THE BUSINESS TIMES

CEO CONVERSATIONS
2017 ASEAN EDITION

Companies view Asean with renewed optimism

Vietnam, in particular, appears to be a favourite investment destination named by many of the chief executives featured.

A GROWING middle income class. Increasing regional integration. Strong economic growth. These are some factors that are making South-east Asia an increasingly attractive investment destination.

Deloitte's Global Manufacturing Competitiveness Index last year noted that by 2020, Malaysia, Indonesia, Thailand, India and Vietnam are expected to rank among the top 15 countries in terms of manufacturing competitiveness. Manufacturing labour costs in Indonesia are currently about one-fifth of those in China, while costs in Vietnam and India are about half of China's level.

"These countries are already featuring in the minds of global executives seeking an alternative to China," said Deloitte in its inaugural *Voice of Asia* thought leadership issue in January.

South-east Asia also has longer term competitive advantages over China, it added. For instance, working-age population in Asean is projected to expand by almost 85 million people over the next 30 years; in comparison, China's working-age population will shrink by about 175 million over the same period.

The Regional Comprehensive Economic Partnership being negotiated between Asean and India, China, Australia, South Korea, Japan and New Zealand – all countries with which Asean has existing free trade agreements – promises to open up even more trade opportunities for the regional bloc.

Indeed, many of the companies featured in the second part of CEO Conversations today are already well established in Asean, and hope to further tap the potential of the region in the years to come. In particular, Vietnam, with its population of 94.5 million, seems to be a favourite investment destination.

Medicated oil giant Borden Company, for instance, has been selling its Eagle Brand medicated oil in Vietnam since the 1960s. Its green medicated oil gained such overwhelming popularity in the country that it became a must-have in every household, and was eventually brought to new shores as the Vietnamese fled the Vietnam War. In time, the group saw rising demand from countries such as the US, Europe and Australia, wherever Vietnamese communities had settled.

Similarly, Singapore-listed Darco Water Technologies is also bullish on South-east Asia, and in particular Vietnam, even as it expands in China through a recent acquisition. The South-east Asia market for environment solutions, whether water or waste, is very big, says chief executive Thye Kim Meng.

Property firms are also eyeing opportunities in Vietnam and other South-east Asian markets.

Real estate broker Huttons was one of the first agencies in Singapore to bring in Vietnamese and Cambodian projects to sell to local investors.

Wealth management and real estate services company ZACD Group, meanwhile, notes that the governments in South-east Asia have started to liberalise their real estate markets in recent years.

In 2015, new laws opened up the Vietnamese property market to expatriates. Restrictions on foreign investors in the region will continue to ease and should cause investments to rise, says group chairman Kain Sim.

In this issue, we also speak with Surbana Jurong which is proposing an integrated resort in Vietnam and building hydro-electric dams in Malaysia, while Malaysia's Sunway Group sees opportunities in the economic integration of Asean, and the consequent lowering of tariff barriers and entry requirements.

"Our smart sustainable city initiative gives us first mover advantage in addressing the region's growing urbanisation," says its founder and chairman Jeffrey Cheah. **– BY ANDREA SOH**

Inside

Supplement editor: Lilian Ang **Sub-editor:** Lee Kim Siang
Cover design: Gareth Chung **Illustrations:** Alice Ang, Gareth Chung
Photographer: Yen Meng Jiin
Advertising sales: Tom Yuen 9623 1128; Jaclyn Sim 8333 5665

Borden Company maps bold expansion plans

The firm, known for its Eagle Brand medicated oil, has now transitioned to professional management

BORDEN Company, known for its emerald green Eagle Brand medicated oil, is on the cusp of a new phase. For over 80 years since it started, the group has always been run by family members of the founding partners. From the beginning of this year, however, it has transitioned to professional managers as the group looks to spruce up corporate governance. "In the past, it was the family that made all the decisions," says Tan Lak Tho, a director and a third-generation member of one of the founding families. "Now what we do is that as the management team, we discuss matters and propose ideas and solutions to the board. And as a team together with the board we make the decisions."

This team, in particular, comprises not just the directors – Mr Tan, Rachel Chew (a second-generation member of another founding family) and Richard Yeo (also a second-generation family member) – but also finance manager Shirley Halim and supply chain manager Adam Yeo.

On the cards are plans to structure the group's decision-making process, and also to put in place standard operating procedures (SOPs) where they were previously lacking. For instance, to improve the budgeting process with more detailed planning and sharper accuracy for the next year, the group will review financials, sales, and past performance for all the different areas.

The transition to a different type of management came after the founding families decided that it would be better to separate the management of the group from ownership, according to Mr Tan. "All the partners agreed that we should have zero remuneration," he says.

The history of Borden Company runs deep, and can in fact be traced all the way to Germany. In 1935, German chemist Wilhelm Hauffmann & Company created a formula for medicated oil with a distinctive green colour from chlorophyll ingredients.

This formula found its way to Singapore, where Tan Jim Lay, a direct descendant of well-known Chinese businessman and philanthropist Tan Quee Lan, bought it through a trading house he owned. A few decades later, in 1960, he invited a few business associates to join him as shareholders in order to strengthen the firm's capital base and strengthen its management. Borden Company, incorporated to take over the trading house, was therefore born.

That same decade, Eagle Brand oil was brought to Vietnam. There, it gained overwhelming popularity, and was seen as a cure-all household remedy and a must-have in every household.

As the Vietnam War broke out and the Vietnamese fled to the US, Europe and Australasia, the oil, in its signature triangular bottle, was taken to these faraway lands as well. In time, the group saw rising demand from other countries, mostly in places where there are Vietnamese communities.

Front row (from left): Shirley Halim, finance manager; Tan Lak Tho, director; Rachel Chew, director. Back row (from left): Douglas Huang, general manager; Adam Yeo, supply chain manager. PHOTO: YEN MENG JIIN

In the last 10 years, Borden has produced over 100 million bottles of Eagle Brand oil which were sold to more than 20 countries. North America and Asia each make up about half of the group's revenue.

