Hotel Tyrwhitt and $0.4 million from Fragrance Hotel Pearl, which was partially offset by lower revenue of $2 million recognised from the remaining hotels, including the temporary closure of one hotel for asset-enhancement works.

The group's average occupancy rate decreased from 86% in 1QFY2014 to 79.5% in 1QFY2015. Revenue per available room decreased from $91 in 1QFY2014 to $82.40 in 1QFY2015. Meanwhile, rental income for 1QFY2015 increased 24.4% y-o-y, mainly owing to additional rental income from three commercial units within Parc Sovereign Hotel Tyrwhitt.

Elsewhere, Koh's younger brother Wee Seng, non-executive chairman of **Maxi-Cash Financial Services**, acquired 70,000 shares in the pawnbroking business at 18.9 cents each on June 17. This brings his direct interest in the company to 10.93 million shares, or 1.94%.

Wee Seng is deemed to be interested in another 456.12 million shares or 81.08% of the company held by **Aspial Corp**, in which he is CEO. Year to date, Maxi-Cash shares have fallen 23.5%.

For 1QFY2015 ended March, Maxi-Cash's earnings increased 389% y-o-y to $988,000 on the back of a 7% y-o-y increase in revenue to $28.7 million. The increase was contributed by both its pawnbroking business and the retail and trading of pre-owned jewellery and watches. E

Fragrance Group

Market capitalisation	June 24, 2015	$1,411.2 mil
52-week high	July 7, 2014	24.5 cents
52-week low	May 11, 2015	19.8 cents
PER		9.41 times
Gross dividend yield		0.95%
Earnings	FY2014 ended Dec 31	$158.7 mil
Earnings	FY2013 ended Dec 31	$228.1 mil

BLOOMBERG

Global Premium Hotels

Market capitalisation	June 24, 2015	$357.7 mil
52-week high	July 11, 2014	42 cents
52-week low	May 25, 2015	32 cents
PER		17.44 times
Gross dividend yield		1.47%
Earnings	FY2014 ended Dec 31	$21.2 mil
Earnings	FY2013 ended Dec 31	$19.4 mil

BLOOMBERG

Maxi-Cash

Market capitalisation	June 24, 2015	$99 mil
52-week high	June 26, 2014	30.5 cents
52-week low	March 23, 2015	17 cents
PER		36.67 times
Gross dividend yield		1.14%
Earnings	FY2014 ended Dec 31	$1.9 mil
Earnings	FY2013 ended Dec 31	$2.2 mil

BLOOMBERG

FILING DATE	COMPANY	SHARES ACQUIRED (DISPOSED)	DIRECTOR/SUBSTANTIAL SHAREHOLDER	SHARES HELD AFTER CHANGE DIRECT	SHARES HELD AFTER CHANGE DEEMED	REASON
JUNE 17	ADVENTUS HOLDINGS LTD	-17,765,700	LIM KENG HOCK, JONATHAN	115,513,700	–	DISPOSAL (15/6)
JUNE 16	ALBEDO LTD	4,000,000	TAI KOK CHUAN	100,000,000	–	ACQUISITION (16/6)
JUNE 19	ALBEDO LTD	11,547,700	TEE MAY BUAN OR ONG ENG JOO	106,097,700	–	ACQUISITION (19/6)
JUNE 22	AMTEK ENGINEERING LTD	300,000	COMMONWEALTH BANK OF AUSTRALIA	–	27,356,400	ACQUISITION (18/6)
JUNE 19	ASCENDAS INDIA TRUST	800,000	JP MORGAN CHASE & CO	–	55,894,200	ACQUISITION (17/6)
JUNE 18	ASIAN MICRO HOLDINGS LTD	1,400,000	LEONG LAI HENG	135,484,174	166,270,450	ACQUISITION (18/6)
JUNE 19	A-SONIC AEROSPACE LTD	1,000	JANET L C TAN	91,293,842	1,654,250	ACQUISITION (17/6)
JUNE 19	A-SONIC AEROSPACE LTD	1,000	JANET L C TAN	91,293,842	1,655,250	ACQUISITION (18/6)
JUNE 19	A-SONIC AEROSPACE LTD	7,000	JANET L C TAN	91,293,842	1,662,250	ACQUISITION (19/6)
JUNE 17	CACHE LOGISTICS TRUST	-372,100	THE BANK OF NEW YORK MELLON CORP	–	46,746,100	DISPOSAL (16/6)
JUNE 17	CEI CONTRACT MANUFACTURING LTD	18,700	COLIN NG TECK SIM	18,700	–	ACQUISITION (17/6)
JUNE 18	CEI CONTRACT MANUFACTURING LTD	20,000	COLIN NG TECK SIM	38,700	–	ACQUISITION (18/6)
JUNE 19	CEI CONTRACT MANUFACTURING LTD	8,700	COLIN NG TECK SIM	47,400	–	ACQUISITION (19/6)
JUNE 22	CEI CONTRACT MANUFACTURING LTD	33,100	COLIN NG TECK SIM			ACQUISITION (22/6)
JUNE 17	EZION HOLDINGS LTD	-1,458,300	FIRST STATE INV MGMT (UK) LTD	–	140,957,940	DISPOSAL (15/6)
JUNE 17	EZION HOLDINGS LTD	-4,991,100	COMMONWEALTH BANK OF AUSTRALIA	–	139,490,440	DISPOSAL (16/6)
JUNE 18	FORELAND FABRICTECH HOLDINGS LTD	-160,619,700	TSOI KIN CHIT	60,000,000	–	OFF MARKET TRANSACTION (18/6)
JUNE 16	FRAGRANCE GROUP LTD	2,199,900	KOH WEE MENG	4,976,200,000	735,000,000	ACQUISITION (16/6)
JUNE 18	FRAGRANCE GROUP LTD	2,000,000	KOH WEE MENG	4,978,200,000	735,000,000	ACQUISITION (18/6)
JUNE 19	FRAGRANCE GROUP LTD	1,000,000	KOH WEE MENG	4,979,200,000	735,000,000	ACQUISITION (19/6)
JUNE 16	FUXING CHINA GROUP LTD	195,400	CIM INVESTMENT MANAGEMENT LTD	–	1,109,640	ACQUISITION (15/6)
JUNE 16	FUXING CHINA GROUP LTD	195,400	CIM INVESTMENT MANAGEMENT LTD	–	1,305,040	ACQUISITION (15/6)
JUNE 18	FUXING CHINA GROUP LTD	15,050	CIM INVESTMENT MANAGEMENT LTD	–	1,390,640	ACQUISITION (17/6)
JUNE 23	G K GOH HOLDINGS LTD	53,200	GKG INVESTMENT HOLDINGS PTE LTD	195,010,122	–	ACQUISITION (23/6)
JUNE 18	GLOBAL PREMIUM HOTELS LTD	1,500,000	KOH WEE MENG	654,500,000	58,800,000	ACQUISITION (18/6)
JUNE 19	GLOBAL PREMIUM HOTELS LTD	100,000	KOH WEE MENG	654,600,000	58,800,000	ACQUISITION (19/6)
JUNE 16	GOODLAND GROUP LTD	789,600	CITRINE CAPITAL PTE LTD	86,947,494	47,000,000	ACQUISITION (15/6)
JUNE 16	GSH CORP LTD	814,500	GOI SENG HUI	4,736,242,676	–	ACQUISITION (16/6)
JUNE 16	HWA HONG CORP LTD	50,000	ONG KAY ENG	35,000,000	16,738,052	ACQUISITION (15/6)
JUNE 17	HWA HONG CORP LTD	63,000	ONG KAY ENG	35,000,000	16,801,052	ACQUISITION (16/6)
JUNE 18	HWA HONG CORP LTD	12,000	ONG KAY ENG	35,000,000	16,813,052	ACQUISITION (17/6)
JUNE 19	HWA HONG CORP LTD	55,000	ONG KAY ENG	35,000,000	16,868,052	ACQUISITION (18/6)
JUNE 22	HWA HONG CORP LTD	42,500	ONG KAY ENG	35,000,000	16,910,552	ACQUISITION (19/6)
JUNE 19	ICP LTD	2,828,100	AW CHEOK HUAT	163,269,800	431,077,100	ACQUISITION (18/6)
JUNE 16	INDOFOOD AGRI RESOURCES LTD	19,560,830	PT INDOFOOD SUKSES MAKMUR TBK	39,560,830	998,200,000	OFF MARKET TRANSACTION (16/6)
JUNE 17	INDOFOOD AGRI RESOURCES LTD	19,560,830	CAB HOLDINGS LTD	–	1,037,760,830	ACQUISITION (16/6)
JUNE 18	INNOVALUES LTD	600,000	SAGA TREE CAPITAL ADVISORS PTE LTD	–	19,469,600	ACQUISITION (4/6)
JUNE 16	KS ENERGY LTD	20,800	KRIS TAENAR WILUAN	–	301,076,962	ACQUISITION (15/6)
JUNE 17	KS ENERGY LTD	23,600	KRIS TAENAR WILUAN	–	301,100,562	ACQUISITION (16/6)
JUNE 18	KS ENERGY LTD	23,000	KRIS TAENAR WILUAN	–	301,123,562	ACQUISITION (17/6)

*The information in **Insider Moves** is provided as a service to readers. The explanations filed are at times abridged, indirect interest declarations summarised together with direct interests and figures totalled for space. While every effort is made to ensure accuracy, the information presented is not the official record of shareholder filings. Readers who are interested should check the original filings filed with the SGX.*

FILING DATE	COMPANY	SHARES ACQUIRED (DISPOSED)	DIRECTOR/SUBSTANTIAL SHAREHOLDER	SHARES HELD AFTER CHANGE DIRECT	DEEMED	REASON
JUNE 19	KS ENERGY LTD	27,000	KRIS TAENAR WILUAN	–	301,150,562	ACQUISITION (18/6)
JUNE 23	KS ENERGY LTD	500	KRIS TAENAR WILUAN	–	301,151,062	ACQUISITION (22/6)
JUNE 16	KSH HOLDINGS LTD	52,600	YIP SAU LEUNG	33,026,600	–	ACQUISITION (15/6)
JUNE 22	LIFEBRANDZ LTD	-10,000,000	QUMULUS PTE LTD	290,000,000	–	DISPOSAL (19/6)
JUNE 17	LIONGOLD CORP LTD	-40,000,000	ASIASONS INVESTMENT LTD	22,500,000	–	OFF MARKET TRANSACTION (19/6)
JUNE 16	LUM CHANG HOLDINGS LTD	202,500	RAYMOND LUM KWAN SUNG	13,261,697	59,839,742	ACQUISITION (15/6)
JUNE 17	LUM CHANG HOLDINGS LTD	137,600	RAYMOND LUM KWAN SUNG	13,399,297	59,839,742	ACQUISITION (16/6)
JUNE 18	LUM CHANG HOLDINGS LTD	2,100	RAYMOND LUM KWAN SUNG	13,401,397	59,839,742	ACQUISITION (17/6)
JUNE 19	M1 LTD	50,000	CHOO CHIAU BENG	100,000	–	ACQUISITION (19/6)
JUNE 19	MAGNUS ENERGY GROUP LTD	-34,483,000	PREMIER EQUITY FUND	–	967	DISPOSAL (18/6)
JUNE 22	MAGNUS ENERGY GROUP LTD	-20,000,000	PREMIER EQUITY FUND	–	609,622	DISPOSAL (19/6)
JUNE 23	MAGNUS ENERGY GROUP LTD	-21,380,100	PREMIER EQUITY FUND	–	176	DISPOSAL (22/6)
JUNE 17	MAPLETREE GREATER CHINA COMM TRUST	-16,868,600	NORGES BANK	131,179,200	–	DISPOSAL (16/6)
JUNE 19	MAPLETREE GREATER CHINA COMM TRUST	-1,543,700	SCHRODERS PLC	–	163,746,600	DISPOSAL (17/6)
JUNE 17	MAXI-CASH FINANCIAL SERVICES CORP LTD	70,000	KOH WEE SENG	10,934,842	456,192,000	ACQUISITION (17/6)
JUNE 18	MEGACHEM LTD	40,000	TAN BOCK CHIA	23,405,883	–	ACQUISITION (18/6)
JUNE 22	MENCAST HOLDINGS LTD	69,100	SIM SOON NGEE GLENNDLE	75,669,100	70,734,800	ACQUISITION (18/6)
JUNE 17	MERMAID MARITIME PUBLIC CO LTD	140,000	CHALERMCHAI MAHAGITSIRI	150,461,660	817,756,913	ACQUISITION (17/6)
JUNE 18	MEWAH INTL INC	1,700	CHEO TONG CHOON @ LEE TONG CHOON	46,984,000	696,819,020	ACQUISITION (16/6)
JUNE 19	MEWAH INTL INC	85,800	CHEO TONG CHOON @ LEE TONG CHOON	46,984,000	696,904,820	ACQUISITION (18/6)
JUNE 22	NEO GROUP LTD	-50,000	WONG HIN SUN, EUGENE	–	4,470,000	DISPOSAL (22/6)
JUNE 18	NORDIC GROUP LTD	850,000	TEO LING LING	31,380,000	–	ACQUISITION (18/6)
JUNE 17	OLS ENTERPRISE LTD	100,000,000	TOH SOON HUAT	100,000,000	–	OFF MARKET TRANSACTION (17/6)
JUNE 18	OLS ENTERPRISE LTD	-20,634,000	ADVANCE OPPORTUNITIES FUND	876,150,057	–	OFF MARKET TRANSACTION (16/6)
JUNE 18	OLS ENTERPRISE LTD	-100,000,000	ADVANCE OPPORTUNITIES FUND	776,150,057	–	OFF MARKET TRANSACTION (17/6)
JUNE 18	OLS ENTERPRISE LTD	-18,272,000	ADVANCE OPPORTUNITIES FUND	757,878,057	–	DISPOSAL (17/6)
JUNE 22	OLS ENTERPRISE LTD	-11,000,000	ADVANCE OPPORTUNITIES FUND	746,878,057	–	DISPOSAL (18/6)
JUNE 22	OLS ENTERPRISE LTD	-21,160,000	ADVANCE OPPORTUNITIES FUND	725,718,057	–	DISPOSAL (19/6)
JUNE 17	OUE COMMERCIAL REAL ESTATE INV TRUST	-70,900,000	WEALTHY FOUNTAIN HOLDINGS INC	55,800,000	–	OFF MARKET TRANSACTION (16/6)
JUNE 19	OUE COMMERCIAL REAL ESTATE INV TRUST	69,200,000	TANG YIGANG @ TANG GORDON	169,980,000	–	OFF MARKET TRANSACTION (17/6)
JUNE 19	OXLEY HOLDINGS LTD	383,000	CHING CHIAT KWONG	362,296,710	1,503,592,200	ACQUISITION (19/6)
JUNE 22	OXLEY HOLDINGS LTD	600,000	CHING CHIAT KWONG	362,896,710	1,503,592,200	ACQUISITION (22/6)
JUNE 23	OXLEY HOLDINGS LTD	206,000	LOW SEE CHING (LIU SHIJIN)	234,883,191	1,503,592,200	ACQUISITION (23/6)
JUNE 16	PERENNIAL REAL ESTATE HOLDINGS LTD	100,000	RON SIM CHYE HOCK	246,324,524	6,552,875	OTHERS (12/6)
JUNE 16	PERENNIAL REAL ESTATE HOLDINGS LTD	100,000	RON SIM CHYE HOCK	246,424,524	6,552,875	OTHERS (15/6)
JUNE 17	PERENNIAL REAL ESTATE HOLDINGS LTD	4,193,840	RON SIM CHYE HOCK	250,618,364	6,552,875	OTHERS (16/6)
JUNE 17	PERENNIAL REAL ESTATE HOLDINGS LTD	100,000	RON SIM CHYE HOCK	250,718,364	6,552,875	OTHERS (16/6)
JUNE 18	SAIZEN REAL ESTATE INV TRUST	100,000	ARNOLD IP TIN CHEE	–	2,568,987	DISPOSAL (18/6)
JUNE 23	SAIZEN REAL ESTATE INV TRUST	-185,700	ARNOLD IP TIN CHEE	–	2,383,287	DISPOSAL (19/6)
JUNE 23	SAIZEN REAL ESTATE INV TRUST	-54,100	ARNOLD IP TIN CHEE	–	2,329,187	DISPOSAL (22/6)
JUNE 23	SAIZEN REAL ESTATE INV TRUST	-70,400	ARNOLD IP TIN CHEE	–	2,258,787	DISPOSAL (23/6)
JUNE 17	SINCAP GROUP LTD	-28,950,100	JOSEPH YEO POH HWEE	–	–	OFF MARKET TRANSACTION (17/6)
JUNE 18	SINCAP GROUP LTD	28,950,100	ATRIUM ASIA INVESTMENT MGMT PTE LTD	28,950,100	–	OFF MARKET TRANSACTION (17/6)
JUNE 18	SING HOLDINGS LTD	10,400	LEE SZE HAO	10,801,700	140,796,746	ACQUISITION (16/6)
JUNE 16	SING INVESTMENTS & FINANCE LTD	600	F H LEE HOLDINGS (PTE) LTD	40,138,450	2,521,500	ACQUISITION (12/6)
JUNE 22	SING INVESTMENTS & FINANCE LTD	26,100	F H LEE HOLDINGS (PTE) LTD	40,164,550	2,521,500	ACQUISITION (18/6)
JUNE 22	SUNMOON FOOD CO LTD	200,000	FIRST ALVERSTONE CAPITAL LTD	115,198,572	–	ACQUISITION (18/6)
JUNE 19	SUPER GROUP LTD	478,800	MATTHEWS INTL CAPITAL MGMT LLC	–	78,162,100	ACQUISITION (18/6)
JUNE 17	TEE INTL LTD	20,000	PHUA CHIAN KIN	272,535,556	16,526,264	ACQUISITION (16/6)
JUNE 17	TEE INTL LTD	35,000	PHUA CHIAN KIN	272,570,556	16,526,264	ACQUISITION (17/6)
JUNE 19	TEE INTL LTD	35,000	PHUA CHIAN KIN	272,605,556	16,526,264	ACQUISITION (18/6)
JUNE 19	TEE INTL LTD	36,600	PHUA CHIAN KIN	272,642,156	16,526,264	ACQUISITION (19/6)
JUNE 22	TEE INTL LTD	50,000	PHUA CHIAN KIN	272,692,156	16,526,264	ACQUISITION (19/6)
JUNE 18	TT INTL LTD	358,604	SNG SZE HIANG	268,654,793	103,137,910	OFF MARKET TRANSACTION (16/6)
JUNE 18	TT INTL LTD	7,363	SNG SZE HIANG	268,654,793	103,145,273	OFF MARKET TRANSACTION (17/6)
JUNE 18	TT INTL LTD	411,782	SNG SZE HIANG	268,654,793	103,557,055	OFF MARKET TRANSACTION (18/6)
JUNE 23	TT INTL LTD	186,184	SNG SZE HIANG	268,654,793	103,735,876	OFF MARKET TRANSACTION (19/6)
JUNE 23	TT INTL LTD	-3,512	SNG SZE HIANG	268,654,793	103,732,364	OFF MARKET TRANSACTION (22/6)
JUNE 23	TT INTL LTD	-186,184	SNG SZE HIANG	268,654,793	103,546,180	OFF MARKET TRANSACTION (23/6)
JUNE 22	UNITED INDUSTRIAL CORP LTD	94,800	WEE CHO YAW	1,874,574	680,516,999	ACQUISITION (19/6)
JUNE 17	UNITED OVERSEAS BANK LTD	107,300	WEE CHO YAW	19,409,217	270,070,084	ACQUISITION (15/6)
JUNE 17	UNITED OVERSEAS BANK LTD	162,700	WEE CHO YAW	19,571,917	270,070,084	ACQUISITION (17/6)
JUNE 17	USP GROUP LTD	42,500,000	JOANNA LOH LAI CHIN	42,500,000	–	OFF MARKET TRANSACTION (17/6)
JUNE 17	VIVA INDUSTRIAL TRUST	80,000	RONALD LIM CHENG AUN	80,000	–	ACQUISITION (17/6)
JUNE 17	WE HOLDINGS LTD	3,624,000	TERENCE TEA YEOK KIAN	52,184,763	148,561,779	ACQUISITION (15/6)
JUNE 16	ZHONGMIN BAIHUI RETAIL GROUP LTD	4,000,000	LEE SWEE KENG	44,241,000	4,000,000	OFF MARKET TRANSACTION (15/6)
JUNE 16	ZHONGMIN BAIHUI RETAIL GROUP LTD	4,881,080	CHEN KAITONG	42,019,600	4,881,080	OFF MARKET TRANSACTION (15/6)
JUNE 16	ZHONGMIN BAIHUI RETAIL GROUP LTD	1,500,000	SU CAIYE	25,284,800	1,500,000	OFF MARKET TRANSACTION (15/6)
JUNE 16	ZHONGMIN BAIHUI RETAIL GROUP LTD	540,000	SU JIANLI	5,629,932	540,000	OFF MARKET TRANSACTION (15/6)
JUNE 16	ZHONGMIN BAIHUI RETAIL GROUP LTD	2,200,000	LIM KOK TONG	21,624,088	2,200,000	OFF MARKET TRANSACTION (15/6)
JUNE 23	ZHONGMIN BAIHUI RETAIL GROUP LTD	2,081,080	CHEN KAITONG	44,100,680	2,800,000	OFF MARKET TRANSACTION (22/6)
JUNE 23	ZHONGMIN BAIHUI RETAIL GROUP LTD	4,000,000	LEE SWEE KENG	48,241,000	–	OFF MARKET TRANSACTION (22/6)
JUNE 23	ZHONGMIN BAIHUI RETAIL GROUP LTD	-6,081,080	LOW CHUI HENG	7,040,000	–	OFF MARKET TRANSACTION (22/6)

Share buybacks

DATE	COMPANY	SHARES ACQUIRED	SHARE PRICE HIGH	LOW	CUMULATIVE NET OUTSTANDING TREASURY SHARES
JUNE 19	AMARA HOLDINGS LTD	34,800	0.510	0.505	944,700
JUNE 22	AMARA HOLDINGS LTD	40,000	0.510	0.510	984,700
JUNE 23	AMARA HOLDINGS LTD	5,200	0.505	0.505	989,900
JUNE 16	BOUSTEAD SINGAPORE LTD	429,000	1.315	1.295	17,249,323
JUNE 17	BOUSTEAD SINGAPORE LTD	100,000	1.320	1.295	17,349,323
JUNE 18	BOUSTEAD SINGAPORE LTD	100,000	1.300	1.290	17,449,323
JUNE 16	GENTING SINGAPORE PLC	2,500,000	0.910	0.910	18,648,200
JUNE 22	GLOBAL INVACOM GROUP LTD	12,000,000	0.341	0.341	27,957,900
JUNE 16	GP BATTERIES INTL LTD	17,300	0.940	0.935	333,700
JUNE 17	GP BATTERIES INTL LTD	45,200	0.945	0.945	378,900
JUNE 18	GP BATTERIES INTL LTD	81,600	0.950	0.945	460,500
JUNE 22	GP BATTERIES INTL LTD	52,700	0.945	0.940	513,200
JUNE 23	GP BATTERIES INTL LTD	9,100	0.945	0.945	522,300
JUNE 16	HYFLUX LTD	102,000	0.855	0.845	58,320,000
JUNE 17	HYFLUX LTD	200,000	0.860	0.850	58,520,000
JUNE 18	HYFLUX LTD	200,000	0.860	0.850	58,810,000

DATE	COMPANY	SHARES ACQUIRED	SHARE PRICE HIGH	LOW	CUMULATIVE NET OUTSTANDING TREASURY SHARES
JUNE 19	HYFLUX LTD	536,000	0.885	0.860	59,346,000
JUNE 22	HYFLUX LTD	400,000	0.900	0.890	59,746,000
JUNE 23	HYFLUX LTD	330,000	0.900	0.890	60,076,000
JUNE 23	KEONG HONG HOLDINGS LTD	1,430,000	0.450	0.450	8,480,000
JUNE 17	KOH BROTHERS GROUP LTD	12,400	0.310	0.310	41,068,400
JUNE 18	KOH BROTHERS GROUP LTD	22,000	0.310	0.310	41,090,400
JUNE 22	KOH BROTHERS GROUP LTD	80,000	0.310	0.310	41,170,400
JUNE 16	LIAN BENG GROUP LTD	200,000	0.545	0.545	20,979,900
JUNE 17	LIAN BENG GROUP LTD	204,100	0.550	0.545	21,184,000
JUNE 19	LIAN BENG GROUP LTD	250,000	0.550	0.545	21,434,000
JUNE 17	NOBLE GROUP LTD	39,735,800	0.714	0.714	102,714,200
JUNE 19	NOBLE GROUP LTD	3,000,000	0.695	0.695	106,714,200
JUNE 23	NOBLE GROUP LTD	14,000,000	0.694	0.694	119,714,200
JUNE 16	SINGAPORE AIRLINES LTD	126,500	10.450	10.420	29,850,387
JUNE 19	SINGAPORE TECH ENGINEERING LTD	500,000	3.280	3.280	12,600,918
JUNE 18	USP GROUP LTD	875,000	0.079	0.079	14,793,000

FTSE STI : Dividend per share forecasts (ex June 25, 2015 to June 24, 2016) including special dividends (forecasts)

MARKIT, FACTSET

STOCK NAME	SECTOR	DIVIDEND CURRENCY	DPS (F)	DPS (A)	Y-O-Y (%)	CHANGE	YIELD (%)	CHANGE
Ascendas Real Estate Investment Trust	Real Estate	SGD	0.1508	0.146	3.3	Rise	6.2	Down
CapitaLand Ltd	Real Estate	SGD	0.095	0.09	5.6	Rise	2.7	Down
CapitaLand Mall Trust REIT SGD NPV	Real Estate	SGD	0.1143	0.1095	4.4	Rise	5.4	Down
City Developments Ltd	Real Estate	SGD	0.13	0.16	-18.8	Fall	1.3	Down
ComfortDelGro Corp Ltd	Travel & Leisure	SGD	0.09	0.0825	9.1	Rise	2.8	Down
DBS Group Holdings Ltd	Banks	SGD	0.6	0.58	3.4	Rise	2.9	Down
Genting Singapore plc	Travel & Leisure	SGD	0.01	0.01	0.0	Same	1.1	Up
Global Logistic Properties Ltd	Real Estate	SGD	0.055	0.045	22.2	Rise	2.1	Up
Golden Agri-Resources	Food & Beverage	SGD	0.008045	0.00585	37.5	Rise	2.0	Up
Hongkong Land Holdings Ltd	Real Estate	USD	0.19	0.19	0.0	Same	2.3	Down
Hutchison Port Holdings Trust	Industrial Goods & Services	HKD	0.41	0.41	0.0	Rise	8.3	Up
Jardine Cycle & Carriage Ltd	Retail	USD	0.9	0.827342	8.8	Rise	3.4	Up
Jardine Matheson Hldgs Ltd	Industrial Goods & Services	USD	1.5	1.45	3.4	Rise	2.6	Up
Jardine Strategic Hldgs Ltd	Industrial Goods & Services	USD	0.28	0.27	3.7	Rise	0.9	Up
Keppel Corp Ltd	Oil & Gas	SGD	0.51	0.48	6.3	Rise	6.1	Up
Noble Group Ltd	Industrial Goods & Services	USD	0.026	0.037	-29.7	Fall	4.8	Up
Olam International	Food & Beverage	SGD	0.075	0.075	0.0	Same	3.9	Up
Oversea-Chinese Banking Corp Ltd	Banks	SGD	0.38	0.354697	7.1	Rise	3.7	Down
Sembcorp Industries Ltd	Oil & Gas	SGD	0.16	0.16	0.0	Same	4.0	Up
SembCorp Marine Ltd	Oil & Gas	SGD	0.13	0.13	0.0	Same	4.5	Up
Sia Engineering Co Ltd	Industrial Goods & Services	SGD	0.145	0.24	-39.6	Fall	3.7	Down
Singapore Airlines Ltd	Travel & Leisure	SGD	0.27	0.41	-34.1	Fall	2.5	Down
Singapore Exchange Ltd	Financial Services	SGD	0.2975	0.28	6.3	Rise	3.8	Down
Singapore Press Hldgs Ltd	Media	SGD	0.19	0.21	-9.5	Fall	4.6	Down
Singapore Technologies Engineering Ltd	Industrial Goods & Services	SGD	0.15	0.15	0.0	Rise	4.4	Up
Singapore Telecom Ltd	Telecommunications	SGD	0.182	0.168	8.3	Rise	4.3	Down
StarHub Limited	Telecommunications	SGD	0.2	0.2	0.0	Same	5.0	Up
Thai Beverage Public Co Ltd	Food & Beverage	THB	0.65	0.61	6.6	Rise	3.3	Down
United Overseas Bank Ltd	Banks	SGD	0.8	0.75	6.7	Rise	3.4	Up
Wilmar International Ltd	Food & Beverage	SGD	0.083136	0.075	10.8	Rise	2.5	Up

DPS (F): DPS (Forecast) — ex June 25, 2015 to June 24, 2016 *DPS (A): DPS (Actual) — ex June 25, 2014 to June 24, 2015* *y-o-y %: Change of DPS (F) over DPS (A)* *Yield: Based on DPS (F) over the stock price as at June 24, 2015*

Asia-Pacific dividend forecasts (week beginning June 29, 2015)

MARKIT, FACTSET

Top payouts expected

STOCK NAME	INDEX	EXPECTED ANN DATE	DIV TYPE	PAYOUT* (MIL)	CURRENCY	YIELD** (%)
Gudang Garam	MSCI ID	29-June-15	FIN	1931784.4	IDR	2.2
IOI Corp	FTSE BM KLCI	01-July-15	2ND INT	381.8	MYR	2.8
China South City	HS MidCap	29-June-15	FIN	880.1	HKD	4.0
Abacus Property Grp	S&P ASX 200	01-July-15	FIN	47.2	AUD	5.5
Kewpie Corp	JPX-Nikkei 400	01-July-15	INT	1897.1	JPY	1.1

Top DPS changes expected

STOCK NAME	INDEX	EXPECTED ANN DATE	DIV TYPE	DIV FORECAST	CURRENCY	CHANGE (%)
IOI Corp	FTSE BM KLCI	01-July-15	2ND INT	0.0600	MYR	-50.0
Gudang Garam	MSCI ID	29-June-15	FIN	1,004.0000	IDR	25.5
China South City	HS MidCap	29-June-15	FIN	0.1100	HKD	-21.4
Kewpie Corp	JPX-Nikkei 400	01-July-15	INT	12.5000	JPY	8.7
Abacus Property Grp	S&P ASX 200	01-July-15	FIN	0.0853	AUD	0.8

** Markit Dividends & FactSet number of shares as of publication date* *** Markit Dividends & Reuters share price as of publication date*

Markit commentary

In FY2014, Gudang Garam's earnings increased 24% to IDR5.4 trillion ($545.07 million). Strong sales performance mitigated increases in costs in excise duty and raw materials. In 1QFY2015, earnings decreased 9.5% as operating expenses increased and lower forex gain was recorded. We forecast with a 36% payout ratio, in line with last year's ratio.

We expect IOI Corp to halve its final dividend to RM0.06, given its target payout ratio of about 50% and the effect from the demerger of its properties arm, which was listed early this year. With interim dividends already cut by 43%, we are expecting full-year dividends to be down 47.5% y-o-y.

Although China South City posted a stellar first half performance, with adjusted net income up 43% to HK$887.4 million, a slowdown in the second half has led to the company anticipating an approximately 20% slump in contracted sales for the full year as compared to the previous year. With its earnings per share expected to be further diluted from a significant increase in share base during the year, we expect a cut in its dividend per share payout accordingly.

We are forecasting a FY2015 final dividend of A$0.8533 for Abacus Property Group, up 0.8% from the prior year. The management reaffirmed that its recent rights issue in March 2015 is expected to be neutral to the group's FY2015 target distribution of A$0.17 per security.

Kewpie Corp has guided a 9% higher interim dividend for FY2015. It posted solid 1QFY2015 results, with earnings more than doubling from the same period in the previous year. — *By Seolin Park*

Largest change in short interest — Singapore (week beginning June 15, 2015)

TICKER	SECTOR	EQUITY NAME	SHORT INTEREST (%)	CHANGE OVER WEEK (%)
N21	Asia Capital Goods	Noble Group Ltd	8.09	39
G13	Asia Consumer Services	Genting Singapore plc	1.35	20
T4B	Asia Food, Beverage & Tobacco	Sino Grandness Food Industry Group Ltd	2.72	18
5GJ	Asia Capital Goods	Ausgroup Ltd	1.50	18
C14	Asia Transportation	CWT Ltd	1.33	14
W05	Asia Real Estate	Wing Tai Holdings Ltd	1.37	13
S10	Asia Food, Beverage & Tobacco	Super Group Ltd	1.08	11
A17U	Asia Real Estate	Ascendas Unt	1.72	11
Z59	Asia Real Estate	Yoma Strategic Holdings Ltd	5.40	10
BS6	Asia Capital Goods	Yangzijiang Shipbuilding Holdings Ltd	3.74	10

** Short interest as % of shares outstanding. Subject to a minimum level of short interest of 1%*

Largest change in short interest — Asia (week beginning June 15, 2015)

MARKIT

TICKER	SECTOR	EQUITY NAME	SHORT INTEREST (%)	CHANGE OVER WEEK (%)
5012	Japan Energy	Tonengeneral Sekiyu KK	2.48	385
9008	Japan Transportation	Keio Corp	1.61	281
7751	Japan Technology Hardware & Equipment	Canon Inc	5.90	267
5201	Japan Capital Goods	Asahi Glass Co Ltd	5.73	164
7267	Japan Automobiles & Components	Honda Motor Co Ltd	2.46	135
011200	Asia Transportation	Hyundai Merchant Marine Co Ltd	6.66	112
2914	Japan Food, Beverage & Tobacco	Japan Tobacco Inc	1.48	105
5108	Japan Automobiles & Components	Bridgestone Corp	2.61	73
6976	Japan Technology Hardware & Equipment	Taiyo Yuden Co Ltd	2.42	72
1138	Asia Transportation	China Shipping Development Co Ltd	3.40	71

** Short interest as % of shares outstanding. Subject to a minimum level of short interest of 1%.*
**Asia Pacific: 13 countries consisting of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand*

SINGAPORE EARNINGS ESTIMATES

COMPANY	PRICE (JUNE 24)	MARKET CAP	CONSENSUS RECOMMENDATION	CONSENSUS RECOMMENDATION 3-MTH CHANGE	NO OF RECOMMENDATIONS	BEST PER (X)	BEST EPS	EPS 1-YR CHANGE (%)	PRICE PERFORMANCE 3-MTH (%)
AMTEK ENGINEERING LTD	0.73	392,773,088.00	5.00	0.00	3.00	7.09	0.08	-34.69	14.17
ARA ASSET MANAGEMENT	1.74	1,445,208,320.00	4.33	-0.67	3.00	16.26	0.11	17.75	5.86
ASCENDAS INDIA TRUST	0.90	835,905,152.00	4.50	0.00	4.00	15.26	0.06	30.90	-2.16
ASCENDAS REAL ESTATE INV TRT	2.43	5,923,057,152.00	3.24	-0.24	25.00	16.25	0.15	-17.59	-4.63
ASCOTT RESIDENCE TRUST	1.28	1,963,956,608.00	3.83	-0.17	12.00	18.67	0.07	-51.02	1.99
ASIAN PAY TELEVISION TRUST	0.87	1,228,464,000.00	3.67	0.00	6.00	14.95	0.06	N.A.	-3.95
BIOSENSORS INTERNATIONAL GRO	0.83	1,405,633,024.00	2.67	-0.05	6.00	22.55	0.03	-64.53	12.08
BREADTALK GROUP LTD	1.40	389,008,416.00	3.67	0.00	3.00	25.86	0.05	-10.35	2.22
BUMITAMA AGRI LTD	1.02	1,827,833,088.00	5.00	0.00	10.00	12.08	832.99	34.77	-0.50
CACHE LOGISTICS TRUST	1.16	904,287,168.00	4.00	0.00	10.00	13.94	0.08	0.60	-0.43
CAMBRIDGE INDUSTRIAL TRUST	0.69	901,037,824.00	3.80	0.30	5.00	14.82	0.05	-62.68	0.00
CAPITALAND COMMERCIAL TRUST	1.56	4,643,908,608.00	3.44	0.28	25.00	18.20	0.09	17.81	-10.32
CAPITALAND LTD	3.46	14,808,999,936.00	4.52	0.07	23.00	19.09	0.18	40.29	-2.56
CAPITALAND MALL TRUST	2.13	7,377,457,152.00	3.33	0.16	24.00	18.44	0.11	7.65	-1.85
CAPITALAND RETAIL CHINA TRUS	1.70	1,428,072,192.00	3.78	0.00	9.00	17.98	0.09	0.97	6.58
CDL HOSPITALITY TRUSTS	1.64	1,618,176,000.00	3.29	-0.21	17.00	14.37	0.11	-13.24	-6.03
CDW HOLDING LTD	0.20	93,829,864.00	5.00	0.00	2.00	7.12	0.02	-26.97	6.45
CENTURION CORP LTD	0.55	408,711,744.00	5.00	0.00	4.00	10.50	0.05	19.40	1.89
CHINA EVERBRIGHT WATER LTD	1.01	2,647,134,464.00	3.60	-0.15	5.00	27.62	0.17	N.A.	12.22
CHINA MERCHANTS HLDGS PAC LT	1.07	1,257,649,920.00	4.00	-0.17	2.00	11.42	0.53	4.03	6.01
CITY DEVELOPMENTS LTD	9.78	8,729,292,800.00	3.33	0.10	24.00	13.75	0.70	12.43	-5.32
COMFORTDELGRO CORP LTD	3.23	6,848,383,488.00	3.67	0.17	12.00	20.67	0.16	6.92	9.22
CORDLIFE GROUP LTD	1.14	295,598,976.00	5.00	0.00	3.00	27.26	0.04	105.17	11.76
COSCO CORP SINGAPORE LTD	0.50	1,130,818,688.00	1.33	0.00	12.00	33.51	0.02	-32.12	4.17
COURTS ASIA LTD	0.40	209,892,752.00	3.00	0.17	5.00	10.74	0.04	-37.80	-11.36
CROESUS RETAIL TRUST	0.95	486,463,136.00	4.80	0.13	5.00	15.59	5.57	N.A.	0.00
CSE GLOBAL LTD	0.60	309,640,704.00	4.40	0.40	5.00	8.54	0.07	944.37	11.01
CWT LTD	2.04	1,248,633,728.00	3.67	-0.67	6.00	10.08	0.21	6.12	38.41
DAIRY FARM INTL HLDGS LTD	8.76	15,807,047,680.00	3.50	-0.40	10.00	20.55	0.42	1.62	-6.83
DBS GROUP HOLDINGS LTD	20.80	52,579,688,448.00	4.74	0.00	27.00	11.43	1.83	8.67	3.46
DYNA-MAC HOLDINGS LTD	0.26	253,292,512.00	4.33	0.00	3.00	8.86	0.03	-13.57	-16.67
EU YAN SANG INTERNATIONAL	0.59	263,895,920.00	1.33	0.00	3.00	20.77	0.03	-17.36	-11.94
EZION HOLDINGS LTD	1.07	1,697,340,800.00	4.07	-0.29	14.00	5.28	0.15	21.10	3.38
EZRA HOLDINGS LTD	0.26	258,425,888.00	2.70	-0.20	10.00	5.32	0.04	-15.61	-36.90
FAR EAST HOSPITALITY TRUST	0.79	1,398,244,992.00	2.22	-0.28	9.00	16.86	0.05	-51.27	-1.87
FIRST REAL ESTATE INVT TRUST	1.41	1,057,389,440.00	4.43	-0.07	7.00	14.90	0.10	-25.90	4.78
FIRST RESOURCES LTD	2.04	3,263,190,272.00	4.69	0.13	16.00	12.65	0.12	-27.19	15.73
FRASER AND NEAVE LTD	2.66	3,847,604,736.00	2.60	-0.40	5.00	26.52	0.10	N.A.	-4.63
FRASERS CENTREPOINT LTD	1.81	5,196,542,464.00	4.86	0.00	7.00	8.66	0.21	-61.65	2.55
FRASERS CENTREPOINT TRUST	2.10	1,906,321,536.00	4.00	-0.06	18.00	17.66	0.12	-44.75	0.98
FRASERS COMMERCIAL TRUST	1.51	1,011,490,944.00	4.83	0.83	6.00	15.64	0.09	-45.00	2.07
FRASERS HOSPITALITY TRUST	0.86	1,041,973,184.00	3.50	0.00	4.00	17.18	0.05	7.30	-3.35
GENTING HONG KONG LTD	0.35	3,989,273,088.00	3.60	0.43	5.00	16.99	0.02	-31.57	-1.80
GENTING SINGAPORE PLC	0.92	11,161,863,168.00	3.45	-0.28	22.00	21.29	0.04	-12.24	-4.21
GLOBAL INVACOM GROUP LTD	0.32	80,149,984.00	5.00	0.00	1.00	6.89	0.03	-40.94	-13.70
GLOBAL LOGISTIC PROPERTIES L	2.59	12,546,486,272.00	4.79	0.36	19.00	27.36	0.07	-31.36	1.96
GLOBAL TESTING CORP LTD	1.24	41,368,920.00	5.00	0.00	1.00	7.30	0.12	330.00	-52.05
GOLDEN AGRI-RESOURCES LTD	0.41	5,221,250,048.00	3.25	0.00	16.00	13.89	0.02	-63.64	2.50
GREAT EASTERN HOLDINGS LTD	24.25	11,496,920,064.00	3.40	0.00	5.00	13.22	1.84	30.07	-3.38
GUOCOLAND LTD	2.40	2,828,075,520.00	4.67	-0.33	3.00	26.48	0.09	667.88	31.68
HALCYON AGRI CORP LTD	0.65	275,755,008.00	3.00	-1.00	2.00	8.91	0.06	N.A.	3.97
HI-P INTERNATIONAL LTD	0.56	453,046,624.00	2.33	-0.67	3.00	27.57	0.02	64.10	-0.90
HO BEE LAND LTD	2.16	1,421,033,600.00	3.80	0.00	5.00	16.46	0.15	-45.72	4.37
HONGKONG LAND HOLDINGS LTD	8.26	26,493,089,792.00	4.56	0.61	18.00	21.15	0.40	11.59	11.05
HUTCHISON PORT HOLDINGS TR-U	0.64	7,549,794,304.00	3.12	-0.26	17.00	23.30	0.21	N.A.	-10.92
HYFLUX LTD	0.92	740,098,560.00	2.33	0.00	6.00	N.A.	0.01	-31.40	4.65
IFAST CORP LTD	1.50	390,247,200.00	4.00	1.00	2.00	28.80	0.05	-6.60	19.29
INDOFOOD AGRI RESOURCES LTD	0.71	977,133,184.00	3.31	-0.46	13.00	10.90	648.16	46.17	-2.08
INNOVALUES LTD	0.72	243,411,744.00	5.00	0.00	2.00	10.38	0.08	81.11	12.86
IREIT GLOBAL	0.80	337,080,128.00	4.00	0.00	2.00	16.84	0.03	N.A.	3.92
JAPFA LTD	0.39	705,868,160.00	4.00	-0.67	3.00	7.55	0.04	-30.14	-20.79
JARDINE CYCLE & CARRIAGE LTD	35.12	13,920,222,208.00	3.43	0.71	7.00	10.98	2.37	-10.36	-11.89
JARDINE MATHESON HLDGS LTD	57.46	53,244,076,032.00	3.55	0.18	11.00	12.27	4.62	8.45	-11.05
JARDINE STRATEGIC HLDGS LTD	31.36	46,851,674,112.00	3.89	-0.11	9.00	10.35	3.01	8.24	-11.42
KEPPEL CORP LTD	8.40	15,301,778,432.00	3.58	0.08	24.00	9.57	0.88	1.47	-5.19
KEPPEL DC REIT	1.05	927,076,480.00	4.50	0.00	4.00	15.24	0.07	N.A.	2.45
KEPPEL LAND LTD	N.A.	N.A.	4.14	0.50	16.00	15.45	0.29	-15.01	30.12
KEPPEL REIT	1.15	3,681,229,056.00	3.29	0.09	21.00	19.05	0.06	-34.01	-4.56
KIM HENG OFFSHORE & MARINE H	0.13	90,170,000.00	3.33	-0.42	3.00	12.70	0.01	-74.19	-5.22
KRISENERGY LTD	0.47	487,303,200.00	5.00	0.50	5.00	17.09	0.04	-150.00	-3.16
LIBRA GROUP LTD	0.21	25,046,490.00	5.00	0.00	2.00	2.59	0.08	892.31	-6.67
LIPPO MALLS INDONESIA RETAIL	0.37	993,141,120.00	3.25	0.50	4.00	12.20	0.03	-18.30	4.35
M1 LTD	3.26	3,072,411,136.00	3.24	-0.28	25.00	15.87	0.21	8.62	-13.19
MANDARIN ORIENTAL INTL LTD	1.59	2,691,178,240.00	2.00	-0.50	4.00	20.57	0.08	0.62	-4.50
MAPLETREE COMMERCIAL TRUST	1.48	3,098,006,784.00	3.33	-0.44	12.00	15.93	0.09	-10.14	-6.69
MAPLETREE GREATER CHINA COMM	1.03	2,814,502,144.00	4.00	0.25	9.00	17.39	0.06	163.93	0.00
MAPLETREE INDUSTRIAL TRUST	1.53	2,720,336,640.00	3.67	-0.29	18.00	15.04	0.10	15.45	0.00
MAPLETREE LOGISTICS TRUST	1.14	2,810,469,632.00	3.35	0.00	17.00	14.20	0.08	-18.42	-8.47
MEMTECH INTERNATIONAL LTD	0.15	103,064,320.00	4.50	-0.50	2.00	8.41	0.01	N.A.	33.33
MERMAID MARITIME PCL	0.21	289,732,416.00	3.00	-0.50	3.00	10.95	0.54	71.31	-4.65
MIDAS HOLDINGS LTD	0.35	426,166,240.00	3.40	0.00	5.00	23.18	0.08	18.11	18.97
MTQ CORP LTD	0.75	114,820,480.00	3.00	-1.00	2.00	9.83	0.08	-79.55	-10.78
NAM CHEONG LIMITED	0.29	618,395,328.00	2.44	-0.93	9.00	7.56	0.11	46.08	-3.28
NEPTUNE ORIENT LINES LTD	0.83	2,172,004,096.00	3.65	-0.35	20.00	N.A.	0.01	-240.68	-13.23
NOBLE GROUP LTD	0.72	4,766,221,824.00	3.71	-0.54	14.00	6.26	0.08	-69.71	-23.63
OLAM INTERNATIONAL LTD	1.91	4,686,185,984.00	3.15	-0.13	13.00	11.66	0.17	68.73	-3.51
OSIM INTERNATIONAL LTD	1.67	1,270,413,056.00	2.70	-1.21	10.00	13.88	0.12	-4.42	-16.25
OUE COMMERCIAL REAL ESTATE I	0.82	712,320,512.00	4.50	-0.30	4.00	25.25	0.03	N.A.	2.52
OUE HOSPITALITY TRUST	0.95	1,249,486,208.00	3.20	-0.50	10.00	14.40	0.07	N.A.	1.08
OUE LTD	2.01	1,828,870,528.00	4.08	0.33	12.00	21.16	0.09	N.A.	-7.41
OVERSEA-CHINESE BANKING CORP	10.32	40,876,310,528.00	3.96	-0.15	27.00	10.38	0.99	35.20	-2.20
OVERSEAS EDUCATION LTD	0.84	340,598,112.00	3.60	0.10	5.00	14.80	0.06	-7.02	-0.61
PACC OFFSHORE SERVICES HOLDI	0.44	773,500,032.00	3.67	0.00	6.00	5.66	0.06	-48.50	-10.75
PACIFIC RADIANCE LTD	0.57	399,165,248.00	3.78	-0.35	9.00	6.84	0.06	-5.05	-13.60
PARKSON RETAIL ASIA LTD	0.49	331,876,992.00	3.25	1.00	4.00	10.19	0.05	-10.75	-22.05
PARKWAYLIFE REAL ESTATE	2.37	1,415,705,600.00	3.83	0.67	6.00	19.10	0.12	23.28	-0.85
PERENNIAL REAL ESTATE HOLDIN	1.08	1,776,476,160.00	3.75	0.42	4.00	15.89	0.07	-30.58	2.88
PETRA FOODS LTD	3.40	2,139,049,472.00	2.67	-0.62	6.00	29.59	0.09	-17.82	-2.78
Q & M DENTAL GROUP SINGAPORE	0.75	572,288,256.00	4.33	-0.17	3.00	36.70	0.02	28.97	36.45
RAFFLES MEDICAL GROUP LTD	4.56	2,616,698,624.00	3.58	1.00	12.00	32.29	0.14	-21.65	17.14
RELIGARE HEALTH TRUST	1.02	816,079,296.00	3.50	1.00	4.00	14.96	0.07	-10.11	-6.91
RH PETROGAS LTD	0.29	212,940,448.00	4.33	0.00	3.00	42.27	0.01	62.72	-3.39
RIVERSTONE HOLDINGS LTD	1.70	618,805,184.00	4.67	0.17	6.00	17.55	0.27	19.29	40.76
SARINE TECHNOLOGIES LTD	2.40	844,641,472.00	3.40	-0.40	5.00	27.23	0.07	12.50	-11.40
SATS LTD	3.53	3,916,129,280.00	3.73	0.48	11.00	18.22	0.19	8.70	12.90
SEMBCORP INDUSTRIES LTD	3.96	7,011,705,344.00	3.47	-0.42	17.00	9.34	0.42	-3.04	-8.41
SEMBCORP MARINE LTD	2.87	6,015,950,848.00	2.40	-0.10	25.00	11.98	0.24	0.83	-1.37
SERIAL SYSTEM LTD	0.21	178,272,544.00	5.00	0.00	2.00	6.08	0.02	44.00	18.34
SHENG SIONG GROUP LTD	0.86	1,293,041,792.00	4.67	-0.22	9.00	22.15	0.04	18.86	11.04
SIA ENGINEERING CO LTD	3.86	4,333,249,024.00	1.88	0.10	8.00	23.59	0.16	-31.55	-4.48
SIIC ENVIRONMENT HOLDINGS LT	0.21	2,285,604,864.00	4.43	0.10	7.00	22.52	0.04	6.62	36.67
SILVERLAKE AXIS LTD	1.17	2,592,569,600.00	3.14	-0.14	7.00	21.71	0.15	19.89	-15.04
SINGAPORE AIRLINES LTD	10.79	12,370,462,720.00	3.21	-0.29	19.00	15.16	0.70	2.61	-12.81
SINGAPORE EXCHANGE LTD	7.84	8,368,614,400.00	3.20	-0.10	20.00	21.50	0.36	-4.55	-1.64
SINGAPORE POST LTD	1.93	4,148,299,776.00	3.90	-0.10	10.00	22.53	0.09	-26.52	-0.77
SINGAPORE PRESS HOLDINGS LTD	4.15	6,603,781,632.00	2.21	0.00	14.00	22.10	0.19	-7.41	0.00
SINGAPORE TECH ENGINEERING	3.38	10,355,981,312.00	3.36	-0.18	14.00	18.24	0.18	-8.92	-3.78
SINGAPORE TELECOMMUNICATIONS	4.24	67,122,458,624.00	3.93	-0.19	27.00	17.14	0.25	3.53	-0.23
SMRT CORP LTD	1.56	2,351,703,296.00	3.55	-0.12	11.00	20.63	0.08	46.34	-4.62
SOILBUILD BUSINESS SPACE REI	0.86	785,621,696.00	4.43	-0.57	7.00	15.36	0.06	N.A.	4.94
SPH REIT	1.06	2,664,407,040.00	2.67	-0.33	6.00	21.60	0.05	N.A.	1.45
STARHILL GLOBAL REIT	0.88	1,873,299,840.00	4.36	-0.36	11.00	16.81	0.05	-44.86	6.67
STARHUB LTD	4.02	6,963,571,200.00	2.46	-0.15	26.00	18.62	0.22	-2.71	-3.58
SUNTEC REIT	1.74	4,393,878,528.00	2.59	0.02	22.00	19.54	0.09	-19.52	-7.20
SUPER GROUP LTD	1.15	1,265,922,176.00	2.30	-0.70	10.00	18.48	0.06	-31.14	-22.76
SWIBER HOLDINGS LTD	0.17	153,462,816.00	2.00	-0.40	3.00	N.A.	0.01	-75.51	12.84
TAT HONG HOLDINGS LTD	0.53	327,463,136.00	3.25	0.75	4.00	17.38	0.03	-84.93	-22.39
TEE INTERNATIONAL LTD	0.25	125,631,272.00	4.00	-1.00	2.00	9.26	0.03	N.A.	5.33
TEE LAND LTD	0.24	98,312,720.00	5.00	0.00	2.00	8.05	0.03	313.11	-20.00
THAI BEVERAGE PCL	0.78	19,460,270,080.00	3.90	-0.10	10.00	19.61	1.00	13.16	3.33
THAKRAL CORP LTD	0.38	49,072,756.00	N.A.	N.A.	0.00	N.A.	N.A.	N.A.	-10.71
TIGER AIRWAYS HOLDINGS LTD	0.30	761,737,600.00	2.75	0.53	8.00	24.90	0.01	4.40	-7.69
TRIYARDS HOLDINGS LTD	0.43	136,293,744.00	5.00	0.00	5.00	3.22	0.10	-22.80	13.16
UNITED ENVIROTECH LTD	1.70	1,892,881,408.00	4.33	1.33	3.00	23.13	0.07	89.35	2.13
UNITED OVERSEAS BANK LTD	23.39	37,509,128,192.00	3.56	0.22	27.00	10.96	2.13	7.61	1.17
UOL GROUP LTD	7.03	5,555,675,136.00	4.10	0.00	10.00	12.80	0.55	-13.73	-6.91
VALUETRONICS HOLDINGS LTD	0.47	174,247,712.00	4.20	0.00	5.00	5.99	0.45	-1.48	0.00
VARD HOLDINGS LTD	0.61	719,800,000.00	1.60	-0.90	10.00	15.48	0.23	0.00	23.00
VENTURE CORP LTD	7.99	2,194,339,840.00	4.30	-0.20	10.00	13.66	0.59	6.71	-6.33
WILMAR INTERNATIONAL LTD	3.30	21,168,439,296.00	4.37	0.47	19.00	11.68	0.21	-12.14	3.44
WING TAI HOLDINGS LTD	1.96	1,518,164,608.00	4.10	-0.26	10.00	12.12	0.16	-52.23	8.38
YANGZIJIANG SHIPBUILDING	1.42	5,460,709,888.00	4.00	-0.20	19.00	8.06	0.81	12.50	11.42
YANLORD LAND GROUP LTD	1.17	2,221,559,552.00	2.60	0.70	10.00	11.09	0.48	-7.76	20.53
YOMA STRATEGIC HLDGS LTD	0.45	778,567,360.00	3.50	-0.17	6.00	23.14	0.02	58.12	-2.15
YONGNAM HOLDINGS LTD	0.44	137,779,936.00	3.00	1.00	1.00	N.A.	N.A.	N.A.	-20.62

This table presents the earnings forecast of Singaporean equities based on the Bloomberg Professional service's Bloomberg Estimates (BEst) consensus data.

The Bloomberg Professional service utilises statistics and accounting, as well as market, industry and company knowledge to determine which estimates to include in the consensus for the best representation of the current and future fundamentals of the company.

For example, if the majority of brokers provide an earnings per share (EPS) estimate that includes stock compensation expense, the estimates that exclude stock compensation expense are, in turn, excluded from the consensus. Likewise, if an estimate has not been reiterated or revised for one reporting period (typically around 100 days), it is removed from the consensus.

Glossary to Bloomberg Estimates Consensus Table

- **Price:** Closing price as of stated date
- **Market Cap :** Market capitalisation ($)
- **Consensus Recommendation:** The following rating is assigned to each type of recommendation provided by participating brokers:
  - 5 = buy
  - 4 = weak buy
  - 3 = hold
  - 2 = weak sell
  - 1 = sell
  - – = no recommendation from brokers at that point of time

The average of all recommendations is then calculated to give the consensus rating

- **Consensus Recommendation 3-Mth Change:** Change in the consensus analyst recommendation over the past three months
- **No of recommendations:** Number of recommendations that are included in the consensus calculation
- **BEst PER:** Ratio calculated by dividing the price of the security by BEst earnings per share on a blended forward 12-month basis (N.A. — unable to calculate, for example negative earnings per share figures)
- **BEst EPS:** Earnings per share from continuing operations, which may exclude the effects of one-time and extraordinary gains/losses
- **EPS 1-yr change:** Earnings before extraordinary items year over year growth in percentage
- **Price performance 3-mth:** Three-month price performance for that equity

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COMMODITIES

Greek optimism curbs demand for gold as equities rise

June 23—Gold retained sharp overnight losses on Tuesday as its safe-haven appeal was diminished by increasing hopes that Greece would reach a deal with its creditors to avoid a default, and strength in equities.

Spot gold was steady at US$1,185.50 an ounce by 0656 GMT, clinging to the 1.3% loss on Monday. Asian shares and US stock futures rose on hopes of a Greek deal.

Bullion, often seen as an alternative investment during times of uncertainty, had seen modest support in the last few days as Greece struggled to strike a deal with its international creditors to avoid a default that could have seen it exit the eurozone.

But Greece took a step back from the abyss on Monday with the presentation of new budget proposals that eurozone leaders welcomed as a basis for a possible agreement in the coming days.

European Council president Donald Tusk said the aim was to have the Eurogroup finance ministers approve a cash-for-reform package on Wednesday evening and put it to eurozone leaders for final endorsement on Thursday morning.

"It seems that barring some last-minute surprises, the Greek talks will likely result in an agreement that would kick the can down the road, but which would avoid a default," said INTL FCStone analyst Edward Meir, adding this could mean further selling pressure on gold.

"With the removal of the 'Greek irritant' as a bullish issue, gold will likely revert to trading more on its own fundamentals, which at this stage, do not look that inspiring," Meir said.

He pointed to sluggish physical demand and the recent trend of outflows from exchange-traded funds (ETFs).

Assets in SPDR Gold Trust, the top gold-backed ETF, are near their lowest since September 2008, though they did post a small jump in holdings on Monday to 705.48 tonnes, the first increase since May 26.

