

GETTING AHEAD WITH

# THE EDGE<sup>TM</sup>

SINGAPORE

- CAPITAL**
  - FSSA: Promise of Asean supported by growing middle class **PG20**
  - Frankie Ho: Is it Yangzijiang Financial's time to shine? **PG21**
- EDGEPROP**
  - Investment sales volume up in 2024; may ease in 2025: Savills **EP2**
  - Future trends shaping the Malaysian property market **EP10**
- OPTIONS**
  - Big and bold, 5G Hyundai Santa Fe is quite a gentle giant **OP4**
  - Chennai and Delhi, gateways to the subcontinent's culture **OP6**



# GLOBAL HOT SHOTS

The Edge Singapore's Top 10 Global Portfolio has tripled over the past five years. For 2025, here are 10 global stocks to bet on — from audio and gaming tech to solar farms and sneakers

Read our cover story from **Pages 4 to 15**

SINGAPORE (INCLUSIVE OF GST) \$8.90



GETTING AHEAD WITH  
**THE EDGE**  
SINGAPORE

PUBLISHER

**The Edge Publishing Pte Ltd**

82 Ubi Avenue 4, #05-04, Singapore 408832  
The Edge Singapore | EdgeProp (65) 6970 7793  
www.theedgesingapore.com | www.edgeprop.sg

Email enquiries

GENERAL | theedgespore@bizedge.com  
ADVERTISING + MARKETING | advertising.singapore@bizedge.com  
CIRCULATION + SUBSCRIPTIONS | hotlinespore@bizedge.com

**The Edge Media Group**

PUBLISHER AND GROUP CEO | Ho Kay Tat  
EXECUTIVE DIRECTOR | Ian Tong

The Edge Singapore

EdgeProp.sg

PUBLISHER AND CEO | Bernard Tong

#### Editorial

EDITOR-IN-CHIEF, THE EDGE SINGAPORE | Chan Chao Peh  
EDITOR, EDGEPROP SINGAPORE | Cecilia Chow  
EXECUTIVE EDITORS | Lee Pang Chuan, Audrey Simon, Goola Warden  
CONSULTING EDITOR | Frankie Ho  
ASSOCIATE EDITORS | Timothy Tay, Felicia Tan, Samantha Chiew, Jovi Ho  
ASSISTANT EDITORS | Atiqah Mokhtar, Rachel Heng, Zul Othman, Russell Soh  
COLUMNISTS | Manu Bhaskaran, Assif Shameen, Chew Sutat, Nirgunan Tiruchelvam  
SECTION EDITOR, DIGITAL EDGE | Nurdianah Md Nur  
MOTORING EDITOR | David Khoo  
SENIOR WRITERS | Nicole Lim, Nicholas Lam  
WRITERS | Douglas Toh, Ashley Lo  
RESEARCH ANALYST | Elizabeth Choong  
HEAD OF RESEARCH | Thiveyen Kathirasan, CFA  
PHOTO EDITOR | Samuel Isaac Chua  
PHOTOGRAPHER | Albert Chua  
HEAD, DESIGN | Kim Sy  
SENIOR DESIGNER | Amador Plopenio Jr

CHIEF MARKETING OFFICER | Cowie Tan

#### Advertising Sales

VICE-PRESIDENT, CORPORATE (FINANCE & LUXURY) | Jane Wong  
VICE-PRESIDENT, CORPORATE (REAL ESTATE) | Pang Kai Xin  
ACCOUNT DIRECTOR | Bernard Wong  
SENIOR ACCOUNT MANAGERS | Wendy See, Wayne Chua  
ACCOUNT MANAGERS | Ronald Lee, Muhammad Ryhan

#### The Edge Malaysia

EDITOR-IN-CHIEF | Kathy Fong  
CHIEF OPERATING OFFICER | Lim Shiew Yulin  
CHIEF COMMERCIAL OFFICER | Sharon Teh

#### Property Agency Sales

VICE-PRESIDENT, AGENCY SALES AND TRAINING | Shermie Tee  
HEAD OF AGENCY TRAINING AND MARKETING | Melody Tan  
TEAM LEAD | Edwin Poh  
SENIOR ACCOUNT MANAGERS | Eve Teo, Jaramy Teo  
SALES AND MARKETING MANAGER | Eugene Yeo  
SALES AND MARKETING COORDINATOR | Cheik Eng

#### Printer

KHL Printing Co Pte Ltd  
57 Loyang Drive,  
Singapore 508968  
phone (65) 6543 2222  
fax (65) 6545 3333

#### Permission & Reprints

Material in *The Edge Singapore* may not be reproduced in any form without the written permission of the publisher.

We welcome your comments and criticism:  
feedbackspore@bizedge.com  
propertyeditor.sg@bizedge.com

#### Change of Address

Please inform us of any change in your office or home address via  
phone (65) 6970 7793 or e-mail  
hotlinespore@bizedge.com

#### THE EDGE COMMITMENT

A high standard of editorial quality and excellence should undergird success in an industry that is built around serving the public interest. We believe the interest of the investing public will be served by fair, accurate and timely information.  
— Statement of Editorial Quality  
The Board of Directors,  
The Edge Publishing Pte Ltd

# CONTENTS

THE WEEK OF FEBRUARY 3 - 9, 2025



## CORPORATE

### COVER STORY

- 4** The Edge Singapore scores a three-bagger
- 6** **7C Solarparken**: Solar energy player enjoying tremendous growth
- 7** **AB Hotel Co**: Well-positioned Japanese hotel chain operator
- 8** **Alten**: Tech consultancy to big MNCs building a steady international presence
- 9** **Anta Sports Products**: Multi-brand sports equipment market leader trading at cheap valuations
- 10** **Audinate Group**: Sound growth prospects while building a strong moat
- 11** **Brembo**: Braking specialist hits the right Formula for asphalt-melting growth
- 12** **Evolution**: Betting on steady growth in new markets with M&A
- 13** **Knights Group Holdings**: Consultancy delivering strong and consistent profitability
- 14** **Vici Properties**: The leading REIT of Sin City is still rolling on
- 15** **Zhejiang Huahai Pharmaceutical Co**: Well-established player capturing entire industry value chain and trading at attractive valuations

### INVESTING STRATEGIES

- 16** Saxo Singapore CEO on Trump, uncomfortable investing and running a 'one-stop shop'



### VIEWS

- 17** Nirgunan Tiruchelvam: Elon Musk should beware of the poisoned chalice  
Vivek Kumar: Facing the 'sustainability winter': A strategic imperative for business resilience?

### DIGITAL EDGE

- 18** Getting value from generative AI in 2025

### CAPITAL

#### GLOBAL REVIEW

- 20** Where is Asean's middle class?

### VIEWS

- 21** Frankie Ho: Is it YZJ Financial's turn to shine after YZJ Shipbuilding's bull run?

### PRIVATE EQUITY & VENTURE CAPITAL

- 22** Temasek-owned Seviora discusses private markets

### CHINA VIEW

- 23** China sheds its Old Economy skin

### INVESTING STRATEGIES

- 23** Asia requires 'wisdom, charm and a strong intuition' to navigate Snake Year: HSBC

## OPTIONS



Shanya Amarasuriya is extending her family's legacy with B.P. de Silva

2

## EDGEPROP



Over 5,000 flats from nine towns will obtain MOP this year

6

GETTING AHEAD WITH  
**THE EDGE**  
SINGAPORE  
is now available at



and selected outlets



GETTING AHEAD WITH  
**THE EDGE**  
SINGAPORE



Got a minute?

# Take The Edge Singapore Readers' Survey

Your feedback is essential for delivering the business and investment insights that **matter most to you** and improving how we **serve you** in the future.

Take the Survey



Stand a chance to win a deluxe two-night stay at Hard Rock Hotel Desaru Coast worth up to SGD 460 and other exciting prizes!

T&Cs apply



COVER STORY



The top-performing stock in our 2024 portfolio was London-listed Playtech, a UK-based gambling software development company

ALL PHOTOS FROM BLOOMBERG

# The Edge Singapore scores a three-bagger

Our Top 10 Global portfolio has tripled over the past five years, beating the Nasdaq and STI

BY THIVEYEN KATHIRASAN  
thiveyen.kathirasan@bizedge.com

There is an investing saying that goes: “Time in the market beats timing the market.” This saying implies that passive investing is likely to be superior to active investing over the longer future. A good example would be how benchmark indices such as the S&P 500 and the Straits Times Index (STI) have gained positively over the past five years,

as shown in Chart 1.

Beating the market through active investing does not just require skill; luck and discipline also play important roles. For stocks that are undervalued, assuming investors put in the effort to understand businesses that they plan to invest in along with conducting analysis on them (which collectively refers to the investor’s skill), they could still be unlucky in the sense that a better purchase and sales price could have been transacted.

Further, most investors have this propen-

sity to be greedy when markets are on the way up and be seized by fear when the cycle turns. As they succumb to market noise, be it in bull or bear markets, it could be damaging to an individual’s portfolio. These are a few lessons that we have learned psychologically over the past five years for our Top 10 Global portfolio.

The Edge Singapore’s global portfolio of 10 stocks was inception on Jan 24, 2020, with a minimum yearly update to the portfolio and 10 stocks. These initial 10 stocks were equally allocated to a US\$100,000 virtual portfolio.

Five years after inception, as of Jan 22, we are happy to report that we have tripled our initial portfolio value. Given that our portfolio is virtual, it does not account for transaction costs and exchange rate fluctua-

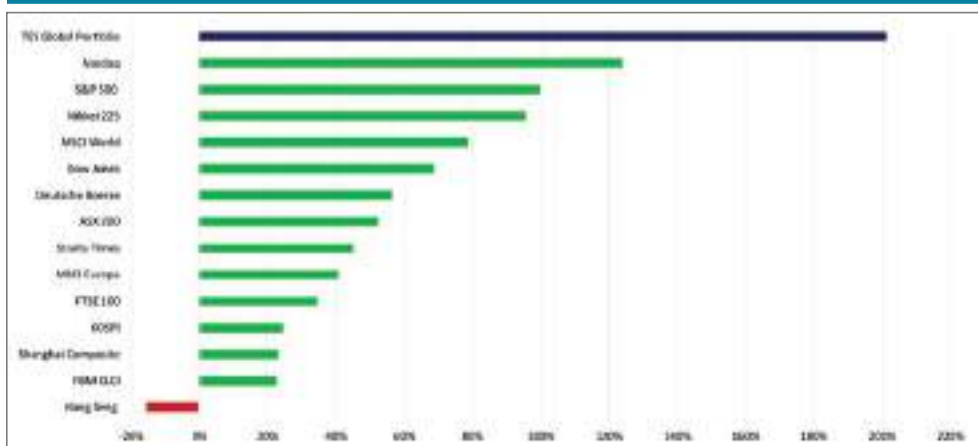
Table 1: 2025 Global Virtual Portfolio

|                                   | Listed exchange | Market cap   |
|-----------------------------------|-----------------|--------------|
|                                   |                 | US\$ million |
| 7C Solarparken                    | Xetra           | 162          |
| AB Hotel Co                       | Tokyo           | 136          |
| Alten                             | Euronext Paris  | 2,954        |
| Anta Sports Products              | Hong Kong       | 29,289       |
| Audinate Group                    | Australia       | 378          |
| Brembo                            | Borsa Italiana  | 3,070        |
| Evolution                         | Stockholm       | 16,165       |
| Knights Group Holdings            | London          | 129          |
| VICI Properties                   | New York        | 30,720       |
| Zhejiang Huahai Pharmaceutical Co | Shanghai        | 3,153        |

Figures are as at Jan 22, 2025’s close

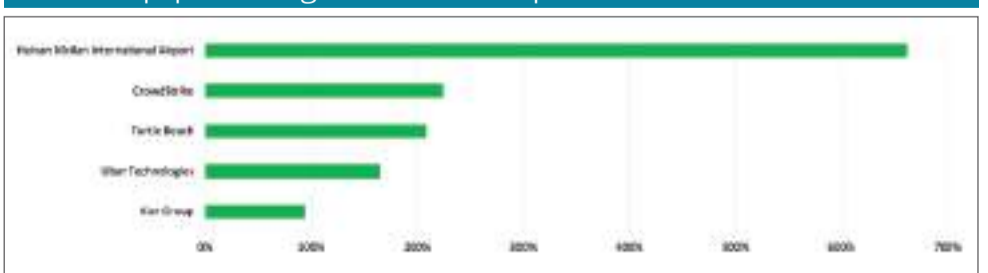
CHARTS: BLOOMBERG

Chart 1: Performance of Global Virtual Portfolio vs benchmarks, since inception



Stock and benchmark returns include capital adjustments and dividends, and excludes currency exchange fluctuations.

Chart 2: Top-performing stocks since inception



Stock returns include capital adjustments and dividends, and excludes currency exchange fluctuations.



Crowdstrike is the second best-performing stock in our Global Portfolio since its inception 2020 while Grab Holdings came in second after Playtech in the 2024 Global Portfolio with a return of more than 45%

tions in tracking the performance. Dividends and capital changes to individual stocks are accounted for in tracking the performance of the portfolio and the benchmark indices.

For the five-year period, our portfolio returned 201.3%. Comparatively, the best-performing benchmark index was the Nasdaq, which returned 123.9%, with the STI gaining 45.3% over the same period. The worst-performing index over this period was the Hang Seng, which lost 15.5%. Chart 1 illustrates the performance of all comparable benchmark indices over this five-year period.

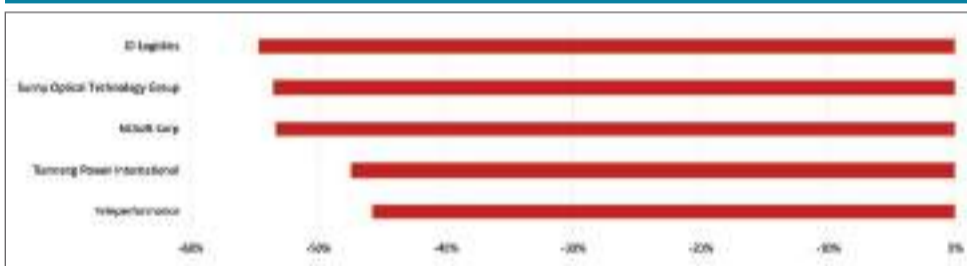
Having a low base effect can also help with doing well in the stock market. Another lesson that we've learnt over the past five years is that investing in underperforming or negatively performing markets for the year can likely boost returns for the current period. There are likely to be more undervalued stocks in the market, possibly affected by the fear cycle and by market-related sentiment as opposed to idiosyncratic headwinds. A good example would be the Hang Seng index. Although it was one of the top performers for last year, it was also one of the worst performers over the five-year period.

Doing well in investing isn't just about picking the right stocks but also about allocating strategically both geographically and in terms of industry and sector. Chart 2 shows the top five-performing individual stocks over the five-year period, while Chart 3 shows the five worst stocks. Something that we would like to point out is that, theoretically, an individual can only lose 100% of their investment in a stock (it is much less, assuming a company winds up and has a positive net asset value).

Still, the potential gain on a stock is theoretically unlimited, too. Realistically, doubling one's money, which reflects an asymmetric payout, is not something unsurmountable. The lesson here is that we shouldn't dwell on stocks that are no longer undervalued and held for sentiment purposes, and still expect better days to come. As the market changes, the valuations of companies fluctuate and we should be disciplined in adjusting our portfolio of stocks. If this is not possible, then individuals are likely better off investing passively through benchmark indices if doing well in the stock market is a priority.

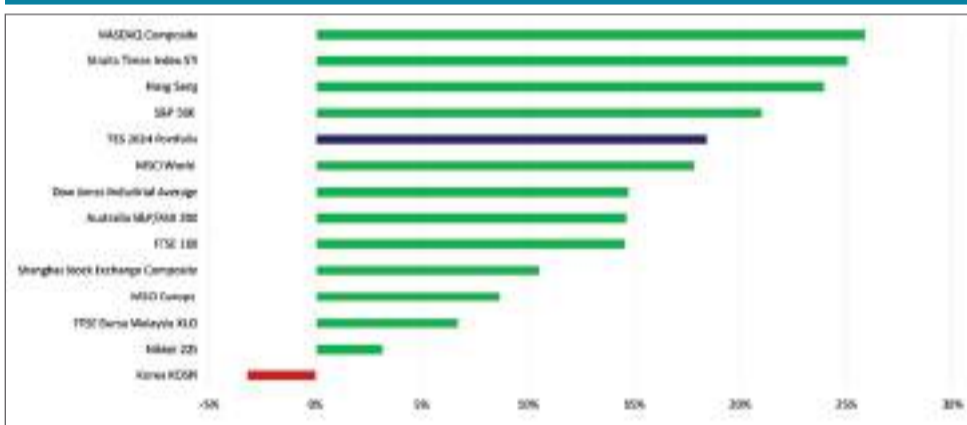
For 2024, our global portfolio returned 18.4%, doing fairly well in absolute terms and decently against all benchmarks. Comparatively, over the same period, one of the top-performing index was the STI, which gained 25.0% — thanks to the three local

Chart 3: Worst-performing stocks since inception



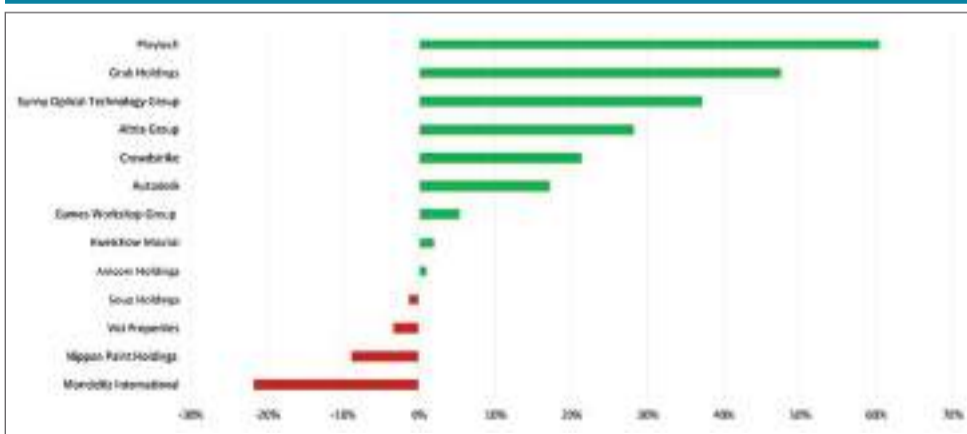
Stock returns include capital adjustments and dividends, and excludes currency exchange fluctuations.

Chart 4: Performance of 2024 Global Virtual Portfolio vs benchmarks



Stock and benchmark returns include capital adjustments and dividends, and excludes currency exchange fluctuations.

Chart 5: Individual performance of stocks in the 2024 Global Portfolio



Stock returns include capital adjustments and dividends, and excludes currency exchange fluctuations.

banks whose combined weightage helped lift the local benchmark to near record levels. The top performing index was the Nasdaq, and in third was the Hang Seng, which returned 25.9% and 24.0% respectively. Only the KOSPI lost 3.2% for the year. Chart 4 illustrates the performance of all comparable benchmark indices for 2024 over a one-year period.

The top-performing stock in our 2024 portfolio was London-listed Playtech, a UK-based gambling software development company. Throughout the year, this counter gained 60.4%, led by consistently strong financial performance and the sales of some of its business units, which would entitle shareholders to a special dividend.

At the other extreme, Nasdaq-listed Mon-

delèz International was our worst performer, down 21.8%. The consumer goods company sells under brands such as Cadbury, Ritz and Toblerone. Unfortunately, record cocoa prices — a key ingredient for chocolate — continue to be a headwind for Mondelèz, negatively affecting profits and the outlook for the business. Persistent analyst downgrades over the year have also adversely affected the company's share price, although we think Mondelèz is cheap at current prices over the future. Chart 5 illustrates the performance of individual stocks in our 2024 portfolio.

For the latest 2025 portfolio, our list of 10 stocks will be more active in the sense of larger allocation to smaller cap stocks and different geographical regions, unlike many global portfolios that are heavily skewed to the US, drawn by the depth and breadth of the world's largest financial market and one bestowed with gushing terms such as "US exceptionalism".

In our previous instalments, we have had more than one stock allocated to the same geographical region, mainly the US and China/Hong Kong, and also a comparatively larger allocation to larger cap stocks. We are still proponents of value investing, where we analyse and pick companies that are undervalued, or in other words, trading below a price that is fair.

The portfolio this year is no doubt much riskier than previous lists over the five years and is much more geographically diversified, and would aid investors looking to diversify on a geographic basis at the portfolio-level.

Table 1 shows the list of stocks for 2025, in line with our yearly Lunar New Year tradition of recommending a portfolio of 10 stocks.

To reiterate, *The Edge Singapore's* 2025 Global portfolio will be constructed similarly to the 2024 portfolio, where 10 stocks are allocated equally, wherever possible. The 2024 portfolio will be fully liquidated on Jan 30 using closing prices and the 2025 portfolio's start date will be on Jan 31, which is the day this issue is published online, also using closing prices. The 2025 portfolio will not account for transaction costs and exchange rate fluctuations in tracking the performance, just like previous instalments. Dividends and capital changes to the stocks will be accounted for in tracking the performance of the portfolio. We will publish the actual virtual figures for the portfolio details in the upcoming Issue 1175.

Happy investing in the Year of the Snake and we wish our readers a successful investing year ahead. ■

## COVER STORY

## 7C Solarparken

# Solar energy player enjoying tremendous growth

**X**etra-listed 7C Solarparken is a small-cap German company that provides energy solutions. 7C Solarparken's principal business activity is the production and sale of electricity from solar assets and wind farms. The company also provides technical and commercial services, such as remote monitoring, repair and maintenance of solar assets.

Other revenue mainly consists of rental income from its PV estate portfolio. Over 90% of the company's portfolio is located in Germany, with the rest in Belgium. The company provides electricity to the government, utilities and local offtake companies.

The company's founder and CEO is Steven De Proost, a trained engineer who was the former head of equity research at Delta Lloyd Securities and Dexia Securities, covering pan-European utilities and renewable stocks, before he started the company in 2008.

The thesis for investing in 7C Solarparken is that it is cheap at current valuations.

Companies in the energy industry are usually subject to fluctuations in energy prices. This company has two key aspects regarding renewables: the specific yield and capture price. The specific yield can be volatile as it is affected by weather conditions, which have not been great in recent periods.

However, the specific yield is affected by the Redispatch 2.0 grid stability control system, which the company manages. This control system is used when the grid is overloaded or during shutdowns, throttling the output of 7C Solarparken's wind and solar assets. Depending on the specifics of the usage during shutdown, grid operators pay compensation to the company.

Secondly, the capture price varies depending on whether it is in Germany or Belgium. For Germany, 7C Solarparken sells its production at the maximum value between the fixed feed-in tariff (FIT) and the market price



Solarparken's principal business activity is the production and sale of electricity from wind and solar farms like these

for solar power. FIT provides renewable energy producers an above-market price for what they deliver to grid operators. It is usually designed to promote investment in renewable energy sources, such as 7C Solarparken's wind and solar assets. For Belgium, 7C Solarparken sells roughly half its production at fixed prices to local offtake companies. The other half is sold at the electricity price on the European Energy Exchange market.

The key point is that businesses should rely less on factors that make them volatile, such as being affected by the vagaries of nature. 7C Solarparken is relatively shielded from volatil-

ity in the electricity market. Over the past few years, 7C Solarparken has entered electricity price swaps to counterbalance the volatility of the electricity markets while securing a capture price above the FIT and offset the risk of negative electricity prices. This ultimately reduces the business risk and volatility of the company's results.

Of course, structural trends favour the company. According to climate think tank Ember, solar energy output in 2024 overtook coal for the first time within the European Union. While solar output increased by 22% last year to around 304 terawatt hours, coal power fell nearly 16% to just 269 terawatt hours.

In 7C Solarparken's most recent 3QFY2024 results, its weighted average capacity increased by 4% y-o-y while production, specific yield and capture price were down 1%, 5% and 8%, respectively. The relative underperformance was due to supply shocks caused by the Russia-Ukraine war, which greatly increased power prices. Revenue was

down 9.6%, while ebitda fell 21% over the same period.

The comparative decline in revenue was due to the inclusion of solar plants acquired or built in the previous year and reporting period, while the fall in ebitda was due to the impairment of a receivable related to a solar project. In terms of the full-year guidance and outlook for the remainder of FY2024, management has indicated a share buyback programme and a cash flow per share value of EUR0.43 (\$0.61), which translates to a strong 23% yield.

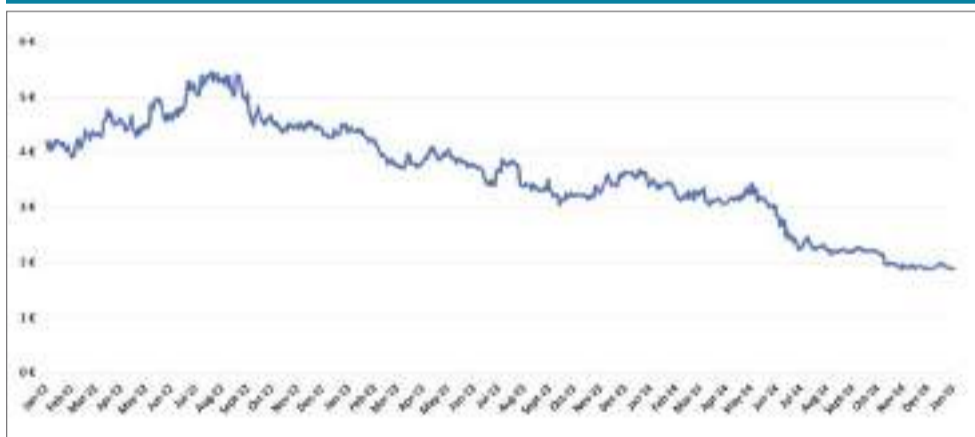
Financials-wise, 7C Solarparken has grown tremendously over the years. Operating cash flow and free cash flow have grown more than 10 times in the past 10 years, while revenue and ebitda have grown over seven times for the same period. The company's ebitda margin and operating margin are 73% and 16%, respectively, representing a fairly strong moat.

7C Solarparken's financial health is also fairly good, with great liquidity and decent solvency. The company has a cash and current ratio

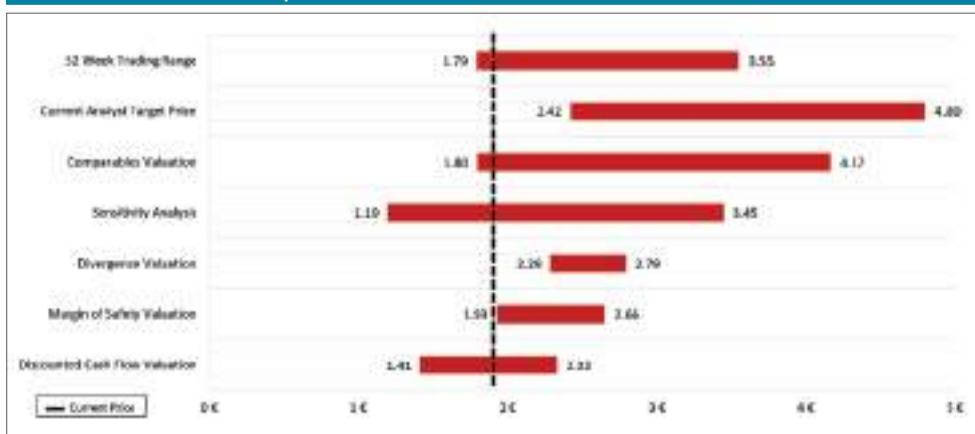
of over one times, with a net debt to equity of 69% and an interest cover of 3.9 times. All these figures represent a good business in terms of financial fundamentals. In terms of relative valuation, 7C Solarparken trades at a 4%, 30% and 76% discount to regional peers for its forward P/E, EV/Ebitda and P/B ratios, implying that it is one of the more attractive pick-ups in the industry.

Sentiment-wise, there is one "buy" call, one "hold" call and no "sell" calls for 7C Solarparken from analysts with an average target price of over 90% its current trading price of EUR1.87. Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is EUR2.29. **E**

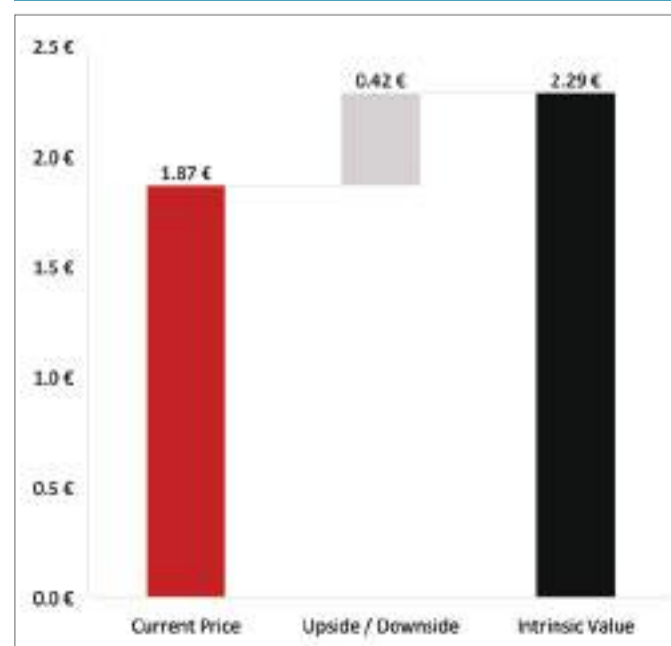
## 7C Solarparken's three-year price chart



## Chart 1a: 7C Solarparken's valuation overview



## Chart 1b: 7C Solarparken's current price to intrinsic value



AB Hotel Co

# Well-positioned Japanese hotel chain operator

Tokyo-listed AB Hotel Co is a small-cap Japanese company that operates hotel chains. AB Hotel provides lodging, catering, meeting arrangements, and restaurant services in Japan. As at the end of 2024, the company has 36 hotels under operation, spanning over 4,600 rooms. AB Hotel started its hotel operating business in November 1999 and has continued to expand its presence across Japan. The company demerged from Tokyo-listed property and sports club operator Tosho Co in October 2014 to focus solely on hotel operations.

The thesis for investing in AB Hotel is the minimal coverage of the company. This implies that the financial information may not truly reflect the company's worth and is undervalued.

A key qualitative aspect of the company is that it mainly operates hotels in key business areas, such as public transport stations and near major interchanges. Also, most of the hotels have a single-room design, which goes well with the previous point in terms of location. Both these points reflect a well-thought-out business strategy regarding the target market.

Japan's consumer economy continues to recover slowly post-pandemic, which affects consumer discretionary service providers such as AB Hotel. The depreciation of the yen, along with labour shortages in Japan, also negatively affects the hotel industry and occupancy rates.

Like most businesses that survive and sustain, AB Hotel's management has addressed this issue by implementing new business directives. This includes travel discount campaigns implemented by each prefecture in which AB Hotel has a presence to improve the occupancy rate.

"AB Hotel will expand our business as an accommodation-oriented hotel, providing the classy atmosphere of high-class hotels and reasonable pricing of budget hotels to meet the guests' satisfaction," says president Kazuki



AB Hotel started its hotel operating business in November 1999 and has continued to expand its presence across Japan, including Tokyo. As at the end of 2024, the company has 36 hotels under operation, spanning over 4,600 rooms

Kutsuna. Measures to secure repeat customers were also implemented, such as reviewing and revamping meal menus.

A key point to consider is that customer satisfaction can be elastic in consumer discretionary industries but depends on the business's culture and target market. AB Hotel's measures were effective as they adapted well post-pandemic, reflected by almost double-digit improvement in occupancy rates from 2022 to 2023. These measures resulted in strong sales of business customers, AB Hotel's primary customers, and increased inbound and domestic travel demand.

Last year, Japan welcomed the most visitors in history, partly thanks to a favourable curren-

cy. According to the Japan National Tourism Organization, more than 36.8 million people visited the country. The previous record was in 201X with nearly 32 million visitors and in 2023 with 25.07 million visitors. Visitors last year spent JPY8.14 trillion (\$71 billion), up 53% from 2023.

Moving forward, AB Hotel continues to do well business-wise and just recently announced the launch of its three-year medium-term management plan, starting with the fiscal year ending March 2025. This management plan will focus on the social responsibility aspect of the business and environmental issues, such as the establishment of an in-house sustainability and environmental committee to potentially attract international patrons and demand. Overall, the qualitative aspect of the business is good, to say the least.

AB Hotel's most recent 1HFY2024 results improved its y-o-y net sales, operating profit and net profit by 6.9%, 8.9% and 9.1%, respectively. Guidance-wise, for the full year, net sales, operating profit, and earnings per

share are expected to increase by 3.5%, 2.1% and 0.3% y-o-y.

Although the numbers may seem a bit lower in comparison to the current period's performance, it must be noted that AB Hotel did tremendously well from FY2022 to FY2023 due to success in its business adaptation measures, reflected by y-o-y improvement of around 50% for its operating and net profits. However, the share price has fallen over 30% over the past year despite a minimal improvement from a windfall year, supporting our thesis that the company is undervalued.

