

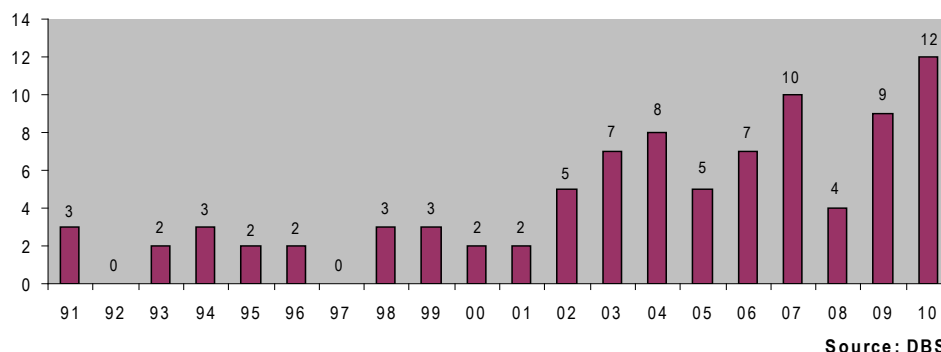
*OWW Capital wishes its readers a happy, healthy and prosperous 2011*

## Rise of the ASEAN Consumer

Exactly a year ago when the ASEAN-China FTA kicked in soon after the 2008 global financial crisis, there was fear that the economies of ASEAN would be wrecked by China's manufacturing juggernaut dumping cheap goods into the ASEAN markets against the original objective of ensuring free movement of raw materials and goods in the FTA region in order to facilitate the expansion of these two export oriented regional blocks. However these fears were unfounded as Asia as a whole recovered strongly.

ASEAN had learned valuable lessons from the 1997 crisis. They put into place stable institutions, rule of law and reform in the banking and financial sectors. They made it their top priority to export more than they imported to accumulate foreign exchange reserves. These reserves have not only stabilized the regional economy but also encouraged foreign funds to invest more in the region. Since April 2009, Asia's foreign exchange reserves have risen by \$962bn, or \$2bn a day. Relative to GDP, this is the highest rate of inflows in the region's history.

**Asia 10 - rise in FX reserves as % of GDP**  
annual, official + fwd commitments, 2010 is DBS estimate



While governments are worried about the influx pushing up their currencies and hurting exports, they are resorting to policy and fiscal controls to tackle inflation and control property asset bubble. Ironically this surplus liquidity may now be spurring the surge in consumer demand from motor vehicles to consumer products. During the first half of 2010, motor vehicle sales in the six principal ASEAN nations shot up by 41% over the same period for the previous year (1.18 million units which is equivalent to that of India) while sales of flat-screen televisions, air conditioners and refrigerators throughout ASEAN were also up nearly 50%. Many consumer services sectors such as hospitality, tourism, healthcare, education, food & beverage are also experiencing strong growth.

The world's focus has always been on the large market opportunities of China and India. However, ASEAN with a population of 600 million is no longer an export story but a burgeoning middle class and a huge potential market. For example, U.S. exports to China and ASEAN are similar despite the fact that ASEAN's population is half of China. ASEAN boasts skilled low cost labour, as well as high tech and biotech skills; solid infrastructure and easy access to deep-water shipping ports; geographical proximity to markets of India and China; regional diversity; population growth; rising income levels; democratic institutions in the strongest and most open of the region's economies including Thailand, Malaysia, Singapore, Indonesia and the Philippines. ASEAN's long term plan for further economic integration are expected to boost growth more. In 2015 the region plans to come together as a more cohesive economic whole under the ASEAN Economic community where there will be free movement of goods, removal of tariffs, standardization of custom procedures and freer financial markets.

It's no wonder many investors are clamming to get into the ASEAN consumer market as the region offers opportunities comparable to those of China and India.

## Wego merges with HolidayIQ and raises second round funding from Tiger Global Management LLC

OWW portfolio company, **Wego** Pte Ltd, a Singapore based travel meta search company, has merged with Indian Content site, **HolidayIQ.com** and raised Second Round Funding from Tiger Global Management LLC (“Tiger Global”).

Tiger Global is a New York based growth capital fund with investments in technology companies in consumer, internet and social media space including LinkedIn Corp in 2010. Significant investments in online travel space include China’s Ctrip.com (NasdaqGS:CTRP), Indian-based MakeMyTrip (NasdaqGS:MMYT) and Russian online travel portal, Anywayanyday.com, amongst others.

OWW invested in this startup in December 2007 together with News Digital Media, the Australian digital arm of News Limited and part of News Corp (NYSE: NWS) which provided the Series A funding.

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## 2010 In Review: A Good Year For Asiasoft

2010 saw **Asiasoft** Corporation Public Co., Ltd. (SET:AS) successfully launching at least 11 new games with 8Tep Asun Mankorn Fah (The Dragon Oath) being one of the most popular, gaining 12% of the Thailand online gaming revenue. Other popular games launched included Twelvesky2 and Rohan. The company expects 3 new games, Monster Master Online, Priston Tale 2 and Battle of Immortal, launched in the peak gaming season in 4Q 2010, to be the catalyst for growth in 2011.

In 2010, Asiasoft has also turned around unprofitable operations in Singapore and Malaysia. Based on year to date 3Q 2010, Asiasoft has made a net profit of Baht 195.3 million representing a 70.6% year on year growth. In all, the positive news has seen Asiasoft share price outperforming SET. Based on the 52 week share price tracking, the share price more than doubled from Baht 5.55 (26 Jan 10) to a peak price of Baht 11.20 (26 Oct 10). Asiasoft currently trades around Baht 10.30.

## About OWW

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

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

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