Physical demand in top consuming region Asia has been sluggish as monsoon concerns weighed on demand in India and a better-yielding stock market kept buyers away in China. E

Precious-metals prices (June 23)

METAL	LAST	CHANGE	PCT CHG
SPOT GOLD	1185.5	0.8	0.07
SPOT SILVER	16.055	-0.045	-0.28
SPOT PLATINUM	1064.8	7.8	0.74
SPOT PALLADIUM	702.8	9.3	1.34
COMEX GOLD	1185.4	1.3	0.11
COMEX SILVER	16.055	-0.087	-0.54
EURO	1.1255		
DXY	94.853		

COMEX gold and silver contracts show the most active months

Daily Thomson Reuters Jefferies CRB Commodity Index with 50- & 100-day moving averages

CREDIT DEFAULT SWAPS

Wider start as Greek saga enters another day

June 25—European credit markets are opening with a continuation of yesterday's widening after a soggy night in Asia.

In Japan, a touch of profit taking has left the Nikkei off around 0.5% from yesterday's near 18-year high. The Shanghai Composite is back to its losing ways after a couple of better days and is currently down some 3% in choppy late trade. The Hang Seng is comfortably in the red and European stock futures are also lower.

The Main is 1.5bps wider at 69.25bps, the Crossover 8bps wider at 301bps and the Senior Financials 2.5bps higher at 80bps as of 7.50am.

Now call me an old cynic, but the Greek saga was never going to come to the sort of easy conclusion that the markets believed earlier in the week, when we saw some euphoric price action on hopes that a deal would be reached sooner rather than later.

And last night, the much vaunted Eurogroup meeting came to a close in Brussels. And guess what? No deal.

The bottom line was that the meeting actually finished relatively early — just before midnight — as there was no recommendation from the creditors.

Technical teams set their alarm clocks and were due to resume talks at 5am. Tsipras, Lagarde, Draghi and Juncker had a bit of lie-in, and are expected to sit down again shortly. There was a sources story that the suggested target time for a technical agreement was 10am. And then another Eurogroup meeting is scheduled for noon ahead of the second EU summit of the week in Brussels later.

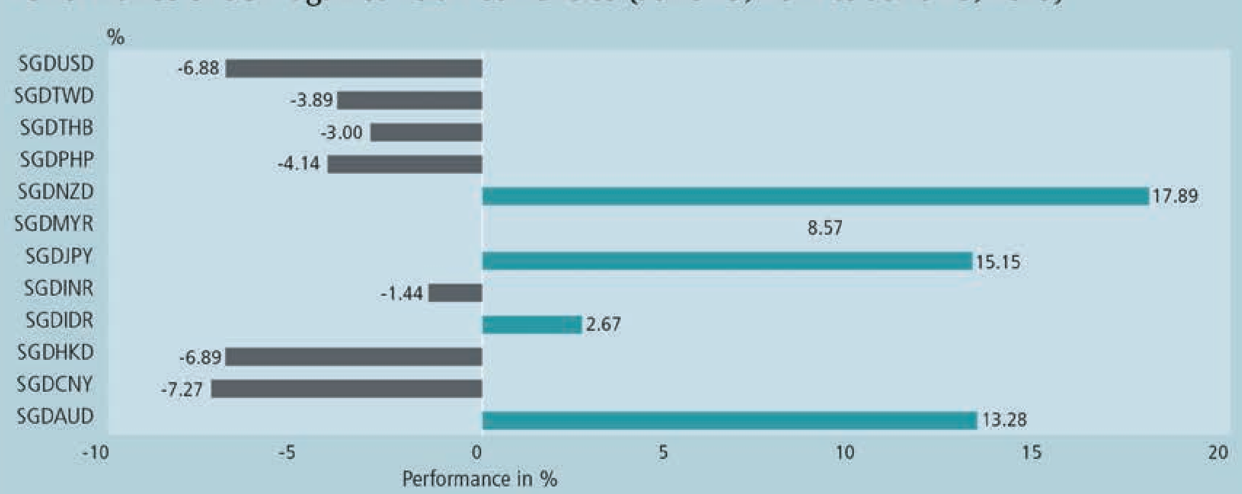
And there really is not a lot on the cards to distract everybody from that Greek obsession. In the US there is a raft of second tier data, but that is unlikely to have any real effect. E

Most actively traded CDS in basis points (June 25)

NAME	LAST	CCY	TERM	RANK	CLOSE
Mexico	128.5	USD	CDSSN	SNRFOR	128.5
Turkey	217	USD	CDSSN	SNRFOR	217
Russian Fedrtn	330	USD	CDSSN	SNRFOR	323
UBS	151	EUR	CDSSN	SNRFOR	50
Brazil	255.5	USD	CDSSN	SNRFOR	255.5
Electrolux	50	EUR	CDSSN	SNRFOR	49
Gazprom	445	USD	CDSSN	SNRFOR	425

GLOBAL MARKETS

Performance of SGD against Asian currencies (June 25, 2014 to June 25, 2015)



Rates as at June 25 (%)

	DEPOSIT RATE			GOV BOND	
	1M	3M	6M	1Y	10Y
AUD	2.2800	2.3600	2.4700	2.6600	3.0790
CNY	2.9000	1.8500	2.0500	2.2500	3.6360
HKD	0.2000	0.2400	0.5000	0.7300	1.8870
IDR	6.4080	8.2700	8.7100	9.3610	8.2140
INR	5.3430	5.9880	6.6870	7.2080	7.8140
JPY	0.0200	-0.1400	-0.0600	-0.0200	0.4780
MYR	2.7860	3.4830	3.5610	3.6950	4.0300
NZD	3.5500	3.4200	3.4300	3.5800	3.7300
PHP	1.3020	2.3750	2.2290	2.3770	4.3670
THB	2.6000	2.7260	2.7710	2.9780	3.0200
TWD	0.0970	0.1310	0.1460	0.3060	1.5100
USD	0.2900	0.3700	0.5200	0.8400	2.3943

Lack of Greek deal weighs on European stocks, makes Bunds appealing

June 25—Persistent concerns of Greece leaving the euro weighed on European stocks on Thursday, with the lack of progress in negotiations on a cash-for-reform deal for Athens pushing investors towards safe-haven German Bunds.

The talks stumbled on Wednesday, with eurozone finance ministers accusing Greece of refusing to compromise ahead of a deadline next week when an International Monetary Fund loan tranche of €1.6 billion comes due.

Greek officials say without a deal, the country does not have the money to pay the IMF. A default may trigger a bank run and may push the country out of the euro.

European Union leaders are set to meet again on Thursday.

The pan-European FTSEurofirst 300 index was down 0.5% at 1,569.82 points after closing 0.4% lower in the previous session. Yields on top-rated German 10-year Bunds, which set the standard for eurozone borrowing costs, fell 1bp to 0.83%.

"Today is another day that will be all about Greece," said Anders Svendsen, chief analyst at Nordea. "The Greek deadline is approaching with no agreement on the table, which is pushing investors towards safety."

Yields on Europe's lower-rated bonds in Spain, Italy and Portugal rose 2 to 3bps. The three countries are seen as the most vulnerable to contagion from Greece.

The Greek crisis had a global impact. MSCI's broadest index of Asia-Pacific shares outside Japan was down about 0.44%. Japan's Nikkei stock index ended down about 0.5% after hitting its highest level since 1996 on Wednesday on hopes for a Greek deal.

"Optimism around a Greek deal had been driving price action all week, but a stall in the negotiation process has put the brakes on the rally," IG market strategist Stan Shamu wrote in a note.

Hennes & Mauritz fell 2.2% after the world's second-biggest fashion retailer reported a fiscal second-quarter pretax profit roughly in line with expectations and said a stronger dollar would result in gradually increased purchasing costs.

The dollar index, which tracks the greenback against a basket of six major rivals, was slightly lower on the day at 95.192.

The euro was up slightly at US$1.1215, showing less responsiveness to the Greek crisis than the bond and stock markets. Some strategists say the market has been using the euro as a funding currency for carry trades, in which investors borrow euros and sell them to buy higher-yielding currencies.

"What has been fairly clear is that every time there's a chance of a deal, the euro plummets, and every time there's disappointment coming along, it reverses course," said Neil Mellon, FX strategist at Bank of New York Mellon in London. E

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Glossary to I/B/E/S Estimates

- EPS FY1: The reported earnings per share (EPS) of the arithmetic average of all the estimates
- PER FY1: Price-to-earnings ratio (price divided by EPS) E

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Singapore	(65) 6879 4122	Mumbai	(91) 22 204 6905
Sydney	(612) 9233 4855	Tokyo	(813) 5218 6648

COMPANY LONG NAME	COUNTRY NAME	MARKET CAP (US$ MIL)	CURRENCY	PRICE (LATEST)	EPS FY1 MEAN	EPS FY1 PER
BASIC INDUSTRIES						
CHINA SHENHUA ENERGY CO LTD	CHINA	60,792.54	CNY	22.88	1.56	14.71
CITIC LTD	HONG KONG	46,260.04	HKD	14.40	2.11	6.82
COAL INDIA LTD	INDIA	41,311.25	INR	415.40	26.37	15.75
WESFARMERS LTD	AUSTRALIA	35,146.33	AUD	40.45	2.14	18.88
INNER MONGOLIA BAOTOU STEEL UNIO	CHINA	32,788.42	CNY	6.25	0.04	171.70
FORMOSA PETROCHEMICAL CORP	TAIWAN	23,909.77	TWD	77.50	3.13	24.74
BAOSHAN IRON AND STEEL CO LTD	CHINA	23,642.79	CNY	8.91	0.43	20.57
SINOPEC OILFIELD SERVICE CORP	CHINA	20,217.92	CNY	10.42	0.15	70.52
CHINA COAL ENERGY CO	CHINA	19,036.56	CNY	12.91	0.03	463.06
RIO TINTO LTD	AUSTRALIA	18,756.82	AUD	55.67	2.83	19.19
NAN YA PLASTICS CORP	TAIWAN	18,596.09	TWD	72.40	4.15	17.43
HYUNDAI MOBIS	SOUTH KOREA	18,144.41	KRW	210,000.00	–	–
POSCO	SOUTH KOREA	16,639.15	KRW	230,000.00	20,590.93	11.17
LG CHEMICAL LTD	SOUTH KOREA	16,392.44	KRW	275,000.00	18,483.28	14.88
ALUMINUM CORP OF CHINA LTD	CHINA	16,139.73	CNY	9.14	-0.11	-83.17
FORMOSA PLASTICS CORP	TAIWAN	15,111.86	TWD	73.30	3.90	18.80
WINTIME ENERGY COMPANY LTD	CHINA	15,060.62	CNY	8.35	0.07	123.36
ZIJIN MINING GROUP COMPANY LTD	CHINA	14,972.19	CNY	5.88	0.12	49.17
SIME DARBY BHD	MALAYSIA	14,187.42	MYR	8.52	0.35	24.15
AMCOR LTD	AUSTRALIA	13,574.58	AUD	14.55	0.57	19.70
CAPITAL GOODS						
SAMSUNG ELECTRONICS(P)	SOUTH KOREA	152,265.99	KRW	1,302,000.00	149,299.49	8.72
CRRC CORP LTD	CHINA	78,280.39	CNY	21.20	0.47	45.59
CHINA SHIPBUILDING IND CO LTD	CHINA	52,718.86	CNY	17.82	0.17	103.11
HON HAI PRECISION INDUSTRY	TAIWAN	47,595.83	TWD	97.60	9.31	10.48
CHINA RAILWAY GROUP LTD	CHINA	43,787.41	CNY	15.90	0.55	28.81
CHINA STATE CONSTN ENGG CORP LTD	CHINA	40,940.29	CNY	8.47	0.89	9.54
BOE TECHNOLOGY GROUP CO LTD	CHINA	31,398.61	CNY	5.74	0.10	56.00
CHINA COMMUNICATIONS CONSTRUCTIO	CHINA	29,772.18	CNY	15.73	0.97	16.22
POWER CONSTRUCTION CORP OF CHINA	CHINA	28,743.21	CNY	12.97	0.59	21.99
SHANGHAI ELECTRIC GROUP CO LTD	CHINA	28,695.41	CNY	18.08	0.20	89.65
CHINA RAILWAY CONSTRUCTION CORP	CHINA	28,601.74	CNY	17.30	1.01	17.05
LARSEN & TOUBRO LTD	INDIA	25,875.16	INR	1,766.55	60.05	29.42
METALLURGICAL CORP OF CHI	CHINA	21,533.04	CNY	8.23	0.20	41.78
CHEUNG KONG INFRASTRUCTURE	HONG KONG	19,891.67	HKD	61.20	4.19	14.61
AVIC AIRCRAFT CO LTD	CHINA	19,579.01	CNY	45.79	0.20	224.93
SIAM CEMENT PCL	THAILAND	18,516.32	THB	520.00	–	–
SIAM CEMENT PCL	THAILAND	18,516.32	THB	520.00	33.43	15.55
SAMSUNG ELECTRONICS	SOUTH KOREA	18,066.08	KRW	1,019,000.00	–	–
CHINA FIRST HEAVY INDUSTRIES CO	CHINA	15,379.56	CNY	14.60	–	–
ANHUI CONCH CEMENT CO LTD	CHINA	15,066.71	CNY	23.38	2.15	10.86
CONSUMER DURABLES						
SAIC MOTOR CORP LTD	CHINA	41,710.49	CNY	23.48	2.82	8.33
GREE ELECTRIC APPLIANCES INC OF	CHINA	28,355.33	CNY	58.51	5.49	10.66
MIDEA GROUP CO LTD	CHINA	26,381.92	CNY	38.84	3.04	12.79
HYUNDAI MOTOR CO	SOUTH KOREA	24,906.54	KRW	133,000.00	–	–
ASTRA INTERNATIONAL TBK PT	INDONESIA	20,766.65	IDR	6,825.00	470.57	14.50
TATA MOTORS LTD	INDIA	19,819.77	INR	436.00	58.02	7.52
MARUTI SUZUKI INDIA LTD	INDIA	19,106.22	INR	4,017.15	174.58	23.01
KIA MOTORS CORP	SOUTH KOREA	16,842.51	KRW	46,450.00	7,731.59	6.01
BYD CO LTD	CHINA	15,990.78	CNY	63.58	0.87	73.50
QINGDAO HAIER CO LTD	CHINA	14,983.76	CNY	30.53	1.90	16.04
GREAT WALL MOTOR CO LTD	CHINA	13,845.80	CNY	42.77	3.90	10.97
CHONGQING CHANGAN AUTOMOBILE CO	CHINA	13,306.70	CNY	21.96	2.22	9.91
MAHINDRA AND MAHINDRA LTD	INDIA	13,065.61	INR	1,336.10	68.50	19.51
GUANGZHOU AUTOMOBILE GRUP CO LTD	CHINA	11,393.32	CNY	16.75	0.61	27.39
BAJAJ AUTO LTD	INDIA	10,999.55	INR	2,414.30	129.71	18.61
BOSCH LTD	INDIA	10,907.18	INR	22,062.95	467.65	47.18
JARDINE CYCLE & CARRIAGE LTD	SINGAPORE	10,553.78	SGD	35.80	2.24	11.97
GUANGHUI ENERGY CO LTD	CHINA	10,078.41	CNY	11.98	0.35	34.20
HUAYU AUTOMOTIVE SYSTEMS CO LTD	CHINA	9,818.21	CNY	23.59	1.81	13.06
GOERTEK INC	CHINA	9,815.33	CNY	39.91	1.40	28.57
CONSUMER NON-DURABLES						
KWEICHOW MOUTAI DISTILLERY GROUP	CHINA	48,080.35	CNY	261.31	14.59	17.91
ITC LTD	INDIA	39,696.85	INR	314.55	13.36	23.55
HINDUSTAN UNILEVER LTD	INDIA	29,833.87	INR	875.70	21.83	40.12
HANJAYA MANDALA SAMPOERNA TBK PT	INDONESIA	23,718.60	IDR	72,000.00	–	–
UNILEVER INDONESIA TBK PT	INDONESIA	23,225.48	IDR	40,500.00	821.65	49.29
SINOTEX INVESTMENT & DEVELOPMENT	CHINA	22,516.31	CNY	37.83	–	–
AMOREPACIFIC CORP	SOUTH KOREA	21,320.48	KRW	403,500.00	8,258.25	48.86
AVIC AVIATION ENGINE CORP PLC	CHINA	21,312.64	CNY	67.88	0.55	124.48
YIBIN WULIANGYE CO LTD	CHINA	20,097.23	CNY	32.86	1.60	20.59
INNER MONGOLIA YILI INDUSTRIAL G	CHINA	19,462.75	CNY	19.71	0.88	22.50
JIANGSU YANGHE BREWERY JSC LTD	CHINA	17,506.18	CNY	72.10	3.27	22.04
WILMAR INTERNATIONAL LTD	SINGAPORE	15,854.13	SGD	3.31	0.20	12.33
FOSHAN HAITIAN FLAVOURING AND FO	CHINA	14,612.34	CNY	33.51	0.92	36.60
FORMOSA CHEMICAL & FIBRE	TAIWAN	13,930.81	TWD	73.60	3.36	21.92
HEILAN HOME CO LTD	CHINA	13,167.16	CNY	18.19	0.70	25.85
AMOREPACIFIC GROUP	SOUTH KOREA	12,924.90	KRW	192,500.00	–	–
HENAN SHUANGHUI INVST & DVLPT CO	CHINA	12,482.09	CNY	23.47	1.39	16.92
JG SUMMIT HOLDING	PHILIPPINES	11,049.94	PHP	69.55	3.02	23.05
KT&G CORP	SOUTH KOREA	10,606.05	KRW	93,100.00	6,624.32	14.05
WH GROUP LTD	HONG KONG	10,015.05	HKD	5.30	0.06	11.04
CONSUMER SERVICES						
HAITONG SECURITIES CO LTD	CHINA	31,330.18	CNY	24.03	1.25	19.23
WOOLWORTHS LTD	AUSTRALIA	26,077.06	AUD	26.70	1.93	13.81
BESTV NEW MEDIA CO LTD	CHINA	23,148.21	CNY	54.70	0.92	59.46
SUNING COMMERCE GROUP CO LTD	CHINA	22,589.50	CNY	18.99	0.03	718.50
WANDA CINEMA LINE CORP	CHINA	22,095.58	CNY	244.89	2.03	120.88
WIPRO LTD	INDIA	21,524.51	INR	557.40	37.58	14.83
GALAXY ENTERTAINMENT GROUP LTD	HONG KONG	18,640.87	HKD	33.95	1.90	17.84
CHEIL INDUSTRIES INC	SOUTH KOREA	18,301.12	KRW	174,500.00	1,297.43	134.50
JIANGSU BROADCASTING CABLE INFOR	CHINA	16,417.07	CNY	34.10	0.38	89.74
ZHEJIANG CHINA COMMODITIES CITY	CHINA	15,759.77	CNY	17.97	0.15	118.48
SHENZHEN OVERSEAS CHINESE TWN CO	CHINA	15,745.63	CNY	13.44	0.79	16.97
BRAMBLES LTD	AUSTRALIA	13,199.14	AUD	10.90	0.39	21.66
CP ALL PUBLIC COMPANY LTD	THAILAND	12,195.16	THB	45.75	–	–
CP ALL PUBLIC COMPANY LTD	THAILAND	12,195.16	THB	45.75	1.46	31.41
XINHU ZHONGBAO CO LTD	CHINA	11,827.08	CNY	9.02	0.28	31.90
SWIRE PACIFIC LTD	HONG KONG	11,570.89	HKD	99.05	7.15	13.85
CHOW TAI FOOK JEWELLERY GROUP LT	HONG KONG	10,964.91	HKD	8.50	0.59	14.32
AYALA CORP	PHILIPPINES	10,964.20	PHP	798.00	32.55	24.51
CHINA INTNL TRVL SRVC CORP LTD	CHINA	10,849.88	CNY	68.98	1.91	36.05
ALIBABA PICTURES GROUP LTD	HONG KONG	10,774.82	HKD	3.31	–	–
ENERGY						
PETROCHINA CO LTD	CHINA	308,107.31	CNY	11.81	0.36	32.97
CHINA PETROLEUM CHEMICAL CORP	CHINA	112,237.96	CNY	7.29	0.31	23.71
BHP BILLITON LTD	AUSTRALIA	70,864.67	AUD	28.55	1.48	14.87
CNOOC LTD	HONG KONG	66,003.59	HKD	11.46	0.52	17.75
RELIANCE INDUSTRIES LTD	INDIA	50,702.01	INR	995.00	80.59	12.35
OIL & NATURAL GAS CORP	INDIA	42,957.01	INR	318.90	31.61	10.09
PTT PUBLIC COMPANY LTD	THAILAND	30,258.13	THB	357.00	30.73	11.62
PTT PUBLIC COMPANY LTD	THAILAND	30,258.13	THB	357.00	–	–
WOODSIDE PETROLEUM LTD	AUSTRALIA	22,952.77	AUD	36.03	1.39	20.10
HANERGY THIN FILM POWER GRUP LTD	HONG KONG	21,055.23	HKD	3.91	0.11	35.55

COMPANY LONG NAME	COUNTRY NAME	MARKET CAP (US$ MIL)	CURRENCY	PRICE (LATEST)	EPS FY1 MEAN	EPS FY1 PER
NTPC LTD	INDIA	18,077.77	INR	139.25	11.97	11.63
INDIAN OIL CORP LTD	INDIA	15,214.51	INR	398.00	36.50	10.91
CHINA OILFIELD SERVICES LTD	CHINA	14,156.98	CNY	29.68	0.96	30.80
PTT EXPLORATION AND PRODUCTION P	THAILAND	13,017.31	THB	110.50	–	–
PTT EXPLORATION AND PRODUCTION P	THAILAND	12,958.41	THB	110.00	–	–
PTT EXPLORATION AND PRODUCTION P	THAILAND	12,958.41	THB	110.00	8.09	13.60
OFFSHORE OIL ENGINEERING CO LTD	CHINA	12,181.41	CNY	17.10	0.73	23.54
SINOPEC SHANGHAI PETROCHEMICAL C	CHINA	11,687.34	CNY	9.93	0.19	51.11
PETRONAS GAS BHD	MALAYSIA	11,426.78	MYR	21.54	0.91	23.59
ORIGIN ENERGY LTD	AUSTRALIA	10,991.85	AUD	12.85	0.61	21.08
FINANCE						
INDUSTRIAL & COMMERCIAL BANK OF	CHINA	227,189.10	CNY	5.23	0.80	6.57
AGRICULTURAL BANK OF CHINA LTD	CHINA	177,193.12	CNY	3.74	0.57	6.50
BANK OF CHINA LTD	CHINA	162,660.58	CNY	4.79	0.60	7.99
CHINA LIFE INSURANCE CO LTD	CHINA	109,207.28	CNY	32.55	1.52	21.39
COMMONWEALTH BANK OF AUSTRALIA	AUSTRALIA	108,971.19	AUD	87.19	5.53	15.76
AIA GROUP LTD	HONG KONG	81,278.85	HKD	52.30	0.32	21.30
WESTPAC BANKING CORP	AUSTRALIA	80,964.40	AUD	33.67	2.47	13.62
PING AN INSURANCE GROUP CO OF CH	CHINA	74,046.30	CNY	84.85	5.75	14.76
AUSTRALIA AND NEW ZEALAND BANKIN	AUSTRALIA	71,304.33	AUD	33.64	2.65	12.69
NATIONAL AUSTRALIA BANK LTD	AUSTRALIA	65,547.01	AUD	34.52	2.70	12.77
CHINA MERCHANTS BANK CO LTD	CHINA	62,784.90	CNY	18.89	2.43	7.79
CK HUTCHISON HLDGS LTD	HONG KONG	58,651.98	HKD	117.80	12.21	9.65
INDUSTRIAL BANK CO LTD	CHINA	54,671.18	CNY	17.81	2.81	6.34
SHANGHAI PUDONG DEVELOPMENT BANK	CHINA	51,873.64	CNY	17.26	2.72	6.35
BANK OF COMMUNICATIONS CO LTD	CHINA	51,161.58	CNY	8.09	0.89	9.08
SUN HUNG KAI PROPERTIES LTD	HONG KONG	47,949.77	HKD	129.30	7.70	16.80
CITIC SECURITIES CO LTD	CHINA	46,033.64	CNY	29.04	1.48	19.63
BOC HONG KONG (HLDGS) LTD	HONG KONG	44,735.19	HKD	32.80	2.64	12.41
HONG KONG EXCHANGES & CLEAR	HONG KONG	44,175.03	HKD	286.80	7.71	37.18
CHINA MINSHENG BANKING CORP LTD	CHINA	43,189.10	CNY	9.82	1.37	7.15
HEALTHCARE						
CSL LTD	AUSTRALIA	32,948.69	AUD	89.93	2.98	23.33
SUN PHARMACEUTICAL INDUSTRIES LT	INDIA	32,496.91	INR	857.70	29.89	28.70
YUNNAN BAIYAO GROUP CO LTD	CHINA	14,882.89	CNY	88.70	3.04	29.21
JIANGSU HENRUI MEDICINE CO LTD	CHINA	14,232.58	CNY	45.15	1.07	42.13
KANGMEI PHARMACEUTICAL CO LTD	CHINA	13,787.58	CNY	19.46	0.68	28.57
SHANGHAI RAAS BLOOD PRODUCTS CO	CHINA	13,722.24	CNY	61.80	0.20	307.46
MERRO PHARMACEUTICAL CO LTD	CHINA	13,643.27	CNY	25.13	–	–
IHH HEALTHCARE BHD	MALAYSIA	12,759.70	MYR	5.79	0.12	49.85
LUPIN LTD	INDIA	12,544.91	INR	1,771.25	61.14	28.97
SHANGHAI FOSUN PHRMTCL GR CO LTD	CHINA	10,049.89	CNY	32.69	1.09	30.03
RAMSAY HEALTHCARE LTD	AUSTRALIA	9,728.58	AUD	62.70	1.99	31.52
DRREDDYS LABORATORIES LTD	INDIA	9,243.26	INR	3,443.35	149.39	23.05
TASLY PHARMACEUTICAL GROUP CO LT	CHINA	9,160.35	CNY	52.62	1.63	32.21
BEIJING TONGRENTANG CO LTD	CHINA	8,938.22	CNY	40.45	0.66	60.84
BANGKOK DUSIT MEDICAL SERVCS PCL	THAILAND	8,779.74	THB	19.10	0.56	33.98
BANGKOK DUSIT MEDICAL SERVCS PCL	THAILAND	8,779.74	THB	19.10	–	–
CIPLA LTD	INDIA	7,970.42	INR	630.35	22.16	28.45
JOINTOWN PHARMACEUTICAL GROUP CO	CHINA	7,523.63	CNY	28.42	0.41	70.17
DABUR INDIA LTD.	INDIA	7,461.45	INR	269.75	7.39	36.49
HYBIO PHARMACEUTICAL CO LTD	CHINA	6,997.84	CNY	48.80	0.35	141.06
PUBLIC UTILITIES						
CHINA MOBILE LTD	HONG KONG	272,577.42	HKD	103.20	5.40	15.32
TELSTRA CORP LTD	AUSTRALIA	59,932.76	AUD	6.34	0.34	18.54
SINGAPORE TELECOMMUNICATIONS LTD	SINGAPORE	50,987.33	SGD	4.27	0.25	17.31
CHINA YANGTZE POWER CO LTD	CHINA	39,159.12	CNY	14.73	0.73	20.10
CHINA UNICOM HONG KONG LTD	HONG KONG	38,799.71	HKD	12.56	0.56	18.00
CHINA NATIONAL NUCLEAR POWER CO	CHINA	28,915.90	CNY	11.53	0.21	55.22
CHINA UNITED NETWORK COMMUNICATI	CHINA	28,004.40	CNY	8.20	0.25	32.35
BHARTI AIRTEL LTD	INDIA	27,082.18	INR	430.30	15.94	26.99
KOREA ELECTRIC POWER (KEPCO)	SOUTH KOREA	26,387.33	KRW	45,450.00	15,237.51	2.98
ZHEJIANG ZHENENG ELECTRIC POWER	CHINA	25,134.52	CNY	11.47	0.52	22.27
CHUNGHWA TELECOM CO LTD	TAIWAN	24,420.24	TWD	97.20	4.90	19.86
HONG KONG & CHINA GAS CO	HONG KONG	24,134.95	HKD	16.18	0.65	24.71
GD POWER DEVELOPMENT CO LTD	CHINA	23,840.35	CNY	7.53	0.35	21.80
HUANENG POWER INTERNATIONAL INC	CHINA	22,872.43	CNY	13.52	0.92	14.63
CLP HLDGS LTD	HONG KONG	21,526.32	HKD	66.05	4.28	15.45
TELEKOMUNIKASI INDONESIA TBK PER	INDONESIA	21,029.78	IDR	2,850.00	169.86	16.78
ADVANCED INFO SERVICE PCL	THAILAND	20,379.38	THB	231.00	–	–
ADVANCED INFO SERVICE PCL	THAILAND	20,379.38	THB	231.00	13.58	17.00
POWER ASSETS HLDGS LTD	HONG KONG	19,781.57	HKD	71.85	4.11	17.49
TENAGA NASIONAL BHD	MALAYSIA	19,760.20	MYR	13.06	1.17	11.18
TECHNOLOGY						
TAIWAN SEMICONDUCTOR MFC CO LTD	TAIWAN	121,771.99	TWD	145.00	11.95	12.14
TATA CONSULTANCY SERVICES LTD	INDIA	79,399.64	INR	2,574.60	121.78	21.14
INFOSYS LTD	INDIA	36,089.93	INR	1,000.40	57.66	17.35
HANGZHOU HIKVISION DGTL TECH CO	CHINA	29,010.88	CNY	44.25	1.56	28.30
SK HYNIX INC	SOUTH KOREA	28,541.22	KRW	43,350.00	6,887.67	6.29
BEIJING XINWEI TELECOM TECHNOLOG	CHINA	25,301.17	CNY	53.71	1.56	34.42
MEDIATEK INCORPORATED	TAIWAN	24,365.65	TWD	421.50	25.18	16.74
HCL TECHNOLOGIES LTD	INDIA	20,530.27	INR	927.45	51.91	17.87
EAST MONEY INFORMATION CO LTD	CHINA	20,466.11	CNY	75.01	0.33	225.76
SAMSUNG SDS CO LTD	SOUTH KOREA	18,083.10	KRW	258,500.00	6,243.88	41.40
NAVER CORP	SOUTH KOREA	17,295.24	KRW	649,000.00	20,553.13	31.58
LESHI INTERNET INFN & TECH CORP	CHINA	16,760.10	CNY	56.21	0.31	182.22
LENOVO GROUP LTD	HONG KONG	16,221.62	HKD	11.32	0.09	15.76
LARGAN PRECISION CO LTD	TAIWAN	15,552.74	TWD	3,580.00	170.31	21.02
HUNDSUN TECHNOLOGIES INC	CHINA	13,925.65	CNY	139.90	0.76	182.90
SANAN OPTOELECTRONICS CO LTD	CHINA	13,063.15	CNY	33.88	0.84	40.23
CHINA SPACESAT CO LTD	CHINA	12,692.53	CNY	66.62	0.36	183.15
YONGYOU NETWORK TECHNOLOGY CO LT	CHINA	12,612.96	CNY	55.69	0.53	105.22
TSINGHUA TONGFANG CO LTD	CHINA	11,780.91	CNY	24.67	0.32	77.09
AISINO CORP	CHINA	11,704.30	CNY	78.67	1.80	43.77
TRANSPORTATION						
SHANGHAI INTL PORT GROUP CO LTD	CHINA	35,395.62	CNY	9.48	0.32	30.06
DAQIN RAILWAY CO LTD	CHINA	33,318.90	CNY	13.91	1.08	12.85
MTR CORP LTD	HONG KONG	27,952.85	HKD	37.10	1.80	20.57
NINGBO PORT CO LTD	CHINA	21,180.03	CNY	10.27	0.25	41.08
AIR CHINA LTD	CHINA	19,607.37	CNY	14.28	0.63	22.53
CHINA EASTERN AIRLINES CORP LTD	CHINA	18,816.17	CNY	13.77	0.50	27.34
CHINA SOUTHERN AIRLINES CO LTD	CHINA	18,103.70	CNY	16.00	0.62	25.98
ADANI PORT AND SPECIAL ECONOMIC	INDIA	18,030.03	INR	316.05	13.75	22.98
CHINA COSCO HLDGS CO LTD	CHINA	16,288.52	CNY	13.24	0.04	297.73
HAINAN AIRLINES CO LTD	CHINA	13,056.32	CNY	6.86	0.27	25.89
AIRPORTS OF THAILAND PCL	THAILAND	12,547.68	THB	296.00	10.91	27.12
ETERNAL ASIA SUPPLY CHN MGMT LTD	CHINA	12,226.34	CNY	73.15	0.43	171.96
CHINA SHIPPING CONTAINER LINES C	CHINA	11,744.95	CNY	9.19	0.10	89.63
CHINA MERCHANTS HLDGS INTERNATIONAL	HONG KONG	11,008.66	HKD	33.20	1.88	17.66
SHANGHAI INTERNATIONAL AIRPORT C	CHINA	10,652.20	CNY	34.31	1.27	26.98
CATHAY PACIFIC AIRWAYS LTD	HONG KONG	10,149.24	HKD	20.00	1.72	11.65
SOUTHWEST SECURITIES CO LTD	CHINA	10,114.01	CNY	22.24	0.76	29.41
MISC BHD	MALAYSIA	9,813.16	MYR	8.20	0.47	17.45
SINGAPORE AIRLINES LTD	SINGAPORE	9,239.85	SGD	10.55	0.68	15.60
SYDNEY AIRPORT HLDGS LTD	AUSTRALIA	9,116.15	AUD	5.32	0.09	62.54

Abu Dhabi's TAQA marketing US$3 bil five-year loan to banks: Sources

June 25 — Abu Dhabi National Energy Co (TAQA) is marketing a US$3 billion ($4 billion), five-year loan to banks after receiving initial commitments from eight local and international banks, four sources aware of the matter said on Thursday.

The loan amount, which will be used to consolidate existing debts into one facility with a lower rate of interest, is smaller than the US$3.5 billion that sources indicated last month the energy firm was looking to raise.

However, the overall size of the facility could be increased depending on the response from banks invited to back the deal, according to one source who spoke on condition of anonymity as the information is not public. TAQA declined to comment.

TAQA's Abu Dhabi-listed shares were down 8.6% at AED0.64 as at 0743 GMT.

The firm joins other Gulf-based companies in taking advantage of the strong liquidity of local banks to try to lower borrowing costs. Energy firms are also looking to boost cash reserves to help them weather a downturn in oil prices since last year.

The marketing period began on June 14, the source and a second source said, with both indicating that the loan was expected to close in the latter half of July.

Base pricing on the revolving credit facility is 50 basis points over the London interbank offered rate, but the return for banks will be increased by different fees, including some for initially committing to the loan and if the company doesn't draw down on the funds, two of the sources said. Should all the fees be triggered, banks will earn closer to 100 basis points, one of these sources said.

The eight banks that have already backed the loan are facility coordinators Bank of Tokyo-Mitsubishi and National Bank of Abu Dhabi, as well as BNP Paribas, First Gulf Bank, HSBC, Mizuho, SMBC and Societe Generale, according to three sources.

Among the existing debts that TAQA could refinance using the new facility is a US$2.2 billion loan that is set to mature in December. It also has a US$1 billion bond that it could set aside cash for ahead of its maturity in October 2016. — *Reuters*

Singapore benchmark bonds

	YIELD	LAST PRICE
SG1YT	0.93	99.214
SG5YT	1.71	99.65
SG10YT	2.64	97.7
US1YT	0.2878	0.285
US5YT	1.7052	99.6171875
US10YT	2.3943	97.640625

Singapore dollar corporate bonds

NAME	COUPON (%)	MATURITY DATE	BID YIELD	ASK YIELD	CLOSE PRICE
AACI REIT MTN	4.9	AUGUST 8, 2016	2.489	2.227	103.01
AACI REIT MTN	3.8	MAY 21, 2019	3.81	3.693	99.973
AACI REIT MTN	4.35	DECEMBER 5, 2019	3.891	3.788	101.82
ADB	1.027	NOVEMBER 14, 2018	1.975	1.95	96.727
AGC	7.45	OCTOBER 20, 2016	8.387	8.286	97.832
AMTEK ENG	6.9	MARCH 20, 2019	7.112	7.012	102.741
APB BREWERIES	0.915	FEBRUARY 23, 2017	NA	NA	98.709
APB BREWERIES	3.78	MARCH 3, 2020	3.882	3.805	99.6
APB BREWERIES	4	JANUARY 7, 2022	4.363	4.184	98.04
ARMF	2.635	APRIL 29, 2020	3.372	3.273	96.97
ASCEN REIT	2.5	MAY 16, 2019	2.686	2.636	99.334
ASCEN REIT	4	FEBRUARY 3, 2022	3.285	3.217	101.68
ASCEN REIT	3.2	JUNE 3, 2022	3.216	3.166	99.945
ASCENDAS	4.75	NA	4.757	3.339	100.2
ASCENDAS HSP TRU	3.3	APRIL 7, 2020	3.232	3.132	100.279
ASCENDAS PROP	3.5	OCTOBER 7, 2016	2.594	2.197	101.123
ASCENDAS PROP	3.8	OCTOBER 1, 2018	3.565	3.402	100.437
ASCOTT CAPITAL	3.78	AUGUST 16, 2019	2.827	2.651	103.75
ASCOTT GROUP	3.8	NOVEMBER 10, 2016	1.786	1.778	102.75
ASCOTT REIT MTN	3.8	DECEMBER 16, 2015	1.39	1.046	101.09
ASCOTT RESIDENCE	5	NA	4.408	4.358	102.3
ASL MARINE	4.75	MARCH 28, 2017	7.878	5.983	94.913
ASL MARINE	5.35	OCTOBER 1, 2018	7.195	7.095	94
ASPIAL	5	JULY 27, 2015	6.872	6.765	100.107
ASPIAL	5	JULY 22, 2016	4.353	4.253	100.73
ASPIAL	4.5	JANUARY 23, 2017	4.616	4.515	99.857
ASPIAL	5.5	NOVEMBER 27, 2018	5.192	5.092	100.849
ASPIAL	5.05	JUNE 12, 2019	5.376	5.276	98.732
BANYAN TREE	6.25	MAY 30, 2017	4.52	4.318	103.125
BANYAN TREE	5.75	JULY 31, 2018	4.632	4.531	103.154
BANYAN TREE	5.35	NOVEMBER 26, 2018	4.651	4.551	102.077
BANYAN TREE	4.875	JUNE 3, 2019	4.939	4.839	100.11
BANYAN TREE	4.85	JUNE 5, 2020	5.105	5.047	99.052
BESTGAIN REAL	3.275	NOVEMBER 6, 2017	3.541	3.318	99.408
BIOSENSORS INV	4.875	JANUARY 23, 2017	4.495	4.395	100.329
BK EST ASIA SNGP	2	JULY 10, 2017	2.143	2.093	99.477
CACHE MTN	3.5	AUGUST 11, 2016	2.431	2.25	101.167
CAMBRIDGE MTN	3.5	NOVEMBER 5, 2018	3.385	3.335	100.333
CAMBRIDGE MTN	4.1	APRIL 29, 2020	3.763	3.672	101.494
CAMBRIDGE MTN	3.95	MAY 21, 2020	3.817	3.717	100.648
CAPITALAND	3.5	JULY 17, 2017	2.089	1.971	102.85
CAPITALND TREASY	4.35	OCTOBER 31, 2019	2.871	2.792	106.45
CAPITALND TREASY	4.3	AUGUST 31, 2020	2.98	2.907	106.5
CAPITAMALL TRUST	3.08	FEBRUARY 20, 2021	2.918	2.868	100.872
CAPITAMALL TRUST	3.48	AUGUST 6, 2024	3.359	3.31	101
CAPITAMALLS ASIA	3.8	JANUARY 12, 2022	2.255	1.602	102.36
CAPITAMALLS ASIA	3.7	AUGUST 29, 2022	3.464	3.385	102.2
CCT MTN	2.98	FEBRUARY 14, 2021	3.035	2.984	99.804
CDLHT MTN	1.3104	AUGUST 12, 2016	NA	NA	100.19
CENTURION	5.25	OCTOBER 10, 2016	4.737	4.637	100.507
CHINA COAL SOLN	7.5	SEPTEMBER 26, 2016	8.344	8.244	98.618
CHIP ENG SENG	4.25	OCTOBER 17, 2017	3.784	3.684	100.96
CITY DEVS	2.48	SEPTEMBER 3, 2015	1.448	0.558	100.19
CITY DEVS	1.74	DECEMBER 12, 2016	2.075	1.975	99.546
CITY DEVS	2.45	MARCH 14, 2018	2.368	2.268	100.3
CITY DEVS	2.78	SEPTEMBER 21, 2018	2.608	2.508	100.25
CITY DEVS	3.38	MARCH 20, 2019	2.832	2.731	101.75
CITY DEVS	3.75	JULY 6, 2022	3.43	3.33	102
CITY DEVS	3.48	APRIL 3, 2023	3.545	3.445	99.59
CITY DEVS	3.9	MARCH 21, 2024	3.642	3.542	102.2
CITYDEV NAHDAH	2	DECEMBER 6, 2016	2.299	2.2	99.518
CITYDEV NAHDAH	2.75	SEPTEMBER 19, 2018	2.826	2.726	99.666
CITYDEV NAHDAH	3.243	JUNE 4, 2019	3	2.9	100.845
CITYDEVELOPMENTS	3	APRIL 2, 2020	2.949	2.849	100.3
CITYDEVELOPMENTS	3.78	OCTOBER 21, 2024	3.641	3.595	101.85
CMT MTN	3.85	MARCH 15, 2017	1.816	1.7	103.35
CMT MTN	3.55	SEPTEMBER 1, 2017	1.877	1.766	103.7
CMT MTN	3.75	AUGUST 2, 2024	3.378	3.328	103.057
CORDLIFE GROUP	4.9	OCTOBER 29, 2017	4.225	4.125	101.493
COURTS ASIA	4.75	MAY 2, 2016	2.993	2.102	101.666
CROESUS RETAIL	4.6	JANUARY 23, 2017	3.826	3.726	101.4
CWT	3.9	APRIL 18, 2019	4.263	4.163	98.25
CWT LTD	4	MARCH 13, 2017	3.844	3.744	100.181
CWT LTD	4.8	MARCH 18, 2020	4.391	4.291	101.8
DANGA CAPITAL	2.615	AUGUST 11, 2015	1.561	0.186	100.13
DANGA CAPITAL	3.725	AUGUST 11, 2020	3.1	3.025	103.3
DBS 0721	4.47	JULY 15, 2021	2.017	1.067	103.11
DBS BK	3.1	FEBRUARY 14, 2023	2.802	2.772	101
DBS CAP PERP5.75	5.75	NA	3.036	2.917	107.8
DBS GROUP	4.7	NA	3.409	3.359	104.75
DBS PERP 4.7	4.7	NA	4.033	3.983	100.65
DYNA-MAC HLDG	4.25	AUGUST 1, 2017	3.751	3.503	101.15
EMIRATE	4.64	JUNE 21, 2016	2.823	2.31	101.579
ENVIRO-HUB HLDGS	8.5	OCTOBER 16, 2015	10.884	10.785	98.826
EU YAN SANG INTL	4.5	NOVEMBER 29, 2016	1.733	1.633	103.979
EU YAN SANG INTL	4.1	JUNE 6, 2018	3.798	3.698	100.112
EZION HLDG	4.6	AUGUST 20, 2018	5.117	5.017	97.89
EZION HLDG	4.85	JANUARY 23, 2019	5.155	4.845	98.171
EZION HLDG	4.7	MAY 22, 2019	5.551	4.97	96.681
EZION HLDG	5.1	MARCH 13, 2020	5.588	5.488	97.155
EZION HLDG	4.875	JUNE 11, 2021	6.512	5.594	95.971
EZION HLDG	7.8	NA	7.923	7.843	98.802
EZION HLDG	7	NA	6.556	6.506	101.218
EZRA HLDGS	4.75	MARCH 21, 2016	7.4	4.535	98.51
EZRA HLDGS	4.875	APRIL 24, 2018	8.972	7.688	90
EZRA HLDGS	8.75	NA	9.328	8.947	92.769
FALCON ENERGY GR	5.5	SEPTEMBER 19, 2017	8.877	8.778	93.211
FCL TREASURY	3.7	APRIL 5, 2019	3.413	3.313	100.5
FCL TREASURY	3.95	OCTOBER 7, 2021	3.825	3.725	100.786
FCL TREASURY	3.65	MAY 22, 2022	3.592	3.575	100.267
FCL TREASURY	3.8	JUNE 28, 2022	4.077	3.977	98.318
FCL TREASURY	4.88	NA	4.75	4.7	100.428
FCL TREASURY	4.88	NA	4.75	4.7	100.428
FCL TREASURY	5	NA	4.919	4.869	100.357
FCT MTN	2.85	JUNE 12, 2017	2.359	2.258	100.928
FCT MTN	2.535	DECEMBER 12, 2017	2.54	2.49	99.886
FCT MTN	2.9	APRIL 10, 2019	3.017	2.917	99.599
FCT MTN	3	JANUARY 21, 2020	3.347	3.297	98.5
FIRST REIT	4.125	MAY 22, 2018	3.786	3.686	100.85
FRAGRANCE GROUP	3.75	JANUARY 16, 2017	3.919	3.819	99.688
FRAGRANCE GROUP	8	APRIL 23, 2018	NA	NA	NA
FREIGHT LINKS EX	4.6	MAY 29, 2017	6.84	6.739	95.384
FRST SPONSOR GRP	4	JUNE 4, 2018	4.176	4.076	99.432
G8 EDUCATION	4.75	MAY 19, 2017	4.577	4.477	100.152
GENTING SINGA	5.125	NA	5.237	5.06	99.3
GENTING SINGA	5.125	NA	5.16	4.99	99.203
GEO ENERGY	7	JANUARY 18, 2018	11.35	11.25	90.71
GITI TIRE	6	NOVEMBER 17, 2017	7.47	7.37	97.058
GLL IHT	3.55	DECEMBER 2, 2016	3.126	3.026	100.483
GLL IHT	5	FEBRUARY 23, 2017	3.355	3.255	102.81
GLL IHT	3.6	AUGUST 7, 2017	3.496	3.396	100.2
GLL IHT	4.35	SEPTEMBER 12, 2017	3.506	3.406	101.8
GLL IHT	3.4	SEPTEMBER 4, 2018	3.715	3.615	99.038
GLL IHT	3.95	APRIL 1, 2019	4.06	3.96	99.55
GLL IHT	4.2	FEBRUARY 5, 2020	4.256	4.156	99.682
GLL IHT	4.1	MAY 13, 2020	4.322	4.222	98.956
GLL IHT	4.7	NA	3.475	2.369	100.577
GLL IHT 0316	4.875	MARCH 11, 2016	2.67	1.253	101.4
GOLDEN ASSET	4.2	APRIL 30, 2017	4.951	4.851	99
GRT EASTERN 0126	4.6	JANUARY 19, 2026	3.231	2.947	107.2
HALC	6.5	JULY 31, 2019	9.497	9.342	92.928
HANKORE ENVRNMNT	7.5	AUGUST 1, 2015	NA	NA	NA
HDB	0.76	NOVEMBER 2, 2015	1.051	0.756	99.914
HDB	2.023	FEBRUARY 22, 2016	1.129	0.975	100.57
HDB	0.943	MARCH 21, 2016	1.22	1.067	99.85
HDB	1.165	JULY 26, 2016	1.397	1.255	99.78
HDB	1.01	SEPTEMBER 19, 2016	1.377	1.244	99.61
HDB	1.105	FEBRUARY 16, 2017	1.498	1.373	99.4
HDB	1.165	APRIL 24, 2017	1.572	1.454	99.32
HDB	1.11	AUGUST 30, 2017	1.715	1.596	98.83
HDB	1.875	NOVEMBER 13, 2017	1.766	1.65	100.35
HDB	1.23	JANUARY 30, 2018	1.839	1.723	98.59
HDB	1.368	MAY 29, 2018	1.931	1.817	98.53
HDB	2.365	SEPTEMBER 19, 2018	2.036	1.924	101.06
HDB	1.83	NOVEMBER 21, 2018	2.086	1.976	99.22
HDB	2.223	MAY 28, 2019	2.224	2.112	100.05
HDB	1.52	JUNE 18, 2019	2.241	2.131	97.33
HDB	2.288	SEPTEMBER 19, 2019	2.306	2.199	100.03
HDB	3.008	MARCH 26, 2021	2.625	2.519	102.269
HDB	1.95	SEPTEMBER 22, 2021	2.748	2.64	95.67
HDB	2.185	APRIL 25, 2022	2.819	2.719	96.258
HDB	2.088	AUGUST 30, 2022	2.864	2.758	94.85
HDB	2.505	JUNE 27, 2024	3.128	3.021	95.21
HDB	3.1	JULY 24, 2024	3.136	3.028	99.78
HDB	3.22	DECEMBER 1, 2026	3.407	3.298	98.87
HDB	3.948	JANUARY 29, 2029	3.59	3.409	104.505
HDB 0217	3.55	FEBRUARY 14, 2017	1.49	1.369	103.33
HDB 0223	3.63	FEBRUARY 27, 2023	2.996	2.889	104.37
HDB 0231	3.14	MARCH 18, 2021	2.621	2.515	102.75
HDB 02616	1.685	JUNE 8, 2016	1.283	1.144	100.46
HDB 0316	3.73	MARCH 7, 2016	1.18	1.024	101.77
HDB 0619	3.35	JUNE 11, 2019	2.238	2.13	104.25
HDB 0716	3.995	JULY 14, 2016	1.249	1.108	102.87
HDB 0718	3.95	JULY 15, 2018	1.96	1.846	105.97
HDB 0721	2.815	JULY 26, 2021	2.704	2.597	100.75
HDB 1015	3.2	OCTOBER 12, 2015	1.051	0.951	100.63
HDB 1016	3.622	OCTOBER 18, 2016	1.388	1.26	102.91
HDB 1117	2	NOVEMBER 3, 2017	1.737	1.624	100.65
HEETON HLDGS	5.6	NOVEMBER 6, 2015	5.291	5.191	100.06
HEETON HLDGS	5.9	JUNE 2, 2017	5.669	5.569	100.267
HIAP HOE	4.75	SEPTEMBER 5, 2016	4.655	4.555	99.973
HK LAND TSY 1015	3.65	OCTOBER 5, 2015	1.431	0.688	100.44
HONG FOK	4.75	JANUARY 24, 2018	4.349	4.249	101
HONG FOK	4.75	MARCH 22, 2019	4.723	4.623	100.2
HOTEL PROP 0718	4.1	JULY 20, 2018	3.383	3.284	101.75
HOTEL PROPERTIES	3.6	JULY 21, 2015	1.246	1.143	100.16
HOTEL PROPERTIES	3.6	OCTOBER 7, 2015	1.27	0.688	100.52
HOTEL PROPERTIES	3.88	MARCH 1, 2016	1.599	1.363	101.5
HOTEL PROPERTIES	3.6	MAY 30, 2016	2.112	1.938	101.5
HOTEL PROPERTIES	3.93	JUNE 10, 2017	2.829	2.703	102
HOTEL PROPERTIES	3.5	JANUARY 15, 2018	3.167	3.067	100.623
HOTEL PROPERTIES	3.95	SEPTEMBER 13, 2019	3.633	3.533	101
HOTEL PROPERTIES	3.88	APRIL 8, 2020	3.723	3.622	100.661
HOTEL PROPERTIES	3.9	APRIL 23, 2020	3.709	3.609	100.718
HOTEL PROPERTIES	3.85	MAY 27, 2021	3.827	3.727	100.14
HOTEL PROPERTIES	3.9	SEPTEMBER 12, 2023	3.331	3.231	101.61
HOTEL PROPERTIES	6.125	NA	4.333	4.283	103.097
HYFLUX	3.89	JANUARY 19, 2016	3.2	2.907	100.32
HYFLUX	3.5	JULY 21, 2016	3.382	3.189	100.058
HYFLUX	4.25	SEPTEMBER 7, 2018	4.099	4.001	100.553
HYFLUX	4.2	AUGUST 29, 2019	4.335	4.235	99.488
HYFLUX	4.6	SEPTEMBER 23, 2019	4.467	4.381	100.469
HYFLUX	6	NA	6.253	6.203	99.262
HYFLUX	5.75	NA	7.375	7.326	99.371
HYFLUX	4.8	NA	4.912	4.908	97.85
INTL HEALTHWAY	7	APRIL 27, 2017	7.586	7.486	99.02
INTL HEALTHWAY	6	FEBRUARY 6, 2018	7.085	6.985	96.512
JOYNOTE	2.25	NOVEMBER 23, 2015	1.79	1.389	100.01
JOYNOTE	2.585	JULY 20, 2016	2.151	1.959	100.17
JOYNOTE	3.408	JULY 20, 2018	2.603	2.368	100.95
JURONG SHIPYARD	2.95	SEPTEMBER 10, 2021	3.193	3.094	98.85
JURONG SHIPYARD	3.85	SEPTEMBER 10, 2029	4.019	3.97	99
KEPPEL	3.1	OCTOBER 12, 2020	2.882	2.679	101.25
KEPPEL	3.145	FEBRUARY 14, 2022	3.119	2.952	100.5
KEPPEL	4	SEPTEMBER 7, 2042	4.207	4.169	97.25
KEPPEL LAND	2.83	NOVEMBER 24, 2020	2.934	2.834	99.535
KEPPEL LAND	3.8	JUNE 8, 2022	3.328	3.228	103
KEPPEL LAND	3.9	NOVEMBER 7, 2024	3.465	3.342	103.5
KEPPEL LAND 0815	2.67	AUGUST 2, 2015	1.863	1.315	100.14
KEPPEL LAND 0817	3.158	AUGUST 25, 2017	2.071	1.958	102.31
KEPPEL REIT MTN	3.15	FEBRUARY 11, 2022	3.368	3.268	98.777
KEPPEL TELECOM	2.625	AUGUST 13, 2019	2.901	2.801	99.422
KEPPEL TELECOM	3.8	APRIL 23, 2027	3.599	3.524	101.25
KOH BROTHERS	4.8	JANUARY 2, 2018	4.656	4.556	100.33
KRISENERGY	6.25	JUNE 9, 2017	6.146	6.046	100.247
KRISENERGY ASIA	5.75	AUGUST 22, 2018	6.359	6.259	98.173
KSH HOLD	5.25	MAY 20, 2016	4.943	4.843	100.09
LEND LEASE 3	3.28	SEPTEMBER 3, 2021	3.391	3.29	99.25
LOGINDO SAMUDRA	2.93	FEBRUARY 3, 2020	2.935	2.905	100.014
LTA	3.275	OCTOBER 29, 2025	3.288	3.174	99.9
LTA 0516	4.17	MAY 10, 2016	1.323	1.176	102.47
LTA 0520	2.71	MAY 27, 2020	2.483	2.322	101.1
LTA 0623	2.9	JUNE 19, 2023	3.017	2.875	99.17
MALAYAN	6	NA	3.787	3.458	106.51
MAPLE TREASURY	3.75	MARCH 8, 2019	2.472	2.196	104.484
MAPLE TREASURY	3.65	SEPTEMBER 7, 2022	3.226	3.126	102.681
MAPLETREE	3.6	AUGUST 24, 2020	2.856	2.806	103.85
MAPLETREE	3.2	APRIL 12, 2021	3.024	2.974	100.953
MAPLETREE	5.375	NA	3.282	3.231	104.624
MAPLETREE COMM	2.65	NOVEMBER 7, 2019	2.615	2.565	99.16

Gas Malaysia's growth is in the pipeline

"Keep it simple, stupid" has been the catch-cry of investment legends like Warren Buffett and Peter Lynch.

These heavyweights of investment lore have opined on the attractiveness of businesses that offer simple, easy-to-understand business models that provide a clear picture of how revenues and profits are generated. One of Buffett's rules is that if you can't understand what a company does after five minutes, then move on.

It appears Gas Malaysia has taken that sage advice on board. The distributor of natural gas in Peninsular Malaysia has made the job for analysts very simple, with a new regulatory regime for the pricing of natural gas providing share price prognosticators much clearer visibility on the stock's earnings.

Coming to grips with regulatory regimes for utility stocks can be deathly boring. And Gas Malaysia is no different. However, understanding the company's plans to adopt a so-called incentive-based regime (IBR) helps explain why there has been a round of earnings upgrades and ratings changes for a stock that has fallen 21% this year compared with a 2% decline in the Kuala Lumpur Composite Index.

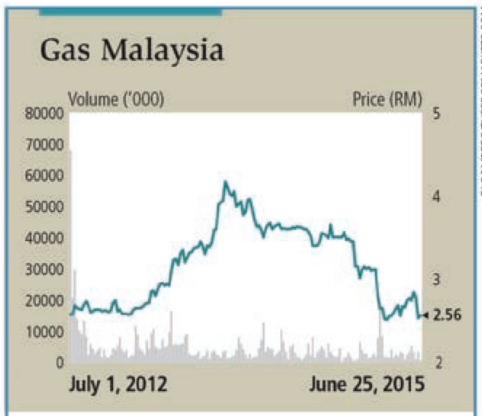
The new regulatory regime means that Gas Malaysia is guaranteed a set margin for the gas its distributes to 36,000 residential and commercial customers. Much of the pain that has been inflicted on its share price can be attributed to analyst concerns about a squeeze on margins caused by the rising costs of the liquefied natural gas (LNG) it buys and its inability to fully pass these costs on to consumers.

The adoption of the IBR from January 2016 means Gas Malaysia will receive a minimum margin of RM1.58 for every million British Thermal Units it sells. Essentially, this allows the company to pass on the volatile costs of the LNG it buys and then feeds through its distribution network. This is important given LNG supply is forecast to make up about 10% of Gas Malaysia's purchases this year, up from 4% in 2014, according to AllianceDBS Research. Importantly, the tariff will be revised every six months.

The guaranteed margin on the gas it sells simplifies the understanding of Gas Malaysia's business model and the generation of future earnings. The main driver of earnings growth will be the volumes of gas it can dispatch down its pipelines. Management has clearly signalled its intent to grow the business by spending between RM700 million to RM800 million on expanding its natural gas distribution system to 2,800km from 2,065km.