Financials-wise, AB Hotel has had 10 years of positive operating cash flow, with great profitability despite being in the usual saturated consumer discretionary industry. The company's business focus and strategy were successful post-pandemic, reflected by its increase in return on equity from 5.3% in 1HFY2021 to 23.4% in 1HFY2024. Current margins for operating and net income are 37.2% and 22.9%, respectively.

The company's financial health is good, too, with a cash and current ratio above one

times, reflecting strong liquidity and a net debt to equity of 37% with over 50 times interest cover, representing excellent solvency. Relative valuations-wise, AB Hotel is attractive as it trades at a 38%, 53% and 29% discount to domestic peers for its forward PE, EV/Ebitda and P/B ratios.

There is no analyst coverage on the company, which would likely make sentiment on the company more erratic. We believe the true and fair value of the company would be achieved through "random walks" in the fluctuation of the share price. Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is JPY1,905, above its current trading price of JPY1,500. **E**

AB Hotel's three-year price chart

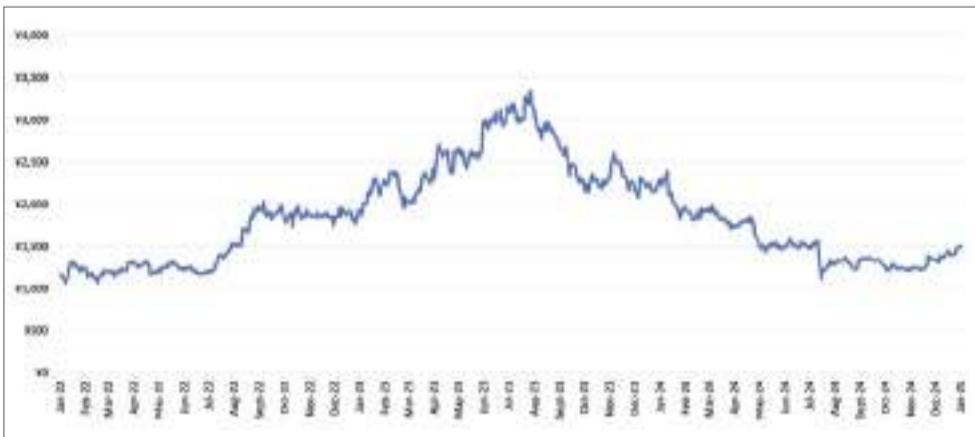


Chart 1a: AB Hotel's valuation overview

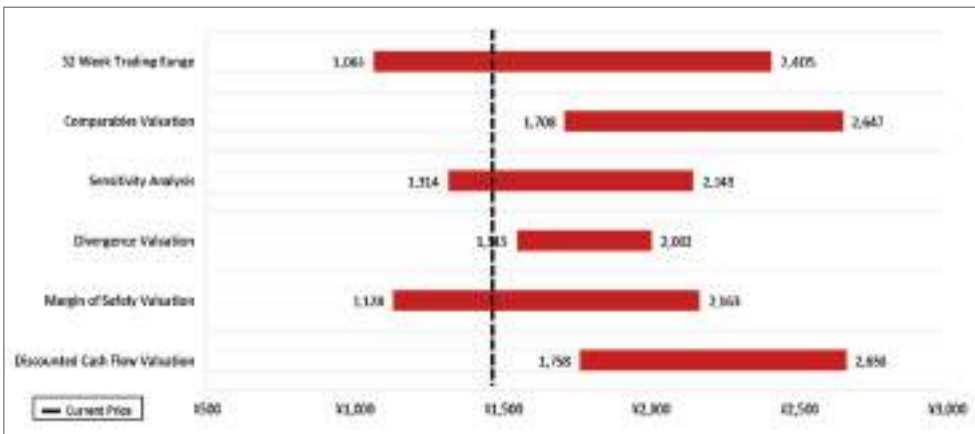
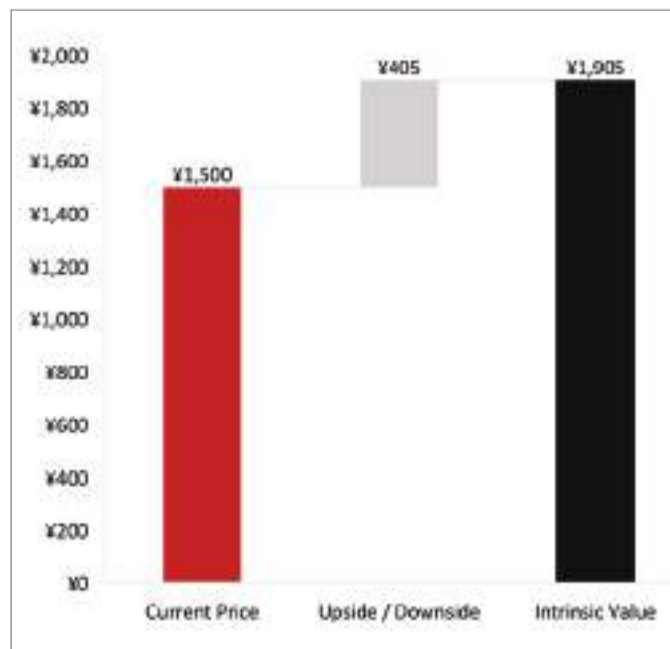


Chart 1b: AB Hotel's current price to intrinsic value



## COVER STORY

## Alten

# Tech consultancy to big MNCs building a steady international presence

Paris-listed Alten is a mid-cap technology consulting company. Alten specialises in engineering and IT services and has a global presence in over 30 countries. The company describes itself as a “leading technological partner” for major industrial clients and has developed a complementary and historical positioning in IT services to provide multisectoral solutions to clients. This enables it to cover the entire product development cycle on technological projects, implying a significant footprint along the value chain.

The thesis for investing in Alten is that it is cheap and undervalued based on its financials.

The revenue business mix is almost equally divided between all sectors in which Alten has a presence. This can be good for diversification purposes but potentially not as attractive as some sectors tend to outperform during the normal course of the business cycle.

Regardless, we think this type of business is much easier to assess whether it is undervalued, simply because the overall fluctuation of very diversified businesses tends to be lesser than niche-focused businesses. Specifically, fewer fluctuations mean less volatile financial growth, both negative and positive. Comparing this against the share price growth of Alten, which has suffered over the past year — down over 40% for the period, we think that the business is cheap because the market is focusing on the worst-performing sector of the diversified business, not the overall business.

Alten derives most of its revenue from the automotive industry. Some issues that could affect the sector’s cyclical slowdown are the decrease in volume, particularly for electric vehicles (EV), and changes in investment strategies due to policy and regulations by EV players. However, this could potentially be offset by accelerating decarbonisation, new systems of driving assistance, and investment in batteries and the hydrogen sector.

Another sector that contributes significantly is the aeronautics and space sector. Improvements in supply chain efficiency and production equipment, along with decarbonisation, are tailwinds for the sector. At the same time, a cyclical slowdown related to the postponement of many projects from many players is a strong headwind. There are also many opportunities for sectors in which Alten has a presence, such as the finance, life sciences, and telecoms industries, that can potentially contribute to business growth.

The point of all this is to recognise that to be successful in each industry; it is important that the clients are at the forefront or well-recognised names in the sector or industry. Alten has this, where some big names include BNP Paribas, Pfizer, Airbus, Siemens, Volkswagen, Accor Hotels, Telefonica, ASML and many more. This reduces the likelihood of project failures, resulting in more consistent overall financial and business performance.

Something to note over the years for Alten is that the revenue mix is slowly shifting towards international sources as compared to domestic sources from France. In 2018, around 54% was derived internationally — and as of 2024, the figure grew to over 67%. This implies that the business is diversifying its revenue sources geographically and improving

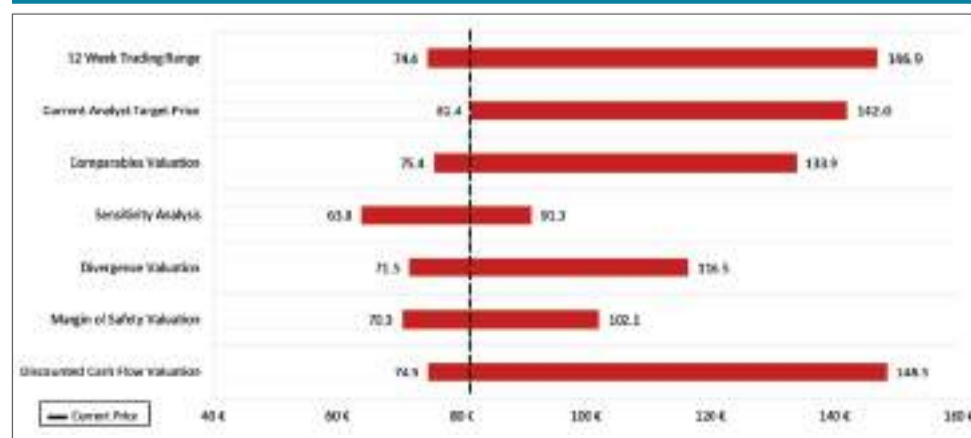


A sector that contributes significantly to Alten's revenue is the aeronautics and space sectors, where it has some big-name clients, including Airbus

## Alten's three-year price chart



## Chart 1a: Alten's valuation overview

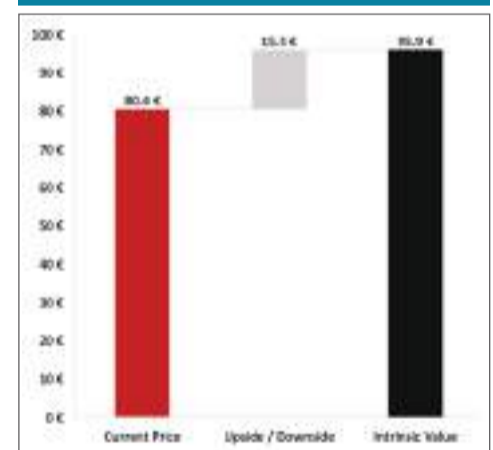


its global footprint, which should ultimately aid in the overall growth of the business through a more diverse and wider addressable market. Alten’s management has recognised and addressed this by stating its plans to sustain its international development. Some initiatives include globalising its commercial and technical organisations and capitalising

on the top 100 global customer market, such as being more present in the software and artificial intelligence sector.

In Alten’s 1HFY2024 results, its organic growth grew 0.9% y-o-y. Revenue, operating profit and net profits grew 2.9%, 2.2% and 6.4%, respectively, over the same period. Also, free cash flow turned positive from

## Chart 1b: Alten's current price to intrinsic value



the previous comparable period. The company is fairly profitable, with a return on equity and return on assets of 11.9% and 6.9%, respectively. Margins are also commendable for a diversified company — with ebitda, operating and net profit margins at 9.8%, 7.6% and 5.6%, respectively.

Alten’s financial health is solid, with good liquidity represented by a current ratio of 1.6 times and great solvency reflected by its net debt-to-equity ratio of just 2% and an interest cover of close to 30 times. In terms of relative valuation, Alten trades cheaply and is attractive compared to global peers by trading at a steep 38%, 41% and 65% discount for its forward P/E, EV/Ebitda and P/B ratio, respectively.

Sentiment-wise, there are seven “buy” calls, two “hold” calls and two “sell” calls for Alten from analysts with an average target price of over 25% above its current trading price of EUR80.4 (\$113.43). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is EUR95.9. ■

Anta Sports Products

# Multi-brand sports equipment market leader trading at cheap valuations

**H**ong Kong-listed Anta Sports Products principally engages in the design, R&D, manufacturing, marketing and sales of professional sports products, including footwear, apparel and accessories.

The company, the world's largest sports equipment maker by revenue, has three main brand groups based on use: performance sports brands, fashion sports brands and outdoor sports brands.

Some of the brands in the company's portfolio include Anta and Fila. The company is also the largest shareholder of New York-listed Amer Sports, a global group of iconic sports and outdoor brands. Examples of brands in Amer's portfolio include Arc'teryx, Salomon, Wilson, Peak Performance and Atomic.

The thesis for investing in Anta is that it is a fundamentally sound company with good prospects of capturing addressable market share. Also, based on current valuations, the company is cheap.

For businesses in the consumer discretionary sector, particularly in the fashion industry, recognition is key. The list of brands listed above might ring a bell for some; perhaps some may even own Anta's sportswear. To the investor, the familiarity or recognition of products and services from these companies in the mass market implies relatively inelastic demand compared to brands that some may never have heard of.

Alternatively, if you are big enough, such as Anta, you can practically penetrate various parts of the value chain and slowly build a name for yourself, which in investing terms refers to a competitive advantage or moat.

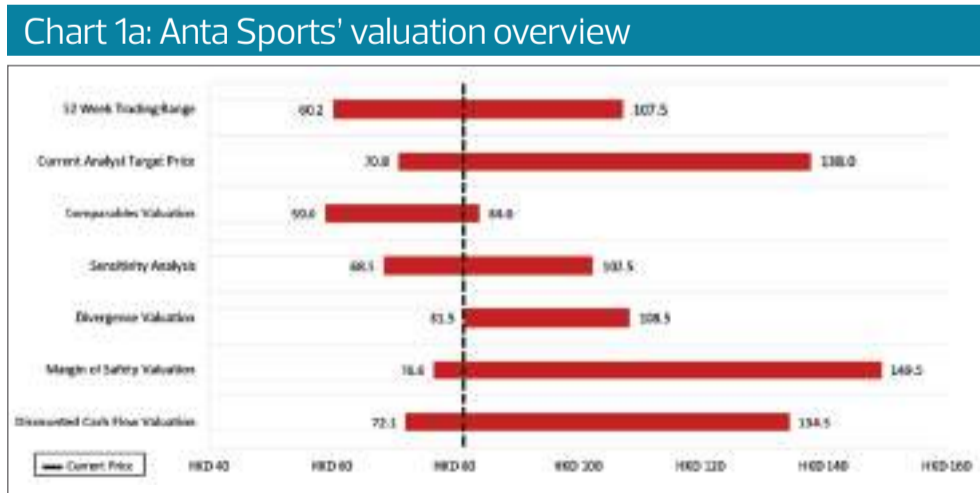
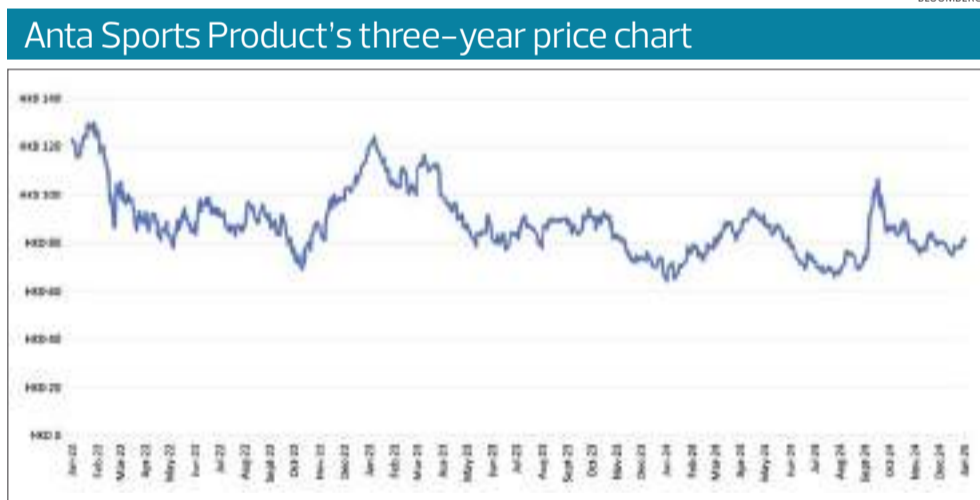
Recently, competitor Li-Ning, founded by China's most famous gymnast, replaced Anta as the official sports apparel partner for the Chinese Olympic Committee. At first glance, this may sound like adverse news, which is likely reflected in the company's share price, but it is unlikely to have a significant impact on the company's financials. The disparity between the price drop and actual loss in value to the company here would imply that investors can buy the company at a cheaper price. Anta has various other options to recover the compromised branding, such as through partnerships with renowned sports athletes to promote its labels. For the mass-market segment, ANTA's premium sportswear, such as Arc'teryx and Salomon, are good competitors to brands such as Nike and Adidas and have gained much traction not just domestically but also globally over the years.

Backtracking on Anta's presence along the value chain, Anta has sportswear and gear to address the latest market trends. An example would be to address consumer segmentation, such as high-income groups and lower-tier markets, both of which the company has a presence in. Another industry trend is the high growth of vertical categories along the supply chain, such as the outdoor segment, in which Anta markets products through its Kolon Sport outdoor series brand.

Anta is also keeping pace with the technology trends in the market, specifically for its e-commerce and digitalisation segment. The company is applying artificial

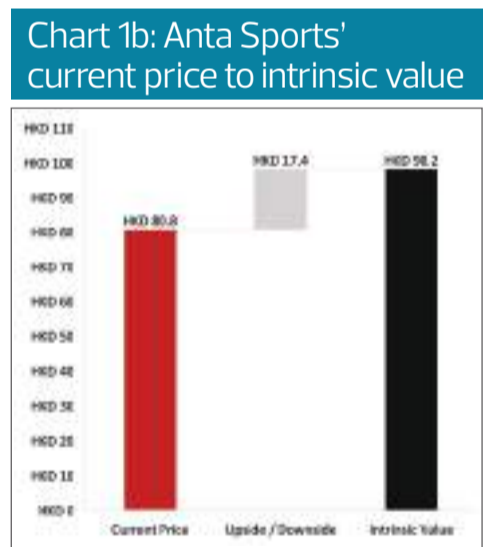


Signage at an Anta Sports Products pop-up store in Beijing, China, last year. The company is the world's largest sports equipment maker by revenue



intelligence in its operations, such as to produce product samples and reduce sunk costs through making physical samples. Anta is also utilising AI digital humans to engage with its customers and audience in real time, which enhances the consumer experience and potentially boosts sales and conversion rates.

In Anta's 1HFY2024 results, revenue grew 13.8% y-o-y. Specifically, the Anta brand grew by 13.5%, Fila grew by 6.8%, and all other brands grew strongly by 41.8%. Similarly, overall operating profits grew by 13.6% over the same period, with Anta growing by 17.9%, Fila by 2.6% and other brands by 39.6%. Operating margins for the other brands are



also the highest, at 29.9%, followed by Fila at 28.6% and finally Anta at 21.8%.

Well, they say if you can't beat them, just acquire them — or, in this case — acquire brands that can compete within their value chain segment, such as the brands from Amer Sports. Anta's financial health is excellent, with over one times in cash and current ratio implying strong liquidity and even better solvency through a net cash position and an interest cover of almost 30 times. Relative to global peers, Anta trades at a slight 4% and 2% discount for its forward P/E and P/B ratios, respectively, and a 6% premium for its forward EV/Ebitda.

As a component stock of the Hang Seng Index, Anta is well-followed by analysts. Sentiment-wise, there are 50 "buy" calls, three "hold" calls and no "sell" calls for Anta from analysts with an average target price of 35% above its current trading price of HK\$80.8 (\$14.06). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is HK\$98.2. ■

Audinate Group

# Sound growth prospects while building a strong moat

Australian Securities Exchange-listed Audinate Group is a small-cap audiovisual (AV) software solutions company, and a global supplier of digital media networking for the professional AV industry. Audinate's flagship solution, Dante, transforms audio and video connectivity by replacing all connections with a computer network, by sending video and hundreds of channels of audio over convenient cables with perfect digital fidelity.

The thesis for investing in Audinate, founded by Aidan Williams, a self-styled amateur musician, is that it is a company with a great product and a large addressable market for future growth.

Audinate's key product, Dante, is a market leader in its niche. This media networking solution is widely used in the professional AV industry globally, with over 4,000 types of products enabled by it and over 660 OEM (original equipment manufacturer) brands licensing Dante products. It is also found in millions of devices globally, ranging from universities and recording studios to theatres and zoos. In terms of competitors, Dante has a whopping 12 times the market adoption of its closest competitor, Ravenna. This implies that it is almost everywhere and has a very strong moat, which is great news if the company itself is profitable. And it is.

Looking at the network AV market, the total addressable market opportunity is over US\$2 billion (\$2.7 billion). Audinate's current share of the audio market is estimated to be around 9%, with opportunities in the audio, video, and software segments.

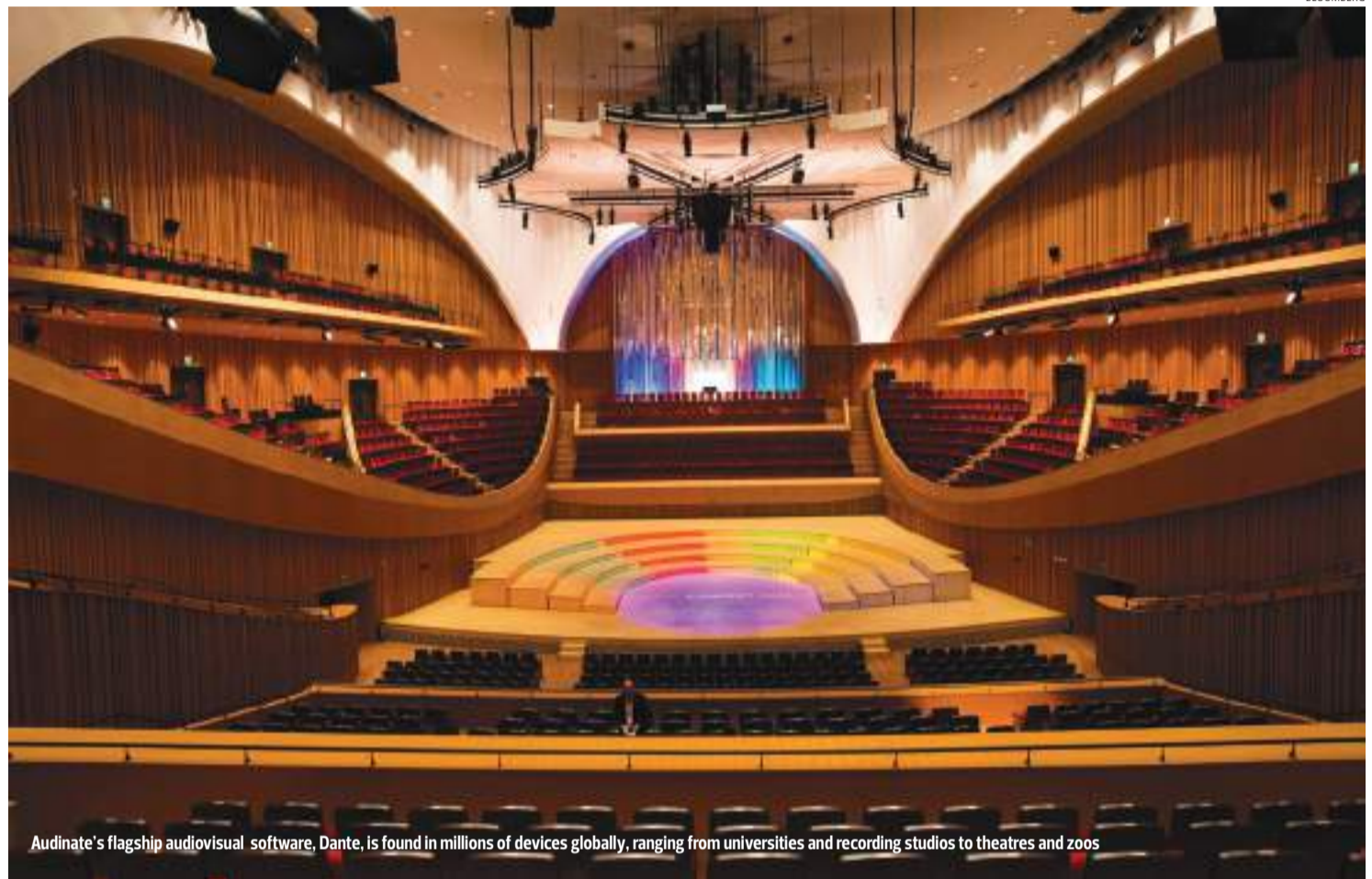
For audio, there is revenue opportunity for audio products such as speakers, microphones, amplifiers and signal processors. Cameras, displays, projectors, signal routing and switching products represent revenue opportunities in the video market, while management control software such as the Dante Domain Manager represents revenue opportunity for the software segment.

The great thing about Audinate's Dante is that there is additional revenue opportunity for the software segment, which is incremental to the potential US\$2 billion market. "The big thing that's next for Dante is really around connecting AV devices properly to the internet at large," says Williams in an interview published on the AVNetwork website.

Key business performance metrics are also nothing short of impressive for Audinate. Comparing 2024 to 2023, the AV professionals trained on Dante grew 22%, downloads of Dante controller set-up tools grew 13%, units of retail software sold to AV professionals was up 22%, customers shipping Dante-enabled products was up 15% and the marketing database grew 20%.

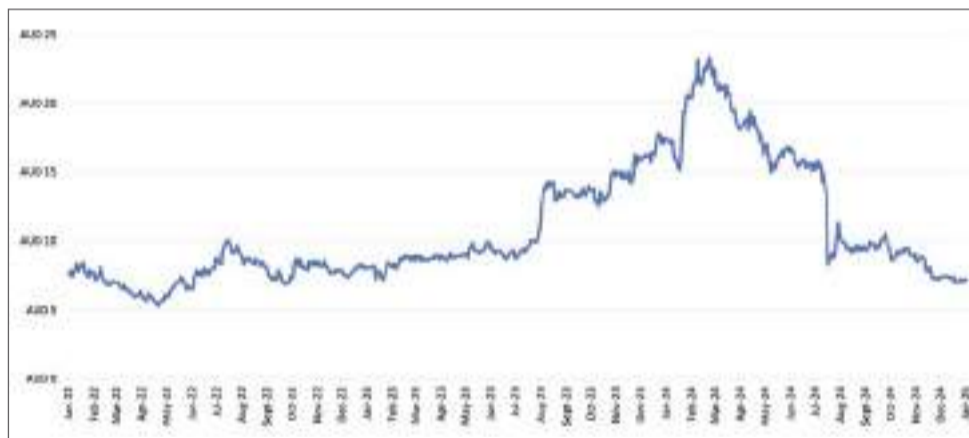
It is imperative that smaller companies keep their promises and achieve goals set out and promised, because it reflects good discipline from the management. Audinate was able to achieve its FY2024 objectives both business-wise and financial-wise. It is also important that the objectives make sense and are pertinent to the business.

The first objective was to double the video ecosystem in terms of video units used or shipped, which was achieved comfortably due to strong growth in the second half of 2024. The second was to release additional video and cloud products, which was achieved through the next-generation Dante

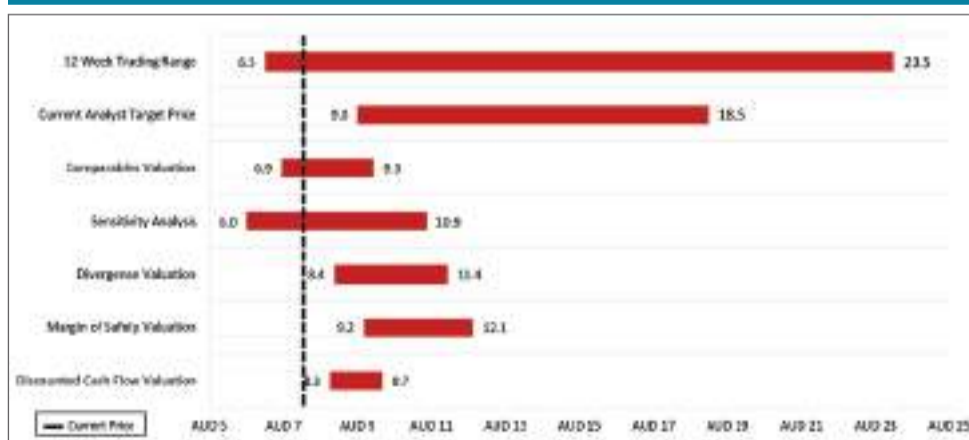


Audinate's flagship audiovisual software, Dante, is found in millions of devices globally, ranging from universities and recording studios to theatres and zoos

## Audinate Group's three-year price chart



## Chart 1a: Audinate's valuation overview

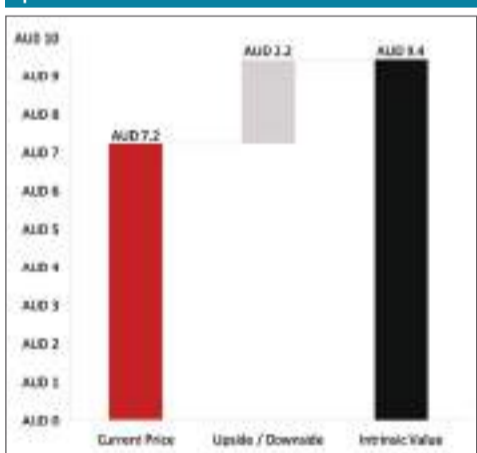


AV Ultra and Dante Director, which is a software-as-a-service product. Audinate also saw success with its Dante Connect cloud offering, as there were successful conversions of flagship customers. Financials-wise, Audinate met its goal of improving profitability and cash flow through growth in operating and free cash flow, which both almost dou-

bled from the previous comparable period.

One of Audinate's focuses moving forward is to conduct strategic M&As, where it establishes a framework to target businesses. To do this, the company raised capital to strengthen its balance sheet and appointed a chief strategy officer to provide executive focus on M&A. The larger Audinate grows, the wider the reach

## Chart 1b: Audinate's current price to intrinsic value



of Dante, and eventually, this small-cap company will be able to grow tremendously, propelled by its disciplined management and strong key product.

In Audinate's FY2024 results, revenue was up 31% y-o-y, while gross profits and ebitda were up 35% and 85%, respectively. Gross profit margins also improved from 72.1% to 74.3% over the same period, while total units shipped grew 34%. In terms of financial health, the company is very healthy, with a cash and current ratio of over eight times and a net cash position. Relative valuation-wise, Audinate trades at a 14% and 7% discount for its forward P/E and EV/Revenue ratios, respectively, and a 4% premium for its forward P/B ratio.

Sentiment-wise, there are three "buy" calls, five "hold" calls and no "sell" calls for Audinate from analysts with an average target price of 40% above its current trading price of A\$7.22 (\$6.14). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is A\$9.42. ■

Brembo

# Braking specialist hits the right Formula for asphalt-melting growth

Borsa Italiana-listed Brembo NV designs, manufactures and markets disc braking systems and components. The company offers brake discs, wheel-side modules and brakes for four of its operating segments by application: passenger cars, motorbikes, commercial vehicles and racing. Brembo derives almost three-quarters of its revenue from passenger cars and supplies its products globally.

The thesis for investing in Brembo is that it is a fundamentally solid company with a great moat and attractive financials at current prices. Brembo is one of those value-investing opportunities you might come across, though not often enough to be considered cheap. The company has been in the industry for a very long time and is a well-known brand within its niche. Its financial performance over the past 10 years has been steady in terms of revenue, net income and operating cash flow. However, Brembo's share price has fallen almost 20% over a one-year period. This presents investors with an opportunity to buy the company at a cheap price.

Brakes in the automotive industry could become obsolete when transitioning to electric vehicles (EV) compared to traditional internal combustion engine (ICE) vehicles. To address this, Brembo has developed a solution dedicated to electric cars, the Beyond EV Kit.

Brembo is truly at the forefront of its niche. It is the first braking system manufacturer to produce a specific brake pad dedicated to electric cars and offer a complete solution that also includes the disc with a new anti-corrosion treatment on the braking surface. The disc is durable despite being subjected to the normal wear of the brake pads from the Brembo EV Kit. To investors, this is great news, as Brembo's innovation allows it to stay ahead of the pack in its industry.

Brembo's medium to long-term strategy is to invest and acquire businesses through M&A to strengthen its market leadership. Earlier this year, in January, Brembo completed the acquisition of Öhlins Racing, which is the leading manufacturer of premium, high-performance suspension technology for motorcycles and cars in the original equipment, motorsport and after-market segments for an enterprise value of US\$405 million (\$549 million), entirely on a cash basis.

This acquisition, the largest in Brembo's history, helps the company expand its offerings in the automotive market by enhancing its role as an integrated solutions provider. Further, Brembo plans to increase its global footprint through capacity increase initiatives and expansion projects in Poland, Mexico, China and Thailand, which are in line with its medium- to long-term plan.

