

Global slowdown: Asian government policy response

In light of the recent financial market turmoil and weakening economic performance in the U.S., Western Europe and Japan, the IMF is expecting global growth to decelerate from 4.9% in 2007 to 4.1% in 2008 according to its latest quarterly update for the global economy. This represents a 0.3% cut in 2008 forecast from IMF's previous analysis. Asian economies have continued to post strong economic growth despite slowdown in exports to the U.S. This is partly due to increase in exports to other developing nations, e.g. China, India, Brazil and Russia, acceleration in government infrastructure spending and rise in domestic demand.

Nevertheless, there is widespread debate as to whether Asian export oriented economics have decoupled from the influence of the U.S. economy. In the past, creditors had pulled back capital from Asia during global slowdowns resulting in a tightening of fiscal policies. However, most Asian countries now have current account surpluses, large foreign reserves and healthy fiscal positions which enable them to use a mix of monetary and fiscal policies to buffer their economies.

Hong Kong and Singapore recorded large fiscal surpluses in their latest fiscal year and have major infrastructure projects feeding their economies for the next couple of years. Others such as China, Indonesia, Malaysia, Philippines, Taiwan and Thailand, despite recording fiscal deficits, have substantial foreign reserves and are upgrading their infrastructure, e.g. transportation networks, public utilities, port terminals and airports. Asian governments also have the flexibility to boost domestic consumption through tax friendly policies, including reduction in corporate and income taxes, as well as one-off personal income tax refunds.

It is evident that the positive monetary and fiscal measures undertaken by Asian nations would to a certain extent help them to ride through this global slowdown.

Consumer services in Asia (ex-Japan)

With rising income due to fast-growing economies, consumer expenditure in Asia ex-Japan is expected to continue growing strongly over the next few years. Consumers are expected to pay more attention to their living standards and lifestyle. Some of the consumer service sectors that are likely to benefit include education, lifestyle, leisure, media and communication.

Players such as NIIT, New Oriental and Raffles Education have taken advantage of Asian consumers' increasing desire for higher education and skills upgrading, and have grown substantially over the years. Some have stretched their footprint extensively outside of their home countries.

The recent investment by News Digital Media in [Bezurk](#) is a good example in the leisure segment. Higher disposable income and the emergence of low cost carriers are leading growth in intra- and inter-region travelling which creates opportunities for service providers such as [Bezurk](#) to facilitate consumers' travel plans. There are also examples of budget hotel chains including Motel 168, Home Inns and Tune Hotels that are expanding aggressively to capture the pent up demand for travelling.

Growth in consumer expenditure			
	2008	2009	2010
China	23.5%	18.2%	18.5%
Hong Kong	8.1%	7.6%	7.7%
India	19.9%	16.7%	13.6%
Indonesia	9.2%	8.3%	9.2%
Malaysia	15.2%	12.2%	9.4%
Philippines	19.8%	8.8%	9.1%
Singapore	14.6%	6.1%	6.0%
South Korea	7.1%	9.9%	11.3%
Taiwan	9.1%	7.0%	7.1%
Thailand	10.5%	7.9%	7.0%
Vietnam	18.2%	14.4%	14.5%

Source: EIU

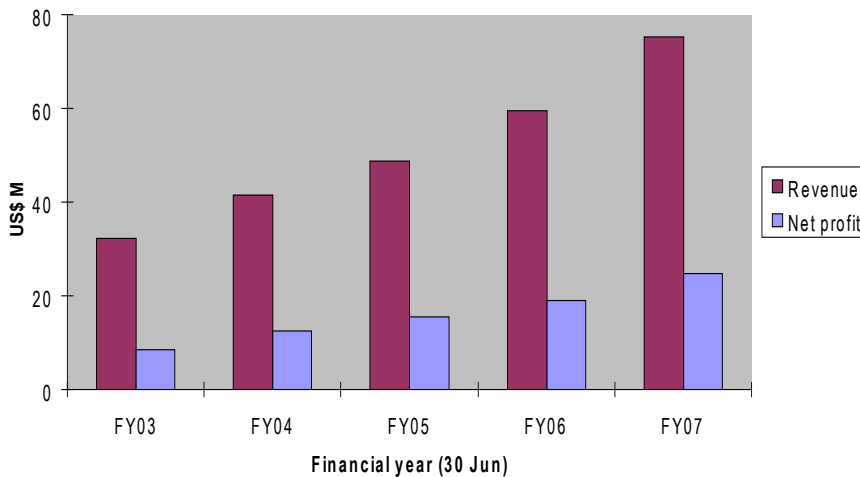
The explosive growth in internet and mobile users has spelled much growth opportunity for providing services to these users. Mobile penetration in countries such as China, India and Indonesia remain low, while internet usage is even lower in some parts of Asia, despite both growing rapidly in recent years. Amongst the thriving companies in the mobile and internet segments, companies such as Shanda, The9 and Green Packet are leading players in their field and had gone on to achieve successful listings.

OWW has invested in [BuzzCity](#) and [Bezurk](#) amongst others, and will continue to seek out opportunities in the consumer services sector.

Major breakthrough in China for Goodpack

Recent deals with Sinopec and Sinochem to supply IBCs for their import of synthetic rubber and natural rubber are clearing the way for Goodpack to tap into China's booming demand for rubber. The company which already has more than 40% of the world's natural rubber shipments, hopes to boost its shipment of synthetic rubber where it has only 6.2% market share. Aside from that, it is chasing the liquid segment where its IBCs can be used to transport juices, dairy fat and other food products.

Goodpack has been showing consistent growth of over 20% p.a. in revenue and profit in the last 5 years. It is looking to expand its fleet of IBCs from 1.6 million currently to 2.5 million by 2010.



Awards galore

myGamma has been crowned “Best Mobile Social Networking Service” at the GSMA Global Mobile Awards 2008

The judging panel's comments on myGamma: "Let the people speak. Rapidly growing social network site spanning borders, cultures and languages. The world just got a lot smaller – and smarter."

myGamma, created by BuzzCity, has also recently been awarded the "Best Mobile Social Networking Service" at the GSMA Asia Mobile Awards 2007.

Mobile social networking is expected to be the next explosive wave after their online counterparts. Informa Telecoms & Media is projecting revenue from mobile social networking to hit US\$52 billion by 2012, up from a mere US\$1.5 billion in 2006.

Emmy Award for Pixelmetrix

Pixelmetrix had received the Engineering & Technology Emmy Award from the National Academy of Television Arts and Sciences ("NATAS") for its DVStation Transport Stream Analysis products.

The award specifies the automated compliance testing in relation to the multi-channel transport stream standards as defined by the DVB and ATSC. With DVStation, an operator can enjoy automatic confidence-checking and reporting functionality without using visual QC or other manual measurement methods to evaluate the quality of the programme trasport.

DVStation is part of Pixelmetrix's comprehensive suite of IPTV and preventive monitoring systems assisting operators to monitor their network architecture.

About OWW

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

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

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