Analysts have broadly welcomed the greater clarity on earnings. Affin Hwang Capital analyst Lim Tee Yang upgraded the stock to a "buy", saying the new pricing regime could be a rerating catalyst that may lift the share price to his target of RM3 a share. The stock was trading at RM2.57 a share on the morning of June 23. Kenanga analyst Teh Kian Yeong raised the stock's rating to "market perform" from "underperform", while raising the price target to RM2.68 a share from RM2.22. The analyst also noted the stock's "fairly resilient" yield of between 3% and 4%. A more circumspect opinion came from AllianceDBS research analyst Quah He Wei, who reiterated a "hold" on the stock given the limited upside to a RM2.70 share target and its "unattractive" valuations given it trades at 22 times projected 2015 earnings.

Gas Malaysia is definitely not a growth stock. However, it may appeal to income-focused investors seeking a stock with a solid yield and potential share price appreciation. The key for investors is to watch management's execution on delivering the extended pipeline network on time and on budget given its vital role in driving earnings growth. — *© 2015 Dow Jones & Co, Inc* E



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Valuation score*	1.10
Fundamental score**	2.10
TTM PER (x)	21.27
TTM PEG (x)	(2.00)
P/NAV (x)	3.32
TTM dividend yield (%)	5.10
Market capitalisation (RM mil)	3,287.04
Shares outstanding (ex-treasury) (mil)	1,284.00
Beta	0.63
12-month price range (RM)	2.46 to 3.53

**Valuation score — Composite measure of historical return and valuation*
***Fundamental score — Composite measure of balance sheet strength and profitability*
Note: A score of 3.0 is the best to have and 0 is the worst to have

BONDS

Singapore dollar corporate bonds

NAME	COUPON (%)	MATURITY DATE	BID YIELD	ASK YIELD	CLOSE PRICE
MAPLETREE HKSAR	3.2	SEPTEMBER 8, 2021	3.223	3.123	99.905
MAPLETREE TRUST	3.25	FEBRUARY 3, 2023	3.208	3.158	100.5
MCTTSP 3.6 20	5	SEPTEMBER 7, 2015	12.611	8.317	98.518
MEDCO GLOBAL	5.9	MAY 14, 2018	6.25	6.149	98.908
MENCAST HOLDINGS	5.75	SEPTEMBER 12, 2016	11.021	10.922	94.498
MHMD MSTF SMSDDN	4.75	FEBRUARY 6, 2017	4.419	4.319	100.5
MIDAS HOLDINGS	6	NOVEMBER 28, 2016	7.263	7.162	98.231
MPLTREE TREASURY	4.45	MARCH 7, 2018	2.302	1.565	106
MPLTREE TREASURY	3.88	OCTOBER 4, 2018	2.307	2.122	104.85
MPLTREE TREASURY	5.125	NA	3.761	3.513	102.7
NAM CHEONG	6	NOVEMBER 5, 2015	5.171	5.07	100.034
NAM CHEONG	5	AUGUST 28, 2017	5.814	5.313	98.379
NAM CHEONG	5.05	AUGUST 26, 2019	6.463	6.363	95.034
NAT UNIVESITY SG	1.708	FEBRUARY 13, 2019	2.162	2.137	98.435
NIIC	3.65	AUGUST 23, 2027	3.092	2.97	103.8
NOL	4.4	NOVEMBER 8, 2019	3.985	3.885	102
NOL 0621	4.4	JUNE 22, 2021	4.154	3.963	101.39
NUS	2.2	MAY 27, 2020	2.341	2.32	99.423
OCBC	4	NA	3.318	3.268	101.881
OCBC CAPITAL	5.1	NA	3.917	3.867	103.37
OCBC PERP 4.2	4.2	NA	2.681	2.63	100.694
OLAM INTL	6.75	JANUARY 29, 2018	3.883	0.541	103.263
OLAM INTL	7	NA	4.553	3.346	100.94
OLAM INTL 0818	6	AUGUST 10, 2018	4.236	3.572	105.447
OSIM INTERNATION	0	SEPTEMBER 18, 2019	3.714	0	94.55
OTTO MARINE SRVC	7	AUGUST 1, 2016	22.763	22.663	86.94
OUE	3.95	SEPTEMBER 29, 2015	1.51	0.877	100.51
OUE	4.95	FEBRUARY 1, 2017	3.064	2.179	103.11
OUE	4.25	OCTOBER 30, 2019	3.68	3.58	102.266
OVERSEAS EDU	5.2	APRIL 17, 2019	3.993	3.893	104.193
OXLEY HLDG	4.75	SEPTEMBER 23, 2015	4.74	4.641	99.896
OXLEY HLDG	5.15	OCTOBER 31, 2016	4.777	4.677	100.607
OXLEY HLDG	5.1	DECEMBER 5, 2016	4.709	4.609	100.594
OXLEY HLDG	5.1	MAY 16, 2017	5.095	4.994	100.011
OXLEY HLDG	4.75	JULY 11, 2018	5.265	5.213	98.806
PACIFIC INTL LIN	5.9	JULY 17, 2017	5.514	5.414	100.479
PACIFIC RADIANCE	4.3	AUGUST 29, 2018	6.994	6.894	95
PERENNIAL CHINA	6.375	SEPTEMBER 21, 2015	1.812	1.709	100.792
PERENNIAL CHINA	5.25	JULY 26, 2016	4.007	3.907	101.182
PERENNIAL TR	4.25	MARCH 16, 2018	4.33	4.23	99.85
PERISAI CAPITAL	6.875	OCTOBER 3, 2016	12.011	11.91	93.903
PSA	2.83	JULY 6, 2015	1.269	1.149	100.041
PSA	4	JUNE 5, 2019	2.382	2.296	106.3
PSA	3.385	APRIL 28, 2020	2.732	2.66	103.29
PUB 0722	3.012	JULY 12, 2022	2.872	2.81	102
PUB 0818	3.9	AUGUST 31, 2018	2.054	1.944	105.62
PUB 1015	3.18	OCTOBER 26, 2015	1.159	0.743	100.67
PUB 1020	3.52	OCTOBER 26, 2020	2.601	2.509	104.3
PUB 1027	3.62	OCTOBER 12, 2027	3.318	3.22	103.631
PUB 1216	2.42	DECEMBER 15, 2016	1.422	1.326	101.45
Q & M DENTAL	4.4	MARCH 19, 2018	3.912	3.812	101.086
RAFFLES EDUCAT	5.8	FEBRUARY 22, 2016	5.13	5.03	100.15
RAFFLES EDUCAT	5.9	MAY 3, 2018	5.84	5.74	100.124
RICKMERS TRUST	8.45	MAY 15, 2017	10.793	10.693	96.011
ROWSLEY	6.5	MARCH 27, 2018	5.999	5.899	101.212
SABANA SUKUK	4	MARCH 19, 2018	4.092	3.992	99.845
SABANA SUKUK	4.25	APRIL 3, 2019	4.322	4.222	99.865
SBS TRANSIT	1.95	OCTOBER 26, 2015	1.591	1.097	100.18
SBS TRANSIT	1.8	SEPTEMBER 12, 2017	2.276	2.176	99.63
SEMBCORP FINANC	0.8773	SEPTEMBER 1, 2017	0.855	0.787	100.002
SEMBCORP FINANC	3.7325	APRIL 9, 2020	2.873	2.8	104
SEMBCORP FINANC	2.94	NOVEMBER 26, 2021	3.106	3.006	99.5
SEMBCORP FINANC	3.64	MAY 27, 2024	3.53	3.43	100.966
SEMBCORP FINANC	4.25	AUGUST 30, 2025	3.659	3.584	105.2
SEMBCORP FINANC	3.593	NOVEMBER 26, 2026	3.736	3.661	99.2
SEMBCORP IND	4.75	NA	4.59	4.248	100.663
SEMBCORP PP	5	NA	4.194	4.144	102.4
SINGAPORE AIR	2.15	SEPTEMBER 30, 2015	1.679	1.047	100.13
SINGAPORE AIR	3.22	JULY 9, 2020	2.774	2.668	102.5
SINGAPORE AIR	3.145	APRIL 8, 2021	2.952	2.852	101.5
SINGAPORE AIR	3.75	APRIL 8, 2024	3.407	3.307	102.652
SINGAPORE LABOUR	1.3	JUNE 8, 2017	1.835	1.308	99.056
SINGAPORE POST	3.5	MARCH 30, 2020	2.598	2.526	103.82
SINGAPORE POST	4.25	NA	3.388	3.338	105.15
SINGHAIYI GROUP	5.25	JANUARY 10, 2017	6.633	6.534	97.516
SMRT CAPITAL	1.2	OCTOBER 5, 2017	1.694	1.669	98.91
SMRT CAPITAL	1.388	OCTOBER 16, 2017	1.664	1.639	99.376
SMRT CAPITAL	2.363	OCTOBER 5, 2022	2.954	2.797	96.2
SMRT CAPITAL	3.072	JUNE 11, 2024	3.124	3.109	99.66
SMU	3.155	MARCH 7, 2024	3.098	3.083	100.413
SNGTL GRP TRASRY	2.15	JULY 12, 2016	1.594	1.554	100.553
SNGTL GRP TRASRY	3.4875	APRIL 8, 2020	2.553	2.444	104.75
SNGTL GRP TRASRY	2.58	SEPTEMBER 24, 2020	2.561	2.531	100.75
SNGTL GRP TRASRY	2.72	SEPTEMBER 3, 2021	2.721	2.691	100
SOILBUILD BU	3.45	MAY 21, 2018	3.016	2.915	101.184
SP 0815	4.19	AUGUST 18, 2015	0.867	0.137	100.46
SP 0820	4.665	AUGUST 18, 2020	2.753	2.682	110.31
SP 0822	3.14	AUGUST 31, 2022	3.145	3.115	101.95
SP POWERASSETS	4.84	OCTOBER 22, 2018	2.092	2.005	108.73
SP POWERASSETS	4.39	MAY 15, 2019	2.365	2.28	107.59
SP POWERASSETS	3.06	MAY 27, 2020	2.69	2.612	102.043
SP POWERASSETS	4.76	MAY 15, 2024	3.237	3.217	111.894
SP POWERASSETS	5.07	MAY 18, 2029	3.57	3.55	117.96
SP POWERASSETS	3.4	SEPTEMBER 19, 2032	3.556	3.536	98.57
STARHUB	3.08	SEPTEMBER 12, 2022	3.138	2.982	100
STRHILL GLO REIT	3.405	JULY 13, 2015	0.919	0.863	100.08
STRHILL GLO REIT	3.5	FEBRUARY 26, 2021	3.38	3.28	100.47
STRHILL GLO REIT	3.4	MAY 26, 2023	3.689	3.589	99.917
SUNTEC REIT	3.25	AUGUST 8, 2016	2.079	1.897	101.273
SUNTEC REIT	3.1	AUGUST 8, 2016	2.059	1.959	101.16
SWIBER	5.125	JUNE 6, 2016	33.1	33	78.894
SWIBER	7	JULY 6, 2016	31.575	28.54	80.236
SWIBER	5.55	OCTOBER 10, 2016	30.368	27.963	75.072
SWIBER	7.125	APRIL 18, 2017	30.85	28.926	68.825
SWIBER	9.75	NA	12.935	12.269	95.1
SWIBER CAPITAL	6.5	AUGUST 2, 2018	20.65	19.521	68.734
SWISSCO	5.7	APRIL 16, 2018	11.23	8.987	87
TA CORPORATION	5.25	OCTOBER 24, 2016	6.05	5.95	98.476
TAN CHONG INTL	2.8	JANUARY 9, 2017	2.623	2.523	100.249
TAT HONG HLDS	4.5	JULY 31, 2018	5.121	5.022	98.5
TATA SINGAPORE	4.3	APRIL 11, 2018	5.601	5.501	96.701
TEE LAND	6.5	OCTOBER 27, 2017	7.473	7.373	97.827
TEMASEK FINANC I	3.265	FEBRUARY 19, 2020	2.274	2.165	103.04
TEMASEK FINANC I	3.785	MARCH 5, 2025	3.161	3.033	104.974
TEMASEK FINANC I	4	DECEMBER 7, 2029	3.502	3.399	105.494
TEMASEK FINANC I	4.0475	MARCH 5, 2035	3.751	3.693	106.3
TEMASEK FINANC I	4.2	DECEMBER 7, 2039	3.847	3.75	105.473
TEMASEK FINANC I	4.2	AUGUST 2, 2050	3.835	3.747	106.861
TIGER AIR HOLD	2	NA	NA	NA	NA
TIONG SENG	4.75	JANUARY 3, 2018	8.068	7.968	92.631
TML HOLD	4.25	MAY 16, 2018	4.051	3.684	100.41
TUAN SING HLDGS	4.5	OCTOBER 14, 2019	4.871	4.771	98.841
UBITECH HUB	4.2	JUNE 12, 2017	3.509	3.409	100.957
UNITED	7.25	SEPTEMBER 2, 2016	4.912	4.812	102.736
UNITED	4.7	APRIL 29, 2018	4.537	4.437	100.34
UNITED ENERGY	6.85	OCTOBER 17, 2016	10.524	10.423	95.368
UNITED ENG	4.2	JANUARY 26, 2017	3.159	2.643	101.545
UOB	4.9	NA	3.618	3.28	103.77
UOB	4.75	NA	3.762	3.712	104.08
UOL	3.043	MAY 8, 2017	2.787	2.687	100.349
UOL TREASURY	2.5	APRIL 20, 2018	2.549	2.448	99.839
VALLIANZ HOLDING	7.2	APRIL 1, 2016	29.061	28.96	87.056
VALLIANZ HOLDING	7.25	NOVEMBER 22, 2016	21.739	21.639	84.597
VIBRANT GROUP	7.35	NA	11.02	10.97	92.342
VIVA INDUSTRIAL	4.15	SEPTEMBER 19, 2018	3.936	3.836	100.354
WHARF MTN	4.3	OCTOBER 28, 2018	2.74	2.64	104.751
WILMAR	3.5	JANUARY 25, 2017	3.087	2.956	100.61
WILMAR	4.1	JANUARY 25, 2019	3.527	3.427	101.54
WING TAI 0718	4	JULY 27, 2018	2.844	2.751	102.205
WING TAI HLDGS	4	OCTOBER 7, 2021	3.825	3.725	100.729
WING TAI HLDGS	4.5	SEPTEMBER 26, 2022	4.141	4.062	102.193
WING TAI HLDGS	4.25	MARCH 15, 2023	4.24	4.087	100.109
WING TAI HLDGS	4.7	FEBRUARY 28, 2024	4.475	4.375	101.611

The information in this table is provided as a service to readers. While every effort is made to ensure accuracy, interested readers should double-check the data with the source, Reuters.

CAPITAL | RIGHT TIMING

Chart A

Chart B

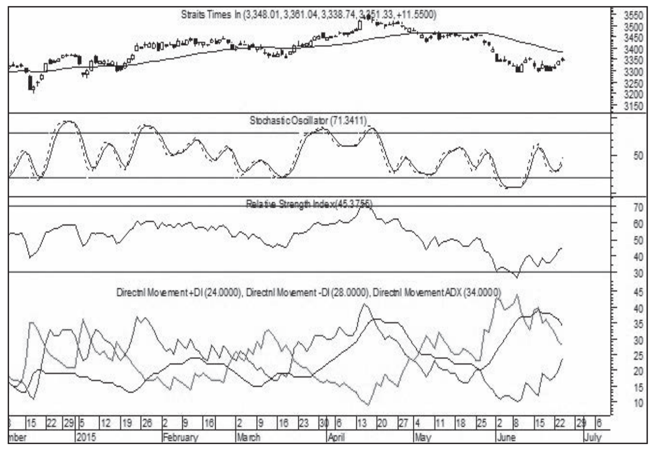
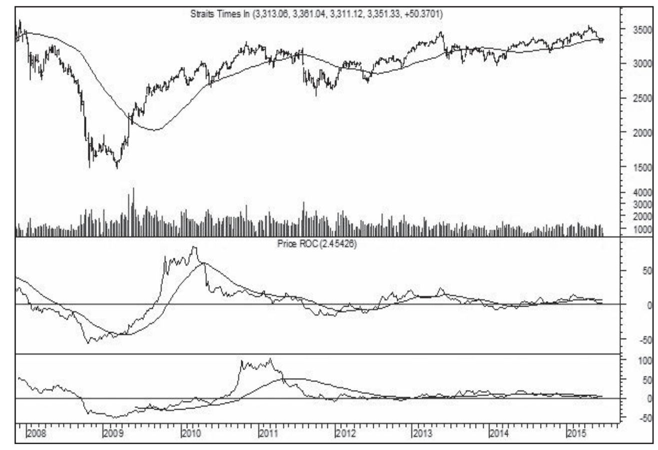


Chart C



Index attempts to strengthen

| BY GOOLA WARDEN |

The Straits Times Index is approaching its 200-day moving average, which has remained relatively flat at 3,361. In the next five sessions, the index may attempt to move higher as 21-day RSI and five-day stochastics have turned up.

It appears that the STI has formed a minor bottom in the form of a double bottom, with support established at 3,295. On the other hand, a breakout is unlikely in the immediate term, although the STI is set to strengthen.

Traders are beginning to nibble at situational stocks and pointing to banks and selected property stocks as candidates that are likely to strengthen. Neptune Orient Lines may have found a temporary low and could attempt a rebound. However, there are still swathes of weakness, in particular among the offshore and interest-rate-sensitive sections of the market.

The Hang Seng Index (27,404) is at a resistance level and is likely to ease from here. This level was tested five times before it was finally breached, and is likely to provide formidable resistance. The recent bounce from 26,566 was caused by short-term oversold pressures. The negative divergence between index and its quarterly ROC is still evident, and has yet to run its course. During this phase, there will still be rebounds, but both index and quarterly ROC are forming a series of lower peaks and troughs. The next immediate support stays at 26,400 for the time being.

VIX meets support, attempts to rise

The VIX or Volatility Index (12.47) eased towards the low end of its range in the past couple of sessions. Support has been met, and the index appears ready to rebound from its current level. Resistance stays at 15.9 to 16.3, the upper end of a sideways range. Since the VIX hovered round a support, the US equity markets stayed relatively resilient. However, if the VIX rebounds in the next few sessions, volatility could set in for equities.

Dow meanders sideways

The Dow Jones Industrial Average (18,066) continues to hover around its 50-day moving average, which appears to be peaking at 18,021. Quarterly ROC is turning down, and has fallen below its equilibrium line. ADX has turned up and the DIs are negatively placed. Resistance has been established at 18,300. Support is at the several-times-tested 17,700 level.

The Standard & Poor's 500 (2,120) has managed to regain its flat 50-day moving average at 2,101. However, this move may be temporary, and the index could still break below it. Quarterly ROC has difficulty moving higher and may ease. Short-term stochastics has turned up in mid-range, but is set to peak by June 26. Resistance has been established at 2,130. A break below 2,100 indicates a target of 2,054.

STI (3,351)

Long term: flat; medium term: upturn; short term: up

Short term

RSI (Chart B) is rebounding.
ADX (Chart B) has flattened at a high level and the DIs have turned neutral.
Stochastics (Chart B) is rising after turning up from the bottom of its range.

Medium term

Quarterly momentum (Chart A) has stabilised and is attempting a rebound.

Long term

Annual momentum (Chart C) may stabilise.
24-month ROC (Chart C) is turning up.

The market is likely to move sideways to higher in the near term as short-term indicators have recovered from oversold lows. Five-day stochastics has turned up after forming two minor bottoms. Twenty-one day RSI continues to rebound after turning up from an oversold low. Quarterly momentum has stabilised and is attempting to recover. It remains below its equilibrium line, and may not be able to break above it in the near term. ADX has flattened and the DIs have turned neutral, suggesting that the immediate decline by the STI is over for the time being.

Support was established at 3,295, and this is likely to hold for several weeks. The chart pattern resembles a minor double bottom, which would be confirmed if the STI is able to move above 3,361. If the STI is able to regain this, the rebound can carry further till 3,380 but the probability is low. Support is at 3,280.

Among the long-term indicators, raw annual momentum may have stabilised and it has turned up from its equilibrium line. The smoothed annual momentum is declining, though. Twenty-four month ROC has flattened and it is attempting to mitigate the volatility. E

This week's Right Timing and Hot Stocks are based on Wednesday's closing data

GETTING TECHNICAL

Stocks held hostage by a stubborn bond market

| BY MICHAEL KAHN |

Typically, when an analyst says "the market is unsure", it really means that the analyst cannot figure it out. However, the action so far this year really does suggest the market does not know what to do. Between the US Federal Reserve's recent relaxed views on raising short-term interest rates and the continuing soap opera that is Greece, any market moves that do get started are squelched quickly.

Investors have to wait for the market to figure it out, and that means sitting on more cash and taking only the best individual stock setups when they appear.

Of course, not all of the market is quiet and unsure. Several big banks such as **Goldman Sachs** and biotechs of any size such as *Barron's* 500 standout **Gilead Sciences** are in serious rising trends over the past few months. Natural resource stocks such as metals and energy are in serious declines.

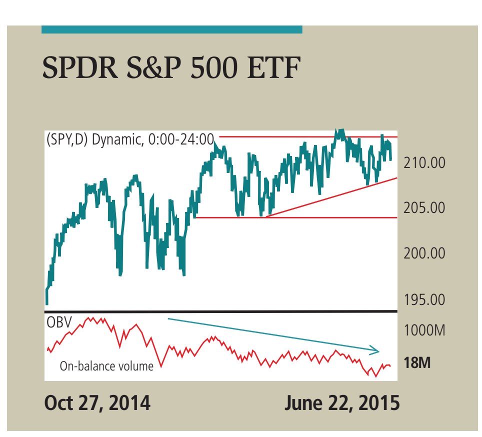
When it comes to the major indices, there is no consensus either. The Standard & Poor's 500 is trading where it did in February while the Nasdaq and small-capitalisation Russell 2000 recently hit all-time highs.

Further, the "stuck in the mud" feel of the S&P 500 is borne out in its lowest volatility level since early 1994, as measured by weekly Bollinger Bands. The bands are derived from 20-period standard deviations and show that stocks spent the latter portion of 1994 moving sideways with a slight positive bias. That is just what is happening in 2015.

Treasuries peaked in 1993 and slid hard into late 1994. Stocks broke out to new highs in late 1993, and then they also started a serious pullback. Top to bottom, the S&P 500 fell only 10% in round numbers, but sector after sector took turns pulling back and recovering. It was dubbed a "rotational bear market".

Current trading in both markets looks eerily similar. Some sectors such as energy, utilities and transports are down now while some such as banks and home building were down last year but have come back. And while stocks did eventually shake off the cobwebs, they did not start to rally until bonds found their final low. That took several months.

SPDR S&P 500 ETF



Although it provides a start for analysis, a sample size of one does not prove anything. However, some measures suggest the broader stock market is on shaky ground despite new highs in a few indices.

Using exchange-traded funds (ETFs) as proxies, money is not flowing into stocks. For example, on-balance volume for the **SPDR S&P 500 Trust** has been falling since late last year (see chart). That tells us that more volume changed hands as prices fell than did as prices rose. The need to sell was greater than the need to buy, even as price action overall was flat.

For the **iShares Russell 2000 ETF**, it might be worse. Even as the ETF broke out to all-time highs this month, on-balance volume remained in the flat range it has been in for months. It seems to be a lack of bears rather than a preponderance of bulls that pushed the index higher, and that signals a lack of true demand. The selloff on the afternoon of June 24 left a bearish reversal, and that may have been the trigger to send prices back down.

Lack of follow-through and sectors acting completely independently from one another suggest a churn in the market that could be a warning. Despite new highs in the Nasdaq and Russell, the broader stock market may not be able to capitalise until the bond market stops falling. — *© 2015 Dow Jones & Co, Inc* E

Michael Kahn is the author of three books on technical analysis, most recently A Beginner's Guide to Charting the Financial Markets, *and was chief technical analyst for BridgeNews*

Banks retain strength, property stocks bottom

Banks have retained their strength against the broad market despite their recent corrective moves. DBS Group Holdings remains above its 50-day moving average, and United Overseas Bank and Oversea-Chinese Banking Corp are attempting to regain their respective 50-day moving averages. Elsewhere, City Developments appears to have bottomed and may attempt a recovery. GuocoLand, on the other hand, is set for a correction following an accelerated upmove.

DBS GROUP HOLDINGS ($21.20) — Regains 50-day MA

Despite some hiccups, this counter managed to retain its relative strength, and regain its 50-day moving average at $20.70. If this trend is maintained, prices should have sufficient steam to retest its recent high of $21.20 attained on June 11, which in itself was a 15-year high. It may continue to hover around the $21.10 to $21.20 level for several sessions as quarterly momentum has turned down and a breakout is unlikely. However, ADX is above 20, the DIs are positively placed and five-day stochastics has turned up. These may mitigate the impact of the fatigued quarterly momentum indicator.

CAPITALAND ($3.46) — Stabilises as rebound faces resistance

Prices met with resistance at the confluence of the 50-day and 100-day moving averages at $3.50. A minor positive divergence formed between price and quarterly momentum in June, and quarterly momentum is attempting to break above its equilibrium line and its 50-day moving average simultaneously. Both 21-day RSI and five-day stochastics have strengthened and are rising. This could reinforce quarterly momentum, triggering a breakout. In this event, prices would be able to move above $3.50 to test $3.67. Support has been established at $3.36.

OCBC ($10.32) — Recovery underway

In the immediate term, this counter is likely to meet with resistance at the flat 100-day moving average at $10.35. In addition, 21-day RSI rebounded from oversold lows and is now approaching a resistance level. Quarterly momentum is attempting to clear its own resistance at its equilibrium line. The near-term range could be narrow, with prices finding support at $10.11. A successful break above $10.35 would provide the impetus for a test of $10.80.

CITY DEVELOPMENTS ($9.78) — Rebounds off oversold low

Prices are rebounding off an oversold low, for which resistance appears at the 200-day moving average at $9.91, a level that coincides with the start of a gap. The surge in volume on June 19 coincided with a low point of the downmove and could mark climactic selling, although it may be too early to tell. If so, support has been established at $9.56. Against this backdrop, the largest decline is probably over, and current moves could be part of a broader base formation.

UNITED OVERSEAS BANK ($23.39) — Facing resistance

Prices are facing some resistance at the confluence of the declining 50-day moving average and a minor breakdown level at $23.48. This could cause the recovery to stall. Support is at $23, and short-term moves are likely to remain within a narrow range. Current moves appear to be part of a possible ascending triangle, which is usually a continuation pattern, and on occasion, a reversal of a downtrend. A successful break above $23.48 would indicate an upside of $24.30. If volume expands on white candle days, this counter could be getting ready for an upside break.

GUOCOLAND ($2.40) — Overstretched; poised for correction

Prices are tremendously overstretched, and quarterly momentum is at an overbought high. Twenty-one-day RSI touched a high of 84 before retreating, and five-day stochastics has turned down from the top end of its range. These indicators suggest that the upside is extremely limited, and prices may well start a consolidation or correction. Based on the lack of support at lower levels, prices are likely to correct downwards, towards $2.25. There is an upside of $2.55 following an earlier break above $2.15, but this may not be attained in the short term as exhaustion has set in.

Singapore announced M&A advisory ranking — 2015 YTD

RANK	ALL ADVISER	DEAL VALUE (US$ MIL)	NO	SHARE (%)	2015 YTD RANKING
1	Bank of America Merrill Lynch	4,930	2	22.1	3
2	Deutsche Bank	4,315	1	19.4	7
3	DBS	2,200	3	9.9	1
4	KPMG Corporate Finance	2,060	1	9.3	5
4	Credit Suisse	2,060	1	9.3	8
6	Citi	1,580	2	7.1	11
7	Nomura	1,383	2	6.2	14
8	Goldman Sachs	1,294	4	5.8	2
9	HSBC	1,285	2	5.8	13
10	Evercore Partners Inc	1,199	3	5.4	–

Singapore completed M&A advisory ranking — 2015 YTD

RANK	ALL ADVISER	DEAL VALUE (US$ MIL)	NO	SHARE (%)	2015 YTD RANKING
1	Barclays	9,516	4	27.8	–
2	Citi	9,300	2	27.1	13
3	Wells Fargo Securities	8,100	1	23.6	–
3	RBC Capital Markets	8,100	1	23.6	–
5	Bank of America Merrill Lynch	6,533	3	19.1	5
6	Credit Suisse	5,059	4	14.8	2
7	Deutsche Bank	4,841	2	14.1	12
8	DBS	3,815	6	11.1	3
9	UBS	2,130	2	6.2	16
10	Standard Chartered Bank	2,065	5	6.0	24

Singapore ECM bookrunner ranking — 2015 YTD

RANK	BOOKRUNNER	DEAL VALUE (US$ MIL)	NO	SHARE (%)	2015 YTD RANKING
1	JPMorgan	489	1	34.9	12
2	DBS	288	6	20.6	1
3	RHB Capital Bhd	164	2	11.7	12
4	UBS	103	1	7.4	14
4	Credit Suisse	103	1	7.4	–
6	Bank of the Philippine Islands	42	1	3.0	–
7	Maybank	40	2	2.9	–
8	Religare Capital Markets Ltd	33	1	2.4	16
9	Bell Potter Securities Ltd	30	1	2.1	–
10	OCBC	27	2	2.0	3

Singapore DCM bookrunner ranking — 2015 YTD

RANK	BOOKRUNNER	DEAL VALUE (US$ MIL)	NO	SHARE (%)	2015 YTD RANKING
1	DBS	2,335	29	27.6	1
2	OCBC	1,058	18	12.5	3
3	HSBC	673	11	8.0	2
4	Citi	602	3	7.1	11
5	Standard Chartered Bank	453	8	5.4	8
6	Deutsche Bank	404	2	4.8	21
7	UOB	382	7	4.5	4
8	CIMB Group	275	5	3.3	12
9	JPMorgan	272	2	3.2	6
10	China Development Financial Holding Corp	250	2	3.0	–

Top 5 Singapore M&A transactions in 2015 YTD

ANNOUNCEMENT DATE	TARGET	TARGET ADVISER PARENT	ACQUIRER PARENT	ACQUIRER ADVISER PARENT	DEAL VALUE (US$ MIL)
Jan 6	Kenon Holdings Ltd	Bank of America Merrill Lynch, Deutsche Bank	Existing shareholders	–	4,315
Jan 23	Keppel Land Ltd (40.6208%)	–	Keppel Corp Ltd	Credit Suisse, DBS, KPMG Corporate Finance	2,060
Feb 17	APL Logistics Ltd	Citi, HSBC	Kintetsu World Express Inc	Nomura	1,200
Jan 30	Property Portfolio (AXA Tower)	–	Perennial Real Estate Holdings Ltd, HPRY Pte Ltd, Low Keng Huat (Singapore) Ltd	–	872
May 25	Haier Singapore Investment Holding Co Ltd (82.39%)	–	Qingdao Haier Co Ltd	Goldman Sachs, Haitong Securities Ltd	799

Top 5 Singapore ECM transactions in 2015 YTD

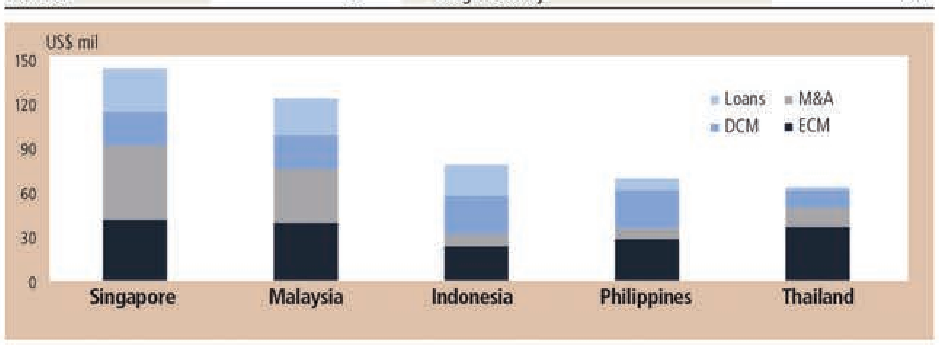
PRICING DATE	ISSUER	DEAL TYPE	ISSUER NATIONALITY	BOOKRUNNER	EXCHANGE	DEAL VALUE (US$ MIL)
May 14	CapitaLand Ltd	CONV	Singapore	JPMorgan	Singapore	489
May 21	Keppel Infrastructure Trust	FO	Singapore	Credit Suisse, DBS, UBS	Singapore	308
Jan 5	Tiger Airways Holdings Ltd	FO	Singapore	DBS	Singapore	172
May 14	Golden Energy & Resources Ltd	FO	Singapore	RHB Capital Bhd	Singapore	162
March 6	Del Monte Pacific Ltd	FO	Singapore	DBS, Bank of the Philippine Islands	Singapore	153

Top 5 Singapore DCM transactions in 2015 YTD

PRICING DATE	ISSUER	DEAL TYPE	DEAL NATIONALITY	BOOKRUNNER	SECTOR	DEAL VALUE (US$ MIL)
May 28	Global Logistic Properties Ltd	Corporate Bond-Investment-Grade	Singapore	Deutsche Bank, DBS, Citi	Real Estate/Property	992
March 23	BOC Aviation Pte Ltd	Corporate Bond-Investment-Grade	Singapore	JPMorgan, HSBC, Bank of China, Citi	Finance	746
June 3	Flextronics International Ltd	Corporate Bond-Investment-Grade	Singapore	JPMorgan, BNP Paribas, HSBC, Mitsubishi UFJ Financial Group, Citi, Bank of America Merrill Lynch, Scotiabank	Computers & Electronics	595
March 2	FCL Treasury Pte Ltd	Corporate Bond-Investment-Grade	Singapore	Standard Chartered Bank, Deutsche Bank, ANZ, UOB, OCBC, DBS, Maybank	Construction/Building	514
May 13	SembCorp Industries Ltd	Corporate Bond-Investment-Grade	Singapore	Standard Chartered Bank, OCBC, DBS, Credit Suisse	Holding companies	449

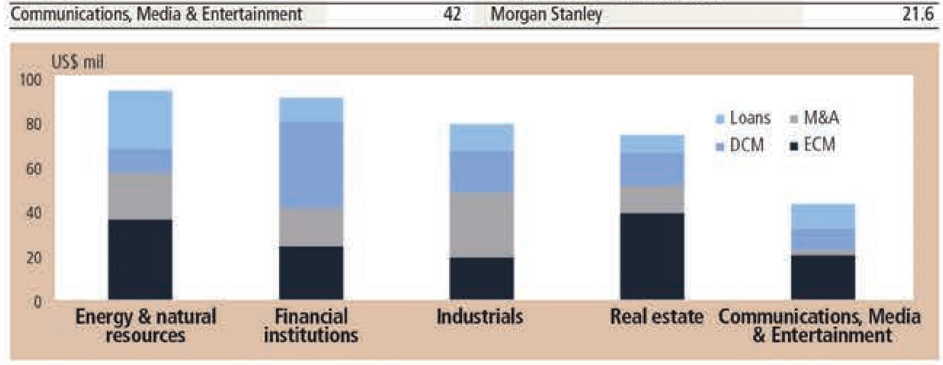
Southeast Asia IB revenue nationality analysis

NATION	REVENUE (US$ MIL)	TOP BANK BY NATION	MARKET SHARE (%)
Singapore	143	DBS	12.0
Malaysia	123	CIMB Group	19.1
Indonesia	79	RHB Capital Bhd	9.2
Philippines	68	Metropolitan Bank & Trust Co – Metrobank	15.2
Thailand	64	Morgan Stanley	14.1

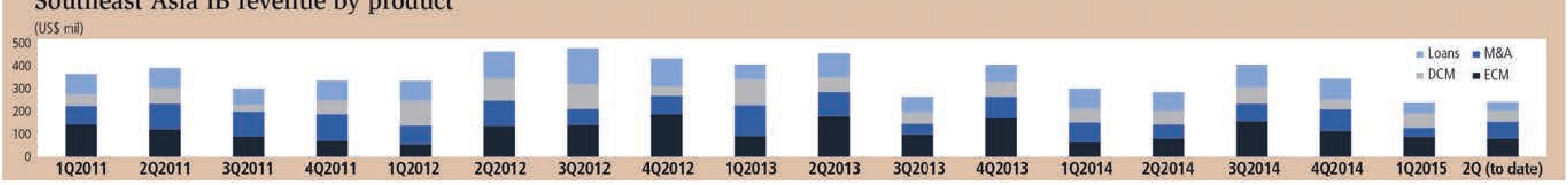


Southeast Asia IB revenue top 5 sector analysis

SECTOR	REVENUE (US$ MIL)	TOP BANK BY SECTOR	MARKET SHARE (%)
Energy & Natural Resources	94	Credit Suisse	12.3
Financial Institutions	91	Metropolitan Bank & Trust Co – Metrobank	10.9
Industrials	78	RHB Capital Bhd	14.1
Real Estate	75	Sumitomo Mitsui Financial Group	12.0
Communications, Media & Entertainment	42	Morgan Stanley	21.6



Southeast Asia IB revenue by product



Note: Dealogic Revenue Analytics employed where fees are not disclosed

Figures for YTD comprise Jan 1 to June 23, 2015

SHAREHOLDERentitlements

Announced dividends and capital issues: June 29 to Aug 20, 2015 (by ex-date)

COMPANY	TYPE	PARTICULARS	EX-DATE	REC DATE	PAID/ PAYABLE
OSIM INTL	Dividend	$0.01 one-tier tax	June 29	July 1	July 8
PETROCHINA ADR 10	Dividend	US$1.372233	June 29	July 1	Aug 24
CHEUNG WOH TECHNOLOGIES	Dividend	$0.01 one-tier tax	June 30	July 2	July 15
MIDAS HOLDINGS	Dividend	$0.0025 one-tier tax	June 30	July 2	July 15
IHH HEALTHCARE	Dividend	MYR0.03 one-tier tax	July 1	July 3	July 22
NIKKO AM SINGAPORE STI ETF	Dividend	$0.0482	July 1	July 3	July 15
VERSALINK HOLDINGS	Dividend	$0.005 one-tier tax	July 1	July 3	July 15
CHEMICAL INDUSTRIES (FE)	Dividend	$0.015 one-tier tax	July 2	July 6	July 15
ENGRO CORP	Dividend	$0.03 one-tier tax	July 3	July 7	July 29
UMS HOLDINGS	Dividend	$0.01 one-tier tax	July 7	July 9	July 28
KRIS ENERGY	Rights	Offer of 42 for 100 @ $0.385	July 9	July 13	NA
SINGAPORE POST	Dividend	$0.025 one-tier tax	July 13	July 15	July 24
SMRT CORP	Dividend	$0.03 one-tier tax	July 14	July 16	July 31
SATS	Dividend	$0.09 one-tier tax	July 24	July 28	Aug 12
JAPAN FOODS HOLDING	Dividend	$0.0127 one-tier tax	July 28	July 30	Aug 14
SIA ENGINEERING CO	Dividend	$0.085 one-tier tax	July 29	July 31	Aug 13
VALUETRONICS HOLDINGS	Dividend	HK$0.16, HK$0.04	July 30	Aug 3	Aug 14
SINGTEL	Dividend	$0.107 one-tier tax	July 30	Aug 3	Aug 19
BAN LEONG TECHNOLOGIES	Dividend	$0.01 one-tier tax	July 31	Aug 4	Aug 14
COURTS ASIA	Dividend	$0.0129 one-tier tax	Aug 3	Aug 5	Aug 19
GLOBAL LOGISTIC PROP	Dividend	$0.055 one-tier tax	Aug 3	Aug 5	Aug 20
SINGAPORE AIRLINES	Dividend	$0.17 one-tier tax	Aug 3	Aug 5	Aug 19
BOUSTEAD SINGAPORE	Dividend	$0.02 one-tier tax	Aug 4	Aug 6	Aug 20
KING WAN CORP	Dividend	$0.01 one-tier tax	Aug 4	Aug 6	Aug 18
HIAP SENG ENGINEERING	Dividend	$0.005 one-tier tax	Aug 6	Aug 12	Aug 28
KSH HOLDINGS	Dividend	$0.015 one-tier tax	Aug 12	Aug 14	Aug 21
WILLAS-ARRAY ELEC (HLDGS)	Dividend	HK$0.06347	Aug 12	Aug 14	Aug 26
TAT HONG HOLDINGS	Dividend	$0.01 one-tier tax	Aug 14	Aug 18	Aug 27
TRANSIT-MIXED CONCRETE	Dividend	$0.02 one-tier tax	Aug 20	Aug 24	Sept 10

Vivendi boosts Telecom Italia stake as Brazil decision looms

| BY MARIE MAWAD |

BLOOMBERG

While there is not a clear buyer, Telecom Italia is open to a Brazil sale if it creates value, people familiar with the matter say

Vivendi became the biggest shareholder in Telecom Italia, gaining influence at the phone carrier weighing a potential sale of its Brazilian business and facing tougher competition at home.

The French media company says it raised its stake to 14.9% through recent share purchases and a deal with **Telefónica**, replacing the Spanish phone company as Telecom Italia's largest investor.

Vivendi, led by chairman Vincent Bolloré, is in favour of Telecom Italia exploring a sale of its Brazilian business, people familiar with the matter say. A sale of the unit, with a market value of about US$8 billion ($10.74 billion), would let the carrier focus on Italy, where Vivendi is seeking to become stronger.

While there is not a clear buyer, Telecom Italia is open to a Brazil sale if it creates value, people familiar with the matter say. **TIM Participações** is the second-largest wireless carrier in Brazil, behind Telefónica's local unit, and is 67% owned by Telecom Italia.

Telecom Italia chairman Giuseppe Recchi said as recently as in March that TIM is strategic and there is no plan to sell the division.

The Telecom Italia investment is the first in a series of deals by Bolloré, 63, to reinforce Vivendi's presence more broadly in southern Europe, a person familiar with the matter says.

At Vivendi, Bolloré has largely dismantled the legacy of former CEO Jean-Bernard Lévy, selling telecommunications assets in France, North Africa and Brazil as well as video-game maker **Activision Blizzard**. Those sales have given Bolloré ample financial resources to accomplish his stated goal of refocusing Vivendi on media and content.

The Telecom Italia investment is an opportunity "to be present and to expand in a market with significant growth prospects and a very strong appetite for quality content", Vivendi says in an emailed statement. "Vivendi intends to support Telecom Italia over the long term."

In Italy, where Telecom Italia generates about 70% of revenue, CEO Marco Patuano is adding services to boost bills in a saturated market, where the carrier competes with **Vodafone Group** and **VimpelCom**.

The company is also facing new competition from **Enel**, Italy's largest utility, which plans to expand into broadband Internet networks.

Separately, Telefónica says it had sold all of its remaining shares in Telecom Italia for about €1.03 billion ($1.55 billion), resulting in a pre-tax gain of about €380 million. The Spanish company is exiting Telecom Italia as it is dissolving an eight-year-old shareholder accord with a group of financial investors. — *Bloomberg LP* E

LISTINGS

CORPORATE/CAPITAL MARKETS

June 30
Topic: Crouching Tiger Hidden Dragon — Why the A50 Is Worth Your Consideration
Highlights: Chinese stocks have been placed under the spotlight since the opening of the Shanghai-Hong Kong Stock Connect programme, and made headlines when stocks surged 50% in the last two months of 2014. How do we make use of futures to capitalise on such a volatile and vibrant market? Even better, how do we make use of futures to complement our stock portfolio?
Time: 7pm to 8pm
Venue: 250 North Bridge Road, Raffles City Tower (Level 7)
Organiser: Phillip Futures
Online registration: www.phillipfutures.com.sg/investors/education/seminars-events/register

July 2
Topic: Build a Dividend Portfolio for Regular Income
Highlights: In this course, you will learn how to select shares that give high dividend yield regularly and how to build a portfolio with such shares. When implemented well, you will own a basket of shares that requires minimum monitoring and at the same time, generate regular income yield for you over the long term.
Time: 7pm to 10pm
Venue: Academy 1 (Level 2), 2 Shenton Way, SGX Centre 1
Organiser: SGX Academy
Tel: 6327 5438
Email: register@sgxacademy.com
Online registration: www.sgxacademy.com

July 4
Topic: POEMS 3Q15 Market Outlook — Discovering Opportunities at Home
Highlights: As we prepare to celebrate our nation's birthday, we explore if there are any opportunities investors can discover at home. Did we farewell at the midway mark of 2015? Or did our market fall short of expectations? More importantly, will there be any key trends that investors can look out for in the next half of 2015? This time round, PhillipCapital is providing a rare chance for investors to listen from not one, not two but four listed companies' point of view directly, as we have invited C-level management to discuss their plans for their companies beyond the third quarter and second half of the year.
Time: 10am to 2pm
Venue: MND Auditorium, MND Complex, Annexe A, 9 Maxwell Road
Organiser: Phillip Securities
Online registration: bit.ly/1ISJszO

July 4
Topic: Precision Market Entry Strategy
Highlights: Through the combination of "candlestick", "fibonacci" and "volume", you can confidently identify a potential turnaround in most markets. Whether you are an investor in the stock market or a trader in the derivatives market, you will find this technical analysis programme helpful to give you the edge in precision entry.
Time: 10am to 5pm
Venue: Academy 1 (Level 2), 2 Shenton Way, SGX Centre 1
Organiser: SGX Academy
Tel: 6327 5438
Email: register@sgxacademy.com
Online registration: www.sgxacademy.com

July 8
Topic: Valuation Methodologies — How to Determine if Company Is Over or Undervalued
Highlights: Through an interesting game, participants will understand the concepts behind determining whether a stock is over or undervalued. Participants will learn the various valuation methodologies commonly used by professionals, such as discounted cash flow, price-to-earnings ratio, price-to-book ratio and dividend yield
Time: 7pm to 10pm
Venue: SGX Auditorium (Level 2), 2 Shenton Way, SGX Centre 1
Organiser: SGX Academy
Tel: 6327 5438
Email: register@sgxacademy.com
Online registration: www.sgxacademy.com — *Compiled by Rahayu Mohamad*

MARKETdiary

Monday, June 29
Singapore

Ascendas Funds Mgmt (S) Ltd	AGM
Chemical Industries (Far East) Ltd	AGM
Loyz Energy Ltd	EGM
Xyec Holdings Co Ltd	AGM

Tuesday, June 30
Singapore

Money Supply M1 (y-o-y, May)	
Money Supply M2 (y-o-y, May)	
Bank Loans & Advances (y-o-y, May)	
Ascendas Property Fund Trustee Pte Ltd	AGM
Asia Fashion Holdings Ltd	AGM
Lion Asiapac Ltd	EGM

US Consumer Confidence Index

Wednesday, July 1
US MBA Mortgage Applications

Thursday, July 2
Singapore

Purchasing Managers Index (June)	
Electronics Sector Index (June)	
Ascendas Hospitality Fund Mgmt Pte Ltd	AGM

US Unemployment Rate (June)

Friday, July 3
Singapore

Fu Yu Corp Ltd	EGM

EARNINGScalendar

Monday, June 29

Del Monte Pacific Ltd	4Q

TECHNOLOGY

Avast CEO Steckler says giving away free antivirus software makes for a better product

| BY JOAN NG |

When Vince Steckler first told his Singaporean parents-in-law that he was moving with their daughter to Prague, he ran into some trouble. "My in-laws speak only Hokkien and my wife did not know the word for the Czech Republic. In the end, we told them we were going to a country near Russia," he says. Indeed, even within the English-speaking world, Steckler has found that few people know where Prague is. But they are likely to have heard of the Czech-based company he works for.

Steckler is CEO of Avast Software, one of the world's largest antivirus software providers. According to security software company OPSWAT, Avast had a 21.4% share of the antivirus vendor market as at January. **Microsoft** is a close second with 19.4% of the market. **AVG Technologies**, a fellow Czech company, is a distant third with an 8.6% market share. Both Avast and Microsoft have consistently dominated the ranking tables, OPSWAT says.

One important reason for this may be the fact that Avast has a product that is totally free. Steckler adds that the free product is not an inferior version of the paid one. "I don't even use the paid product because the free product is very good. We don't take anything out of the free product." Winning market share with a free product may not seem like the best business model, but Steckler says it is perfect for the antivirus software market. "When people ask me why we are free, I say because it is very profitable." In fact, he says Avast has a 70% profit margin.

Steckler says most security software is free anyway. "It is just a question of who it is free for." If you pick up a copy of antivirus software from a retail store, chances are that all the money you pay for it goes to the retailer. "The retail store gets it for free. The software maker doesn't get anything for that first year. The consumer pays and the software maker is hoping that the consumer resubscribes in Year Two or Year Three, and that's when they make money."

Meanwhile, hardware companies are given the software to install on computers. This means the cost of the software is really the cost of its distribution. Avast, on the other hand, has decided to do away with that distribution cost altogether by offering its product online at no cost.

Steckler points out that software companies tend to spend most of their money on sales and marketing. "The biggest cost in a software company is not the research and development of the product. If you look at the financials of any software company, sales and marketing is the lion's share of the expense." By giving its product away for free and relying on its user base to spread the word about the product, Avast can cut down on sales costs and does not have to persuade retailers to take boxes of its product. It can also expand globally much more easily. "If you do a retail model, every single country you go into [needs] distributors to carry a boxed product," he says. "That's why we are really the only global security company."

But without charging for its product eventually, how can the company make money? Can a free model generate enough revenue to support the development and improvement of a competitive product?

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Steckler: We have 46 countries with more than a million users. Each of those computers is actually a security sensor.

Changing security scene

Steckler flatly denies that a free product cannot be as good as a paid one. He argues that the changes the technology and security industries have undergone mean Avast is now an even better product because of its ability to win more market share. Each piece of software downloaded represents not so much a cost to the company as a price paid for R&D.

"All security companies share [their] data with each other. With some security companies, we exchange data every day; with some, every week and, some, every month," Steckler says. "It used to be that data was the prime source of information that everyone used to protect their users. It was one of those great things — we all compete with each other but we all cooperate because we know what really matters is protecting users on the Internet."

These days, however, the data comes too late to be of very much use. "We will get data this morning European time from a few of our competitors on the new security threats they found yesterday. That data is now out of date. If it happened yesterday, it's probably not going to happen today because threats these days last for minutes or hours. So, what's important now is to have a massive global network — a massive number of places to pull information from. And that's where we really have what no one else has."

Thanks to its large market share, Avast has 230 million sensors installed on computers worldwide. "Outside China, our software runs on 30% of all the world's consumer and small and medium-sized business computers. We have 46 countries with more than a million users. Each of those computers is actually a security sensor." The company harvests potential data from these sensors and sends it to its cloud servers.

"We have about 1,000 servers and we have these massive machine learning algorithms that process all of that sensor data and basically give us probabilities as to whether something is good or bad," Steckler explains. "That allows us to operate with 35 people in a virus lab to support 230 million users. Our competitors usually run virus labs of 500 to 1,000 people because it's all very manual. We have automated this whole thing and rolled in machine learning."

Avast has ways to generate revenue. It sells premium versions of its software that include login and password protection, a firewall and even a digital shredder for data. It also sells other types of security software to protect routers, remember passwords and speed up PCs.

A chunk of the company's revenue also comes from other businesses. "When you install our product, you get offered Google Chrome as a free browser if you don't have it. If you take it and you use it, **Google** pays us money. We are one of Google's largest distributors of Chrome," Steckler says. Through its antivirus software, Avast is also able to detect whether a user's browser has been hijacked. Hijackers might change a user's default search engine. When this happens, Avast can change it back. "Then, those legitimate search companies, like **Yahoo!**, Bing, **Baidu**, Google, they pay us money for fixing it."

In May, Avast announced the creation of a new revenue-generating stream. It has spun off an analytics company called Jumpshot, which will collect data from Avast software and aggregate it to provide intelligence to marketers. Steckler says the data is aggregated and anonymised to protect user privacy. "Nothing can be used to identify or target individuals," he explains, adding that users can also opt out if they prefer. The data can reveal interesting insights, such as the fact that people in California are interested in selfie sticks on Amazon.com and that people in Maine buy lots of coconut oil.

Academic origins

Avast enjoys the distinction of being the world's oldest independent security software company. In 1988, researcher Pavel Baudiš of Prague's Mathematical Machines Research Institute came across the Vienna virus and wrote a programme to remove it. He shared the programme with his colleague Eduard Kučera and the two later formed a company called ALWIL Software. Following the dissolution of Soviet communist rule, ALWIL was registered as a joint-partnership company and began distributing antivirus software commercially.

Kučera later decided that all computer users deserved protection and that computer safety should not be a luxury some could not afford. On June 1, 2001, ALWIL Software launched a free antivirus solution for non-commercial use. Within 30 months of its first user registration, the free version of Avast had reached a million users. The experiment to give the product away for free was deemed a success. The company changed its name to Avast in 2010.

Today, Avast continues to be based in the Czech Republic, although it also has offices in Germany, the US and China. "The Czech Republic is a country with a very deep tradition of math and science, which is perfect for what we are doing. You get people with fantastic skills in security because security protection is basically mathematics," Steckler says, pointing out that Albert Einstein spent time there as a professor of theoretical physics at the German part of Prague's Charles University. "We are there because the company started there, but we have stayed there because it is an excellent place to run a security company from."

Steckler joined Avast as CEO in 2009 after spending close to nine years at rival **Symantec**. He says the security industry has always had a draw for him. "I've kind of been in it almost from university, but in different aspects. I started out doing software safety — very similar to security, but I was working on the safety of nuclear weapons, making sure that they didn't accidentally blow up. They are all software-controlled. Did I from university decide to go into that? No, but it's intellectually exciting," he says. "I took degrees in mathematics and computer science, and I loved the engineering side. That aspect was just a lot of fun."

Although he has a heavy travel schedule, Steckler still spends quite a bit of time in Prague. His Czech is still not very good, but his interests are perfectly in line with the country's traditions. E

INTERNATIONAL

Nintendo bets smartphones, theme parks can revive its fortunes

| BY ALEXANDER EULE |

Thirty years after spawning Super Mario inside its groundbreaking game console, Nintendo is finally thinking outside the box. In March, the gaming pioneer announced plans to develop smartphone games and, in May, joined with Universal Parks & Resorts to create Nintendo-themed rides. Until now, Mario and his siblings have been shut out of phones and theme parks.

The coming-out party could fuel the stock, which has languished in recent years as Nintendo stubbornly stuck to its traditional model of dedicated gaming systems. Last year, the Kyoto, Japan–based company had revenue of ¥550 billion ($5.96 billion), less than a third of its 2008 peak.

Nintendo shares have already moved higher since the company unveiled the smartphone leap; its American depositary receipts are up 40% in the past three months, to a recent US$20, but they're still just a quarter of their 2007 high. The stock could gain 50% in the coming year.

The company's conservative nature no doubt helped it survive the lean years. Nintendo still has ¥915 billion on its balance sheet — roughly a third of its market value — and no debt. But the new openness could help Nintendo recapture the glory years.

Outside the boardroom, Nintendo has never been conservative. A decade ago, the company essentially invented casual gaming — easy-to-play games for a mass audience — when it launched the Wii game console and DS handheld system. Customers who had never played video games flocked to the Wii and its cartoon-like games. Nintendo ultimately sold 101 million Wii systems, reports industry tracker VGChartz.

Last month, the company launched Splatoon, a family-friendly version of the popular but violent shooter games that have dominated other consoles. Instead of bullets, players use paint and everything from rollers to aerosol sprays. The game feels like an interactive version of one of Pixar's joyfully irreverent films. It is vintage Nintendo.

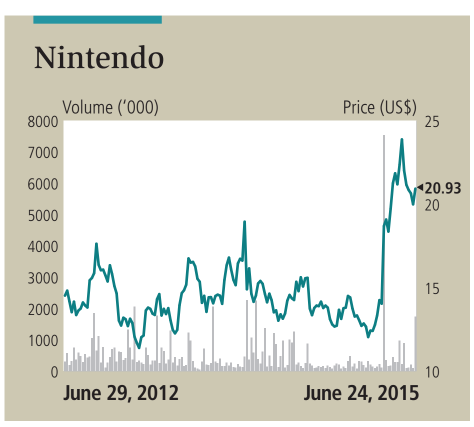
"There's a combination of Apple and Disney in this story," says Rupal Bhansali, the chief investment officer of international equities at Chicago-based Ariel Investments, which holds Nintendo in its international and global equity funds.

BLOOMBERG

Mario and his siblings will soon be appearing in phones and theme parks

Nintendo looks expensive based on earnings metrics. The stock trades at 39 times expected earnings before interest, taxes, depreciation and amortisation for the fiscal year ending March 2016. But "Ebitda can explode", Bhansali contends, as the smartphone business ramps up and the company rebuilds its margins. "We don't rule out that the stock can go up another 50% over a one-to-two-year time frame."

After six years of declines, Nintendo's revenue, converted to US dollars, is likely to bottom this year at US$4.48 billion ($6 billion), based on analyst forecasts. For the year ending in March 2017, sales could jump 17%, to US$5.25 billion, and analysts see Ebitda reaching US$700 million. It is an impressive turnaround for a company that posted negative Ebitda of US$300 million three years earlier.



BLOOMBERG

Atul Goyal, a long-time Nintendo bull who has been predicting the company would make the move to smartphones, thinks the upside is far greater. He says Nintendo ultimately could match its Wii heyday in 2008, when Ebitda hit US$5.6 billion, and he figures it could get 25% of the total smartphone-game market, which research firm IDC puts at US$40.5 billion by 2018. At a reasonable 50% margin, that's US$5.1 billion worth of profit for Nintendo.

Winning a quarter of the smartphone-game market is no fantasy. The company has dominated gaming since it launched the Nintendo Entertainment System in 1985. Nintendo has made 17 of the top 25 best-selling video games of all time, according to Jefferies data. That is despite plenty of competition, initially from **Atari** and Sega, and more recently from behemoths **Sony** and **Microsoft**.

But **Apple** upended the formula in 2008, with the iPhone App Store. "The casual-gaming market moved to the mobile platform, but Nintendo did not," Goyal says. The 2012 Wii follow-up, called the Wii U, hasn't come close to its predecessor's success, with just 9.7 million consoles sold to date.

Mobile games such as *Angry Birds* and *Candy Crush Saga*, which are free — at least to start — have offered enough entertainment to whet consumer appetites, even if they lack Nintendo's polish. Unlike Mario, Zelda and Donkey Kong, those angry birds are a fleeting obsession. Almost monthly, smartphone users find new favourites.

"Now the world's largest casual-gaming company is moving to the world's largest casual-gaming platform," Goyal says. "In two years' time, it's not impossible that Nintendo could have five of the top 10 mobile games." Nintendo has promised to make its first smartphone game by the end of the year.

Goyal, whose 12-month price target is US$30 for the ADR, thinks Nintendo shares could return to their 2007 high near US$80 in the next two to three years, as the smartphone opportunity becomes apparent. All the while, Nintendo's downside is limited; the analyst thinks even minimal success in smartphones puts the stock's floor at about US$17.