The numerous awards that Borden has racked up so far are also testament to its success. Besides winning the Enterprise 50 award for six straight years, as well as the SME 500/1000 award for seven years, the group clinched the Singapore Prestige Brand Award in 2006. But the group is not planning to rest on its laurels. Immediately after the internal restructuring is complete, it will look to expand to even more countries. Its goal: to be known as a household name everywhere in the world.

In particular, it hopes to enter new markets in developing and third-world countries where medical help is not easily available and pain relief products such as Eagle Brand medicated oil can help to soothe some of the problems.

In existing markets, the group is careful to adopt a differentiated approach to each one given the varied stages of development. For instance, in Vietnam and Malaysia, medicated oil will still remain the emphasis of the group's marketing efforts. In Singapore, however, the group may focus more on its newer lifestyle and aromatherapy products.

Borden, which has relied on distributors in its overseas markets so far, may also look to set up offices in key markets to work more closely with its business partners, says Mr Tan.

Another key target for the group in the near future is to set up an innovation centre, which will help to create new products in line with the group's vision of catering to every member of the household.

This is especially important given the challenges that Borden faces in reaching the younger population. To do so, it has developed products such as muscle rubs to target those with sporting lifestyles. It has also diversified into aromatherapy-based products such as aromatherapy roll-on bottles to appeal to other population segments.

'Our expectation is that with the professional team taking over, hopefully it means the eagle will soar even higher.'

– Tan Lak Tho, Borden director

Indeed, Borden's range of products has increased through the years to include eucalyptus oils, disinfectant sprays, medical balms, muscle rubs, plasters and various other analgesic products. "We would like to be relevant for all different segments of the target population, be it babies, people who are sporty and even CEOs in boardrooms," says Mr Tan, adding that this will help to set Borden apart from its competitors in the medicated oil space.

To counter the widespread imitation of its Eagle Brand medicated oil, the group has improved its packaging several times in the past few decades, even including 3-D holographic security features. Borden has also used private investigators to track down manufacturers of counterfeit products and taken them to court. "The court ruled in our favour and awarded Borden damages of US$1 million," says Mr Tan.

With competition becoming more aggressive over the years, the firm believes that having a new management team in place will help to bring about continued development of the business and growth in market share. "Business partners have to understand the change in our approach and align with the new strategy," Mr Tan adds.

Looking ahead, the group also hopes to further improve productivity through the use of new machinery and technology to keep ahead of the group's orders. This follows a new manufacturing assembly line that the group installed in 2014, which helped to boost productivity by 30 per cent.

"Some of our markets are quite far away and there's a bit of shipment timing involved," says Mr Tan. "We hope to fulfil our orders even earlier rather than being just on time."

Pausing to reflect on the group's achievements to date, he adds: "In all respects the family has done extremely well for themselves running this business since its incorporation in 1960. It's been a very successful business up till today. Our expectation is that with the professional team taking over, hopefully it means the eagle will soar even higher."

Darco Water: Relaunched

Following a setback in 2012, Darco Water Technologies is on track to recover lost ground and to reclaim its dream of becoming one of the most dominant water companies

THYE Kim Meng, chief executive and founder of Darco Water Technologies, is one used to rolling up his sleeves for hard work. And at 64, when many of his peers are thinking of enjoying a good retirement, Mr Thye remains as involved in steering the company as when he first started it 18 years ago.

Pushing the indefatigable businessman on is the dream he had when he first took the company public in 2002: to make Darco one of the most dominant water companies in Singapore, and by extension, in the region and the world.

"The ambition is still there," he says. "We had a setback, and the fact that we decided to keep the company is so that we can have this day again and to just do it again."

Mainboard-listed Darco provides customised water and wastewater solutions, offering both industrial water systems and also investing in municipal infrastructure projects. The group, including its subsidiaries, also helps to operate and maintain the systems, as well as distribute electrical controls and instruments used in water treatment plants.

From its initial public offering in July 2002 on what was then Sesdaq (an earlier version of the Catalist Board), the group grew quickly, hitting the milestone of S$100 million in turnover in 2007, with Taiwan contributing to half of overall sales. That same year, it transferred to the mainboard of the Singapore Exchange.

The firm had also made a breakthrough in China earlier in 2005 when it secured two Build-Own-Transfer municipal projects in Deqing county in Zhejiang province.

The group's quick growth was, however, unfortunately derailed just a few years later. In 2010 it came to light that the staff in Darco's Taiwan subsidiary had embezzled some NT$186.2 million (S$8.5 million) over a period of six to seven years.

Darco suspended trading of its stock in March 2012 while it sorted out its financial statements for the 2009 and 2010 financial years with substantial restatements by a new auditor subsequently, and awaited the conclusion of investigations by the authorities.

By the time it resumed trading in 2014, the company was a shadow of its former self. Revenue had fallen to only S$30 million. But Mr Thye was not one to give up.

"I could have taken a short cut: to negotiate with the bank to take a haircut," he says. "But rather than doing that we decided to sell our assets and complete all the loss making projects the fraudster had taken up in order to cover their tracks."

Asked why he did so, Mr Thye says he has always valued relationships.

It was a hard slog, he adds, but the firm is now firmly on the road to recovery. It recorded turnover of about S$60.7 million last year, a jump of 126 per cent from the previous year, thanks to its acquisition of a 60 per cent stake in China's water treatment and management specialist Wuhan Kaidi Water Services Co Ltd. The group also reversed its S$0.8 million loss in 2015 to record a net profit of S$4.1 million.


PHOTO: YEN MENG JIIN

As a result of the acquisition, China has now become the largest market for the group, contributing to 46 per cent of the group's total revenue. Malaysia, another key market, accounted for 39 per cent, while Singapore took 9 per cent. The purchase opens up the Chinese market for the firm, says Mr Thye.

Wuhan Kaidi, which has carried out over 600 projects to-date since it was set up 23 years ago, holds the relevant business permits and licences required to execute projects in China. The group currently has 22 projects covering 14 provinces in the country with a total value of 487.54 million yuan (S$98.9 million).