In Issue 1155 (*F1 stocks: Who's on pole?*), we featured Brembo as one of the undervalued companies within the Formula One (F1) value chain. Brembo has a commanding position in the F1 industry when it comes to brakes, as they have been the sole supplier of brake components to F1 teams for the past four years and are likely to continue for this year's F1 season. The company supplies core brake callipers to all 10 teams on the F1 grid, reflecting its strong presence in the racing segment of its niche. If Brem-



BLOOMBERG

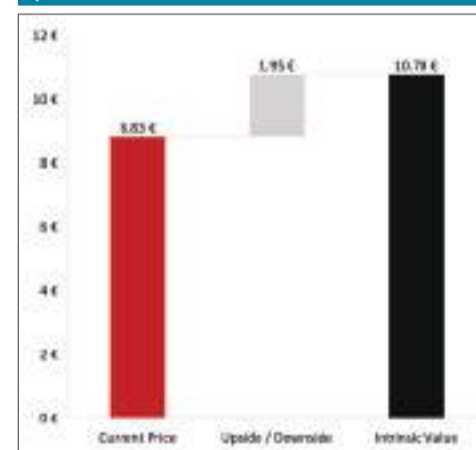
Brembo dominates the F1 brake market, supplying all teams for the past four years and likely continuing this season

## Brembo's three-year price chart

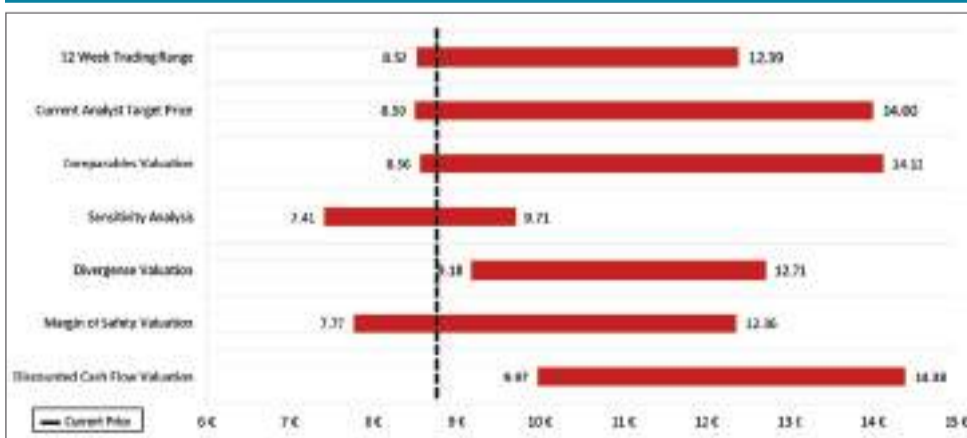


BLOOMBERG

## Chart 1b: Brembo's current price to intrinsic value



## Chart 1a: Brembo's valuation overview



bo were solely supplying brakes for the F1 Championship, perhaps its share price would be much, much more than it is right now — but it is still an attractive buy at current prices due to its dominant position in the global brakes industry.

For Brembo's 3QFY2024 results, revenue and ebitda grew 0.3% and 0.2%, respectively,

despite a challenging global macroeconomic climate resulting primarily in weaker demand, particularly in Europe. The guidance for the full FY2024 is mostly in line with the previous year. What this means is that the company is not expected to be growing positively or negatively — and our thesis is that it is just cheap at current valuations. Margins-wise, the com-

pany's ebitda and operating margin are at a healthy 16.1% and 8.6%, respectively, with good profitability reflected by its return on equity and return on assets of 12.9% and 6.4%, respectively. Brembo's balance sheet is also fairly good, with a current ratio of more than one times, net debt to equity of 23% and an interest cover of almost 10 times.

When it comes to relative valuations, Brembo trades at very attractive valuations compared to both regional peers and global peers. Compared to regional peers, Brembo trades at a 22%, 8% and 9% discount for its forward P/E, EV/Ebitda and P/B ratios, respectively, and a steep 43%, 51% and 61% discount to global peers for the same metrics.

Sentiment-wise, there are five "buy" calls, five "hold" calls and one "sell" call for Brembo from analysts with an average target price of almost 30% above its current trading price of EUR8.83 (\$12.46). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is EUR10.78. ■

Evolution

# Betting on steady growth in new markets with M&A

Stockholm-listed Evolution develops, produces, markets, and licenses fully integrated live casino solutions to online casino operators. The company's customers include prominent online gaming operators worldwide and several land-based casinos that have expanded online.

Evolution's revenue model consists of commission fees and fixed fees for dedicated tables. Dedicated table fees are monthly service charges to operators who have opted to provide dedicated tables for their end-users. Evolution's key segment is its live casino, from which it derives around 80% of its revenue.

The thesis for investing in Evolution is that it is a highly profitable company with excellent financials and a strong potential for substantial growth.

The gambling industry has changed over the years and the shift from brick-and-mortar casinos to online casinos has been a positive tailwind for Evolution. Online casinos, supported by newly regulated markets and evolving consumer preferences, continue to grow substantially. The growing usage of technology, such as the adoption of mobile technology, makes it convenient for players to access online casinos and engage in online gambling.

What separates traditional and older land-based casinos is that the live casino business allows operators to differentiate themselves in the marketplace. It offers considerable opportunities to be flexible in customising the content and experience it provides to end-users, and also at a much quicker pace. Companies such as Evolution can continue to maintain strong margins through the ever-changing content that makes demand more inelastic.

Market intelligence sources project the global online casino market size to grow at a low double-digit CAGR from 2024 to 2030. Evolution is a favoured candidate to grab the potential addressable market, as its business strategy revolves around gaining early market share in new and re-regulating markets.

Also, given Evolution's target of growing faster than the total global online casino market, the company conducts M&A, such as the offer in July last year for Galaxy Gaming, a leading developer and distributor of casino table games and gaming technology solutions, which is expected to be completed around the middle of this year. Evolution has developed successful and innovative games, along with its market-leading sophisticated platform that is scalable and adaptable to new markets; hence, we think Evolution's odds of executing its business strategy are favourable.

In Evolution's 3QFY2024 results, operating revenues grew 27.9% year-on-year. Ebitda, net profits and EPS also grew 30.3%, 20.5% and 23.0%, respectively, over the same period. Business-wise, the number of games or game rounds grew 29% over the same period.

Some highlights for the quarter include a new studio launch in Colombia and an expanded offering in North America, along with the acquisition of Arcadia Gaming Solutions, which is an Amsterdam-based video-streaming live casino provider for EUR2.5 million (\$3.5 million).

During the quarter, there was also a significant increase in advanced cyber-attacks against the Asian video distribution segment,



BLOOMBERG

Evolution's key segment is its live casino, from which it derives around 80% of its revenue

which negatively impacted Evolution's Asian revenue. Evolution has successfully deployed measures to counteract these intrusions and will continue to scale up countermeasures aggressively. It is better to nip the problem in the bud, as similar attacks at a later period could have possibly caused more ad-

verse effects on the company's financial performance.

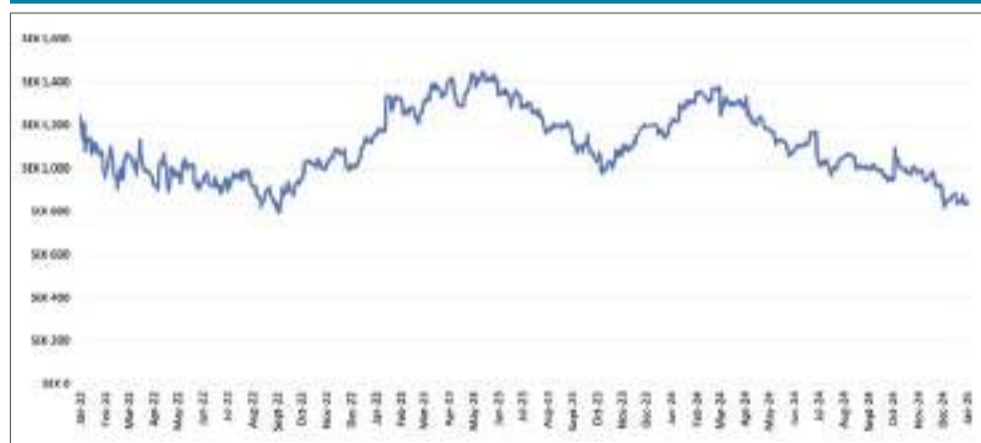
Evolution's outlook for the rest of FY2024 involves continued expansion, including initiating one or two more casino studios and going live with the studio in the newly regulated Czech market. The company

also plans to provide accelerated game delivery during this period, which should sustain its margins.

Financials-wise, the company's margins are very healthy at 70.5%, 63.5% and 59.5%, respectively, for its ebitda, operating and net profit margins. Profitability is great, too, with a return on equity and return on asset of 28.7% and 22.9%, respectively. Evolution's financial health is excellent, with a cash ratio of 1.8 times and a net cash position. The company also trades at attractive valuations compared to global peers, with a 41%, 9% and 32% discount for its forward P/E, EV/Ebitda and EV/Ebit ratios, respectively.

Sentiment-wise, there are nine "buy" calls, five "hold" calls and three "sell" calls for Evolution from analysts with an average target price of 50% above its current trading price of SEK839.4 (\$103.40). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is SEK1,149. **E**

## Evolution's three-year price chart

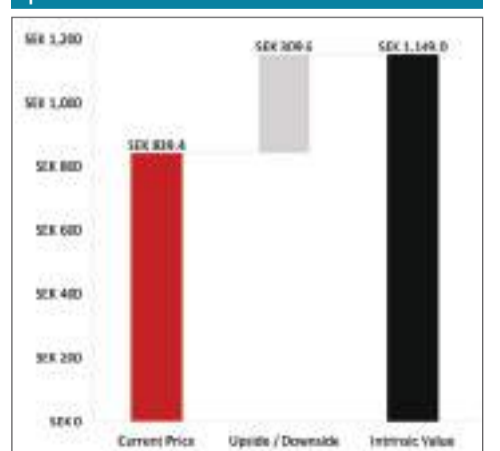


BLOOMBERG

## Chart 1a: Evolution's valuation overview



## Chart 1b: Evolution's current price to intrinsic value



Knights Group Holdings

# Consultancy delivering strong and consistent profitability

London-listed Knights Group Holdings is a small-cap company that provides consulting services. These include debt recovery, corporate advisory, dispute resolutions, human resource management, notary services, taxation and insolvency issues. The company serves clients across the UK in various sectors and industries. David Beech, a corporate lawyer and former private equity fund manager, leads the company. He leads a team of more than 1,000 professionals who serve more than 10,000 clients.

The thesis for investing in Knights Group is that it has a great business model with the potential for strong and consistent profitability. Knights Group aims to become the leading legal and professional services business outside London. To achieve this, its business model must focus on the relationship between the client and the company.

Consulting is not solely about the substance or effectiveness of solutions when it comes to client retention. Relationships must be managed carefully to ensure clients remain, driving business profitability. Knights Group prides itself on a client-centric approach, emphasising both the delivery and manner of solutions to ensure sustained success.

The case for investing in the company rests on three key pillars. First, the company focuses on regional markets throughout the UK, where it can become the leading business in the sector. The goal is to create a mature corporate platform that enables an efficient and profitable business model. Strategically targeting markets in which the company can become the leader further increases the scale and awareness of its services.

Cost-wise, Knights Group operates from regional locations with lower competition, which reduces cost pressure and provides great value to clients through better, competitive fees. Regarding its employees, the company does not have personal or team targets, which it argues will foster a collegiate and client-focused culture. While subjective, employee well-being is crucial in consulting. Although the strategy may not suit everyone, Knights Group boasts an above-market fee-earner to non-fee-earner ratio. This suggests that, at the very least, employees are better off financially with the company.

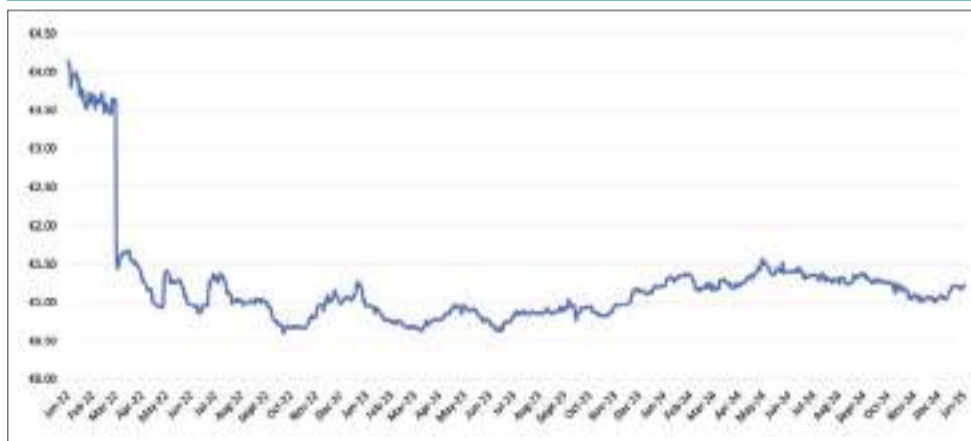
Secondly, Knights Group has professional advisors with a commercial mindset. This is facilitated and supported by technology and actionable analytics through the client services directors, who provide a clear and continued focus on revenue and cash flow generation. This is great for investors as there is always a pulling factor to ensure the business's profitability. There is a separation between the practitioners, who focus on the client and the managers who run the business, which is a great check and balance to ensure the company's profitability.

Finally, Knights Group has a scalable model. The regional market in the UK is worth close to GBP4 billion (\$6.6 billion), well above the company's market cap. Organic growth through a strong platform, complemented by strategic M&A, enables the company to capture the regional market opportunity. By consistently investing in technology for the platform, the company is able to provide an optimised and scalable platform for future growth.

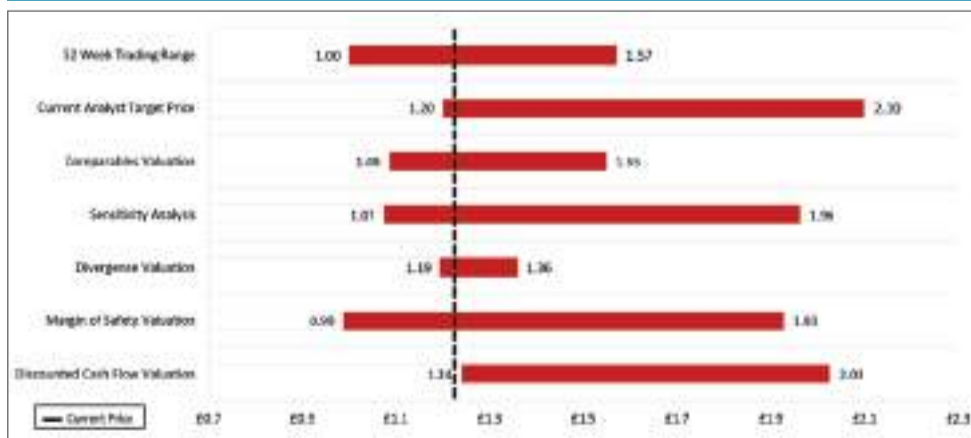


Skyline of the financial district of the City of London. Knights Group serves clients across the UK in various sectors and industries

## Knights Group's three-year price chart



## Chart 1a: Knights Group's valuation overview



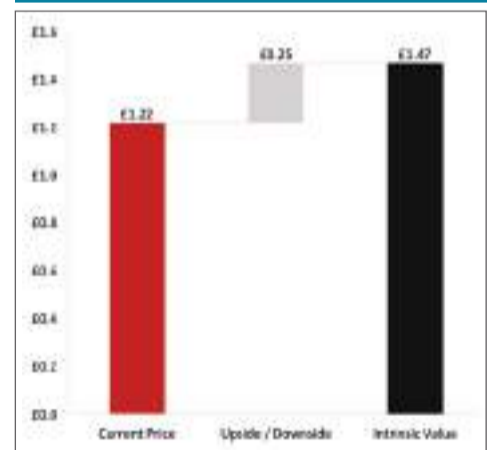
provide an optimised and scalable platform for future growth.

Going forward, the company will focus on generating higher-quality revenues by investing in stronger teams and specialising in more profitable sectors. This also includes exiting lower-margin consultancy regions, such as insolvency. Further, Knights

Group has added expertise and capabilities in IP, data, immigration, banking and environmental, social and governance (ESG) to increase its domestic footprint.

In Knights Group's 1H2025 results, revenue was up 5.4% y-o-y, with underlying profits growing 25.9% over the same period. The company's positive and growing operating

## Chart 1b: Knights Group's current price to intrinsic value



cash flow reflects its sound fundamentals, while its strong margins reflect its moat in the industry. Ebitda and operating margins were 21.6% and 13.6%, respectively, while return on equity and return on assets were 10.2% and 4.6%, respectively.

Financial health-wise, Knights Group has a current ratio of 2.6 times, reflecting ample liquidity. Although its net debt-to-equity ratio of 75% could be a cause for concern, an interest coverage ratio of over four times offsets it. Knights Group is one of the more attractive company valuations among local peers, where it trades at a significant 74%, 50% and 57% discount for its forward P/E, EV/Ebitda and P/B ratios, respectively.

Sentiment-wise, there are three "buy" calls, two "hold" calls and no "sell" calls for Knights Group from analysts, with an average target price of 35% above its current trading price of GBP1.22. Based on our in-house valuations (see Charts 1a and 1b), we think the company's fair value is GBP1.47. ■

COVER STORY

Vici Properties

# The leading REIT of Sin City rolls on

New York-listed Vici Properties is an experiential REIT that owns one of the largest portfolios of market-leading gaming, hospitality and entertainment destinations consisting of 54 gaming properties and 39 other experiential properties across the US and Canada. Its key properties include Caesars Palace, MGM Grand and the Venetian Resort, three of the most iconic entertainment facilities on the Las Vegas Strip.

Vici is the only company we've retained from our 2024 global portfolio, as we think it has much value to offer. The thesis for the company remains — it is cheap at current prices given the way it has structured its portfolio and how it manages leases and downside risks.

The company's case is also relatively unchanged and most of its business prospects are the same — with the only major change being higher interest rates from when we added the stock in August last year. Higher interest rates increase the cap rate and the cost of capital, particularly for REITs such as Vici, and hence, the required return is higher. Despite this, we still think Vici has an excellent portfolio of assets that are capable of generating strong shareholder returns.

To recap, Vici is one of the largest triple net lease REITs globally, with 100% rent collection since its formation. The company also has progressively hedged its portfolio for inflation risks, with inflation-linked escalation for its rent rolled over the long term and 96% protection by 2035.

Almost three-quarters of Vici's tenants are from the S&P 500 and 80% of its rent roll is derived from SEC reporting operators, which provides transparency into tenant performance and health. Logistics-wise, gaming regulations create high barriers to entry and limit gaming tenants' ability to move locations, contributing to Vici's 100% occupancy rate, which is further augmented by a secure 41-year weighted average lease term for its portfolio.

Furthermore, with around 33 acres of undeveloped and underdeveloped land around the Las Vegas Strip, there is much opportunity available for Vici's growth pipeline. This pipeline is supported by right-of-first-refusal and right-of-first-offer agreements, which provide more flexibility to the REIT.

Checklist-wise, compared to other triple net lease REITs, Vici is superior in almost every aspect. In terms of its occupants' business model, it covers both experiential and operational, reflecting revenue diversity. For its underlying asset financial transparency, Vici is subject to stricter reporting standards from gaming regulators, such as the requirement to report gross gaming revenue from assets. Better financial transparency is a merit for both investors and the business.

Next, the barriers to entry are high, as licences are competitive and the capital required is substantial. The type of Vici's real estate is differentiated and non-commoditised, which implies that it is less affected by business and economic cycle fluctuations. Additionally, Vici's cash flow volatility is very low, and as it reports, there has been none to date. Vici reported positive same-store rent growth, too, over four times more than the average of its peers for the previous comparable period.

In Vici's 3QFY2024 results, total reve-

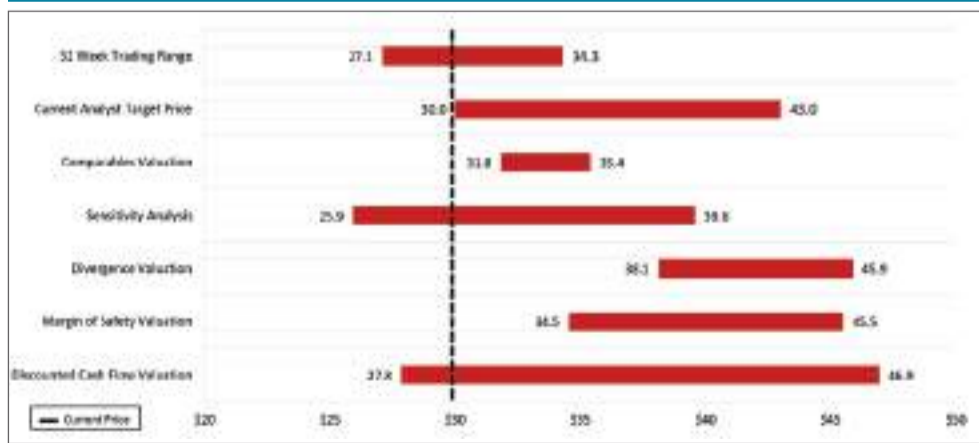


Vici's key properties include Caesars Palace, one of the most iconic entertainment facilities on the Las Vegas Strip

### Vici Properties' three-year price chart



### Chart 1a: Vici's valuation overview

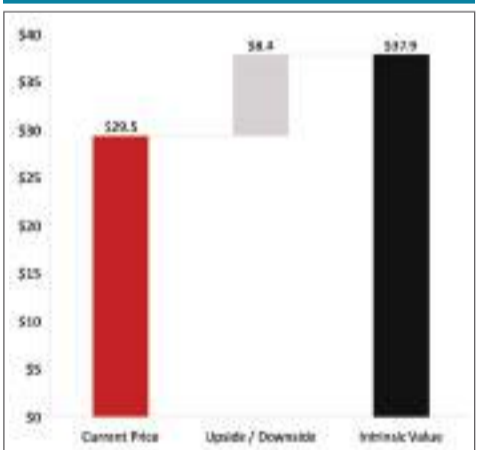


nues increased 6.7% y-o-y, while net income and earnings per share grew by 31.7% and 27.4%, respectively, over the same period. The >AFFO (adjusted funds from operations), a key REIT metric, increased 8.4% over the same period, while the quarterly cash dividend grew 4.2% on a y-o-y ba-

sis. Management also slightly revised the guidance upwards, reflecting optimism in the company.

In terms of the company's financial health, Vici has an investment-grade balance sheet, which broadens its access across capital markets as an unsecured

### Chart 1b: Vici's current price to intrinsic value



borrower, greatly providing financial leverage to the company to capture growth opportunities. Relative-valuation-wise, Vici trades at a 17% and 4% discount to local peers for its forward PE and price to funds from operations (FFFO), reflecting that it is a cheap pick compared to peers. The dividend yield of Vici is currently at a healthy 5.9%.

Vici is a great REIT because it is able to pay consistent and increasing dividends. Since its IPO, Vici has achieved a dividend CAGR of 7%, which is attributable to its methodical portfolio construction and consistent annual earnings growth from same-store rent escalations.

Sentiment-wise, there are 22 "buy" calls, three "hold" calls and no "sell" calls for Vici from analysts, with an average target price of 20% above its current trading price of US\$29.45 (\$39.97). Based on our in-house valuations (see Charts 1a and 1b), we think that the fair value for the company is US\$37.89. ■

Zhejiang Huahai Pharmaceutical Co

# Well-established player capturing entire industry value chain and trading at attractive valuations

Shanghai-listed Zhejiang Huahai Pharmaceutical manufactures and retails pharmaceutical products and medical raw materials globally. Specifically, its main business covers chemical and biological medicines and pharmaceutical packaging. The company's main therapeutic focus areas are the cardiovascular and central nervous systems and it is one of the leading global manufacturers of these products.

The investment case for Zhejiang Huahai, based within the province of Zhejiang, is that it is cheap based on current valuations, has good fundamentals and is a fairly decent business. The company was founded in 1989 and now employs over 9,000 people. It operates more than 40 subsidiaries and units across China, the US and Germany.

The brand is recognised globally, as it was the first Chinese pharmaceutical company to pass the US Food and Drug Administration (FDA) certification for finished pharmaceutical products, and has established an international platform to increase global trade for active pharmaceutical ingredients, which aids in its mission of enabling public access to cost-effective medicinal and healthcare products. This implies that Zhejiang Huahai has a larger presence along the pharmaceutical value chain, and its operating segments are cohesive with one another for business growth.

A supporting case for Zhejiang Huahai is its multi-level R&D institutions, a national enterprise technology centre recognised by the Chinese ministry, and a national postdoctoral scientific research station. Given that the pharmaceutical industry relies on patents for profit generation and innovation, the company's competitive advantage is likely to be more protected and secure. An example of this is the company's R&D centre at Linhai, which develops formulation processes with proprietary intellectual property rights.

Zhejiang Huahai's import and export segment covers five main business scopes: active pharmaceutical ingredients (API), pharmaceutical excipients, cosmetics raw materials, animal health and food supplements and additives. The broad range of sectors covered by the import and export business provides a solid foundation for expanding into diverse industries to drive revenue and income.

The company's contract manufacturer organisation (CMO) process includes process and formula development, medicines for clinical trials, production of APIs, either for chemical or biological medicines, formulated products and packaging.

To ensure repeat contracts, the company has adopted an approach called "total quality management", where it manages each step in the product life cycle. To date, its products have been officially certified by various national and regional organisations, including China, the US, the European Union, Japan and the World Health Organization. This reflects that the CMO process is of a high standard, which aids in revenue and earnings generation for the company.

Financials-wise, Zhejiang Huahai has shown consistent growth in its revenue, net income, and operating cash flow, with the exception of one year. The company's strong margins reflect

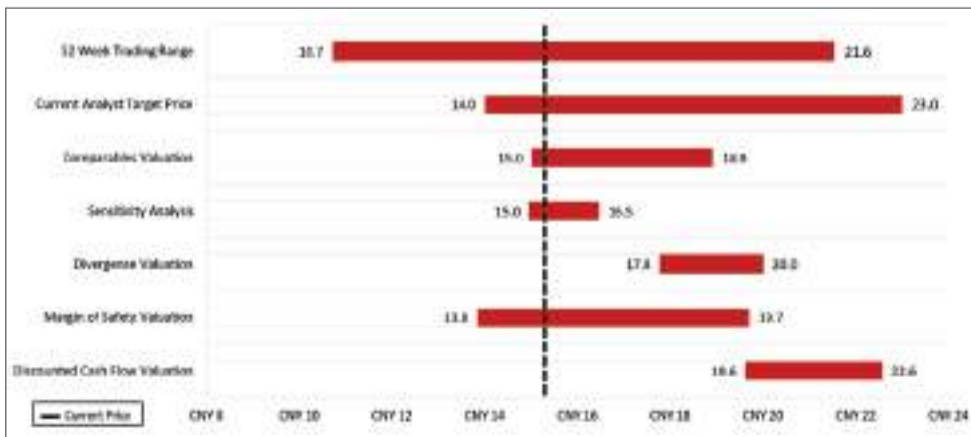


One of Zhejiang Huahai Pharmaceutical's production bases in Zhejiang province, China, in 2019

## Zhejiang Huahai Pharma's three-year price chart



## Chart 1a: Zhejiang Huahai's valuation overview

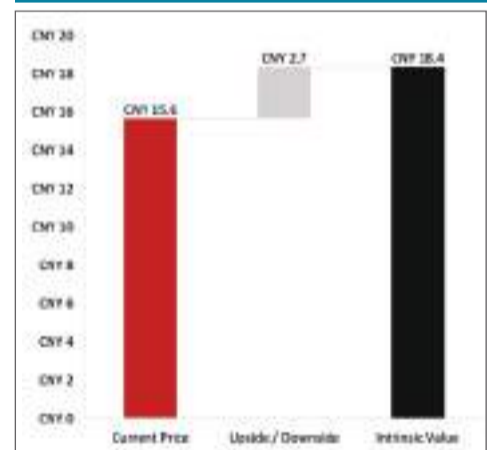


its competitive advantage in the industry. Its net income, operating cash flow and free cash flow margins are 10%, 23.3% and 5.1%, respectively. Profits-wise, the company's return on equity and return on assets are 13.5% and 6%, respectively, representing good profitability.

In terms of financial health, the company has good solvency, with a current ratio of 1.4

times. Although its net debt-to-equity ratio is 72%, its interest coverage ratio of 4.8 times is more than enough to ensure its solvency is not an issue. Further, the company's average credit rating is investment grade with minimal default risk probability and its Altman Z-score of 3.15 times, which is above the benchmark of three times, represents a low probability of

## Chart 1b: Zhejiang Huahai's current price to intrinsic value



the company defaulting.

In terms of relative valuation, Zhejiang Huahai trades at a discount for all its valuation ratios compared to global peers. The company trades at an 18%, 8%, 19%, 1% and 14% discount for its forward P/E, EV/Ebitda, EV/Ebit, EV/Revenue and P/B ratios, respectively. Also, Zhejiang Huahai is currently trading at the lower range of its two-year historical range for all the previous ratios, reflecting that it is cheap at current valuations. The company is consistent with its dividends — it has paid annual dividends over the past 10 years with the exception of one year. The current dividend yield is 1.3% and it is forecast that it will maintain its dividend for the next payable period.

Sentiment-wise, there are eight "buy" calls, no "hold" calls and one "sell" call for Zhejiang Huahai from analysts with an average target price of 30% above its current trading price of RMB15.60 (\$2.90). Based on our in-house valuations (see Charts 1a and 1b), we think the fair value for the company is RMB18.40. ■

# Saxo Singapore CEO on Trump, uncomfortable investing and private banks' 'disappearing future'

BY JOVI HO

jovi.ho@bizedge.com

Although it is “tempting” to believe that Donald Trump’s second term as US president will be a “continuation of what we got the first time around”, the coming four years could be “quite different” under the controversial leader, says Mahesh Sethuraman, CEO of Saxo Singapore.

Despite the market pricing in threats of harsh tariffs on China — upward of 60%, according to Trump during his campaign trail — that was not the first thing on his agenda, says Sethuraman to *The Edge Singapore* on Jan 21, the morning after Trump’s inauguration in the US. Instead, Trump ordered a study on whether Beijing had complied with a deal signed during his first term, and the next day said his team was discussing a 10% tariff on China starting Feb 1.

“We tend to think of Trump as a tariff man, but [Joe] Biden basically followed up [Trump’s first term] and doubled down on exactly what Trump did. So, Biden had the opportunity to undo it. He did not undo it; he actually doubled down on it. So, it’s not so much a Trump policy as it is [an] alleged bipartisan US policy right now,” says Sethuraman.

Banks and asset managers had released their 2025 outlook reports as early as October 2024, speaking in uncertain terms about the US with the caveat that Trump has proven too difficult to predict.

Sethuraman, however, thinks Trump is now “more mature as a politician.” This time, he adds, Trump has the support of tech giants and businesses. Elon Musk, Mark Zuckerberg, Jeff Bezos and even TikTok CEO Chew Shou Zi — whose app went dark in the US for a day ahead of a supposed ban that Trump first proposed in 2020 — attended the inauguration.

Zuckerberg, in particular, made showy changes to his company in the middle of January, rolling back diversity, equity and inclusion policies at Meta, which owns Facebook, Instagram and WhatsApp. “It’s very clear that he’s aligning himself with the new sort of government, new powers,” says Sethuraman, “and that’s going to ensure that [Trump] cannot do things that are going to be detrimental to the businesses at large.”

Looking ahead, Sethuraman thinks the US’s outperformance among developed economies will continue in 2025, “not because the US is going to have a stupendous year, but it’s just that the growth prospects in the UK, the Euro [area] — particularly in Germany — and Japan is not looking very rosy”.

While Sethuraman does not see a recession risk in the US, growth will slow “for sure” and returns are likely to be in narrow “pockets” of sectors. “It’ll be a great market for active investors or active fund managers, but most retail investors are not professional investors, so it’s going to be tricky for them to navigate the next 12 months, which is also why we talk a lot about the importance of diversification.”

## Uncomfortable investing

Diversification is an “explicit acceptance of ignorance”, says Sethuraman. “You do not know what’s going to happen in the next 12 months. Some market experts [or] active fund managers might know, and I’m not trying to put them down, but for the average person, it’s difficult for us to decipher the trends that are going to play out over the next 12 months.”

Staying diversified means “acknowledging that you’re going to get some upside by investing in stuff that you’re not interested in” says Sethuraman. “If you’re comfortable with everything that you own, then you’re not really diversified.”

Sethuraman, for one, has “never believed in energy stocks”, and, like Warren Buffett, Sethuraman has “never believed in buying bonds” either (Buffett’s firm Berkshire Hathaway did, however, load up on short-term US Treasury Bills, amounting to some US\$234.6 billion at mid-2024). This meant Sethuraman missed out on a boom in energy stocks around 2022. “It’s a lesson for me to learn,” he adds.

## Traders versus investors

Investors keen on expanding their portfolios beyond Singapore and US-listed names should look to Saxo, says Sethuraman, who was appointed Singapore CEO in November 2024 after six years with the company. “We take a lot of pride in offering the widest range of markets, even though the majority of our clients trade just the single US market.”