The gaming revenue in smartphones is already evident. King Digital Entertainment, the maker of *Candy Crush*, had sales of US$2.3 billion last year, largely on its flagship phone game.

Nintendo will have many choices for its initial games. Critics still rave about its latest games on the Wii U, even if customers have been slow to adopt the system. Metacritic, a review-aggregating website, named Nintendo's *Super Smash Brothers* the best game of 2014. And new versions of *Mario Kart*, *Super Mario World*, and *Legend of Zelda* have been similarly well reviewed.

Nintendo says it will not simply "port" those games to smartphones. It didn't respond to a request for comment, but in announcing its smartphone plans in March, president Satoru Iwata said, "We are actually trying to define games far beyond what people conventionally consider a video game. You may want to recall how we made training your brain a game in the era of [the handheld] Nintendo DS, and how shaking a remote to play sports on Wii became a game."

Now it is smartphones' turn. Your iPhone is about to get a lot more fun. — *© 2015 Dow Jones & Co, Inc* E

CORPORATE MOVES

AccorHotels
Garth Simmons has been appointed COO, Malaysia, Indonesia and Singapore wef July
Work experience: Senior VP, New Zealand, Pacific Islands and Japan, AccorHotels; regional GM, AccorHotels NSW and ACT properties

BNP Paribas Wealth Management
Harjeet Singh has been appointed MD/team head/senior banker, for non-resident Indians, Singapore and Southeast Asia with immediate effect
Work experience: ED, JP Morgan Private Bank, Singapore; director, IPB Asia, Barclays Wealth, Singapore

Breadtalk Group Ltd
Chan Ying Jian has been appointed group CFO wef June 10
Work experience: Financial controller, Food Atrium division, Breadtalk Group Ltd; VP, equity research/sector lead, ASEAN Agri-Commodities & Consumer Staples, JP Morgan Securities

Friends Provident Int'l Ltd
Chris Wei has been appointed chairman wef July 1
Work experience: CEO, Global Life Insurance and chairman, Asia, Friends Provident Int'l Ltd; CEO, Great Eastern Holdings Ltd
Khor Hock Seng has been appointed CEO wef July
Work experience: CEO, Aviva Asia; CEO/MD, Malaysia business, AIA Insurance

Global Premium Hotels Ltd
Mark Khoo Chee Meng has been appointed ED/COO wef June 9
Work experience: GM, Hotel Windsor

Isetan (Singapore)
Victor Yeo Chuan Seng has been appointed independent director wef July
Work experience: Associate professor, Nanyang Business School, Nanyang Technological University

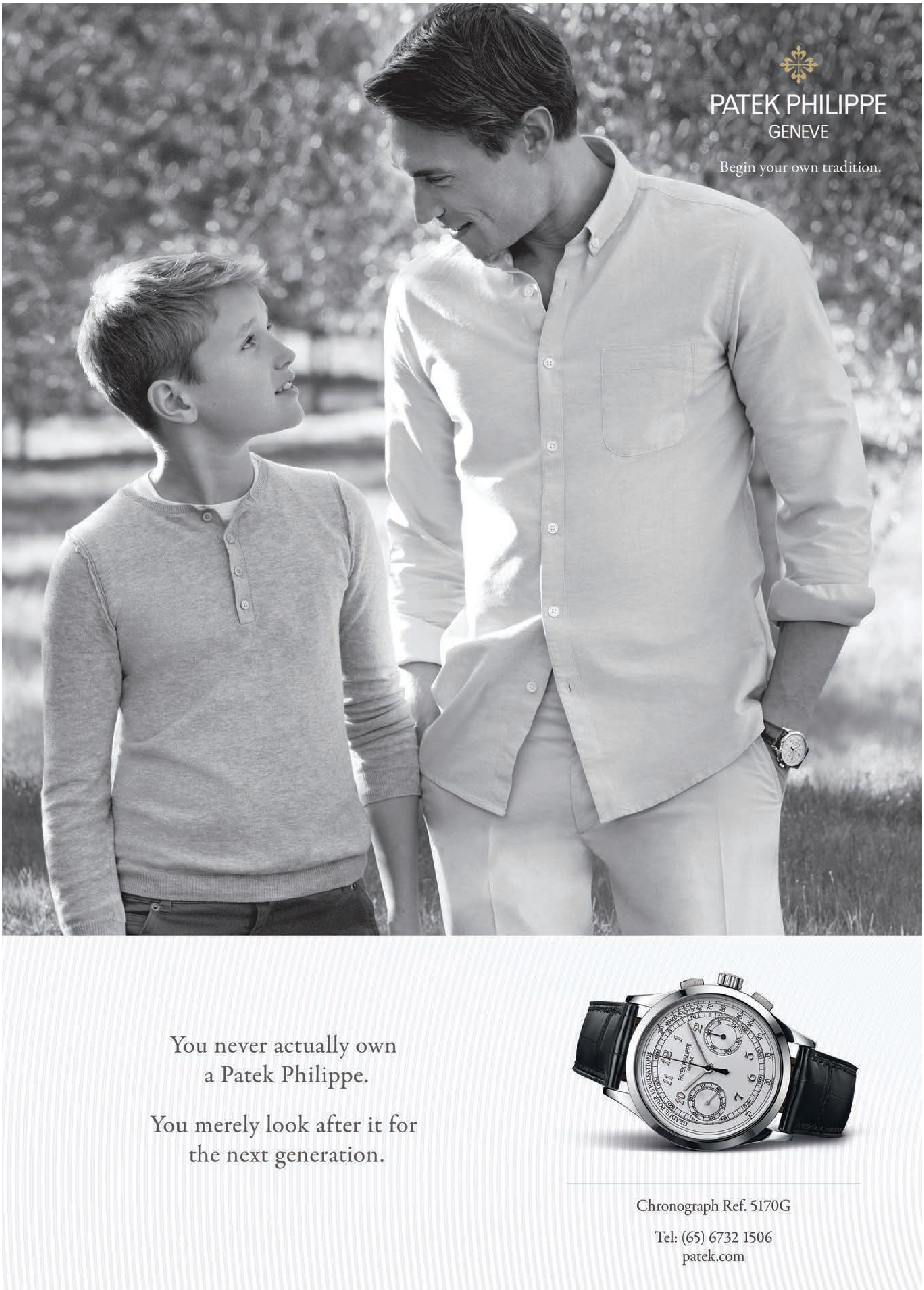
Linc Energy Ltd
Ong Tiong Soon has been appointed non-ED wef May 28
Work experience: CEO, energy division, Genting Bhd Group; director, Green Synergy Ltd

Mapletree Commercial Trust Management Ltd
Premod Paul Thomas has been appointed independent director wef June 15
Work experience: CEO/ED, Capital Insights Pte Ltd; CFO, Guocoleisure Ltd

Markel International
Chay Wilkinson has been appointed claims director, Singapore wef June 16
Work experience: Regional director, Asia-Pacific, Triton Claims; 10 years as senior in-house counsel and as solicitor in private practice

Raffles United Holdings Ltd
Ngoi Sing Shang has been appointed independent non-ED wef June 16
Work experience: Medical doctor/surgeon, Ngoi Surgery Pte Ltd; council member, Singapore Medical Council
— *Compiled by Rahayu Mohamad* E

Companies are invited to submit notices of senior corporate appointments and changes. Photographs (in jpeg format) are welcomed. Announcements will be edited for brevity. Email rahayu.mohamad@bizedge.com; attention: editorial coordinator, Rahayu Mohamad.



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THE EDGE THE WEEK OF JUNE 29, 2015

City & Country

Buying opportunities

Despite slow sales in the Balmoral area, some buyers are seeing value as developers offer discounts and sellers adjust prices

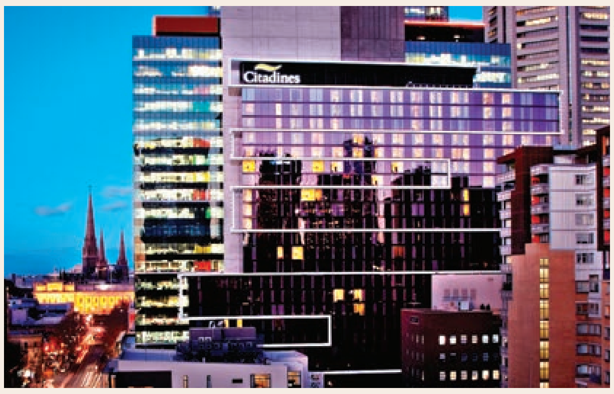
Investor-driven demand

Entire portfolios of student housing are proving to be popular with mainstream institutional investors

Chan Soo Khian's take on luxury

The man behind the design of some of the most upscale and talked-about luxury condos in Singapore's premium addresses discusses his latest and largest project, Leedon Residence by developer GuocoLand

Property briefs



ASCOTT

PICTURES: JLL

Ascott REIT acquires seven assets in Australia and Japan for $298.3 mil

Ascott Residence Trust (Ascott REIT) has acquired three serviced residences and four rental housing properties in Australia and Japan for $298.3 million, at an earnings before interest, taxes, depreciation and amortisation yield of 5.1% on a pro-forma basis for FY2014. The REIT will be acquiring three serviced properties from The Ascott Ltd (Ascott) — the 380-unit Citadines on Bourke Melbourne (*above*) for A$158.5 million ($167.6 million); the remaining 40% interest in the 160-unit Citadines Shinjuku Tokyo for ¥3.04 billion ($33.7 million); and the 124-unit Citadines Karasuma Gojo Kyoto for ¥1.44 billion ($16.0 million). The serviced residences will continue to be managed by Ascott.

In addition, Ascott REIT will acquire four rental housing properties in Osaka for ¥7.30 billion ($81.0 million). Ascott currently holds an 18.9% stake in these rental housing properties.

The Park Collection at Woodberry Down debuts

Leading UK developer, Berkeley, is launching The Park Collection at Woodberry Down (*top right*) in Singapore on June 26 to 28, with JLL as the appointed marketing agent. Located in North London, Woodberry Down is a 5,517-unit development set in 64 acres adjacent to two existing reservoirs and Finsbury Park.

The three buildings that make up The Park Collection at Woodberry Down are Odell House, Kingsley Building and The Parkhouse. They vary in scale from nine to 19 floors and have a mix of studios and one- to three-bedroom units, with a leasehold tenure of 299 years. Amenities include restaurants, cafés and shops, as well as a future retail square that will house over 50,000 sq ft of shops and restaurants. Prices of the units, sized from 578 sq ft, start at £3,435,000, or £829 psf.

Shop units at Parklane Shopping Mall for sale at $65 mil

A sale via expressions of interest (EOI) is currently underway for a portfolio of 33 prime shop units located on the basement level of Parklane Shopping Mall on Selegie Road. The indicative price for the bulk sale of 33 units is $65 million, or around $2,500 psf, according to DTZ, marketing agent for the properties.

The 33 shops have a total strata area of 25,317 sq ft, which covers 94% of the strata area on the basement level, or 17% of the entire development by share value. The shops have direct street access and are 100% tenanted. The tenants range from a fast food restaurant to nightclubs, and gaming and entertainment centres.

Potential investors have the option of acquiring the entire portfolio or any of the three shop clusters that comprise part of the entire portfolio. Two of the clusters, with a total strata area of 3,886 sq ft and 6,631 sq ft respectively, are approved for nightclub use. The third cluster, with a strata area of 2,002 sq ft, is approved for restaurant use. The EOI sale exercise closes on July 30.

Surbana Jurong makes maiden acquisitions

Surbana International Consultants Holdings Pte Ltd and Jurong International Holdings Pte Ltd announced on June 22 that following their merger, the new name of the combined entity will be Surbana Jurong Pte Ltd.

Surbana Jurong comprises the corporatised technical arms of HDB and Jurong Town Corp, which are among the largest Singapore technical institutions responsible for HDB townships, JTC industrial estates and infrastructure developments in Singapore, according to Liew Mun Leong, chairman of Surbana Jurong. "When they are merged and integrated, they will have the capabilities and capacity to provide one-stop complete value chain consultancy services to the development industry in Singapore and abroad."

The aim is to tap urbanisation and infrastructure development, one of the key growth areas around the world. With that in mind, Surbana Jurong has acquired KTP Consultants Pte Ltd in Singapore and Sinosun Architects & Engineers Co Ltd in China. "These acquisitions will immediately grow our staff strength by 25% (from 3,200 to 4,000 employees), as well as strengthen our infrastructure development capabilities in Singapore and the region," adds Liew. "It will also bring our market reach in China from nine to 16 cities."

Amber Road site up for tender for $60 mil

A freehold 22,800 sq ft redevelopment site located at Nos 12/A/B/C/D Amber Road (*above*) is up for sale. The site has a gross plot ratio (GPR) of 2.8, with a gross floor area (GFA) of about 63,820 sq ft. This will allow the development of a new residential block with about 80 apartments. "Depending on the proposed design of the building, some of the units could potentially enjoy partial sea views," says Yong Choon Fah, JLL's national director of capital markets, who is marketing the property.

Yong sees the site appealing to smaller and mid-scale developers, given the total quantum of less than $100 million. A local Singapore developer could, therefore, acquire the site to add to its landbank for future development if it has no immediate plans to build, she adds.

Given that the site is only a fraction of the size of Amber Park, which has been put up for collective sale with a price tag of $743.9 million, the vendors of the site at 12 Amber Road feel their site could appeal to a wider audience, Yong says. The indicative price of $60 million translates into a land rate of approximately $941 psf per plot ratio before factoring in development charges. For a redevelopment of up to a GPR of 2.8, the development charge is estimated to be in the range of $18.47 million. Taking the development charge into consideration, the land rate will translate into $1,230 psf ppr, based on an asking price of $60 million for the site. The expression of interest exercise will close on July 28.

Farmland in Sungei Tengah for auction sale

A farmland located at 63 Sungei Tengah Road (*right*), off Brickland Road in Old Choa Chu Kang has been put up for sale by the owners for sale. The property has a land area of 211,342 sq ft, with a lease tenure of 20 years, starting on June 24, 2008. JLL is the sole marketing agent for the site which will be put up for auction sale on June 30.

The farmland is currently being operated as a fish farm, but the owners are selling because they are relocating the business, according to Mok Sze Sze, JLL's head of auction. The land is currently approved for use either as a fish farm, aquarium or orchid farm and for ornamental plant production.

Any other use will be subject to approval by the Singapore Land Authority. The site will be sold with vacant possession and the indicative price is in the range of $2.7 million to $2.8 million.

Roxy-Pacific-led consortium buys Jakarta land parcel for $6.8 mil

Roxy-Pacific Holdings announced that its wholly-owned subsidiary, Roxy Jakarta Hotels Pte Ltd, together with a group of investors, has entered into a conditional sale and purchase agreement to acquire a land parcel for the development of a hotel. Roxy-Pacific holds a 49% stake in the acquisition, which amounts to IDR33.38 billion ($3.34 million). The parcel is located on Jalan Kramat Raya No 110, Kelurahan Kwitang, Kecamatan Senen, Jarkata Pusat.

CONTINUES ON PAGE CC4

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JLL's beefed-up retail team (from left): Ho, Fernando, Zulazmi, Nonis, Lee, Archibold and Hamilton

JLL boosts retail agency with team from Colliers

JLL announced on June 25 that it is expanding its retail agency with the addition of four new members, all formerly key staff of Colliers International's retail team. The four, Gary Nonis, David Fernando, Shafiq Zulazmi and Ho Pui Shan, were hired "for their expertise in the F&B arena and knowledge of the Singapore retail scene", according to JLL. They will start work on July 1.

With the new additions, JLL's retail team will grow from the current seven members (including directors Lee Siew Ling and Tom Hamilton) to 11. They will focus on all aspects of retail, with special emphasis on new-to-market brands, project leasing and F&B. The team is headed by Chris Archibold, JLL's international director and head of markets. "This is a good time to expand in the retail business," he says.

Some of the major mixed-use developments for which JLL has been appointed the leasing agent for the retail space include OUE Downtown, South Beach and Guoco Tower at Tanjong Pagar Centre. This latest move is in line with JLL's plans to strengthen its agency business in Singapore, says Chris Fossick, the international property consultancy's managing director for Singapore and Southeast Asia.

Qingjian rolls out interactive mobile app platform at Riversound Residences

Chinese developer Qingjian Realty has rolled out its Hi-Life Interactive mobile application, which will be launched on June 27 at Riversound Residences, its 590-unit private condominium project that has just obtained Temporary Occupation Permit. The 99-year leasehold condo is located in Sengkang. The mobile application is the first interactive system in Singapore, allowing homeowners living in any of Qingjian's developments access to essential services ranging from the booking of facilities to locating beauty services, interior design and home renovation services, as well as tutors and swimming coaches who are nearest their home.

Besides Riversound Residence, other completed projects by Qingjian include Nin Residences, RiverParc Residence, River Isles, Waterbay and Ecopolitan. Upcoming projects are Bellewoods and Bellewaters, both executive condo developments. The plan is to roll out the mobile application to all its existing and upcoming projects.

Hi-Life Interactive Pte Ltd, a wholly-owned subsidiary of Qinjian Realty Group, was set up in April to focus on the development and introduction of new features for its Hi-Life Interactive mobile application.

"As a developer, it's not our intention to pass the cost on to our homebuyers in the form of higher sale prices of units in our new developments," says Li Jun, Qingjian's general manager. "It's a value-added service that we are extending to our homeowners."

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Senior Qingjian executives (from left): Charles Ji Chao, product director and co-founder of Hi-Life Interactive Pte Ltd; Wang Linxuan, CEO of CNQC (South Pacific) and Li Jun, showing off their Hi-Life mobile application platform

Property briefs

FROM PAGE CC2

CapitaLand divests its 30% stake in DBS China Square Ltd for $150 mil

CapitaLand Investments Pte Ltd, a wholly-owned subsidiary of CapitaLand Ltd, is divesting its 30% stake in DBS China Square Ltd for $150 million in cash. DBS China Square owns PWC Building, a 28-storey office building located at 8 Cross Street. The divestment is in line with CapitaLand's active portfolio management strategy to unlock the value of non-core assets and recycle capital. The sale of the 30% stake means DBS China Square is now wholly owned by DBS Bank.

Decline in retail activities result in large negative net retail absorptions, says DTZ

Retail space in Singapore island-wide saw negative net absorption of 270,000 sq ft in 1Q2015, according to DTZ's latest retail report. The prime Orchard/Scotts Road and other city areas recorded negative net absorption of 80,000 sq ft and 170,000 sq ft respectively. Likewise, suburban areas registered a negative net absorption, although lower, at 20,000 sq ft. The slower demand for retail space was largely attributed to weaker retail sales and slowing visitor arrivals, according to the property consultant.

Within Orchard/Scotts Road, occupancy rate dipped 1.6 percentage points q-o-q to 92.7% in 1Q2015. Similarly, average rents fell 1.5% q-o-q to about $29.70 psf per month. The decline in average rents was, however, not as sharp, mainly owing to the lack of new retail completions and pipeline supply in Orchard/Scotts Road. Only about 10,000 sq ft of retail space was introduced in 1Q2015, with the completion of Claymore Link. Furthermore, retail pipeline supply in Orchard/Scotts Road will be limited to about 25,000 sq ft of net lettable area over the next four years, mainly coming from mixed developments with residential and hotel projects.

The negative net absorption in the other city areas of 232,000 sq ft led to occupancy rates falling 2.8 percentage points q-o-q to 90.4% in 1Q2015. Additionally, the introduction of approximately 111,500 sq ft of retail space in the other city areas in 1Q2015 added downward pressure on rents. In 2Q2015, average rents in the other city areas declined 1.8% q-o-q to $17.65 psf per month.

In contrast to Orchard/Scotts Road and the other city areas, the occupancy rate in the suburban areas remained largely unchanged q-o-q at 93.2% in 1Q2015. Average rents in the suburban area also fell less, dipping 1.4% q-o-q to approximately $25.75 psf, supported by the local catchment areas. Retail malls in the suburban areas have, therefore, proven to be more resilient to the weakened visitor arrivals.

Hao Yuan Investment submits top bid of $483.2 mil for Dundee Road site

HY Realty Pte Ltd, a unit of Hao Yuan Investment, beat eight others to clinch top position for a HDB land parcel on Dundee Road with a bid of $483.18 million or $871.13 psf psf ppr. The 99-year leasehold land parcel has a site area of 113,195 sq ft , with a maximum GFA of 554,657 sq ft and GPR of 4.9. The site is zoned for condominiums, or with prior written approval, a combination of condo units and strata landed houses. The development is expected to yield an estimated 645 units.

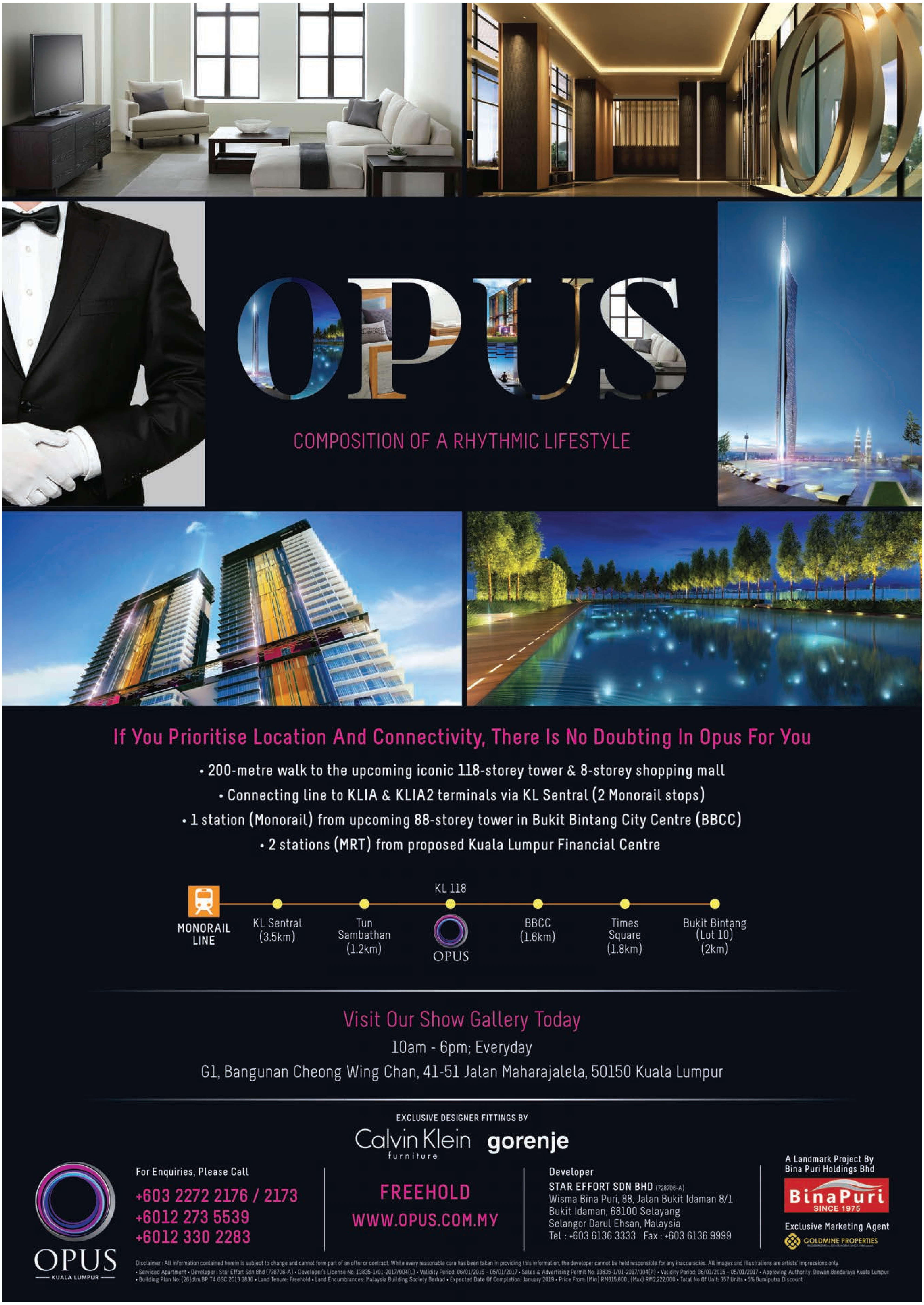
"The top bid reflects the hunger and confidence in this site on Dundee Road, going by its value," says Desmond Sim, head of CBRE Research for Singapore and Southeast Asia. The site is located within the mature estate of Queenstown and right next to the MRT station.

Meanwhile, Chua Yang Liang, JLL's head of research for Southeast Asia, notes that the Dundee Road site received only nine bids, compared with 14 for the Toa Payoh site that closed last week. The bids are also the lowest number received for a city-fringe site since 3Q2014, when a site on Sims Drive drew just four bidders. "The lower number of bidders could suggest two things: developers are not as enthusiastic about this site, or bid saturation, as developers struggle to absorb the two sites consecutively, in what is a slowing market," Chua remarks.

JLL estimates that Hao Yuan could be looking at a selling price of between $1,550 and $1,600 psf, assuming construction costs of $320 to $360 psf. This is in line with the average selling prices of new sales in the Queenstown and Redhill areas, which have been in the range of $1,680 t0 $1,750 psf.

Evia-led consortium awarded Toa Payoh site at $345.86 mil

HDB has awarded the residential development site at Toa Payoh Lorong 4 and 6 to the highest bidder, a consortium comprising Evia Real Estate (7) Pte Ltd, Maxdin Pte Ltd and Gamuda Bhd. The bid price of $345.86 million or $755 psf ppr was the highest of 14 bids received. The developer is likely to build a 600-unit residential project on the site, which has a land area of 130,832 sq ft and maximum GFA of 457,912 sq ft. — *Compiled by Tay Hock Meng*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COVER STORY

Chan: For me, [Leedon Residence] is the latest luxury condo. I don't think there are many luxury-condo projects at the moment because of the market.

PICTURES: SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Chan Soo Khian's take on luxury

The man behind the design of some of the most upscale and talked-about luxury condos in Singapore's premium addresses discusses his latest and largest project, Leedon Residence by developer GuocoLand

| BY CECILIA CHOW |

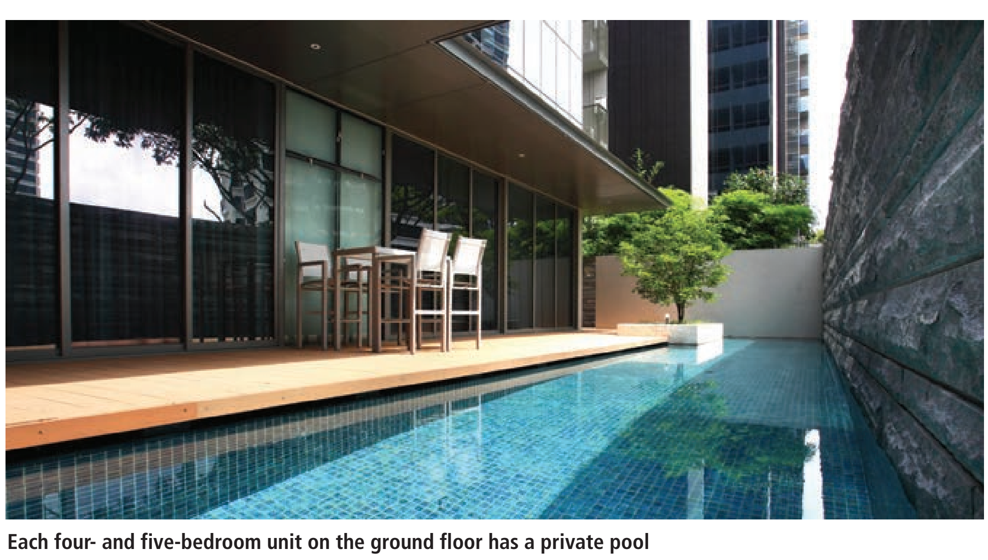
When you enter Leedon Residence, the way you feel about space changes — from the moment you arrive at the driveway and head straight to the basement carpark. From there, you enter a plush lift lobby where a private lift takes you straight to your apartment. When the lift door opens, you are suddenly greeted by the wide expanse of space in the living room with its 7m ceiling height that overlooks a private pool.

This element of surprise when one emerges from a narrow passageway to an expansive room or a courtyard is what defines a project designed by Chan Soo Khian, principal of SCDA Architects. "Design is very much like choreography — the way you experience space," he says. "The sense of arrival is very important."

Even though there are 381 units in Leedon Residence, in 11 twelve-storey blocks, Chan designed them as "bungalows", with many of the units being L-shaped simplexes with private lift access, double-volume ceiling height in the living room and exterior spaces with private pools for the ground-floor units. He says, "It has the feel of a very exclusive residential project and not a large-scale development."

Leedon Residence is not just the biggest luxury-condominium project Chan and SCDA have in their portfolio to date, it is also one in which he was involved in all aspects of the design — from landscaping and architecture to the interior spaces, including customising the kitchens for all the units and customising the furniture for the four-bedroom show suite.

"Architects designed furniture in the old days," says Chan. "Not anymore. Today, architects have disbursed their responsibilities to everybody else, from lighting consultants to interior designers. The role of the architect has been eroded to that of coordinator and administrator. We are trying to bring that back."



Each four- and five-bedroom unit on the ground floor has a private pool

Tastemaker

Chan has always dabbled in furniture design, and has even created a line of furniture under his own Soori brand for Poliform, an international furniture brand. His pieces are available at Space Asia. He also designed the Alila Villas Soori in Bali, a luxury resort with 48 pool villas that opened in 2010 and of which he is also the owner. He recently launched the upscale Soori Bistro on Teck Lim Road, which has the same design aesthetic as the residential projects that he designs.

In recent years, Chan has been making waves in New York City with his design of three luxury-condo projects, including one of which he is also the developer — the Soori High Line, with 27 units, each of which has a private pool. He was recently ranked among the "Top 20 People in Real Estate in NYC" by *The New York Post*.

"What I do in New York I do for my clients here," says Chan, a Singaporean who was born in Penang. "I'm very design-focused. Having worked with developers for a long time, I've always had an intuitive understanding of what a developer needs to do, and what the barriers are, in terms of timing and marketing a project. And now that I'm on the other side of the fence, it certainly helps me become even more empathetic about what developers have to go through."

Over the past 15 years, Chan's name and that of his firm have become synonymous with luxury residences in Singapore. They include The Ladyhill on Orange Grove Road, The Boulevard Residence (BLVD) at Cuscaden Walk, The Marq on Paterson Hill, Nassim Park Residences and TwentyOne Angullia Park.

These condos have set new benchmarks in terms of luxury offerings and prices and are coveted by the rich, famous and infamous. For example TwentyOne Angullia Park was in the news recently when it emerged that the buyer behind the purchase of the 7,718 sq ft triplex penthouse and the 2,260


The living room of the four-bedroom show suite designed by Chan's SCDA Architects has a 7m ceiling height


Every unit will come with a customised kitchen designed by SCDA


The master bathroom has a standalone bathtub, television screen, double-sink vanity top, separate shower and bidet

sq ft, three-bedroom unit located directly below it was none other than Malaysian businessman Low Taek Jho, or "Jho Low", who is embroiled in the 1Malaysia Development Bhd (1MDB) saga. He had set a record price for both units two years ago when he paid $42.9 million ($5,560 psf) for the triplex penthouse, which was the largest in the exclusive 54-unit, 36-storey tower, and $11.53 million ($5,099 psf) for the three-bedroom unit on the 33rd floor.

The Marq on Paterson Hill by developer SC Global Developments, which was completed in 2011, still holds the record for the most expensive luxury condo in Singapore to date, in terms of price psf. It was achieved when a mainland Chinese buyer paid $20.54 million, or a jaw-dropping $6,840 psf, for a four-bedroom unit in November 2011, according to a caveat lodged with URA Realis. The unit is located in the Premier Tower, where all the units are about 3,000 sq ft.

The other tower at The Marq, the Signature Tower, contains units of more than 6,000 sq ft that come with a private 15m lap pool. In terms of absolute price, a historic high of $31.4 million ($5,100 psf) was set in 2007, when a 6,157 sq ft unit was sold to a foreign buyer. The most famous resident at The Marq is billionaire and co-founder of Facebook Eduardo Saverin, who is now a Singapore citizen and who recently got married.

The 100-unit Nassim Park Residences by UOL Group, Kheng Leong and Orix Corp was completed in 2011 and fully sold. The project hit an all-time-high price of $4,120 psf in 2010, when a 3,466 sq ft unit was sold for $14.28 million.

Benchmark pricing

Most of these projects achieved their top pricing either before or within months of their completion. Likewise, Leedon Residence has set a price benchmark for the Leedon Heights-Farrer Road enclave, says Phylicia Ang, executive director of Savills Residential. She foresees sales will pick up, given that the project has just obtained its Temporary Occupation Permit (TOP) this month.

"Very often, projects that have just obtained TOP are very attractive to foreigners, as they can see the quality, the space and the design," says Ong Choon Fah, CEO of DTZ. "And at Leedon Residence, SCDA was not just the architect, but also the landscape designer and interior designer. The whole design flows very well. And the location speaks for itself. Not surprisingly, there has been a spike in interest just before and after TOP."

Directly across the road from Leedon Residence is the massive 1,715-unit d'Leedon by Pritzker Prize-winning architect Zaha Hadid, The project's towers rise up to 36 storeys high and dwarf many of the low-rise condos in the neighbourhood.

Nevertheless, Leedon Residence is able to stand on its own. And it has to do with its inward-looking design. "The way we have designed the feature walls and the canopy draws your eye away from the buildings," explain SCDA's Chan, gesturing towards d'Leedon across the road. "It's a very Japanese way of looking at space."

Leedon Residence also appeals to people who live in the Good Class Bungalow neighbourhood nearby — at Leedon Park, Swettenham Road and Holland Road — who want to downsize, says Savills' Ang. Demand is also coming from the grown-up children of these GCB owners who want to live near their parents, she adds.

Given that many of these buyers — about 70% of whom are said to be Singaporeans — are looking for a unit for their own use, the four- and five-bedroom units are the ones that have been the most sought-after.

Repeat buyers

Chan also has a group of repeat customers or followers — clients whose private homes he designed or who purchased units in some of the earlier condo projects he had designed. "I have some friends who signed on [at Leedon Residence]," he says. "From time to time, I do bring people unannounced to show them the project. Many of these are my overseas clients. When they hear about my latest project, they request a personal showing."

And that is how Chan has morphed into an influential pitchman for the projects he designed. He recently introduced one of his friends, a French national who is currently living in one of the GCBs he designed on Swettenham Road. The latter agreed to buy the biggest five-bedroom unit on the first level of one of the blocks at Leedon Residence. The only condition for his purchase of the 8,051 sq ft unit is that Chan designs the landscaping for the private enclosed space of about 4,000 sq ft. The unit is a duplex apartment with a 7m ceiling height and the master suite is located on the second level with a balcony view of the first level as well as views of the outdoor space.

Size matters

Leedon Residence is a redevelopment of the former Leedon Heights, which GuocoLand purchased in 2007 for $835 million. The project was conceived in 2007, when luxury condos with spacious units were in vogue. Even though some developers had gone back to the drawing boards and sized down their units to make them more palatable following the global financial crisis, GuocoLand stuck to its plan of building spacious units with a bungalow feel.

There are only 54 two-bedroom units at Leedon Residence, and these are 1,044 sq ft, which is the size of a three-bedroom unit in a typical condo today. Three-bedroom apartments that range from 2,110 to 2,131 sq ft number 120 units. There are only nine three-bedroom-plus-study units, and they are 2,088 to 4,047 sq ft. Four-bedroom apartments make up 40% of the units (154) at Leedon Residence and they range from 2,486 to 5,285 sq ft. There are only 30 five-bedroom duplex units, which range from 4,704 to 8,051 sq ft.

The triplex penthouses range from 5,694 to 7,719 sq ft and number only 12. They contain five bedrooms and come with a private roof terrace, swimming pool and lift access to every level.

According to a GuocoLand spokesman, potential buyers have shown interest in the project, with an increase in enquiries and visits in the last few weeks. So far, 163 units at the Leedon Residence have been sold. Based on caveats lodged with URA Realis, the average price of units sold is $2,000 psf.

Uptick in luxury-home sales

Transactions of non-landed homes priced above $4 million in districts 9, 10 and 11 have seen an increase over the past six months. According to DTZ Research, average sales of non-landed homes priced above $4 million ranged from 46 to 58 units per quarter in 2014. In 1Q2015, the number jumped to 68 units, and in 2Q2015 to date, it was 57 units.

The 210-unit freehold Goodwood Residence, also by GuocoLand, was designed by another acclaimed Singapore-based architectural firm, WOHA. The project has also seen strong sales since it was completed two years ago. So far, only 18 units remain unsold. Based on caveats lodged, the average price of units in the project is $2,449 psf. The development comprises three- and four-bedroom apartments as well as penthouses.

For developers' sales of luxury condo units priced from $4 million, Goodwood Residence tops the list, and even Leedon Residence is ranked among the best-sellers, according to DTZ Research.

If one wanted to buy a brand-new luxury-condo unit in a project designed by Chan or SCDA in Singapore, there is nothing in the pipeline after Leedon Residence. "For me, this [Leedon Residence] is the latest luxury condo," says Chan. "I don't think there are many luxury-condo projects at the moment because of the market."

Just as Chan and SCDA have travelled to other major metropolises such as Bangkok, Tokyo and New York in order to bid for luxury-condo projects, buyers in search of a brand-new launch designed by SCDA will have to do likewise. If not, there is always Leedon Residence in Singapore. E

Buying opportunities in Balmoral area

| BY TAY HOCK MENG |

Last December, listed property developer Hiap Hoe Ltd announced that its major shareholder, Hiap Hoe Holdings, the investment firm of the Teo family, had acquired all the shares in Hiap Hoe SuperBowl JV Pte Ltd, which owns **Treasure on Balmoral**, a 48-unit freehold condominium block. The share purchase worked out to $185 million, or $1,789 psf, for the development.

The deal has had an impact on the prices of neighbouring new condos launched in the Balmoral area, leading to transactions drying up for much of the first six months of the year. For example, next door to Treasure on Balmoral is **Three Balmoral**, a 40-unit freehold boutique condo by Tong Eng Group. The 12-storey project comprises only one-bedroom-plus-study units, with sizes from 614 sq ft, and three-bedroom units that are above 1,500 sq ft.

Sale of Three Balmoral started in October 2011, and only seven of 20 units launched have been sold so far, according to URA data. The latest recorded sale was on June 15, for a 1,539 sq ft, three-bedroom unit on the eighth floor that was sold for $3.4 million ($2,209 psf), according to URA Realis. The psf price is the lowest seen in the project so far, as the earlier recorded transactions, from October 2011 to April 2013, ranged from $2,388 to $2,608 psf, observes Samuel Eyo, managing director of Singapore Christie's Homes.

Hiap Hoe Ltd was under pressure to sell, as the conditions of the Qualifying Certificate (QC) require all foreign companies (including listed companies) to sell all the units in their residential developments within two years of completion to avoid paying a penalty for unsold units. The privately held Tong Eng Group, on the other hand, is not subject to the QC conditions, and is therefore in no hurry to sell the units. The group also has the holding power to ride through the current period of slow sales, adds Eyo.

The bulk sale of Treasure on Balmoral has had an impact on the prices of neighbouring new condos launched in the Balmoral area

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Located on the opposite side of the road from Three Balmoral is another freehold condo by Tong Eng Group. Called **Goodwood Grand**, the development comprises a block of 65 units and eight strata bungalows. The project was launched for sale in December 2013. Of 31 units released, 26 have been sold, with the latest transaction recorded in May, at a median price of $2,563 psf, according to URA data.

Likewise, Goodwood Grand's price level is being affected by another listed group, GuocoLand, which has been selling the remaining units at its 210-unit **Goodwood Residence**, located off Bukit Timah Road. The project was completed in 2013, and three-bedroom units of 1,948 to 2,142 sq ft were sold at $2,181 to $2,614 psf, and four-bedroom units of 2,454 to 2,928 sq ft were offloaded at $2,413 to $2,678 psf, based on caveats lodged with URA Realis from January to June.

"The psf price range of units at Goodwood Residence, which is $2,400 to $2,600, serves as a ballpark pricing for many of the newer developments with larger-unit layouts of three and four bedrooms," notes Aldric Tan, senior associate director of CBRE Realty Associates.

He attributes the lacklustre transactions at Three Balmoral and Goodwood Grand to the absence of a proper showflat on site, as construction of both projects is already well underway. "Without a proper showflat, buyers can't visualise the unit layout and orientation," he explains. "People are more reluctant to commit to a purchase without seeing an actual showflat." If there are serious buyers, Tong Eng is willing to negotiate with them on pricing "on a case-by-case basis" and offer discounts of 3% to 5%, notes Tan.

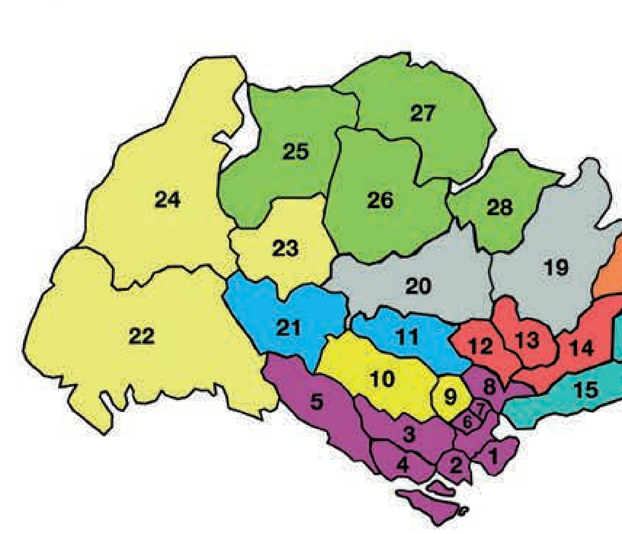
On the other side of Balmoral Road, diagonally opposite Goodwood Grand, is **Belmond Green**, a 211-unit freehold condo developed by CapitaLand and completed in 2004. The latest resale at the project was for a 1,335 sq ft, three-bedroom unit on the ninth floor that changed hands for $2.3 million ($1,723 psf), according to a caveat lodged on June 8. The unit last changed hands in 2006 for $1.3 million ($996 psf), hence the seller saw the price of the unit appreciate almost twofold in under a decade.

According to CBRE's Tan, Belmond Green's resale prices are affected by the transaction prices at **Hallmark Residences**, a recently completed project located behind it on Ewe Boon Road. At Hallmark Residences, a 75-unit high-end condo by MCL Land, the two latest transactions were for two ground-floor units that were sold for $3.13 million ($1,773 psf) and $2.92 million ($1,739 psf). The lower psf price could be because these two units are located on the ground floor and therefore have larger outdoor areas, suggests Tan. As at end-May, there were only three unsold units at Hallmark Residences, based on URA data.

Meanwhile, the lower psf price of Belmond Green — where four units changed hands this year at $1,635 to $1,723 psf — may prove to be attractive to buyers shopping in the resale market, notes Bruce Lye, managing partner of SRI5000, a division of SLP Realty.

Belmond Green is not as old as some of the other developments in the area, such as **Palm Spring**, **Crystal Tower** and **Ewe Boon Regent**, which were built between the 1970s and 1990s, says Lye. "On a quantum basis, units at Belmond Green look more affordable than those at Hallmark Residences, which are larger in size and have a higher psf price, given that the project is new." E

Singapore — by postal district



LOCALITIES	DISTRICTS
City & Southwest	1 to 8
Orchard/Tanglin/Holland	9 and 10
Newton/Bukit Timah/Clementi	11 and 21
Balestier/MacPherson/Geylang	12 to 14
East Coast	15 and 16
Changi/Pasir Ris	17 and 18
Serangoon/Thomson	19 and 20
West	22 to 24
North	25 to 28

Residential transactions with contracts dated June 7 to 14

PROJECT	PROPERTY TYPE	TENURE	SALE DATE	LAND AREA/FLOOR AREA (SQ FT)	TRANSACTED PRICE ($)	NETT PRICE ($)	UNIT PRICE ($ PSF)	COMPLETION DATE	TYPE OF SALE
District 1									
MARINA ONE RESIDENCES	Apartment	99 years	June 10, 2015	775	1,858,428	-	2,398	Uncompleted	New Sale
MARINA BAY SUITES	Condominium	99 years	June 9, 2015	2,067	4,800,000	-	2,323	2013	Resale
MARINA ONE RESIDENCES	Apartment	99 years	June 12, 2015	1,119	2,471,634	-	2,208	Uncompleted	New Sale
THE SAIL @ MARINA BAY	Apartment	99 years	June 8, 2015	592	1,220,000	-	2,061	2008	Resale
V ON SHENTON	Apartment	99 years	June 14, 2015	1,098	2,051,100	-	1,868	Uncompleted	New Sale
District 3									
ALEX RESIDENCES	Apartment	99 years	June 10, 2015	678	1,345,295	-	1,984	Uncompleted	New Sale
THE CREST	Condominium	99 years	June 10, 2015	1,518	2,475,000	-	1,631	Uncompleted	New Sale
TANGLIN VIEW	Condominium	99 years	June 8, 2015	1,141	1,500,000	-	1,315	2001	Resale
LANDMARK TOWER	Apartment	99 years	June 11, 2015	1,292	1,150,000	-	890	1984	Resale
District 4									
REFLECTIONS AT KEPPEL BAY	Condominium	99 years	June 11, 2015	1,292	2,900,000	-	2,245	2011	Resale
CARIBBEAN AT KEPPEL BAY	Condominium	99 years	June 8, 2015	1,572	2,280,000	-	1,451	2004	Resale
District 5									
VIVA VISTA	Apartment	Freehold	June 11, 2015	388	650,000	-	1,677	2014	Sub Sale
THE TRILINQ	Condominium	99 years	June 12, 2015	710	1,056,000	-	1,486	Uncompleted	New Sale
THE TRILINQ	Condominium	99 years	June 8, 2015	710	1,045,000	-	1,471	Uncompleted	New Sale
THE TRILINQ	Condominium	99 years	June 7, 2015	915	1,258,000	-	1,375	Uncompleted	New Sale
THE TRILINQ	Condominium	99 years	June 14, 2015	936	1,262,000	-	1,348	Uncompleted	New Sale
THE ROCHESTER	Apartment	99 years	June 9, 2015	1,302	1,740,000	-	1,336	Unknown	Resale
BAYVILLE CONDOMINIUM	Condominium	Freehold	June 8, 2015	1,216	1,120,000	-	921	1996	Resale
District 7									
CITY GATE	Apartment	99 years	June 11, 2015	710	1,455,000	-	2,048	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 9, 2015	710	1,405,000	-	1,978	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 11, 2015	678	1,308,000	-	1,929	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 8, 2015	700	1,338,000	-	1,912	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 12, 2015	807	1,533,300	-	1,899	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 10, 2015	915	1,680,000	-	1,836	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 7, 2015	775	1,413,000	-	1,823	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 14, 2015	775	1,349,000	-	1,741	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 13, 2015	904	1,568,980	-	1,735	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 13, 2015	775	1,336,000	-	1,724	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 7, 2015	807	1,392,000	-	1,724	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 13, 2015	904	1,550,000	-	1,714	Uncompleted	New Sale
CITY GATE	Apartment	99 years	June 9, 2015	775	1,325,000	-	1,710	Uncompleted	New Sale
District 8									
CITYLIGHTS	Condominium	99 years	June 10, 2015	678	1,160,000	-	1,711	2007	Resale
CITYLIGHTS	Condominium	99 years	June 11, 2015	678	1,155,000	-	1,703	2007	Resale
FORTE SUITES	Apartment	Freehold	June 10, 2015	603	998,300	-	1,656	Uncompleted	New Sale
FORTE SUITES	Apartment	Freehold	June 14, 2015	614	1,012,500	-	1,650	Uncompleted	New Sale
CITY SQUARE RESIDENCES	Condominium	Freehold	June 8, 2015	1,206	1,700,000	-	1,410	2009	Resale
CITY SQUARE RESIDENCES	Condominium	Freehold	June 8, 2015	1,518	2,080,000	-	1,370	2008	Resale
District 9									
ESPADA	Apartment	Freehold	June 8, 2015	355	1,030,000	-	2,900	2013	Resale
URBAN SUITES	Condominium	Freehold	June 8, 2015	2,002	4,900,000	-	2,447	2013	Resale
THE RISE @ OXLEY - RESIDENCES	Apartment	Freehold	June 7, 2015	614	1,400,000	-	2,282	Uncompleted	New Sale
THE RISE @ OXLEY - RESIDENCES	Apartment	Freehold	June 7, 2015	646	1,430,000	-	2,214	Uncompleted	New Sale
MARTIN PLACE RESIDENCES	Condominium	Freehold	June 12, 2015	1,894	3,900,000	-	2,059	2011	Resale
THE LIGHT @ CAIRNHILL	Condominium	Freehold	June 10, 2015	1,561	3,150,000	-	2,018	2004	Resale
LUMA	Apartment	Freehold	June 8, 2015	904	1,580,000	-	1,747	2011	Resale
PARC MACKENZIE	Apartment	Freehold	June 12, 2015	1,335	2,002,500	-	1,500	2009	Resale
HORIZON TOWER	Condominium	99 years	June 12, 2015	2,616	2,850,000	-	1,090	1984	Resale
District 10									
TOMLINSON HEIGHTS	Condominium	Freehold	June 10, 2015	2,745	7,950,000	-	2,896	2014	Resale
ARDMORE II	Condominium	Freehold	June 12, 2015	2,024	5,800,000	-	2,866	2010	Resale
GOODWOOD RESIDENCE	Condominium	Freehold	June 10, 2015	2,454	6,572,124	-	2,678	2013	Resale
ROBIN RESIDENCES	Condominium	Freehold	June 7, 2015	1,066	2,559,150	-	2,402	Uncompleted	New Sale
ROBIN RESIDENCES	Condominium	Freehold	June 10, 2015	1,593	3,760,000	-	2,360	Uncompleted	New Sale
ROBIN RESIDENCES	Condominium	Freehold	June 13, 2015	538	1,260,000	-	2,341	Uncompleted	New Sale
THREE BALMORAL	Apartment	Freehold	June 12, 2015	1,539	3,400,000	-	2,209	Uncompleted	New Sale
POLLEN & BLEU	Condominium	99 years	June 10, 2015	603	1,320,900	-	2,191	Uncompleted	New Sale
LEEDON RESIDENCE	Condominium	Freehold	June 13, 2015	2,669	5,483,214	-	2,054	Uncompleted	New Sale
M5	Apartment	Freehold	June 12, 2015	441	876,000	870,000	1,971	Uncompleted	New Sale
POLLEN & BLEU	Condominium	99 years	June 13, 2015	872	1,598,850	1,566,873	1,797	Uncompleted	New Sale
D'LEEDON	Condominium	99 years	June 11, 2015	1,281	2,279,200	-	1,779	Uncompleted	New Sale
POLLEN & BLEU	Condominium	99 years	June 13, 2015	872	1,579,300	1,547,714	1,775	Uncompleted	New Sale