Besides China, the group is also bullish on business prospects in South-east Asia, especially Vietnam. "The market is very big," he says. "There's still demand for environmental solutions, whether it's water or waste."

'The market is very big. There's still demand for environmental solutions, whether it's water or waste.'

– Thye Kim Meng, chief executive and founder, Darco Water Technologies

In the waste sector, Darco has newly entered into pneumatic waste conveyance, an automated domestic waste collection system that uses high-speed vacuum technology to move domestic waste via underground pipes to a centralised bin centre.

The entire collection process, being enclosed and automated, reduces manpower requirements and minimises problems of odours and pests. Darco won S$13.1 million worth of contracts to supply and maintain these systems in Singapore last year.

This business is also important for Darco, and could even overtake the water business one day, says Mr Thye. "Singapore is doing it aggressively. Subsequently I believe a lot of countries will adopt this too."

Globally, there are only four companies that have the technology for pneumatic waste conveyance. Because of the infrastructure involved, projects like this have to be planned very early on.

"It's a big market but the lead time is very long in the sense that you have to get in early, and you need to have the experience and expertise to work with them to develop it . . . There's a bit more upfront cost for pneumatic but having less competitors we expect higher returns."

For now, however, the company has to raise more funds. The group earlier this year conducted a share placement to raise about S$3 million, and is still hoping to attract investors who believe in its story.

Says Mr Thye: "We are looking for more placements and more investors to come in. They can be financial investors, strategic investors, large companies who can be major shareholders – we are open."

With more funding, the group may then be able to achieve what Mr Thye has had in mind for so long.

"When we are very dominant in Singapore, we will be dominant in the region as well as worldwide because Singapore companies are quite big now."

The winning advantage

Deloitte Southeast Asia's one-member firm structure and multidisciplinary range of offerings give it a competitive edge, says CEO

PHILIP Yuen joined Deloitte way back in 1985, when the firm was a general practice in the midst of transforming into an audit and advisory giant. Today, the profession has changed dramatically – and Deloitte with it, says Mr Yuen, chief executive officer of Deloitte Southeast Asia and Deloitte Singapore.

Deloitte is now the largest professional services network in the world with more than 245,000 professionals and revenues amounting to US$36.8 billion in 2016. The firm has moved beyond just providing traditional accounting, audit and tax services to focusing on a growing pie in advisory and consulting.

"The key is to help our clients to make choices for the long term to drive sustainable growth for the future," says Mr Yuen. "Our multi-disciplinary model enables us to provide more integrated and value-added services to clients in the changing economic climate."

Meanwhile, Deloitte continues to enhance its audit services: developing innovative new audit techniques while investing in technology to automate processes for greater efficiency and effectiveness.

"We want to further enhance audit quality and free up staff to focus on providing higher value services and advice," Mr Yuen says.

In the region, Deloitte is unique by being the only Big Four firm to operate as a one-member firm. As CEO of Deloitte Southeast Asia, Mr Yuen presides over a unique one-member firm structure comprising 25 offices across 11 countries, with 300 partners and over 7,700 professionals.

Introduced in 2006, this Asean structure improves efficiencies and ensures better mobility of talent, says Mr Yuen. "By working collaboratively across countries and businesses, we are able to build on our strengths and capitalise on the opportunities in our growing South-east Asia market and drive innovation in the region."

PHOTO: YEN MENG JIIN

The multidisciplinary advantage

Deloitte is unique in the breadth and depth of its advisory and consulting businesses, Mr Yuen says. Its success was due in part to its decision to be the only Big Four firm to retain its consulting practice in the early 2000s. "This played a significant role in the success of the firm and the success of its clients today."

Today, Deloitte's consulting business spans technology, strategy and operations, and human capital consulting. Its risk advisory business advises on areas such as regulatory, financial, operational and cyber risk. Meanwhile, its financial advisory business deals with mergers and acquisitions as well as restructuring and forensics, including financial crime and anti-money laundering.

Both the audit and advisory space complement each other: "Our advisory arm is equipped with deep industry and sector knowledge to deliver a more holistic and complete solution to clients," he says.

"Our auditors can now carry out a more insightful audit," Mr Yuen adds. "Instead of just reviewing last year's numbers, they now have the ability to use in-depth industry knowledge to spot issues one step ahead that may have implications for the businesses of their clients."

Digital and SMEs

'We aim to be at the forefront of providing insightful and valuable services on cutting-edge issues like artificial intelligence, big data, blockchain, cloud computing and robotics.'

– Philip Yuen, CEO of Deloitte Southeast Asia and Deloitte Singapore

Other initiatives being pursued by Deloitte include a focus on the digital economy and small and medium enterprises (SMEs).

To help clients stay relevant in the new economy, Deloitte has invested in its digital and cyber capabilities.

"We aim to be at the forefront of providing insightful and valuable services on cutting-edge issues like artificial intelligence, big data, blockchain, cloud computing and robotics," Mr Yuen says.

The Deloitte Digital team is ready to help clients unlock the business value of emerging technologies. The latest issue of Deloitte's "Voice of Asia" thought leadership series, which began in 2017, focused on the insights the network has gleaned into digital engagement in the region and how this is impacting the Asian economy.

Where SMEs are concerned, Deloitte aims to localise global solutions meaningfully through its Deloitte Private service line, which offers tailored solutions to family-owned businesses, private enterprises and High Net Worth Individuals. Beyond the traditional professional service offerings, Deloitte Private also addresses their needs in areas like family office management, IP structuring, market entry, alternative financing and corporate & family governance.

"SMEs might not need a full suite of services. A customised strategy with local insights can meet their needs," Mr Yuen says. "We have been able to segment our offerings sensibly."

50 years in Singapore

This year marks a significant milestone for Deloitte Singapore as it celebrates its 50th anniversary. "This is a great opportunity to thank our clients and our people for supporting us through the years," Mr Yuen says.

Deloitte employees and alumni, meanwhile, can look forward to a whole host of events lined up for the year-long celebration, Mr Yuen says.