Saxo’s website, for one, boasts that users can invest in more



Mahesh Sethuraman, CEO of Saxo Singapore, says private banks enjoy an 'extraordinary business with pretty thick margins', but face a dilemma in trying to modernise for the next generation of clients

than “23,000 stocks from Singapore, the US, Hong Kong and 50+ other global markets”.

Singapore’s “fantastic” Central Provident Fund (CPF) system and ageing population means residents are “slightly skewed towards fixed income”, says Sethuraman, and the popular local stocks have “pretty decent” dividends. These conservative investors could look to banks in Europe, which offer “pretty good, sticky dividends”, he adds.

Finland-headquartered Nordea Bank, for example, boasts an 8.3% dividend yield.

Outside of equities, Saxo also offers exchange-traded funds (ETFs), mutual funds, contract for differences (CFD) and stock and index options, says Sethuraman, who previously headed the firm’s global sales trading team. “We offer futures on everything, including commodities, interest rates and index futures. We even offer [US] dollar/Turkish lira; the carry is massive — there’s a 30% to 35% interest rate differential between the US dollar and Turkish lira.”

Sethuraman says Saxo prides itself on being “the best choice for both investors and traders.” The former refers to those with “day jobs” who make about three or four trades in a quarter, while the latter refers to day traders.

Post-pandemic, “investors” make up about 85% of Saxo Singapore’s 100,000-odd clients (Sethuraman estimates 60,000 of them are active clients), while “traders” make up 15%. In terms of revenue, however, Saxo Singapore makes “a lot more money” from traders, says Sethuraman. Saxo Singapore also has “15 to 20” institutional partners in the region — these “white label partners” are brokers in Asia who use Saxo’s platform with their own front-end interface, he adds.

## Private banks' 'tricky dilemma'

Most of Saxo’s global clients fall into the “Classic” tier, the most basic of the three user categories. According to Saxo’s website, users who deposit a minimum of \$300,000 will be upgraded to the “Platinum” tier, while users who deposit \$1.5 million or more will be given the “VIP” title. Users who trade regularly and accrue enough reward points may also be upgraded.

VIP status is assigned “at Saxo’s discretion” to its “most valuable clients”, according to its website. Saxo Singapore’s “500 to 800” VIP users — along with institutional clients — are offered access to a “relationship team” of 15 experts, according to Sethuraman.

These VIP users are often high-net-worth individuals (HNWI) with private banking accounts, but they choose Saxo for its lower fees, says Sethuraman. While Saxo Singapore does not have the budget of a private bank, the brokerage has a suite at the National Stadium, and VIP users were invited to Taylor Swift’s six-night concert run here last year. “One of the reasons why we are a profitable broker is because of this VIP segment,” says

Sethuraman. “We are competitive; they like our service, and they also bring a lot of business to us. It’s a classic win-win.”

In a bid to establish relationships early with scions and next-generation HNWI, private banks like UBS and Bank of Singapore have launched investing seminars and networking events for the children of their existing clients. However, the younger HNWI may prefer more agile, digital-first alternatives. “We’ve seen a lot of the younger generation hopping on board with us, even though their parents are trading elsewhere,” says Sethuraman.

While Sethuraman understands why private banks want to spend money there, “just trying to get their attention is not going to solve the problem”, he adds. “What is going to solve the problem is to enhance your technology to be able to cater to their needs. Their needs are very, very clear: I want full transparency, I want a wide array of access to markets, and I want 24-hour availability to trade.”

But no private bank is making enough of a commitment to get there, says Sethuraman, “because what they stand to lose is massive”. “Right now, they have an extraordinary business with pretty thick margins, and the moment you offer an online platform, you’re letting go of the fat margins.”

Sethuraman calls this a “tricky dilemma” for private banks. “They can see the future disappearing in front of them, but it’s disappearing at a very gradual pace. If they start investing in the platform, first, they have to do a good job of it; and second, they hope that the trade-off is worth it, that they get substantially more business for them to offer a much lower price.”

## 2030 goals

At the midpoint of the decade, what does the country head hope to achieve before 2030? Sethuraman wants to grow the firm’s “pretty solid” institutional business offering, which he thinks is currently “underutilised” by asset managers and money managers.

Sethuraman hopes to convey three messages to retail investors. First, investors should look beyond the US and Singapore. “There are geographies and sectors beyond what they usually invest in, and it’s important to diversify widely. Our clients are more diversified than the median client on the market, but they are still not diversified enough.”

Second, he hopes to grow Saxo Singapore’s trader base without drawing too clear a line in the sand. “One day, you could be an investor, one day, you could be a trader. We are not judging what people do; we just want to ensure that no matter who you are, you have what it takes to trade with us.”

Finally, Sethuraman wants Saxo Singapore to be a “one-stop shop” for users to make informed decisions about their portfolios. This includes offering a mix of in-house market research and third-party news articles. “I think we are at a pretty good place. By the end of the year, we should have a significant edge over the competition when it comes to that.” ■

# Elon Musk should beware of the poisoned chalice

BY NIRGUNAN TIRUCHELVAM



TikTok users may not be familiar with the dining habits of the King of Korea in the 1600s. This was long before the Samsung era when Korea was called the Chosun Empire.

The King of Korea was in constant fear of assassination. Poison was a common method. A courtier had to taste every meal that was served to the King.

If the courtier survived the meal, then it was fit for the King. If he died,

then the meal was avoided.

The courtier was called the *si-yak-gwan*. The task was performed by a castrated staff member. His passions had been restricted to food.

The *si-yak-gwan* may have something to teach the richest man in the world. Elon Musk made a Nazi-style salute during the Donald Trump inauguration on Jan 20. It is unknown whether Musk is an admirer of Hitler.

There are reports of Musk buying the US unit of TikTok. The short video app is facing a ban in the US.

On the surface, Musk's enthusiasm for TikTok makes sense. TikTok has a vice-like hold on the American youth. With 70 million users, it has more than double the user base of any other short video app. Over 95% of American teenagers use it. The user base is not restricted to pimple-faced kids. More than a third of American adults use it. Most of them use it for entertainment.

TikTok USA is much more than a dance app. Its revenues have risen by over 40% annually for the last

five years. Its revenue was US\$12 billion (\$16.2 billion) in 2024. It could double in three years at the current growth rate.

However, Musk may be about to swallow poison. TikTok's killer app does not have a sleek interface or a catchy name. The secret sauce is its algorithm, which is not for sale. The algorithm directs users who have searched for, say, holidays in Bali to performers showcasing that destination. The algorithm feeds the addiction.

ByteDance will hold on to its main asset. It will guard it like it was the King of Korea. Musk would inherit an app that would look like TikTok. It won't feel like TikTok. It would be like buying a Ferrari without the engine.

This is not the only difficulty that Musk would face. US regulators would require assurances that user data would be protected, and China would impose conditions on what ByteDance can sell. The most daunting regulator could be the EU, where data privacy laws are stricter

than elsewhere. Musk would need to exhibit a level of tact that he may not have.

A TikTok deal could irritate Musk's shareholders. Tesla investors have much to lose from it. Over 40% of Tesla's revenue comes from China, and the company enjoys goodwill from customers.

Tesla's success in China could be jeopardised. The Chinese government could view Musk as meddling in social media and data privacy. Tesla could face punitive tariffs, and it could force customers to use local competitors like BYD.

The new owner may ruin the app. After Musk's takeover, Twitter (now known as X) faced a dwindling user base, and its ad revenue halved from US\$4.5 billion to US\$2.3 billion.

Musk should scroll elsewhere for the short video. Triller, an American creator platform, has just listed at a discount to TikTok's valuation. Mike Tyson is a backer of Triller. Triller signed an exclusive arrangement to fight at Triller's events.

The Nasdaq-listed Triller has 45 million users, which is less than half of TikTok's user base. Its algorithm is not viewed with suspicion by the US. Its interface is said to be easier than TikTok's.

Triller, which uses generative AI to create content, allows creators to keep most of its royalties at a rate nine times the ratio paid by TikTok.

Buying apps is just one way to enjoy the short video explosion. Althea Lim founded Gushcloud in Singapore, an intermediary in the creator economy that uses AI to connect creators with advertisers. Gushcloud should be viewed as the DHL or FedEx of the content economy.

Musk's interest in TikTok could be driven by his status as a courtier to the President. Every meal that is served may not be easily digested, as the *si-yak-gwan* found. ■

Nirgunan Tiruchelvam is head of consumer and internet at Aletheia Capital and author of Investing in the Covid Era

## Facing the 'sustainability winter': A strategic imperative for business resilience

BY VIVEK KUMAR

Emerging factors, such as geopolitical tensions and ongoing wars; environmental, social and governance (ESG) backlash in some countries; and the recent election results, have ignited concerns about a looming "sustainability winter" — a potential slowdown in environmental initiatives.

However, framing sustainability merely as an environmental issue overlooks its critical role in safeguarding businesses against escalating risks brought about by climate change and biodiversity loss.

### 2025: A defining moment for global sustainability

The year 2025 stands as a crucial milestone in the global pursuit of sustainability. As the halfway point of the UN Decade on Ecosystem Restoration (2021–2030), it offers a moment to reflect on and accelerate efforts to restore degraded ecosystems. Simultaneously, it marks the final stretch towards achieving the 2030 Sustainable Development Goals (SDGs).

It is also the year when nations are expected to submit updated Nationally Determined Contributions (NDCs) to the Paris Agreement, recommitting to more ambitious emissions reduction targets.

This context underscores why businesses, particularly in Asia, must remain steadfast in integrating sustainability into their operations. Home to more than half of the global population and a significant contributor to global GDP, Asia faces unique challenges and opportunities in the sustainability landscape.

### Reframing sustainability as risk management

While sustainability is often associated with environmental conservation, it is equally a matter of managing tangible

risks that threaten the continuity of business operations.

According to WWF's *2024 Living Planet Report*, monitored wildlife populations have declined by an average of 73% since 1970, a trend that disrupts the natural systems businesses depend on, from raw materials to stable weather patterns. Biodiversity loss exacerbates vulnerabilities, making businesses more exposed to physical and operational disruptions.

### Understanding climate-driven risks in Asia

Asia's economies are uniquely vulnerable to the impacts of climate change. According to MSCI's latest Net-Zero Tracker, the world's publicly listed companies are on track to raise average global temperatures by 2.8°C above pre-industrial levels by the end of this century. In Emerging Asia, the situation is even more dire, with emissions on a path that could result in a 3.2°C increase. From megacities in coastal regions to agricultural economies dependent on seasonal weather patterns, the region's exposure to physical climate risks is profound:

- Rising temperatures and cold supply chains:** In tropical Asian countries, rising temperatures may strain cold supply chains, essential for preserving perishable goods and life-saving vaccines. Higher ambient temperatures lead to increased energy demands for refrigeration and a higher risk of spoilage, escalating operational costs and risking non-compliance with health and safety standards.
- Flooding and infrastructure damage:** The frequency of flash floods has surged, disrupting transportation networks, damaging infrastructure and reducing the availability of essential raw materials. The World Economic Forum's *Global Risks Report 2024* — echoed by WWF — identifies extreme weather and ecosystem collapse as top risks

for businesses over the next decade.

**3. Biodiversity hotspots under threat:** Asia is home to some of the world's richest biodiversity hotspots, such as the Coral Triangle and the Himalayas. However, deforestation, pollution and overfishing are eroding these ecosystems. The loss of biodiversity not only threatens livelihoods in sectors like agriculture and fisheries but also undermines natural defences against climate impacts like floods and droughts.

### The business case for sustainability in Asia

In Asia's fast-growing economies, sustainability is not just a responsibility — it is an opportunity to lead the way in creating resilient and innovative business models. Companies that integrate sustainability into their strategies can gain:

- Risk mitigation across complex supply chains:** Asian businesses often operate in sprawling, multi-layered supply chains. Investing in sustainable practices can reduce vulnerabilities to climate disruptions and enhance supply chain resilience.
- Access to green finance:** Governments in Asia, such as Singapore, Japan and China, are prioritising green finance initiatives. Businesses aligning with these priorities stand to benefit from increased access to funding for sustainable projects.
- Strengthened regional collaboration:** The Asean region has increasingly focused on collective action for climate resilience. Participating in regional sustainability initiatives can open avenues for innovation and shared resources.

### The need for collaboration

Addressing climate and biodiversity challenges requires collaboration that transcends industries, sectors, and borders. In Asia, where challenges are interconnected and often transnational, open and

trust-based dialogue among businesses, policymakers and science-practice organisations like WWF is crucial.

- Policymakers must ensure frameworks support climate-resilient infrastructure and biodiversity preservation.
- Businesses need to prioritise ESG standards not only to manage risks but also to gain competitive advantages in global markets.
- Organisations like WWF can bridge the gap between science and practice, providing actionable insights for businesses and governments alike.

This collaborative approach is particularly relevant in Asia, where rapid economic development often competes with environmental priorities. Aligning these goals can create a model for sustainable growth that balances economic progress with ecological stewardship.

### Conclusion

While multiple emerging factors may signal a shift in public policy priorities, the necessity of sustainability remains unshaken — especially in Asia. The risks posed by climate change and biodiversity loss are not abstract — they are immediate and tangible threats to business operations and economic stability.

By recognising sustainability as a core strategy for risk management and operational resilience, fostering collaboration across sectors and leveraging Asia's unique potential, businesses can not only navigate these challenges but thrive in a rapidly evolving world.

The upcoming WWF Earth Summit 2025 in Singapore presents an opportunity for C-suite leaders, scientists, diplomats and policymakers to double down on these efforts. Together, we can demonstrate that sustainability is indispensable for a resilient, prosperous future for countries, businesses and our people. ■

Vivek Kumar is CEO of WWF-Singapore

IN THE MATTER OF  
SSTC LTD  
(COMPANY NO.  
LL03978)  
(INCORPORATED  
UNDER  
LABUAN COMPANIES  
ACT 1990)  
AND  
IN THE MATTER OF  
169(4) OF THE  
LABUAN FINANCIAL  
SERVICES AND  
SECURITIES ACT 2010  
  
NOTICE OF  
SURRENDER OF  
LABUAN TRUST  
COMPANY LICENCE  
LICENCE NO.: LT0034

Notice is hereby given that SSTC Ltd intends to surrender its Trust Licence Number LT0034 issued by Labuan Financial Services Authority. The surrender shall take effect on the 21 days from the date of this advertisement and all its related business will no longer be carried out through this entity upon the effective date of the surrender of Labuan Trust Company licence.

Dated this 20th day of January 2025.

This notice is inserted by SSTC Ltd of Level 5(A), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 Labuan, Federal Territory of Labuan, Malaysia.

# Getting value from generative AI in 2025

BY NURDIANAH MD NUR

nurdianah.muhdnur@bizedge.com

Generative AI will remain a key tech trend this year, but the focus will shift to maximising ROI and driving tangible business outcomes rather than just experimentation. “The majority of generative AI’s value and applications will continue to be realised in four key business functions: marketing and sales, product and service development, service operations and software engineering,” Sachin Chitturu, partner and Southeast Asia leader of QuantumBlack, AI by McKinsey, tells *The Edge Singapore*.

He continues: “Moreover, the organisations we recently surveyed say they are already pursuing new ventures enabled by generative AI across various use cases such as co-piloting, decision-making, hyper-personalisation and distribution.”

Chitturu says generative AI will increasingly be integrated with other forms of AI, such as applied AI, to drive superior outcomes. Applied AI leverages models to tackle classification, prediction and control challenges, automating, enhancing or expanding real-world business applications.

For instance, a digital marketing company might use generative AI to create content. However, the real value emerges when applied AI analyses user engagement insights and feeds them back into the generative AI model, enabling it to produce more engaging and effective content.

Advancements in generative AI will also accelerate the development of general-purpose and humanoid robots. “By incorporating AI-based large language models (LLMs) and large behaviour models, robot control systems can help the machines understand and respond to verbal input as well as mimic human movement. These characteristics make humanoid robots viable for tasks in a variety of sectors, including manufacturing, health and social care, retail, hospitality and customer service,” says Chitturu.

Matthew Oostveen, vice president and chief technology officer for Asia Pacific and Japan at Pure Storage, also foresees generative AI being increasingly used in industrial settings or applications to improve efficiency. This calls for “new” approaches, such as large quantitative models (LQMs) based on hard scientific equations instead of web data.

“While LQMs use the same storage and GPUs as LLMs, they are trained on a different kind of data and demand deeper access to bespoke datasets. This will bring its own set of challenges, including governance — specifically around how to train the models with proprietary data that needs to be kept confidential even between departments,” says Oostveen.

Generative AI is also expected to become more autonomous or agentic. “Agentic AI can think for itself



The focus around generative AI is now moving from hype to tangible execution and results. How can organisations unlock their full potential?

without requiring prompts from a user. While generative AI tools can reduce workloads, agentic AI offers far more to businesses in terms of efficiency and productivity,” says Nicholas Lee, chair of SGTech. For instance, AI agents can handle basic customer enquiries and the initial stages of customer engagement before handing off more complex cases or qualified leads to human workers.

## Building blocks

With Gartner predicting that at least 30% of generative AI projects will be abandoned after proof of concept by the end of 2025, unlocking its potential demands careful planning. “Organisations considering enterprise-wide generative AI adoption must first develop a clear AI strategy. They must identify business problems generative AI can solve and structure a solution that aligns with their broader company vision. [They also need to evaluate] if they have people in-house to make it work, with the necessary skills to implement and manage the generative AI solution,” says Chitturu.

Ensuring infrastructure readiness is another key imperative. Cisco’s AI Readiness Index shows that only 30% of organisations in Southeast Asia have the necessary GPUs to meet current and future AI demands, while just 39% possess the capabilities to safeguard data in AI models with end-to-end encryption, security audits, continuous monitoring and rapid threat response.

“We’re seeing companies [struggling to] tackle gaps in computing,

data centre network performance and cybersecurity, amongst other areas. This is a concerning factor as companies anticipate significant increases in workloads. Companies must invest in scalable and adaptive infrastructure that can handle AI computational demands and embrace emerging technologies like cloud for efficiency and speed of AI deployments,” says Tay Bee Kheng, president of Cisco Asean.

According to Joseph Yang, general manager of high-performance computing and AI for APAC and India at HPE, an IT infrastructure optimised to support AI will also help mitigate unplanned costs caused by unexpected challenges related to operational complexities, security risks and resource inefficiency.

Organisations should, therefore, invest in robust, efficient hybrid cloud infrastructure designed for AI. Yang says: “The world needs native AI systems that optimise everything across the AI lifecycle, regardless of whether the workload is on-premises, in a colocation facility, the public cloud, or at the edge. A flexible, efficient and secure hybrid cloud model will also enable organisations to have better data visibility, enhanced control and protection and streamlined data management across environments.”

Since the quality of a generative AI’s output depends on the data it is fed, having access to relevant and reliable data is vital. “Organisations will need to look at how they can integrate their unique, existing business data with generative AI, taking

into account their business’s unique data and process context to make more informed decisions about their people and operations,” says Verena Siow, president and managing director for SAP Southeast Asia.

## Responsible and secure AI

Despite its benefits, generative AI raises ethical and cybersecurity concerns. In response, several countries and regions introduced policies and frameworks last year to ensure its responsible use, including the EU AI Act and Singapore’s Model AI Governance Framework for generative AI.

“The adoption of generative AI depends on trust. Secure data handling procedures and open AI ethics frameworks should be given top priority by businesses in order to address privacy issues, foster public confidence and adhere to changing legal requirements,” says Amir Sohrobi, regional vice president for Asean-Korea and head of Digital Transformation for Emerging EMEA and Asia Pacific at SAS.

Agreeing, Siow advises organisations to partner with tech companies that “adhere to an ethical framework for the development, deployment, use and sale of AI systems and complement the rules and regulations of national and international governments.”

Generative AI could also introduce new cybersecurity vulnerabilities, including backdoors. Moreover, the same technology can be harnessed to craft more sophisticated and frequent attacks. A study revealed a 233% surge in deepfake-related tools

on dark web forums between 1Q2023 and 1Q2024. These tools can generate hyper-realistic deepfakes, posing significant risks, particularly during election cycles globally.

Vinod Shankar, Accenture’s Security Lead for Southeast Asia, advises organisations to invest in secure AI solutions to strengthen resilience throughout the AI lifecycle. This involves implementing frameworks, policies and processes for secure AI practices, safeguarding access, data, models and infrastructure and building trust by designing and using red-teaming, adversarial simulations and security diagnostics to identify vulnerabilities and prevent unauthorised AI deployments, including LLMs.

He adds: “Robust response and recovery, especially for critical infrastructure like healthcare and telecommunications, requires minimising operational disruptions. Investing in cloud-based solutions can drastically reduce downtime after cyberattacks, restoring essential operations within hours instead of weeks.”

As generative AI’s energy demands rise, Yang emphasises the need to embed efficiency at every stage of its development and deployment. He continues: “Organisations will need to scrutinise multiple dimensions of efficiency from data, software, equipment, energy and resource perspectives. By taking a systematic approach to unlocking efficiency gains across the entire AI lifecycle, organisations will be able to better reduce the environmental impact of their generative AI.” ■

## GLOBAL REVIEW

## Where is Asean's middle class?

BY RIZI MOHANTY

The promise of the Asean region, home to more than 670 million people, has been underpinned by the growing middle classes. With a median age of 30, the Asean population contains the third largest workforce bloc (after India and China).

This cohort is expected to continue to earn more and spend more, thus boosting the local economy and creating a virtuous cycle of growth and consumption. But figures from the International Monetary Fund (IMF) show that income growth (as measured by GDP per capita) has stalled in recent years; and our company meetings suggest that consumer spending has been weak.

Investors in the region, who enjoyed double-digit annualised returns in the 10 years to the end of 2013, have been disappointed by the paltry returns over the more recent decade (see chart below). One of the biggest reasons for the economic setback stems from the lack of formal job creation across industries.

During our visits to Indonesia, Thailand and Malaysia in 2024, we met with numerous companies reporting weak demand and a K-shaped recovery. Upper-middle-class consumers showed greater resilience in their spending, which benefited consumer discretionary businesses such as Mitra Adiperkasa (a retailer of sports, fashion, and food & beverage products), Ace Hardware (a home improvement retailer) and Cimory (known for its premium yoghurt and processed meat).

Conversely, households in the lower-middle class and below faced a more challenging environment, having suffered more acutely from strong food inflation coupled with sluggish wage growth and limited job creation.

Indonesia's Central Bureau of Statistics (BPS) reported a decline in the number of Indonesians classified as middle class, dropping from 57 million to 48 million over the past five years (or down from 21% to 17% of the population).

This shift has impacted demand for several of our portfolio companies, including Unilever Indonesia (which offers personal care, home care, and food and beverage products), Kalbe Farma (a maker of prescription and over-the-counter drugs and nutritional supplements), and Multi Bintang (Heineken's domestic subsidiary, which caters to the Chinese and non-Muslim population in Indonesia).

While Chinese investment into Asean has contributed to the region's growth, it has yielded mixed results on a local scale. Thailand has attracted significant capital from China, especially for electric vehicles (EVs), and we saw numerous roadside billboards for Chinese EVs. But while Thailand's EV sales have surged, the once vibrant local auto components industry is struggling, as more auto parts are being im-



Bank Rakyat Indonesia (BRI), a leading micro-finance lender, is favoured by FSSA Investment Managers

ported from China. Management at various Thai companies expressed their concerns about domestic manufacturing and job creation as the economy remains stagnant.

In Indonesia, too, competition from Chinese EV makers is seen as an existential threat to locally-based companies like Astra, which manufactures and distributes Toyota vehicles. Astra has been de-rated and now trades at the book value of its equity despite generating healthy mid-teens return on equity (ROE). The company has been gaining market share with its strong line-up of hybrid vehicles and believes that they are ideal for customers in places like Indonesia, where charging infrastructure is lacking and resale values are important to car owners. While the market appears sceptical, we maintain our conviction in Astra's strong franchise, sensible owners and solid balance sheet, and remain optimistic in its potential growth.

Elsewhere in the Indonesian economy, Chinese companies have also been undertaking large infrastructure projects like nickel smelters and hydropower plants, but they provide insufficient jobs for local workers. Furthermore, the market has opened up to Chinese firms like BYD and Bytedance (the company behind TikTok), causing disruption to various sectors. These developments have raised questions about policymakers seemingly prioritising short-term gains over the long-term development of the country

and its formal sector.

With all said and done, there is much to worry about with the gloomy macro and negative headlines. But thankfully, as bottom-up investors, our job is to look for and invest in quality businesses. We continue to find companies with strong franchises and high-quality management teams that we are willing to invest in for the long term. The tough macro environment allows us to own such companies at attractive valuations.

Two such companies in the FSSA Asean portfolio are Mobile World and Bank of the Philippine Islands.

### From electronics retailer to modern grocer

Mobile World (MWG) is Vietnam's largest electronics retailer, with a growing business in selling groceries. Over the past 18 months, we have increased our investment in MWG, and it is now among the top 10 holdings in the FSSA Asean portfolio. We have been impressed by the company's robust track record of organic growth, its customer-focused culture and the strong alignment with its core management team, which has been in place for two decades. We regard Chairman Nguyen Duc Tai and his team as some of the most capable leaders in Vietnam's retail landscape.

Founded in 2004, the company initially carved out a dominant presence in the mobile phone market before expanding into consumer electronics and appliances. These sectors were large, fragmented and unorganised, which enabled MWG to become the leader with over 50% market share. Each time, the management team would use a small-scale, trial-and-error approach for the first few years, then expand rapidly once a successful format was discovered or exit the format if it did not make economic sense. In a recent meeting, management described it as their "low-cost and low-risk approach to new businesses instead of paying dollars to external consultants." This execution strategy has proven highly effective over the years.

We believe the company's success can be attributed to its management style, which emphasises delegation and decentralisation. Store managers are empowered to propose new locations and select the products they wish to sell, thereby enhancing the likelihood of success.

Staff at all levels are incentivised to ensure customer satisfaction, as customer feedback plays a large role in employee promotions and compensation. The senior management believes this customer-centricity will eventually lead to strong shareholder returns. Meanwhile, MWG is resolute in closing underperforming stores that fail to meet expectations during their initial six-month trial period.

After MWG solidified its leadership position in mobile phones, consumer electronics and home appliances, the company ventured into grocery retailing in late 2015 with the Bach Hoa Xanh (BHX) chain. Once again, Mobile World aimed to identify an effective format, integrate modern retail practices and increase profitability through economies of scale. However, this sector has proven more challenging to navigate due to its large market size (over US\$50 billion) and lower penetration of modern trade compared to other Asean countries. Key challenges included managing fresh food supply chains and inventories, as well as identifying a scalable and profitable retail format.

Following a period of rapid expansion and losses until 2021, management decided to rein in growth and focus on improving unit economics. In recent years, they have become more prudent about capital allocation after some disappointing expansion efforts in pharmacy and sports/fashion formats. We view this as a positive development that reinforces our belief in the quality and risk awareness of the management team.

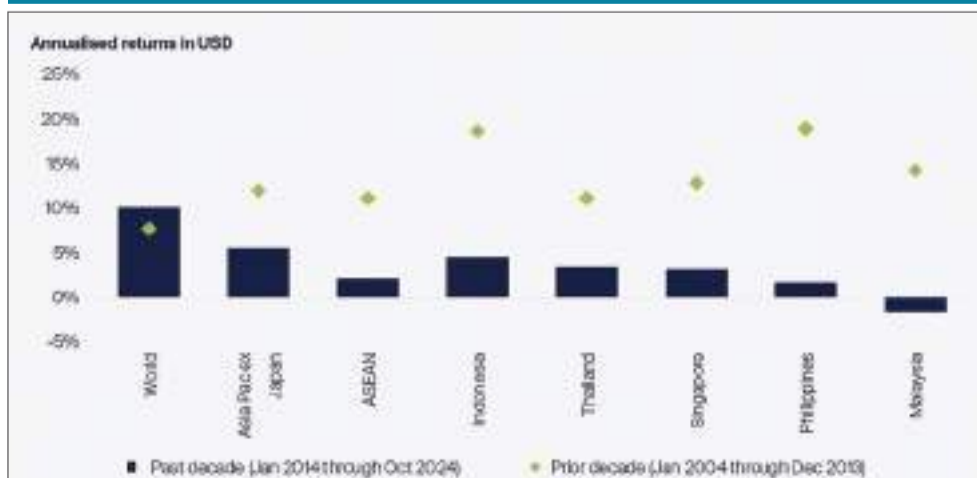
With no new store openings in the past two years and improved operational efficiencies, BHX is nearing breakeven. Revenue per store has increased significantly, and we believe the unit economics are now viable and will become more attractive as the business scales. With the necessary ingredients in place to build a substantial grocery retail business, we are excited about MWG's potential. In other parts of the Asean region, we have seen low-cost, market-leading grocery retailers reach significant market capitalisations.

### A bank rebuilding its franchise and market share

Each visit to the Philippines serves as a stark reminder of the country's wide wealth gap, lack of industrial development and numerous inef-

BLOOMBERG, MSCI, FSSA INVESTMENT MANAGERS AS AT NOV 18, 2024

### 1H2020 income and allowances



## VIEWS

# Is it YZJ Financial's turn to shine after YZJ Shipbuilding's bull run?

BY FRANKIE HO

frankie.ho@bizedge.com

Yangzijiang Shipbuilding (YZJS) was the best performer among Singapore blue chips in 2024. Powered by a surge in new orders of more than US\$14 billion — well in excess of the company's US\$4.5 billion target — the share price doubled by the end of the year to \$2.99, giving YZJS a market cap of more than 2½ times its latest reported book value.

Investor interest in Yangzijiang Financial Holding (YFH) was more subdued. Shares of the investment firm, which was spun off from YZJS in April 2022, rose 28% last year — still highly commendable, and even better than the benchmark Straits Times Index's 17% gain in 2024. The stock stayed well below YFH's book value, though, a situation it has been stuck in since its trading debut more than two years ago.

It may not be entirely fair to compare the two counters with each other, considering YZJS is a shipbuilder while YFH is a financial investor. But some of their interests overlap and centre on the same industry trends that both companies are riding high on. Besides, YFH is led by Ren Yuanlin, who previously helmed YZJS and is a self-styled "old soldier" of capital markets and the marine industry.

A case in point: With the global focus on decarbonisation, demand for ships that run on clean fuel has been on the rise. YZJS is a clear beneficiary, with eco-friendly vessels accounting for more than two-thirds of its order book value.

On its part, YFH is raising a US\$600 million (\$813.1 million) fund to invest in so-called green vessels for chartering as well as in related maritime services, such as shipbroking and financing

ship owners' fleet decarbonisation efforts. Some US\$325 million has already been used to buy dozens of vessels for deployment worldwide.

The maritime industry's decarbonisation drive is big business. The UN-backed International Maritime Organization, which regulates global shipping, wants to achieve net-zero greenhouse gas emissions by 2050. The deadline is still years away, suggesting there could be many more jobs ahead for companies like YZJS to build green vessels.

Still, following YZJS's bull run last year, is it time for investors to book some profits and consider rotating into YFH? Would YFH be a better bet for exposure to the maritime sector? Does it offer greater potential upside given that it trades at a discount of more than 60% to its book value?

## De-risking from China

To address these questions, it is necessary to know how YFH invests and what it invests in. Its business model is fairly straightforward: pursue capital appreciation and dividend income, as well as fees from managing third-party investment funds and from providing wealth management services.

Before it was spun off from YZJS, YFH focused primarily on debt investments in China, where it offers loans to small businesses and individual proprietors such as farmers. Its customers also included property developers. Collateral, mainly in the form of real estate, is usually required from borrowers before any loan is disbursed.

The downturn in China's housing market, unfortunately, led to an increase in non-performing loans for YFH in recent years. Notably, the company set aside a \$124 million allowance



Ren Yuanlin, former executive chairman of Yangzijiang Shipbuilding, now holds the same role at Yangzijiang Financial

for credit losses in its FY2022.

China's housing slump has also had a knock-on effect on its stock markets. This, too, has done no favours for YFH, which has also been trying to help businesses go public and raise funds.

To spread its risks, YFH expanded into Singapore to manage third-party funds and provide wealth management services. Its assets under management (AUM), totalling \$4.07 billion as at June 30, 2024, are now split equally between China and Singapore.

Slightly more than 10% of its AUM is now in equities. YFH wants to bump this up to 60% over time. Debt investments will be brought down to 30%, from 42% in 2023. The remaining 10% will be in cash and yield-enhancement investments, which currently account for over 40% of its AUM.

## Little to no downside?

How well and how quickly YFH executes on its overarching strategy will determine whether its share price follows in the footsteps of YZJS's stock. China's ongoing efforts to revive its economy will provide much-needed tailwinds should they succeed.

In the meantime, is YFH's recalibration — including diversifying beyond China and stepping up its exposure to the maritime sector — enough to help its shares move even higher after their 28% rise last year?

While that's hard to tell, the odds of a major pullback in its share price should be low, barring any nasty surprises. For one thing, rising interest and investment incomes generated from Singapore are helping to mitigate lower income contributions from China. YFH's 40% dividend payout policy is another draw.