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PROJECT	PROPERTY TYPE	TENURE	SALE DATE	LAND AREA/FLOOR AREA (SQ FT)	TRANSACTED PRICE ($)	NETT PRICE ($)	UNIT PRICE ($ PSF)	COMPLETION DATE	TYPE OF SALE
BELMOND GREEN	Condominium	Freehold	June 8, 2015	1,335	2,300,000	-	1,723	2004	Resale
105A NAMLY DRIVE	Detached House	Freehold	June 10, 2015	5,425	8,700,000	-	1,604	2013	Resale
THE MARBELLA	Condominium	Freehold	June 9, 2015	1,658	2,550,000	-	1,538	2005	Resale
THE TRIZON	Condominium	Freehold	June 10, 2015	1,894	2,800,000	-	1,478	2012	Resale
14 GREENLEAF PLACE	Semi-Detached House	Freehold	June 9, 2015	3,649	5,300,000	-	1,455	1968	Resale
SPRING GROVE	Condominium	99 years	June 8, 2015	1,389	2,000,000	-	1,440	1996	Resale
SOMMERVILLE PARK	Condominium	Freehold	June 8, 2015	2,336	3,050,000	-	1,306	1985	Resale
ALLSWORTH PARK	Condominium	999 years	June 10, 2015	1,959	2,530,000	-	1,291	1985	Resale
RIDGEWOOD	Condominium	999 years	June 9, 2015	2,002	2,530,000	-	1,264	1981	Resale
567 HOLLAND ROAD	Detached House	Freehold	June 9, 2015	9,322	10,800,000	-	1,159	1974	Resale
PALMS @ SIXTH AVENUE	Semi-Detached House	Freehold	June 10, 2015	4,855	5,380,000	-	1,108	2015	New Sale
PALMS @ SIXTH AVENUE	Semi-Detached House	Freehold	June 8, 2015	4,596	4,907,880	-	1,068	2015	New Sale
22 MARYLAND DRIVE	Detached House	999 years	June 11, 2015	11,453	12,200,000	-	1,066	Unknown	Resale
District 11									
NINETEEN SHELFORD ROAD	Condominium	Freehold	June 11, 2015	947	1,250,000	-	1,320	1997	Resale
IRIDIUM	Apartment	Freehold	June 11, 2015	1,076	1,420,000	-	1,319	2009	Resale
ADAM PARK CONDOMINIUM	Condominium	Freehold	June 8, 2015	1,916	1,818,000	-	949	2004	Resale
District 12									
KALLANG RIVERSIDE	Apartment	Freehold	June 7, 2015	517	1,135,000	-	2,197	Uncompleted	New Sale
NEEM TREE	Apartment	Freehold	June 7, 2015	420	700,800	-	1,669	Uncompleted	New Sale
OKIO	Condominium	Freehold	June 10, 2015	1,044	1,550,000	-	1,485	Uncompleted	New Sale
D'LOTUS	Apartment	Freehold	June 9, 2015	1,066	1,188,000	-	1,115	2008	Resale
District 13									
E MAISON	Apartment	Freehold	June 8, 2015	570	804,000	-	1,409	Uncompleted	New Sale
SANT RITZ	Condominium	99 years	June 7, 2015	1,044	1,336,320	-	1,280	Uncompleted	New Sale
CHEMPAKA AVENUE	Terrace House	Freehold	June 9, 2015	2,002	2,460,000	-	1,226	Unknown	Resale
E MAISON	Apartment	Freehold	June 13, 2015	936	1,121,328	-	1,197	Uncompleted	New Sale
E MAISON	Apartment	Freehold	June 7, 2015	936	1,121,328	-	1,197	Uncompleted	New Sale
BARTLEY RIDGE	Condominium	99 years	June 10, 2015	1,550	1,805,900	-	1,165	Uncompleted	New Sale
District 14									
SIMS URBAN OASIS	Condominium	99 years	June 10, 2015	463	696,033	-	1,504	Uncompleted	New Sale
SINGA HILLS	Apartment	Freehold	June 12, 2015	463	686,375	-	1,483	Uncompleted	New Sale
SINGA HILLS	Apartment	Freehold	June 8, 2015	775	1,074,165	-	1,386	Uncompleted	New Sale
SIMS URBAN OASIS	Condominium	99 years	June 10, 2015	667	887,841	-	1,330	Uncompleted	New Sale
District 15									
8M RESIDENCES	Apartment	Freehold	June 8, 2015	775	1,529,000	-	1,973	Uncompleted	New Sale
8M RESIDENCES	Apartment	Freehold	June 11, 2015	893	1,625,260	-	1,819	Uncompleted	New Sale
AALTO	Condominium	Freehold	June 8, 2015	1,528	2,460,000	-	1,609	2010	Resale
THE SHORE RESIDENCES	Condominium	103 years	June 10, 2015	1,432	2,200,000	-	1,537	2014	Resale
MAYFAIR RESIDENCES	Apartment	Freehold	June 9, 2015	1,184	1,688,000	-	1,426	Uncompleted	New Sale
RIVEREDGE	Condominium	99 years	June 9, 2015	1,518	2,010,000	-	1,324	2008	Resale
PEBBLE BAY	Condominium	99 years	June 11, 2015	2,282	3,000,000	-	1,315	1997	Resale
FLAMINGO VALLEY	Condominium	Freehold	June 13, 2015	2,142	2,770,000	-	1,293	Uncompleted	New Sale
PARKSHORE	Condominium	Freehold	June 10, 2015	1,722	2,200,000	-	1,277	1995	Resale
ST PATRICK'S RESIDENCES	Apartment	Freehold	June 9, 2015	2,465	2,750,000	-	1,116	2013	Resale
71A BOURNEMOUTH ROAD	Detached House	Freehold	June 8, 2015	9,192	10,000,000	-	1,088	1999	Resale
HERITAGE EAST	Apartment	Freehold	June 11, 2015	1,356	1,350,000	-	995	2012	Resale
272B JOO CHIAT ROAD	Apartment	Freehold	June 8, 2015	1,119	1,060,000	-	947	Unknown	Resale
District 16									
THE GLADES	Condominium	99 years	June 9, 2015	474	775,900	-	1,638	Uncompleted	New Sale
THE GLADES	Condominium	99 years	June 8, 2015	840	1,280,000	-	1,525	Uncompleted	New Sale
THE GLADES	Condominium	99 years	June 8, 2015	678	950,000	-	1,401	Uncompleted	New Sale
THE GLADES	Condominium	99 years	June 13, 2015	721	1,014,400	994,400	1,379	Uncompleted	New Sale
THE GLADES	Condominium	99 years	June 8, 2015	721	994,000	-	1,378	Uncompleted	New Sale
THE GLADES	Condominium	99 years	June 10, 2015	667	966,000	916,000	1,373	Uncompleted	New Sale
WATERFRONT KEY	Condominium	99 years	June 11, 2015	1,206	1,420,000	-	1,178	2012	Resale
BLEU @ EAST COAST	Condominium	Freehold	June 8, 2015	1,206	1,330,000	-	1,103	2008	Resale
THE BAYSHORE	Condominium	99 years	June 11, 2015	1,012	1,025,000	-	1,013	1997	Resale
EAST MEADOWS	Condominium	99 years	June 8, 2015	1,238	1,180,000	-	953	2002	Resale
EAST MEADOWS	Condominium	99 years	June 10, 2015	1,195	1,093,000	-	915	2002	Resale
CASA FLORA	Condominium	Freehold	June 8, 2015	1,561	1,360,000	-	871	1987	Resale
BAYSHORE PARK	Condominium	99 years	June 8, 2015	1,292	1,100,000	-	852	1986	Resale
267 UPPER EAST COAST ROAD	Terrace House	Freehold	June 8, 2015	4,359	2,950,000	-	676	Unknown	Resale
District 17									
HEDGES PARK CONDOMINIUM	Condominium	99 years	June 9, 2015	484	650,000	-	1,342	2015	Sub Sale
PALM ISLES	Condominium	99 years	June 8, 2015	3,014	2,300,000	-	763	2015	New Sale
BALLOTA PARK CONDOMINIUM	Condominium	Freehold	June 10, 2015	1,249	860,000	-	689	2000	Resale
District 18									
RIPPLE BAY	Condominium	99 years	June 9, 2015	484	580,000	-	1,197	Uncompleted	Sub Sale
THE PALETTE	Condominium	99 years	June 9, 2015	743	858,100	-	1,155	Uncompleted	Sub Sale
THE SANTORINI	Condominium	99 years	June 11, 2015	527	600,000	-	1,138	Uncompleted	New Sale
THE SANTORINI	Condominium	99 years	June 13, 2015	721	818,000	-	1,134	Uncompleted	New Sale
VUE 8 RESIDENCE	Condominium	99 years	June 13, 2015	797	857,750	-	1,077	Uncompleted	New Sale
THE SANTORINI	Condominium	99 years	June 13, 2015	753	797,445	-	1,058	Uncompleted	New Sale
D'NEST	Condominium	99 years	June 13, 2015	1,270	1,300,000	1,296,500	1,021	Uncompleted	New Sale
VUE 8 RESIDENCE	Condominium	99 years	June 14, 2015	1,238	1,250,000	-	1,010	Uncompleted	New Sale
LIVIA	Condominium	99 years	June 10, 2015	1,324	1,250,000	-	944	Unknown	Resale
MODENA	Condominium	99 years	June 8, 2015	1,453	1,360,000	-	936	2001	Resale
SEA HORIZON	Executive Condominium	99 years	June 12, 2015	1,615	1,300,000	-	805	Uncompleted	New Sale
SEA HORIZON	Executive Condominium	99 years	June 10, 2015	1,615	1,233,000	-	764	Uncompleted	New Sale
TAMPINES COURT	Condominium	101 years	June 9, 2015	1,701	950,000	-	559	Unknown	Resale
District 19									
THE QUINN	Apartment	Freehold	June 10, 2015	560	829,936	-	1,483	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 8, 2015	1,033	1,419,000	-	1,373	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 9, 2015	495	678,000	-	1,369	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 14, 2015	495	674,000	-	1,361	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 9, 2015	495	665,000	-	1,343	Uncompleted	New Sale
THE BENTLY RESIDENCES@KOVAN	Apartment	Freehold	June 9, 2015	775	1,039,800	-	1,342	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	732	980,000	-	1,339	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 14, 2015	495	661,000	-	1,335	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	926	1,228,000	-	1,327	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 8, 2015	495	654,000	-	1,321	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 8, 2015	958	1,249,000	-	1,304	Uncompleted	New Sale
JEWEL @ BUANGKOK	Condominium	99 years	June 7, 2015	721	936,750	933,250	1,294	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	721	931,000	-	1,291	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	721	923,000	-	1,280	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 14, 2015	517	657,000	-	1,272	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 8, 2015	657	834,000	-	1,270	Uncompleted	New Sale
20A RICHARDS PLACE	Semi-Detached House	Freehold	June 8, 2015	3,821	4,830,000	-	1,265	2015	Resale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 14, 2015	517	653,000	-	1,264	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	732	925,000	-	1,264	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	732	917,000	-	1,253	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 11, 2015	517	645,000	-	1,248	Uncompleted	New Sale
7 JALAN GOTONG ROYONG	Terrace House	Freehold	June 9, 2015	1,356	1,628,000	-	1,205	1963	Resale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 7, 2015	1,238	1,486,000	-	1,200	Uncompleted	New Sale
JEWEL @ BUANGKOK	Condominium	99 years	June 7, 2015	1,130	1,290,750	1,287,250	1,139	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 13, 2015	646	735,000	-	1,138	Uncompleted	New Sale
BOTANIQUE AT BARTLEY	Condominium	99 years	June 8, 2015	958	1,005,000	-	1,049	Uncompleted	New Sale
FARLEIGHT AVENUE	Semi-Detached House	999 years	June 11, 2015	4,198	4,270,000	-	1,017	Unknown	Resale
MEDWAY DRIVE	Semi-Detached House	999 years	June 9, 2015	4,209	3,928,000	-	934	1991	Resale
THE AMORE	Executive Condominium	99 years	June 11, 2015	1,098	923,000	-	841	Uncompleted	New Sale
THE TERRACE	Executive Condominium	99 years	June 7, 2015	1,076	896,900	-	833	Uncompleted	New Sale
THE AMORE	Executive Condominium	99 years	June 8, 2015	1,518	1,254,000	-	826	Uncompleted	New Sale
BELLEWATERS	Executive Condominium	99 years	June 14, 2015	1,130	915,000	-	810	Uncompleted	New Sale
THE AMORE	Executive Condominium	99 years	June 13, 2015	1,098	887,000	-	808	Uncompleted	New Sale
THE TERRACE	Executive Condominium	99 years	June 12, 2015	1,001	802,400	-	802	Uncompleted	New Sale
BELLEWATERS	Executive Condominium	99 years	June 13, 2015	1,130	902,475	-	798	Uncompleted	New Sale
WATERWOODS	Executive Condominium	99 years	June 12, 2015	1,281	1,017,114	-	794	Uncompleted	New Sale
THE TERRACE	Executive Condominium	99 years	June 9, 2015	1,442	1,143,800	-	793	Uncompleted	New Sale
THE TERRACE	Executive Condominium	99 years	June 8, 2015	1,001	787,600	-	787	Uncompleted	New Sale
RIVERVALE CREST	Apartment	99 years	June 10, 2015	990	770,000	-	778	2002	Resale
WATERWOODS	Executive Condominium	99 years	June 8, 2015	1,668	1,292,700	-	775	Uncompleted	New Sale
ECOPOLITAN	Executive Condominium	99 years	June 10, 2015	1,098	842,660	-	768	Uncompleted	New Sale
ECOPOLITAN	Executive Condominium	99 years	June 10, 2015	1,098	837,200	-	763	Uncompleted	New Sale
BELLEWATERS	Executive Condominium	99 years	June 8, 2015	1,066	800,000	-	751	Uncompleted	New Sale
BELLEWATERS	Executive Condominium	99 years	June 14, 2015	1,066	792,000	-	743	Uncompleted	New Sale
ECOPOLITAN	Executive Condominium	99 years	June 7, 2015	1,216	904,146	-	743	Uncompleted	New Sale
ECOPOLITAN	Executive Condominium	99 years	June 9, 2015	1,087	789,450	-	726	Uncompleted	New Sale
District 20									
SKY VUE	Condominium	99 years	June 12, 2015	1,141	1,728,700	-	1,515	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 13, 2015	700	929,280	-	1,328	Uncompleted	New Sale
CLOVER BY THE PARK	Condominium	99 years	June 11, 2015	1,292	1,660,000	-	1,285	2011	Resale
THE PANORAMA	Condominium	99 years	June 11, 2015	797	1,023,176	-	1,285	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 7, 2015	775	966,592	-	1,247	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 8, 2015	1,001	1,247,400	-	1,246	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 8, 2015	1,109	1,380,896	-	1,246	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 9, 2015	1,109	1,375,440	-	1,241	Uncompleted	New Sale
THE PANORAMA	Condominium	99 years	June 14, 2015	1,324	1,574,320	-	1,189	Uncompleted	New Sale
THE GARDENS AT BISHAN	Condominium	99 years	June 9, 2015	883	980,000	-	1,110	2004	Resale
GRANDEUR 8	Condominium	99 years	June 10, 2015	1,259	1,110,000	-	881	2005	Resale
LAKEVIEW ESTATE	Apartment	99 years	June 8, 2015	1,615	1,370,000	-	849	1977	Resale
District 21									
MAPLEWOODS	Condominium	Freehold	June 11, 2015	1,335	1,880,000	-	1,409	1997	Resale
THE BEVERLY	Apartment	Freehold	June 8, 2015	1,496	1,920,000	-	1,283	2012	Resale
PANDAN VALLEY	Condominium	Freehold	June 9, 2015	1,335	1,350,000	-	1,011	1978	Resale
THE CASCADIA	Condominium	Freehold	June 9, 2015	1,916	1,800,000	-	939	2010	Resale
REGIS MANSIONS	Apartment	Freehold	June 8, 2015	1,206	1,010,000	-	838	1998	Resale
PINE GROVE	Condominium	99 years	June 8, 2015	1,690	1,220,000	-	722	Unknown	Resale
District 22									
LAKEVILLE	Condominium	99 years	June 13, 2015	764	1,100,540	-	1,440	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 9, 2015	764	1,069,000	-	1,399	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 10, 2015	764	1,063,300	1,060,000	1,387	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 7, 2015	936	1,285,841	-	1,373	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 9, 2015	764	1,044,806	-	1,367	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 8, 2015	990	1,250,310	-	1,263	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 8, 2015	969	1,213,819	-	1,253	Uncompleted	New Sale
LAKEVILLE	Condominium	99 years	June 13, 2015	947	1,155,240	-	1,220	Uncompleted	New Sale
WESTWOOD PARK	Terrace House	99 years	June 12, 2015	1,615	1,400,000	-	867	1998	Resale
LAKEHOLMZ	Condominium	99 years	June 12, 2015	1,572	1,363,000	-	867	2005	Resale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 12, 2015	1,152	989,100	-	859	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 8, 2015	1,033	879,500	-	851	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 7, 2015	689	583,200	-	847	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 7, 2015	1,033	865,000	-	837	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 7, 2015	1,238	1,000,300	-	808	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 12, 2015	1,033	829,900	-	803	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 12, 2015	947	706,600	-	746	Uncompleted	New Sale
WESTWOOD RESIDENCES	Executive Condominium	99 years	June 7, 2015	1,033	752,900	-	729	Uncompleted	New Sale
District 23									
PAVILION PARK (PHASE 2)	Terrace House	Freehold	June 10, 2015	1,615	2,730,000	-	1,690	Uncompleted	New Sale
THE SKYWOODS	Condominium	99 years	June 10, 2015	1,012	1,214,828	-	1,201	Uncompleted	New Sale
THE SKYWOODS	Condominium	99 years	June 11, 2015	1,012	1,200,000	-	1,186	Uncompleted	New Sale
THE SKYWOODS	Condominium	99 years	June 7, 2015	1,346	1,582,555	-	1,176	Uncompleted	New Sale
THE SKYWOODS	Condominium	99 years	June 10, 2015	1,292	1,430,016	-	1,107	Uncompleted	New Sale
HILLBROOKS	Condominium	Freehold	June 12, 2015	1,227	1,180,000	-	962	1999	Resale
MAYSPRINGS	Apartment	99 years	June 8, 2015	807	750,000	-	929	1998	Resale
MI CASA	Condominium	99 years	June 8, 2015	1,259	1,128,000	-	896	2012	Resale
HILLVIEW REGENCY	Condominium	99 years	June 12, 2015	969	810,000	-	836	2005	Resale
HILLVIEW REGENCY	Condominium	99 years	June 8, 2015	1,109	910,000	-	821	2006	Resale
CHESTERVALE	Executive Condominium	99 years	June 10, 2015	1,432	990,000	-	692	1999	Resale
District 25									
BELLEWOODS	Executive Condominium	99 years	June 9, 2015	936	730,000	-	780	Uncompleted	New Sale
FORESTVILLE	Executive Condominium	99 years	June 10, 2015	1,033	778,000	-	753	Uncompleted	New Sale
FORESTVILLE	Executive Condominium	99 years	June 8, 2015	1,033	774,000	-	749	Uncompleted	New Sale
FORESTVILLE	Executive Condominium	99 years	June 8, 2015	1,098	810,000	-	738	Uncompleted	New Sale
BELLEWOODS	Executive Condominium	99 years	June 7, 2015	1,227	890,000	-	725	Uncompleted	New Sale
FORESTVILLE	Executive Condominium	99 years	June 8, 2015	1,066	765,000	-	718	Uncompleted	New Sale
District 26									
SPRINGSIDE GREEN	Terrace House	Freehold	June 9, 2015	2,486	2,480,000	-	1,000	1997	Resale
MEADOWS @ PEIRCE	Condominium	Freehold	June 9, 2015	1,776	1,687,200	-	950	2012	Resale
LENTOR TERRACE	Semi-Detached House	Freehold	June 10, 2015	3,843	3,580,000	-	931	1988	Resale
CASTLE GREEN	Condominium	99 years	June 12, 2015	1,302	880,000	-	676	1997	Resale
District 27									
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	431	667,800	-	1,551	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 14, 2015	560	807,300	-	1,442	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 8, 2015	829	1,123,200	-	1,355	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 11, 2015	657	889,200	-	1,354	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	1,001	1,314,900	-	1,314	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	1,001	1,288,386	-	1,287	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	1,098	1,375,050	-	1,252	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	1,206	1,506,681	-	1,250	Uncompleted	New Sale
NORTH PARK RESIDENCES	Apartment	99 years	June 7, 2015	570	694,800	-	1,218	Uncompleted	New Sale
SKIES MILTONIA	Condominium	99 years	June 9, 2015	969	1,060,000	-	1,094	Uncompleted	New Sale
SYMPHONY SUITES	Condominium	99 years	June 13, 2015	689	717,000	-	1,041	Uncompleted	New Sale
SYMPHONY SUITES	Condominium	99 years	June 8, 2015	689	705,000	-	1,023	Uncompleted	New Sale
SYMPHONY SUITES	Condominium	99 years	June 7, 2015	1,023	1,035,000	-	1,012	Uncompleted	New Sale
SKYPARK RESIDENCES	Executive Condominium	99 years	June 14, 2015	1,313	1,102,920	-	840	Uncompleted	New Sale
SKYPARK RESIDENCES	Executive Condominium	99 years	June 9, 2015	1,593	1,220,000	-	766	Uncompleted	New Sale
SKYPARK RESIDENCES	Executive Condominium	99 years	June 9, 2015	1,604	1,208,000	-	753	Uncompleted	New Sale
SKYPARK RESIDENCES	Executive Condominium	99 years	June 10, 2015	1,593	1,195,000	-	750	Uncompleted	New Sale
SKYPARK RESIDENCES	Executive Condominium	99 years	June 8, 2015	1,356	1,016,640	-	750	Uncompleted	New Sale
ORCHID PARK CONDOMINIUM	Condominium	99 years	June 9, 2015	1,152	800,000	-	695	1994	Resale
District 28									
THE GREENWICH	Condominium	99 years	June 12, 2015	1,076	1,210,000	-	1,124	2014	Sub Sale
RIVERTREES RESIDENCES	Apartment	99 years	June 7, 2015	1,270	1,413,440	-	1,113	Uncompleted	New Sale
RIVERBANK @ FERNVALE	Condominium	99 years	June 12, 2015	1,238	1,188,000	1,186,112	958	Uncompleted	New Sale
BELGRAVIA DRIVE	Terrace House	Freehold	June 8, 2015	3,584	2,868,786	-	800	Uncompleted	New Sale
108 GERALD DRIVE	Condominium	99 years	June 10, 2015	947	740,000	-	781	2000	Resale

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An artist's impression of 661 Chapel Street (far right), next to Melbourne High School

PICTURES: GAMUDA LAND

Gamuda Land launches projects in Melbourne and Selangor

| BY WONG KING WAI |

Launching projects in a challenging market is something that Gamuda Land, the property arm of Gamuda Bhd, is quite familiar with. In fact, the developer is doing just that now with two high-rise developments.

For its maiden Australian project in Melbourne, Gamuda Land has to contend with concerns of an oversupply of apartments that may hurt investment potential, while its condominium in Kelana Jaya, Selangor, is being launched in a soft market.

However, the developer is undeterred, as it believes that it has the right product and strategy to attract buyers.

It is unveiling 661 Chapel Street — the 30-storey tower that it is building in the South Yarra suburb — in Kuala Lumpur on June 27 and HighPark Suites — its Kelana Jaya project with an "elevated" park — in August.

661 Chapel Street

Last year, Melbourne was voted the most liveable city by the Economist Intelligence Unit for the fourth consecutive year. It isn't surprising then that the city is on the radar screen of Gamuda Land.

A chance meeting with a 70-year-old Australian property developer who owned a 1,435 sq m plot in South Yarra opened the door to the Malaysian developer's first project Down Under.

"We had been looking at Australia for many years, but we wanted the right location and to satisfy the needs of our existing customers who were keen to invest in the continent," says Gamuda Land managing director Chow Chee Wah, adding that the location of 661 Chapel Street has good investment potential and will not only interest foreign buyers but also the locals.

"If you want to buy property in Australia, you must find one that appeals to a foreign buyer, like you and me. It must also be right for a local to invest in or to buy from the foreign buyer when the unit is ready," he explains.

The lobby at 661 Chapel Street has a double-volume ceiling and a library setting

The plot of land was purchased for A$40 million ($41.5 million) last December and the project was named after its street address. As there was already a development order, Gamuda Land was able to start work quickly.

Situated 4km from the Melbourne city centre and on one end of Chapel Street, 661 Chapel Street is just a short distance away from the Yarra River and next to Melbourne High School. The street itself is well known, thanks to its many boutiques, nightclubs and eateries.

According to RP Data, a property research and analytic company, South Yarra is about four sq km in size and had a population of 19,144 as at 2011. The predominant age group there is 25 to 34 years and most of them are professionals.

Chow says South Yarra is a mature and affluent area comprising mainly landed properties; he likens the area to Bangsar. However, with the prices of landed properties trending upwards, many of the locals are looking to move into high-rises, of which there are very few in the area, he points out.

661 Chapel Street has a gross development value (GDV) of A$146 million and offers 169 apartments with built-ups of 41 to 266 sq m. There are three design layouts: one-bedroom units (indicative selling price: A$540,000), two-bedroom units (A$950,000) and three-bedroom units (A$2.6 million). The kitchens of the apartments will be fitted out with cabinets and appliances, such as dishwasher, cooktop, range hood and oven. The bedrooms will be carpeted, while the other areas will have timber flooring.

Six levels of the tower, including one basement, will house 129 parking bays and there will be two high-speed car lifts to deliver the residents and their vehicles to the correct parking floor, according to Chow. He adds that most of the two- and three-bedroom units will come with a parking bay.

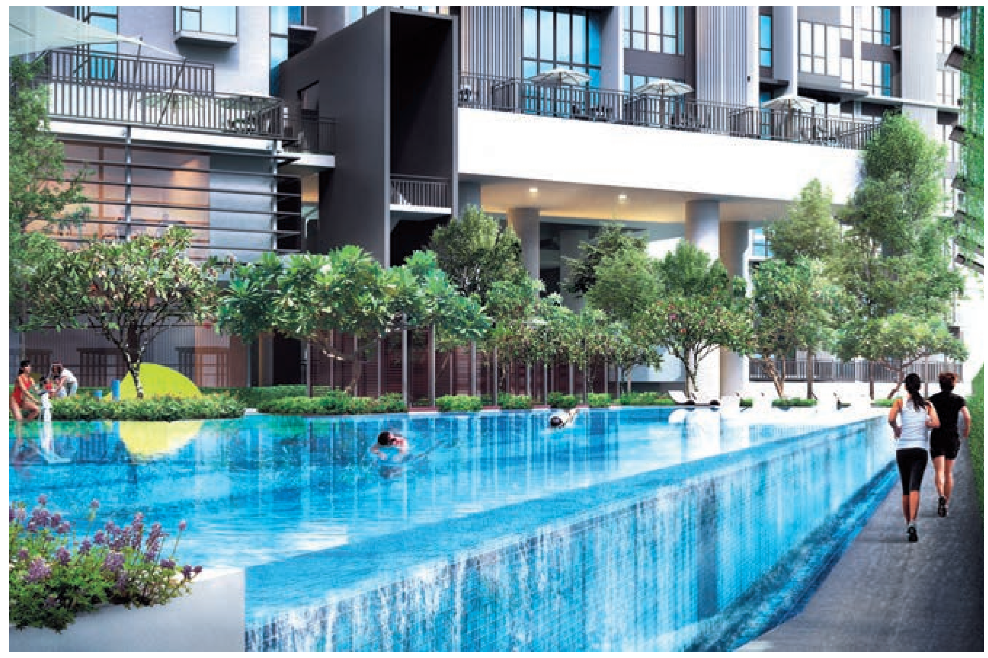
Amenities include a covered drop-off area that also acts as a buffer from the street. The lobby will have a double-volume ceiling and a library setting, which will enable people to mingle and hold casual business meetings.

Level 6, which is just above the parking space, is where residents can socialise. There will be a 25m pool cantilevered over the covered drop-off area, a spa, a resident's lounge and gym, a steam room and sauna, a 20-seat theatre, two private dining rooms, a wine room and a barbecue area. There will also be two sky gardens — one on Level 22 and the other on Level 27 — with barbecue facilities.

Directly opposite the high-rise is the Malcolm Street tram station and about a seven-minute walk away is the South Yarra railway station, which is two stops away from the Flinders Street railway station in Melbourne.

At the Kuala Lumpur launch of 661 Chapel Street, all 169 units will be up for sale. The launch Down Under will be held in September, although the Australians can buy the units at the KL launch this month, says Chow.

While 661 Chapel Street ticks all the boxes, the Reserve Bank of Australia has expressed concern that Melbourne's high-rise boom might be approaching saturation point. Moreover, a 1Q2015 report by CBRE Australia highlights future challenges for the Mel-



Left and right: Some of the features at the facility podium on Level 7 of HighPark Suites

bourne rental market, saying "the substantial number of units being completed within the next few years in inner city Melbourne continues to create concern about the ability of the rental market to absorb rapid new stock additions".

Though the situation is not critical yet, is Gamuda Land's plan to build a high-rise in Melbourne a good idea?

Chow believes 661 Chapel Street will not be affected, as it is in a good location and is a low-density development, unlike those in the city centre. "We are not looking at [developing] a very high number of units. Our project has only 169 units, so you can imagine there are not many to sell. The project is quite exclusive," he says.

HighPark Suites

This RM628 million project ($224.9 million) is coming up on a five-acre freehold parcel and features two identical towers of 33 and 29 storeys that share a common lift core. The high-rise is currently certified provisional gold by the Green Building Index (GBI).

Housing 512 units, the South tower will be launched first, while the North tower, also comprising 512 units, will be launched at a later date. There are four unit types: Type A (total number: 260; built-up: 452 sq ft), Type B (204; 603 sq ft), Type C (36; 743 sq ft) and Type D (12; 840 sq ft).

Design-wise, some of the units are dual key while others are duplexes. The selling price starts at RM900 psf, while the service charge is between 52 and 55 sen psf.

Apart from the above, there are also 19 cabana units. Nine of them will be on Level 7, which is where the elevated park and facility podium are located, and the rest are on Level 10. Their built-up areas range from 495 to 1,001 sq ft and they are priced from RM470,000 to RM880,000.

It is worth noting that Gamuda Land is offering a deferred payment programme for buyers of HighPark Suites. "You pay a 5% down payment and sign the sale and purchase agreement. Then, over the next 30 months, you pay about 1% every two to three months until you reach 15%. And before the completion of the project, you pay the remaining 80% through a bank loan or other means," says Chow. He adds that during the 30-month period, the buyer could save enough for him or her to take a smaller bank loan.

"The deferred payment scheme is only applicable to the South tower. Currently, only The Robertson and HighPark Suites have a deferred payment programme."

The three-acre The Robertson is another high-rise development by Gamuda Land in Kuala Lumpur.

HighPark Suites' elevated park and facility podium on Level 7 cover 2.66 acres. They comprise a 1km jogging track and 29 features,

SUHAIMI YUSUF/THE EDGE MALAYSIA

Chow: We had been looking at Australia for many years, but we wanted the right location and to satisfy the needs of our existing customers who were keen to invest in the continent

such as a 50m swimming pool, an aqua gym, a children's playground and a putting green. The other facilities include a reading area, herb garden and maze garden. There will also be free WiFi for residents and visitors.

At Level 18 of the towers, there is the Sky Court, which is ideal for meetings, and an outdoor lounge, while on Level 21, there is the Sky Deck with hammocks for the residents. On Level 22 is the Sky Pavilion, which functions as a viewing deck, while the Sky Terraces or gardens are on the highest level of the towers.

Gamuda Land is targeting the high-rise at young local urbanites as well as empty nesters, says Chow, adding that the elevated park is designed for healthy living and eliminates concerns about safety and traffic. Parking-wise, HighPark Suites has 1,919 bays.

While some investors may be put off by the small units of the development, Chow says they cater for residents who want to work, play and live comfortably.

To enhance the liveability of the project, there will be 43 retail lots with a net lettable area of 22,000 sq ft, which Gamuda Land will operate to ensure the tenant mix is controlled.

According to Victor Lim, managing director of iProp Realty, apartments in Kelana Jaya and elsewhere in Petaling Jaya are always in demand. However, the price has to be right, he says. HighPark Suites has a central location with good amenities nearby, such as malls and a Giant hypermarket, as well as good connectivity, he points out.

HighPark Suites may seek to meet the demand for healthy living but the issue at hand is the soft property market. Is the timing right for its launch?

An artist's impression of HighPark Suites in Kelana Jaya

"Granted, the property market is soft. But this is not the first time we are going through a down cycle. What is more important is that we need to take this opportunity to create a good payment scheme to help people who want to own property, an easy scheme to enable them to commit," Chow explains.

"Also, in a down cycle, we continue to construct so that when the market comes up, people can buy ready-built products. We find that most of the time, when people want to buy property and you have a ready or almost-ready product, these are their first choices."

More projects to come

The above two projects aside, Gamuda Land has another five in the pipeline that will keep it busy beyond 2017. The total estimated GDV of these projects is RM28 billion.

By year-end, Gamuda Land will launch the first of five towers in its condominium project in Bukit Bantayan, Kota Kinabalu. The RM750 million condo will sit on 19 freehold acres and offer a total of 1,500 units. The average price, according to Chow, is RM500,000.

He says the project will be similar to HighPark Suites. On the recent earthquakes in Sabah, Chow says, "We understand that Sirim and the Institution of Engineers Malaysia are studying how to include the seismic factor into the design code. When we commence the design of our first phase, our engineer will take into account their recommendations."

Sirim is Malaysia's research and standards development organisation under the auspices of the Ministry of Finance Inc.

Next year, Gamuda Land is developing GBI-certified townships in Rawang, called Seri Serai and Serai Springs. The former is an 800-acre project with a GDV of RM4.7 billion, while the latter is coming up on 89 acres and has a GDV of RM515 million.

In 2017, two townships will be developed in Kuala Langat — the 1,530-acre Tanjung 12, with a GDV of RM19 billion and the 257-acre KK 257, with a GDV of RM2.6 billion. Also in 2017, a 250-acre project will be developed in Kota Kemuning, the land for which Gamuda Land recently acquired. E

Wong King Wai is deputy editor of City & Country *at* The Edge Malaysia

CITY&COUNTRY

Appetite for UK student accommodation portfolio driving demand

| BY CECILIA CHOW |

PICTURES: KNIGHT FRANK

Lightfoot Hall, with 295 beds, is located on King's Road in Chelsea, an exclusive part of West London. It is part of the Ardent Portfolio that has been put up for sale.

The model of marketing individual units in purpose-built student housing developments to retail investors — typically for a guaranteed rental yield of 9% to 10% per year — may have fallen afoul of investors as many of these vehicles faced liquidity problems and could not meet redemption requests. "That model of marketing student accommodation units has gained a bad reputation since 2013," says Emily Fell, associate director of capital markets at Knight Frank.

Some of these vehicles have been suspended and put into administration. Their portfolios have also been put on the market for bulk sale and are proving to be an attractive investment for mainstream institutional investors, observes Neil Brookes, Knight Frank's head of capital markets for Asia Pacific.

"What is interesting has been the shift from specialist sector buyers who are used to buying and operating student accommodation to more mainstream institutional buyers who typically don't buy student accommodation assets," adds Brookes. "However, these mainstream institutional investors have been pushed out of more core assets, such as offices as returns are comparatively lower. And they see student accommodation as a form of diversification for their investment portfolios."

Knight Frank has been appointed marketing agent of Ardent Portfolio, which is made up of 25 student housing properties located across 12 cities. The price tag of the portfolio is more than £400 million ($843.5 million), translating into £72,634 per student bed. The portfolio is being sold by Guernsey-based The International Mutual Fund PCC Ltd, which holds the currently suspended Mansion Student Accommodation Fund.

"The sale has been brought about to restore liquidity to this vehicle," Knight Frank says in a statement. The sale has been expected for some time, after the fund was suspended and closed to redemption in October 2013.

'The last big one'

Knight Frank's Fell bills the Ardent Portfolio as "the last big one" in terms of portfolio size. Assets in the portfolio are located in core university cities, including London, Manchester, Oxford and Edinburgh. Over 94% of the portfolio is said to be located in cities with two or more universities, and 34.5% is located in London, which has the highest density of higher education institutions in Europe, according to Knight Frank. The portfolio is said to have strong lettings and occupancy rate, with reversionary income potential and gross income projected at about £37 million for the year of September 2015-2016. The properties are, therefore, estimated to yield a return of 6% a year.

The biggest student accommodation portfolio transacted this year was that of the £1 billion Brandeaux Student Accommodation Fund, which was suspended in 2013 after failing to meet redemption requests. Its portfolio of over 40 high quality residences located in 17 of the largest university towns across the UK is managed by Liberty Living, one of UK's largest student accommodation providers, and was purchased in March this year by the Canada Pension Plan Investment Board for £1.1 billion, following a competitive auction process.

The other two major student housing portfolio sales this year were the Knightsbridge Student Housing Westbourne portfolio, for £500 million, to a Goldman Sachs and Greystar partnership, as well as LetterOne's acquisition of Pure Student Living from The Carlyle Group for £680 million. LetterOne is believed to be backed by a Russian high-net-worth investor.

In just the first six months of 2015, £3.3 billion worth of student accommodation portfolio deals have been traded, "an extremely big leap from last year", when only half the amount was transacted, Fell says.

Interest in entire portfolios by institutional investors is now driving demand for student accommodation in the UK, where there is still undersupply as student numbers are still increasing, explains Fell. "Student accommodation tends to trade at about 97% occupancy rate, and is well tenanted compared with office, retail and industrial sectors," she adds. "They are, therefore, a good income buy."

Brookes: Property yields of student accommodation portfolios are higher relative to office assets

The property yields of student accommodation portfolios are also higher, at 6% per annum, relative to office assets, which are trading in the 4% to 4.5% range, and residential, at around 2% to 2.5%, estimates Brookes.

Singapore groups' forays

Singapore institutional investors have also entered the sector. "What we're seeing is developers from Singapore diversifying their income streams out of development and into income-producing assets," adds Brookes.

On May 1, Singapore-listed Far East Orchard Ltd said it had acquired a portfolio of student properties within Shieldfield, Newcastle upon Tyne, UK for £40.9 million ($62 million). The investment involves the acquisition of two land sites for development into purpose-built student accommodation, an existing block and another block of student accommodation that is undergoing development and is expected to be completed in 2H2015. These sites are within walking distance of educational institutions such as Northumbria University, Newcastle University, Newcastle University Business School and Newcastle College.

Fell: The Ardent Portfolio as 'the last big one' in terms of portfolio size

Last year, Singapore-based Centurion Group bought the £80 million LiMa portfolio comprising 1,906 student bedrooms and 17 commercial units, located in four buildings in Manchester and Liverpool. The portfolio of properties — namely Manchester Student Village, Manchester Student Village South and The Grafton in Manchester, as well as Cathedral Campus in Liverpool — are close to the cities' main university campuses and city centres. The portfolio, which was sold via Savills, comprises three freehold interests in the Manchester properties and a long lease with a remainder of 243 years for the Liverpool property.

However, it is GIC Real Estate, the real estate arm of the Government of Singapore Investment Corp, that has been one of the earliest to invest in that sector. GIC Real Estate has a partnership with The Unite Group plc, the UK's largest developer and manager of student accommodation. The joint venture, called Unite Capital Cities (UCC), was formed in March 2005. The maturity date of that joint venture has since been extended from March 2013 to March 2022. In 2012, GIC Real Estate established a 50-50 JV called the London Student Accommodation Joint Venture with Unite to invest £330 million in development activity in London.

"We've certainly seen demand from sovereign wealth funds and government-linked companies from Singapore, as well as China," says Knight Frank's Brookes. Outside Asia, there is also strong interest from American funds such as Greystar and Goldman Sachs, as well as high-net-worth individuals.

The Ardent Portfolio has been put up for sale by tender, which will close at end-July. E

THE EDGE THE WEEK OF JUNE 29, 2015

personal WEALTH

MANAGING YOUR MONEY

Market insight
A fresh catalyst to power Japanese stocks

Hedge funds
Billionaire activist investor Singer targets regional family-run companies

Fund focus
A precious metals fund that ignores gold prices

Opportunistic EM plays

Indian sovereign debt, Brazilian inflation-linked bonds, Petrobras credits and select China H-shares are all looking attractive in the emerging market investment universe, says Capital Group's Luis Oliveira

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Fresh catalyst to power Japanese stocks

| BY JASON TRENNERT |

PICTURES: BLOOMBERG

Japan's companies have sported extraordinarily low returns on assets and shareholders' equity

For more than two years, we have believed that Japanese equities offered good opportunities for investors looking for tactical overweights. The original premise of the investment was simply that the Bank of Japan (BOJ) would be forced, in an era of global financial repression, to step up its already considerable efforts to ease monetary policy. Despite the fact that the Nikkei has doubled in the past 2½ years, we can think of no more non-consensus view in the investment business today than the idea that Abenomics might actually work.

Despite evidence of stronger economic growth and stabilising inflationary expectations, most of the investors we talk to are still focused, with justification, on Japan's structural problems — excessive government debt levels, terrible demographic trends, a lack of natural resources, and a certain xenophobia that makes labour reforms difficult. Watching a market fall from 39,000 to 7,000 in over 20 years will do that to you.

Still, one wonders whether the variety of false starts and misplaced confidence in Japanese economic policy over the years have blinded investors to the fact that the Nikkei trades cheaper than the broad market in the US and despite expectations of a 20% growth in earnings this year. Still, few investors seem willing to take the leap.

All of us in this business must resist the urge to forget the original reason we made a trade in the first place, rationalising our losing bets and seeking ever-new reasons to remain long our winning ones. The good news for those long Japan is that the original impetus for the trade — the idea that the BOJ will continue to ease aggressively — remains solidly in place.

What's even more compelling is that there is a new reason to be bullish on Japanese equities that have the potential to be structural in nature — Japan Inc, exhorted by Prime Minister Abe, appears to be starting to care about the welfare of their minority shareholders. Historically, Japan's companies have sported extraordinarily low returns on both assets and shareholders' equity. Given the fact that the dividend payout ratio of the Nikkei is 31%, compared with 36% for the Standard & Poor's 500 and 62% for the STOXX Europe 600, changing corporate attitudes towards shareholder value in Japan could be one of the last untapped sources of yield in the world.

A client of Japanese descent working in Europe told us rather wistfully that a blessing and a curse of his native culture is that the Japanese are inclined to follow orders. "The nail that sticks up gets batted down." To the extent to which Abe has made a centrepiece of his economic policy a change in corporate behaviour, it might not be hard to imagine other Japanese companies following robotics manufacturer **Fanuc** by increasing its dividend and buying back shares.

The establishment of the Nikkei 400, an index comprised of companies focused on attracting outside investors by screening for such hard and soft criteria as ROE (return on equity), the appointment of outside directors and the release of earnings announcements in English, appears to be a meaningful change in Japanese corporate culture.

One of the hardest things to remember in the investment business is the concept that one can often make more money from things going to terrible to merely bad, than one can as things progress from pretty good to good.

The S&P 500 last made a new all-time high on May 21. The EuroStoxx's last new all-time high occurred on April 15. The Nasdaq's last new high was on June 22. The last high in the Nikkei was on Dec 29, 1989 — more than 25 years ago.

It should be noted that MSCI Japan [the index can be played with the iShares MSCI Japan ETF] is cheaper on a forward price-to-earnings ratio basis than the S&P 500, while nearly 41% of the stocks in the Tokyo Price Index trades below book value.

It may remain a long shot that Japan is capable of a Damascene conversion to pro-growth economic policies. But the decisions of Japan Post and the Government Pension Investment Fund to sell government bonds and greatly increase their allocations to both domestic and foreign equities suggest it will remain painful to bet against it. — *© 2015 Dow Jones & Co, Inc* E

Jason Trennert is chairman and CEO of Strategas Research Partners, a US institutional broker-dealer. He is also the author of a new book, My Side of the Street: Why Wolves, Flash Boys, Quants, and Masters of the Universe Don't Represent the Real Wall Street.

Calpers declutters its portfolio — and so should you

| BY BEVERLY GOODMAN |

One of this year's must-read best-sellers is Marie Kondo's book on Zen and the art of decluttering, *The Life-Changing Magic of Tidying Up*. It's far from just a housekeeping manual: Kondo's philosophy is that everything we live with — items, relationships, jobs — should "spark joy". Anything that does not should be discarded. More practically, everything we own should have a purpose, and a specific place to live and a role to play.

It may seem a bit of a reach to expect a portfolio to "spark joy" on any given day. But it's fair to say that the simplicity and efficiency of your holdings should, in fact, do so. In fact, the entire investment industry is shifting to embrace this perspective.

Now the largest public pension fund in the US is getting on board. The US$304 billion ($406.8 billion) California Public Employees' Retirement System, better known as Calpers, announced recently that it would reduce the number of external money managers it employs by more than half, from 212 down to 100, over the next five years. The managers it keeps will get a larger pool of funds, ranging from US$350 million to more than US$1 billion.

Calpers' goal, clearly, is to cut costs — it paid more than US$1 billion in fees to external managers last year — and to reduce the risk and complexity of its portfolio. Having fewer outside managers can help a big fund like Calpers in a few ways, notes Sona Menon, a managing director in pension practice for Cambridge Associates. "They can achieve greater economies of scale and, therefore, lower fees, with the managers they keep. And fewer managers implies less oversight and monitoring, which could also lead to time and resource efficiencies," says Menon. Like many pension funds, Calpers is looking at its future liabilities and struggling to increase its ease in meeting them.

Reducing the number of its external money managers will enable Calpers to lower the risk and complexity of its portfolio

Calpers has long been regarded as the vanguard of investor-friendly philosophies. It has taken activist positions to encourage better corporate governance. In 2002, it became among the first pension funds to include hedge funds in its portfolio. Last fall, it became among the first to dump them. All the while, returns have been impressive: In the five years ended June 30, 2014 (its most recent financial year), the fund has returned 12.5% annually, and 7.2% over 10 years.

This sort of spring cleaning is a good model for individual investors, too. Many investors think each of their funds has a specific role, but too many are more like collectibles, says John Rekenthaler, Morningstar's vice-president of research. "People think they're being strategic when they buy a new fund, but they're usually just buying high," he says.

Too many funds can muddle your sense of what exactly you own — not the funds themselves, but what's in them. And, as Menon points out, "putting more money with your highest-conviction ideas should result in better performance". Even investors who want to spread their money among a few active managers — taking care to ensure they are not benchmark-huggers — do not need more than a handful.

"No one needs more than four or five funds," Rekenthaler says. "Owning five to 10 funds is probably okay, but there's no reason for more than that."

Who hasn't felt some momentary compulsion to purchase something that now is just clutter? Kondo's philosophy applies in other ways as well. She holds that the reason most people hang on to things they should not is an attachment to the past or a fear of the future — concepts found in behavioural finance. "Recency bias", for instance, is the problem of assuming that whatever just happened, be it a good or bad thing, indicates what is likely to happen next. That is why mutual fund flows are often thought to be a lagging indicator. By the time an asset class or style of investing starts garnering a lot of inflows, the success of that strategy is usually nearing an end.

Investors also tend to "anchor" their decisions in a flawed or irrelevant notion. An attachment to the idea that owning many funds is the key to diversification, for instance, belies the fact that a portfolio of a dozen funds could be much less diversified than owning just one or two.

Overhauling a portfolio can be as time-consuming and emotionally charged as cleaning out a closet, but it will be a rewarding process. — *© 2015 Dow Jones & Co, Inc* E

Steady long-term performer

It took a lot of grit to launch an Asian equity fund in the aftermath of the Asian financial crisis, when regional stocks were in the depths of despair. But that was what Hugh Young, co-founder and managing director of Aberdeen Asset Management Asia, did when he and his colleagues rolled out the Aberdeen Pacific Equity Fund in December 1997.

"On day one, I think we received just \$1 million or \$2 million of assets. For sure, it wasn't a \$50 million launch," chuckles Young, a 56-year-old Briton, who has been helming the Asian operations of the Scottish fund management house since he arrived in Singapore in the early 1990s.

Over the past 17 years, the Aberdeen Pacific Equity Fund — under the watchful eye of Young and his 40-member Asian equity team — has exponentially grown from a diminutive Singapore-registered unit trust to a \$1.7 billion colossal regional equity fund with an excellent track record. Since its inception, the Aberdeen fund has turned in remarkable gains of 445.5% (as at end-April, 2015), outpacing its benchmark, which returned 267.4%*. What is more impressive is that the Aberdeen flagship Asian equity fund managed to outshine the MSCI AC Asia ex-Japan Index with much less risk, as measured by volatility-gauging indicators such as standard deviation.

As Young sees it, investing in high-quality Asian companies with strong management, solid business models, robust balance sheets and good corporate governance was the main reason behind the outstanding long-term performance of the Aberdeen Pacific Equity Fund. "It is simply about putting investors' money in decent companies and riding through the cycles. It is not in-out, in-out and trying to time markets. The best thing to do is assemble a portfolio of 50 to 60 companies that are great in their fields and ride them through cycles," says the investment veteran, who has more than three decades of experience in Asian equities.

"We look for great companies whose business could become more profitable in five to 10, 20 years' time. Throughout all the crises we had, what held us in good stead was simply the underlying strength of the companies we invested in," Young beams. Indeed, some of its earliest stock holdings, such as Singapore bank **OCBC**, the Philippines' largest property developer **Ayala Land**, and Malaysia's bank **Public Bank Bhd**, are still in the portfolio of the Aberdeen Pacific Equity Fund, he says. "These are solid, well-run companies."

Like other investors who had put money in the Aberdeen Pacific Equity Fund since day one, he could not be happier with the long-term gains it has achieved. "I am quite happy with my CPF investments in this fund, I must say," says Young, who also used cash to invest in the unit trust in late 1997. "I went in at the launch with a lump sum and have added on cash to the fund over the years. My entire equity portfolio is invested in things beginning with Aberdeen. It keeps life very simple," he quips.

SCOTT A WOODWARD

Asian companies often do 'crazy things' with their capital when they get bigger, at the expense of minority shareholders, Young notes

Fund-of-funds structure

Unlike other run-of-the-mill regional equity funds, the Aberdeen Pacific Equity Fund not only invests in individual stocks but also Aberdeen's single-country Asian equity funds. This fund-of-funds structure allows investors to gain exposure to a wide range of regional companies across sectors and market capitalisation, according to Young.

"We are buying an underlying basket of Asian stocks through the funds, which are all run by the same team. The slight difference here is that we do get a handful of smaller stocks in the portfolio," he says. Investors of Aberdeen Pacific Equity Fund get "a deeper market" with its fund-of-funds structure compared with the usual Asian equity fund that has holdings of 50 to 80 stocks, all of which are mostly large-cap counters, he explains. "For this fund, the direct stocks are all large caps and we have holdings in other single-country portfolios which are mainly large caps and some smaller-cap stocks."

As at end-April, nearly 10% of Aberdeen Pacific Equity Fund's assets were invested in the Aberdeen China Opportunities Fund. It also had 9.6% exposure to the Aberdeen Singapore Equity Fund; 8.5% to the Aberdeen Indian Equity Fund; 3.9% to the Aberdeen Thailand Equity Fund; 3.7% to the Aberdeen Indonesia Equity Fund; and 3.5% to the Aberdeen Malaysian Equity Fund. Individual stocks in its top 10 holdings include South Korean electronics giant **Samsung Electronics**, Hong Kong-listed insurer **AIA Group**, global bank **HSBC Holdings** and global mining company **Rio Tinto**.

So, how do Young and his team pick stocks? "The first thing we ask ourselves is: 'Is this an Aberdeen quality company?' We look at the track record of management, financials, balance sheets and the stock prices. There is never a perfect stock at the cheapest possible price. But we want to find great companies that, over the longer term, will make lots of money. Anyone can come up with a stock idea. But if anyone disagrees, we will not buy it," he says.

As disciplined value investors, Young and his team invest in high-quality companies that are undervalued or trade at reasonable valuations. They, too, would take profit in surging stocks or markets that have gotten too hot for their liking. "When a market gets too hot, we take money out. Most of our trading [involves] taking money off the top of our holdings or markets if they get too hot, which they do from time to time. We also top up holdings when they underperform owing to sentiment."

According to Young, one of the key challenges of investing in Asia is finding "sensible companies" that are committed to improving their core businesses and competency. Asian companies often do "crazy things" with their capital when they get bigger, at the expense of minority shareholders, he observes. That is why he refused to invest in state-owned enterprises (SOEs) and banks in China, despite these stocks looking red-hot of late. The Chinese state-owned banks often lend to "whoever the Chinese government tells them to" and, as a result, have a lot of bad loans in their books, Young points out.

"That's why we shy away from most of the SOEs and banks in China. Our China exposure is really largely through Hong Kong-listed stocks. There is very little direct investment in mainland Chinese stocks. We just couldn't find many companies at the quality level that we like in China."

Not a sprint but a marathon

The Aberdeen Asia managing director, however, is seeing many better-managed companies in Asia today, compared with two decades ago. "Companies are doing far fewer stupid things after lessons learnt during the Asian financial crisis," he says. Despite economic growth in the region slowing, he reckons that well-managed Asian companies, which are focused on their core businesses, could continue to generate decent earnings-per-share growth for their shareholders.

Without doubt, the steady and consistent long-term performance of the Aberdeen Pacific Equity Fund is a testament to investors that investing in Asia is not a sprint but a marathon, says Young, who is more than happy to invest in "safe, sound and boring" Asian stocks. To be sure, there is no magic to the success of the Aberdeen Pacific Equity Fund. It is just common sense buy-and-hold investing in the best-of-breed companies with steady and achievable growth, he adds. "In many ways, I always describe our approach as a slow and steady 'tortoise' rather than a 'hare' process," quips the jolly fund manager.

**Source: Lipper, NAV-to-NAV, gross income reinvested, includes the effect of an assumed 5% front end load, SGD. The fund's annualised return since its inception on Dec 5, 1997 is 10.3%, versus the benchmark return of 7.7%.*

For more information on the Aberdeen Pacific Equity Fund, visit www.aberdeen-asia.com/asiapacfund.

COVER STORY

BLOOMBERG

Demonstrators holding a flag depicting Brazilian President Dilma Rousseff on Copacabana beach during an April protest. Brazil is 'a tricky place' for equity investors but its fixed income markets remain attractive owing to their high yields, says Oliveira.

Opportunistic EM plays

Indian sovereign debt, Brazilian inflation-linked bonds, Petrobras credits and select China H-shares are all looking attractive in the emerging market investment universe, says Capital Group's Luis Oliveira

| BY KELVIN TAN |

After residing in Geneva for more than two decades, Luis Oliveira has acquired a taste for some of Europe's finest wines. The Brazilian, who loves to wine and dine, particularly likes the clarets of Bordeaux and pinot noirs of Burgundy. However, he does not like to pay through the nose for fine wines. "Top-end Burgundies tend to be overbid. I think there is more breadth to Bordeaux wines," says the wine drinker. He is finding good value in overlooked Bordeaux second-growth labels, some of which make wines as good as those of first growths but sell at a fraction of the top châteaux's prices.

As an emerging market (EM) fund manager and partner at global asset management house Capital Group, Oliveira also likes to pick up equity and fixed income bargains that are overlooked by investors. Last year, for instance, he took a bet on unloved and cheap Chinese rail companies, such as CNR Corp and China South Locomotive & Rolling Stock Corp (CSR), which announced in late December 2014 that they would merge to form **CRRC Corp**.

"Chinese rail stocks got so cheap last year. People hated those companies as they still remembered the high-speed train accident [that killed 40 people and injured nearly 200 in Wenzhou in July 2011]. With the announcement of the merger [between CNR and CSR], those stocks have more than doubled," says Oliveira, who is part of the team that manages the US$3.2 billion ($4.3 billion) Capital Group Emerging Markets Total Opportunities fund that invests in developing market stocks and bonds. "The best contributors to our performance numbers last year were Chinese rail stocks," says the 48-year-old in a recent interview with *Personal Wealth* when he was in town.

As he sees it, many of the world's best stock and bond bargains could still be found in EMs. Indian government bonds, Brazilian inflation-linked bonds, Middle Eastern equities and shares of Indian steel producers all look cheap; even China H-shares are not trading at expensive levels, he points out. To do well in EMs, investors have to "selectively pick their spots", according to Oliveira, whose team uses a multi-asset approach to find opportunities in developing equity and fixed income markets.

Lower-risk approach to EM investing

Oliveira says the fund was created in 2007 for investors who were attracted to the long-term growth potential of EM investing but wanted a less volatile pattern of returns.

The Capital Group Emerging Markets Total Opportunities fund, which is sold to retail investors in Singapore, invests across the full spectrum of the EM investable universe that covers more than 60 countries. This ranges from equities and corporate bonds to sovereign debt denominated in US dollars and local currencies, including inflation-linked bonds. It also invests in sovereign bonds issued by frontier markets, such as Nigeria, Gabon and Angola, as well as developed market stocks that derive a significant portion of their revenue from EMs.

"Using a multi-asset approach that invests across the full spectrum of equity and debt opportunities, it is possible to achieve equity-like returns with lower volatility than investing in EM equities alone," says Oliveira. As at June 19, his fund returned 9.44% (in Singapore dollar terms) over the past three years with three-year volatility of 0.43, according to data from fund research firm Lipper. The average Singapore-registered global EM equity funds generated gains of 14.5% over the past three years but achieved those returns with higher three-year volatility of 0.77.

Oliveira says his investment team of four fund managers, including him, would explore the "relative valuation and risk-return tradeoff" of every security in which they put money. They would evaluate the "benefits of investing in debt versus equity" on a country and company level to determine whether it makes more sense to invest in a nation's or company's bonds or stocks.

The portfolio managers of the fund, all of whom have at least 25 years' investment experience, take a bottom-up approach to security selection, but they would also take into account macroeconomic factors and the relative value of individual securities when allocating money in and out of stocks and bonds.

Still bullish on China H-shares

Despite the strong run-up in China stocks over the past 12 months, Hong Kong-listed China H-shares, as measured by the Hang Seng China Enterprises Index, are still trading at a forward price-to-earnings ratio (PER) of below 10 times. That is why Oliveira continues to favour H-shares as the preferred equity play in China.

"The fund's largest equity exposure has been in China. That has been the way for about a year. We have some investments in China A-shares but the majority are in H-shares," says the fund manager, who has 26 years' investment experience, 21 of them with Capital Group.

He reveals that his team has been selling some China A-shares that have become too expensive in terms of valuations during the recent China bull rally. Over the past 12 months, mainland China stocks, as measured by the Shanghai Composite Index, have surged more than 130%.

"We have been net sellers of China. But we are not rushing to the door. China is still a very important position for us. When you see some stocks going parabolic, taking profits on those counters is the right thing to do. There is an old saying at market desks that you have to feed the ducks when they are quacking," quips Oliveira, who reckons the equity market rally in China is only at the early stage.

"Are there stocks that are overbought in China? Of course. There are corners of the market that look ridiculous, and we are selling those. But China continues to be the market we are looking at, and it is a market where we are evaluating investment opportunities on a security-by-security basis," he says.

Chinese banks, for instance, still offer value compared with banks that are trading in other markets, Oliveira points out. "Selling some Chinese small-cap stocks that went up 200% and shifting the money to the banks make sense. Yes, the stocks of Chinese banks went up over the past 12 months, but they remain some of the cheapest banks in the world," says the fund manager. His fund is invested in **Bank of China**, which is trading at a one-year forward PER of just 7.2 times. The H-shares of this Chinese bank are up nearly 25% this year.

The fund's biggest equity holdings include Chinese auto parts manufacturer **Minth Group** and **China Everbright International**, which operates in the environmental energy, environmental water and alternative energy businesses. Minth Group's H-shares, which are up more than 11% this year, are trading at a one-year forward PER of 12.15 times, while shares in China Everbright International, which are up 23% this year, are trading at a one-year forward PER of 26.8 times.

Notwithstanding the big surge in Chinese stock prices over the past 12 months, which is mainly attributable to buying by mainland Chinese retail investors, the equity market in China continues to be shunned by global investors, observes the fund manager.

"I like to draw the parallels of China with Japan. Japan used to be a place that everybody once loved to hate. Only specialist fund managers would invest there. When [Japan Prime Minister Shinzo] Abe first came into power and the stock market went up a lot, everybody who was shorting Japan was pessimistic about the run-up. They said it was voodoo economics and were very dismissive. Now, you don't hear about voodoo economics in Japan anymore. GDP growth in the first quarter was stunning. (Japan recently reported better-than-expected 1Q2015 GDP, which grew 3.9%, more than the preliminary reading of a 2.4% rise.) You see Japanese companies' profits going up and reforms slowly happening, so people are starting to treat Japan as a normal country. China, which investors didn't want to touch, could be like Japan," he explains.

Selective on India

Contrary to the booming equity markets of China, India's stock market has turned in dreary year-to-date gains of just 1.5%, as measured by the S&P BSE Sensex Index. Still, equity valuations of many Indian stocks remain expensive, observes Oliveira. The India stock market is currently trading at a one-year forward PER of 16.3 times.

"We are very excited about the long-term prospects of India. But expectations for certain sectors and their valuations are too high," he says, pointing out that infrastructure and banking stocks in India, for instance, look overvalued.

Oliveira and his team increased exposure to Indian equities in 2014, focusing on companies within the industrials and materials sectors that were expected to benefit most from India Prime Minister Narendra Modi's reform policies. As the valuations of Indian equities increased after surging more than 30% in 2014, Oliveira and his team started to shift money in India from stocks to bonds.

"What we have invested mostly in India are bonds, which have one of the highest yields in the world," he reveals. Ten-year Indian government bonds are yielding more than 7% at the moment. And with interest rates in India coming down on the back of declining inflation, investors of Indian government bonds are likely to get "more capital gains plus a high carry", says Oliveira. "Carry" refers to the yields of these bonds. "In our experience, when there are economic reforms, the first asset class where risk premium gets compressed is the debt market," he says.

As at end-April, the fund had 4.7% of its assets invested in Indian government bonds, which were its second-top holding after Mexican government bonds.

For India equities, Oliveira's preferred plays are steel producers, which are trading at relatively cheap valuations and could be beneficiaries of Modi's reforms. "If there is a country in the world that needs steel, it is India, which produces very good iron ore and has good steel companies operating at low costs," he says. India steel companies, however, continue to be out of favour with global investors because they have high debt levels as well as corporate governance issues, especially state-owned companies, he points out. "But they are looking very cheap. If there is some change in terms of reforms, which we think will happen, these stocks can go up multiple times. That is why we are happy to go there. For India, you have to pick your spots and pay attention to valuations."

India's biggest steel producers are **Tata Steel**, **Steel Authority of India** and **JSW Steel**. Oliveira's EM fund is invested in Steel Authority of India, whose shares are down more than 30% this year and currently trade at a PER of 12 times.

Elsewhere, his fund is also invested in out-of-favour chemical companies of Saudi Arabia, which have been weighed down by falling oil prices, and select UAE banks. "We have some positions in Saudi Arabia and Abu Dhabi. In Saudi Arabia, some of the chemical companies got trashed because of the falling oil prices. We bought them because they look like bond substitutes due to their high yields. The chemical companies in Saudi Arabia are more of a trade. The Abu Dhabi banks are something more strategic," he says.


SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Oliveira: The best contributors to our performance numbers last year were Chinese rail stocks

Brazilian and Greek bonds

Unloved bonds that Oliveira and his team are betting on include inflation-linked government bonds of Brazil, corporate bonds of troubled Brazilian state-owned oil company **Petrobras**, which is facing a corruption scandal, and the sovereign bonds of debt-ridden Greece.

Brazil is currently embarking on a "text book macroeconomic stabilisation programme" and slowly reforming, says Oliveira, who points out that the biggest Latin American nation is currently refocusing on the three pillars of macroeconomic policy: a floating exchange rate, an independent central bank that pursues inflation targeting and healthy primary budget surpluses.

"The last four years, the Brazilian government has fooled around with these three pillars of macroeconomic policy. It intervened in the currency through the central bank and was running an imprudent fiscal policy. If Brazil gets back to these three pillars, the country will get foreign investors' confidence back and risk premium can get compressed," he says.

At the moment, Brazil needs to reduce domestic demand to stabilise current account deficits, explains Oliveira, who points out that reducing domestic demand as a means to reduce government fiscal deficits is not good for Brazil's domestic economy. "You will get a very difficult period for economic growth for a year or two. Companies that rely on domestic demand in Brazil are going to face big headwinds," he warns.

To be sure, Brazil is "a tricky place" for stock investors but its fixed income markets remain attractive owing to their high yields, according to Oliveira, whose main position in Brazil is in inflation-linked bonds. Indeed, 10-year Brazilian government bonds are currently yielding interest rates of 12.5%, while inflation-linked bonds are giving a real yield of 6% after discounting the rate of inflation. "At 6%, it is the highest real rate you can get in the world. With inflation-linked bonds, you do not have to worry about inflation picking up in Brazil," he says.

Oliveira's fund is also invested in the corporate bonds of Petrobas, which will undergo significant reforms after the recent corruption scandal, according to the fund manager. "We like Petrobas bonds but we do not own the stocks. If you look at the total enterprise value of Petrobras, it is three quarters debt and one quarter equity. So, its equities are like call options at this point in time. If things go well, equities of Petrobras have tremendous upside. But it is a highly speculative investment at this stage. We feel more comfortable with its bonds, which offer attractive risk-return trade-off," he says.

Greek government bonds, whose 10-year note currently yields 11.2%, are another risky fixed income bet that his team is willing to take. As at end-April, 2% of the fund's assets were invested in the sovereign debt of this troubled European nation, whose bonds have been de-rated to EM status due to poor credit ratings.