"Another important pillar is the community in which we live and work. We want to continue to actively give back and engage with the community through our partnership with various charity organisations," he adds.

Deloitte will also hold month-long activities for its Impact Day, its key annual corporate responsibility event where employees contribute and provide skills-based volunteering to give back to society.

Besides Impact Day, Deloitte Singapore runs a number of unique programmes focusing on youth and education.

The firm has an enduring relationship with NorthLight School, which admits students at risk of prematurely leaving the education system.

Deloitte is passionate about the values and spirit of sports, together with the opportunities and benefits that it can bring to youths and society as a whole. The firm also provides its staff with diverse experiences that create a friendly environment for work and growth.

"We have gotten great feedback from our people for our participation at the Youth Olympic Games, 28th SEA Games and the 8th Asean Para Games that it creates team work and unity as a firm. Newcomers and senior partners stand next to each other doing the same thing, and it forms a sense of camaraderie amongst them," Mr Yuen says.

The firm is also the largest employer of Team Singapore athletes, through the programme, Deloitte Ignite, helping the athletes balance their sporting and work careers.

Ultimately, like any professional services firm, Deloitte's strengths lie in the quality and insight of the services it can provide and the people that deliver it, Mr Yuen says. "We are high performance but still collegial at heart. This is the culture we want and the secret to our success."

Asean boom, strong tie-ups fuel E&O's growth

Growing affluence in Asean has led to an expansion in its foreign buyer segment

THE Asean region presents immense opportunities for Kuala Lumpur-based premier lifestyle property development group Eastern & Oriental Berhad (E&O), as populations in the region become increasingly affluent and the emerging middle class continues to burgeon. This is also the time in a country's development cycle that its people can afford to invest in property overseas, which benefits E&O. Already, the Bursa Malaysia mainboard-listed developer has seen the growth of the Asean market reflected in its buyer profile. Thirty per cent of its foreign buyer segment comprises Singaporeans, while close to 12 per cent of the foreign buyers of its properties in Penang are Indonesians.

Kok Tuck Cheong, managing director of E&O, says: "Singapore, and to a growing extent, Indonesia, are important foreign markets due to various reasons, with geographical proximity and cultural affinity being the predominant ones.

"These two markets, as well as other burgeoning Asean economies, will be on our radar as we continually review our property development and marketing strategy in tandem with the changing market environment.

"At the same time, we will continue to nurture the inroads that we have already made to markets in other countries such as Japan, Hong Kong, China, Australia, Canada, and the United Kingdom."

The group's projects are currently spread across Kuala Lumpur, Penang, Iskandar Malaysia and the UK. One project it is currently focused on is the development of its award-winning seafront master-planned development Seri Tanjung Pinang (STP).

As a whole, the 240-acre residential enclave – the first phase of STP – started as a reclamation project that was partially completed and left idle for several years in the late 1990s.

It was only in 2003 when E&O took over the project that its progress gained steam. Within two years, the developer completed the reclamation works and in the same year, it launched the first courtyard terraced homes called Ariza.

For the first phase of STP, E&O worked with internationally acclaimed hospitality concept architects Wimberly Allison Tong & Goo from Seattle and Malaysia's acclaimed architectural firm GDP Architects. The first phase is fast coming to completion, which will bring the group to the second phase very soon.

Here is where E&O's track record of partnerships with industry giants has lent it a boost. Earlier this year, E&O signed a partnership agreement with Kumpulan Wang Persaraan Diperbadankan (KWAP), or Retirement Fund Inc, to take on the second phase of the STP development project. Reclamation works are currently underway for Phase 2A of STP2 (STP2A), which will cover 253 acres, as well as 131 acres off the Gurney Drive foreshore which E&O is reclaiming at its own cost for the Penang State Government. The partnership will see KWAP pumping capital into the sea-fronting STP2A development project and also take up a substantial stake in the project.

'Singapore, and to a growing extent, Indonesia, are important foreign markets due to various reasons, with geographical proximity and cultural affinity being the predominant ones.'

– Kok Tuck Cheong, managing director of E&O

KWAP is Malaysia's second-largest pension fund. E&O said in end-March this year that it will dispose of 20 per cent of Phase 2A of the development land to KWAP for RM766.02 million (S$246 million) in cash. Proceeds will be used to cover reclamation and infrastructure costs, as well as other working capital and repayment of borrowings for the project.

In the same announcement, it said that both sides have also signed a joint venture (JV) agreement to develop the entire STP2A development land through a special purpose vehicle which will be 80 per cent owned by an E&O subsidiary, and 20 per cent owned by KWAP.

In Kuala Lumpur, E&O also has two ongoing JV projects with Mitsui Fudosan, Japan's largest real estate developer. The Mews Serviced Residences is slated for completion at the end of this year. Not far from it is E&O's Conlay project, the second JV project with Mitsui Fudosan, which is currently at the conceptualisation and design stage.

Besides these, E&O has also partnered Malaysian sovereign wealth fund Khazanah Nasional Berhad and Singapore's state investment fund Temasek Holdings on Avira, a 207-acre project further down south in Iskandar Malaysia, Johor.

PHOTO: YEN MENG JIIN

Performance-wise, E&O has grown its topline 67 per cent to RM704.8 million from RM422.2 million a year ago. Net profit also more than doubled to RM87.6 million from RM37.2 million a year ago.

Looking ahead, Mr Kok said the group remains "cautiously optimistic" on the prospects of the property development sector in Malaysia.

"Buyers' and investors' sentiments are expected to remain muted given the continued tight mortgage financing environment, coupled with the uncertainties surrounding global economies. However, positive demand for properties may be supported by the depreciated ringgit which lowers the cost of entry for foreigners and Malaysians working abroad.

"The group is cognisant of the cyclical nature of the property market which calls for a longer-term perspective to be taken. In time, given the strong fundamentals of the Malaysian property market and its proven resilience, the market should consolidate, with confidence gradually returning."

The Business Times | Thursday, July 20, 2017
THE BUSINESS TIMES
CEO CONVERSATIONS
2017 ASEAN EDITION

Tapping the Asean connection

'Our rationale for getting into the consumer products distribution business has not changed, but we are constantly fine-tuning our execution to ensure we achieve the desired results.'