Just as importantly, the company's strong net cash position can provide a buffer in times of stress. As at 30 June 2024, YFH had net cash of \$0.38 per share. If yield enhancement products were added to its cash pile (it likes to group these products together with cash and report them as a single item in its financial statements), its net cash per share would be even more — at nearly 49 cents.

That is more than the stock's 52-week high of 45 cents. It is also nearly half of YFH's latest reported net asset value per share of \$1.11. In other words, if you buy the stock now, you're getting 49 cents of net cash and 62 cents worth of debt and equity securities held in its investment portfolio. Not many stocks come with such tantalising freebies.

YFH's report card for the year ended Dec 31, 2024, is due in February and will likely provide more clarity on its business progress. Watch out for it. ■

iciencies, such as traffic congestion and long queues at the airport. Despite the country's favourable demographics, i.e. a large population of young people, its structural challenges have been a major impediment to many companies on their growth journey.

Nonetheless, there are still a handful of well-run companies with attractive investment characteristics. Philippine Seven is one such company. Another is Bank of the Philippine Islands (BPI), the fourth-largest bank in the country (as of June 30, 2024).

We initiated our position in BPI in late 2021 following a leadership change, and it has since grown to become a significant holding. With over 170 years of history, BPI was once the premier bank in the Philippines, well regarded for its cost efficiency and asset quality. However, it lagged behind peers like BDO Unibank in the last decade due to poor management, slower growth and loss of deposit market share.

When Jose Teodoro Limcaoco (known as TG) assumed the role of CEO in 2021, the market was sceptical of his ambitions to accelerate growth and increase the ROE to 15% (compared to the five-year average of 11%). Having been overlooked for the CEO role in 2015, TG was determined to excel in his new position. Compared to his predecessor, he has been more visible and hands-on, frequently visiting branches in the provinces and showing a better understanding of customer needs.

Under his leadership, BPI appears to be on a positive trajectory. Customer acquisition has accelerated, with BPI's customer base expanding to over 12 million customers from 8.5 million in 2021, a figure that had remained stagnant

for the prior decade. This was underpinned by BPI's robust digital capabilities and recent investments in technology. BPI has since achieved record-high profitability, aided by higher interest rates, and in 2023, the bank met its 15% ROE target while maintaining strong asset quality.

We believe this momentum will continue, given the country's low credit penetration. Nearly half of the population remains unbanked and lacks access to formal credit, while household debt to GDP is only 11%. We are optimistic about BPI's long-term potential to compound book value per share at attractive rates in such an underpenetrated market.

## Other beneficiaries of rising financial inclusion

There are a few other companies which we expect to benefit from increasing financial inclusion in the Asean region. We recently initiated a position in Bank Rakyat Indonesia (BRI), a leading micro-finance lender in Indonesia. Microloans and ultra-microloans (small business loans) are a large social contribution to the 37 million borrowers in Indonesia who otherwise lack access to formal credit. BRI has a high return on assets (ROA) and a solid, decentralised business franchise that is hard to replicate. We have seen other banks try to manage microloans without success.

As a state-owned bank, BRI offers regular microloans as well as subsidised microloans (the consumer pays 7%–9%, while the government pays the rest), which generate attractive yields in the region of 16%. Through acquisitions and the government subsidy program, its microloan book has more than doubled in the last five years

to around US\$40 billion and 50% market share.

The bank has experienced a period of asset quality weakness, with the cost of credit expected to exceed 3% this year. It overextended credit to small borrowers after Covid-19, which, combined with the economic challenges for such borrowers, led to higher default rates. Management has acknowledged its mistake, slowed the pace of lending and is focusing instead on collection.

We believe credit costs will eventually normalise and return on equity will improve. After the share price declined by more than a quarter from earlier in the year, we thought the risk-reward looked attractive. That said, because of its state ownership, it will likely remain a relatively small position in our portfolio.

We also bought Metrobank, the third-largest bank in the Philippines (as of June 30, 2024). Like BPI, Metrobank is seeing strong growth in retail loans (including credit card loans and auto loans). The valuation, being below book value, appeared attractive, considering its strong deposit franchise, conservative lending practices and low nonperforming loans (NPL) ratio.

Metrobank's ROE has increased with higher rates, though it still lags behind BDO Unibank and BPI. Its low loan-to-deposit ratio suggests further room for improvement. Metrobank has significantly increased its dividend payout to optimise capital and focus on returns. As they return more capital to shareholders, the management expects the ROE gap to narrow.

## Conclusion and outlook

Considering Asean's headline demographics and potential for economic growth, it is not difficult to make a compelling case for investing in

the region. However, headwinds such as food price inflation and the influx of Chinese imports have impacted consumer demand and employment opportunities. Looking ahead, we think middle-class consumers will likely have more disposable income as inflation begins to cool, which could support a cyclical recovery. That said, the structural challenge of weak job growth in the formal sector persists in most countries.

Recent headwinds underscore the need to select high-quality businesses with strong franchises and capable management teams. By backing capable leaders like Philippine Seven's Jose Victor Paterno, MWG's Nguyen Duc Tai and BPI's TG Limcaoco, we believe our portfolio will be resilient amid the volatility. Their long-term orientation should enable them to capture emerging opportunities, while their track records demonstrate the ability and insight to overcome challenges.

Our portfolio companies generate attractive returns on invested capital (ROIC) and high ROE, averaging 37% and 19%, respectively, on a weighted basis. This has been consistent over time and reflective of them being high quality businesses. The portfolio's valuations are attractive as well, with a weighted average forward price-to-earnings in the mid-teens. Irrespective of the macro environment, we remain optimistic about this combination of high-return and resilient businesses with capable leaders and attractive valuations. Of course, strong economic tailwinds would make us even happier on behalf of our clients. ■

Rizi Mohanty is a portfolio manager with FSSA Investment Managers

## PRIVATE EQUITY &amp; VENTURE CAPITAL

# Temasek-owned Seviaora discusses private markets

BY GOOLA WARDEN

goola.warden@bizedge.com

In its outlook for the private markets in 2025, PitchBook says Asia Pacific (Apac) remains small. “Compared with its US counterpart, the private market in Apac remains small despite having a total GDP around 40% higher. China’s venture capital (VC) market is the second largest in the world by country, yet its activity is less than half of that occurring in the US. Through the first three quarters of 2024, private equity (PE) fundraising across all of Asia was US\$200 billion (\$270 billion) lower than the total raised in the US,” PitchBook says.

Activity in the private equity market in Apac has been subdued. According to data compiled by PitchBook, deal activity in both the number of deals and dollar value fell y-o-y in 2022 and 2023 (see chart) before rebounding in 2024. Exits have continued to fall in value. This was echoed by Dickson Loo, managing director of private investments at SeaTown Holdings International.

“The last two to three years have been challenging. Trends which create uncertainty, such as deglobalisation, geopolitical risks and the advance of artificial intelligence (AI), will continue to have an impact on investors’ outlook and create both challenges and opportunities,” Loo says.

Loo was part of a team of Seviaora C-suite managers, headed by CEO Jimmy Phoon, who met with the media on Jan 21 to give their outlook for the private markets.

“Seviaora was formulated using the alphabet of the four entities: InnoVen, Azalea, Fullerton Fund Management and SeaTown. When I googled the name four years ago, it is the name that is normally given to someone ambitious and driven,” Phoon reveals. Yet when he googled Seviaora more recently, all he could find was information on ... well ... the Seviaora Group.

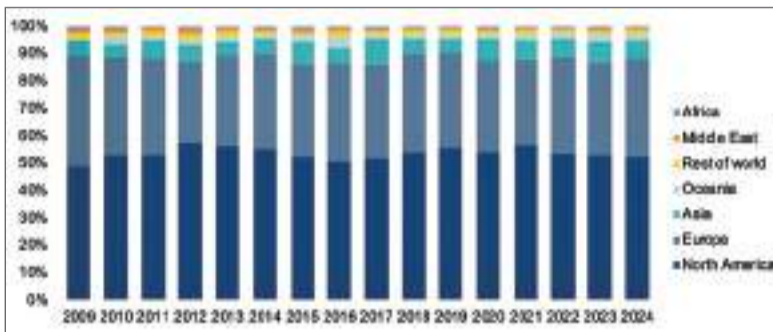
Seviaora Holdings was formed in 2020 and has assets under management (AUM) of US\$51.3 million. Despite its youth, the companies that make up Seviaora have been around for a couple of decades. SeaTown Holdings International was founded in 2009 and has an AUM of US\$4 billion.

SeaTown has open-ended and close-ended funds. Among its investee companies in close-ended funds are Foundation Healthcare, Skyform, a platform specialising in technology solutions for enterprises and Linnovate, which provides value-added services and solutions for asset managers.

On the credit side, SeaTown Private Credit provides tailored solutions to businesses in Apac.

Seviaora is wholly owned by Temasek. In addition to SeaTown, Seviaora owns Azalea Investment Management, Fullerton Fund Management and InnoVen Capital.

## PE deal value by region



## Outlook in the Year of Snake

Loo believes the year of the Snake could start with better prospects. “Over the last six months, we’ve seen an uptick in activity. We see positive signs with the moderation of inflation. This would be genuinely supportive for private equity markets.” Nonetheless, concerns around geopolitical risks could keep rates higher than previously anticipated, Loo adds.

Private equity managers are likely to adopt “differentiated strategies”, which refer to focusing on quality. For instance, in the mid-market, some essential sectors are less vulnerable, Loo points out.

Among the shift in strategies is a migration to sectors with more stable economic conditions. SMEs are coming together to scale up so they can manage cost pressures better.

“The drivers for value going forward may look different from what they used to be. The case of high leverage driving a high growth environment may be a bit different now,” Loo says.

Chue En Yaw, who became the CIO of Azalea this year, said during a media briefing on Jan 21: “We cover primarily the US and European markets. We think with Trump 2.0, a lot of the investment themes will be focused on growth areas. Some of the positive sectors will be AI and tech. In terms of the PE outlook, it will do well with inflows of capital into manufacturing, industrials, AI tech, and software.” Just look at the tech bros at Trump’s inauguration, he quips.

“Defence will also benefit,” Chue says. On the flip side, he expects a roll-back on carbon emissions and ESG (environmental, social and governance) initiatives.

Azalea Investment was established in 2015 and is something of a household name in Singapore, having made five Astrea bond series accessible to retail investors. The Azalea group invests in PE funds, focusing on the development and innovation of new investment platforms and products to make PE accessible to a broader group of investors.

“Our bond programme is the avenue with which we reach out to retail investors. Our other programme is our equity programme which allows investors access to buyout funds as well.

In July last year, Azalea listed two classes of Astrea 8 bonds, which were 3.1 times oversubscribed. As-

treas 8 is the fifth in a series of locally listed Astrea bonds retail investors can access. Astrea IV bonds, listed in 2018, were fully redeemed in December 2023.

Astrea 8 owns interests in a globally diversified pool of alternative investment funds. Based on its January update, most of the funds are buyouts in the US and Europe, with a few growth equity funds in the US and Asia. The bonds issued by Astrea 8 are backed by the interests in, and cash flow generated by, the funds.

The Astrea 8 Portfolio started with an audited NAV of \$1.47 billion as of Dec 31, 2023. When the underlying investments held by PE funds are marked-to-market, any appreciation/depreciation results in a change in NAV. These changes are unrealised gains/losses. As of Jan 6, the portfolio value appreciated by 3.1% to \$1.516 billion. The Astrea 8 A-1 bond is in SGD with a coupon of 4.35%, and the A-2 bond is in USD with a coupon of 6.35%.

Chue looks at experienced fund managers for the Astrea bond programme. “We pick managers that have gone through cycles and are experienced with Trump 1.0,” he adds.

Although exits faced a challenging period during 2022 and 2023 because of the sharp rise in the Federal Funds Rate and US treasury yields, the small and mid-cap markets fared better because they were not highly leveraged.

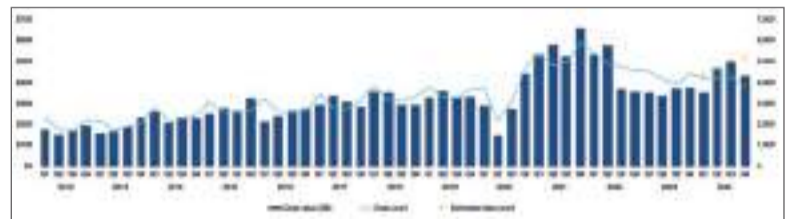
“The small and mid-cap [funds] sector didn’t use much leverage and they are valuable as a platform. Bigger fund managers want to buy their platforms and there is a lot of activity going on at the lower end of the market,” Chue says.

“We have been increasingly leaning into mid-market managers which are smaller in fund size and capacity constrained. That is where Seviaora comes in. We are able to open a lot of doors and that is where we are able to bring value to our own investors by accessing these high-quality managers,” he explains.

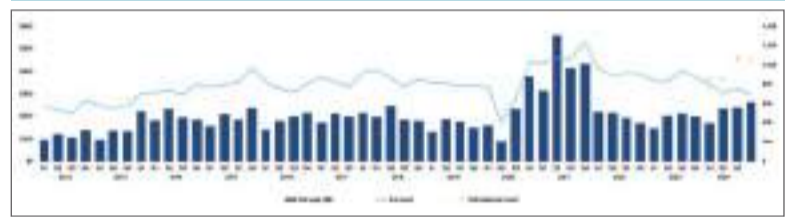
As a testament to how popular Azalea’s strategies are, it had to close its co-investment fund in 2024 after it was oversubscribed.

“Investors view us as differentiated because of the Seviaora ecosystem. We are able to source unique deals. Some of our managers source investments through the founders’ network and have a bilateral relationship with founders to improve

## Deal activity by value and number



## Exits by value and number



businesses. We invest alongside our managers while they continue to add value to the companies where they are able to derive operational improvement,” Chue continues.

## Exits challenging for Southeast Asian PE

Exits have been somewhat challenging over the last two years. Southeast Asia has experienced unique challenges not evident in developed markets, where liquidity is more ample and the rule of law governs many transactions.

“Cash returns remain elusive for investors in Southeast Asia for both PE and VC strategies. Since 2015, just US\$79.3 billion in exit value was generated by PE-backed companies, and just over US\$70 billion was generated by VC-backed exits,” PitchBook says. VC or venture capital is a subset of PE.

In 2024, the median age of exit for Southeast Asian-headquartered VC-backed start-ups rose to 7.5 years, which is “the highest level in our dataset,” according to PitchBook.

Around 80% of VC-backed start-ups have exceeded the 7.5-year mark. These include Vietnam-based fintech startups MoMo and VNLife, founded 17 years ago. Singapore-based Ereditus Executive Education and Trax Retail are 14 years old. One solution is to make the Singapore Exchange more liquid and to revive it as an attractive listing venue.

## A national effort

Staying private for longer isn’t the best outcome for the region. “Those businesses need to exit eventually so that capital can be released and recycled into new funds,” PitchBook opines.

IPOs used to be a popular exit strategy for PE companies, but during 2022–2023, when interest rates rocketed, there was a mismatch between sellers who wanted exits and buyers. In PE, Loo says expectations have fallen as valuations fell and sellers became more realistic.

“There is a lot of capital that is looking to be deployed. Secondly, I think there is also a fair amount of funds looking to look for liquidity solutions for their existing portfo-

lio. If you look at where multiples have been trading over the last two years, I think we are finally at the stage where we are seeing adjustments. [Valuation] multiples have come down over the last two years and this will all be conducive to improving exits,” Loo says.

Most of the exits in Southeast Asia have been by sales to other private investors, rather than the public markets. The weakness for Southeast Asia is that a significant portion of the exit value generated by PE and VC since 2015 has come from a very small number of companies, such as Grab and Goto. Grab is listed on Nasdaq via a spac, while Goto is listed on the Jakarta Exchange.

Within Southeast Asia, PE companies may want to go for a listing, but stringent listing policies could have been a barrier. For instance, in 2024, Singapore did not have any mainboard equity primary listings. The biggest IPOs were, ironically, the Astrea 8 bonds.

“Exits are closely tied to the overall macroeconomic picture and may be subject to regulatory scrutiny. Unfavourable conditions such as a lack of retail investor confidence and heightened economic and geopolitical uncertainties could weigh on the prospect of exits,” PitchBook says.

Interestingly, the lack of returns generated, coupled with the high amounts invested in the region over the past few years, has given rise to a growing secondary market. “This trend in secondaries could further reveal itself if foreign investors, which have accumulated large portfolios within the region on aggregate, continue their pullback to traditional strategies and geographies,” PitchBook points out.

As investors lose interest in China, Southeast Asia should provide an attractive pivot. However, according to PitchBook, the future growth of private capital markets in Southeast Asia is not guaranteed, though there are signs that point toward a better future.

At present, Apac accounts for just 6% of the total deal size. If the glass is half full, then Southeast Asia, which is a subset of Apac, should have a great future. ■

CHARTS: PITCHBOOK

## CHINA VIEW

## China sheds its Old Economy skin

BY DARYL GUPPY



The Chinese economy grew at 5% last year. This is unbelievable rubbish, the China critics say. The figures were massaged and manipulated, the critics shouted loudly, because any growth shows their dire forecasts of China's economic collapse in 2024 have failed to materialise.

Just as with the US and UK, the growth figures are undoubtedly a careful construct. US economic growth figures are routinely quietly downgraded several weeks after their official release. Some developed countries change the definition of unemployment so the new calculations look better. The UK growth figures are so anaemic that any calculation is closer to a statistical error than it is to reality.

But what is important about the China growth figures is the consistency of calculation. This means that figures from 2020 can be compared with figures from 2024 with a high level of confidence. The calculations may

be flawed, but they are flawed in the same way each year, so the data set, flawed or not, is always comparable.

**Economy slowing down**

The 5% growth figure shows two things. First, the economy is slowing down — no surprise there. However, it is not on the verge of collapse and the Chinese government is not under threat of an uprising based on popular dissatisfaction.

The economic slowdown is due in no small measure to the reorientation of the economy towards a fully-fledged digital economy. This is a massive restructuring, well-identified with terms like “new forces of production” used in official documents. Many commentators dismiss these as meaningless slogans, but this is a mistake.

There is a genuine commitment to developing these new digitally based forces of production. Artificial Intelligence (AI), quantum computing, green technologies and digitalised industrial processes are the exciting new investment and growth areas in 2025.

The best example of this economic reorientation is the explosion of electric vehicle (EV) technology and production last year, which appears to have come from nowhere. It is an overnight success built on a decade of research that, at the time, many dismissed as unproductive.

This year, we can expect to see the same explosion of advances and applications in new digital and technological areas. The momentum of these



A propaganda message reads 'Lead a high-quality economic development with new productive forces' in Xuzhou, Jiangsu province, China

advances was hindered, but not halted, by the imposition of sanctions on semiconductor chips. The not-unexpected result was an acceleration of Chinese capability in these areas.

This year will see these new forces of production burst onto the world stage and markets. These represent good trading and investment opportunities.

The second feature shown by the 5% growth rate is the inevitable long-term reduction in China's growth to more closely match global averages. This comes as no surprise and China's record of sound and strategic economic planning suggests policy developments are already carefully considered and implemented.

Although somewhat contradictory, the move towards global growth rates will result in new sectors which outpace the general smoothing of GDP

growth. The US provides evidence with the new technologies sector vastly outperforming the general US GDP growth rate. Investors will need to carefully watch sectorial growth in China to identify those areas that will thrive in an era of slower growth rates in China.

**Reading between the lines**

Can't read Chinese? Don't worry. This is not a necessary skill when it comes to identifying investment opportunities and sectors in China. Much can be gleaned from the official statements of policy because, unlike Western policy statements, policy statements in China are usually implemented in full. These statements are not aspirations; they are plans. They point to which areas will be supported by the government where bureaucratic hurdles

will be lowered and productivity can rapidly increase.

Pay careful attention to the “slogans” in official speeches that are so often dismissed as meaningless propaganda. These “slogans” are carefully crafted statements of intention. That they often appear in four-character form is a hangover from earlier days when illiteracy was a major problem in China so short, simple slogans were necessary to communicate policy decisions to the population.

**Snake and Shanghai market**

The Year of the Snake is a year when China sheds the old skin model of economic growth to reveal a new approach built around a digital economy. This brings with it new types of employment opportunities that will more effectively use the higher education levels found in the modern workforce.

The monthly chart of the Shanghai Index shows the market trading in a broad sideways trading band. This year's future lies in the breakout above the upper edge of the trading band, which provides a target near 4,600. ■

*Daryl Guppy is an international financial technical analysis expert. He has provided weekly Shanghai Index analysis for mainland Chinese media for two decades. Guppy appears regularly on CNBC Asia and is known as “The Chart Man”. He is a former national board member of the Australia-China Business Council*

## INVESTING STRATEGIES

## Asia requires ‘wisdom, charm and a strong intuition’ to navigate Snake Year: HSBC

BY FELICIA TAN

felicia.tan@bizedge.com

Asia will need plenty of the snake's traits to navigate through the complex terrain marked by trade tensions, policy shifts and structural shifts this year. After all, people born in the upcoming Year of the Snake are said to have wisdom, charm and a strong intuition, notes HSBC Global Research.

In 2025, trade looks set for a shake-up with an “inevitable” payback following last year's record shipments. The US is also likely to impose new tariffs on its trading partners, with US President Donald Trump already planning tariffs on China, Mexico and Canada on Feb 1.

“For China, another rise in US import tariffs comes at an especially tricky time, with local demand far less robust than the first time around,” says the team in its report.

HSBC warns that reaching a deal or a truce may be more difficult this time around with the rationale for tariffs going beyond economic imbalance

es but veering into national security considerations.

In addition, the US may target other economies, such as Japan, Korea, Taiwan and Asean, which would then see trade flows and investments affected more than before. Nonetheless, Frederic Neumann, the bank's chief Asia economist and co-head of global research Asia, still expects “resilient” growth in 2025 with a “barely reduced” forecast for the Asia ex-Japan region.

That said, he sees a shift in the region's growth dynamic. China's GDP is expected to slow down in 2025 with a 4.5% expansion, even though the country reported that it met its growth goal of 5% in 2024, mainly due to exports.

Hong Kong's economy is also likely to “dip a little” with declining interest rates unlikely to offset the drag from Mainland China. Meanwhile, Taiwan's economy will “take a breather” after a strong 2024, although it should still see a “respectable” growth pace thanks to booming electronics.

HSBC sees the Bank of Japan (BOJ) pressing on with rate hikes as the country should see a better year. As the drag from the earlier inflation shock begins

to fade, Japanese consumers should see an improvement in their purchasing power from fiscal support and rising wages. India should also see a gradual re-acceleration of growth.

As for Southeast Asia, the member countries should keep their growth rate steady, with HSBC maintaining its above-consensus projections of 4.8% growth for the Asean-6, which are Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Among the economies, Thailand will see growth aided by fiscal spending and more tourists. The Philippines is “heading back up” as it is more insulated than the rest from global trade friction. Indonesia, which is also unlikely to see much impact from global trade tensions, is likely to grow at its “customary pace” with its new president potentially injecting “renewed vitality”.

Meanwhile, Malaysia may “cool at the margin” due to tariff uncertainties, while Vietnam will likely see slower growth for the same reasons, although the latter will still lead Asean in terms of growth. In Neumann's view, Malaysia and Vietnam are likely to remain

resilient despite tariff risks as they don't seem to be first in line for tariffs.

“By and large, we see growth being very resilient in the region and in many Asean economies. In particular, South Asia's domestic consumption will support growth in an environment of increased uncertainty,” says Neumann.

“We think that consumption with lower inflation is still going to provide a bit of a lift and even if the [US] dollar remains stronger and the Federal Reserve might not deliver as many cuts as we would like, we still think there's some room for rate cuts in Asia, which should ultimately help provide support for economies as well,” he adds.

**Singapore stocks and economy**

HSBC has kept Singapore's 2025 GDP estimate at 2.6%. As the city-state closely monitors the impact of trade tensions, its services sector is likely to provide support.

Core inflation also eased to 2.1% y-o-y in October 2024. Leading economists Yun Liu and Madhurima Nag now expect 2024 core inflation to be 2.7% instead of 2.8% and for 2025 to

ease further to 1.9%.

Nonetheless, Liu and Nag note that the Monetary Authority of Singapore (MAS) is unlikely to ease its monetary policy in January. “After all, there is still uncertainty as the market waits for more clarity on concrete policy in President Trump's second term,” they say.

Given the stickiness in core inflation, Liu and Nag's base case is for the MAS to remain “on hold” in 2025.

In equities, HSBC is “underweight” Singapore, given its strong performance in 2024. Most of the returns came from 2H2025, with strong performances from the three Singapore banks.

The banks are likely to see their earnings “muted” over the next one to two years with the Fed continuing to cut rates. Instead, capital management will be the “key” to any upside in the banks' shares, says Weldon Sng, HSBC analyst for Asean financials.

Overall, the Singapore market can see earnings grow by 3% in 2025 with negative contributions from the banks. Other sectors tipped for growth include the telcos, industrials and asset managers, especially the ones exposed to data centres. ■



## SEA TO AIR

SailGP's foiling F50 catamarans are masterpieces of nautical engineering built for high-speed regattas. At each meet, at the edge of seas and oceans, the teams must harness their power and unparalleled agility. Amidst the waves and currents, their wings unfurl and suddenly the wonder happens. They fly.

*#Perpetual*



OYSTER PERPETUAL YACHT-MASTER 42  
IN 18 CT WHITE GOLD



### Investment Sales

Transaction volume up in 2024 but may ease in 2025, says Savills

**EP2**

### Market Trends

Office investments still preferred in Apac despite challenges, says Knight Frank

**EP9**

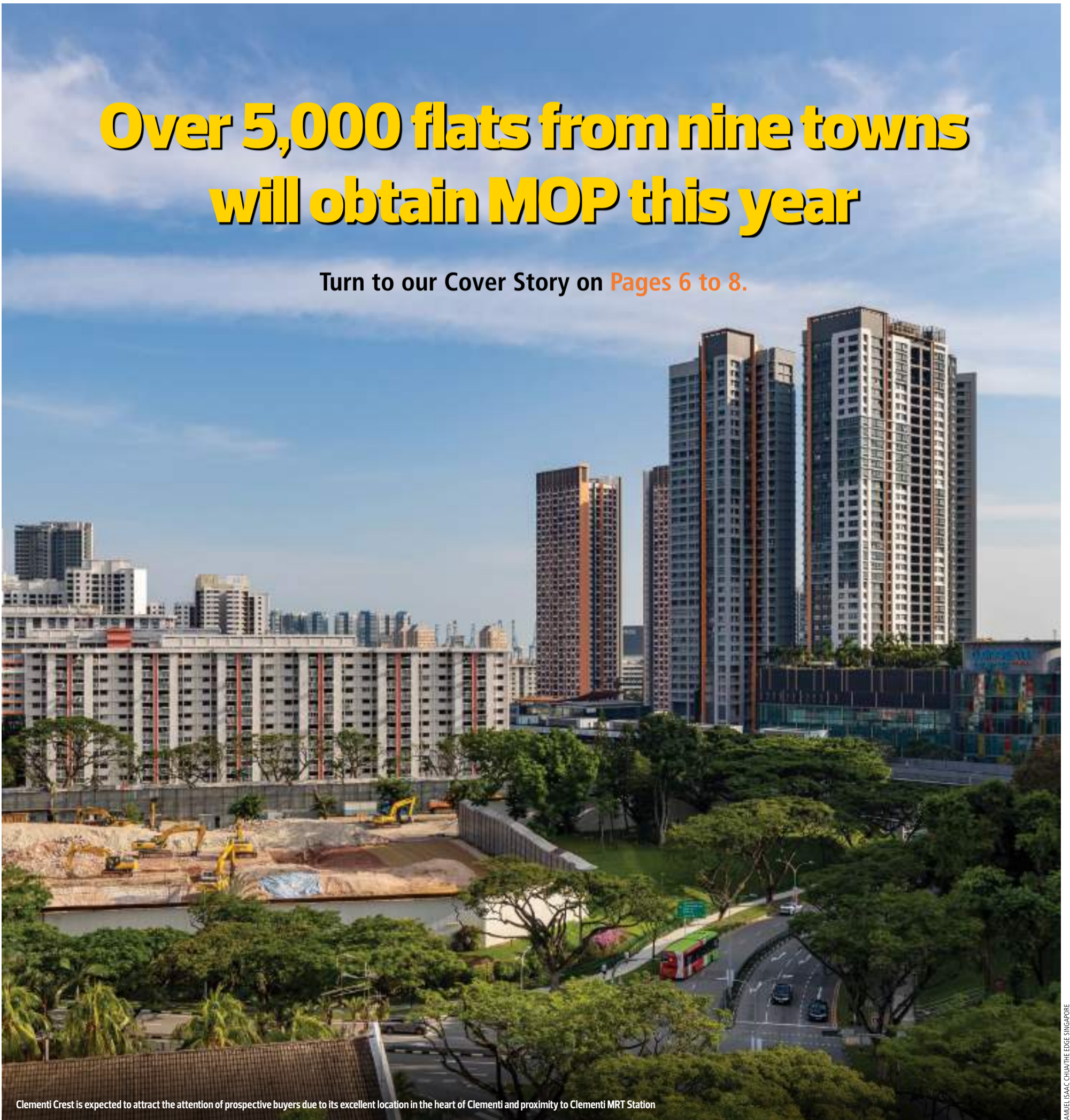
### Offshore

Trends shaping Malaysian property market in 2025

**EP10**

# Over 5,000 flats from nine towns will obtain MOP this year

Turn to our Cover Story on [Pages 6 to 8](#).



Clementi Crest is expected to attract the attention of prospective buyers due to its excellent location in the heart of Clementi and proximity to Clementi MRT Station

**ADVERTISING + MARKETING**

ADVERTISING SALES  
**VICE-PRESIDENT, CORPORATE (REAL ESTATE)** | Pang Kai Xin  
**VICE-PRESIDENT, SALES & TRAINING (REAL ESTATE AGENCY)** | Shermie Tee  
**SENIOR ACCOUNT MANAGERS** | Wendy See, Wayne Chua  
**ACCOUNT MANAGER** | Ronald Lee

**PUBLISHER**

The Edge Property Pte Ltd  
 82 Ubi Avenue 4, #05-04,  
 Singapore 408832  
**Tel:** (65) 6970 7793

**PRINTER**

KHL Printing Co Pte Ltd  
 57 Loyang Drive  
 Singapore 508968  
**Tel:** (65) 6543 2222  
**Fax:** (65) 6545 3333

**PERMISSION AND REPRINTS**

Material in *The Edge Property* may not be reproduced in any form without the written permission of the publisher

We welcome your comments and criticism: [propertyeditor.sg@bizedge.com](mailto:propertyeditor.sg@bizedge.com)

Pseudonyms are allowed but please state your full name, address and contact number for us to verify.



Real estate investment sales totalled \$7.44 billion in 4Q2024, bringing full-year sales to \$26.61 billion

# Investment deals up 35.4% y-o-y in 2024; may ease in 2025: Savills

**BY ASHLEY LO**  
[ashley.lo@edgeprop.sg](mailto:ashley.lo@edgeprop.sg)

Real estate investment sales in Singapore totalled \$7.44 billion in 4Q2024, marking a 10.1% q-o-q decline compared to the previous quarter, according to a January research report by Savills. This comes off the back of lower sales in both the public and private sectors.

Despite the slower quarter, investment deal volume for the whole of 2024 was up 35.4% y-o-y at \$26.61 billion, an increase from \$19.65 billion in 2023, according to Savills. The higher figure was driven by higher sales across all asset classes, with y-o-y growth ranging from 12.1% to 133.1%.

Savills attributes the performance to a rebound in private sector investment momentum backed by the availability of investible core assets for sale and better-than-expected economic growth.

“This, together with higher proceeds from the sale of Government Land Sale (GLS) sites, has collectively contributed to the strong showing in 2024,” the report adds.

In the private sector, deals in 4Q2024 were bolstered by the \$810 million collective sale of Thomson View Condominium to UOL Group and CapitaLand Development in November.

That said, total residential investment sale volume saw a 24.3% q-o-q decline in 4Q2024 to \$2.41 billion, due to a smaller number of pure residential GLS sites awarded during the quarter compared to 3Q2024, says the report.

The commercial sector fell by 62.7% q-o-q from \$2.59 billion in 3Q2024, contributing \$966.3 million in investment sales.

The industrial sector also saw a 14.7% q-o-q decline in 4Q2024, closing the final quarter with \$2.13 billion worth of transactions.

In contrast, Savills notes that both the hospitality and mixed-use proper-

ty sectors saw “remarkable” growth in 4Q2024, recovering from an absence of deals in the previous quarter.

The hospitality sector was buoyed by CapitaLand Ascott Trust’s acquisition of Funan Singapore last October at an agreed property value of \$263 million.

That same month, the mixed-use property sector saw the sale of a commercial and residential GLS site at Tampines Street 94 to a joint

venture between Hoi Hup Realty and Sunway Developments for \$668.3 million, or \$1,004 psf per plot ratio (ppr).