"One of our managers thinks it is all going to end well with Greece," he says. To be sure, Greece's sovereign debt trouble with its biggest creditors, namely the International Monetary Fund, European Central Bank and European Union — known as the Troika — needs to be resolved, according to Oliveira. "Eventually the ECB and EU will back off as there is more to lose than to gain if [Greece exits the eurozone]. But it has to be played out politically, which means [the Troika] will make the Greeks as well as the markets sweat [before reaching a deal]. Otherwise, there is too much moral hazard. Eventually, Greece is going to get its way but if it happens too easily, there will be an issue of moral hazard. This is our interpretation," says the fund manager.

Other bonds in the top holdings of the fund include the sovereign debt of Mexico, Indonesia, Argentina and Turkey. According to Oliveira, most of his fund's equity and fixed income positions are centred on reform plays of EMs. "Reforms increase productivity, which is a major source of wealth creation. Stocks and bonds are claims of wealth. If people in EMs become wealthier, over time, they will own more stocks and bonds. Where is wealth creation going to come from right now in EMs? Clearly, it is not from another commodity boom. So, it has to come from reforms, which open up economies and deal with property rights and other aspects of doing business," he explains.

That is why his team is focusing on "reform-minded countries", which are good hunting grounds for stocks and bonds. "Without reforms, an EM needs to be ridiculously cheap for us to buy into it. With reforms, we can take a longer-term view. You may be surprised at how much wealth is created through reforms," he says.

External risks

Looking ahead, the biggest risks that could negatively impact EM assets are a rapid pace of interest rate hikes in the US and an unexpected economic slowdown in China. "It will be myopic to think that the US Federal Reserve can normalise interest rates without major impact on major risky asset classes. How much impact will it be? I don't know. It remains a big uncertainty out there," Oliveira says.

But he is quite certain that some higher-grade US dollar-denominated EM debt with low yields of 2% to 3% will see a re-pricing of yields when US interest rates move higher. "I will be very surprised if high-grade EM debt will not face pressure as US interest rates normalise. If you start to get 2% to 3% interest rates in five-year US Treasuries, those EM bonds with lower credit ratings will have to be re-priced. You have to pay investors of these bonds 200 basis points plus the US Treasury rates," he says, adding that there will be some bond market turbulence in EMs when the US interest rate cycle turns. "That is one of the reasons why we kind of carry a bit of cash."

The fund manager, however, sees a brighter outlook for EM stocks, which are trading at a relatively cheap one-year forward PER of just 12.7 times, according to the MSCI Emerging Markets Index. "Valuations are not demanding. For equities, I could see a bullish story. If US interest rates start going up progressively, not in a rush, coupled with a healthy US economy and the risk of a China blow-up receding, it could set the stage for a very healthy EM equity returns."

For EM equities to continue to move higher, it will depend on how the US normalises interest rates as well as the stabilisation in China's economic growth, he says. "If I am wrong about China and you get a hard crash on its stock market, with [fears of China economic hard landing] resurfacing or the execution of government policies in China going wrong, EMs will suffer." ■

Performance of Singapore-registered EM mixed-asset funds

LIPPER

	3-YEAR VOLATILITY JUNE 19, 2012 TO JUNE 19, 2015		YTD RETURN DEC 31, 2014 TO JUNE 19, 2015		1-YEAR RETURN JUNE 19, 2014 TO JUNE 19, 2015		3-YEAR RETURN JUNE 19, 2012 TO JUNE 19, 2015	
NAME	VALUE	RANK	%	RANK	%	RANK	%	RANK
AllianceBernstein-Em Mkts Multi-Asset Pf A USD	0.58	1	4.91	1	4.81	1	11.08	1
Capital Group EM Total Opps (LUX) B USD	0.43	3	1.11	2	-1.29	2	9.44	2
Templeton Emerging Mkts Balanced A (acc) USD	0.57	2	-1.73	3	-4.14	4	-2.55	3
JPM Total Emerging Markets Income A Mth USD	NA	NA	-2.03	4	-4.09	3	NA	NA

Return: NAV-to-NAV or Bid-to-Bid, income re-invested, calculated in SGD.
Volatility is standard deviation of performance for the previous 36 months. The higher the value is, the riskier the fund is.

Billionaire activist investor Singer targets regional family-run companies

| BY DENNY THOMAS & SVEA HERBST-BAYLISS |

US billionaire Paul Singer appears to have paved the way for activist investors to fight for shareholders' rights where few hedge funds have ventured: Asia's biggest family-run firms.

In the past few months, Singer's US$26 billion ($34.82 billion) firm Elliott Management has taken on South Korea's Lee family, founders of the Samsung Group, as well as the Li family, which founded Hong Kong's third-largest lender **Bank of East Asia** (BEA).

While Asian firms, including Japan's **Sony Corp** and robot maker **Fanuc Corp**, have faced off with activist investors such as Daniel Loeb of Third Point, the region's family-owned conglomerates have so far been largely left alone.

The opacity of some family-owned businesses, however, and the more lax corporate governance standards across Asia have made them attractive targets for hedge funds seeking fresh investment.

"Shareholder activism is going to be an increasing theme in Asia as more Asian companies access Western capital markets," says Singapore-based John Chessher, CEO of Cenkos Securities, an independent securities firm. "These kind of cases hopefully will bring about greater transparency."

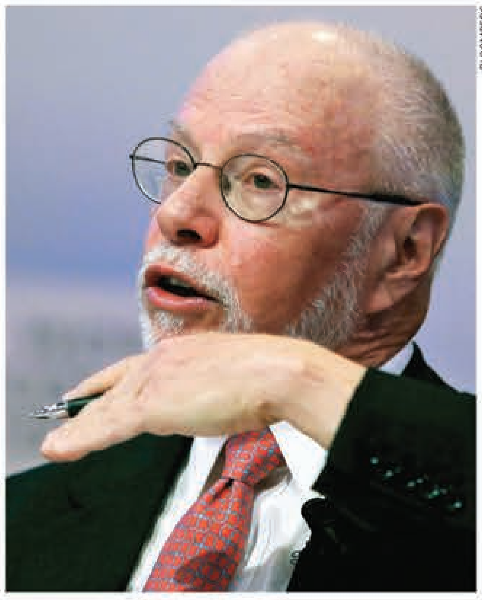
In a rare instance of shareholder activism in South Korea, the fund is in the process of trying to block an US$8 billion proposed merger of two Samsung Group companies.

Elliott says the all-stock takeover offer by Samsung's de facto holding firm **Cheil Industries Inc** undervalues sister firm and builder **Samsung C&T Corp**, and has filed a court injunction and lobbied shareholders to reject it.

The merger, however, is key to paving a smooth leadership succession within South Korea's biggest and most influential chaebol after patriarch Lee Kun-hee, 73, was hospitalised last year. Of late, Samsung C&T has said it would continue with preparations for the deal.

Elliott appears to have been emboldened by its success earlier this year in opening a court inquiry into a HK$6.75 billion ($1.17 billion) share placement by BEA to Sumitomo Mitsui Banking Corp.

BEA says the placement was necessary to bolster its capital. According to court documents seen by Reuters, Elliott says the placement was an attempt by the Li family to "strengthen the position of strategic shareholders… who provide them with protection from any attempts to interfere with their control of management of BEA".


BLOOMBERG

Singer's firm Elliott Management has taken on South Korea's Lee family, founders of the Samsung Group, as well as the Li family, which founded Hong Kong's third-largest lender Bank of East Asia

Last year, however, the fund failed in its bid to raise the US$5 billion bid that Singapore's **Oversea-Chinese Banking Corp** made to acquire Hong Kong's Wing Hang Bank.

Founded by Singer in 1977, Elliott is renowned for winning cases against Peru and Argentina for repayment of debts they took on at a deep discount during their financial crises.

Its clients include some of the biggest US pension funds and last year, it returned 8.24%, more than double the average hedge fund's 4% return, and was up 0.6% in the first four months of 2015.

Elliott is credited with playing a role in the restructuring of US firms, including Trans World Airlines and Enron, and foreign firms such as **Telecom Italia**.

Some analysts say Elliott could also see similar success in Asia if it works with companies' management, not the courts.

So far, its record in the region is mixed: "We believe the opportunity in Japan and Asia, more broadly, is for more friendly activism, or what we call constructivism, where the hedge fund manager works with management, rather than challenging management publicly," says New York-based Michael Weinberg, chief investment strategist at Protege Partners, which invests in some activist funds. — *Reuters* E

WEALTH TRENDS

Boston Consulting predicts Asia-Pacific will be world's wealthiest region by 2016

| BY ABBY SCHULTZ |

The seemingly unstoppable surge in Asia's wealth is changing how private banks serve clients in the region, and more changes lie ahead if banks expect to stay profitable and competitive, according to Boston Consulting Group's annual look at the rich and the wealth management industry that serves them.

Recently, BCG projected Asia-Pacific (ex-Japan) would surpass North America to become the wealthiest region on earth by later this year or next, reaching some US$57 trillion ($76.3 trillion) in private wealth in 2016 from US$47.3 trillion last year. By BCG's definition, private wealth includes cash and investments, but does not include real estate, businesses or luxury goods.

The increase in the ranks of affluent Asia, largely driven by rising riches in China and India, was propelled by faster GDP growth and higher savings rates in 2014 than in the rest of the world, as well as soaring stock market returns of 38% in China and 23% in India, BCG says. Asia's nominal GDP growth rate last year was 8% versus 5% globally, and its savings rate was 13% versus 6% globally.

Asia's rich are known for being willing to shoulder more risk than their global peers and for preferring to make investment decisions on their own. That leaves them with portfolios filled with cash and direct investments in stocks and bonds instead of managed products, such as mutual funds. Private banks have served as places to park their money or to be pampered with "red-carpet" services, not to get investment advice.

But as Asia becomes ever more affluent and financially savvy, and younger clients fill its ranks, banks will have to give more advice, says Federico Burgoni, an author of the study and BCG's leader of the asset and wealth management segment in Asia-Pacific.

Many have already begun.

"All my clients, more or less, are investing to develop more advisory models," Burgoni says. "This is a trend you see very clearly coming out."

He notes that even the percentage of assets Asia's wealthy have in "discretionary" accounts, which are managed by the bank, is starting to grow.

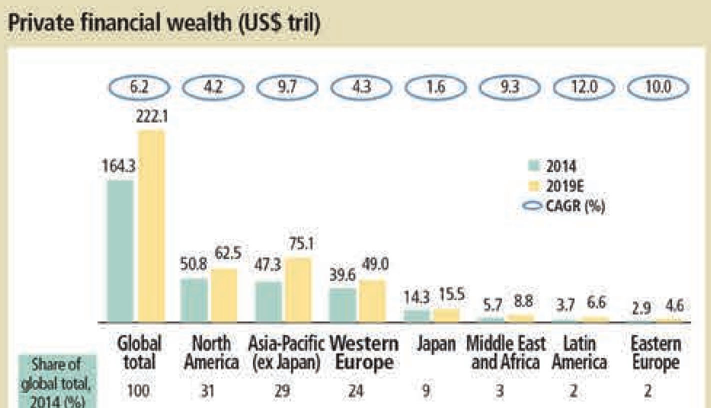
Discretionary accounts in Asia have always been in the mid-single-digits compared with an average of more than 20% globally.

Burgoni offers a surprising reason for the wariness of Asia's rich: Their personal bankers have not wanted them to invest in bank-managed products. "Relationship managers have been maximising the customer's loyalty to themselves versus the bank," Burgoni says. That way, if the banker leaves one bank for another, his clients are not tied to the institution and can easily follow.

But banks that have started to push for clients to give them discretion over managing their assets are succeeding, he says. If true, that would certainly be proof that Asia's rich are not all the "gamblers" they are often made out to be.

Another trend BCG expects will solidify is for Asia's growing ranks of millionaires to be served by local banks in their home countries instead of global specialist banks in the offshore centres of Hong Kong and Singapore. Already, banks ranging from

Asia-Pacific (ex-Japan) is projected to hold one-third of global wealth in 2019



BCG

Note: Private financial wealth is measured across all private households. All growth rates are nominal. With the exception of Argentina, numbers for all years were converted into US dollars at average 2014 rates to exclude the effect of future currency fluctuations. Percentage changes and global totals of private financial wealth are based on complete (not rounded) numbers. Calculations for all years are based on the same methodology.

Malaysia's **CIMB Group**, Singapore's DBS Bank or **Bank of China** have sought to serve their neighbourhood wealthy, while "global specialists" like Citibank or **Goldman Sachs** focus more on the upper crust, those with US$20 million or more.

Yet, some global banks are not ceding ground so easily. Of late, **UBS** announced it would set up shop in Hong Kong's Kowloon to better compete with local banks. But Burgoni does not expect many others will make inroads on local turf. More likely, they will partner with local banks to provide private banking advisory and investment services, like Lombard Odier does with Kasikornbank in Thailand and Kookmin Bank in South Korea.

"It's a very costly model to go onshore and it's tough to be profitable," Burgoni says.

To be competitive, Asia's banks also will need to start catering for more specific groups, not just "ultra" wealthy or merely wealthy, but to entrepreneurs, for instance, who have different needs from those of the second-generation offspring managing an established business. While some banks in Asia are taking steps in this direction, he points to UBS' focus on entrepreneurs — most are not. "You need this kind of differentiation," he says. — © *2015 Dow Jones & Co, Inc* E

Patek Philippe pocket watch sells for record US$353,000

| BY REBECCA SPALDING |

CHRISTIE'S

Patek Philippe's 1985 miniature pocket watch with an enamel of Pierre-Auguste Renoir's *Two Sisters* by Suzanne Rohr

Christie's sold US$8.4 million ($11.22 million) of vintage and modern timepieces in New York, led by a US$353,000 Patek Philippe pocket watch.

The 1985 miniature enamel time-only pocket watch depicting Pierre-Auguste Renoir's *Two Sisters* by Suzanne Rohr, set a record for its category at the auction on June 17. The timepiece, which had a high estimate of US$180,000, was sold to an anonymous Asian collector. Of the 262 lots offered, 237 sold.

Collectors' interest in speciality timepieces, especially enamels, has increased as wealthy buyers look for alternative ways to invest. In May, an 88-year-old Patek Philippe set a record price for a stainless-steel wristwatch when it sold for US$5 million at Phillips in Geneva.

"Rarity is being fuelled by passionate collectors with too much money," says Edward Faber, president of Aaron Faber gallery in New York, which specialises in jewellery and watches. "Rare enamels, speciality enamels, even contemporary enamels, are bringing extraordinary prices."

At the recent auction, a 1950 Patek Philippe and Tiffany & Co chronograph watch sold to a private Asian collector for US$341,000, surpassing its high estimate of US$250,000. All prices include commissions; estimates do not.

A 1957 Rolex Submariner watch fetched US$269,000. The James Bond watch, worn by Sean Connery in *Dr No*, the franchise's first film, is favoured among Rolex collectors for its masculine design.

A Patek Philippe chronograph watch with moon phases made in 1976 sold for US$305,000, within its estimate of US$260,000 to US$360,000. Another Patek Philippe chronograph watch with moon phases that was manufactured in 1951 sold for US$281,000, above its low estimate of US$200,000.

"People are looking for trophies," John Reardon, international head of watches for Christie's, says in an interview. "You're going to see competition on the high end, which generates sales prices that are market-making." — *Bloomberg LP*

PICTURES: BLOOMBERG

Burgundies of La Tâche and Romanée-Conti. A case of La Tâche 1964 recently fetched US$55,125 from a US buyer.

Four bottles of 1985 DRC fetch US$58,188

Romanée-Conti Burgundies from 1985 and 1990 led a Sotheby's wine auction in New York, along with neighbouring La Tâche from the 1960s and Château Pétrus 1975 from Bordeaux.

Four bottles of Romanée-Conti 1985 Domaine de la Romanée-Conti (DRC) sold for US$58,188 ($77,714) to an Asian private collector, according to the auction house, while three bottles of Romanée-Conti 1990 DRC sold for US$45,938. Twelve bottles of La Tâche 1964 DRC fetched US$55,125 from a US buyer.

The sale, amounting to US$2.3 million, brought Sotheby's total from New York wine auctions for the first half of the year to US$10.2 million, amid indications that collectors have an appetite for older, rare wines from Burgundy and Bordeaux and also California and northern Italy.

The sale this month was "a sign of both a strong domestic and international market", Connor Kriegel, head of wine auction sales at Sotheby's New York, says in an email, describing the result as "solid".

Twelve bottles of Château Pétrus 1975 sold for US$30,625 while four other 12-bottle lots of the same vintage from the grower also made it into the sale's top 10 list at US$27,563 each, according to Sotheby's. — *Bloomberg LP*

Bordeaux 2014 wines attract North American buyers as Chinese demand cools

Bordeaux 2014 wines of first growth producers, such as Châteaux Lafite Rothschild, Mouton Rothschild and Haut-Brion, are among the top 10 labels by sales at Sotheby's Wine

| BY GUY COLLINS |

North American collectors bought 70% of Bordeaux 2014 wine futures transacted this year through Sotheby's Wine as the amount sold rebounded from the previous two vintages to climb back close to volumes achieved in 2011.

Bordeaux 2014 sales were 90% higher than the 2013 vintage and 80% above the 2012 campaign, according to Sotheby's. Sales were still 10% below those for the 2011 vintage.

The 2014 vintage followed two difficult years of weather in the region and marked a return to more normal conditions both in the vineyards and in the global wine market. While 2014 prices in Bordeaux were generally above those predicted by merchants, according to Liv-ex, growers say improved quality relative to 2013 and 2012 helped make 2014 wines more expensive.

"Our 2014 futures sales were stronger than we originally anticipated," Jamie Ritchie, who heads Sotheby's Wine, Americas and Asia, says in a statement, citing "the continued strengthening of demand in the US".

Sales of Château Lafite Rothschild 2014 led by value, followed by Château Mouton Rothschild, Château Pétrus and Château Haut-Brion, in line with 2013, according to Sotheby's.

Others making up the top 10 by sales value were Château Margaux, Château Lafleur, Château Ausone, Château Cheval Blanc, Château La Mission Haut-Brion and Vieux Château Certan.

The increased sales reflected both an improvement in quality after two tough vintages for Bordeaux and a revival of collector appetite after a price slump in top Médoc wines since 2011 as Chinese demand cooled and attention in auction rooms focused more on Burgundy and regions such as northern Italy.

"Luckily, it's a good wine," Bernard Magrez, owner of Château Pape Clément, said in an interview during tastings of the 2014 vintage in the region earlier this year.

At Château Smith Haut Lafitte in Pessac-Léognan, owner Daniel Cathiard described 2014 as "a bit of a resurrection" after "difficult conditions in recent years", while Stephan von Neipperg of Château La Gaffelière in Saint-Émilion says his vintage was marked by "nice acidity, structure and integrated tannins".

Anabelle Cruse Bardinet of Château Corbin says the 2014 wines arrived "in an economic context when we needed a vintage like this". — *Bloomberg LP*

THEEDGE / LIPPER

FUND WATCH

10 best-performing funds over 3 mths
(March 19 to June 19, 2015)

NAME	RETURNS %
Fullerton Lux Funds-China A Equities I USD	21.20
UBS (Lux) Eq Fd - China Opportunity (USD) P-acc	20.01
UBS (Lux) Eq Fd - Greater China (USD) P-acc	16.41
db x-trackers CSI300 Index UCITS ETF 1D	15.59
Deutsche China Equity A SGD	13.34
Wells Fargo (LUX) WW China Equity A USD	11.02
Allianz China Equity – A – USD	11.00
Fidelity Funds – China Focus A-USD	10.57
Allianz Hong Kong Equity – A – USD	9.81
Neuberger Berman China Equity USD A Dist	9.70

10 worst-performing funds over 3 mths
(March 19 to June 19, 2015)

NAME	RETURNS %
Allianz Indonesia Equity – A – USD	-17.46
PARVEST Equity Indonesia C C USD	-15.73
JPMorgan Indonesia Equity A Acc USD	-15.39
Eastspring Investments-Indonesia Equity A	-14.96
Fidelity Funds – Indonesia A-USD	-14.49
Lyxor UCITS ETF MSCI Indonesia – C-USD	-14.45
db x-trackers MSCI Indonesia Idx UCITS ETF 1C	-14.42
HSBC GIF Indian Equity AD USD	-12.43
Templeton Thailand A (acc) USD	-11.08
JPMorgan India A Dis USD	-10.92

5 best-performing sectors over 3 mths
(March 19 to June 19, 2015)

NAME	RETURNS %
Equity China	10.50
Equity Russia	7.39
Equity Japan Income	6.95
Equity Hong Kong	6.20
Equity Brazil	5.62

5 worst-performing sectors over 3 mths
(March 19 to June 19, 2015)

NAME	RETURNS %
Equity Indonesia	-14.63
Equity Sector Real Est US	-10.04
Equity India	-9.61
Equity Thailand	-8.55
Equity Malaysia	-8.37

10 most-volatile mixed-asset funds
(June 19, 2012 to June 19, 2015)

NAME	VOLATILITY %
Allianz Oriental Income – A – USD	0.75
MyHome Fund-HomeSteady	0.71
Fidelity Funds – Euro Balanced A-EUR	0.67
United G Strategic Fund	0.64
HSBC Portfolios World Selection 5 A USD	0.64
AllianceBernstein-Real Asset Portfolio A USD	0.61
United Asia Active Allocation Fund	0.58
AllianceBernstein-Em Mkts Multi-Asset Pf A USD	0.58
PIMCO GIS Dividend and Income Builder E USD Inc	0.58
Templeton Emerging Mkts Balanced A (acc) USD	0.57

10 least-volatile mixed-asset funds
(June 19, 2012 to June 19, 2015)

NAME	VOLATILITY %
Eastspring Inv Funds-Monthly Income Plan A	0.18
Eight Portfolio A	0.19
Schroder Multi-Asset Revolution 30	0.22
Eight Portfolio B	0.24
Phillip Income A SGD	0.27
Schroder Multi-Asset Advantage	0.28
Schroder Asian Income SGD	0.28
Deutsche Premier Select Trust SGD	0.31
Eight Portfolio C	0.31
LionGlobal Singapore Balanced SGD	0.32

Return: NAV-to-NAV or Bid-to-Bid, income re-invested, calculated in SGD

How to read the Lipper Volatility Ratings
Volatility is standard deviation of performance for the previous 36 months. The higher the value is, the riskier the fund is.

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PERSONAL WEALTH | FUND FOCUS

A precious metals fund that ignores gold prices

| BY SIMON CONSTABLE |

BLOOMBERG

A Goldcorp booth at a convention in Toronto, Canada. Horvat says Goldcorp shares, which trade at eight to 10 times annual cash flow, are inexpensive relative to others in the peer group.

Ask Jamie Horvat, co-manager of the Vanguard Precious Metals & Mining fund, where he thinks the price of gold is heading, and he is quick to tell you: "I don't really care."

Horvat joined the US$2.1 billion ($2.8 billion) fund in 2014, right after the price of gold tanked, falling 29%, from US$1,692 an ounce at the beginning of 2013 to US$1,202 by the end. That same year — 2013 — the fund lost 35%. That sounds bad, but that 35% loss made Vanguard Precious Metals & Mining the best-performing fund in the category, according to Morningstar.

Today, gold is even lower, at US$1,180 an ounce. But Horvat, 43, is not worried. When pressed, he says gold prices would not fall much further and, in fact, could even rebound. The European Central Bank and that of Japan are printing lots of money in an effort to stoke inflation. That will probably have two effects. One: It will increase demand for gold, which has long been purchased as a long-term hedge against the declining purchasing power of money. Two: Higher inflation means that the cost of raw materials increases. As the costs related to extracting and producing the metal rise, some poorly managed miners will struggle to be profitable and may even cease production. Those miners will have the same struggle if gold prices drop below US$1,100 an ounce. Either scenario leaves a bigger opportunity for the miners that can withstand lower gold prices and a higher cost of capital.

Horvat grew up in Canada, where natural resources were essentially the national industry. He once worked for a forestry-equipment company, and his brother was involved in mining. Now, along with co-manager Randeep Somel, Horvat works for M&G Investment Management, the London-based firm that subadvises the Vanguard fund. The two replaced Graham French, who managed the fund from 1996 to 2013 via M&G, and is largely responsible for the fund beating 62% of its peers over the past 15 years. The fund's recent performance is even more impressive; its 15% loss over the past three years beats 99% of its peers; it is eking out a 2.4% gain so far this year, putting it in the top quartile of its category.

Horvat has focused on the natural resources and mining industry since 2004, when he managed a stable of resource funds for AGF Management. He then went on to manage some of Sprott Asset Management's portfolios from 2008 to 2012, including its gold and precious minerals fund, traded only in Canada.

Vanguard Precious Metals & Mining is not a pure play on the price of gold, or even gold miners. Today, about three-fourths of the 49-stock fund is in precious metals miners. That is up from 50% under French's tenure. Horvat and Somel include diversified base metals miners — such as **BHP Billiton**, which produces iron ore, copper, oil and gas — to minimise the portfolio's volatility. BHP's performance is not correlated with gold prices; it moves more in line with the broad market, which tends to rise as gold prices are falling.

The fund's 6% stake in BHP is its third-largest. BHP's US$114 billion market value is much larger than even the largest gold miners, making it less sensitive to swings in any market. It also makes it the largest by far in the fund, which, even including BHP, has an average market value of just US$3.2 billion.

Horvat is focused on companies with good, conservative management. As gold prices rose steadily from 2001 to 2011, many gold miners overspent when developing new deposits. Today, Horvat looks for companies whose cost of production can withstand gold prices falling below US$1,100. That would allow them to maintain profitability even if gold prices fall another 10%. "The mining industry forgot that it was cyclical," Horvat says.

Miners' ebullient overinvesting started when gold prices began rising after the 20-year bear market from 1980 to 1999, he adds.

Mining is pricey work, and Horvat wants to see that a company can cover the cost of its capital even when commodity prices are not at their highest. For instance, **Randgold Resources**, a US$6.6 billion gold-mining company focused on sub-Saharan Africa, has long used conservative assumptions when developing ore deposits that allow it to earn much more than the cost of capital, Horvat says.

Specifically, he says CEO Mark Bristow insists that an ore deposit must be more than three million ounces and have the potential to yield profits of at least 15% a year when using conservative (usually below market) assumptions of gold prices — today, that would be US$1,000 an ounce.

Horvat adds that Randgold generates return on the capital employed of 6.8% in a sector where other gold miners average a return of negative 8.9%.

"That's the type of company you want to be aligned with," says Horvat. And he is aligned with it by devoting 4.7% of the fund to its stock.

Another top holding is US$14.1 billion Vancouver-based precious metals miner **Goldcorp**, which has mines across the Western Hemisphere. Horvat likes its history of buying mines or mineral deposits at the bottom of the cycle and selling at the top. For instance, Goldcorp sold the San Dimas and Escobal mines in 2010, when silver was trading at more than US$30 an ounce. It has since fallen to less than US$20.

Horvat also points to Goldcorp's purchase of Virginia Gold's Éléonore deposit in 2006, when gold was just around US$620 an ounce, about half of where it is today.

Horvat says Goldcorp shares are inexpensive relative to others in the peer group. Its stock trades at eight to 10 times annual cash flow, versus the 12 to 17 times for its peer group of precious metals miners.

Another stock in his portfolio is Toronto-based precious metals miner **Agnico Eagle Mines**, which has a history of developing deposits into mines with very long operating lives. Horvat points to its Pinos Altos mine in Mexico, which first started producing gold in 2009 and is expected to keep going through 2018. The company has consistently paid dividends for 32 years.

Vanguard Precious Metals & Mining

	TOTAL RETURNS (%)*		
	1-YEAR	3-YEAR	5-YEAR
VGPMX	-12.9	-15.2	-10.1
S&P 500 TR	10.1	19.2	16.6

TOP 10 HOLDINGS	% OF PORTFOLIO**
Dominion Diamond	7.2
Nevsun Resources	6.6
BHP Billiton	5.9
Goldcorp	4.7
Randgold Resources	4.7
Royal Gold	4.7
Agnico Eagle Mines	4.4
Acacia Mining	4.0
Anglo American	3.5
Franco-Nevada	3.1
Total:	**48.8**

** All returns areas of 6/10; three- and five-year returns are annualised*
*** As at March 31*

MORNINGSTAR, COMPANY REPORTS

THE EDGE THE WEEK OF JUNE 29, 2015

enterprise

ENTREPRENEURSHIP. LEARNING. CAREERS

Proactive approach

SMRT has started STEP, a new training and career development programme, to raise the skills of its engineers, in the wake of a spate of train breakdowns and service delays

Learning

Business schools provide diversity and direction, says Insead chairman Jacobs

Leadership

Expedia's Dara Khosrowshahi transforms travel website from tech laggard into tech leader

Driving R&D

US companies spend to boost productivity, while government cuts back on research

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SAMUEL ISAAC CHIA/THE EDGE SINGAPORE

> It takes 20 years to make an overnight success
> — **Eddie Cantor** *(1892-1964), American comedian, dancer, singer, actor and songwriter*

TheBrief

Singapore talent tops Asia-Pacific in using social networks to find jobs: LinkedIn

Professionals in Singapore rely most on social professional networks to find their next job, compared with their peers in Asia-Pacific, the 2015 Talent Trends study conducted by LinkedIn the global professional networking found.

Almost two thirds or 63% of Singaporeans cited social professional networks such as LinkedIn as the main avenue to access job opportunities, ranking it No 1 among the nine Asia-Pacific countries surveyed.

Malaysia came in second, at 59%, followed by India at 57%. Indonesia, the third Southeast Asian country in this survey, ranked fourth at 56%. Globally, Singapore professionals share third place with Brazil in this regard, and are behind Spain (70%) and Chile (68%).

Given that Singapore has one of the world's highest mobile penetration rates, the second most-popular channel that talent relies on to find new job opportunities is online job boards (60%). Companies should not discount the influence of friends and colleagues either, as 55% of professionals here rely on word of mouth for information.

"With the sheer talent in the work force and a robust job market in Singapore, companies may not have trouble in hiring. The bigger question is how they can attract the best talent and hire the right person for the job," says Feon Ang, head of talent solutions, Asia-Pacific and Japan at LinkedIn.

"Our research shows there is a wide talent pool to be tapped. Not only is active talent on the rise in Singapore, passive talent — comprising 65% of the pool — is also open to opportunities. A strong employer brand is more critical than ever for companies in the war for talent. One way for companies to stand out is to marry social professional networks and word-of-mouth recommendation by encouraging their employees to be their ambassadors in today's digital age."

LinkedIn's research shows that organisations and employers should place more value on the interview process

Singapore professionals are also more open to new job opportunities, with 35% actively exploring, higher than the global average of 30%. In Asia-Pacific, they rank third, behind India (at 45%) and Malaysia (36%). This year's figure for Singapore is also higher than the 27% in 2014, when the survey was first conducted. Regardless of passive or active talent, 86% in Singapore are open to hearing from a recruiter or headhunter, compared with 78% globally.

Compensation comes first

While many workplaces recognise the increased demand for work-life balance, talent in Singapore still rated compensation as the key factor in evaluating a job opportunity. Money matters, and professionals surveyed here say it tops the list of other factors that they will consider in a job, increasing from 29% in 2014 to 51% in 2015. This year's figure is the same for Indonesia, and in line with Malaysia's 52%.

Coming in a distant second is work-life balance, with only 32% in Singapore considering it a top priority, although the importance of work-life balance has increased from 22% in 2014. Still, the 2015 figure is the lowest in Southeast Asia, as 45% of professionals in Malaysia and 35% in Indonesia cite this as an important factor when deciding whether to accept a new job.

Interviews still matter

LinkedIn's research shows that organisations and employers should place more value on the interview process. While it is used to assess the suitability of a candidate, potential employees also form their perceptions of the company through their interview experience.

Globally, 87% of professionals say a positive interview experience can change their mind about a role or company they had doubts about. And, likewise, a negative experience can reverse that perception (83%).

During an interview, 74% of professionals in Singapore would like to meet their prospective managers, compared with 62% in Malaysia and 44% in Indonesia. At a distant second, a team member is one whom 10% of Singapore professionals would most like to meet during an interview.

The 2015 Talent Trends is LinkedIn's second annual Talent Trends report. Over 20,000 professionals in 29 countries were surveyed to better understand their attitudes and behaviours at each stage of the job search. E

WEEKLY DIGEST

Tops for greenfield FDI projects

Singapore has topped the world as the best city for the amount of greenfield inward investment it attracted in 2014. The city-state received 2½ times more investment than its main rival, Hong Kong.

Also the top-ranked destination city in 2013, Singapore has strengthened its lead over London and Shanghai since then. According to figures from fDi Markets, a *Financial Times* data service, 390 companies launched 409 greenfield projects in Singapore last year, totalling an estimated US$11 billion ($14.7 billion) in capital expenditure. London attracted 334 projects at US$7 billion, and Shanghai, 245 projects at US$8 billion. Hong Kong, the sixth-ranked city based on number of projects, received 162, at US$5 billion.

Emerging market cities account for nearly half of the top-20 list of destination cities for foreign direct investments last year, based on data from fDi Markets. Beijing, Bangalore, Dubai, São Paulo, Kuala Lumpur and Mexico City join Singapore, Shanghai and Hong Kong on the ranking.

3Q outlook weakens

The business outlook among small and medium-sized enterprises (SMEs) in Singapore has fallen for a third consecutive quarter, says the latest SBF-DP SME Index. The overall index score for 2H2015 fell from 54.0 to 53.5, its lowest level since the start of 2013, says the Singapore Business Federation and DP Information Group in a statement on June 23. Four of the six industries featured in the index — commerce/trading, manufacturing, retail/food and beverages, and transport/storage — were found to be less optimistic than three months ago, while business services companies recorded an unchanged outlook with a 54.4 index score, the highest overall score among the six industries. Some 3,600 SMEs were interviewed.

SMU moves to third

Singapore Management University's Lee Kong Chian School of Business has been ranked third in the world for its master of science in wealth management programme in the 2015 Financial Times Global Masters in Finance post-experience ranking. SMU is ranked after London Business School and University of Cambridge's Judge Business School. The findings also reveal that SMU's master of science in wealth management alumni saw a 69% increase in salary after graduation, drawing an average current salary of US$85,899 ($114,600).

SGX to co-develop capital-raising platform

The Singapore Exchange has signed a memorandum of understanding with Clearbridge Accelerator, the Singapore venture capital and incubation firm, to form a joint-venture (JV) company to develop a fund-raising platform for entrepreneurs and small and medium-sized enterprises in Asia.

The platform aims to address financing gaps SMEs and entrepreneurs face by providing transparency and more efficient access among the investing community.

The JV will also form a strategic equity partnership with an experienced platform operator and industry stakeholders such as financial institutions to operate the new capital-raising platform. It will also identify other partners and collaborators to create investor demand for the capital offerings on the platform.

Toughest jobs to fill

ManpowerGroup has identified the top five positions that are the toughest to fill in Singapore. They are accounting and finance talent; sales representatives; engineers; secretaries; and marketing, public relations and communications specialists. In a June 23 report, ManpowerGroup says 40% of the 234 respondents in its 2015 Talent Shortage Survey said they found it hard to fill those positions. The global workforce expert attributes the problem to "widespread restructuring that is sending tremors across sectors, with shocks being added from a tightening labour market".

Globally, the top five talents that are hardest to find are skilled trade positions (especially chefs, bakers, butchers, mechanics and electricians); sales reps; engineers (mechanical, electrical and civil); technicians; and drivers (particularly of heavy vehicles). E

Business schools provide diversity and direction, says Insead chairman Jacobs

| BY JOAN NG |

Andreas Jacobs has never been short of role models in his life. A fourth-generation scion of one of Germany's most well-known business families, Jacobs is well-versed in his family's history of business success. "Our family has been farming for many generations — over 500 years — in Germany. The oldest son always got the farm and the second son had to look for something else. Four generations ago, the second son had to look for something else, and he started a coffee business," says Jacobs, whose father Klaus built large coffee and chocolate businesses in Germany and briefly appeared on *Forbes*' list of billionaires in 2002 before moving most of his assets into the family-run charity, the Jacobs Foundation.

This "second son" was Jacobs' great-grand-uncle who, on top of planting and harvesting the coffee beans, also took to roasting them. He established a coffee brand called Jacobs. "My grandfather made it the largest coffee brand in Germany and my father made it the largest coffee brand in Europe. If I go buy coffee today, I see my name on the shelves," he says.

In spite of this illustrious family history, however, Jacobs says it was only when he went to pursue his MBA at the French business school Insead that he began to figure out what he wanted to do with his life. "Insead was a significant change in my life. Before, studying in university in Germany, it's a public university, so you're going with the flow, and there are a lot of people who just study because they don't know what they want to do," he says. "I went to Insead and it really opened my eyes, because I met a lot of very smart people, very agile, of different nationalities, and I completely enjoyed the feeling of working with them. It was a competitive environment. It opened my eyes and it opened the door to the world."

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

The 10,000 sq m campus in Singapore is significant because it makes Insead a truly global school, Jacobs says

After graduating, Jacobs took a job at the Boston Consulting Group in Munich. He spent three years there before leaving to try his hand at entrepreneurship. "I was trying to buy small companies that were insolvent or bankrupt. I felt that you get them for free, and you can try to fix them. Your major input is time. So, that's what I tried with six, seven companies over about seven years," he says. "I think except for one, the rest worked well."

Then, at the age of 37, Jacobs was asked by his father to consider joining the family business. Jacobs says he was touched by the support and appreciation from his father. "That makes you happy, as a son," he adds. But he was also motivated to accept a new challenge. "I said to myself, I'd like to try it because it could be an attractive job. There are attractive businesses behind our family company: **Barry Callebaut**, for example. I said to myself, I could do it."

Today, Jacobs is the executive chairman of the family business Jacobs Holding and the chairman of cocoa and chocolate producer Barry Callebaut. And, he is certainly making his mark on the business world. Last year, he was invited by Insead to be the chairman of its board. Recalling his life-changing experience at the school, Jacobs says he was happy to accept.

Grooming the next generation

Jacobs assumed the role of chairman at Insead at the start of this year. He hopes, in this role, to give the next generation of business leaders the same positive experience he had at the school. "I think I can give something back and I can be part of a phase where I see the next generation going through the same process: becoming part of the world, becoming part of the global set-up that is diverse in cultures and diverse in languages," he says. "That's why I decided to go back and help the school become even stronger and bigger."

Among Jacobs' first official jobs as chairman has been to officiate at the opening of the new $55 million Leadership Development Centre in Singapore. The 10,000 sq m campus is significant because it makes Insead a truly global school, Jacobs says. "It's a remarkable step forward because the Singapore campus is the second campus that was developed by Insead after the French campus. This marks the moment when you can truly say it's a global school, because it has today two campuses that are equal in size and equal in importance."

Going forward, Jacobs says he has set a few goals for himself. Firstly, he would like to grow the culture and diversity of the school. "To do this, of course, you have to have support from funding and endowments. In order to attract the best talent, you need money. So, it's very important to support and generate funding," he says. "I'll give you an example. It's very easy for a German business school to attract German students from wealthy families, because they all have money to pay the tuition fee. If you want to be a global school, you want to attract the son of a farmer in Indonesia and the daughter of a farmer in the Ivory Coast. And they don't have money. But if you want to attract them to your school, you have to somehow provide scholarships. Also, if you want to be a leading school, you need to allow your professors to do research. So, that means funding."

Also, Jacobs says he hopes to muster the support of other alumni like himself. "Today, Insead has over 40,000 alumni and 160 professors in the world. To unite them — the alumni, the professors, the students and the staff — and to make one force out of this great team, that's one of the things I'd like to do."

Finally, Jacobs intends to keep Insead relevant as the business world changes. "A programme like an MBA needs to adapt," he says. "Like all the good things in life, they cannot be the same for one, two or three generations. Is an MBA programme still relevant today? Yes, it is — provided it listens to the market and adapts."

One important distinction between the graduates of his time, some 25 years ago, and graduates today, is the motivation. "In my time, a lot of people graduated and joined McKinsey & Co, Boston Consulting Group or **Goldman Sachs Group**. We tried to make a great career and a lot of money. Today, a lot of graduates are going to NGOs, governmental organisations or companies that do work pro bono. It's quite interesting — the population and the interest of an MBA graduate has completely changed. Unlike the old days, it's not about making money. It's about using your education to do something better or something that you enjoy."

Passion projects

As the chairman of Barry Callebaut, Jacobs has long been interested in developing the talent of the next generation. "In business school, everybody talks about these great companies, such as Kodak, that did not listen to the market and completely missed the boat. So, for me, the question is, how to secure quality innovation and leadership for the company. And that, of course, comes through people," he says. On top of needing to attract enough people to grow the business, he says, Barry Callebaut also needs to be able to groom them to be the leaders of tomorrow. "So, talent management, talent growth, is the biggest challenge and also my biggest job, long term."

While work at Barry Callebaut takes up roughly a third of his time, Jacobs says he has enough time for other passions, such as chairing the board at Insead and grooming racehorses. "One of the family passions is horses. We've been great horse riders over many generations, and my grandfather started breeding racehorses. I look after all the racehorse production and studs that we have in Europe and South Africa," he says. The family has three stud farms: in the UK, Germany and South Africa.

"It's historical that the family does this. Because both my parents had a big love for horse riding, I began riding when I was five and I still love riding today. Not racehorses of course, just the retired ones," he adds. In 2001, one of his horses — Silvano — won the Singapore Cup. "That was my biggest Singaporean success."

The rest of Jacobs' time is spent with his family: He has four children. So far, he says, he has not put pressure on any of them to join the family business. "My parents were very gentle with me and allowed me to select my own way, so I do the same with my children. I don't expect them to join the business, to be honest. There are other ways to be happy in life," he says. After all, Jacobs knows first-hand that it takes more than just illustrious family members to motivate the next generation. E

COVER STORY

From left: Wong, Lee, Ee and Rashid are part of SMRT's 'fire-fighting' team

PICTURES: SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

Proactive approach

SMRT has started STEP, a new training and career development programme, to raise the skills of its engineers, in the wake of a spate of train breakdowns and service delays

| BY TRINITY CHUA |

The occasional 4am calls from work always unnerve SMRT engineer Edelene Ee. More often than not, it means power supply to one of the railway tracks has been disrupted — and the end of bedtime for Ee. She and her colleagues will then head out to search for faults in the train tracks around the island.

As senior manager of SMRT's power branch for the last two years, most times, Ee and her team have managed to resolve the issues before the first train chugged out at 5.23am. But when a problem proved elusive, they would take a little more time. "[When that happened,] we confined the fault areas to a smaller location, where only one or two stations were affected," says Ee, adding that they were fortunate not to have disrupted the morning train service.

SMRT's trains, though, have not been that fortunate. The republic's largest train operator has been plagued by breakdowns and delays in recent years. In April, for example, a Circle Line train was delayed by nine minutes because of a signalling fault, and incurred the wrath of the morning rush-hour crowd.

SMRT Trains managing director Lee Ling Wee tells *Enterprise*: "Admittedly, we are doing quite a fair amount of 'fire-fighting' at this point in time. But we do not intend to remain in this reactive mode forever."

SMRT's rail engineers in the maintenance and project departments are working hard to revive the ageing rail network, Lee says. The company spent millions carrying out "hot-spot" replacement of critically deteriorated timber sleepers. And, there are plans to bring in new trains to ease congestions during peak hours.

But now, SMRT is doubling its efforts to restore service reliability by introducing sensor technologies to monitor the condition of rail assets, so they can predict potential failure that can lead to disruption.

"My vision is to digitise the track by mounting sensors on a few passenger trains such that data about the conditions of track is made available in hours or days, rather than [the] weeks or months using traditional methods," he says.

To do that, SMRT's rail engineers need to be more proactive and work alongside the new system. More time will be spent analysing data and developing engineering solutions before a problem occurs, rather than after, Lee explains.

To raise the skills and competencies of rail engineers to help them maintain and improve the train lines, the company has started a new training and career development programme called SMRT Train Engineer Professionalisation (STEP).

Under STEP, engineers who have been with SMRT for over five years will undergo three months' training to equip them with the latest technical and industry know-how, as well as sharpen their leadership chops. The first batch of 22 participants began their training on June 24. Newer hires will join a 2½-month programme on rail engineering fundamentals.

Mapping careers

Rail engineering is not the most popular engineering career choice. The first-ever professional accreditation programme for rail engineers in Singapore was announced only last month — two years after the Institute of Engineers Singapore (IES) began offering accreditation to aerospace, chemical and process, environmental and water, marine and offshore and systems engineers.

But, despite working in a niche field and being called out of bed at 4am, Ee and her colleagues love what they do. In fact, more than 80% of the rail engineers who had joined SMRT in 2008 have stayed on with the company.

Ee had left a promising career in the semiconductor industry for her current job. "Power," she says. "I can visualise and apply it. I see how my work can impact human life when we supply power to trains and stations."

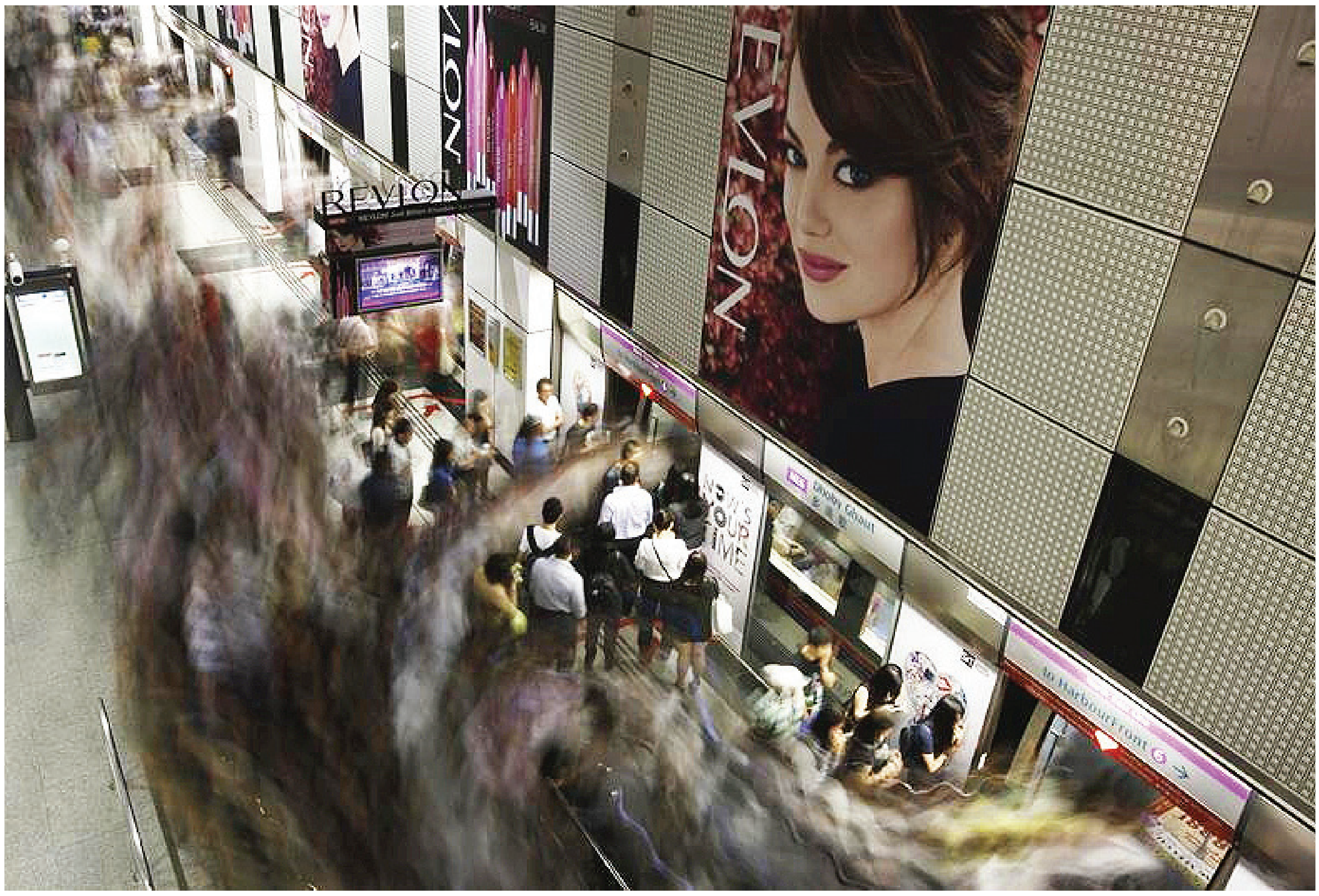
She was among those who joined the 2008 management trainee programme, which exposed candidates to SMRT's various departments. Leadership training was included, such as strategic forward thinking, people management, business acumen and decision-making skills.

Ee then moved to the Electrical, Mechanical and Fire (EMF) branch, where she mastered the basics of rail works. She rose through the ranks and became a section manager, thanks to the guidance of mentors with experience spanning two decades. In 2011, she joined SMRT's power department, where she became senior manager two years later.

Today, she leads a team of 100 staff who do maintenance works on the tracks. "Anything we feel that can cause a disruption, we will tackle and redesign [to weed] out the problem," she says.

Ee has had the opportunity to undertake major projects in recent years, such as implementing bypass switches on Circle Line's tracks. This prevents the whole system from tripping when the central computer is damaged.

Lee hopes the STEP programme will offer similar career opportunities to SMRT's rail engineers. Before this, the company did not have a structured career development roadmap, and not everyone was afforded the same opportunities.



REUTERS

Commuters take the train during morning peak hour. SMRT's rail engineers are working hard to revive the ageing rail network, and there are plans to bring in new trains to ease congestion.

He says, "In the past, everything was ad hoc. Training depended on time and space… Sometimes, there was resistance from management to release their staff for courses.

"If a new engineer were to join us, he or she might end up staying in the same job for [years], and there may not be a plan to move them. They just learn on the job. And if we think the employee can do more, then we promote him or her."

Now, that is about to change. Under STEP, SMRT will make it mandatory for all rail engineers to go through routine job rotations, training sessions and overseas deployments.

For a start, STEP is building on the management trainee scheme that Ee joined. Now known as the Engineering and Management Associate programme, it has taken in about 100 individuals in the last two years. STEP is incorporating the training structures of EMA and extending the programme to all rail engineers at SMRT.

The company is consolidating all its other training programmes under a giant banner called "Triple E Development Framework". This includes its many technical, leadership and management courses that were offered on an ad hoc basis to its engineers.

Under the new framework, rail engineers will be assigned a mentor from the same discipline, who will monitor the novice engineer's career progress. In addition, about four rail engineers will be assigned one supervisor, to help them gain new skills on the job. And, there are job rotations for all, too.

"Engineers and technicians in SMRT stand a very good chance [to get] exposure to many different engineering projects, such as rail and track, trains and rolling stock, maintenance, upgrades and repairs, over the span of their careers with us," says Lee proudly, "This is possible because we are currently the more dominant rail operator in Singapore, with a full suite of rail engineering job opportunities."

However, he adds that while the company will equip rail engineers with the necessary skills, job promotions are determined by their level of competency.

Diverse routes

Senior engineer Wong Choon Fu recently drove a Circle Line train. He sat behind the wheels one afternoon, when the commuting crowd had thinned. Three of his colleagues hovered around him, taking notes. And, his supervisor stood next to him, guiding him to go slower or faster at different junctures.

Wong loved the experience. He thinks he [will] make a fine driver, he jests, but driving a train is also part of his training as a rail engineer. The company makes it a point for its engineers to learn both the technical and operational aspects of running the trains.

He reckons the diverse skills gained will prepare him to become a railway system engineer — a job that requires interdisciplinary expertise to manage complex engineering projects. As Lee says, "Urban railway is a complex system that involves an intricate integration of power, train, track and signalling systems."

Here is where STEP can be of help. The framework allows SMRT's engineers to move into diverse rail engineering works, such as system engineers, specialist engineers and business development and management engineers. This gives them a clearer idea of how they can develop their career towards the specialisation they want.

From there, rail engineers can embark on three different pathways: move into a managerial role, assume a purely engineering position, or pursue a mix of both.

"We understand our engineers may not want to do engineering works for their entire career. Some of them may want to value-add in other areas after a number of years as rail engineers. This is okay with us," Lee says. For mid-career engineers who wish to make the jump to a managerial post, SMRT is prepared to equip them with management and leadership training opportunities.

In each pathway, STEP also ensures similar career progression paths. All rail engineers, regardless of which pathway they choose, will progress from associate level — where they work in small teams, managing minor projects — to senior level (where Ee is), and finally assume a lead position, such as chief engineer.

Everyone is paid similar wages. In the last two years, SMRT has ensured there is no distinction in pay between management and engineering positions. According to the company, its engineers are paid a "premium above the market".

"With various types of increments and performance-based bonuses, our engineers' remuneration has gone up about 20% in the last two years," says a SMART spokesperson.

Lee: As we grow, we want the commuter to be the biggest beneficiary of our proficiency and capability

Embracing ITE grads

SMRT is careful that its programmes do not benefit only engineers who have degrees. Lee says, "Those who join us as technical officers after graduating from ITE will have opportunities to upgrade to assistant engineers and supervisors."

This is part of SMRT's Train Career Scheme (TCS) introduced last year, basically a competency-based career development plan for its staff. From assistant engineer, an employee can progress to a supervisory and then managerial position. From a supervisory role, the individual can move on to become an executive engineer, and from there, chief engineer.

According to SMRT, many have risen through the ranks to engineering positions over the years. Among them is Abdul Rashid, who heads the Engineering Trains team. He started out as a technical officer in 1992, became a manager in 2002, and took over the engineering trains department last year.

Lee hopes the new career roadmap can offer more opportunities to non-executives to move on to executive roles. And, hopefully, its engineering talent pool will acquire knowledge of both the technical and operational aspects.

With the new career plan, SMRT wants to increase its current pool of 288 rail engineers to 355 in two years by attracting new talent and retaining existing ones.

"This is the only way for us to sustain our drive towards higher rail reliability and remain a dominant operator as the local rail network grows. As we grow, we want the commuter to be the biggest beneficiary of our proficiency and capability," Lee says.

Another train operator, SBS Transit, is revamping career plans for its engineers too, by enabling them to move on to engineering or management tracks as they progress in their career. SBS also promises rail engineers a faster career progression path.

In addition, it aims to get five to 10 chartered engineers a year from the IES accreditation programme. It plans to offer candidates study leave and sponsor their fees as they work towards accreditation.

Chartered status

IES now offers a professional accreditation programme for railway and transportation engineers, and applications for this chartership will start at the end of the year.

"It is our belief that this competency recognition programme will attract the right people to join the profession and motivate them to stay. In the long run, this will help the industry build a sustainable pool of qualified and competent rail engineering professionals," says an IES spokesperson.

At present, chartered engineering is a new concept in Singapore. The first batch of chartered engineers from the other fields offered by IES will be announced at the World Engineer Summit in July.

In Australia, chartership for rail engineers has been going on for some time as rail engineering is the 35th-largest engineering field in the country. Mark Stewart from Engineers Australia, the accrediting body, says: "Many rail industries that employ engineers will [take in] only those who have completed one of these assessments."

SMRT is now following suit. Its management said last month that it would consider "giving some form of recognition in the form of remuneration" to those who become chartered engineers.

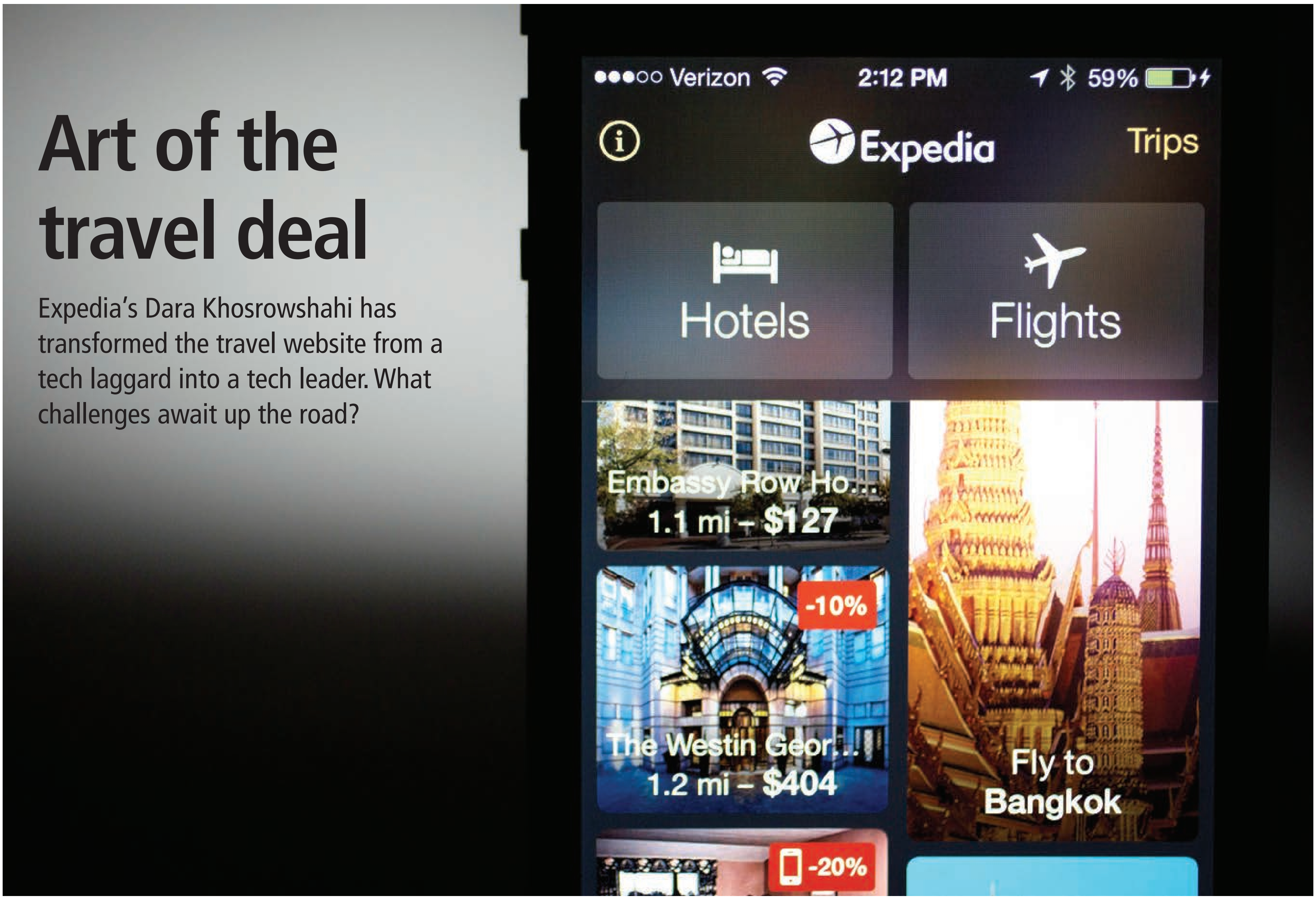
But, for Rashid, chartership goes beyond what money can buy. When he first joined the fold, rail engineering was not popular. Local schools did not offer rail engineering courses either. At SMRT, he rose through the ranks by learning on the job and going through job rotations.