– Derek Goh, chief executive officer of Serial System

'One group of customers we want to reach out to is the small- and medium-sized enterprises. We hope to provide them corporate advisory services to help them expand regionally.'

– ZACD group chairman Kain Sim

'The diversity of Sunway Group's business units and our established presence in Malaysia has positive implications for our ability to capitalise on the immense potential in Asean.'

– Sunway founder and chairman Tan Sri Dr Jeffrey Cheah AO

'We want to be Asia's powerhouse and a global leader for urbanisation, industrialisation and infrastructure projects.'

– Wong Heang Fine, group CEO of Surbana Jurong Private Limited

'Our expectation is that with the professional team taking over, hopefully it means the eagle will soar even higher.'

– Tan Lak Tho, Borden director

'Our track record provides developers the assurance that we will fulfil our commitment in working with them from project inception till completion.'

– Goh Kee Nguan, Huttons CEO

'When we look at the landscape, we believe that with the capabilities that we have, we can build a global system.'

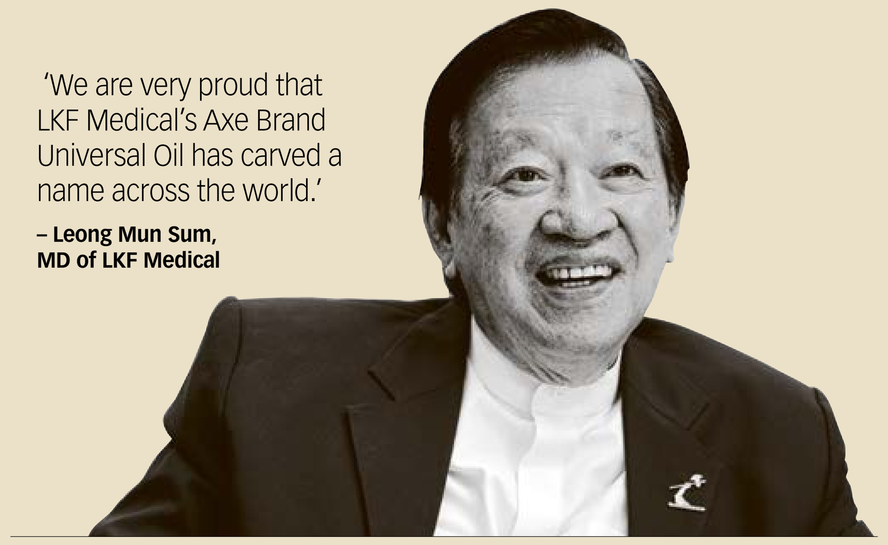
– CapitaLand president and group CEO Lim Ming Yan

'In medicine, there are always new technologies emerging. It's about keeping up-to-date with the latest treatment options and trends.'

– Chin Wei Jia, HMI group CEO

'What we are focused on is helping businesses, entrepreneurs and governments around the world to solve their most pressing challenges and take advantage of emerging opportunities.'

– Max Loh, EY Asean and Singapore managing partner, Ernst & Young LLP



'We are very proud that LKF Medical's Axe Brand Universal Oil has carved a name across the world.'

– Leong Mun Sum, MD of LKF Medical

'Oxley has an edge over its competitors given the reputable partners it has engaged.'

– Ching Chiat Kwong, Oxley Holdings executive chairman and CEO

'We will keep a vigilant eye for new opportunities, both in Malaysia and overseas, especially in strategically located areas with high growth potential.'

– Dato' Chow Chee Wah, MD of Gamuda Land

'Our platform and programmes, and the dynamics we are trying to create, are optimised for SME merchants.'

– Giosis founder and CEO Ku Young Bae

'We want to build iconic developments for future generations to remember the symbiotic relationship between the two countries.'

– Kemmy Tan, CEO of M+S Pte Ltd

Leading medical tourism in South-east Asia

HMI will be expanding its two hospitals in Malaysia and developing more holistic healthcare services for the region

THE old adage about how it's not where you end up, but how you get there? It is true, especially for Chin Wei Jia, the group chief executive officer (CEO) of Health Management International (HMI), a healthcare provider listed on the Singapore Exchange mainboard. Ms Chin, 39, did not study medicine in university, but had majored in economics and international relations. She joined HMI in 2002 as a management trainee, through which she learnt the different aspects of hospital operations and trained under mentors of various expertise.

She tells *The Business Times*: "Entering the medical industry was not something I had thought of. As a management trainee, I really started from the bottom and worked my way up. I got my hands extremely wet."

Thanks to that experience, Ms Chin is able to understand the complex details and operational constraints of running a healthcare company. "I now look beyond just the big picture," she says.

Ms Chin's mother, Gan See Khem, is the executive chairman of HMI, while her father, Chin Koy Nam (a general practitioner), was an executive director until he retired in 2014. Her brother, Chin Wei Yao, is the group's chief financial officer. "My parents started HMI. But the good thing about them is that they never expected any one of their children to join the company. It was more by choice."

Ms Chin, who became CEO of HMI in early 2016, has big ambitions for the group. These include expanding its two existing hospitals, developing more holistic healthcare services for the region, and investing in the latest medical technologies (medtech).

HMI, which has a market capitalisation of some S$558 million today, runs two hospitals in Malaysia: the Mahkota Medical Centre in Malacca and the Regency Specialist in Iskandar, Johor.

The former, built in 1994, is HMI's flagship hospital. The group had acquired a 20 per cent stake in Mahkota during the depths of the Asian financial crisis in 1998. But by 2002, HMI had managed to get the loss-making hospital to break even.

Starting this financial year, Mahkota will be getting a facelift. HMI intends to add new wards and clinics, offer more outpatient services, and develop centres of excellence at the hospital. Ms Chin says: "We are looking at very strong partnerships with doctors to develop comprehensive services by discipline."