Another notable mixed-use transaction was Hotel Properties’s acquisition of Concorde Hotel and Shopping Mall for \$821 million (\$1,804 psf ppr) last November. The latter marked the largest collective sale in 2024 and the fourth successful collective sale in the Orchard since 2022, according to Savills.

CONTINUES ON PAGE EP8

HDB, JTC, URA, SAVILLS RESEARCH & CONSULTANCY

## Top land sales in the public sector in 4Q2024

| LOCATION                | TYPE OF DEVELOPMENT (ADDRESS) | DATE OF AWARD | SUCCESSFUL TENDER PRICE (\$B MILLIONS) | SUCCESSFUL TENDEE(S)   |
|-------------------------|-------------------------------|---------------|--|--|
| Tampines Street 94      | Commercial & residential      | Oct 2024      | 442.2                                  | Hoi Hup Realty Pte. Ltd. and Sunway Developments Pte. Ltd.                                       |
| Tampines Street 94 (R1) | Residential                   | Nov 2024      | 442.2                                  | See UOL and Pte. Ltd. and Sunway Developments Pte. Ltd.  |
| Kallang Way             | Industrial                    | Nov 2024      | 362.9                                  | CL Green Property Pte. Ltd.  |
| Pulau Tekong            | Residential                   | Nov 2024      | 349.5                                  | CapitaLand (Singapore) Pte. Ltd., UOL Residential Pte. Ltd. and Integrated Investments Pte. Ltd. |
| Loe Yang Way            | Industrial                    | Nov 2024      | 79.1                                   | Solihud Group Holdings (S)   |

SAVILLS RESEARCH & CONSULTANCY

## Top private investment sales in 4Q2024

| PROPERTY  | SECTOR      | TRANSACTION DATE | PRICE (\$B MILLIONS) | BUYER   |
|---|-------------|------------------|----------------------|---|
| Keppel DC Singapore 7 (KDC SER 7) and Keppel DC Singapore 8 (KDC SER 8) (88.8% economic interest) | Industrial  | Nov 2024         | 1,034.2*             | Keppel DC (S)   |
| Concorde Hotel and Shopping Mall  | Mixed-use   | Nov 2024         | 821.0                | Lanay Peak Pte. Ltd., a wholly owned subsidiary of Hotel Properties Limited (HPL) |
| Thomson View Condominium  | Residential | Nov 2024         | 810.0                | A consortium of UOL Group and CapitaLand Development                              |
| 27 Collyer Quay   | Office      | Nov 2024         | 666.5                | An unrelated third party  |
| 11 Pines Singapore  | Hospitality | Oct 2024         | 263.0                | CapitaLand Ascott Trust   |

\*Based on the agreed property value with a land tenure of approximately 15.5 years



Private sector deals in 4Q2024 were bolstered by the \$810 million collective sale of Thomson View Condominium in November

TILE | STONE | MOSAIC | COUNTERTOP | VINYL FLOORING | WOOD | SANITARY WARE & FITTINGS



## The Leading Building Material Supplier Since 1980

**Hafary Gallery**  
 105 Eunos Avenue 3  
 (S)409836  
 T: +65 6250 1368

**Hafary House** NEW!  
 161 Lavender Street  
 Lvl 2 (S)338750  
 T: +65 6250 1369

**Hafary Tradehub 21**  
 18 Boon Lay Way #01-132  
 Tradehub 21 (S)609966  
 T: +65 6570 6265

**The Stone Gallery by Hafary**  
 18 Sungei Kadut Street 2  
 World Furnishing Hub Lvl 7 (S)729236  
 T: +65 6219 3323  
 (by appointment only)

www.hafary.com.sg | enquiry@hafary.com.sg





Eric Low of Hafary Holdings: A gallery like this is a one-stop shop that provides convenience for our customers

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

# Hafary launches Hafary House, expands upstream and taps the luxury home market

It's not just luxury brands like Louis Vuitton, Prada and Richard Mille are opening bigger and bolder flagship stores to create unique experiences for their clients. Eric Low, the director of building materials supplier Hafary Holdings, is taking a similar approach with the launch of Hafary House.

The new sales gallery soft opened on Dec 1, 2024, and was officially opened on Jan 11. The gallery, built at a cost of \$3 million, is located at 161 Lavender Street, a building comprising 11 adjoining conservation shophouses that Hafary acquired for \$71.28 million in July 2022. The gallery occupies 15,000 sq ft across two floors.

"Our goal was to create a distinctive showroom that redefines how we showcase our extensive range of tiles, natural stones and wood surfacing products," says Eric. "We wanted to make the experience more engaging, immersive and interactive for our consumers."

## 'One-stop shop'

Hafary's catalogue boasts over 9,400 types of porcelain tiles, nearly 650 varieties of natural stones – including precious stones like amethyst and jasper – and over 100 styles of countertops.

In addition to displaying its range of tiles and surfacing materials, Hafary House features dedicated showrooms for the company's complementary businesses.

One of these is its subsidiary, Wood Culture, which offers more than 50 varieties of solid wood and over 150 categories of engineered wood and vinyl. It also offers Ecoclay, an innovative wall panelling material versatile enough to create a variety of textures.

The gallery also marks the debut of Hafary Bathroom, which offers a premium selection of sanitary ware from European brands such as Zucchetti and Bernstein, as well as its newly launched in-house brand, Klopfen.

"A gallery like this is a one-stop shop that provides convenience for our customers," adds Eric. "At a glance, they can see all the materials they need for their home and ensure their walls complement their flooring and wood finishes. It gives them the confidence and comfort to make the right choices for their home."

## Tapping into the area's industrial legacy

Lavender Street is located within the Jalan Besar Conservation Area, a district that has retained much of its industrial heritage. From the 1920s to the 1950s, it attracted pioneering businessmen, including Singaporean philanthropist Lee Kong Chian, who established the Lee Rubber Company at 161 Lavender Street. The block of Art Deco-style shophouses was built in 1930.

In the 1990s, Lee Rubber added a four-storey rear extension while restoring and conserving the façade of the shophouses. The

property won a URA Architectural Heritage Award in 1995 for its sensitive integration of old and new elements. After acquiring 161 Lavender Street from Lee Rubber 2½ years ago, Hafary refurbished it extensively.

In addition to Hafary House, the building features F&B and other commercial units on the first floor, with co-living spaces managed by The Assembly Place on the upper floors.

To create an inspiring sales gallery that blends flair with nostalgia, Eric enlisted the expertise of Farm, a multidisciplinary studio specialising in branding and spatial design, including sales galleries, show suites and exhibitions.

On the Jalan Besar Conservation Area, the co-founder and director of Farm, Selwyn Low, says: "There is a sense of exploration – a raw energy in the area. It's the perfect setting to showcase Hafary's materials and inspire buyers to imagine how these materials could transform their spaces."

FINBARR FALLON



The newly opened Hafary House at 161 Lavender Street after a \$3 million refurbishment

FINBARR FALLON



The reception area displays stacked tiles to highlight their side profiles

FINBARR FALLON



Wood Culture's collection at Hafary House



Ecoclay, an innovative wall paneling material versatile enough to create a variety of textures, was launched in Hafary House

### Versatility of materials

Farm demonstrates various ways tiles can be used throughout the gallery, showcasing their versatility through different forms and treatments. For instance, the entrance wall features sandblasted tiles, creating a textured relief, while the reception area displays stacked tiles to highlight their side profiles. These applications inspire visitors to reimagine the possibilities of tile design in their own spaces.

"With social media, almost every homeowner has become a designer," says Selwyn. "While they often know what they want, they still need a space to learn about the construction process and understand how different materials can work together."

Befitting its name, Hafary House is designed to represent the interiors of a home, including the living and dining rooms, outdoor spaces, foyer, wardrobe, kitchen and bathroom.

These showcases act as vignettes with revolving themes, each catering to different lifestyles and demonstrating the varied uses of the tiles. "Many elements, such as furniture, wall art and even some lighting, are crafted using tiles from Hafary," Selwyn adds. "Our goal is to inspire visitors to envision how these spaces could translate into their homes."

### From a tile shop to a market leader

Over the past 45 years, Hafary has evolved from its humble beginnings as a single shop-house in Balestier selling ceramic tiles. The company was founded by Eric's father, Low Kok Ann, who currently serves as Hafary's CEO and executive director.

Listed on the Singapore Exchange in 2009, Hafary has since secured a 50% to 60% market share in the general consumer market. The firm also boasts the largest collection of surfacing materials in Singapore. Its 562,000 sq ft warehousing space allows Hafary to maintain its substantial inventory and efficiently support customer needs.

In addition to Hafary House, the compa-

ny operates three other showrooms across Singapore. These include a showroom in Tradehub 21 in Jurong and the Stone Gallery by Hafary at Sungei Kadut, which showcases natural stones from renowned Italian brands such as Antolini, Salvatori and Pietra Antiqua.

The third and largest facility is Hafary Gallery, a 40,000 sq ft flagship store in Paya Lebar, which was refurbished two years ago. It is part of the Hafary Centre, which includes the corporate headquarters.

### Growth and expansion

In November 2024, Hafary emerged as the big winner in the cyclical consumer products sector at *The Edge Singapore Centurion Club Awards*. The company was named the overall sector winner, with a compound annual growth rate (CAGR) of 17.7% and a weighted return on equity (ROE) of 32.2% over the three years under consideration.

For the fiscal year 2023, which ended in December 2023, Hafary reported earnings

of \$40.1 million, a 30.9% y-o-y increase. Revenue for the same period rose by 34.1% to \$226.4 million.

In December 2022, Hafary expanded its operations to include manufacturing capabilities by forming the International Ceramics Manufacturing Hub. It is a joint venture with Guangdong ITA Element Building Materials Co. Ltd and CNA Pte Ltd, a premium tile manufacturer, enabling Hafary to "move upstream" and address supply constraints more effectively.

The group can also leverage the MML brand, owned by its major shareholder, Hap Seng Consolidated, alongside Hap Seng's extensive distribution network to drive sales growth in Malaysia and across the regional export market.

In addition, Hafary has established a research and development division in Malaysia to innovate and create new tile designs. "We introduced large-format tiles to the market, and they turned out to be a huge success," says Eric.

The Malaysian manufacturing plant boasts a production capacity of 1.3 million sq m (close to 14 million sq ft) of tiles per month, or 15 million sq m (161.46 million sq ft) annually. "We are the largest producer in Malaysia right now," Eric notes. "About 50% of our production is dedicated to the domestic market, while the remaining 50% is exported."

Today, Hafary employs 700 people in Malaysia and another 450 in Singapore. In 2011, the company expanded into Vietnam by incorporating Hafary Vietnam and acquiring a 49% stake in Viet Ceramics International Joint Stock Company, which is now an associate company. Malaysia is now the second-largest market after Singapore, followed by Vietnam.

### The trend of luxury property owners with bigger budgets

In Singapore, the prices of landed properties, particularly ultra-luxurious Good Class Bungalows (GCBs), have surged dramatically. In 2024, a new GCB at Tanglin Hill fetched

\$93.889 million, setting a new record price of \$6,017 psf.

Eric notes that the demand for high-end materials has similarly grown among owners of GCBs and other luxury homes. "These days, owners of GCBs and other high-end landed houses are willing to pay more for premium-quality products. The trend benefits our business, closely tied to the property market."

Eric highlights Antolini, a renowned Italian brand known for its premium natural stones and recognised as the world's largest supplier in this category. Hafary is the exclusive distributor of Antolini products in Singapore. At the pinnacle of its offerings are precious stones, with some costing up to US\$40,000 (\$54,875) per slab.

### A good time to re-enter property development?

Eric's understanding of the property market is bolstered by his role as the co-founder and deputy CEO of Singapore-listed property group Oxley Holdings. Oxley is the developer of notable projects such as the mixed-use development 1953 at Tessensohn Road and large-scale projects like the 1,052-unit Affinity at Serangoon and the 1,472-unit Riverfront Residences.

Internationally, Oxley is behind London's Royal Wharf waterfront development, featuring 3,400 apartments, 15,000 sq m of office space and 5,000 sq m of retail and F&B areas. Oxley is also developing Riverscape, located on the edge of the River Thames, which will include 769 residential units and 1,125 sq m of retail space.

"We are eager to buy land and embark on more developments," says Eric, pointing to the "fantastic sales" achieved at recent launches as a sign that the Singapore residential market has "come back to life".

Still, he remains cautious about the potential impact of cooling measures, even as he believes it is "perfect timing to re-enter the market next year to buy land and embark on new developments". ■

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE



Selwyn Low of Farm: There is a sense of exploration — a raw energy in the [Jalan Besar] area. It's the perfect setting to showcase Hafary's materials and inspire buyers to imagine how these materials could transform their spaces

FINBARR FALLON



The gallery marks the debut of Hafary Bathroom

FINBARR FALLON



The wide range of sanitary ware and fittings



Clementi Crest is expected to attract many buyers because of its proximity to many amenities, including Clementi MRT Station

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE

# Over 5,000 flats from nine towns will obtain MOP this year

**BY ELIZABETH CHOONG**  
elizabeth.choong@edgeprop.sg

Almost-new resale HDB flats are popular because such flats offer prospective buyers the best of both worlds. Prospective buyers have the opportunity to own a property with a long remaining lease while avoiding the lengthy waiting times associated with build-to-order (BTO) flats. Additionally, BTO flats located in central areas or near amenities, such as MRT stations or town centres, are typically launched as Prime or Plus flats, which come with stricter restrictions and a longer minimum occupation period (MOP). However, such tighter regulations do not apply to resale flats, regardless of location.

Last year, 1,071 HDB resale flats

were sold for at least \$1 million. Of these, 336 were flats that were 10 years old or younger, hence they have a long remaining lease of at least 89 years. These 336 transactions accounted for 31.4% of all million-dollar transactions last year, up from 21.5% in 2023 and 15.9% in 2022 (see Chart 1). At the time of writing, 63 million-dollar transactions have taken place, with 18 involving flats that are 10 years old or younger.

## Fewer flats expected to MOP this year

Approximately 5,077 almost new HDB flats are expected to obtain their MOP this year, a decrease from the estimated 11,000 such flats last year (see Table 1). However, the flats are located across nine towns for both years.

Among the projects with flats

reaching MOP this year, West Plains @ Bukit Batok and Alkaff CourtView are the only two projects with over 1,000 flats each. These two projects are in very different neighbourhoods, offering distinct attributes that might appeal to different groups of prospective buyers.

Alkaff CourtView is part of Bidadari, a new residential neighbourhood in the central region. In contrast, West Plains @ Bukit Batok is located in an older neighbourhood in the west region. Another project likely to attract attention from prospective buyers is Clementi Crest, as it is in a well-established town with numerous amenities.

## Alkaff CourtView: Expected to attract high resale prices

Located along Bidadari Park Drive, Alkaff CourtView is part of the Toa Payoh HDB town in the central region. It is within walking distance of numerous amenities, including Woodleigh and Potong Pasir MRT Stations, The Woodleigh Mall, The Poiz Centre, Woodleigh Village Hawker Centre, Broadway Food Centre and Alkaff Lake. Schools within a 1km radius include Cedar Primary School, St Andrew's Junior School, Cedar Girls' Secondary School, St Andrew's Secondary School and St Andrew's Junior College (see Map 1).

Alkaff CourtView was launched as

part of the BTO exercise in November 2015, alongside two other projects in Bidadari, namely Alkaff LakeView and Alkaff Vista. The flats in all three projects had the same launch prices (see Table 2).

Resale flats in Bidadari have proven to be highly popular with buyers who are also willing to pay premium prices. Last year, 24 resale flats in Bidadari were sold for at least \$1 million.

The highest transacted price of \$1.34 million (\$1,092 psf) involved a five-room flat at 106A Bidadari Park Drive, which is part of Alkaff Vista. The 1,227-sq ft flat, located on the 10th to 12th storey, was sold last month. The five-room flats in Alkaff Vista were

EDGEPROP HDB MOP (AS OF JAN 20)

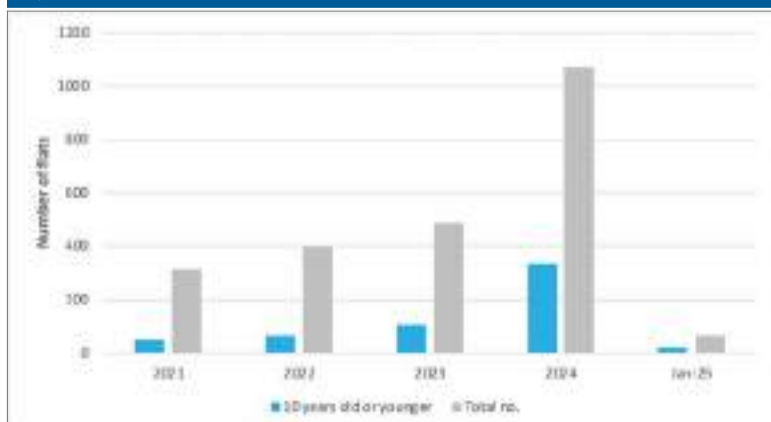
Table 1: HDB flats that will obtain MOP in 2025

| HDB town      | Project                   | Street name                              | Region     | Flat type          | Estimated no. of flats* |
|---------------|---------------------------|--|------------|--------------------|-------------------------|
| Ang Mo Kio    | Ang Mo Kio Court          | Ang Mo Kio Street 23                     | North-East | 2, 4 and 5-room    | 590                     |
| Bedok         | Bedok North Vale          | Bedok North Avenue 1                     | East       | 2 and 3-room       | 215                     |
| Bukit Batok   | West Plains @ Bukit Batok | Bukit Batok West Avenue 8 and 9          | West       | 2, 3, 4 and 5-room | 1,113                   |
| Choa Chu Kang | Teck Whye Vista           | Jalan Teck Whye                          | West       | 2-room             | 126                     |
| Clementi      | Clementi Crest            | Clementi Avenue 3                        | West       | 4 and 5-room       | 385                     |
| Punggol       | Northshore StraitsView    | Northshore Drive                         | North-East | 2-room             | 162                     |
|               | Northshore Residences I   | Northshore Drive                         |            | 2-room             | 207                     |
|               | Northshore Residences II  | Northshore Drive                         |            | 2-room             | 338                     |
| Tampines      | Tampines GreenBloom       | Tampines Street 86 and Tampines Avenue 8 | East       | 4 and 5-room       | 319                     |
|               | Tampines GreenFlora       | Tampines Street 85                       |            | 4 and 5-room       | 208                     |
| Toa Payoh     | Alkaff CourtView          | Bidadari Park Drive                      | Central    | 2, 3 and 4-room    | 1,258                   |
| Yishun        | Valley Spring @ Yishun    | Yishun Street 42                         | North      | 4-room             | 156                     |
| <b>Total</b>  |                           |  |            |                    | <b>5,077</b>            |

Note: \*The estimated number of flats refers to the flats that will obtain MOP in 2025 and not the total number of flats for the project.

Chart 1: Number of HDB flats that sold for at least \$1 million

EDGEPROP SHORTLIST (AS OF JAN 20)



Map 1: Locations of Alkaff CourtView and Alkaff Vista



Table 2: Launch prices for Alkaff CourtView, Alkaff LakeView and Alkaff Vista

| Flat type    | Estimated floor area (sq ft)* | Indicative launch prices |
|--------------|-------------------------------|--------------------------|
| 2-room flexi | 409                           | \$154,000 to \$189,000   |
| 2-room flexi | 506                           | \$193,000 to \$234,000   |
| 3-room       | 732 to 775                    | \$297,000 to \$385,000   |
| 4-room       | 1,001 to 1,044                | \$433,000 to \$550,000   |
| 5-room       | 1,216 to 1,227                | \$544,000 to \$625,000   |

Note: \*Refers to the estimated area of the whole flat, comprising the internal floor area and the aircon ledge.

originally launched at prices ranging from \$544,000 to \$625,000. Assuming the seller paid \$625,000 for the flat, they would have made an estimated profit of \$715,000.

Alkaff Vista is located across the road from Alkaff CourtView (see Map 1 above). As Alkaff Vista and Alkaff CourtView share many attributes, flats in Alkaff CourtView can be expected to fetch similar resale prices.

However, Alkaff CourtView does not have five-room flats, meaning larger households may need to opt for Alkaff Vista, which offers 151 five-room and 199 four-room flats. In contrast, Alkaff CourtView offers 192 two-room flexi, 369 three-room, and 697 four-room flats.

Four-room flats in Bidadari are also in high demand, with 16 of them transacting for at least \$1 million last year. The record-high price of \$1.17 million (\$1,157 psf) was for a flat at 106B Bidadari Park Drive, located on the 16th to 18th storey. This 1,011-sq ft flat was sold in September last year. Earlier this month, a four-room flat at 106A Bidadari Park Drive sold for \$1.09 million (\$1,078 psf). The 1,011-sq ft unit was located on the 10th to 12th storey.

Assuming the sellers of both four-room flats purchased them for \$550,000, the seller who sold their flat for \$1.17 million in September last year would have made an estimated profit of \$620,000. Meanwhile, the seller who sold their flat for \$1.09 million this month would have earned a smaller profit of ap-

proximately \$540,000.

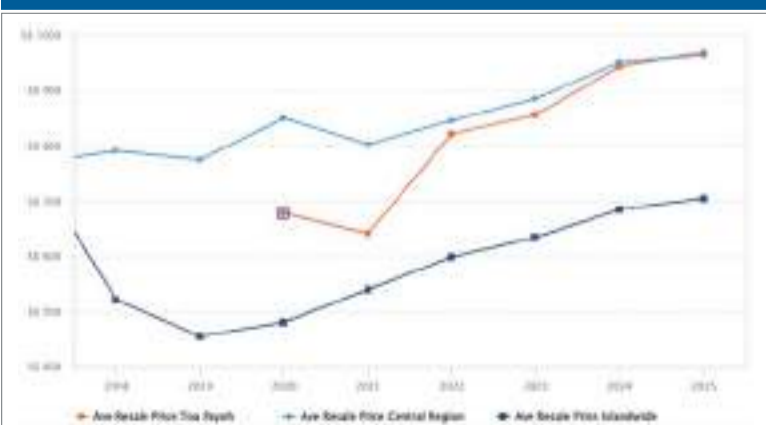
Resale prices for HDB flats that are 10 years old or younger have been trending upwards, driven by strong price growth. The average resale price for such flats in Toa Payoh has surged by 42.7% since 2020, exceeding the 13.4% growth for similar flats in the central region but falling short of the 46.6% increase for flats islandwide. However, the average resale price for these flats in Toa Payoh (\$969 psf) is slightly higher than that for similar flats in the central region (\$964 psf) and significantly above the islandwide average (\$705 psf) (see Chart 2).

**West Plains @ Bukit Batok: Ideal for the budget conscious?**

While the flats at Alkaff CourtView are expected to command high resale prices, those at West Plains @ Bukit Batok are anticipated to fetch lower price points due to the limited amenities within walking distance of the Bukit Batok project. The more affordable prices may appeal to buyers with more modest budgets.

Many amenities near West Plains @ Bukit Batok are still under construction, including the upcoming Bukit Batok West Hawker Centre, which is adjacent to the project. The nearest MRT station is the upcoming Tengah Park MRT Station, expected to be completed in 2028 as part of Stage 2 of the Jurong Region Line (JRL). However, this MRT station is not within walking distance, as it is approximately 780m away. There

Chart 2: Average resale prices for HDB flats that are 10 years or younger in Toa Payoh, Central Region and Islandwide



Map 2: Locations of West Plain @ Bukit Batok and primary schools within 1km radius



Table 3: Launch prices for West Plains @ Bukit Batok

| Flat type    | Estimated floor area (sq ft)* | Indicative launch prices |
|--------------|-------------------------------|--------------------------|
| 2-room flexi | 409                           | \$85,000 to \$113,000    |
| 2-room flexi | 506                           | \$105,000 to \$134,000   |
| 3-room       | 732                           | \$163,000 to \$202,000   |
| 4-room       | 1,001                         | \$266,000 to \$325,000   |
| 5-room       | 1,216                         | \$367,000 to \$424,000   |

Note: \*Refers to the estimated area of the whole flat, comprising the internal floor area and the aircon ledge.

are only two primary schools within a 1km radius, namely Princess Elizabeth Primary School and Dazhong Primary School (see Map 2).

West Plains @ Bukit Batok was launched as part of the BTO exercise in February 2016. No other HDB projects in Bukit Batok were included in the same exercise. Notably, the launch prices for the various flat types in West Plains @ Bukit Batok were significantly lower than those in Alkaff CourtView (see Table 3), which could be attributed to their different locations and proximity to amenities.

Only three flats in Bukit Batok were sold for at least \$1 million last year. Of these, two were executive flats, and one was a five-room flat. One of the executive flats fetched the highest price of \$1.05 million (\$677 psf) when it was sold in July last year. The flat, located at 288A Bukit Batok Street 25 on the seventh to ninth storey, is an older unit with a lease that started in 1997. The high transacted

price is likely due to the spacious size of the flat (1,550 sq ft).

Flats at 288A Bukit Batok Street 25 are likely to appeal to nature lovers, as Bukit Batok Nature Park is within walking distance. Bukit View Primary School and Keming Primary School are also located within a 1km radius. However, there are no MRT stations within walking distance as the nearest station, Bukit Batok MRT Station, is approximately 1.2km away.

The lone million-dollar transaction for a five-room flat in Bukit Batok last year involved a unit at 194A Bukit Batok West Avenue 6. The 1,237-sq ft flat, located within a 2km radius of West Plains @ Bukit Batok, sold for \$1 million (\$808 psf) in July last year and is on the 34th to 36th storey. The flat's lease started in 2017, meaning it has a remaining lease of approximately 91 years.

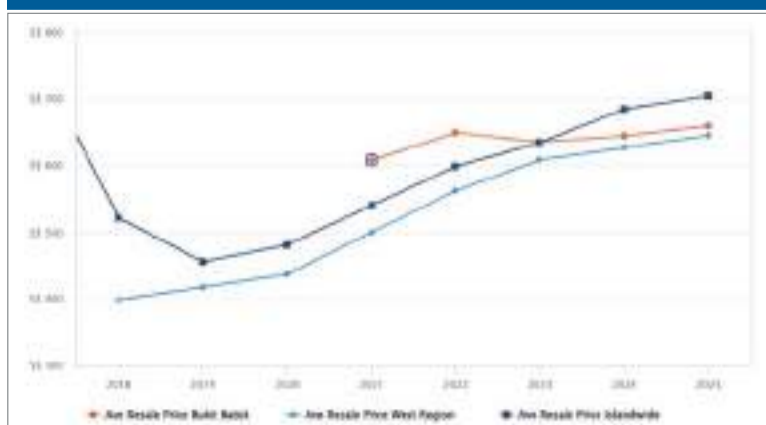
The five-room flat is adjacent to the Bukit Batok Swimming Complex. Additionally, there are three primary

Map 3: Locations of 194A Bukit Batok West Avenue 6 and primary schools within 1km radius



CHARTS: EDGEPROP MARKET TRENDS (AS OF JAN 17)

Chart 3: Average resale prices for HDB flats that are 10 years or younger in Bukit Batok, West Region and Islandwide



schools within a 1km radius, namely Yuhua Primary School, Princess Elizabeth Primary School and Bukit View Primary School (see Map 3). However, Bukit Batok MRT Station, the nearest MRT station, is not within a comfortable walking distance. The upcoming Toh Guan MRT Station, expected to be completed in 2028 as part of Stage 2 of the JRL, will be nearer. This lack of nearby MRT stations could be mitigated by the Pan Island Expressway, which is a short drive away.

The average resale price for HDB flats that are 10 years old or younger in Bukit Batok (\$660 psf) is below the islandwide average (\$705 psf) but above the average for similar flats in the west region (\$646 psf) (see Chart 3). This could be attributed to significantly weaker price growth for such flats in Bukit Batok (8.6%) since 2021 compared to those in the west region (29.2%) and islandwide (30.3%).

**Clementi Crest: In the heart of Clementi**

Clementi Crest is expected to attract the attention of prospective buyers due to its excellent location in the heart of Clementi. Amenities such as Clementi MRT Station, Clementi Bus Interchange, Clementi 448 Market and Food Centre, 321 Clementi, Grantral Mall @ Clementi, and Clementi Stadium, Sports Centre, and Swimming Complex are all a short walk away. Additionally, Clementi MRT Station will become an interchange station for the East-West and Cross Island Lines when the upcoming MRT line begins operating from the station in 2032. Clementi Crest is also conveniently located a short drive from the Ayer Rajah Expressway.

Clementi Crest is expected to appeal to prospective buyers with school-going children due to the numerous schools within a 1km radius. Nearby schools include Nan Hua Primary School, Pei Tong Primary School, Qifa Primary School, Clementi Town Secondary School, Nan Hua High School and NUS High School (Secondary and Junior College) (see Map 4).

Clementi Crest was launched during the BTO exercise in May 2015. It was the only HDB project in Clementi launched during that exercise. Despite being launched only six months before Alkaff CourtView, the launch prices for the flats in Clementi Crest are higher (see Table 4) due to the project's proximity to numerous and varied amenities, and its location within a mature town.

Last year, 58 flats in Clementi were sold for at least \$1 million. A five-room flat set a record-high price of \$1.3 million (\$1,078 psf) in June last year. The flat is located at 440C Clementi Avenue 3 and across the road from Clementi Crest (see Map 5). The lease for the 1,205-sq ft flat, on the fourth to sixth storey, started in 2018.

This year, four million-dollar transactions have been recorded for Clementi, with a five-room flat at 425 Clementi Avenue 1 achieving this year's highest price of \$1.14 million (\$937 psf). The 1,216-sq ft flat, located on the 13th to 15th storey, has a lease that started in 2013. The flat is also just a short walk from Clementi Crest (see Map 6).

The average resale price for HDB flats in Clementi (\$1,088 psf) that are 10 years old or younger has consistently been above that of its counterparts in the west region (\$646 psf) and

## Fewer investment deals expected in 2025

FROM PAGE EP2

Looking ahead, despite the recent easing of global interest rates, Savills Research expects Singapore's investment sales value to moderate in 2025.

While interest rate movements are often used as an argument for higher or lower investment sales, research using Savills' investment sales data from 2008 to 2024 indicates a tenuous link, says Alan Cheong, executive director of research and consultancy at Savills Singapore.

He believes that the weak correlation between interest rates and sales volume may boil down to several factors. These include the fact that Singapore does not have an interest rate-based monetary policy. As a wealth management hub, it also attracts capital from ultra-high-net-worth individuals whose objectives

may be different from institutional players, thus diluting the overall impact of interest rate movements.

In addition, Singapore has a dearth of good-quality assets that are available for sale, which often leads to few and lumpy transactions, notes Cheong.

Consequently, he finds it "difficult" to predict investment sales values, though a repeat of last year's significant growth is unlikely. "We view 2024's numbers as being boosted by the sale of a retail mall along Orchard Road, two large industrial portfolio transactions, and two big collective sales," he says.

For 2025, barring a "similar repeat of large-ticket items transacted", Cheong expects total investment sales value may come in at about \$23 billion. **E**



The sale of the Concorde Hotel and Shopping Mall for \$821 million last November was the largest collective sale in 2024

## COVER STORY

MAPS: EDGEPROP LANDLENS (AS OF JAN 17)

Map 4: Locations of Clementi Crest and primary schools within 1km radius



Table 4: Launch prices for Clementi Crest

| Flat type | Estimated floor area (sq ft)* | Indicative launch prices |
|-----------|-------------------------------|--------------------------|
| 4-room    | 1,001                         | \$478,000 to \$621,000   |
| 5-room    | 1,216                         | \$576,000 to \$725,000   |

Note: \*Refers to the estimated area of the whole flat, comprising the internal floor area and the aircon ledge.

FROM PAGE EP7

islandwide (\$705 psf) (see Chart 4).

This is despite weaker price growth since 2020 for Clementi (35.2%) compared to the west region (47.8%) and islandwide (46.6%). This could be attributed to the limited number of flats in Clementi. According to HDB's latest annual report, there are 28,750 HDB flats in Clementi, representing only 2.7% of the total number of HDB flats in Singapore. In contrast, there are 45,261 HDB flats in Bukit Batok, representing 4.2% of all HDB flats on the island.

### Conclusion

While fewer almost-new flats will obtain MOP this year compared to last year, several projects are still expected to appeal to prospective buyers due to their desirable locations or affordability.

Alkaff CourtView is expected to attract prospective buyers who desire to live in a flat with a long remaining lease and in a central location but want to avoid the restrictions and longer MOP that apply to Prime and Plus BTO flats. Furthermore, residents of Alkaff CourtView benefit from being within walking distance of many amenities, including two MRT stations and two malls. Based on past transactions of flats in nearby Alkaff Vista, prospective buyers would have to pay a premium.

On the other hand, West Plains @ Bukit Batok might appeal to prospective buyers with a more modest

budget. Flats in the Bukit Batok project are expected to transact at lower prices compared to Alkaff CourtView because it is not in a central location, and there are fewer nearby amenities.