And now, if he becomes a chartered engineer, his efforts and skills as a rail engineer will finally be recognised. "It will be a very big achievement in my life," Rashid says.

Ee, who also aims to become a chartered engineer, says: "[When you have gained experience and skills], you want to be measured on an international level and be benchmarked against other engineers… It is a professional standing that you want to have to be called a railway engineer." E

Art of the travel deal

Expedia's Dara Khosrowshahi has transformed the travel website from a tech laggard into a tech leader. What challenges await up the road?



| BY CRYSTAL KIM |

Dara Khosrowshahi is a rock star at online travel giant Expedia. At a party three years ago, he responded to a dare from the more than 200 assembled employees by walking to the back of the stage, turning his cap around and charging forward and leaping at full speed into the arms of the screaming crowd.

Asked about his stage dive, the Iranian-born CEO, 46, stammered and then broke into laughter. "The mission gets into your blood, and people who come to Expedia, after a while, they drink a little Kool-Aid. And I guess I've been drinking it for a while now."

Expedia's mission is to book more travel deals. And in the 10 years that Khosrowshahi has been at the helm, it has done just that. It now powers more than 150 travel websites in 70 countries, up from an early 14 sites doing business mostly in the US. It books rooms at a half-million lodging properties, flights on 400 airlines, and rental cars and cruise lines all over the world. Last year, the online travel agency logged US$50.4 billion ($67.2 billion) in gross bookings worldwide, just ahead of Priceline Group, its largest competitor, with US$50.3 billion.

Of that, Expedia shaved off revenue of nearly US$5.8 billion last year, 70% from hotels and the rest from other travel products. Earnings were US$398 million, or US$2.99 a share. Revenue is expected to top US$6.5 billion this year, with earnings rising 7%, to $3.21 a share. Analysts forecast free cash flow of nearly US$1.1 billion.

That's a lot of Kool-Aid.

Khosrowshahi (pronounced cos-rah-sha-he) is an inveterate dealmaker. He has rolled up nine companies, including Travelocity, and, pending regulatory approval, Orbitz Worldwide in a deal worth US$1.6 billion. The acquisition will give Expedia 80% of the domestic online travel business.

Khosrowshahi says there are three crucial elements driving Expedia's growth. One is technology; in the past five years, the number of engineers at the company has grown to 2,000 from 200. Advertising and marketing is another driver and last year, Expedia spent US$2.8 billion, or 48% of its revenue, on it. The final key is a steady supply of rooms and flights, which means having strong partnerships with hoteliers and airlines. The better the relationship Expedia has with its suppliers, he says, the better pricing and choice it can offer its customers.

"Those three together are what we call 'the flywheel', because if you get them right, the momentum of your business gets faster and faster and allows you to build scale advantages against your competitor," he adds.

'I like staying in nice rooms'

The vast data collected by the company are a major advantage, says Aman Bhutani, senior vice-president of engineering. Using customer preferences and personal travel history, Expedia's algorithms mine the history of every search anyone has ever done on its system to come up with the "top eight results" with surgical precision. To illustrate, when Khosrowshahi searches for hotels on Expedia, it pulls up rooms in the US$800-to-US$1,000-per-night range. "I don't buy fast cars, but I like staying in nice rooms," he says.

The success of Expedia's strategy is also apparent in its stock, which has returned an average of 18% a year over Khosrowshahi's tenure, more than double the 8% return of the Standard & Poor's 500. In the first week of June, the shares traded around US$108. At 29 times next year's earnings estimates, the stock looks fully valued.

Khosrowshahi was born in Tehran in 1969. His family owned 15 factories, making pharmaceuticals, cosmetics, detergents and other products. In the summer of 1978, with the Iranian revolution heating up, a stray bullet ricocheted into Khosrowshahi's home. Soon after, the family fled to the south of France to wait out the upheaval. Khosrowshahi was nine years old at the time. "I was young. You didn't think about calamity. You always assume that normal is going to return — until it doesn't," he says.

When it became clear that Iran's political issues were not going to disappear, the Khosrowshahis moved to Tarrytown, New York, where their large extended family had already settled, and eased into an American lifestyle. Playing team sports such as soccer, Khosrowshahi recalls, helped give him a sense of belonging. After graduating from Brown University with a degree in engineering in 1991, he moved to New York where, after a series of internships, he took a job at Allen & Co, an investment bank.

There, in 1993, he met media mogul Barry Diller, former CEO of Paramount Pictures and 20th Century Fox, who was then in a protracted bidding war for Paramount Communications. After crunching models for the Paramount deal (which Diller ultimately lost to Viacom), Khosrowshahi moved over to Diller's Home Shopping Network, now IAC/InterActiveCorp (IACI). "I think he just said, 'Come work for me.' It wasn't really a question; it was more of a statement. And it worked," he says.

Diller told *Barron's* that he knew Khosrowshahi was "the smartest guy in the room" the moment they met.

Khosrowshahi, who started as head of strategic planning at Diller's company, has been making deals ever since. In January, Expedia completed its US$280 million acquisition of Travelocity, a competing online travel agency, which gave it a 60% share of the US market. In the weeks following that, it announced it was also buying Orbitz, for US$1.3 billion, adding another 20% of market share.

But, he says, "the story isn't over. We're not sitting here congratulating ourselves". Expedia's gross bookings last year accounted for less than 5% of the US$1.3 trillion in travel products and services sold worldwide. Beyond Expedia and Priceline, the travel and tourism space is highly fragmented, with hundreds of travel agencies operating online and offline.

Additionally, online travel is still a relatively new concept in much of the world. Even in mature markets such as the US and the UK, only 45% of travellers book online, according to market research firm Phocuswright. Eastern Europe and Asia-Pacific have less than 30% online travel penetration, and the Middle East and Latin America, some 20%.

'Aha, the Internet' moment

Khosrowshahi's "Aha, the Internet" moment came early on. After the company acquired a controlling stake in Ticketmaster in 1997 and drove the concert-ticket broker's operations — then primarily done by phone — onto the Internet, he was tasked with finding "lookalike" businesses that could be done better and more cost-effectively online. That led him to Hotels Reservations Network (now Hotels.com), which was then doing business mainly with ads in *USA Today* and a toll-free phone number. IAC bought control of the company in 2003.

Expedia, which was founded by **Microsoft** in 1996, went public in November 1999, nearly quadrupling in value on its IPO. Then, the tech bubble burst, and IAC bought a stake. In 2003, it purchased the rest. When IAC decided to spin off its travel unit in 2005, Khosrowshahi raised his hand for the job of running it.

It was a bold move, given the state of the business. Expedia had developed a reputation for arrogance and the year before the company went public, a contract disagreement cost it a major room supplier, InterContinental Hotels Group, which operated the namesake and Holiday Inn chains. Expedia's core online travel websites, too, had lost their technological edge. Chief financial officer Mark Okerstrom says the online platforms were "almost paralysed" and their technology was fragmented and inefficient.

Khosrowshahi streamlined Expedia's technology, sharing back-end processing and data centres across all of its sites. Expedia's platforms are now so efficient that they also power some competitors' websites. (Expedia ran Travelocity's for 1½ years before purchasing that company.) Khosrowshahi calls this "co-opetition".

Expedia has also since improved its relationship with suppliers by providing them with new technology products, including real-time management services, and alerting them to unhappy customers, based on reviews. In addition, it has taken its hotel commission rates down over the years, from 21% in 2010 to 17%, in part because the industry's consolidation gave much larger hoteliers supply leverage. Lower commission rates, however, have been offset by increased transaction volume.

Another indication of Expedia's success is its move out of suburban Bellevue, Washington, into **Amgen**'s former campus in Seattle. The 40-acre waterfront property, says Khosrowshahi, is emblematic of the company's "work hard, play hard" culture, and he hopes it will help attract top talent.

Khosrowshahi, the picture of Pacific Northwest cool, with jeans and a beard, has a laid-back management style. For example, he champions the scientific method, or what Expedia employees repeat like a mantra: "Test and learn." As Bhutani puts it, "He'll say, 'You don't agree with me? Okay, try it out and come back. We'll see what happens.' "

That was not always the case. In Expedia's early years, Khosrowshahi says, he wasn't "a particularly good CEO". That became evident when a junior project manager asked him to stop micro-managing. "She said, 'If you tell us where to go, we will figure out what to do, but stop telling us what to do.' It was a gutsy thing to tell your CEO. It really rung true to me," he says.

Khosrowshahi changed his style: "Once I was able to pull back and be more strategic and directive, I started being a much better CEO."

He is currently focusing on Expedia's international business, now less than half of revenue. Expedia's portfolio should mimic that of the global travel portfolio, which is roughly split between the US, Europe and China, he says. It is a work in progress. The travel giant recently revamped its China strategy, selling its controlling stake in money-losing **eLong**, the second-largest online travel agent in the region, to **Ctrip.com International**, the market leader, and to others, for US$671 million.

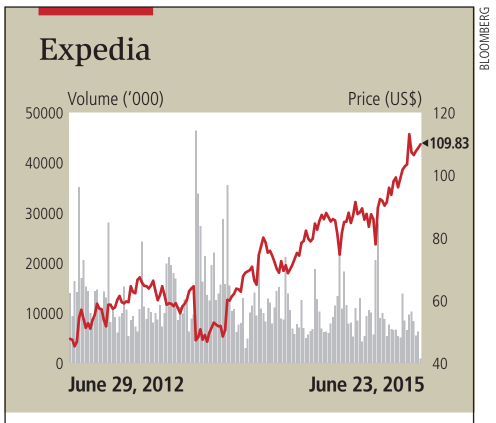
Khosrowshahi: The mission gets into your blood, and people who come to Expedia, after a while, they drink a little Kool-Aid. And I guess I've been drinking it for a while now.

"While we absolutely believe in the Chinese market, the market for the domestic traveller was becoming overly competitive," Khosrowshahi says. Expedia's technology powers both Ctrip and eLong for outbound travellers. But the CEO says the divestiture, while strategic, was not "a victory".

More challenges loom. **Google** and **Amazon.com** are both encroaching on the turf of online travel agencies, offering customers access to near-perfect booking information by aggregating the "best deals" across online travel agencies. Khosrowshahi says the competition is not necessarily a threat. Instead, he sees an opportunity to use meta-search engines, which typically do not have booking capabilities, as a marketing tool.

Mobile is another area of industry disruption. More people are making travel plans with apps on their smartphones and tablets. On the Expedia app, customers can now book their vacations in three to four clicks. Today, one in every four transactions is booked on a mobile device, and Khosrowshahi expects mobile to account for half of Expedia's traffic this year.

He recently dressed up for a company party as the Flash, "because he's the fastest superhero in the world", he says. And when you are operating on Internet time, speed is what it is all about. — *© 2015 Dow Jones & Co, Inc* E



In the spotlight

Dara Khosrowshahi

Age: 46

Born: Tehran

Education: Brown University, BS, engineering, 1991

CEO since: 2005

Corporate boards: New York Times, Fanatics.com

First job: Working at a gas station

What he learnt from Barry Diller: "As information flows, you lose data or introduce inefficiency at each level. So you have to ask, 'Am I getting the real story?' You have to go directly to the source."

Typical day: "My day starts with a 5am workout; I can't go without it. At night, I wind down with a glass of whiskey and catch up on *Game of Thrones* or another series with my wife, Syd."

On the situation in Iran: "The people of Iran don't want to be isolated from the rest of the world. There is a part of America they don't trust, but there is a part they love. I hope there will be a time when the government lets go, because the people deserve that."

Gadget he cannot live without: "I love my iPad. I start my morning reading *The New York Times* and *The Wall Street Journal* on it, while working out, and use it throughout the day to take notes and keep track of my to-do list."

Favourite books: *Dune*, by Frank Herbert; *Stardust* by Neil Gaiman; *Without Feathers*, by Woody Allen

LEARNING

The best age to go to business school

| BY NATALIE KITROEFF & JONATHAN RODKIN |

Business school is a profitable decision, but less so as students approach their thirties. An analysis of data collected by Bloomberg suggests that getting a master's in business results in a pay bump that increases the older a graduate is — until she hits 30.

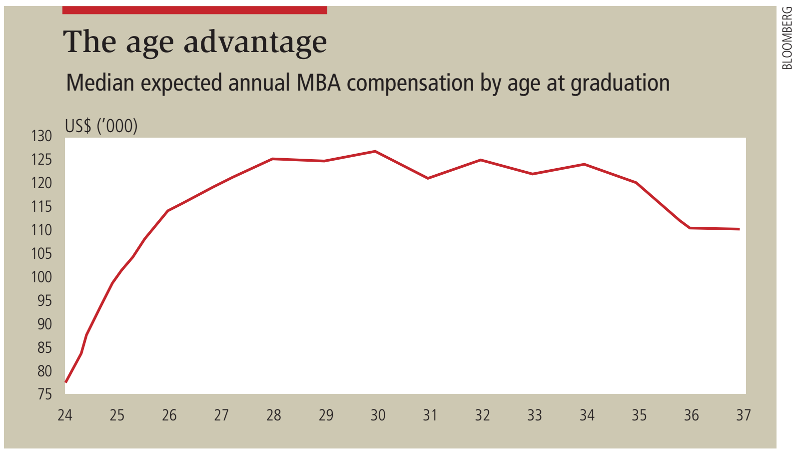
As part of its ranking of full-time MBA programmes, Bloomberg surveyed more than 10,000 people who expected to graduate business school in 2014.

The ages and starting compensation for people who had jobs lined up when they graduated (see chart) show that in one's mid-twenties, pay cheques bump up for every year of age, which makes some intuitive sense — a 28-year-old might have more experience and education than a 24-year-old. Surprisingly, though, age stops giving graduates a pay advantage fairly quickly.

Pay levels hover in the mid-US$120,000s ($160,680) range between ages 28 and 34, peaking at age 30, and then begin to drop off steadily, falling to US$110,000 at ages 36 and 37.

The typical 26-year-old graduate earned US$14,000 more than the typical 25-year-old, who earned US$22,500 more than the typical 24-year-old. Older graduates also have a clear disadvantage when it comes to the gap between what they earned before getting an MBA and after.

Looking at those pay bumps offers



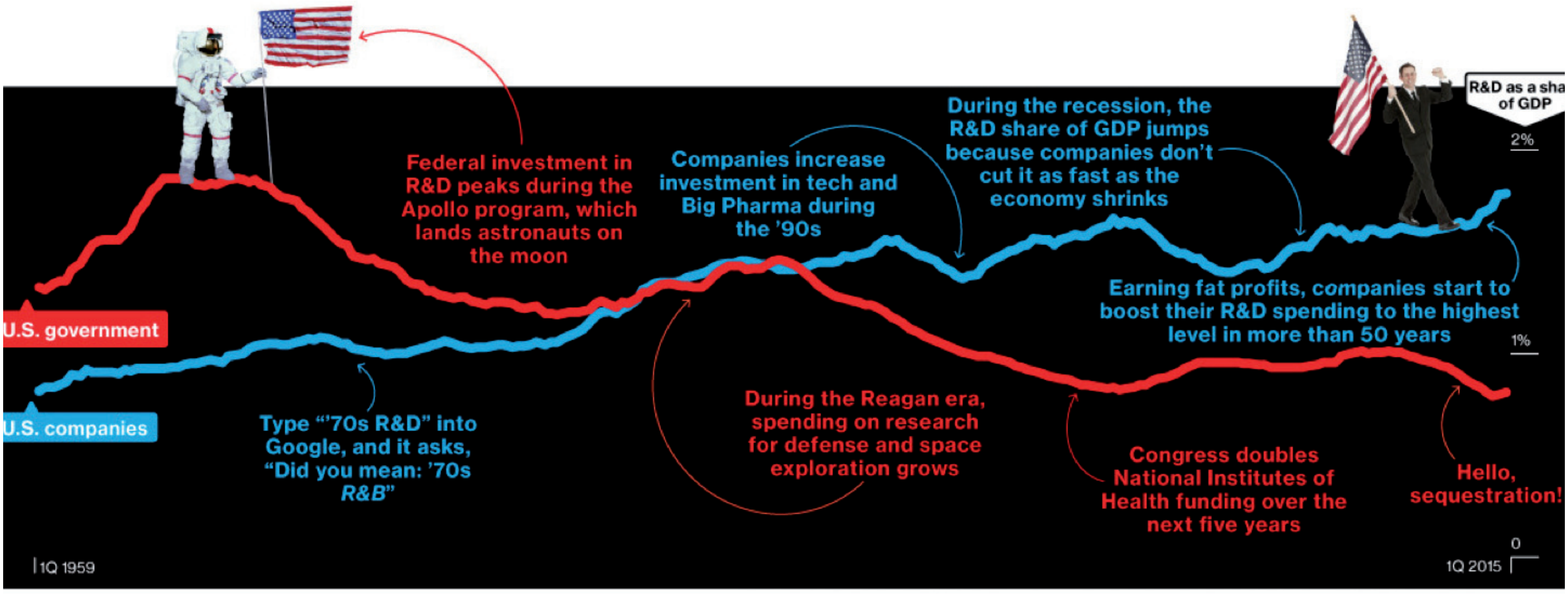
a better sense of how big an advantage an MBA brings than the compensation figures and paints a more striking picture of how helpful an MBA is, in salary terms, as students age. Another chart showed the post-MBA pay increase for students who had jobs before they started B-School, and were set to start jobs when they graduated.

Compensation bumps get smaller with each year of age, reflecting the fact that older MBAs tend to enter their programmes with higher salaries, making their post-B-School pay increase less dramatic.

Of course, it is not as if the ancient thirtysomethings are getting nothing out of their time on campus.

The typical 37-year-old got a 37% pay bump after finishing school. Compared with the youth, though, that uptick does not seem impressive. Twenty-nine-year-olds saw their compensation balloon by a median of 81%, and 25-year-olds enjoyed an enviable 130% pay increase.

The upshot for people mulling a degree in business? Start early, when you can still feel superior to people your boss' age. — *Bloomberg LP* E



COMPANIES LISTED REPORTED AT LEAST $1 BILLION IN ANNUAL REVENUE; R&D - TO - REVENUE FIGURES A FOR THE TRAILING 12-MONTH PERIOD; DATA: COMPILED BY BLOOMBERG; FROM LEFT: NASA; ISTOCK/GET

Look who's driving R&D now

Companies spend to boost productivity, while government cuts back on research

| BY MATTHEW PHILIPS & PETER COY |

In June, the US economic recovery turns six. That's old: The average expansion since World War II has lasted less than five years. Yet, in some ways, this recovery never really launched. Growth remains weak, averaging 2% since the recession ended. Wages are rising barely above the rate of inflation, and productivity, that magic ingredient that allows us to do more with less, is historically low, growing at less than half a per cent a year over the life of the recovery. All this has fuelled suspicion that the US has slipped into permanently low growth — what economists call "secular stagnation".

Yet, there is hope on the horizon, if only a glimmer. Companies have been pouring money into R&D at the fastest pace in 50 years. From November through end-March, US companies funded R&D at an annual rate of US$316 billion ($421 billion), or 1.8% of GDP, the largest share ever for the private sector. That's up from 1.7% last year and 1.6% from 2007 to 2014. "If secular stagnation is a 'thing', then US companies are investing like crazy to make sure it doesn't happen," says Neil Dutta, senior US economist at Renaissance Macro Research.

After years of spending cash on dividend boosts and share buybacks, US companies may finally be realising they need to start seeding real innovation. To some economists, this marks a turning point as companies make the transition from engineering short-term profits to devising products and more efficient methods of doing business. "In a way, this is what we've been waiting for," says Torsten Slok, chief international economist at Deutsche Bank. "It's not quite Godot arriving, but it's close."

Slok is optimistic that more R&D spending will lead to new technologies, which, in turn, will encourage businesses to finally start investing in new equipment. That, he says, could have a domino effect by boosting worker productivity, which could raise wages and lead to higher growth rates. The process may already be under way. Orders for long-lasting goods such as equipment and machines rose in April, ending a recent downturn in capital spending.

Funding breakthrough technologies may be the last, best chance to get the US out of its rut. If there are no breakthroughs, "then it's case closed", Dutta says. It can take decades for R&D spending to translate into inventions that make Americans better workers, if it happens at all. "The connection between R&D spending and the growth in productivity from one decade to another is very hard to see and unlikely to be significant," says Robert Gordon, an economist at Northwestern University, who believes that US growth has slowed permanently.

The private sector is also missing its old partnership with government. After peaking 50 years ago during the Apollo-era space race, federal R&D spending has fallen as a share of GDP from almost 2% in the mid-1960s to 0.8% in the first quarter of this year, the lowest level since World War II. The public-private partnership worked brilliantly in the post-war years, when industry turned the most promising advances from government labs into products such as GPS and the Internet.

BLOOMBERG

Driven by the ruthless reality of Moore's Law, which holds that the processing power of a chip doubles every two years, most tech companies have no choice but to keep spending; otherwise, they will be left behind

"That technology transfer is crucial, and it's not happening like it once did," says Marc Kastner, a former dean of the School of Science at the Massachusetts Institute of Technology. He and other MIT faculty wrote an April report, *The Future Postponed*, about the decline of federal investment in basic research.

Companies have played down such research as well. Back when **IBM** and **AT&T** had virtual monopolies, they spent lavishly on it without worrying about upstart rivals pressuring their margins.

Today, with a more competitive market and more focus on short-term shareholder value, basic research is a much harder sell to the average CEO. As a result, companies spend more of their R&D budget on enhancing existing technologies, rather than discovering new ones.

"It's the difference between coming up with evolutionary products instead of revolutionary ones," says Robert Atkinson, president of the Information Technology and Innovation Foundation (ITIF), a Washington-based technology policy think tank.

Companies that do spend a large share of their revenue on R&D mostly break down into two industries: IT and pharmaceuticals. Driven by the ruthless reality of Moore's Law, which holds that the processing power of a chip doubles every two years, most tech companies have no choice but to keep spending; otherwise, they will be left behind. There is evidence that drug companies have slowed their R&D spending. According to Deloitte, the return on R&D investments by the 12 biggest biopharmaceutical companies fell from 10.5% in 2010 to 4.8% in 2013.

There is one thing the government could do besides spending more on R&D: make permanent the R&D tax credit, as the House of Representatives voted to do in May. Since its introduction in 1981, the tax credit has been copied and improved upon by a number of countries.

According to a 2012 report by ITIF, the US now ranks 27th in terms of the generosity of its R&D tax credit, behind such countries as Malaysia, India and France. That is one reason US companies have boosted their overseas R&D spending 2.7 times faster than what all companies have spent inside the US.

The bottom line: From November through March, US companies funded R&D at an annual rate of US$316 billion, a record. — *Bloomberg LP* ■

Big spenders

US companies with the highest R&D budgets, as a percentage of their revenue

COMPANY	SECTOR	R&D/REVENUE (%)
Twitter	IT	46
Regeneron Pharmaceuticals	Healthcare	43
Cadence Design Systems	IT	38
Synopsys	IT	34
Mentor Graphics	IT	31
Autodesk	IT	29
Bristol-Myers Squibb	Healthcare	29
Celgene	Healthcare	28
Broadcom	IT	27
Yahoo!	IT	27

BLOOMBERG

THE EDGE
THE WEEK OF JUNE 29, 2015

Options

YLE • LEISURE

Land of possibilities
Explore the teeming wildlife and diverse cultures of South Africa

Pizza perfection
London has some of the world's most authentic Neapolitan offerings

Improving on a classic
The upsized Ford Mondeo comes with plenty of pleasant surprises

Celebrity STATUS

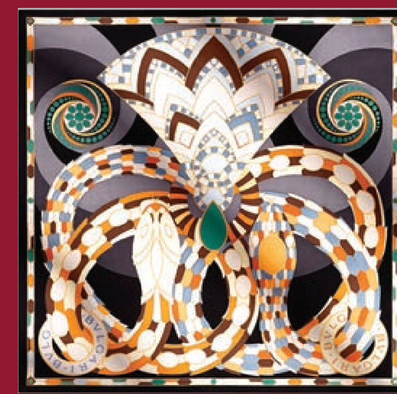
Nobu Hospitality founders Nobu Matsuhisa and Robert De Niro talk about the empire they are building under the Nobu name

BUY RIGHT

| BY AUDREY SIMON |

Earth tones

Bulgari has chosen nature-inspired shades for its 2015 fall/winter accessories collection. The colours run riot in its luxury handbags, silk scarves and sunglasses.



This elegant Black Cleopatra scarf in fine silk twill measuring 90cm x 90cm is the perfect finish to any outfit

These Le Gemme cat-eye sunglasses come in 18ct pink gold and diamond serpenti scales with black acetate and titanium frame

This Serpenti Scaglie Bauletto bag in gorgeous smoky python skin is embellished with brass light-gold-plated metal with the iconic snakehead double zip. Its droppable handles come in light-pink gold and ultrablack ruthenium plating.

Get the blues

It's time to give your home a colour update with the help of kikki.K's Swedish Home Collection. Blue is the colour of choice and touches of it are found in tea cups, vases, plant pots and more. Available at ION Ochard and at www.kikki-k.com.

Royal time

To mark the 17th Audemars Piguet Queen Elizabeth II Cup, Audemars Piguet has unveiled the limited edition Royal Oak Chronograph QEII Cup 2015. It is a timepiece that blends innovation and traditional artistry. It has the self-winding calibre 2385 with an impressive frequency of 21,600 vibrations an hour and a 40-hour power reserve. The silver-toned dial is framed by an octagonal bezel and eight hexagonal screws. The ruthenium grey counters and outer zone, the white gold luminescent hour-markers and Royal Oak hands add to the timeless appeal of this model.

The timepiece has a glare-proof sapphire crystal and caseback engraved with the legend "QE II Cup 2015 — Limited Edition" to commemorate the annual racing highlight. Only 200 pieces are available worldwide.

Keeping time

Fans of Cellini Time by Rolex has four versions to choose from. This 18ct white-gold piece has a double bezel with 96 diamonds and a fluted black lacquer dial, with an additional 11 diamond-set hour markers. The 39mm case houses the self-winding mechanical movement, Manufacture Rolex and has a COSC-certified chronometer with a power reserve of 48 hours. The polished look is completed with a semi-matt black alligator leather strap and an 18ct white-gold buckle.

Hot shade

Kate Spade New York turns up the fun factor with accessories such as this felt baseball cap in bright pink and sequins. It totally adds "oomph" to a tee-shirt and blue denim jeans ensemble.

Take Possession

Award-winning Singapore director Anthony Chen goes behind the camera once again — this time to direct Chinese actress Yao Chen in a short movie for the Piaget Possession Collection. In typical Chen style, he allows his protagonist to speak her mind in a setting that is minimalist. For this clip, featuring Yao Chen's soliloquy, she questions her time here on earth only to find the answers after much soul-searching. Watch this thought-provoking short film on Piaget's Facebook page.

SUHAIMI YUSUF/THE EDGE MALAYSIA

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Pseudonyms are allowed but please state your full name, address and contact number for us to verify.

YourWeekOut

GET Trapped in Singapore's best reality escape room. This novel game allows you to solve puzzles and uncover mysteries by putting you in a room with your friends, where the aim is to find your way out. Concept rooms include Hansel & Gretel; Hunger Games; Zombie; Avengers and Friday the 13th. Valid for 30 days from date of purchase, 42 Kandahar Street and *SCAPE, various times (Monday to Friday). Tickets at $20 from Sistic*. E

**Sistic hotline: 6348 5555*

WATCH *Far from the Madding Crowd* (opens on July 2), an adaptation of the 1874 novel by Thomas Hardy. The tale revolves around a beautiful woman and her romantic involvement with three very different men. Directed by Thomas Vinterberg, it stars Carey Mulligan, Michael Sheen, Matthias Schoenaerts and Tom Sturridge.

JOIN the Inspiring Trio for a night of classics. The young musicians — pianist Pung Rae Yue, flautist Ong Yi Ting and vocalist Corey Koh Yung Chien, 11- and 12-year-olds — will perform works by Bach, Mozart, Handel and Chopin. June 30, 7.30pm, Esplanade Recital Studio. Tickets at $20 from Sistic*.

MAKE a date with the Choir of Christ's College, Cambridge. Conducted by Professor David Rowland, director of music at Christ's College, the choir performs a selection of English and European choral music from the 16th to 20th centuries. June 30, 7.30pm, Esplanade Concert Hall. Tickets at $38 to $68 from Sistic*.

GET some dance action at the Singapore International Festival of Arts with *Frenemies*. A dance duet performed by Navtej Johar and Lokesh Bharadwaj, the work is about the battle between love and hate, within the confines of the physical body. July 2 to 4, 8pm, 72-13 Mohamed Sultan Road. Tickets at $35 from Sistic*.

CHECK out Singapore's young musical talents at the President's Young Performers Concert. Pianist Clarence Lee performs Liszt's *Piano Concerto No 1* and 14-year-old violinist Kimberly Lo will play Sinding's *Suite in A minor*. July 2 and 3, 7.30pm, Victoria Concert Hall. Tickets at $20 to $72 from Sistic*.

ATTEND a recital, *And Deliver Us From*, by pianist Nicholas Loh. He explores themes of spirituality, tragedy, irrationality and epiphany with music from Peteris Vasks, as well as Frederic Rzewski's *De Profundis*, which will see him simultaneously play the piano and narrate from a letter that Oscar Wilde wrote while in jail. July 5, 5pm, Esplanade Recital Studio. Tickets at $25 from Sistic*.

DESIGN

Right on Q

Leica wows with its latest, feature-packed and most technologically advanced camera

| BY CHAN CHAO PEH |

Having produced top-notch cameras for more than a century, Leica Camera, inventor of 35mm format photography, knows what makes a good camera. Even so, its critics have compared its products with the latest models of leading Japanese camera makers and highlighted what is missing from the German company's line-up.

"In the past, we sold to you," says Sunil Kaul, managing director of Leica Camera Asia Pacific. "Now, we've listened to you." He was speaking at the Singapore launch of the Leica Q, a new type of fixed focal length premium compact camera that will silence its critics. "The Leica Q offers the greatest possible creative freedom for realising even the most demanding photographic ambitions. The Leica Q marks a new milestone for Leica Camera, built on the values of exquisite quality and sustainability."

Nitpickers have pointed out a long list of features that are missing from some of Leica's compact series cameras: the lack of a full-frame sensor and decent autofocus, and relatively small apertures. With the Leica Q, the company has delivered on these specifications and more.

For example, before the introduction of the Leica Q, the most renowned fixed focal length full-frame premium compact was the RX1 series from Sony, which features a 35mm Carl Zeiss lens and a widest aperture of f2.0, and with a nearest focusing distance of 20cm. Leica Q's Summilux lens, wider at 28mm, is a more powerful light-capturing optical marvel with its wider aperture of f1.7 and can focus up to 17cm away. "We've always tried to achieve optimal quality using big sensors within a compact body," says Sunil.

The launch of the Leica Q also marks a further segmentation of the Leica user base. The M-series, popularised by the biggest names in photography such as Robert Capa and Henri Cartier-Bresson as well as fashion and art image-makers such as Helmut Newton and celebrities like Seal, remains the flagship product family. For casual shooters, there is the Leica X series of compacts, which sits at a different price point. The T-System, introduced last year, is a digital and handcrafted masterpiece for smartphone touch-screen users.

BRYAN TAY/THE EDGE SINGAPORE

Sunil: The Leica Q marks a new milestone for Leica Camera, built on exquisite quality and sustainability

The Leica Q will appeal to users of all levels. It can produce the most exquisite images with the simple click of a button; yet, the feature-packed camera, arguably Leica's most technologically advanced so far, is also attractive for the advanced photographer. Although the Leica Q has an auto-focusing feature touted as the fastest in its class, it also allows for full manual control, from focusing to exposure adjustment.

The image processor — the core of every digital camera —is from the Leica Maestro II family, specially adapted for use in the Leica Q. This piece of silicon processes data from the sensor at enormous speed and delivers up to 10 frames per second at full resolution.

For reliable control of subject composition at this speed, the Leica Q has an integrated viewfinder with a resolution of 3.68 megapixels. By comparison, the Sony RX1 needs an external viewfinder, which costs extra.

Interestingly, the camera comes with a fixed lens that has a focal length of 28mm, which is perceptibly wider than the 35mm and about twice as wide as the 50mm — the two most commonly used focal lengths. It also boasts a digital frame selector that will display 35mm and 50mm frames on the viewfinder at the press of a button — much like rangefinder cameras, the mainstay of the Leica M family.

More digital magic happens under the hood: The selected framing is preserved in the common JPEG file format, while the image captured optically by the wider 28mm format will be recorded in RAW format, providing the flexibility for images to be manipulated later.

The company has introduced a range of accessories for the Leica Q, designing them with aesthetics, function and practicality in mind. For example, shoulder holsters allow the camera to be carried around securely. A day bag, made of premium black calf leather, has a dedicated compartment for the Leica Q. This compact carrier also has space for other essential tools of a modern photographer such as tablets, smartphones and memory cards.

The Leica Q is a good indication that the brand's fans can look forward to more models designed with their feedback in mind. E

The Leica Q (Typ 116)

Lens: Leica Summilux 28mm f 1.7 ASPH, 11 lenses in nine groups, three aspherical lenses

Picture sensor/resolution: CMOS sensor, 26.3/24.2 megapixels (total/effective)

ISO range: Automatic, ISO 100 to ISO 50000

Focusing working range: 30cm to infinity, with macro setting from 17cm

Shutter speeds: 30s to 1/2,000s with mechanical shutter 1/2,500s to 1/16,000s with electric shutter, in 1/3 increments, flash synchronisation up to 1/500s

Exposure modes: Automatic program, aperture priority, shutter speed priority and manual setting

Viewfinder: Electronic LCOS display; resolution: 1,280 x 960 pixels x 3 colors (=3.68megapixels), aspect ratio: 4:3 adjustable ±3 diopter, with eye sensor for automatic switching between viewfinder and monitor

Monitor: 3in TFT LCD monitor with 1.04 megapixels, touch control possible

Dimensions: (WxHxD) 130 x 80 x 93mm

Weight: 590/640g (without/with battery)

THE ASCOTT INTERVIEW

The partners enjoy running the Nobu empire, but it is a task they take very seriously

SUHAIMI YUSUF/THE EDGE MALAYSIA

Celebrity STATUS

Nobu Hospitality founders Nobu Matsuhisa and Robert De Niro were in Kuala Lumpur recently for the launch of Nobu Kuala Lumpur, part of the luxury restaurant chain renowned for its signature Japanese-Peruvian influences. In an exclusive interview with *Options*, the celebrity chef and the veteran actor talk about the empire they are building under the Nobu name.

| BY PETRINA FERNANDEZ |

Small talk is the bane of situations that thrust strangers together, but Robert De Niro happily does not appear to subscribe to that painful social contract. There is no banal chatter about the weather or the filmy haze blanketing Kuala Lumpur's cityscape, visible from our lofty position in Nobu restaurant on the 56th floor of Petronas Tower 3. Instead, after a firm handshake, we immediately launch into conversation about the flora and fauna as well as the hospitality scene of Sabah and Sarawak.

"Robert is shy." "He does not like being photographed." "He rarely grants interviews." This flurry of facts that preceded our interview contradicts the image of the two-time Academy Award winner. De Niro is, after all, no stranger to the spotlight with just over 100 movies — three currently in post-production — in the course of a 40-year acting career. His garland of accolades for contributions to the entertainment industry is entirely validated. Method acting carried him convincingly from comedies to thrillers — he was a bookmaker with obsessive-compulsive disorder (*Silver Linings Playbook*), a hilariously overprotective father (*Meet the Fockers*) and a violent, self-destructive boxer (*Raging Bull*). He immortalised phrases ("You talkin' to me? You talkin' to me?") and characters (young Vito Corleone in *The Godfather II*), and along the way, earned the praise of being among America's most legendary actors.

Yet, De Niro in person bears little resemblance to the characteristic tough guy or funny father-in-law. It could be jet-lag, the brunt of a heavy schedule or the weariness of his 71 years of age — or it could just be that the fluid, fluent De Niro we know is a skin he wears when the cameras are rolling, a personality he slips into for public appearances. Famously reserved about his private life, he comes across as contemplative, curious and intelligent, though business partner Nobu Matsuhisa proves proficient in coaxing a laugh out of him.

In contrast to the solemn De Niro, chef and restaurateur Matsuhisa is an open book, exuding humour, zeal and candidness. In the few minutes of posed photography for *Options*, an operation conducted with military-like efficiency on the part of the organisers, Matsuhisa beams for our photographer while De Niro tries to mask his slight discomfort with "Say cheese! Say cheese!"

Later, De Niro and I walk ahead of their small entourage, discussing the tourism scene of Sabah and Sarawak, and Matsuhisa quickly catches up on the topic once we are settled in the private lounge where our interview is to take place.

"I like to see jungles and forests," says Matsuhisa, his enthusiasm more than making up for his stumbling English. "Malaysia looks very green from the plane. Is East Malaysia the same?"

The interest in the subject becomes apparent when De Niro mentions that the two are scouting for unique locations in which to establish Nobu Resorts, an extension of Nobu Hospitality that comprises Nobu Hotels and Nobu Restaurants. Those who have not heard of Nobu Hotels will soon be encountering the name with greater frequency — following its debut as Las Vegas' first chef-centric hotel in 2013, Nobu City of Dreams Manila was launched last year with several more hotel openings in the pipeline in the next two years. Matsuhisa and De Niro officiated at the opening of the hotel in Manila just days before their Kuala Lumpur trip to officially launch a Nobu restaurant here, which has been running since last September.

"We went into the hotel business because we found, over the years, that so many hotels were asking us to put a restaurant where they were," says De Niro. "We thought, why do this? We owe it to ourselves to create our own hotels, so let's just put it out there with potential partner investors in whatever country we want to go into."

At the invitation of Melco Crown Entertainment co-chairmen Lawrence Ho and James Packer to bring Nobu into the fold of City of Dreams Manila — which then consisted of Crown Towers and Hyatt — Nobu Hospitality founders Matsuhisa, De Niro and Hollywood producer Meir Teper

CONTINUES NEXT PAGE

THE ASCOTT INTERVIEW

Building Nobu on quality and sincerity

FROM PREVIOUS PAGE

found the country's robust economic growth and tourism potential favourable and came on board. The three international brands are spread across six towers and the Manila hotel mimics its Las Vegas counterpart in extravagance, with 321 luxurious rooms, access to in-house casinos, and, naturally, a Nobu restaurant.

"We talked about the experience we wanted to deliver, from the pillows and linen to room layouts," pipes in Matsuhisa. "And, of course, Nobu Hotels have Nobu restaurants for meals or room service. Asia is my home, so I enjoy having a good presence here."

Meeting of true minds

Born and bred in Japan, Matsuhisa hails from the eponymous capital of the southeast Saitama prefecture. His flair for flavours, shown during an apprenticeship at a renowned sushi bar in Tokyo, caught the attention of a Peruvian patron, who invited him to open a Japanese restaurant in South America. Challenged by the lack of familiar ingredients, Matsuhisa began putting Peruvian ingredients through the paces of Japanese techniques and, so, developed his signature style. Three years later, after sojourns to Argentina and back home to Japan, he moved his family to Alaska, where his new restaurant was destroyed in a fire before it was fully operational. Down, but far from defeated, Matsuhisa moved to sunny Los Angeles, where he opened his namesake restaurant Matsuhisa at a prestigious Beverly Hills address in 1987.

It was here that De Niro and Matsuhisa were fated to meet 28 years ago. Hollywood's glitterati flocked to the restaurant, which was an overnight success, and De Niro quickly became a regular. "The food was unique; I had not tasted anything like it elsewhere before," says De Niro. "It was Japanese, but with a different spin on Japanese cuisine. I told Nobu, 'If you want to open a restaurant, let me know.' It was a no-brainer for me."

"And Nobu is a good personality," interjects Matsuhisa mischievously, referring to himself.

"Yeah, and that too," nods De Niro as Matsuhisa and I laugh. "But it was really special."

Manhattan-born De Niro, the son of an Irish-Italian father and mixed-nationality mother, grew up surrounded by the arts, thanks to the creative inclinations of both his parents. De Niro was painfully shy as a child but found relief in acting from an early age, making his stage debut as the Cowardly Lion in a local *Wizard of Oz* production when he was 10. He dropped out of high school but became a fervent student at the Stella Adler Conservatory, which impressed upon him the merits of Constantin Stanislavski's method acting system: reaching internally for emotional memory to portray a character's actions and emotions. So seriously does De Niro believe in this school of thought that he famously got a cabby's licence and picked up passengers for fares to get into character for *Taxi Driver*.

As his career continued to peak, De Niro consistently gave back to the Tribeca neighbourhood in New York's Manhattan, where he grew up. His production company was named after the downtown area and he made his directorial debut there with *A Bronx Tale* in 1993. He was the recipient of the 1997 Municipal Art Society's Jacqueline Onassis Medal for his efforts to revive Tribeca by opening restaurants and a film centre, and later, the luxurious Greenwich Hotel. To bring Nobu to New York was a natural decision, even though it would be four or five years before Matsuhisa would accept the invitation.

"We are always asked if we ever thought we would be as successful as we are today," says the Japanese chef. "We started Nobu in New York in 1995 and never thought we would be, or planned to be, all over the world. Today, we have over 30 restaurants, and three million customers dine with us annually. We are successful because people know De Niro and know my food. I like to say that in the last 20 years, we have trained the best, and that is how we are where we are today. Still, I just do my job. I like quality food and service. I do my best today and when tomorrow comes, I do my best again. Giving our best has sealed our reputation; people trust us."

His journey was far from plain sailing but Matsuhisa is undaunted about life's uncertainties, hindsight blessing him with the wisdom of faith and perseverance. "In Alaska, my restaurant burned down," he says. "That was an experience, not a mistake. Everything in my past has been a good experience, especially meeting Bob and coming to New York. That is why I appreciate everything that happens to me. If you give up, you'll never move forward. I'm still alive; I can eat, drink, smile and laugh.

"If I stop enjoying this one day, you should send me to a cemetery. One day, I could have a heart attack or a stroke or cancer and I will have to stop, but for now, I am alive and I appreciate everything."

De Niro, who was sipping a lychee martini and working his way through a bowl of snacks on the table, quickly leans forward to knock on wood at Matsuhisa's musings on death. The two laugh and, at that instant, their fondness and regard for each other is crystallised. "I respect him," affirms Matsuhisa. "I am a chef and he isn't, but we are partners. He's a little bit older than I am, but we understand each other. I like to use the best-quality tuna, beef and truffles, and he never says don't buy this or that because it is too expensive. I appreciate that he respects what I do."

Partnership based on respect

The respect is mutual, as it is in all the best partnerships. "As I got to know Nobu over the years, I realised more and more that he has a strong sense of community and family. Everybody who works for him, for us, is a part of an extended family, as corny as that sounds. He cares about their future and how they fit into the company, and I understand that sentiment, if you will," says De Niro, as Matsuhisa chortles, "He is The Godfather, yes?"

"As you can see, he's got a great sense of humour," continues the veteran actor. "There's just something there. We both get life and what it's about. Our understanding of it is too big to summarise in a simple sentence, but for now, it's about attempting to be the best and create something special. I'm very proud to be a part of the whole experience. As far as life goes, there are so many other problems and you deal with them as you can, but this immediate thing is very special to me."

Its customers around the world might say the same of the serene sanctuary that is a Nobu restaurant. The KL outlet is especially beautiful, with expansive windows offering a close-up view of the adjacent Twin Towers and the whole city spread out below like an unfurled map. A clean palette of wood and white infuses calm while unobtrusive wait staff stand at attendance. De Niro has often been credited for providing the creative direction for Nobu Hospitality, but he dismisses this statement.

"There is no official title as such," he says. "I have a feeling about some things as a layperson. I walk in and see what I want and we move in that direction. The Japanese cultural element is very strong, it lends itself to being something special, but we decide on things organically."

De Niro's name might be the marquee asset that draws in customers, but it is Matsuhisa's recipes that ensure their return. Purists will undoubtedly request the black cod with miso, tuna tartare or tuna sashimi salad with Matsuhisa dressing while the more adventurous diner at Nobu Kuala Lumpur might ask for a locally inspired dish designed by Ipoh-born head chef Philip Leong.

The black cod in miso epitomises the Nobu dining experience with its unusual, elegant balance of flavours. "I discovered cod in LA and marinated it in miso for three days. In those days, cod was 25 cents per pound and now, over 20 years later, it is US$10 per pound. This is my fault," jokes Matsuhisa. "People would come in to ask what Bob's favourite dish is and I would say the black cod, and now it is famous because everyone wants to eat what Bob eats.

"It's true, I love the black cod," shrugs De Niro. "It's the one dish I always get when I'm there. It's that simple. It has to be there."

While Nobu is now in more than 30 locations worldwide, it is that first restaurant in New York that holds a special place in the hearts of both De Niro and Matsuhisa. "My favourite memory will always be the day we first opened Nobu," smiles the chef. "Before New York, my food was only available at Matsuhisa in LA. But now I could have the same quality of food, presentation and flavours in New York too. I remember smiling to myself when

Nobu Kuala Lumpur is beautiful, with expansive windows offering a close-up view of the adjacent Twin Towers and the whole city spread out below like an unfurled map

Diners will find Nobu Kuala Lumpur the serene sanctuary that is a Nobu restaurant

I thought about this as I trained the chef in New York."

De Niro's joy is laced with nostalgia. "I was just excited that the restaurant was opening," he says. "I had hung up some of my father's paintings. They're still there, and when I visit I say, 'There should be one in this spot,' and we hang one there." The late Robert De Niro Sr was an abstract expressionist painter and sculptor, and much of his talent was obscured by the pop art movement. His son has since taken it upon himself to ensure that his father's legacy lives on. Last year, De Niro Jr was the driving force behind documentary *Remembering the Artist: Robert De Niro, Sr,* which chronicled the life of his father.

In fact, for many of Nobu's long-standing clientele, the dining experience is a sentimental one. "Some of our customers have been coming to us for over 20 years and now they're bringing their next generation to dine with us," says Matsuhisa. "Young couples who used to bring in their children are now bringing their grandchildren to our restaurants, and that is very touching. They eat and they say, 'Thank you so much for making such a good meal,' but I say, 'No, no, no, thank you for making the reservations and coming to our restaurant.' It makes me very happy to see them."


Black Cod Miso


Nobu Tacos


Rock Shrimp Tempura


Yellow Tail Jalapeno

Proudly consistent in quality

A reputation that spans more than two decades is no laughing matter and, while the partners enjoy running the Nobu empire, it is a task they take very seriously. "It's amazing to be doing well and on such a grand scale," says De Niro. "Maintaining the standards we have set for ourselves, from country to country and from culture to culture, is not an easy thing to do. But we love doing it and I'm so happy to be a part of that."

His diverse interests in the culinary, hospitality and entertainment worlds intersect in his eternal curiosity about people and places. Acting is an appropriate expression of that curiosity, then — stepping into someone else's skin seems to be the very kind of thing that would intrigue him. He visibly relaxes when the topic arises, breaking into a smile. "Oh that?" he replies, when asked about his current activity in the entertainment industry. "I've just done a few movies; you'll hear about them soon. I always enjoy that, I love that. It's another part of me that I'm very fortunate to be able to do."

Included in those "few movies" are *Dirty Grandpa*, in which he plays a perverted grandfather alongside Zac Efron, and *The Intern*, a comedy about a retired widower who takes up an internship at a fashion website. "As I get older, I'll probably earn less as an actor," he recently told ABS-CBN News. "I am at a certain age now and I would like to take advantage of everything that comes my way, everything that I feel I can get something out of, no matter what it is." Outside acting, the Nobu Hospitality founders are busy with plans for Nobu Hotels and Nobu Resorts, and are "deeply involved in projects in the western hemisphere".

"I enjoy keeping busy," says De Niro, who unsurprisingly cites *Raging Bull*, *The Godfather II* and *Silver Linings Playbook* as among his favourite movie roles. He recently made headlines for an address he made at the graduation ceremony of New York University's Tisch School of the Arts, in which he said, "When it comes to the arts, passion should always trump common sense. You weren't just following dreams, you were reaching for destiny." His words of advice — to take chances, keep an open mind and welcome new experiences and ideas — have a sincere ring to them simply because they seem to reflect the choices De Niro himself has made, spurred by a need to fully understand and experience the world around him.

His complex personality is balanced by Matsuhisa's easygoing nature and the two are a remarkable pair, bouncing off each other's energy. De Niro gives Matsuhisa the limelight at the official launch ceremony, keeping his words to a minimum. Matsuhisa, meanwhile, appears genuinely gratified to see the huge crowd the event drew. Tan Sri Syed Yusof Syed Nasir and Tengku Zatashah Sultan Sharafuddin Idris Shah, representing her father, the Sultan of Selangor, as partners of Nobu Kuala Lumpur, join the celebrity chef and actor onstage for a traditional Japanese sake ceremony, in which the lid of a sake barrel is broken with a wooden mallet to symbolise fortune and prosperity. To the steady beat of the taiko (Japanese drums), applause rings throughout the wide space, heralding another chapter in Nobu's ongoing story of the finer things in life. E

Petrina Fernandez is a senior writer with the Options *desk at* The Edge Malaysia

TRAVEL

PETER SAMUELSON

On the drive back to the hotel, we stopped by some trees and plucked water berries and Carisa fruit (pictured)

Land of possibilities

There is no one South Africa. A country of abundant riches, it celebrates its teeming wildlife and diverse cultures even as it remembers always the scars of its not-too-distant past.

| BY ONG SOH CHIN |

For those who have never been to South Africa, the country conjures up many possibilities, both awe-inspiring and fearsome. From the sidelines, I had read about its tortured past through the horrors of apartheid, sung along and grooved to its musical ambassadors Miriam Makeba and Ladysmith Black Mambazo, and marvelled at the natural beauty of its landscapes in countless news photographs and documentaries.

But nothing quite prepared me for my first visit and how I would feel an immediate connection with this strange new world, both perplexing and exhilarating at the same time. Reduced to its very essence, it is a country of opposites and contradictions. Expanded to its very limits, it is limitless in its beauty.

Let's start with Cape Town, a favourite tourist destination because of its waterfront lifestyle, with fine restaurants and cafés to suit the well-heeled traveller. At the Table Bay Hotel, some rooms come with an unbeatable view of Table Mountain, the most prominent landmark in the city. On a clear day, it is a must to take a cable car up to the peak. There, at 1,086m above sea level, you can truly see forever. There is also rich biodiversity on Table Mountain, the most obvious specimens of which are the adorable dassies, rotund and tame herbivorous mammals found only in Africa and the Middle East.

Hunter and gatherer

Indeed, South Africa is a giant petri dish of biodiversity. And one interesting way of exploring it is through a foraging excursion organised by the Table Bay Hotel, where you source your own ingredients in nature and take them back to the hotel to be transformed into a delicious lunch. As a foodie who has lapped up the cuisine of foraging pioneers such as Rene Redzipi at Noma, actually getting down on the ground and digging for food was quite an experience. I don't think I would have made much headway on my own; so, luckily, I had with me Charles Standing, who, appropriately, calls himself The Urban Hunter Gatherer (theurbanhuntergatherer.blogspot.com).

Charles arrived in the morning with baskets in hand and we were off towards the coastline along Mouille Point. While joggers, surfers and people walking their dogs went about their business, we looked down about our feet, peering into the crevices in rocks and hedges in search of edible plants.

We ended up with a decent haul of nasturtium, dune spinach and a native plant called soutslaai, which, with the wet appearance of its leaves, is sometimes called the ice plant. Nibbling on its leaves with their mild and slightly salty flavour, I could imagine them adding some zing to a salad. But there was no time for idle chomping as we next found ourselves wading into the shallow waters of Sea Point, where we scored some mussels to go with the leaves. On the drive back to the hotel, we stopped by some trees and plucked water berries and Carisa fruit for good measure.

Charles decided we had enough and so we headed back to the hotel, confident in the knowledge that we would not starve.

For this city slicker, so accustomed to only seeing raw ingredients sliced, diced and packaged on supermarket shelves, the experience marked a rare and powerful connection with nature that I had long forgotten as a denizen of a compact vertical city of glass, concrete and manicured gardens.

On safari

This epiphany would be repeated when I visited the Pilanesberg Game Reserve. While the Kruger National Park is bigger and more famous, Pilanesberg is actually a more amenable option for a safari. It is malaria-free and only a three-hour drive from Johannesburg. Nearby accommodation can also be easily found at the famous Sun City entertainment and casino complex, which borders the reserve.

Soar high in a hot-air balloon for a stratospheric view of the 572 sq km Pilanes Game Reserve

Any of the four Sun City properties — Sun City Hotel, The Cascades Hotel, The Cabanas or The Palace of the Lost City — would be able to arrange a safari for guests. You can ride in an open-top vehicle with a ranger, who will act as your guide and spotter; this option also comes with a picnic basket and a bottle of sparkling wine. Or you could drive yourself in your own rented car.

For something completely different, there is also the choice of getting into a hot-air balloon for a stratospheric view of the 572 sq km grounds. The balloon usually lifts off before dawn, so you can also enjoy the spectacular sunrise. If you have sharp eyes, you will enjoy picking out the animals as they make their way through the terrain below. I was completely hopeless at this, though, even with binoculars. I much preferred being on the ground, with champagne in hand.

Indeed, the champagne came in handy as we celebrated quite a momentous occurrence in our big game sojourn. The Pilanesberg reserve is home to the Big Five, the term given to the five game animals that are the most dangerous and most difficult to hunt on foot. They are the African elephant, the Cape buffalo, the endangered black rhinoceros, the African leopard and the African lion. They share their space with giraffes, impala, zebras, wildebeest and hippopotamuses.

I had been told that leopards were particularly hard to spot, as they tend to shy away from humans. So, imagine my elation when we saw a baby cat, sitting pretty on a rock just by the side of the road. She stayed there for a good 15 minutes or so, seemingly oblivious to the fact that several vehicles had pulled up and its human contents were furiously snapping pictures. Then she got off her perch, did a big stretch and proceeded to cross the road, right in front of us.

The good thing about going about with a ranger guide is that they communicate

Pilanesberg Game Reserve is malaria-free and only a three-hour drive from Johannesburg

with other rangers, informing each other when they have spotted a rhino or an elephant or, in my case, a leopard, which makes tracking faster and much more efficient. I could not imagine us finding a leopard on a self-drive. It was certainly an experience to remember and cherish.

History relived

Of course, no visit to South Africa would be complete without a visit to the landmarks of its tumultuous recent past. It is hard to believe that apartheid officially ended only 21 years ago when Nelson Mandela and his African National Congress won the country's elections in 1994. Robben Island, where Mandela was locked up for 18 of the 27 years he spent behind bars, is now a museum and a tourist attraction, just about an hour's ferry ride away from the Victoria and Alfred Waterfront in Cape Town.

What made the visit interesting was our tour guide. Sipho Msomi was a political prisoner — there were also criminal prisoners — on Robben Island from 1984 to 1989. When the prison became a living museum in 1996, he and other former prisoners were invited to return to work as tour guides. His initial response, understandably, was apoplectic. "No way I was going back there!" he recalled exclaiming.

Later, however, in need of a job, he relented. The first few months were hard, he said, but he has since learnt to value his job as a mission to educate visitors from around the world on the horrors of the past. Msomi, who freely recounted his time behind bars and took questions from visitors, was among the last of the political prisoners on Robben Island — while it continued to house criminal prisoners until its closure in 1996, all its political detainees were released in 1991. This means that, soon in the future, visitors will not be able to enjoy the same first-hand accounts I did on my visit, which would be a pity.

To get more detailed accounts of what life was like under apartheid, they would have to go to the Apartheid Museum in Johannesburg. There, photographs and videos recount the harrowing years of the country's darkest period. The experience starts at the ticket booth when, upon payment, you are randomly assigned an entry slip that says "blacks" or "whites". What is written on your ticket dictates the door through which you enter the museum. But even before you enter, you are struck by a line of seven towering pillars, each inscribed with one of the values enshrined in the Constitution that was drawn up by the country's first democratically elected parliament, between 1994 and 1996. They are Democracy, Equality, Reconciliation, Diversity, Responsibility, Respect and Freedom. Symbolically, the Equality pillar is partially obscured, as it is hidden behind the pillar called Reconciliation.

