

Singapore's transformation takes root



With the launch of the two integrated resorts, the hosting of the inaugural Youth Olympic Games and the F1 night race in its 3rd year, 2010 will be a landmark year for tourism in Singapore. The opening of Resorts World Sentosa (RWS) casino and Universal Studios theme park recently to be followed by Marina Bay Sands (MBS) integrated resort in April 2010 will mark a significant milestone in Singapore's transformation into global city.

Historically, Singapore has had a heavy dependence on the manufacturing sector albeit down from 25% to 20% of GDP in the last 10 years. For an open economy where exports is 3 times GDP, reliance on manufacturing has brought much volatility with the economy experiencing annual growth of up to 10% to contraction of 3% during the same period. For example in February 2010, the electronics sector grew by 56% while the biomedical and pharmaceutical grew 15%. For the services sector, trade and financial services continue to be major contributors. Tourism which contributed to 8% of GDP is expected to garner greater share by contributing to an increase of 0.5-1% in GDP in the future. RWS anticipates 13 mil visitors annually of which 4.5 mil will visit Universal Studios giving credence to Singapore Tourism Board's forecast of visitor arrivals to Singapore to grow from 10 mil in 2009 to 17 mil in 2015. For the MICE (meetings, incentive tours, conventions and exhibitions) market, MBS with its 120,000 sq m of MICE space has secured more than 30 events in 2010-2012 attracting more than 150,000 participants while RWS also has about 30 events lined up. This will create spill-over effect for the hospitality, travel, retail and F&B supporting services sectors. This bodes well for its effort to wean itself from dependence on exports to building a sustainable domestic economy – a task that many emerging economies are striving to achieve.

One of the key considerations of building a sustainable domestic economy is the population base. Singapore's current population is 5 mil of which 3.7 mil are citizens and 0.5 mil are permanent residents (PR). During the last 10 years, its population increased by 1 mil of which half became citizens and PR. Its long term target is to increase its population to 6.5 mil in 10-15 years. Singapore's attraction continues to be its highly developed infrastructure, good security, modern education facilities and high standard of medical services. To turn it into a global cosmopolitan city, it has an active program to absorb talent from many parts of the world. Singapore's PR program is multi-facet and is targeted towards people with blue collar technical skills as well as high net worth entrepreneurs and individuals (highly popular amongst citizens from China and India) who invest between S\$1M to S\$5M in the country.

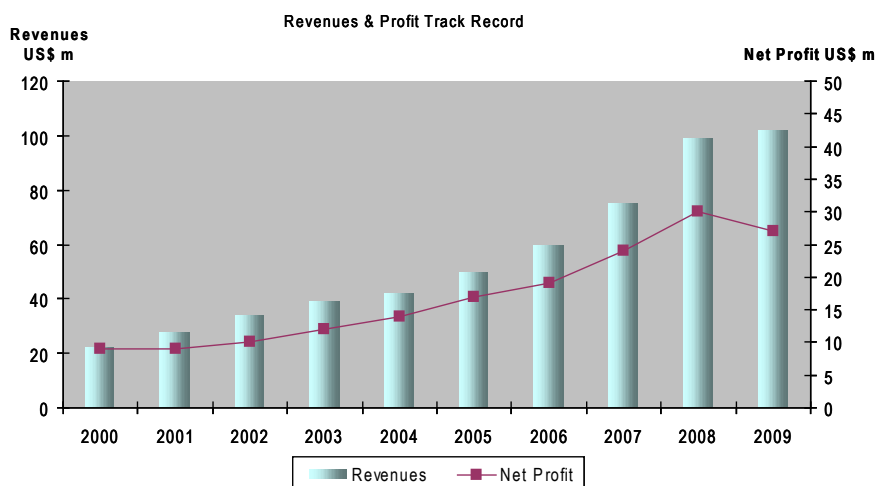
Transformation cannot come about without mindset change. The government has shown that it can be flexible as demonstrated by the award of 2 casino licences and its financial support during the bid for the first F1 night race after decades of repeatedly rejecting these proposals. In order to be more inclusive, the government has reversed its policy of not recruiting gays into the civil service. More recently, it also reversed its decades old policy of no-smoking rule within the casino premises.

The gleaming new hardware surrounded by the various software components are pointing to a new ecosystem taking root. Like all changes, there will be challenges to be overcome before a successful metamorphosis. On a broader perspective, Singapore has secured the position as a leading innovator of large-scale projects, economy-changing business and tourism developments -- a model which can now be exported to other countries or cities intending to undertake such transformation.

OWW completes divestment of Goodpack

Funds managed by OWW have completely divested their shareholding in **Goodpack Ltd** (SGX:G05.SI). Taking in account several warrants and rights issues, the investment yielded an IRR in excess of 25%.

Since OWW's original investment in Goodpack, the company has increased its fleet of intermediate bulk carriers (IBCs) from 260,000 to 2,000,000 with operations in 68 countries globally. As shown in the table below, the compound annual growth rate of revenue and profits for the last 10 years was of 19% and 16% respectively while net margin has been consistently maintained at above 25%.



The company has also diversified from the natural rubber market where it ships 55% of global market. Currently, it commands 15% of global synthetic rubber market, up from 6% two years ago. Synthetic rubber and natural rubber comprise 43% and 34% respectively of revenue while juices and chemicals make up the balance. With the global setup in place, the company is now exploring other major products such as automotive parts, ink, steel cords, rice and agriculture products.

Goodpack represents one such example of sustainable growth companies that OWW is constantly seeking to collaborate with to realise their full potential and value.

Asiasoft Corporation reports credible results

Asiasoft Corporation Public Company Limited (SET:AS), recently announced its full year results for FY 2009. Revenue was lower by 5.8% to Bht 1.49B (US\$46M) while net profit was also lower by 3.6% to Bht 178M (US\$5.5M). During 2009, profit from domestic operations in Thailand grew by 45% to Bht 218M (US\$6.7M) but overseas operations sustained losses of Bht40M (US\$1.2M) due to lower contribution from existing games and start up operations in Malaysia and Vietnam.

In 2010 Asiasoft plans to launch 8 new games in Thailand, 4 in Singapore and 2 in Malaysia. It will also expand its operations in Vietnam and into new markets in Philippines and Indonesia.

According to statistics compiled by the Asiasoft and DBSVickers, the company is the leading online games provider with the largest market share in its key markets, Thailand (50%), Malaysia (14%) and Singapore (62%) in 2009. In Thailand, Asiasoft operates top game titles including Ragnarok, Cabal, Yulang, Atlantica and Audition. In Singapore and Malaysia, Asiasoft's top games include Maplestory, Cabal and Sudden Attack.

About OWW

OWW Capital Partners Pte Ltd ("OWW") (www.oww.com.sg), formerly known as OCBC, Wearnes & Walden Management (Singapore) Pte Ltd, was established by OCBC Bank, WBL Corporation and Walden International in 1991. In October 2006, the management team of OWW acquired WBL Corporation's interests and the company assumed its current name.

OWW focuses on expansion stage companies in the enterprise and consumer services sectors within the South East Asia and North Asia regions.

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