Additionally, prospective buyers have plenty of flats to choose from, as more than 1,000 flats in both Alkaff CourtView and West Plains @ Bukit

Batok will obtain MOP this year.

Despite its noncentral location, Clementi Crest is expected to appeal to prospective buyers, especially par-

ents of school-going children, because it is surrounded by reputable schools. The project is also a short walk from Clementi MRT Station.

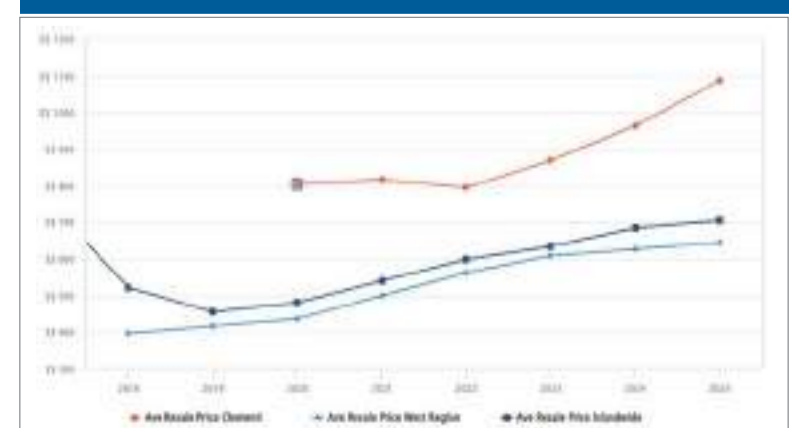
Approximately 9,400 HDB flats are expected to obtain their MOP next year, almost double the number for this year (see Table 5). Furthermore, the flats will be spread across 13 towns instead of the nine towns this year. Hence, buyers will have more choices in terms of location.

Among the projects with flats that will obtain MOP next year, Alkaff

Oasis, Pine Vista, and Kallang Residences are expected to attract buyers because of their central locations. Furthermore, Alkaff Oasis is within walking distance of Potong Pasir MRT Station and The Poiz Centre. Alkaff Oasis also features over 1,500 flats, ranging from two-room to five-room, that will obtain MOP next year. Pine Vista is a short walk to Dakota MRT Station and Old Airport Road Food Centre, while Kallang Residences is located across the road from Kallang MRT Station. **E**

EDGEPROP MARKET TRENDS (AS OF JAN 20)

Chart 4: Average resale prices for HDB flats that are 10 years or younger in Clementi, West Region and Islandwide



Map 5: Locations of Clementi Crest and 440C Clementi Avenue 3



Map 6: Locations of Clementi Crest and 425 Clementi Avenue 1



# Office investments still preferred in Asia Pacific despite challenges, says Knight Frank

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE



Singapore's office sector seems to have peaked, with limited expansionary demand due to a cautious occupier outlook and an increase in incoming supply over the next few years

Investment volume in the Asia Pacific region totalled US\$162.8 billion (\$220.4 billion) in 2024, excluding Blackstone's A\$24 billion (\$20.4 billion) acquisition of hyperscale data centre specialist AirTrunk concluded in December. It is a 10.8% increase from the 2023 market trough and suggests a hopeful sign of recovery after two years of downturn, says Knight Frank's latest outlook report released on Jan 23.

According to Knight Frank, the office sector remained a pivotal factor in driving the improvement in investment volume. Annually, investment volume grew the fastest, at 16.1%, from US\$51.2 billion in 2023 to US\$59.5 billion in 2024, accounting for 36.5% of all capital received.

A major draw of office assets in Asia Pacific is the high occupancy rate compared to its Western counterparts. The average utilisation rate is 80% in the region, far higher than the 65% recorded in major US cities and 70% in the UK and Europe. However, the office market in the region has become increasingly intricate and multifaceted, says Knight Frank.

Singapore's office market has remained consistently robust, characterised by low vacancy rates and resilient capitalisation rates that have remained largely stable. However, the sector seems to have peaked with limited expansionary demand due to a cautious occupier outlook and an increase in incoming supply over the next few years.

Opportunities prevail in strata-title properties and freehold offices in prime locations, which are highly sought-after by investors focusing on long-term wealth preservation or flexible investment horizons.

Hong Kong's office market has faced a multitude of challenges, including high interest rates, persistent low cap rates, weak demand from poor business conditions, the downsizing of foreign companies, and substantial new supply.

Asset values have corrected significantly, with office properties down by as much as 60% in some instances. A notable example is the Cheung Kei Centre, which was acquired by the Hong Kong Metropolitan University at a 62% discount compared to its HK\$7 billion (US\$0.9 billion) valuation in 2022.

Despite the market conditions, the anticipated surge in distressed transactions has not materialised as expected due to hesitance by local banks. Although financial conditions are easing, low liquidity and weak fundamentals should continue to impact capital values.

In Australia, CBD office cap rates have generally stabilised after undergoing the quickest asset repricing in the region. Institutional investors have been on the sidelines but are now returning, as evidenced by recent sales to major offshore groups such as the acquisition of Exchange Centre by BentallGreenOak, the Miami-based real estate investment arm of Sun Life Financial, from Australian property group Mirvac and JP Morgan at US\$381.5 million; and 333 George Street by German real estate investment firm Deka Immobilien, from Australian property company Charter Hall Group at US\$ 267.2 million.

With occupier demand improving on the back of economic recovery, strong employment growth and corporates upgrading their space, coupled with a lack of supply from 2025 to 2027, rental growth will be supported, especially for the highest-quality offices in Sydney and Brisbane. Many investors will be viewing the price correction and improving fundamentals as an opportune time

to acquire core Sydney assets with less competition, according to the report.

Seoul continues to follow a distinct trajectory in its occupiers' market, boasting some of the highest occupancy rates globally, with prime vacancies at 1.9% as of the end of 2024. Despite a remarkable

16.3% growth in office rents over the past four years and a lack of supply in quality spaces, which initially attracted core investors to Seoul, the market's appeal seems to be diminishing.

The shift can be attributed to a slowdown in rental growth, now reduced to a low single-digit and an increasing pipeline in the next few years. Further, taking into account the recent political instability following the temporary martial law imposition in early December, investor sentiments have become more cautious regarding Korean investments.

Tokyo-5 wards' office market continues to exhibit low vacancy rates, coming in at less than 4% for 2024, maintaining a consistent trend. However, as the cap rate hovers around 3.5%, transactions of office precincts in the core office market remained limited and primarily accessible to domestic

institutions only. Consequently, foreign investors are inclined to explore alternative opportunities.

### Value-add plays key differential role

The ongoing prevalence of buyer-seller pricing discrepancies has prompted investors to re-evaluate traditional investment approaches that rely on cap rate compression. In response, market participants increasingly gravitate toward alternative strategies, such as opportunistic and value-add plays, emphasising income growth and cash flow-driven returns.

Opportunistic investors maintain their focus on acquiring distressed assets. However, the availability of such assets has been constrained, running counter to initial market projections during the period of rising interest rates.

On the other hand, value-add investments have gained traction, with this increased appeal stemming from a combination of influential factors. First, tighter yield spreads have prompted investors to explore higher-risk opportunities.

Moreover, a prolonged period of under-investment in new assets has coincided with

growing demand from occupiers for higher-quality, sustainable spaces that enhance their ability to attract both employees and customers.

In response, some core funds mimicked a value-add approach, acquiring older or under-managed core assets located in markets with solid fundamentals and potential for appreciation.

The office sector holds significant potential for value-add investments due to the growing divide between obsolete buildings and premium spaces, driven by the increasing importance of sustainability goals and mandatory compliance with stock market regulations, resulting in sustained demand for ESG-compliant precincts.

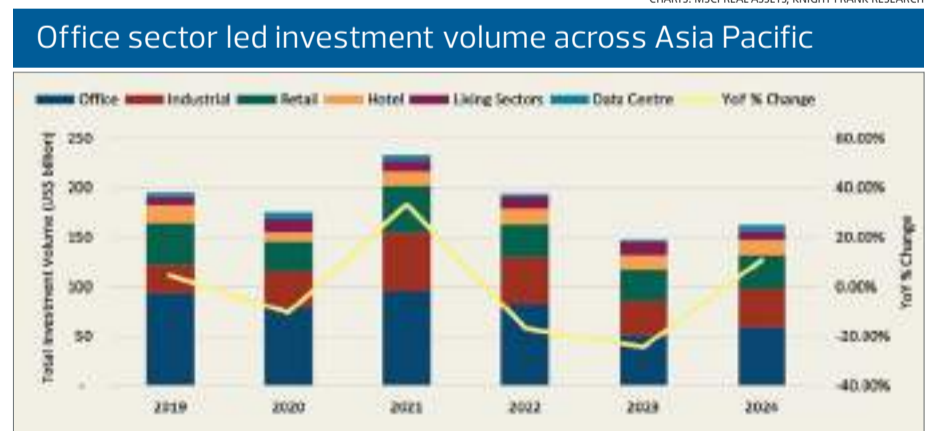
A preliminary analysis of the MSCI Real Asset database reveals that nearly 45% of office buildings transacted with the intention of redevelopment or renovation in 2024 are to be converted into offices or mixed-use developments with an office component. The figure represents an increase from 2023, where only 41% were earmarked for similar conversions.

The demand has led to a two-tiered market, says Christine Li, Knight Frank head of research, Asia-Pacific, the author of the report. She adds that value-add investors can acquire and upgrade older properties to meet modern standards and appeal to quality tenants.

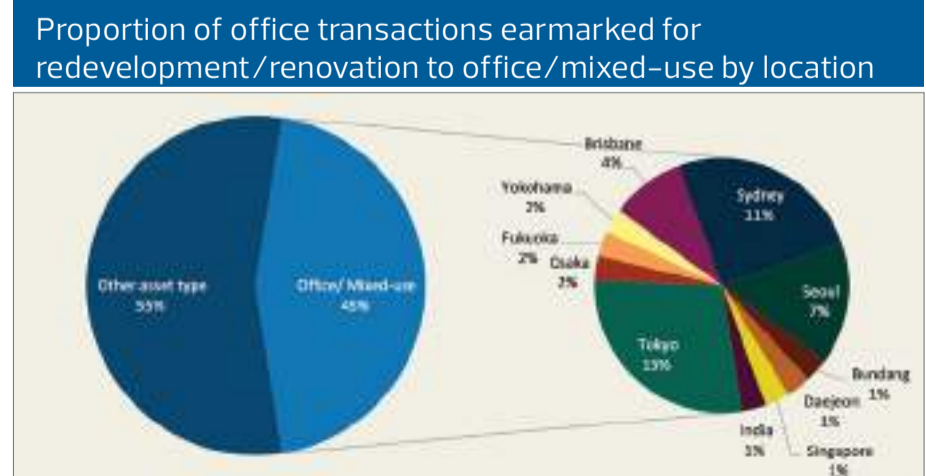
### Return-to-office, hybrid work patterns

Global companies, such as Amazon, Dell in 2024, and most recently, JPMorgan, announced plans for a return to pre-pandemic, office-only models. Within the region, Australia's Tabcorp and Grab in Singapore have also mandated a full return-to-office. Pressured by profitability targets, the trend also signals a continual shift by tech companies to more work-from-office days.

CONTINUES ON PAGE EP12



Note: Data downloaded as of Dec 26, 2024. Inclusive of pending deals/excludes AirTrunk acquisition and land



Note: Data downloaded as of Dec 26, 2024. Inclusive of pending deals/excludes land

**FOR SALE - GOOD CLASS BUNGALOW AT DALVEY ESTATE / NASSIM ROAD**

CUSHMAN & WAKEFIELD  
CEA Licence No. L3007333E

- Site Area: 2,032.9 sq m (Approx. 21,882 sq ft)
- Tenure: Freehold (Estate in Fee Simple)
- Nestled in Singapore's most prestigious address
- Next to Singapore Botanic Gardens
- Regular plot perched on elevated grounds, with most of the land on flat terrain
- Prime for redevelopment

**FOR SALE BY EXPRESSION OF INTEREST**  
**CLOSING 11 FEBRUARY 2025 (TUESDAY) 3.00PM**

|  |   |
|--|---|
| <b>SIM CHEE JIN</b><br>(R031201D)<br>+65 9761 1211 | <b>IRENE TEO</b><br>(R059000F)<br>+65 9637 2404 |
|--|---|



The city skyline of Kuala Lumpur, Malaysia. The country's property market is entering a transformative phase

BLOOMBERG

# CBRE | WTW: Future trends shaping the Malaysian property market in 2025

BY CHIN WAI LUN

city.country@bizedge.com

The year 2025 for the Malaysian property market will be marked by the advanced progress of new mega infrastructure projects and the transition to new technologies. These will serve as the main drivers for the market, said CBRE | WTW group managing director Tan Ka Leong.

“As we look to 2025, it is clear that the Malaysian property market is entering a transformative phase. From infrastructure projects such as the East Coast Rail Link (ECRL), the Johor-Singapore Rapid Transit System Link (RTS Link) and the Pan Borneo Highway to the adoption of advanced technologies and sustainable urban redevelopment, the nation is poised to deliver promising opportunities for investors and stakeholders,” said Ka Leong at the launch of CBRE | WTW’s 2025 Malaysia Real Estate Market Outlook report titled *Sustaining Game Changers* on Jan 9.

“To maximise and sustain the benefits from these game changers, development planning and building regulations should be reviewed and updated to fully leverage the potential of the property market,” he added.

The report focused on five areas in Malaysia — the Klang Valley, Penang, Iskandar Malaysia (Johor), Sabah and Sarawak. It discussed the key trends and opportunities shaping the property market in 2025. CBRE | WTW’s representatives of the areas highlighted that the property market will continue to record a sustained growth momentum post-Covid.

## The Klang Valley: Poised for greater growth

“The Klang Valley real estate market is set for growth, propelled by advancements in the industrial, retail and hospitality segments,” said CBRE | WTW associate director research and consultancy Mary Kurien.

For instance, she highlighted that industrial parks are evolving towards high-tech industries, integrating artificial intelligence (AI) and



Ka Leong: As we look to 2025, it is clear that the Malaysian property market is entering a transformative phase



Chean Hwa: Projects such as the Penang Silicon Island and the upcoming Penang LRT Mutiara Line project are expected to sustain the growth momentum of the Penang property sector

green certifications, which align with the New Industrial Master Plan (NIMP) 2030.

“Demand for AI-driven solutions, cloud services and data centre developments continues to fuel this momentum. Similarly, the retail and hotel sectors stand to benefit from a vibrant tourism industry, further fortifying the Klang Valley’s market resilience.”

She added that retailers are showing renewed optimism amid activities in retail mall acquisitions and the entry of new brands. “However, older malls, which have been registering a de-



Kurien: The Klang Valley real estate market is set for growth, propelled by advancements in the industrial, retail and hospitality segments



Koh: Sabah's real estate market remains steady, with residential properties continuing their upward trajectory in 2025

cline in occupancy in the past few years, continue to struggle and search for a niche in the changing retail landscape.”

In this context, Kurien noted that key players have experimented with various strategies to make malls more attractive, including offering more diverse dining options, art and culture platforms, entertainment and sports facilities and open-concept zones.

For the hotel sector, Malaysia is slated to attract more than 31 million international tourists in 2025, ahead of “Visit Malaysia Year 2026”.



Chan: Infrastructure projects are boosting the appeal of the residential market in Iskandar Malaysia



Yip: Sarawak's emergence as a rising economic force highlights its journey towards full recovery

“This anticipated influx presents an opportunity for increased demand across all hospitality market segments.”

Kurien noted that by the end of 2025, over 2,000 new 5-star hotel rooms are expected to enter the market, representing 61% of the new hotel rooms in the Klang Valley.

Meanwhile, for residential, she anticipated a trend towards the incorporation of a workspace area such as co-working lounges. “We are anticipating a trend towards balancing urban living and work styles. Additionally, there will also

be a focus on green building features such as sustainable building materials, solar panels and electric vehicle (EV) charging infrastructure.”

**Iskandar Malaysia: Game-changing developments**

The establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) and the Forest City Special Financial Zone will significantly benefit the Johor region.

“Furthermore, the upcoming completion of the RTS Link between Johor and Singapore is expected to enhance cross-border connectivity, spur economic activity and attract high-value investments,” said CBRE | WTW director Paul Brendan Chan.

He added that these infrastructure projects are boosting the appeal of the residential market in Iskandar Malaysia. “There is a mushrooming of high-rise residential developments, mainly focused in the Johor Bahru city centre and the fringes, which are aiming to capitalise on the advanced progress of the RTS.”

According to him, residential property transactions were highly active for the first nine months of 2024 (9M2024). Landed residential property transaction volume and value increased 15.2% and 34.6% respectively in 9M2024 compared with the same period in 2023. High-rise properties, on the other hand, increased 46% (volume) and 57% (value) during the period.

“Meanwhile, rising demand for Grade-A warehouses and active data centre developments are driving the growth of Iskandar Malaysia’s industrial sector,” said Chan, adding that there is strong investment growth as well as demand from the e-commerce, retail and third-party logistics sectors.

“These factors are expected to drive robust economic and real estate growth, solidifying Johor’s prominence in Malaysia’s property landscape.”

**Penang: Investments abound**

Penang’s industrial sector has witnessed strong growth, with total approved manufacturing investments of RM5 billion in the first half of 2024 (1H2024), up from RM4.3 billion recorded in 1H2023.

“A new industrial park is set to be launched in Seberang Prai Tengah by AME Elite Consortium Bhd (KL:AME) at Northern TechValley @ BKE with a gross development value of RM1 billion. There are also small-scale, ready-built small and medium industry factories launched in Bukit Mertajam,” said CBRE | WTW (Penang) director Tan Chean Hwa.

He added that there is a strong demand for office spaces from multinational corporations and global business services.

**Property market overview**

| Regions/ Sub Offices | Overall |      | Landed Residential |      | High-Rise Residential |      | Purpose-Built Office |      | Shop Offices |      | Purpose-Built Retail |      | Industrial |      | Hotel |      |
|----------------------|---------|------|--------------------|------|-----------------------|------|----------------------|------|--------------|------|----------------------|------|------------|------|-------|------|
|                      | 2024    | 2023 | 2024               | 2023 | 2024                  | 2023 | 2024                 | 2023 | 2024         | 2023 | 2024                 | 2023 | 2024       | 2023 | 2024  | 2023 |
| KLANG VALLEY         | ▲       | ●    | ▲                  | ●    | ▲                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ▲    | ▲          | ▲    | ▲     | ▲    |
| SEREMBAN             | ●       | ●    | ▲                  | ●    | ●                     | ●    | NA                   | NA   | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| PENANG               | ▲       | ▲    | ●                  | ●    | ●                     | ●    | ▲                    | ▲    | ▲            | ▲    | ▲                    | ●    | ●          | ▲    | ▲     | ●    |
| ALOR SETAR           | ▲       | ▲    | ▲                  | ▲    | ▼                     | ▼    | NA                   | NA   | ●            | ▲    | ▼                    | ▼    | ●          | ●    | ▲     | ▲    |
| IPOH                 | ●       | ●    | ●                  | ▲    | ●                     | ●    | NA                   | NA   | ●            | ▲    | ●                    | ●    | ●          | ●    | ●     | ●    |
| ISKANDAR MALAYSIA    | ▲       | ▲    | ▲                  | ▲    | ▲                     | ▲    | ●                    | ▲    | ▲            | ▲    | ▲                    | ▲    | ▲          | ▲    | ▲     | ▲    |
| BATU PAHAT           | ●       | ●    | ▲                  | ▲    | ●                     | ●    | NA                   | NA   | ●            | ●    | ●                    | ●    | ▲          | ▲    | ●     | ●    |
| MELAKA               | ●       | ●    | ▲                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| KUANTAN              | ●       | ●    | ▲                  | ▲    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ▲          | ▲    | ▲     | ▲    |
| KOTA BHARU           | ●       | ●    | ●                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| KUALA TERENGGANU     | ●       | ●    | ▲                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| KOTA KINABALU        | ●       | ●    | ▲                  | ▲    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ▲     | ▲    |
| LABUAN               | ●       | ●    | ▲                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| LAHAD DATU           | ●       | ●    | ●                  | ●    | NA                    | NA   | NA                   | NA   | ●            | ●    | ●                    | ●    | ●          | ●    | NA    | NA   |
| SANDAKAN             | ●       | ●    | ●                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ▲     | ▲    |
| TAWAU                | ●       | ●    | ●                  | ●    | ●                     | ●    | NA                   | NA   | ●            | ●    | ●                    | ●    | ●          | ●    | ▼     | ●    |
| KUCHING              | ●       | ●    | ▲                  | ▲    | ●                     | ●    | ●                    | ●    | ●            | ▲    | ●                    | ●    | ▲          | ●    | ▲     | ▲    |
| SINTULU              | ●       | ●    | ●                  | ●    | ▲                     | ▲    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| MIRI                 | ●       | ●    | ●                  | ▲    | ●                     | ●    | ●                    | ●    | ▲            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |
| SIBU                 | ●       | ●    | ▲                  | ●    | ●                     | ●    | ●                    | ●    | ●            | ●    | ●                    | ●    | ●          | ●    | ●     | ●    |

▲ UP ▼ DOWN ● MAINTAINED  
 NA - not available  
 Market indicator arrows are based on a yearly projection.

Projects such as the Penang Silicon Island and the upcoming Penang LRT Mutiara Line project are expected to sustain the growth momentum of the Penang property sector.

“The reclamation of Silicon Island is ongoing, with construction set to begin in 2026. The island will also host the LRT depot. Hence, Penang is poised to maintain its status as a top investment destination, thanks to its robust manufacturing ecosystem, business-friendly environment and skilled talent pool,” said Chean Hwa.

**Sabah: Steady growth**

For the Sabah property market, C H Williams Talhar & Wong (Sabah) director Cornelius

Koh said the market has been in recalibration mode since the Covid-19 pandemic.

“Sabah’s real estate market remains steady, with residential properties continuing their upward trajectory in 2025. The hotel sector shines as a standout performer, driven by the state’s thriving tourism industry. These trends underscore Sabah’s ability to maintain consistent growth and resilience across its property landscape,” said Koh.

“About 3.7 million visitors to Sabah are [expected] for ‘Visit Malaysia Year 2026’, with a projected RM9.1 billion in tourism receipts.”

Additionally, Koh noted that the Kota Kina-

balu International Airport and the Tawau Airport are slated to undergo their respective expansions, which will allow them to accommodate more passengers when completed.

**Sarawak: Tourism boost**

Similarly, in Sarawak, the hotel sector stood out as the key performer. As at November 2024, the state recorded a record-breaking number of visitors, surpassing pre-pandemic levels.

“As at November 2024, Sarawak recorded a total of 4.35 million visitor arrivals. For 2025, this is expected to hit five million visitors, with an estimated tourism receipt of RM13 billion,” said C H Williams, Talhar, Wong & Yeo Sarawak director Yip Phooi Leng.

The boost in arrivals in 2024 can also be attributed to the many significant events held, including the Rainforest World Music Festival, the 2024 Sukma Games and the “friendship city” collaboration with China.

“Sarawak’s emergence as a rising economic force highlights its journey towards full recovery. Supported by socioeconomic and political stability, the state is drawing attention with projects like the Autonomous Rapid Transit (ART), currently under construction. The residential market is anticipated to thrive, with growth in transaction volumes, prices and rentals. The commercial sector continues its recovery while the hotel industry gains momentum with higher occupancy rates and room prices, signalling a promising year ahead for Sarawak’s property market,” said Yip. ■

Chin Wai Lun is a writer with City & Country, The Edge Malaysia



The establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) and the Forest City Special Financial Zone will significantly benefit the Johor region

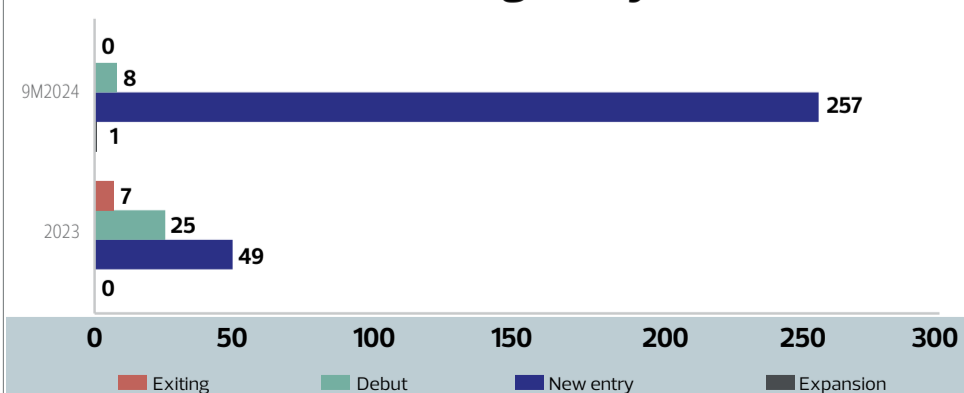
CBRE | WTW RESEARCH & CONSULTING

**Transaction volume and value of residential properties in Iskandar Malaysia**

|                | TOTAL VOLUME | TOTAL VALUE        |
|----------------|--------------|--------------------|
| 9M2023         | 16,737       | RM9,192.7 million  |
| 9M2024         | 20,954       | RM13,171.8 million |
| % change y-o-y | 25.2%        | 43.3%              |

9M – January to September

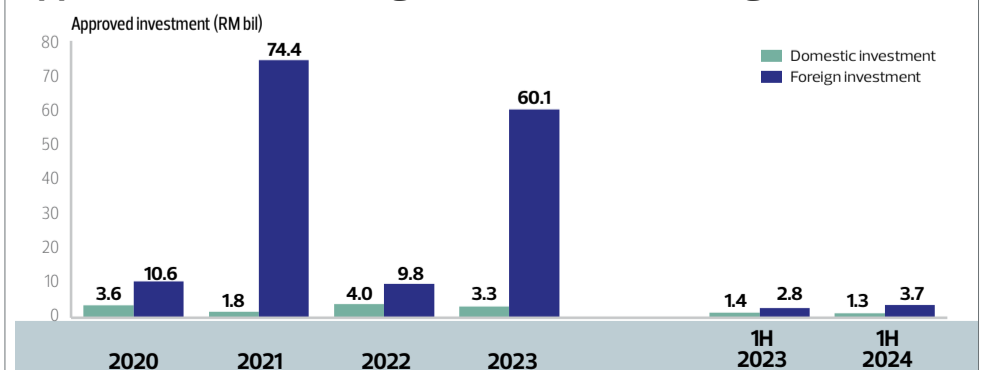
**Tenant movement (Klang Valley retail sector)**



9M – January to September

CHARTS: CBRE | WTW RESEARCH & CONSULTING

**Approved manufacturing investment in Penang**



1H – January to June

FROM PAGE EP9

According to Cisco’s survey, the strongest factors that have influenced employers’ mandated returns globally are optimising productivity, preserving workplace culture, maintaining team communication, and responding to leadership pressure.

After remote and office work, many have come to expect greater control over their schedules and prefer a blend of both. While the higher utilisation rates in the Asia Pacific would mean that the debate is less polarised, the huge presence of multinationals in the region could still tip the scales.

The debate for and against hybrid work patterns continues, underscoring the disconnect between the desired flexibility of employees’ work patterns and what most management thinks is optimum.

The future of work will continue to remain nuanced. However, employers mandating an office return will have to grapple with talent attraction and recruitment difficulties.

“Hybrid work patterns remain a defining feature of occupier strategies across Asia Pacific,

driven by the desire to balance flexibility with productivity,” says Time Armstrong, global head of occupier strategy and solutions, Knight Frank Asia-Pacific. “This evolving landscape presents occupiers with the need to redefine their workplace strategies, prioritising spaces that foster collaboration and connectivity while accommodating flexibility.”

Hence, occupier conditions in Asia Pacific will remain varied, characterised by ultra-tight markets such as Seoul and excess capacity in others, such as Kuala Lumpur. While a flight-to-quality trend will continue to fuel demand for well-located prime office spaces that boast high sustainability specifications, overall rent growth is not likely to be significant.

Occupier demand will remain subdued in the Hong Kong SAR and Chinese mainland markets as they continue to grapple with slow economic growth and a high supply pipeline. According to Knight Frank, it will compel occupiers to rationalise their real estate footprint or seek more affordable options. More flexible lease terms and higher incentives are expected to drive a continued decline in gross rents.

Some of the strongest rental uplifts are expected in Australian and emerging Southeast Asian markets as the development pipeline contracts. Strong demand momentum in India is likely to sustain rental growth despite an increasing supply pipeline. However, Singapore is expected to lose momentum due to the absence of major demand drivers and waning tech sector demand.

**Sustainability debate focuses on impact as deadlines loom**

Asia Pacific is a key contributor to global emissions, and over the last few years, major economies in the region have made commitments to achieve carbon neutrality before or by 2060. However, to limit global warming to 1.5°C above pre-industrial levels, emissions must already be decreasing and reduced by close to half by 2030.

In the latter half of this decade, there will be more urgency to turn ambitions into results. Aside from physical risks, indirect transition risks can also be borne out of regulatory changes or shifting preferences and the costs of reducing emissions. Singapore, for instance, requires all

listed firms to make climate-related disclosures by 2025, followed by large non-listed firms two years after that.

National goals to reduce climate change will serve to heighten these transition risks by demanding a more proactive approach to sustainability. Climate risks can affect businesses through operational disruptions and have increasingly been integrated into organisational risk management frameworks. As net-zero deadlines draw closer, pressure to adhere to sustainability targets will be a priority for occupiers.

The next 12 months will further environmental, social and governance (ESG) as the cornerstone of corporate real estate strategy for most occupiers. However, given the political change and likely changing narrative around ESG within the US, there might be a slowdown in the attitudes and actions of US corporations active in the region, notes Knight Frank, which can indirectly impact overall sustainability priorities. ■

*This is an extract from Knight Frank Asia-Pacific’s latest outlook report, “Charting new horizons – 25 trends shaping 2025”*

PROPHUNT CLASSIFIEDS

Properties for Sale

Scan QR code for more details



\$42,000,000

Detached House

D15 GOODMAN ROAD | FREEHOLD  
Build-up (sq ft): 10,000 | Land size (sq ft): 16,424

**Harmeet Singh Bedi**  
RED DOT ADVISORY SERVICE PTE. LTD.  
R070842Z  
65 9030 6807

Spacious and versatile 2-storey detached house, 6 ensuite bedrooms, beautiful pool and patio. Proximity to top schools, dining and entertainment. Contact Christie’s for an exclusive viewing.



\$16,000,000

Detached House

D4 LAKESHORE VIEW, SENTOSA | 99 YEARS  
Build-up (sq ft): 9,170 | Land size (sq ft): 7,157

**Harmeet Singh Bedi**  
RED DOT ADVISORY SERVICE PTE. LTD.  
R070842Z  
65 9030 6807

Experience luxury living with this newly renovated home with an infinity pool and sweeping skyline views. The expansive master suite includes a wine cellar, sauna, and walk-in wardrobe. 4 additional ensuite bedrooms, a gym, study and patio, outdoor garden, and parking for 6 cars. Contact Christie’s for more.



\$6,300,000

Terraced House

D15 MASONRY @ 265 JOO CHIAT PLACE | FREEHOLD  
Build-up (sq ft): 4,314 | Land size (sq ft): 1,570

3 storeys terrace house with 5 ensuite bedrooms and home lift. Masonry sits on 1570 sqft of freehold land and this inter terrace allows to park 2 cars in the car porch. Under 5 minutes drive to EUNOS MRT and near many amenities. Brand new TOP in year 2026

**Low Kian Hoo**  
PROPnex REALTY PTE. LTD.  
R0652991  
65 9223 2851

**NEED HELP EVALUATING A NEW LAUNCH PROJECT?**

Download our latest, insightful, research-driven reports

Project Overview

Comparison against nearby properties

Latest Transaction Prices

Price Trends

Scan QR code  
get.edgeprop.sg/#preports

**FE FI FO FUM**

Fifth-gen Hyundai Santa Fe proves to be a gentle giant

**TALE OF TWO CITIES**

Chennai and Delhi — gateways to India's history and culture

**URBAN RETREAT**

Banyan Tree Shanghai on the Bund offers world-class views and spa

# Optima

LEISURE

THE **EDGE** SINGAPORE | FEBRUARY 3, 2025

## JEWELLED JOURNEYS

Shanya Amarasuriya is extending her family's legacy with B.P. de Silva, moving the jewellery brand forward to suit an ever-evolving clientele



Since taking over in 2018, Shanya has introduced new lines to B.P. de Silva's catalogue

ALBERT CHUA/THE EDGE SINGAPORE

# JEWELLED JOURNEYS

*Shanya Amarasuriya is extending her family's legacy with B.P. de Silva, moving the jewellery brand forward to suit an ever-evolving clientele*

BY **RUSSELL SOH**  
russell.soh@bizedge.com

Carrying on a family business is no easy feat, not least when it is a brand with over 150 years of history. For Shanya Amarasuriya, taking the reins at B.P. de Silva Jewellers has been a delicate balance of moving the needle while staying true to the brand's origins and heritage.