The Mahkota Cancer Centre, for instance, recently launched a PET-CT service that has been found to be extremely sensitive in detecting early stages of cancer. It is able to detect abnormalities even in the absence of structural change. That is, small tumours can be found by the service even if they are undetectable by other imaging procedures.

PHOTO: YEN MENG JIIN

'In medicine, there are always new technologies emerging. It's about keeping up-to-date with the latest treatment options and trends.'

– Chin Wei Jia, HMI group CEO

Says Ms Chin: "Our latest investment in PET-CT shows that we constantly invest in medtech. In medicine, there are always new technologies emerging. It's about keeping up-to-date with the latest treatment options and trends."

To do that, HMI harnesses the knowledge and networks of its over 200 specialist doctors, or "experts", as Ms Chin calls them. She says: "These specialists drive the latest knowledge and techniques in health care through participating in global symposiums, working with companies on clinical trials, running seminars for other doctors, and just being in constant contact with their peers."

HMI also has plans to enhance its other hospital, which was added to its portfolio in 2007 when HMI acquired a 35 per cent stake in an empty hospital building. Regency Specialist Hospital opened its doors in 2009, and is said to be one of the fastest-growing hospitals in Malaysia today.

Ms Chin says: "We are going to make a very major investment that will more than double the size of Regency." This development, the construction cost of which is RM160 million (S$51 million), will make Regency one of the largest private hospitals in Malaysia. Work will begin this financial year, and take about 2.5 years to complete.

A unique service that Regency offers is a "full emergency specialist centre", in which there will always be an emergency-trained specialist to respond immediately to trauma or major accident cases. Regency is the first and only private hospital in Malaysia to have this service in their A&E, says Ms Chin.

Making things happen

Huttons is the Agency of Choice for clients due to well-trained, productive agents and leaders working together as a team

GOH Kee Nguan, chief executive officer of real estate broker Huttons, strikes a bullish note about the local property market. For the first five months, sales of private residential units in both the primary and secondary markets are up by a substantial double-digit percentage compared to the same period last year, he says. "Buyers have waited long enough and realised prices are not going to come down, so many have returned to the market. These buyers are genuine and can afford to purchase their desired property choices," Mr Goh says.

Developers are looking to replenish their landbanks. Foreign developers with deep pockets are also keen as Singapore is seen as a safe, open and transparent market. With recent land sales at record prices coupled with the presence of a strong local demand in recent months, there is a likelihood of prices being adjusted upwards in the near to mid-term, he says.

He says his team of more than 3,100 property agents is ready to deliver. This is due to a well-oiled system, rigorous training and a culture of teamwork. "Our people, systems and processes are all there. Our management is hands on, our leaders are committed and think out of the box, and our agents are professionally competent and highly motivated," Mr Goh says.

"Our agents are well trained and have a higher capacity to serve. This can be seen from our track record where they have consistently concluded more successful deals compared to agents in larger agencies."

PHOTO: YEN MENG JIIN

Closing the deal

Huttons began in 2002 and has since grown to be one of the largest real estate agencies in Singapore. It covers the full spectrum of sectors across the residential, commercial and industrial arena. Within the residential sector, Huttons has specialised teams that focus on different segments of the market. For example, there is a luxury property team that services developments in Districts 9 and 10.

Huttons does especially well for new launches, Mr Goh says. The company closed more than 23,000 primary sales transactions worth more than S$19 billion over the last few years. In the last six months, Huttons concluded the sale of 12 projects which were 100 per cent sold.

"Our track record provides developers the assurance that we will fulfil our commitment in working with them from project inception till completion," Mr Goh says. A notable accomplishment was selling all 738 units of MCL Land's J Gateway condo in Jurong East within a day. Huttons was the sole marketing agent.

"Our vision is to be the Agency of Choice for developers and clients alike. Our agents provide competent services to ensure transactions are concluded expeditiously," Mr Goh says.

In concluding deals, agents need to fully understand clients' requirements and ensure the right match of products to suit their needs. "Our agents are trained to give the best services. It is not about hard-selling or pushing clients to commit, rather it is ensuring that the needs of our clients are well serviced given their circumstances," Mr Goh says. "This will form the foundation of a sustainable relationship built on mutual trust and confidence."

It is not easy to close a deal, he adds. Agents need to work hard, possess perseverance and embrace the entrepreneurial mindset. "Your heart must be strong – We call that the can-do spirit. You must believe that you can do it. With the right environment, strong support and coaching by leaders, we will help you to achieve."

Opportunities for agents

Mr Goh says Huttons is known for offering industry-leading opportunities, promptly rewarding deserving efforts well, and taking good care of its people. Agents can access a wide range of opportunities from the local market to international developments in the UK, Australia and South-east Asia.

Huttons was one of the first agencies in Singapore to bring in Vietnamese and Cambodian projects. "Our plethora of opportunities and inventory allow our agents, including rookies, to do astoundingly well."

Mr Goh cites an example of an accountant who joined the firm last year. With a good network of potential buyers from his past dealings coupled with the opportunities in Huttons, he managed to conclude a bulk sale of over 40 commercial units for an institutional buyer.

'Our track record provides developers the assurance that we will fulfil our commitment in working with them from project inception till completion.'

– Goh Kee Nguan, Huttons CEO

Once there was potential interest, Huttons' management and leaders worked with the agent together with developers, corporate bankers and legal firms to ensure a smooth and successful transaction.

Internally, Huttons and its leaders strive to assist agents to close their first deal within one month of joining the company, he says.

Upon joining the firm, new agents are trained in the basics of marketing new projects and resale units. Subsequently, they can choose to learn more about specific market segments, enhance skills in Internet marketing and negotiation, as well as other soft skills.

"On top of internally experienced trainers, we also bring in well-known external trainers. This is to ensure that our agents get the best holistic training that the industry can offer," Mr Goh says.

There are various career paths the agents can develop themselves in the firm, he says. Agents can choose to stay in sales or they can grow and manage a team, leading anywhere from 10 agents to several hundred individuals.

Everyone wins

Looking ahead, the company is using technology to improve the productivity of its agents. Mobile task-enhancing tools are in the works to ensure that agents are well connected and can tap on each other's listings and networks. "This will allow them to better serve their clients and enhance their business channels," Mr Goh says.