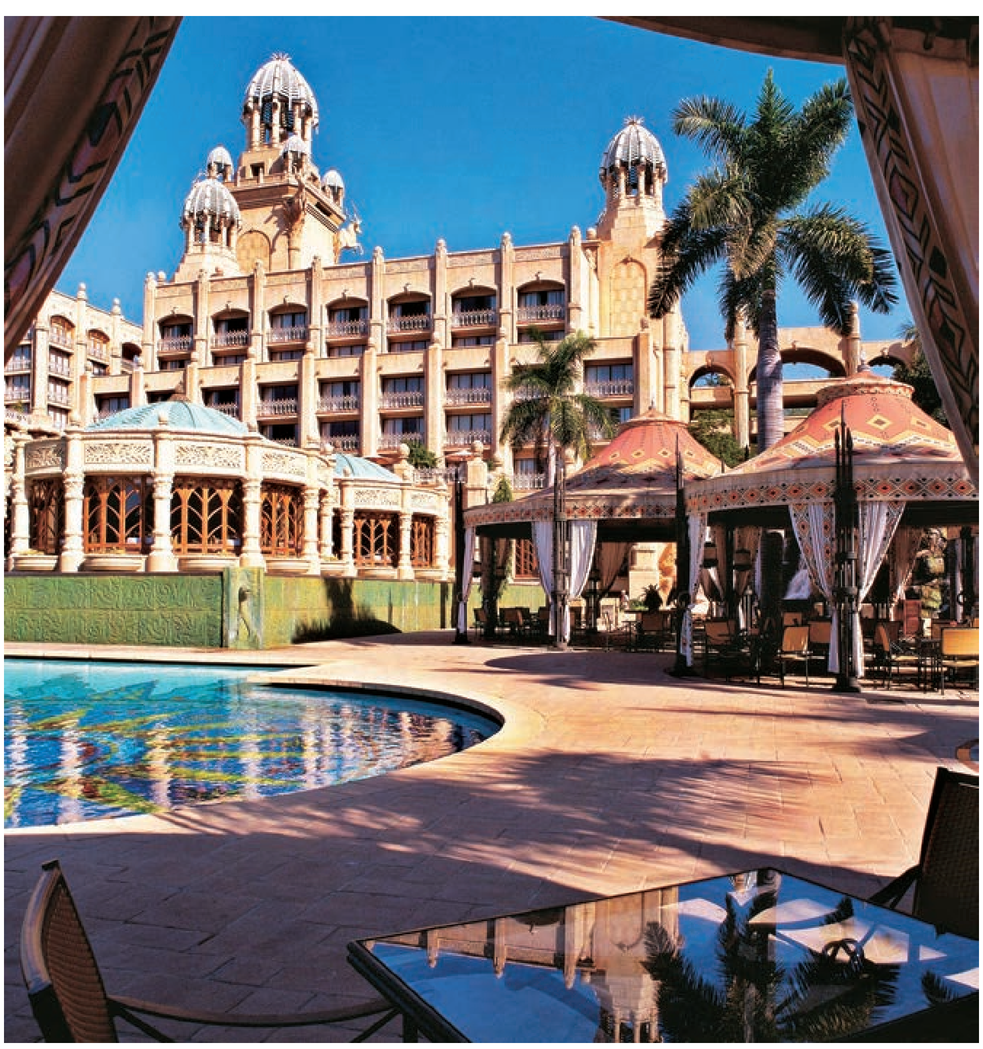
In the city of Johannesburg itself, there are still many reminders of the past. Drive down to the Orlando West High School in Soweto and you will see, inscribed on a wall, a tribute to Hector Pieterson, the 13-year-old student who was shot to death at that very spot and became an emblem during the Soweto uprising of June 16, 1976. During the uprising, an estimated 20,000 students had taken to the streets to protest the introduction of Afrikaans as the medium of instruction in local schools. Hundreds of them — estimates range from 176 to 700 — would die as a result.

Today, kids stand on the street corner, boys talking to girls, laughing, seemingly oblivious to the words on the nondescript slate wall and to the bloody past it refers to. Much has obviously changed since 1976. The Orlando Towers, a decommissioned power station with its two iconic cooling towers, used to serve the township but are now the site of a bungee-jumping business. Mandela's modest red brick home, also in Orlando, is now a tourist attraction, as is the famous Sakhumzi restaurant just across the street. There, people from all over the world, of all colours, creeds and races, tuck into its buffet spread of local food, including mealie-meal, a kind of South African porridge, as well as samosas, curries and biltong, their version of meat jerky.

While the country faces new challenges today — has reconciliation given way to true equality? — there is no doubting the resilience of its people. Theirs is a path forged in blood and pain, but also sustained by an incredibly joyful connection with its soil and all the rhythms of its pulsating heartbeat.

As the famous South African singer, Johnny Clegg, notes in one of his songs, it is a *Cruel, Crazy, Beautiful World,* one that makes you feel weak and strong at the same time. South Africa is not for the faint-hearted, but it rewards handsomely those who dare to embrace its many wonders. E

Ong Soh Chin is a veteran journalist and editor specialising in areas as diverse as the arts, entertainment, fashion, beauty, lifestyle, politics and current affairs. She is a columnist as well as director of her own media consultancy.



The poolside of the majestic Palace of the Lost City, where you can indulge in spa treatments and water sports

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www.sakhumzi.co.za
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Singapore Airlines flies daily to Johannesburg and four times weekly to Cape Town. Book now at singaporeair.com.

DINE OUT

Pizza perfection

You don't need to travel to the birthplace of this pie for a true, unadulterated slice. London has some of the world's most authentic Neapolitan offerings.

| BY DAWN TAN |

Pizza has been loved the world over since street vendors sold this flatbread as a poor man's food in 16th century Naples. Since then, this iconic Italian pie has become synonymous with the country and spawned a multi-billion-dollar industry globally.

This endless love affair with Italy's most famous staple has motivated Naples to preserve this piece of its culinary heritage by having the pizza recognised under European Union laws as a regional specialty.

With London's proximity to Naples — 1,000 miles apart — and its large Italian population, the British capital is the best place to discover the most authentic Neapolitan pizza outside the southeastern Italian port city.

The two classic Neapolitan pizzas are the Marinara, which has tomato sauce, garlic and oregano; and the Margherita, topped with tomato sauce, basil and mozzarella. A typical Neapolitan pizza is light and airy, with a slightly soupy centre on a thin, pliable base; it is often washed down with beer. *Options* reviews the best five pizza establishments that London has to offer. E

Dawn Tan is a writer based in London

SANTA MARIA PIZZERIA

15 Saint Mary's Road,
London W5 5RA
www.santamariapizzeria.com
Pizza prices: from £5.50 to £11.95

You'll find yourself sitting elbow to elbow in this petite pizzeria with students, Japanese housewives from the neighbourhood and, of course, the many Italians who journey to the suburb of Ealing for a piece of true-blue Naples.

The charm of Santa Maria lies as much in its diversity and intimacy as it does in its stubborn pursuit of purity.

Traditionalists will be assured of a made-in-Naples pizza right here in London town: Everything — from the Caputo flour to the San Marzano tomatoes and parmigiano reggiano — comes directly from their Neapolitan roots.

Even the wood-fired brick oven was built with volcanic ash from Mount Vesuvius in Naples by a third-generation Italian oven builder, giving the dough that subtle smokey flavour.

Little wonder, then, that the Italian community in London has unanimously given Santa Maria the thumbs-up for being the real deal.

L'ANTICA PIZZERIA HAMPSTEAD

66 Heath Street,
London NW3 1DN
www.anticapizzeria.co.uk
Pizza prices: £6.95 to £13.95

The pizza menu at this Hampstead favourite may sport well-known names such as Sophia Loren, Marco Polo and Giuseppe Verdi. But under the star labels are your good ol' Neapolitan staples such as the Margherita, Marinara and Capricciosa.

The pizzeria stays true to its Italian heritage, using caputo flour for its dough, which is fermented over 24 hours. The requisite wood-fired oven takes pride of place in the tiny kitchen and hand-crushed tomato sauce and other Neapolitan-sourced ingredients are used.

No wonder that the pizzeria has proudly proclaimed itself "100% Neapolitan".

BRAVI RAGAZZI PIZZERIA

2A Sunnyhill Road, London SW16 2UH
braviragazzipizzeria.co.uk
Pizza prices: £5.50 to £12

This little pizza joint off Streatham High Street is as no-frills as it gets. And that is partly what makes it feel so real, and so right.

A small shop with just 20 chairs and a sizeable brick oven firing away against the back wall, it is efficiently run by a bunch of young, friendly tattooed Italian men who dish out some of the best pizzas this side of the English Channel.

Like Santa Maria, Bravi Ragazzi is not interested in style but substance. The key ingredients come from the owners' home city of Naples and the oven was built by an Italian artisan who carted the materials over.

Neapolitans flock here when they feel homesick — a good indication of this place's authenticity.

SACRO CUORE

45 Chamberlayne Road
London NW10 3NB
www.sacrocuore.co.uk
Pizza prices: £5.95 to £11.95

This effortlessly stylish, modern eatery may not look like a typical Neapolitan pizzeria, but the breads that come out of its wood-fired dome oven are as old school as they get.

For the space and comfort you get here, the pizza prices are still what you would find in no-frills pizzerias.

And you know you are in good hands, as the Santa Maria boys, Pasquale Chionchio and Angelo Ambrosio, have been consultants for this Kensal Rise joint.

FRANCO MANCA

Unit 4, Market Row, London SW9 8LD
www.francomanca.co.uk
Pizza prices: £4.50 to £6.95

This stalwart is a bit of a controversial choice. It is synonymous with Neapolitan pizzas, having grown into a brand of chain pizzerias from its humble beginnings in a bitty shop in Brixton market.

In March, Fulham Shore, the company behind another pizza chain Pizza Express, paid nearly £30 million ($63.6 million) to snap it up.

There are now 13 Franco Mancas from South Kensington to Soho, and while some Neapolitans still pledge their loyalty to it, others have turned up their noses at the sourdough pizzas that have made this name such a success.

Before the new generation of pizzerias such as Santa Maria and Bravi Ragazzi came along, this unassuming pizzeria was the real deal, serving up Neapolitan dough since 1987.

Some say success may have diluted its quest for authenticity — the pizza chain even runs pizza-making classes once a month — but, for an all-round experience much like what you may get in Naples, the original Brixton shop still delivers, for an incredibly low price.

FOOD

Chocolate for heart health

UK study finds top fifth of chocolate eaters 12% less likely to develop heart disease

New research has added to tentative evidence that eating chocolate in modest quantities may be good for the heart, investigators said earlier this month.

Scientists in the UK looked at data from nearly 21,000 people who filled out questionnaires about their lifestyle, and had their health monitored for more than 11 years.

Their average daily consumption was 7g of chocolate, with a range of 0 to 100g. The top fifth of chocolate eaters were 12% less likely to develop heart disease and 23% less likely to suffer a stroke compared with the bottom fifth of consumers, the researchers found.

The study, published in the British journal *Heart*, notes that most consumers of the confectionery ate milk chocolate, not dark chocolate, which famously has a higher percentage of protective molecules called flavonoids.

"This may indicate that not only flavonoids, but also other compounds, possibly related to milk constituents, such as calcium and fatty acids, may provide an explanation for the observed association," it says.

The team, headed by Phyo Myint of the University of Aberdeen in Scotland, admits the probe had limitations. The study was observational, meaning it could not show cause and effect, merely an association which may be circumstantial.

Another question mark was to be found in "reverse causation": Participants who knew they had cardiovascular problems may have followed a healthier diet and eaten less chocolate.

The team also did a review of other published studies, covering more than 130,000 people in total, and said they had found a similarly beneficial association with regular chocolate consumption.

"Cumulative evidence suggests that higher chocolate intake is associated with a lower risk of future cardiovascular events," it said. "There does not appear to be any evidence to say that chocolate should be avoided in those who are concerned about cardiovascular risk."

A couple of squares of chocolate are around 16g, and an average bar of chocolate about 50g.

Commentators not involved in the research were cautious, noting that too much chocolate can lead to weight gain, which is bad for the heart.

"You can't draw a medical conclusion from this study," says Arnaud Cocaul, a nutritionist at the Pitie Salpetriere Hospital in Paris. "People who refrain from eating chocolate are not necessarily those who eat the most balanced diet."

In remarks to the UK's Science Media Centre, Tim Chico, a cardiologist at the University of Sheffield in northern England, says: "I would not advise my patients to increase their chocolate intake based on this research, particularly if they are overweight." — *AFP Relaxnews*

SIPS AND BITES

Angelina comes to town

Capitol Piazza is Singapore's newest luxury mall and part of the refurbished Capitol Theatre, which is touted to be the city-state's new foodie attraction. Among the cast of restaurants opening up there is Angelina, the well-known French historical tea room and patisserie famous for its delicatessen, rich heritage and high-profile celebrity patrons, including Coco Chanel in the early 1900s. The 60-seater, two-storey café exudes the same aristocratic air as its Parisian original, with a Belle Époque-inspired décor marked by Art Deco frescos, lamps and grand chandeliers sourced from Paris. Be sure to try its iconic items such as Le Mont-Blanc pastry, particularly the Old-Fashioned Hot Chocolate "L'Africain", a heavenly concoction that derives its potent flavour from cocoa beans sourced from Niger, Ghana, Côte d'Ivoire and Papua New Guinea. The French tea room also offers an all-day dining menu comprising breakfast options, club sandwiches and salads. Angelina is located at Capitol Piazza, 15 Stamford Road, 01-082. Tel: 6384 0481.

Open Door Policy revamped

Since opening its doors in 2011, Open Door Policy has managed to stay on top of its game with a creative brunch menu that consistently draws crowds on the weekends. Still, four years is a long time to remain unchanged in the restaurant industry, and so resident head chef Daniele Sperindio and chef-owner Ryan Clift of Tippling Club fame have revamped the menu while giving the restaurant a facelift. The latest menu draws culinary inspiration across Asia, Latin America and Europe, while keeping to the restaurant's style of fresh ingredients matched with well-honed cooking techniques. Chef Daniele injects Italian finesse in a guacamole risotto (*above*) served with fresh chilli, slow-boiled hen egg and crème fraiche. A super-lean Australian Kangaroo fillet is served agrodolce-style in a vinegar jus, accompanied by roasted Brussels sprouts with pine nuts, baby onions and sautéed warrigal greens. Other promising dishes include kale broth drizzled over tableside crispy kale, smoked quail eggs and extra virgin oil "caviar". Fans need not wait for the weekend to enjoy the new menu, as the restaurant is now opened seven days a week, with Tuesdays marketed as "Bring Your Own Wine" day. Open Door Policy is located at 19 Yong Siak Street. Tel: 6221 9307.

Happy-hour specials at the Fullerton

Shenton Way executives looking for a place to unwind without having to travel outside the CBD area can head to Fullerton Hotel, where a slew of Happy Hour tipples are offered at Townhouse and Post Bar. Apart from one-for-one Tiger draught, house-pour spirits and wines, both joints are promoting crafted cocktails at $15 a glass and Perrier-Jouët Champagne at $118 a bottle. Across the road along the scenic waterfront, the Fullerton Bay Hotel is also another locale to consider if you fancy a view to go with your whisky. Its in-house F&B establishments — La Brasserie, The Clifford Pier, The Landing Point (*below*) and Lantern — are serving up a selection of house-pour spirits, wines and beers at only $12 a glass. For more details, call 6877 8912.

Burger fix at Axis Bar and Lounge

Not far off from the Fullerton Bay area at Mandarin Oriental Singapore, Axis Bar and Lounge pairs haute burgers and burgundies in a new bar menu available until July 31. Indulge in a sumptuous trio of miniature sliders, starting with the Minced Lamb Burger, peppered with fragrant Indian spices, crisp red onion and mint yoghurt dip; followed

by the Wagyu Mini Slider, topped with caramelised onions, cheddar cheese and truffle aioli; and rounding it up with a Teriyaki Chicken Burger, accompanied by crunchy romaine leaves and pickled vegetables for a tangy kick. Priced at $36, the tantalising burgers are also served with a bowl of fries. New burgundies feature, among others, the Argentinian Rebel, a smooth berry, plum and caramel-accented wine; and a multi-faceted Enigma, which evokes herbal nuances of ripe cane berries, cola and toasted nuts. Priced between $25 and $29 a glass, and $125 and $145 a bottle, the wines are also available in a tasting flight of three glasses at $42. For enquiries and reservations, call 6885 3500. — *Compiled by Shi Xiao Wei*

DRIVE

Improving on a classic

There is no escaping the fact that the new Ford Mondeo is a huge car, but this upsized model comes with plenty of pleasant surprises

| BY JUSTIN HARPER |

The Mondeo was introduced in 1992 and, with each new generation, Ford has steadily improved on the popular mid-size sedan. The latest model is the fourth generation, and the largest and most impressive so far.

Mondeos are highly popular in Europe, as much as Toyota Corollas are in Singapore. When my dad drove one in the 1990s, they did have a bit of a reputation for being very average cars, typically driven by salesmen. But that was a long time ago and in a different continent — so I was keen to see just how far Mondeo has come since then, here on Singapore soil.

On first impression, the car is an imposing hulk, nearly 5m in length and weighing more than 1.6 tonnes. However, this bulk is elegantly hidden under graceful lines that give it a sporty vibe. This athletic look is helped by a gaping front grille, which was created by former Aston Martin and Jaguar designer, Sir Ian Cullum.

The result is a new Mondeo that can be classified as a sporty sedan. But it is not just the aesthetics that have sporty undertones: The engine also packs plenty of punch. Here, we have Ford's 2l Ecoboost turbocharged power plant under the bonnet that produces a healthy 237bhp and 345Nm of torque. Acceleration is well above average for a sedan, getting up to 100kph in 7.9 seconds, making it among the quickest 2l models in this category.

The cabin enjoys some big improvements, which has it rising up the luxury ranks into the realm of German rivals such as BMW and Mercedes-Benz. While not quite on a par with these European luxury brands, it is definitely catching up. One of the most noticeable changes is a centre console, which features an all-new Sony infotainment system. A large touch screen takes over most functions, including the climate control and radio settings.

Overall, the interior is well-designed and practical, with clean lines and no excess clutter. Equipment upgrade includes keyless entry, a rear parking camera, and automatic lights and wipers. Comfort levels have also been improved, thanks to a wider range of seat adjustments for the driver. Given its gargantuan size, rear-seat passengers get a generous amount of leg space, and the cavernous boot measures 550l in volume, enough to swallow up the weekly grocery shop with room to spare for the odd pushchair or scooter.

With all these improvements, I found the Mondeo a very easy car to drive and ultra practical. The touch screen was easy to read, navigate and use while driving, and the car's handling was precise. In fact, the only thing I had trouble with was parking, owing to the car's size and small parking spaces. Once you start using the reverse camera and parking sensors, however, parking this beast soon becomes second nature. Other notable additions are the stability control system and seven airbags (fitted as standard), including one beneath the steering column that protects the driver's knees.

What impressed me most was the overall look and feel of the Mondeo. It may be a mid-market sedan, but it has an unmistakable grace to it that I was not expecting from Ford. It is hard to achieve this sort of quality without spending lots of money on posh interiors and morphing the car into a sleeker and slimmer model. But the Mondeo remains big, yet has taken on an elegance usually associated with the likes of Mercedes-Benz, BMW and Audi's sportier models. This is possibly due to small and subtle features such as the full-LED light system and interior ambient lighting.

The Mondeo also employs some clever additions that have not raised its price, such as the adaptive cruise control and memory seats. The drive itself feels like a German-engineered experience — smooth and business-like, thanks in part to Ford's slick six-speed gearbox. With eco-boost, the fuel consumption figures are pretty impressive as well, achieving 100km on just eight litres of petrol. Not bad for a road-going tank. Ford says fuel efficiency is 20% better than a standard car in the Mondeo's category and CO2 emissions have been improved by 15%.

While US manufacturers such as Ford and French carmakers such as Peugeot are still behind their German counterparts, they are catching up, with every new model they bring out. And the Ford Mondeo continues this pursuit of style and sophistication. While it may never be a luxury brand, at less than $200,000, it represents a bargain buy for motorists keen on a few of the finer things in the motoring world without having to break the bank. E

Justin Harper is a freelance journalist with a passion for all things fast

FORD MONDEO 2.0 GTDI

$172,999 including COE
Engine: 1,999 cc, four-cylinder, in-line 16-valve, turbocharged
Power/torque: 237bhp/345Nm
Fuel Consumption: 8l/100km
0 to 100kph: 7.9 seconds
Top speed: 240kph

The interior is well-designed and practical, with clean lines and no excess clutter

THE WEEK OF JUNE 29, 2015 683

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MAKE BETTER DECISIONS

Foreign presence

Why are the Chinese drawn to Iskandar Malaysia?

PG2

Staying resilient

Overall drop in prices of private residential property still moderate

PG3

Bidadari's TREASURE TROVE

Young couples likely to have a 1-in-10 chance to own a home in the central area

| BY ESTHER HOON |

The long-awaited build-to-order (BTO) exercise for Bidadari estate (Bidadari means "angel" or "fairy" in Malay) will commence in August. Prices of its four-room flats are likely to start from \$380,000, based on discounted figures of comparable resale transactions in Potong Pasir. Bidadari estate is located within walking distance of the Potong Pasir and Woodleigh MRT stations, with less than 10 minutes' commute time to the Dhoby Ghaut MRT station on the Orchard Road shopping belt. Eligible buyers have eagerly waited to try their luck since the housing plan was made public in 2013.

Drawing a parallel from recent BTO exercises, the starting price of four-room flats is 20% to 30% below the average resale comparables. Meanwhile, the median price of resale flats near the Potong Pasir MRT station in the past six months stood at \$443,000 for a 93 sq m unit, before adjusting for age.

The first batch of BTO flats may be priced the lowest, given that the area is still relatively undeveloped. Successful applicants therefore stand to gain first-mover advantages. Subsequent BTO launches are likely to be priced higher as the Bidadari master plan begins to take shape.

What are the chances of first-time applicants' securing a BTO flat in Bidadari? In 2014 and 2015, four-room BTO flats in popular towns such as Clementi, Kallang/Whampoa, Geylang and Toa Payoh were seven times oversubscribed among first-timers, with prices starting from more than \$400,000. If the starting price for the first batch of Bidadari flats falls below \$400,000, the subscription rate could hit more than eight times on the back of pent-up demand for the area and the tapering of BTO supply this year. Moreover, the government recently announced plans to raise the income ceiling for BTO flats by August or September. The move would increase the pool of eligible buyers competing for future BTO launches.

Bidadari's five-room flats are likely to be priced from \$480,000. In mature estates, five-room flats tend to draw a higher application rate, owing to their limited supply and future demand from upgraders. Notably, prices of five-room flats in Potong Pasir have topped \$800,000 since 2013.

City-fringe HDB prices more resilient

Seen as an extension of Toa Payoh, Bidadari joined the ranks of city-fringe HDB towns such as Bishan, Bukit Merah, Geylang, Kallang, Marine Parade and Queenstown. Prices in city-fringe towns have generally shown high resilience, falling 4% to 6% in the current down market. On the other hand, the HDB Resale Price Index has trended down 9.2% between 2Q2013's peak and 1Q2015. Outlying suburbs such as Choa Chu Kang and Jurong West witnessed significant price decline of more than 15% (see table on Page EP2).

Besides its city-fringe location, Bidadari is flanked by three MRT stations — Bartley, Woodleigh and Potong Pasir (see map on Page EP2). It will consist of six neighbourhoods linked by parks and a network of pedestrian and cycling paths. The first batch of 2,150 new flats will be launched in the Alkaff

CONTINUES NEXT PAGE

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FUN FACT

Toa Payoh was the first satellite town solely developed by HDB, which began construction in 1965. It was the first housing development with a town centre, social and recreational facilities and light industries.

The new Alkaff Lake within Bidadari Park presents opportunities as an upcoming lifestyle destination

FROM PREVIOUS PAGE

neighbourhood, which is served by the Woodleigh MRT station. The upcoming Park's Edge and Bartley Heights neighbourhoods are accessible via the Bartley MRT station, while the Sennett neighbourhood is located next to the Potong Pasir MRT station. Last but not least, public housing in the Market Square neighbourhood will be integrated with a bus interchange and commercial facilities.

Soft programming key to successful Bidadari Park

The Bidadari master plan emphasises community interactions and identity, as evidenced by a line-up of public space, including a Market Square, two community malls, a 10ha Bidadari Park and a heritage walk. Separately, a mixed-use development by MCC Land on Upper Serangoon Road/Meyappa Chettiar Road, near the Potong Pasir MRT station, is expected to add more than 50,000 sq ft of retail space to the area.

Drawing on Bidadari's rich heritage, historical relics and tombstones of prominent Singaporeans will be part of the 10ha Bidadari Park. Soft programming is integral to successful parks and open spaces. There is no lack of examples around the world where vast green areas have become a desolate and unutilised space, or even an unsafe place to be in.

In urban planning, one measure of successful public places is the duration of visit and types of activities undertaken by visitors. At Bidadari Park, this issue is addressed by a network of pedestrian and cycling paths. Their usage would act as safety surveillance for the vast park, while promoting healthful leisure activities among residents. Infrastructure to support cycling, such as park connectors, cycling paths and ramps, was thoughtfully integrated within the Bidadari master plan. At least one sheltered bicycle parking space — the first of its kind — will be built for every six flats in the estate.

Other crucial factors for a successful public space include ergonomic details and elements that appeal to the five senses. At Battery Park City in lower Manhattan, for example, the authorities had designers create seats that would withstand harsh weather, exhibit industrial elements in line with the park's history and "delight while they invite".

Separately, Satay by the Bay at Marina Bay, for example, is more than just a dining experience. From an urban planning perspective, visitors would associate the taste and smell of the local delicacy with the place.

The new Alkaff Lake within Bidadari Park therefore presents opportunities as an upcoming lifestyle destination featuring F&B and recreational activities by the water. Bishan-Ang Mo Kio Park, for example, is home to Aramsa Spa, Canopy Garden Dining and GRUB. E

Prices in city-fringe areas significantly more resilient

HDB TOWN	MEDIAN PRICE OF FOUR-ROOM FLATS ($) 2Q2013	1Q2015	% DECLINE
Most resilient			
Serangoon	470,000	453,000	-4
Ang Mo Kio	488,000	467,500	-4
Queenstown	710,000	679,000	-4
Geylang	512,500	490,000	-4
Kallang/Whampoa	547,500	517,500	-5
Least resilient			
Choa Chu Kang	440,000	366,500	-17
Sengkang	501,500	420,000	-16
Jurong West	445,000	373,000	-16
Sembawang	441,000	370,000	-16
Punggol	506,000	430,000	-15

HDB, THE EDGE PROPERTY

Bidadari estate to consist of six neighbourhoods flanked by three MRT stations

HDB, THE EDGE PROPERTY

PROPERTY TAKE

If you wish to contribute columns, please write in to propertyeditor.sg@bizedge.com

Why are the Chinese in Iskandar Malaysia?

| BY RYAN KHOO |

When news broke in early 2013 that Country Garden, a top 10 Chinese developer, had bought land in Iskandar Malaysia, the response was quite positive. The purchase highlighted that Iskandar was able to attract international investors other than just Singaporeans. Fast forward 18 months to late 2014, and a slew of other Chinese developers such as R&F Guangzhou and Greenland Group had entered the market as well.

However, it was still Country Garden that created the biggest stir. It announced the massive 3,400-acre Forest City development, off the Second Link between Singapore's Tuas and Johor's Nusajaya.

Why are the Chinese so interested in Iskandar? What is it that attracts them into investing millions in the region?

Replica of the Hong Kong-Shenzhen story

Country Garden and R&F Guangzhou, arguably the two developers with the biggest investments in Iskandar, are from China's southern Guangdong region. Both have seen the growth of Shenzhen and Guangzhou in the 1980s and 1990s, driven by the substantial economic spillover from Hong Kong and increased high-speed rail connectivity within China. To the Chinese, Singapore and Iskandar present very similar dynamics, with the High Speed Rail (HSR) and the Rapid Transit System (RTS) being the key catalysts. Manufacturing will be the key economic driver, just like in Hong Kong, and evidence shows this is already the case. According to the Malaysian Investment Development Authority, Johor state enjoyed the highest committed manufacturing investments in Malaysia in 2013 (RM14.4 billion) and 2014 (RM21.1 billion, or $7.5 billion), beating heavyweights Kuala Lumpur, Selangor and Penang. Singapore is still the biggest foreign investor in Iskandar, reflecting the ongoing migration of Singapore manufacturers into Johor.

Expectations of a population boom in Iskandar aka Shenzhen

Shenzhen in the early 1980s was basically a collection of fishing villages and had a relatively small population. As then-Chinese leader Deng Xiaoping kick-started economic reforms across China, Shenzhen was opened up as a free trade zone in the hope that Hong Kong companies would relocate there because of the much lower costs. Shenzhen took 10 to 15 years to mature. During that time, thousands of jobs were created and people from all over China moved there to take advantage of the jobs created. Many people living in Shenzhen today are actually not its natives, but from other parts of China. And this is what the Chinese developers are looking at when they see Iskandar. Iskandar's population today may only be 1.6 million to 1.8 million, but the three million target is achievable in the eyes of the Chinese, as Malaysia has a population of 30 million.

Singapore private property gets more expensive in the medium term

Singapore private property prices fell 4% in 2014 and will probably fall another 4% to 5% in 2015. If expectations are for some cooling measures to be relaxed in 2016, it looks like those who are waiting for Singapore private property prices to fall further are going to be disappointed. If the majority in Singapore still see prices as too high even after the cooling measures, what more when the property cycle turns upwards again in three to five years? More and more Singaporean residents will find Iskandar an attractive option, as a second property in Singapore becomes increasingly unattainable. Out of the city-state's 5.5 million population, more than two million are non-citizens; many are

CONTINUES ON PAGE EP6

Residential property market's resilience

| BY TAN KOK KEONG |

Singapore's private residential property market has been the subject of much gloom-and-doom headlines over the past few years. Analysts have scrambled to forecast the imminent collapse of property prices, with some suggesting prices falling as much as 30%. While there have been sporadic transactions with such declines, the overall drop in property prices remains more moderate. According to URA, overall prices of private residential properties decreased for the sixth consecutive quarter in 1Q2015, but non-landed private residential property prices fell only 5.4% as at 1Q2015 from its peak in 3Q2013.

Low holding costs and the general lack of immediate negative catalysts have often been cited as plausible reasons for the slow pace of decline in prices. In our opinion, a sharp decline in prices of private residential property across the board may occur only when wealth destruction begins. Such destruction could be from the cumulative effect of some or all of the following factors: rising interest rates, rising unemployment, an increase in the number of bankruptcies, a sharp decline in the economic outlook, losses in the financial markets and a sharp increase in the number of foreigners exiting Singapore. In the near term, any combination of such factors does not look imminent.

Barring the onset of the factors mentioned above, we believe the surprising underlying strength of the rental market could help cushion the price fall.

Strength of the private residential rental market

Based on data provided by URA Realis, the non-landed private residential rental market has remained relatively buoyant. The average value per contract in May 2015 was $4,054, 8.1% lower than in May 2014 and 12.7% below that in May 2013. However, the average rental, though weakening, remains high. If you look at the total value of rental transactions, it has been increasing on a y-o-y basis from February 2013 to May 2015, when it saw a slight dip of 0.1%. The number of rental contracts signed in May 2015 (4,793) is 7.2% higher than in May 2014 and 16.8% higher than in May 2013. On a y-o-y basis, the number of rental contracts signed has been increasing since March 2013.

The data suggests that while the average rent per contract has been declining, as expected in the face of the increase in the number of completed units, there has been a sustained increase in rental demand for private residential units since the end of the global financial crisis.

Where does this demand come from? We analysed data from an article by the Department of Statistics on *Household Living Arrangement*, published in May 2014, and the most recent data on employment to shed some light on this issue.

Changing household living arrangements

Data from *Household Living Arrangement* provides a clue. While couple-based households with children remained the most common living arrangement, the proportion of such households declined from 66.5% in 1990 to 56% in 2010. This suggests that there is a 10 percentage point increase in the number of households that are non-couple-based.

In addition, the percentage of people living alone has increased from 5.2% in 1990 to 8.2% in 2000 to 12.2% in 2010. Taken together, this suggests that there has been an increase in demand for more housing units (be it for rental or sale), owing to the changing lifestyle preference. The trend has most likely continued until today and is likely to persist. This could in part explain the popularity of smaller-sized units in the newer condominiums in recent years and could sustain demand for more housing units in the near future.

Continued increase in employment of non-residents

Secondly, while growth in the foreign population has slowed, owing to a combination of tightening immigration policy and uncertain economic prospects for Singapore and the region, employment of non-residents (that is, non-Singaporeans and non-Singaporean permanent residents) has continued to grow. Based on the Ministry of Manpower's data, from 2012 to 2014, annual growth in non-resident employment was around 61,400 persons. Assuming an occupancy ratio of three persons to a housing unit on average, this translates into a demand for 20,466 housing units a year. This increase in demand for housing from non-residents is collaborated by feedback from real-estate salespersons. This trend is in sharp contrast to previous periods of market underperformance when there was a net reduction in non-resident employment in 1999 (Asian financial crisis) and 2002 to 2003 (Severe Acute Respiratory Syndrome). With more non-residents being employed, it is natural that rental demand has been resilient.

Renting in anticipation of price falls

Based on industry feedback, after the introduction of the last set of property cooling measures, more households have chosen to rent rather than purchase private properties in the hope of entering the market once prices have weakened enough in the next few years. While no figures are available on how many households are in this category, the strong take-up for some new launches that are priced well could serve as anecdotal evidence of the presence of such households.

To sum up, while our view is that prices

CONTINUES ON PAGE EP6


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Iskandar to benefit from Chinese buyers going global, its firms doing business in SEA

FROM PAGE EP2

Malaysians working in Singapore who might be priced out of its private market and more amenable to buying homes in Iskandar.

Ageing population in Singapore

Like Hong Kong, Singapore faces an ageing population problem. If not for immigration, both countries would have an abnormally low birth rate and a higher median age. The median age in Singapore is 40.4 years, while in Hong Kong it is 42.8 years versus Malaysia's young 27.7 years. As the living environment, security and transport links in Iskandar improve, many in Singapore will see the region as a viable option for retirement and to reduce healthcare costs. Singapore will have 900,000 residents aged 65 and above by 2030 — a big market for the various services Iskandar will offer.

Chinese property buyers are going global

According to the Chinese luxury event group Hurun Report, one in three wealthy Chinese own properties overseas. Malaysia and Singapore are among the top 10 countries where they own properties. In the first half of 2014 alone, US$5.4 billion ($7.2 billion) of overseas properties were bought by the Chinese. The Chinese had the highest number of applicants in 2013, 2014 and 2015 year-to- date for the Malaysia My Second Home programme, which offers a multi-entry 10-year visa for the applicant as well as his direct family members. As the Chinese middle class expands and more Chinese travel abroad, Iskandar will enjoy increased visibility, driven by Chinese property developers present here.

Chinese companies doing business in Southeast Asia

Chinese companies are rapidly expanding globally, and Southeast Asia is no exception. Greenland Group's decision to develop some 3,000 acres of industrial land in Pasir Gudang in partnership with the Johor government is a signal that Chinese manufacturers regard Iskandar favourably and are looking for proper solutions. Many Chinese businesses are flush with cash and looking to produce and market their products globally. One example is the rail business. Chinese rail companies are in the running to build the HSR and RTS. If they clinch either or both projects, expect to see Chinese contractors and specialists flooding into Malaysia to start businesses. In fact, Chinese construction companies are bidding heavily for projects across Southeast Asia as many countries in the region upgrade their infrastructure.

While the general public may dismiss the Chinese property developers as being overconfident or even irresponsible in Iskandar, it would do well for us to remember that they are giants and their decision to come to Iskandar Malaysia was not made lightly. Their investments in Iskandar could pay off in the long run as they rush to landbank the best land plots today and bide their time for the above trends to play out, after which their investments will bear fruit. Even if half of these trends occur in a small way, it is already a big boon to Iskandar, which today is still at a low base comparatively. E

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Investment interest picking up owing to property cooling measures overseas

FROM PAGE EP3

and rents are likely to continue on a moderate price fall, dramatic headline-grabbing price falls might not be imminent. We are of the view that government measures are a necessary but insufficient condition for sharp price falls and that other wealth destruction factors need to be in place for sharp price corrections on a whole-market basis.

Cooling measures in other markets could be a positive catalyst for Singapore

One bright spot for the Singapore market is that investment interest is starting to pick up, based on anecdotal evidence from industry participants. One possible reason is the tightening conditions for foreign purchasers in other countries. To stem rising prices, the UK has imposed loan limits on foreign purchasers, while Australia has introduced its own form of buyer's stamp duty and stricter loan conditions.

In addition, property prices in other developed cities have largely continued to rise, while those in Singapore have fallen, thus making the city-state's prime property appear relatively undervalued. The implementation of cooling measures in other countries and closing price gaps could "equalise" the value proposition of Singapore real estate and draw investors back to the country.

Lastly, in many forms, be it governance, business environment, living conditions, social stability or clean air, Singapore has progressed far beyond many of its rival cities in Asia. The billions spent in improving the infrastructure, cultural facilities and events, green spaces, sports venues and built environment have transformed Singapore into a world-class city.

Perhaps it is about time the market re-evaluated the fair value of Singapore's residential property. E

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New caveats published on June 12 and 16

Top 5 deals (by transacted price)

	PROJECT	PRICE ($)	PRICE ($ PSF)	FLOOR	AREA (SQ FT)	TENURE	COMPLETION DATE	TYPE OF SALE	DISTRICT	CONTRACT DATE
NON-LANDED										
Core Central Region										
1	Marina Bay Suites	19,520,000	2,293	61 to 65	8,514	99 years	2013	Resale	1	29-May-15
2	Tomlinson Heights	7,850,000	2,860	21 to 25	2,745	Freehold	2014	Resale	10	15-May-15
3	Grange Residences	6,088,000	2,357	11 to 15	2,583	Freehold	2004	Resale	10	2-Jun-15
4	Regency Park	5,850,000	1,603	6 to 10	3,649	Freehold	1990	Resale	10	2-Jun-15
5	Seascape	5,800,000	1,403	6 to 10	4,133	99 years	2011	Resale	4	29-May-15
Rest of Central Region										
1	Reflections At Keppel Bay	9,600,000	2,404	1 to 5	3,993	99 years	2011	Resale	4	4-Jun-15
2	Corals At Keppel Bay	8,658,888	2,718	1 to 5	3,186	99 years	Uncompleted	New Sale	4	3-Jun-15
3	Palisades	3,000,000	902	1 to 5	3,326	Freehold	1985	Resale	5	28-Apr-15
4	Sky Habitat	2,715,470	1,511	11 to 15	1,798	99 years	Uncompleted	New Sale	20	3-Jun-15
5	Dakota Residences	2,528,000	1,334	6 to 10	1,894	99 years	2010	Resale	14	2-Jun-15
Outside Central Region										
1	Seventy Saint Patrick'S	2,100,000	1,653	1 to 5	1,270	Freehold	Uncompleted	New Sale	15	5-Jun-15
2	Watertown	2,000,000	1,290	1 to 5	1,550	99 years	Uncompleted	New Sale	19	1-Jun-15
3	Windy Heights	1,988,000	803	6 to 10	2,476	Freehold	1983	Resale	14	3-Jun-15
4	Seventy Saint Patrick'S	1,930,000	1,630	1 to 5	1,184	Freehold	Uncompleted	New Sale	15	21-May-15
5	The Panorama	1,814,384	1,162	6 to 10	1,561	99 years	Uncompleted	New Sale	20	3-Jun-15
Shoebox										
1	Kallang Riverside	1,135,000	2,197	11 to 15	517	Freehold	Uncompleted	New Sale	12	7-Jun-15
2	City Gate	973,000	2,152	26 to 30	452	99 years	Uncompleted	New Sale	7	21-Apr-15
3	The Tiling	868,000	1,613	26 to 30	538	99 years	Uncompleted	New Sale	5	2-Jun-15
4	Questa @ Dunman	855,000	1,621	1 to 5	527	Freehold	2013	Resale	15	2-Jun-15
5	Skysuites@Anson	850,000	2,323	36 to 40	366	99 years	2014	Sub Sale	2	3-Jun-15

LANDED	STREET NAME	PRICE ($)	PRICE ($PSF)	PROPERTY TYPE	AREA (SF)	TENURE	COMPLETION DATE	TYPE OF SALE	DISTRICT	CONTRACT DATE
1	Bin Tong Park	30,000,000	1,400	Detached House	21,431	Freehold	Unknown	Resale	10	2-Jun-15
2	Eng Neo Avenue	9,800,000	1,454	Detached House	6,738	Freehold	1955	Resale	11	2-Jun-15
3	Robin Walk	9,650,000	1,690	Detached House	5,705	Freehold	Unknown	Resale	10	23-May-15
4	Boscombe Road	5,500,000	2,013	Semi-Detached House	2,734	Freehold	2015	Resale	15	2-Jun-15
5	Springwood Avenue	4,900,000	1,048	Semi-Detached House	4,672	Freehold	1990	Resale	5	2-Jun-15

HDB	STREET NAME	PRICE ($)	FLOOR	FLAT TYPE	AREA (SF)	TENURE	COMPLETION DATE	TYPE OF SALE	TOWN	REGISTRATION DATE
1	1D Cantonment Road	960,000	41 to 45	4-Room	1,033	99 years	2011	Resale	Bukit Merah	10-Jun-15
2	60 Jalan Bahagia	958,000	1 to 5	3-Room	2,594	99 years	1972	Resale	Kallang/Whampoa	10-Jun-15
3	146 Mei Ling Street	950,000	16 to 20	5-Room	1,431	99 years	1995	Resale	Queenstown	12-Jun-15
4	1G Cantonment Road	910,000	6 to 10	5-Room	1,151	99 years	2011	Resale	Bukit Merah	10-Jun-15
5	62A Strathmore Avenue	890,000	1 to 5	5-Room	1,259	99 years	2011	Resale	Queenstown	12-Jun-15

Bottom 5 deals (by transacted price)

	PROJECT	PRICE ($)	PRICE ($ PSF)	FLOOR	AREA (SQ FT)	TENURE	COMPLETION DATE	TYPE OF SALE	DISTRICT	CONTRACT DATE
NON-LANDED										
Core Central Region										
1	Montebleu	1,090,000	1,350	11 to 15	807	Freehold	2010	Resale	11	4-Jun-15
2	Pollen & Bleu	1,227,400	2,035	6 to 10	603	99 years	Uncompleted	New Sale	10	3-Jun-15
3	Sophia Hills	1,272,000	1,818	1 to 5	700	99 years	Uncompleted	New Sale	9	1-Jun-15
4	Sophia Hills	1,275,000	1,822	1 to 5	700	99 years	Uncompleted	New Sale	9	2-Jun-15
5	Sophia Hills	1,277,000	1,854	1 to 5	689	99 years	Uncompleted	New Sale	9	31-May-15
Rest of Central Region										
1	Sunflower Residence	600,000	613	1 to 5	980	Freehold	2001	Resale	14	26-May-15
2	# 1 Suites	755,954	1,232	6 to 10	614	Freehold	Uncompleted	New Sale	14	11-May-15
3	Guillemard Suites	787,500	1,435	1 to 5	549	Freehold	Uncompleted	New Sale	14	29-Jul-14
4	Citigate Residence	800,000	1,304	1 to 5	614	Freehold	2010	Resale	8	6-May-15
5	Wing Fong Mansions	860,000	701	1 to 5	1227	Freehold	1997	Resale	14	26-May-15
Outside Central Region										
1	Kingsford Waterbay	672,000	1,095	11 to 15	614	99 years	Uncompleted	New Sale	19	27-May-15
2	Kingsford Waterbay	676,000	1,064	1 to 5	635	99 years	Uncompleted	New Sale	19	26-May-15
3	Seastrand	680,000	1,149	6 to 10	592	99 years	Unknown	Resale	18	6-May-15
4	North Park Residences	694,800	1,218	11 to 15	570	99 years	Uncompleted	New Sale	27	7-Jun-15
5	Symphony Suites	714,000	1,036	1 to 5	689	99 years	Uncompleted	New Sale	27	18-May-15
Shoebox										
1	People's Park Complex	500,000	1,222	21 to 25	409	99 years	1972	Resale	1	3-Jun-15
2	Suites @ Kovan	500,000	1,366	1 to 5	366	Freehold	2010	Resale	19	2-Jun-15
3	Treasures@G19	519,000	1,339	6 to 10	388	Freehold	2012	Resale	14	15-May-15
4	Treasures @ G20	589,050	1,190	6 to 10	495	Freehold	Uncompleted	New Sale	14	15-May-15
5	Botanique At Bartley	596,000	1,204	1 to 5	495	99 years	Uncompleted	New Sale	19	8-May-15

LANDED	STREET NAME	PRICE ($)	PRICE ($PSF)	PROPERTY TYPE	AREA (SF)	TENURE	COMPLETION DATE	TYPE OF SALE	DISTRICT	CONTRACT DATE
1	Verde Grove	1,475,000	914	Terrace House	1,615	99 years	2000	Resale	23	5-Jun-15
2	Mulberry Avenue	1,810,000	1,065	Terrace House	1,701	Freehold	1989	Resale	13	2-Jun-15
3	Fudu Park	1,950,000	1,042	Terrace House	1,873	Freehold	1990	Resale	26	4-Jun-15
4	Casuarina Road	2,000,000	1,333	Terrace House	1,496	Freehold	Unknown	Resale	20	29-May-15
5	East Coast Road	2,000,000	1,381	Terrace House	1,453	Freehold	Unknown	Resale	15	5-Jun-15

Commercial transactions

	PROJECT	PRICE ($)	PRICE ($ PSF)	FLOOR	AREA (SQ FT)	TENURE	TYPE OF SALE	PLANNING AREA	CONTRACT DATE
SHOPHOUSES									
1	East Coast Road	4,350,000	1,505	NA	2,896	Freehold	Resale	Marine Parade	9-Mar-15
RETAIL									
1	Orchid Hotel	5,200,000	2,440	1 to 5	2,131	99 years	Resale	Outram	29-May-15
2	Grandlink Square	2,131,200	1,200	1 to 5	1,776	Freehold	Resale	Geylang	28-May-15
3	Sim Lim Square	1,450,000	3,545	1 to 5	409	99 years	Resale	Rochor	2-Jun-15
4	The Citron	970,000	2,048	1 to 5	474	Freehold	New Sale	Kallang	12-May-15
5	The Adelphi	747,633	2,315	1 to 5	323	99 years	Resale	Downtown Core	2-Jun-15
OFFICE									
1	GSH Plaza	3,735,046	3,017	6 to 10	1,238	99 years	New Sale	Downtown Core	30-Apr-15
2	Parkway Parade	2,800,000	1,586	11 to 15	1,765	99 years	Resale	Marine Parade	26-May-15
3	Havelock2	2,093,000	2,461	6 to 10	850	99 years	New Sale	Singapore River	29-May-15
4	Vision Exchange	1,269,000	2,456	11 to 15	517	99 years	New Sale	Jurong East	29-May-15
STRATA INDUSTRIAL									
1	Citipoint Industrial Complex	5,327,000	700	1 to 5	7,610	Freehold	Resale	Geylang	28-May-15
2	Woodlands Bizhub	3,630,000	446	NA	8,138	60 years	Resale	Woodlands	26-May-15
3	Midview City	2,723,040	930	1 to 5	2,928	60 years	Resale	Bishan	4-May-15
4	Central-Link	1,880,000	662	1 to 5	2,842	99 years	Resale	Bukit Merah	6-May-15
5	Cititech Industrial Building	1,511,250	650	1 to 5	2,325	Freehold	Resale	Geylang	31-Mar-15
6	AZ @ Paya Lebar	1,500,000	1,212	6 to 10	1,238	Freehold	Resale	Geylang	4-Jun-15
7	AZ @ Paya Lebar	1,459,200	1,200	6 to 10	1,216	Freehold	Resale	Geylang	26-May-15
8	AZ @ Paya Lebar	1,436,080	1,160	6 to 10	1,238	Freehold	Resale	Geylang	26-May-15
9	UB. One	1,200,000	851	1 to 5	1,410	60 years	Resale	Geylang	19-Mar-15
10	UB. One	1,200,000	851	1 to 5	1,410	60 years	Resale	Geylang	19-Mar-15
11	Tannery House	1,193,570	590	1 to 5	2,024	Freehold	Resale	Geylang	2-Jun-15
12	Enterprise Hub	1,150,000	254	6 to 10	4,521	60 years	Resale	Clementi	22-May-15
13	Tradehub 21	1,089,000	550	6 to 10	1,981	60 years	Resale	Clementi	23-Apr-15
14	Wcega Tower	960,000	487	16 to 20	1,970	60 years	Resale	Bukit Batok	4-Jun-15
15	Premier @ Kaki Bukit	843,000	561	1 to 5	1,507	60 years	Sub Sale	Bedok	2-Jun-15
16	Midview City	800,000	535	1 to 5	1,496	60 years	Resale	Bishan	21-May-15
17	Entrepreneur Business Centre	795,000	267	1 to 5	2,982	60 years	Resale	Bedok	2-Jun-15
18	Midview City	753,130	530	1 to 5	1,421	60 years	Resale	Bishan	22-May-15
19	Midview City	749,360	580	1 to 5	1,292	60 years	Resale	Bishan	2-Jun-15
20	Gordon Warehouse Building	702,525	255	1 to 5	2,756	60 years	Resale	Bedok	8-May-15
21	Ark@Gambas	700,000	409	6 to 10	1,711	60 years	Resale	Sembawang	13-Apr-15
22	Woodlands Bizhub	700,000	369	6 to 10	1,894	60 years	Resale	Woodlands	2-Jun-15
23	Gordon Warehouse Building	658,665	255	1 to 5	2,583	60 years	Resale	Bedok	8-May-15
24	Zervex	645,000	587	1 to 5	1,098	60 years	Resale	Geylang	2-Jun-15
25	ISpace	633,490	366	1 to 5	1,733	30 years	Resale	Jurong West	3-Jun-15

TABLES: HDB, URA, THE EDGE PROPERTY

New caveats published on June 12 and 16

Most profitable deals

TABLES: HDB, URA, THE EDGE PROPERTY

NON-LANDED

	PROJECT	DISTRICT	AREA (SQ FT)	SOLD ON	SALES PRICE ($)	BOUGHT ON	PURCHASE PRICE ($)	PROFIT ($)	PROFIT (%)	HOLDING PERIOD (YEARS)
1	Grange Residences, #11 to #15	10	2,583	2-Jun-15	6,088,000	26-Sep-06	4,350,000	1,738,000	40	8.7
2	Palisades, #1 to #5	5	3,326	28-Apr-15	3,000,000	8-Dec-05	1,380,000	1,620,000	117	9.4
3	Gallop Gables, #1 to #5	10	2,648	3-Jun-15	4,600,000	27-Mar-09	3,000,000	1,600,000	53	6.2
4	Gallop Gables, #1 to #5	10	2,863	2-Jun-15	5,050,000	12-Apr-09	3,513,700	1,536,300	44	6.1
5	Regency Park, #6 to #10	10	3,649	2-Jun-15	5,850,000	25-Oct-06	4,350,000	1,500,000	34	8.6
6	Costa Rhu, #6 to #10	15	1,841	5-Jun-15	2,330,000	8-Jul-99	1,220,000	1,110,000	91	15.9
7	8 @ Mount Sophia, #6 to #10	9	1,464	5-Jun-15	2,220,000	27-Apr-05	1,174,300	1,045,700	89	10.1
8	Draycott Drive, #6 to #10	10	2,121	3-Jun-15	4,029,900	6-Oct-06	3,000,000	1,029,900	34	8.7
9	Heritage View, #1 to #5	5	1,206	3-Jun-15	1,380,000	1-Feb-02	370,000	1,010,000	273	13.3
10	Chuan Park, #21 to #25	19	1,528	4-Jun-15	1,360,000	28-May-04	430,000	930,000	216	11.0

LANDED

	TYPE/STREET NAME	DISTRICT	AREA (SQ FT)	SOLD ON	SALES PRICE ($)	BOUGHT ON	PURCHASE PRICE ($)	PROFIT ($)	PROFIT (%)	HOLDING PERIOD (YEARS)
1	Semi-D/Lentor Street	26	3,434	5-Jun-15	3,550,000	21-Feb-05	1,380,000	2,170,000	157	10.3
2	Terrace/Cashew Road	23	3,584	26-May-15	3,280,000	8-Jul-98	1,250,000	2,030,000	162	16.9
3	Terrace/Meryn Terrace	11	1,679	15-May-15	3,200,000	31-Aug-05	1,313,000	1,887,000	144	9.7
4	Semi-D/Springwood Avenue	5	4,672	2-Jun-15	4,900,000	8-Jul-09	3,200,000	1,700,000	53	5.9
5	Terrace/Borthwick Drive	19	1,679	29-May-15	2,750,000	12-May-05	1,090,000	1,660,000	152	10.1

Non-profitable deals

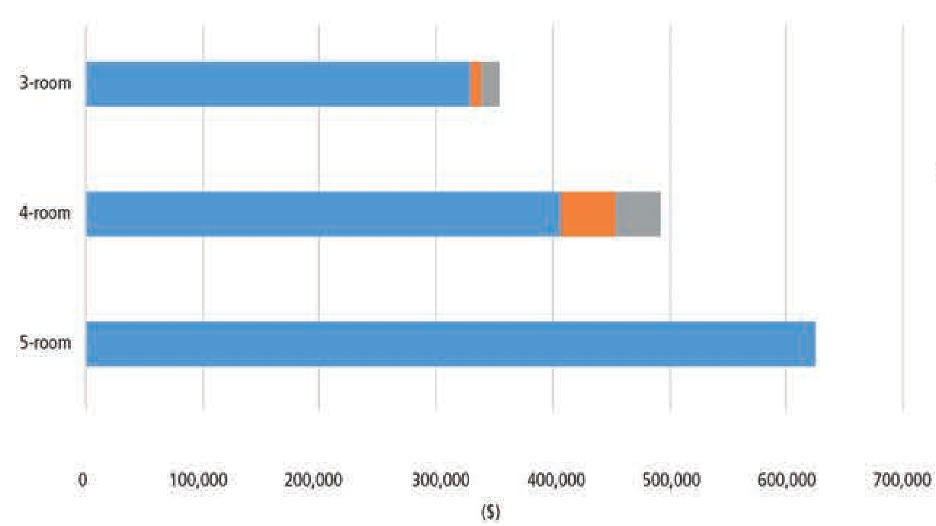
	PROJECT	DISTRICT	AREA (SQ FT)	SOLD ON	SALES PRICE ($)	BOUGHT ON	PURCHASE PRICE ($)	LOSS ($)	LOSS (%)	HOLDING PERIOD (YEARS)
1	Seascape, #6 to #10	4	4,133	29-May-15	5,800,000	21-Dec-11	11,000,000	5,200,000	47	3.4
2	Detached/Eng Neo Avenue	11	6,738	2-Jun-15	9,800,000	13-Aug-10	11,050,000	1,250,000	11	4.8
3	Latitude, #16 to #20	10	2,788	29-May-15	5,100,000	21-Dec-11	6,088,900	988,900	16	3.4
4	Terrace/Hillcrest Villa	11	3,089	20-Mar-15	2,800,000	25-Aug-10	3,200,000	400,000	13	4.6
5	The Cosmopolitan, #26 to #30	9	1,679	2-Jun-15	3,180,000	22-Feb-10	3,358,000	178,000	5	5.3
6	The Seafront On Meyer, #1 to #5	15	1,604	2-Jun-15	2,350,000	29-Oct-07	2,463,000	113,000	5	7.6
7	Viz At Holland, #1 to #5	10	947	29-May-15	1,377,888	26-Apr-11	1,420,000	42,112	3	4.1
8	Wilkie Studio, #1 to #5	9	1,916	2-Jun-15	2,200,000	24-Sep-09	2,228,700	28,700	1	8.5
9	The Coast At Sentosa Cove, #1 to #5	4	2,024	2-Jun-15	3,400,000	21-Nov-06	3,423,120	23,120	1	8.5
10	Vivace, #6 to #10	9	398	21-Apr-15	818,000	29-Mar-10	838,035	20,035	2	5.1
11	Treasures@G19, #6 to #10	14	388	15-May-15	519,000	21-May-12	533,694	14,694	3	3.0
12	Edenz Suites, #6 to #10	14	474	18-May-15	606,000	8-Jan-13	606,720	720	0.1	2.4

Weekly location scan: Bright Hill MRT station

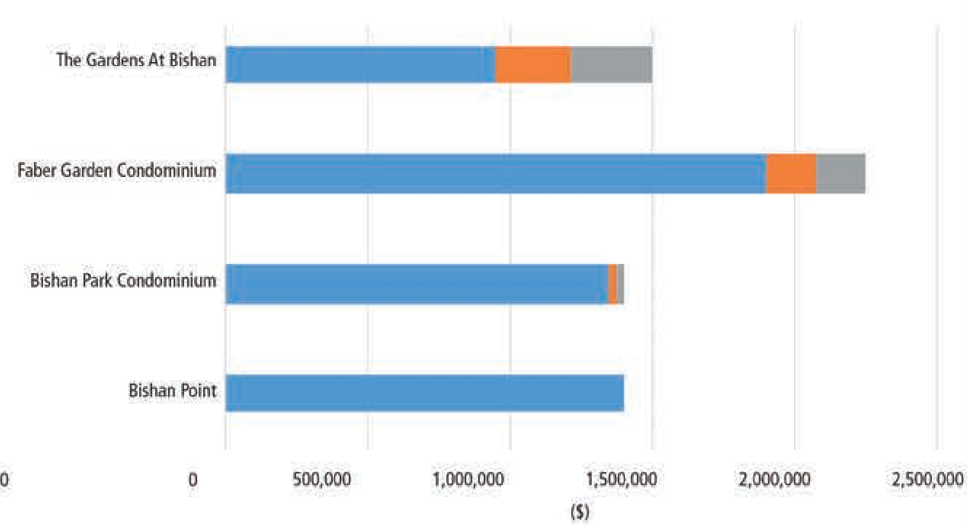
URA, HDB, THE EDGE PROPERTY

Minimum | Average | Maximum

Price statistics of HDB flats within 500m of upcoming Bright Hill MRT station

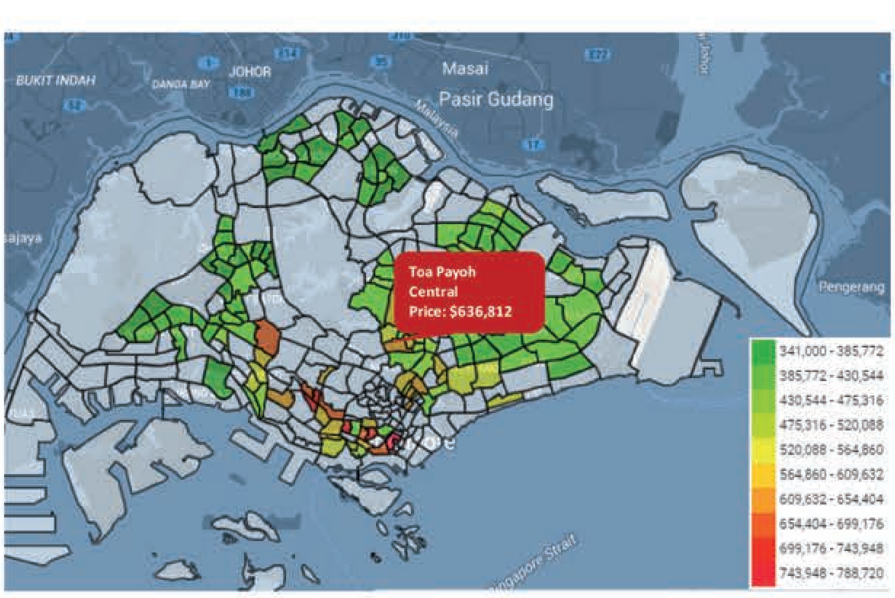


Price statistics of projects within 500m of upcoming Bright Hill MRT station



Heatmap by sales price (HDB 4-room)

HDB, GOOGLE MAPS, THE EDGE PROPERTY



Heatmap by sales price (HDB 5-room)

HDB, GOOGLE MAPS, THE EDGE PROPERTY