"B.P. de Silva has so much of our family DNA," says the fifth-generation jeweller. "It's such an intimate type of business centred around human connection."

The brand was founded by Shanya's great-great-grandfather, Balage Porolis de Silva, in 1872. Since then, the family has expanded into multiple other ventures, including

acquiring a minority stake in Swiss luxury watch maison Audemars Piguet.

Options last caught up with Shanya in 2022, shortly after B.P. de Silva moved into its flagship store at Dempsey Road. Just over two years on, we're here again, ready to find out what's new and what's ahead for the jewellery brand.

## From 'mine' to yours

Among B.P. de Silva's latest releases is a six-piece extension to its signature Pocketful of Gems collection, featuring fully traceable gems.

"It was about three or four years ago that I had this idea of doing a traceable sapphire line," says Shanya. The goal, she adds, was to give consumers a better appreciation of how each piece of jewellery makes its way from a mine to

the store. "As part of the industry, I always felt like the front end of the business was the part clients would get to see — and it's very beautiful, but this idea of the journey of a jewel was missing."

Traceability, which entails following and documenting a product's path throughout its value chain, gives consumers a better understanding of where their purchases come from. The heightened level of transparency can also help consumers avoid products made with unethical practices.

But with so many hands involved in the jewellery world, ensuring traceability can be an arduous task. Finding the right people to work with to bring the pieces to life was a top priority, says Shanya. "For this project in particular, having a trusted partner willing to



B.P. DE SILVA

B.P. de Silva received its B Corporation certification in 2022

open their doors to invite us ... to the behind-the-scenes of the jewellery industry was big."

Shanya zoomed in on other family-run, multigenerational businesses that would have a "shared value system" with B.P. de Silva. Once these partnerships had been estab-

lished, going down on the ground from day one was key to getting things right. "We were involved right from the mine," says Shanya.

Working with partners in Sri Lanka to source loose, rough gemstones, the B.P. de Silva team looked through parcels



ALBERT CHUA/THE EDGE SINGAPORE

## EDITORIAL

**EDITORS** | Chan Chao Peh, Cecilia Chow  
**EXECUTIVE EDITOR** | Audrey Simon  
**ASSISTANT EDITOR** | Russell Soh  
**MOTORING EDITOR** | David Khoo

**COPY-EDITING DESK** | Lee Pang Chuan, Zul Othman, Rachel Heng  
**PHOTO EDITOR** | Samuel Isaac Chua  
**PHOTOGRAPHER** | Albert Chua

**DESIGN DESK** | Kim Sy, Amador Plopenio Jr.

**ADVERTISING SALES**  
**VICE-PRESIDENT, CORPORATE (FINANCE & LUXURY)** | Jane Wong  
**ACCOUNT DIRECTOR** | Bernard Wong

**PUBLISHER**  
The Edge Publishing Pte Ltd  
82 Ubi Avenue 4, #05-04  
Singapore 408832  
**TEL** | (65) 6970 7793

**PRINTER**  
KHL Printing Co Pte Ltd  
57 Loyang Drive  
Singapore 508968  
**Fax** | (65) 6545 3333

PICTURES: B.P. DE SILVA



Of some 400 rough stones, just six were selected for B.P. de Silva's traceable sapphire pieces



The Pocketful of Gems collection was introduced in 2022 as an homage to the brand's namesake founder



B.P. de Silva was founded more than 150 years ago by Shanya's great-great-grandfather

of uncut sapphires to find just the right stones to become part of the extension. After narrowing down more than 400 rough sapphires to a shortlist, they sent the stones on to a lapidary, who did a rough cut known as a preform. This gave the team a sense of what the final cut gems would look like.

Another round of selections was then conducted, with the team eventually landing on six stones that went on to be cut further, polished and set to create the final necklaces.

Asked about the specific benefits of incorporating traceable jewels into B.P. de Silva's catalogue, Shanya says that traceability "isn't a selling point" for the brand. "It's part of what we believe the jewellery industry as a whole should move towards," she explains.

Taking the first step of creating these six pieces, she adds, is the brand's way of encouraging other players in the jewellery scene to take on similar efforts. "It seems small, but ... five or ten years down the line, we'll realise that we were putting that first ripple in the water of what could be done — for ourselves and the wider industry."

Beyond pure traceability, having a deeper involvement in its sourcing and the creation process is also something the B.P. de Silva team enjoys.

"It's an extension of us sharing who we are as a company," says Shanya, noting that "very few" jewellers have a hand in every step of jewellery-making. "Usually, you'd outsource different parts, and maybe you focus on just the design or the creation."

Ultimately, the goal is to foster a deeper connection with jewellery. "[Traceability] is like the sugar sprinkles on top for the clients," she quips, "but it's actually very core for us."

### Carrying the torch

Rather than creating a new collection for the traceable sapphire pieces, Shanya opted to include them as part of the Pocketful of Gems line, which was introduced in 2022 to mark the brand's 150th anniversary. "We thought, 'What better collection to have this concept than the one that pays homage to B.P. de Silva's start?'"

That proverbial pocketful of gems was carried here by Balage Porolis, a travelling jeweller from Sri Lanka who made his way sailing around the world. He eventually set up shop in Singapore, sowing the seeds for the five generations who would come to form the city-state's longest-running jewellery brand.

Shanya took over leadership of B.P. de Silva from her father, Sunil Amarasuriya, in 2018. She hadn't always set out

to do so, however. She had initially wanted to get into fashion design before Sunil encouraged her to pursue studies

in business. "He said it would be a good foundation for whatever I chose to do," she says.

Though she admits she wasn't entirely sure then, Shanya says going to business school paid off. "In hindsight, it made a lot of sense for me," she adds, noting that her education gave her the commercial know-how that has supported her, not just in her time at B.P. de Silva but across her career in general.

Shanya spent time working at RISIS — another homegrown brand bought by the family's holding company, B.P. de Silva Holdings, in 2000 — before her family landed at a crossroads.

"At that point, my father wanted my brothers and I to decide whether or not to keep the jewellery business," Shanya recalls. Sunil believed that unless one of the scions got involved in B.P. de Silva, they should "let it go". "He wanted our personal investment to take it forward."

It was here that Shanya decided that she wanted to try her hand at helming the original family business. "I've grown up with this business; I've seen our craftsmen working from sketch to finish, the gemstones, the retail workers ... This is a world that's so close to who we are as a family, and I didn't want to give it up."

So, she set off to New York to complete an associate's degree at the Fashion Institute of Technology. Along the way, she reaffirmed her passion — and uncovered a talent — for design. "There are things that come naturally to you that you just lose track of time with.

Those are the things that are meant for you, and that's design for me."

### Taking things forward

Armed with a newfound knowledge of and appreciation for gemology and jewellery design, Shanya returned to Singapore and quickly set to work on B.P. de Silva, designing new products and conceptualising the flagship store. Since then, she has extended the brand's high jewellery collections, and added new ready-to-wear lines to cater to a wider, younger clientele.

The tastes of this generation are certainly different from those of generations past, says Shanya. "Clients today have a different point of view and different behaviour when buying jewellery."

Among their top priorities, she believes, is customisation. "This sense of having a distinctive identity is much more embedded in the younger generation," she points out, adding that even when they like something off the shelf, they may ask to personalise certain aspects, to "get involved with what they're going to bring home".

Brand identity is also becoming a bigger focus for consumers, who increasingly seek to vote with their dollars. "That sits really nicely with us," says Shanya, "because that's often-times when they realise that we are a value-based family business; we're a brand that's looking long-term."

Part of B.P. de Silva's efforts to better integrate its values throughout the organisation was getting certified as a B Cor-

poration in 2022. The designation is awarded to businesses that meet high social and environmental performance standards, accountability and transparency.

"Getting certified gives us a means to align our values with our decision-making," says Shanya. It's also allowed the brand to seek out ways to further its potential social impact. "When you go through the certification, they have a pool of companies and data to help you ascertain where you are and where you can go ... It keeps us in an environment of continuous improvement and a commitment to that."

### Onwards, with feeling

Shanya flags that the designation is far from a one-and-done situation. "We're not done yet," she says, further highlighting that it is more of a signal that a company has taken its first steps. For B.P. de Silva, this manifests as a "constant awareness" in its decision-making processes, even down to the types of ribbon used in its packaging.

"We don't have all the answers," Shanya notes. "But the fact that we're asking ourselves these questions and getting certified again every three years with more stringent standards positions us as a company that believes in our social impact and takes a certain degree of responsibility towards it."

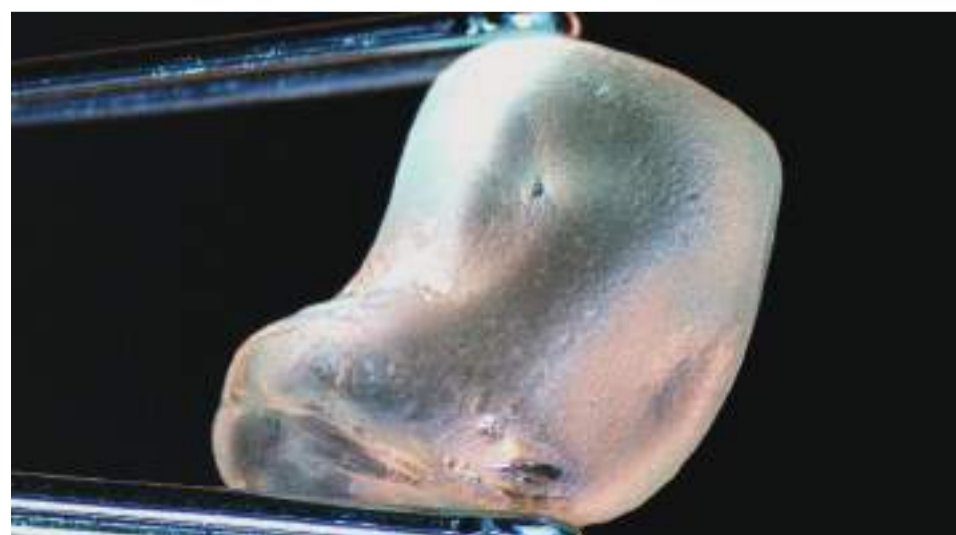
With the new year underway, Shanya aims to take B.P. de Silva to new shores. "We have a few exciting markets that we're planning to expand into," she teases, though she declines to share exactly where the brand is heading next. Collaborations are also on the cards, she adds, with potential for launches that go "beyond jewellery".

As she lays out her plans to grow and evolve B.P. de Silva, Shanya is set on keeping its identity and values at its core. "My dream is for B.P. de Silva to be a soulful luxury brand."

What this means, she explains, goes beyond the execution of a well-made product and a high level of service. "It's what makes us different: our family business, the human connection, how we relate to others, and how we imbue a part of ourselves in what we do." ■



B.P. de Silva moved into its flagship store at Dempsey Road in 2022



The B.P. de Silva team sorted through parcels of rough sapphires to find the best ones for its traceable pieces



Hyundai Santa Fe is pretty fly for a big guy

PICTURES: DAVID KHOO

# Fe Fi Fo Fum

*Despite its bold, imposing and brutalist design, the fifth-generation Hyundai Santa Fe proves to be a surprisingly gentle giant*

BY DAVID KHOO

david.khoo@bizedge.com

**Y**ou get a lot of car with the latest, fifth-generation Santa Fe, even if this high-spec Calligraphy test car happens to nudge \$300,000 (at the time of writing). Its bold and brutalist shape grabs plenty of eyeballs. If anything, it is a nice throwback to the very first-generation Santa Fe, which did

the same with its curvy contours more than two decades ago.

Hyundais have definitely come a long way since that first-generation Santa Fe, which this writer reviewed more than 20 years ago. With its sublime refinement, high-tech and feature-packed offerings, as well as a full-bodied range

of BEV, HEV and ICE models, the brand has evolved into a compelling and credible choice to be considered alongside the familiar Japanese and European contemporaries.

The broody behemoth rides on 20-inch footwear, and Hyundai's hunky hulk in its Earthy Brass Matte is certainly a con-

versation starter, although some will invariably draw a parallel with Land Rover's 4x4 models, such as the Defender and Discovery.

However, the Santa Fe is quite a character and very much its own car. This is not least because the 1.6-litre TurboHybrid we get in Singapore is front-wheel-



The Santa Fe's cabin is tasteful, comfortable and full-featured



There's a good mix of digital and analogue controls for intuitive operation



The Santa Fe's rear-end styling has as much personality as its front

driven and not that inclined to go on off-the-beaten-path 4x4 excursions.

As we'll discover, though, it is amenable to different types of urban adventures and escapades that don't involve venturing into the rough.

There are striking design elements on the exterior, particularly the 'H' motif incorporated into the head- and tail lights, which make for a distinctive light signature. The Calligraphy trim also features grab-sockets in the C-pillars, which give you a hand in clambering up to access the roof rack.

At the front, the high bonnet, massive grille and prominent fenders endow the Santa Fe with a powerful presence. The rear-end aesthetics are similarly striking, with a wide and tall tailgate that features subtle sculpting for an overall minimalist air. Sounds awkward, but trust us when we say it works in the flesh.

The plush cabin is tastefully appointed, especially in the test car's sophisticated Forest Green trim. The 'H' motif continues in the cabin and can be seen on the dashboard, air vents, seat stitching and seat-backs.

Taking centre stage is a panoramic screen that curves elegantly from the driver's side to the centre of the car — this comprises a 12.3-inch driver display and a 12.3-inch infotainment display.

Don't be mistaken, though. The Santa Fe is a proper automobile, not another modern appliance designed around a mega-tablet. Hyundai has thoughtfully retained physical touch points and tactile rocker panels for its activity vehicle's key features.

This means you do not have to fumble around with a slippery touchscreen while driving, whether you are working on climate control, entertainment, or toggling between different drive settings.

The Santa Fe's equipment game is strong, too, as this iteration features a Relaxation Seat with Leg Rest, UVC Sterilisation Tray, and dual trays for wireless phone charging. Being a Korean brand, the trays are properly big, which means

### Hyundai Santa Fe TurboHybrid Calligraphy

Engine: 1598cc, inline4, turbocharged, hybrid

System Power: 215hp at 5600rpm

System Torque: 367Nm at 1000-4100rpm

Transmission: 6spd automatic

0-100km/h: 9.8secs

Top Speed: 180km/h

they will accommodate most modern oversized smartphones.

What is great is that the Santa Fe does not just look the part of the family-friendly, urban activity vehicle; it lives up to its brief, too, especially with its commo-

dious 2,815mm wheelbase.

There are ample storage areas around the cabin, and most importantly, the second and third-row seats can be rumbled and tumbled to free up even more stowage. With the second and third fully flat, the Santa Fe offers 1,949 litres of cargo capacity (up from 628 litres with just the third row folded flat).

As the Santa Fe's first full model change since 2018, we have been told that Hyundai focused its attention on the enlarged tailgate area before moving on to design the exterior. The brand's objective was to ensure that the Santa Fe had the functional, full-board credentials before all else in order to segue with the needs of a brave new world of urban lifestyle adventurers.

Like all the other high-riding vehicles, the Santa Fe offers a lofty vantage point, especially from behind the steering wheel. We still feel that the hybrids make the most sense, especially when

you're talking about long-range drives and with close to a full tank, the Santa Fe showed us a 900+ km range, much like the recent crop of hybrids we have spent time with.

Yet when push comes to shove, the 1.6-litre works well with the electric motor to muster 215hp and 367Nm, so it is more brisk than boring. Once it is up to speed, the Santa Fe cruises comfortably and is especially unstressed on long expressway trawls.

The Santa Fe's proportions may seem daunting at first, but it slips around the driver like a glove. Also, with its 4,830mm x 1,900mm x 1,770mm (Lx-WxH) dimensions, the Santa Fe isn't as big as its styling may otherwise suggest.

Even then, it has that cool auto-in-out parking tech that lets you control it remotely with the key fob. This makes squeezing in and out of tight spots a cinch. This technology is probably less useful for smaller cars, but it is perfect for something like Santa Fe.

The doors swing open pretty wide, so in certain cases, you'll want to ease everyone out of the car first, then engage the feature and have it reverse into the parking space. All-round sensors mean it will stop the car the moment it scans something in its path. In fact, it will even fold in the wing mirrors if the car decides the space between the pillars isn't wide enough to accommodate them.

True to Hyundai form, there's almost as much tech in the Santa Fe as you'd find in the App Store, so there are plenty of active and passive safety features. One example is the blind-spot camera, which works in tandem with the indicator to display what's in your blind spot on the lane you're planning to cut into.

As far as we're concerned, the Santa Fe is not just big in size; it is also big in features and, best of all, personality. Thanks to its confident and charismatic nature, the travelling experience will be fun even when you are doing the functional. **E**



Second- or third-row, it's nicely plush all-round in the Santa Fe



Kapaleeshwarar Temple has a 37m-high gopuram or tower gate

KOYEL SARKAR



San Thome Basilica Cathedral houses the relics of Saint Thomas the Apostle

PLANEMAD

# TALE OF TWO CITIES

*Chennai and Delhi — major cities on either end of India — are gateways to the subcontinent's history and culture*

BY SHARON LIM

**C**haotic and colourful, India is a sensory explosion of centuries-old culture and burgeoning modernity. This duality is embodied in two cities that, while separated by geography, embody the soul of the subcontinent.

Chennai, set against the backdrop of the Bay of Bengal, is the heart of Tamil culture in the south, while Delhi, with its Mughal and colonial heritage, is the storied capital of India's empires in the north. Both cities are great starting points for those looking to explore a country that is home to over 1.4 billion people.

And more travellers, especially from South-east Asia, are looking to do exactly that. According to a 2023 report by India's Ministry of Tourism, the country has seen more visitors from the region since 2022, in particular from Singapore and Malaysia, which represented the largest visitor markets at ninth and 10th place, respectively.

## Chennai: In the footsteps of dynasties lost

Exit Chennai International Airport and you're greeted by humidity much like Singapore's. The city's streets, likewise, occasionally call to mind Singapore in the 1970s and 1980s.

Formerly Madras, the lively capital of Tamil Nadu became Chennai in 1996 as part of a nationwide initiative to use less Anglicised names.

Those in the know come here for textiles. The British East India Company first settled in south India in 1611, moving to Madras in 1639 to be nearer to its renowned weavers' communities. Textiles produced here were highly sought after outside the country, being exported to Central Asia, Persia and the East Indies.

Today, Chennai is known as the place in south India to buy saris and other fabrics. Established in 1998, Sundari Silks is one of the city's most popular shops for silk saris (from 1,500 rupees, or about \$24) as well as other Indian ethnic wear including bridal saris.

Tulsi Silks is another 1990s institution known for its handwoven traditional silk saris, contemporary saris for daily wear and bespoke designs. Its flagship store is located in Mylapore, an afflu-

ent, traditional neighbourhood with a number of sacred sites and cultural venues.

Near Tulsi Silks is the 300-year-old Kapaleeshwarar Temple — a replica of the original temple built in the 7th century. Walk through the temple's imposing 37m-high gopuram or tower gate, and explore the complex where intricate carvings colourfully depict all manner of gods and saints in Hindu mythology.

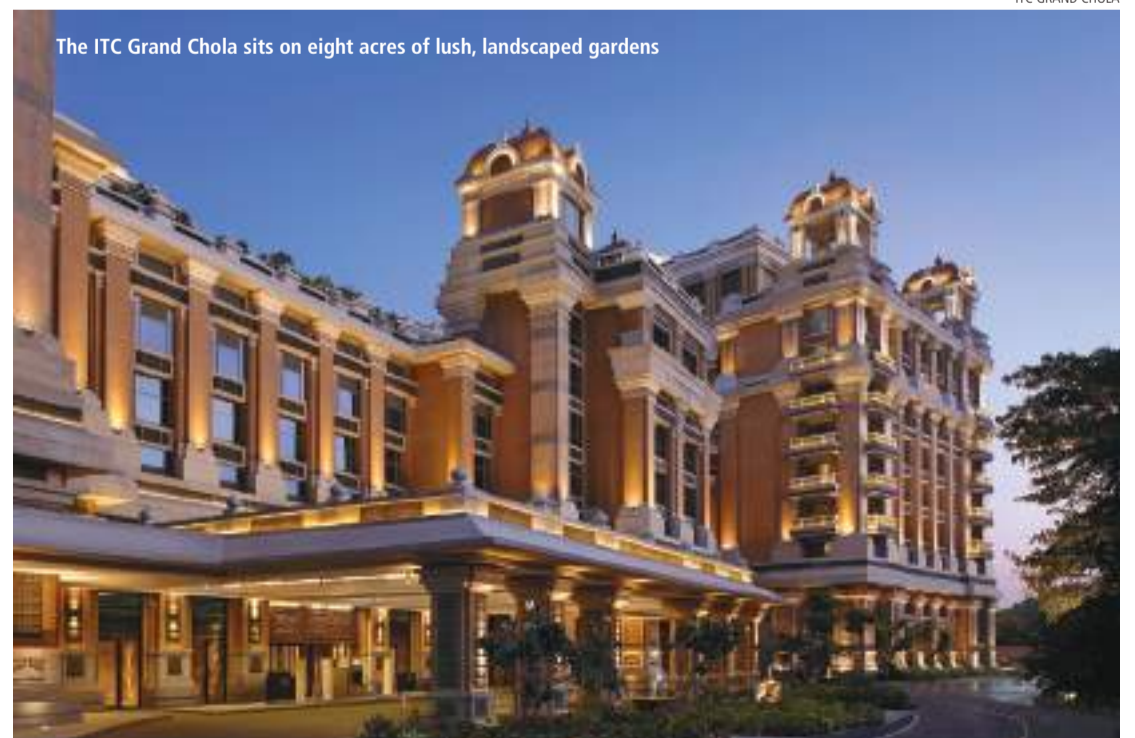
About a kilometre away from Kapaleeshwarar Temple is the San Thome Basilica Cathedral, a neo-Gothic cathedral housing the relics of Saint Thomas the Apostle. The 16th-century church is one of the only three in the world known to be built over the tomb of one of Jesus' apostles — the other two being Saint Peter's Basilica in Vatican City, Rome and Santiago de Compostela Cathedral in Galicia, Spain.

Chennai's prosaically named Government Museum belies its significance as the second-oldest museum in India and one of the largest in South Asia. Dating back to 1851, it comprises over 40 galleries housed in six buildings, spread across 16.25 acres. You'll find the largest collection of Roman antiquities outside Europe, as well as rare European and Asian works in the National Art Gallery, which is part of the museum. There's also a Museum Theatre where you can catch cultural shows and plays.

South Indian heritage and culture are celebrated at the Dakshina Chitra Museum, a living history museum that opened in 1996. A project of the Madras Craft Foundation, visitors can immerse themselves in a village showcasing 18 historical houses from different south Indian states. Each house features contextual displays of household items, including utensils and appliances native to that region. The structures were dismantled at their original sites and reassembled on the museum site by artisans, and offer insights into how people lived, worked and played.

For art, the Cholamandal Artists' Village is worth a visit. Established in 1966, it is India's largest artists' commune and widely credited as the birthplace of the little-known but influential Madras Movement of Art that brought modernism to south India's art scene. Today, there are 21 sculptors and painters in residence; the Chol-

ITC GRAND CHOLA



The ITC Grand Chola sits on eight acres of lush, landscaped gardens



ITC MAURYA

The ITC Maurya blends contemporary luxury with the splendour of India's Mauryan dynasty



UNSPASH

The Chandni Chowk stretch in Delhi is a street food haven

amandal Centre for Contemporary Art is where you'll find their works on display.

While planning your trip, you'll want to find good accommodations you can look forward to returning to after each busy day. The ITC Grand Chola, built in 2012, sits on eight acres of lush, landscaped gardens. From now till March 31, the hotel is offering longer-term packages, beginning at US\$183 (\$249) per night per person, for a minimum 15-night stay. The massive property is home to 10 F&B concepts spanning the hotel's four wings, so you'll have no shortage of options when you get hungry.

On that note — make sure to keep an eye out for culinary gems around Chennai. From dosas served with chutneys to comforting, hearty biryanis, Chennai's flavours are intense yet subtle — familiar, yet different from the south Indian cuisine we have in Singapore.

Start your day with idlis and filter coffee at iconic vegetarian spots Saravana Bhavan or Murugan Idli Shop, both with outlets across the city.

India's love for coffee and tea runs deep. Despite the growing presence of global coffee brands like Starbucks, and local offerings like the aptly named Third Wave Coffee, institutions like Kaaveri Coffee — caffeinating India since 1956 — are holding their own.

Contemporary Indian fare is also having a moment. Avartana, a progressive south Indian restaurant in the ITC Grand Chola, recently clinched the 44th spot on the Asia's 50 Best Restaurants 2024 list. Chef Nikhil Nagpal puts out confident, elegant iterations of traditional flavours and dishes with contemporary techniques, anchored by a deep understanding of India's culinary heritage, with almost all ingredients sourced locally.

Avartana means "rhythm" and "magic" in Sanskrit — and it's perhaps an apt descriptor of Chennai itself. Whether you're marvelling at its temples and historical buildings, savouring its culinary riches, or simply soaking in the city's relaxed vibe, Chennai marches to its own unique rhythm.

### Delhi: A city of contrasts

Delhi overwhelms and enthralls in equal measure. The air is heavy with pollution, the streets are a cacophony of

honking horns, and the throngs of people can leave even seasoned travellers reeling. But this is what makes the city an unforgettable destination. Each of its regions — Old Delhi, New Delhi, and South Delhi — presents a unique facet of its character.

Old Delhi is the Delhi of popular imagination, a bustling frenzy of rickshaws and cars, street food stalls and shopfronts, and people and livestock in what used to be the grand walled city of Shahjahanabad.

The Red Fort, a Unesco World Heritage Site dating back to the 1600s, is a must-visit. Behind its 23m-tall red sandstone walls is a tranquil sprawl of Mughal-style palaces, entertainment halls, indoor canals, lush gardens, and even an ornate mosque.

From the Red Fort, it's a short walk to the Jama Masjid, one of India's largest mosques that can hold up to 25,000 people. Brave the climb up the steep staircase of one of the mosque's minarets, and you will be rewarded with panoramic views of Old Delhi.

In contrast, New Delhi — planned and built in the early 1900s by British architects — offers a stark contrast to Old Delhi's congestion. Wide boulevards bustle with traffic at all hours, and across the city, imposing structures reflect its colonial heritage.

The stately India Gate is a memorial dedicated to the 70,000 British Indian Army soldiers who died in World War I. Today, it's a popular local picnic spot. Nearby is Humayun's Tomb, a Unesco World Heritage site built in 1570 as a tribute to the second Mughal Emperor of India by his widow. The structure was the first garden-tomb on the Indian subcontinent and pioneered major architectural innovations that were eventually used in the construction of the Taj Mahal.

Street art is celebrated in Lodhi Art District, India's first open-air public art district that opened in 2015. Stroll through streets lined with trees, and take in over 50 vibrant murals adorning residential buildings.

For a spot of calm and quiet, head to South Delhi — an upmarket, leafy residential neighbourhood.

Start with a visit to the Qutub Minar. Surrounded by intricate ruins from the Delhi Sultanate era, the 72m-tall structure — built between 1199 and 1220 — has been closed to the public since 1981. In recent years, the minaret has also started to succumb to the effects of gravity, leading to its nickname, the leaning tower of Delhi.

At Khan Market, a popular South Delhi retail destination, explore the narrow lanes and hidden alleys to discover hidden gems, unique accessories, and one-of-a-kind finds.

There's also the iconic Faqir Chand, one of the city's oldest bookstores now run by the founder's great-grandson. The space has remained more or less unchanged since it opened in 1951. There are no windows or curated shelves, just hundreds of books, stacked on top of each other, while a photo of late founder Faqir Chand keeps a watchful eye over the proceedings.



UNSPASH

The Qutub Minar is known as the leaning tower of Delhi

Dilli Haat Place is a sprawling market in Delhi famed for its eclectic selection of artisanal arts and crafts from different parts of India. Be prepared to hunt for interesting finds, as there is a lot going on. Popular buys include pashmina shawls from Kashmir, pottery from Khurja, Uttar Pradesh and West Bengal, dhokra metal crafts from Bastar, Chhattisgarh, and intricate Bidri ware from Bidar, Karnataka.

For accommodations, the ITC Maurya blends contemporary luxury with the splendour of India's Mauryan dynasty. Located in the city's diplomatic enclave, the hotel is popular with global leaders and heads of state.

The property is known for its private collection of artworks, sculptures and more from notable Indian artists, past and present. Those looking to extend their trip can enjoy a long-stay package beginning at US\$148.86 per night per person, for a minimum of seven nights.

The ITC Maurya houses nine F&B concepts, including iconic heritage restaurants that have stood the test of time. Dum Pukht is a champion of north Indian fine dining, closely following the 200-year old culinary traditions of the royal courts of the Nawabs. At Bukhara, a favourite of celebrities and world leaders, the robust flavours and traditional grilling techniques of North-West Frontier cuisine are celebrated. Both restaurants opened in 1978.

Beyond these, Delhi offers a mind-bending array of options when it comes to food. The Chandni Chowk stretch is a street food haven, though only intrepid, stronger stomachs should apply. Karim's, a century-old culinary institution near the Jama Masjid, is famed for its Mughal-style kebabs and curries. Foodies will not want to miss the inventive contemporary Indian cuisine at Indian Accent.

Chennai and Delhi, though worlds apart in their essence, ultimately represent the quintessence of India. Whether you're tracing the legacy of the Cholas in Chennai or walking in the footsteps of the Mughals in Delhi, these cities present two fascinating sides of the same coin. ■



ITC GRAND CHOLA

Avartana clinched the 44th spot on the Asia's 50 Best Restaurants 2024 list



Guests can have dinner at the rooftop restaurant while enjoying sweeping views of Shanghai



Some rooms come with an oversized circular bath that overlooks the city

Imagine waking up to the soft glow of sunrise over the Bund in Shanghai, the iconic skyline mirrored perfectly in the still waters of the Huangpu River. That's the privilege of staying in the Banyan Tree Shanghai on the Bund. From breathtaking views to indulgent experiences, this hotel promises a luxurious and memorable experience.

Each of the hotel's 130 rooms and suites is meticulously designed to offer not just comfort but an experience that immerses you in Shanghai's vibrant charms.

Spacious and plush, the interiors across all room categories are a blend of style and functionality, with every corner seeming to whisper opulence. Rich textures, contemporary decor and thoughtful details create an inviting ambiance. Some rooms even come with an oversized circular bath that overlooks the city, while some others have an indoor pool.

While most Banyan Tree properties around the world are typically villas or located in far-flung spots, this hotel is right in the middle of the city's hustle and bustle.

The spa at Banyan Tree Shanghai, like those at the brand's other properties, is a must-visit. If there's one word to describe the Banyan Tree Spa, it's transformative. Spanning three floors, it's a sanctuary where the bustle of Shanghai fades into a distant memory. With 11 exquisitely designed treatment rooms and an award-winning menu of therapies, it's easy to lose yourself in pure bliss.

Having spent a couple of days explor-

## Urban retreat

*Perched along the Huangpu River, Banyan Tree Shanghai on the Bund offers rooms with panoramic views, a world-class spa and rooftop bar*

BY SAMANTHA CHIEW

samantha.chiew@bizedge.com

ing Shanghai, I opted for a much-needed 90-minute massage. It was no surprise that I fell quickly into a slumber as the masseuse expertly kneaded my tense muscles.

As evening sets in, head to the TOPS rooftop terrace bar for an unparalleled view of Shanghai. The glittering lights of the Bund stretch before you, and the Huangpu sparkles under the night sky.



Restaurant Oceans overlooks the hotel's garden and a water feature

The vibe here is electric yet intimate, with modern cocktails and delectable nouveau tapas to accompany the stunning visuals. The sound of soft music enhances the atmosphere, making it the ideal spot to toast to a memorable evening.

There is also a dining space at the rooftop, set in glass rooms that give you an unblocked view of the Bund. If the weather gets too cold, Oceans — another restaurant, located by the lobby — overlooks the garden and a water feature. It offers everything from breakfast spreads of local specialties to gourmet seafood platters for dinner.

While there's much to enjoy inside the hotel, there are also loads to experience right outside. A walk along the Bund is a must for everyone travelling to Shanghai, to soak in the city's innovative architecture, rich history and lush nature all in one space.

A short drive away from the hotel are attractions such as the Yu Garden, Xin Tian Di, People's Square and Jing'an Temple. For those looking to shop, the Nanjing Road East shopping district — similar to Singapore's Orchard Road — is just about 3km away. Labubu and other "blind box" fans will also be happy to know that this is where China's largest Pop Mart store is located.

Despite its central location, Banyan Tree Shanghai offers a surprisingly tranquil and peaceful retreat away from the city's ever-bustling energy. Think of it as a luxurious escape, whether you're here for work, romance or just for some time alone. **E**



The rooms feature rich textures, contemporary decor and thoughtful details



TOPS is the hotel's rooftop terrace bar



The spa at Banyan Tree Shanghai spans three floors and has 11 treatment rooms