Though technology threatens to replace the role of the middleman, Huttons believes that agents will still remain relevant, he says. "If you're buying a million-dollar property, you wouldn't want to buy it online. That's where agents come in to service the unique demands and circumstances of each client," Mr Goh says.

Ultimately, the real estate broking business is about people. "How well we service every stakeholder in the industry from developers, to clients, agents, staff and other relevant industry partners, will always be our measure of success," he says. "And as we make things happen with their interests at heart, everyone wins."

Growing Sunway Group on a sustainable base

Sunway, one of the largest conglomerates in Malaysia, wants to be the model Asian corporation in sustainable development

SUNWAY Group is a corporate behemoth in Malaysia with three companies listed on Bursa Malaysia. Across the Causeway, it might be best known for its water theme park Sunway Lagoon, a favourite destination of many Singaporeans in their childhood. Despite its relative youth of 40 years, the conglomerate is not only one of the largest in Malaysia, with combined market capitalisation of RM15 billion but also has a sprawling presence with 15,000 employees across 50 locations worldwide including Singapore, China and Australia.

It all started with a piece of land in Klang Valley in the 1970s, left barren and derelict by tin mining. Seeing an opportunity to rehabilitate the land, founder and chairman of the group Jeffrey Cheah bought over the 800-acre piece of land from a British company to convert it into a vibrant township. Today, Sunway City has a population of 200,000, helping to create thousands of jobs and contributing substantial revenue to the Malaysian economy.

For Dr Cheah, however, the project was not just about making money; the group was founded on the principle that profitability and sustainability can go hand-in-hand.

Sunway planted 25,000 trees there, including 150 species of flora and fauna and about 32,000 species of native plants. The project received due recognition when it was lauded as the first sustainable integrated city in Malaysia by Green Building Index in 2012 and the first low carbon city in the country by the Malaysian Institute of Planners in 2016.

The successful development of Sunway City paved the way for the group to expand into other sectors and throughout the region, says Dr Cheah.

Sunway Group now comprises 12 diversified business units including the sectors of real estate, construction, health care and education. Within this portfolio, three – Sunway Berhad, Sunway Real Estate Investment Trust (Reit), and Sunway Construction Group Bhd – are publicly listed. Some 80 per cent of the group's profit comes from operations in Malaysia, with Singapore being the second largest contributor at 9 per cent.

In Singapore, most of its projects are carried out under Hoi Hup Sunway Development, a 30:70 joint venture between Sunway and Hoi Hup Realty Pte Ltd that built two Design, Build and Sell Scheme (DBSS) projects – The Peak in Toa Payoh and City View in Boon Keng. The JV is currently building Sophia Hills, a condominium, at Mount Sophia.

"Our vision for the group is to be the model Asian corporation in sustainable development, enriching the lives of our communities and delivering superior value for our stakeholders," says Dr Cheah.

This will be increasingly important as three billion people in Asia are projected to live in cities by 2050. Urbanisation, along with benefits such as increased innovation and better quality of living, brings environmental degradation, energy and waste management and social inequality, he adds. To this end, the group is implementing innovations in urban mobility, education excellence and building technology in Sunway City in Kuala Lumpur, as well as Sunway City Ipoh.

PHOTO: YEN MENG JIIN

These will also be incorporated in the development of Sunway Iskandar in Johor, one of the largest township projects in Malaysia with over 1,800 acres of land and one envisioned to be a city balanced with nature. "In doing this we aim to set the blueprint for future smart cities in Asia," says Dr Cheah.

Sunway has also tied up with the United Nations Sustainable Development Solutions Network which is led by Jeffrey Sachs, a world-renowned economics professor and leader in sustainable development. With a US$10 million donation from the Jeffrey Cheah foundation to the UN, the two have formed the Jeffrey Sachs Center on Sustainable Development at Sunway University, to be used as a regional hub for advancing sustainability.

'The diversity of Sunway Group's business units and our established presence in Malaysia has positive implications for our ability to capitalise on the immense potential in Asean.'

– Sunway founder and chairman Tan Sri Dr Jeffrey Cheah AO

In addition, the group has launched its own start-up incubator called Sunway Innovation Labs, in order to create a Silicon Valley ecosystem within Sunway City.

Going forward, the group foresees further expansion in its activities in South-east Asia, beyond Malaysia's borders. The economic integration of Asean and consequently, the lowering of tariff barriers and entry requirements, will give Sunway easier access to the 625 million population in the region, says Dr Cheah. "The diversity of Sunway Group's business units and our established presence in Malaysia has positive implications for our ability to capitalise on the immense potential in Asean."

Already, the collective Asean economy is the seventh largest in the world, with an annual gross domestic product (GDP) of US$2.4 trillion. This is expected to almost double to US$4.7 trillion by 2020, and by 2050 the regional bloc will become the fourth-largest economy in the world, he notes.

"Given our core interests in real estate, construction, health care, education, retail, leisure and hospitality, we see opportunities throughout the region," he says. "In addition, our smart sustainable city initiative gives us first mover advantage in addressing the region's growing urbanisation."

For more insights on Sunway Group, visit www.sunway.com.my

Bold moves forward

ZACD forays into the Asia-Pacific region for fund management and real estate investment opportunities

SINCE 2011, ZACD has structured and managed 25 real estate projects with a portfolio of over S$290 million equity currently invested in Singapore, Malaysia and Indonesia. Amid a challenging environment of rising land costs at home, with ever more intense competition against foreign property developers eager to expand their market share in Singapore, the wealth and asset management company has started to seek out opportunities and demand beyond Singapore's shores.

Group chairman Kain Sim says: "The decline in yields and returns has prompted us to look further afield in the region where we can utilise our expertise in real estate to generate a better performance for our investors."

Equipped with capital from investors who are reaping the dividends for projects invested five years back, ZACD says it is now ready to venture into the Asia-Pacific region where there are more opportunities to invest in assets and where more liquidity is also needed. Ms Sim says: "ZACD Group is able to give our investors higher returns with lower risks through its integrated services provided throughout the group's value chain.

"ZACD International provides project consultancy and management services, while ZACD Capital manages the real estate funds. The group also helps investors to manage their assets through its property management and asset management arm, POSH (Property One Stop Haven)."

When it comes to investing outside its home ground, ZACD ventures into countries where it has strong local partners and which also has legal transparency so that it can better manage risks for its clients.

One such venture was in the Iskandar region in Johor, Malaysia. While other developers focused largely on residential developments, ZACD instead ventured into a premium industrial park development with local partner WB Land in 2014. Frontier Industrial Park turned out to be a roaring success and outperformed other industrial parks in sales.

Another significant venture was in Jakarta where ZACD partnered one of Indonesia's top developers, Pollux Group, to develop a commercial-cum-residential project in the new Jakarta central business district (CBD), Mega Kuningan, where prime land is in high demand. "ZACD has consistently been able to identify blue-ocean opportunities to capture growth trends and off-radar opportunities for our investors," Ms Sim says.

In recent months, the group also started exploring investment opportunities in Australia – a market which Ms Sim is familiar with because she had previously worked there as an international investment sales director for five years in a global real estate company. Through its managed funds, ZACD has recently invested in an office building with excess land for future development there.

"We seek out opportunities where we can further enhance the performance of the assets, thereby creating a stronger stream of rental income and capital appreciation," Ms Sim says.

Even in the challenging market in Perth, ZACD has also invested in a serviced apartment in the West Perth CBD at below the replacement cost, giving it plenty of upside as the Perth market continues to pick up.

PHOTO: YEN MENG JIIN

Another project being explored in the pipeline is the development of a multi-level food factory near the Melbourne airport with a locally renowned construction and land owner group. "This is an opportunity for us to transfer our knowhow in multi-user industrial project development to countries where there is rising demand for land-efficient solutions," Ms Sim says.

To scout out these "hidden gems", ZACD is also building partnerships with foreign developers and diversifying its fund investment focus from land acquisitions in mature districts to asset acquisitions with lucrative yields and potential for capital appreciation.

The group is also exploring an asset yield-based fund that will give investors a stable yield return and attractive internal rates of return with a maturity period of within three to five years.

ZACD Group now employs more than 100 full-time staff, mostly based in Singapore, with others working out of its Hong Kong office. One significant milestone for ZACD Group was when its Hong Kong company, ZACD Financial Group Limited, was granted the Types 1, 4 and 6 licences by the Securities and Futures Commission of Hong Kong, which enabled the group to further expand its business in dealing in and advising on securities as well as offering corporate finance advisory services.

Through its Singapore and Hong Kong offices, ZACD is targeting to distribute its real estate fund series and financial services to the regional network. The group now has a professional team to manage its project consultancy, asset acquisition and fund management businesses.

Meanwhile, ZACD continues to expand outside Singapore into the Asia-Pacific region by attaining licences across key geographies such as Hong Kong. The group is currently licensed to conduct fund management activities in Singapore through its capital market services licence granted by the Monetary Authority of Singapore.

So far, the group's investment management services remain largely Asean-based. With the establishment of the Hong Kong office in 2016, the group is positioning itself to expand into the wider Asia-Pacific region.

> **'One group of customers we want to reach out to is the small- and medium-sized enterprises. We hope to provide them corporate advisory services to help them expand regionally.'**
>
> *– ZACD group chairman Kain Sim*

"One group of customers we want to reach out to is the small- and medium-sized enterprises (SMEs). We hope to provide them corporate advisory services to help them expand regionally," Ms Sim says. The company has an extensive network of SME relationships, harnessed through its well-established and long-term relationships with its business partners.

Many other changes are also afoot at ZACD Group. For example, to stay ahead of the times and to promote greater transparency for its investors, ZACD is exploring technological solutions that will give investors greater control and oversight over all their investments with the ZACD Group.

ZACD is also seeing the value in actively managing the development funds that it partners developers to co-invest in, in order to ensure the quality of the final product and stable returns for the investors in its development funds.

For example, its fund invested alongside Chinese developer Qingjian Realty into the development of the Shunfu Ville site. Qingjian reportedly bought the Shunfu Ville en-bloc site for S$638 million in June last year, at a price that made it Singapore's third-largest en-bloc project by quantum. The plot of land is currently planned for the construction of some 1,000 homes.

With these plans in place, ZACD is not fazed by the decline in the primary real estate market over the last few years due to government measures and the challenges this poses to local developers. In fact, Ms Sim is optimistic of the long-term prospects of the local property market.

"We remain steadfast and firmly believe that demand will continue to rise, as the property market has begun to correct itself since the government made small changes in its policy intervention earlier this year," she says.

Enrich Your Reading Experience
Pair your daily business read with the perfect cup of espresso in the comfort of your home or office.
Subscribe to The Business Times today and receive your very own
Nespresso Inissia coffee machine+.
The Business Times All-in-One
PRINT + SMARTPHONE + IPAD + WEB
Now at only
$29.90*#/month
(U.P. $34.90/month)
+
Nespresso Inissia worth $188
THE BUSINESS TIMES
Subscribe now at btsub.sg/discover or call 6388 3838.
+Applicable with a 36-month subscription to The Business Times (BT) All-in-One or All-Digital package. SUBSCRIPTION ELIGIBILITY – New subscribers: Subscribers who do not have a BT subscription plan with SPH; Vendor subscribers: Subscribers who are paying their BT subscription fee to a newspaper vendor; Not eligible: Subscribers who had subscribed or terminated their BT subscription in the past 90 days, and existing direct subscribers who renew or upgrade their subscriptions. This promotion is valid until 31 August 2017 and is not valid with other promotions. This promotion is applicable to home subscriptions only. Terms and conditions apply, please visit btsub.sg/discover for more details. Gift premiums are available while stocks last. Visuals are for illustrative purposes only. *Not inclusive of home-delivery fee. #This promotional price will continue unless informed otherwise at least one month prior to adjustment.