

SINGAPORE

SPECIAL EDITION

Going from Strength to Strength

When Singapore's founding father Lee Kuan Yew died last year, tens of thousands of Singaporeans queued in the heat, humidity and sometimes the rain to file past his body to pay their respects.

This countrywide outpouring of grief for the former Prime Minister was a graphic and fitting testament to his extraordinary achievement creating a nation whose economic performance is envied throughout the world.

At the heart of his vision was a dream of building an economy that was not just successful but sustainable enough to be enjoyed by future generations. To achieve that dream he recognized that Singapore needed to be able to continually attract high-caliber professionals from abroad who could create employment, bring in much needed capital and pass on their key skills to the country's increasingly well-trained and competent workforce.

The result? A clean and green city with state-of-the-art infrastructure and excellent maritime connections, a low and transparent tax regime, transparent and efficient bureaucratic procedures, a robust regulatory and legal framework and a neutral diplomatic policy. In other words, Singapore ticks all the boxes on the FDI check sheet, an achievement recognized last year when, for the second year running, it came top of the World Bank's Doing Business Report.

While Lee Kuan Yew is best known for the clarity of his vision and the depth of his determination, his willingness to adapt to changing circumstances is frequently overlooked. This is amply demonstrated by the changing make-up of the country's economy that has seen the manufacturing sector's contribution to GDP drop from 28% to 19% as Singapore moves up the value chain.

"The most important resource that Singapore has is the quality of its human capital, which is why we invest a lot in education," explains Singapore China Chamber of Commerce and Industry President Thomas Chua. "The key challenge for Singapore business is the high operating cost including rental and labor costs; so to remain competitive, we need to restructure our economy. Our businesses need to create value to justify these costs."



Singapore is rapidly becoming one of the most vibrant cities in SE Asia.

S.S. Teo, Chairman of the 22,500 company strong apex business chamber Singapore Business Federation and head of the Pacific International Lines logistics company, agrees. "Singapore has gone from third world to first world in a single generation," he says. "It is important that we keep on innovating and changing, and hopefully we can read the future correctly. We may be disadvantaged by our size and our lack of both natural resources and people, but we live in a growing part of the world. ASEAN has a population of 600 million, is the fourth largest economic bloc in the world and I think it will be its next economic growth engine."

If Lee Kuan Yew's demise marked the end of one chapter in the story of Singapore, then it also heralded the opening of new one which is likely to see the country play an increasingly significant role within the ASEAN region and further afield.

As S.S. Teo points out, it is hard to exaggerate the potential of ASEAN, the South-east Asian economic bloc that is on a mission to increase transport, financial and communication connectivity between member states as it seeks to position itself as South-East Asia's equivalent to the EU. Few would bet against Singapore emerging as its financial and commodities trading centre, as well as a one of its most important transport hubs. Its banking community, for instance, is already at the forefront of moves to integrate the bloc's financial market by developing

linked up post-trade systems between its stock market and those in Malaysia and Thailand.

ASEAN connectivity is not the only international initiative offering Singapore further opportunities for growth. Not long after China's President Xi Jinping launched the One Belt One Road initiative in Kazakhstan, (see following article), Singapore's Trade Minister Lim Hng Kiang found himself in Auckland in early February signing up to the Transpacific Partnership (TPP). The partnership is an ambitious initiative intended to break down trade and investment barriers between 12 countries that between them represent about 40 % of the global economy.

As one of the initial instigators of the pact, the February signing was a triumph for Singaporean diplomacy; and although Singapore already trades freely with most of the other signatories it is nevertheless expected to boost trade with key markets, not just in Asia but also in the Americas. In certain sectors, companies headquartered in Singapore will also be able to bid for government contracts in fellow TPP countries, and take larger stakes in their companies.

"It is important for us to stay ahead of the curve and remain relevant," argues S.S. Teo. "One way we can do this is to become a centre of excellence for the legal, insurance and financial sectors, but in the end, the most important thing to do is retain friendly relationships with everybody." ♦



Thomas Chua
President, SCCC



S.S. Teo
Chairman, SBF



Victor Mills
CEO, SICC



The spectacular Supertree Grove at Gardens by the Bay.



Niu Che Shui remains an enclave of Chinese culture and tradition.

A New Chapter in Chinese – Singaporean Relations

When China’s President Xi Jinping arrived in Singapore last November to mark 25 years of diplomatic relations between the two countries, he was not just there to celebrate the past, but also to affirm both nations’ commitment to future cooperation.

They have solid foundations to build on, for the current warmth of the entente between Singapore and its giant neighbor is tribute to almost 40 years of tenacity and sensitive maneuvering. It all began back in 1976, when the late Prime Minister Lee Kuan Yew made his first visit to China, but it took another 14 years before diplomatic relations were officially established in 1990. Since then, commercial

relations between the two countries have gone from strength to strength. In 1994, the first of two state-led government-to-government (G2G) projects had begun to take shape at the Suzhou Industrial Park. In 2008 work began on Tianjin Eco-City, which by 2015 was home to 30,000 residents.

During his visit, President Xi also gave his blessing to a third project that will be located in Chongqing. “The first two G2G projects concentrated on manufacturing and sustainable development respectively, which allowed Singaporean companies to work on areas they are good at,” explains Thomas Chua, President of the Singapore Chinese Chamber of Commerce and Industry

(SCCCI), the 110-year old organization that represents more than 40,000 of Singapore’s enterprises. “The third will focus on modern services such as logistics, healthcare, education, ecommerce and smart city developments, which are also sectors where our companies have a competitive edge.”

Singaporean involvement in China has by no means been confined to the public sector, and over the years Singapore’s business community has applied its renowned entrepreneurial spirit to good use in a number of joint development projects across the border, including the Guangzhou Knowledge City, the Jilin Food Zone, the Singapore-Sichuan Hi-Tech Innovation and Nanjing High-Tech Island.

SILVER BULLION – ASIA’S PRECIOUS METALS SAFE HOUSE

Whiling away the hours on a long-haul flight on the last leg of a round-the-world trip, a young German entrepreneur began reading a book that was to change his life.

The book in question was *From Third World to First*, late Prime Minister Lee Kuan Yew’s account of how he presided over the transformation of Singapore from a fractious and squalid colonial backwater into one of the shining economic jewels of Asia. The young man was Gregor J. Gregersen, who went on to set up one of Singapore’s and South-East Asia’s

most successful bullion and wealth protection companies. Silver Bullion’s core activities are all about the physical trading, authentication and storage of silver and gold. What sets the company apart is Gregersen’s near-obsession to minimize counterparty and jurisdictional risks for his customers. “We will have systemic crises at some point due to unsustainable debts.”

he says, while demonstrating the latest gold X-ray testing equipment in his impressive 630-ton capacity vault, “So we need to ensure our customer’s bullion is genuine and protected from a financial system collapse or Western governmental nationalization.” The fact that Silver Bullion also happens to be located in one of the most secure and stable countries in the world

is due to the impression that Lee Kuan Yew’s book made on its founder. “I have always been fascinated how people are shaped by their environments and how people and necessities shape systems that ultimately determine their environment,” he explains. “In Singapore I found a country that was well and truly run with the long-term good of its citizens in mind. Good government made Singapore rich and the best jurisdiction for our systemic wealth protection services.” If reading Lee Kuan Yew’s book triggered some sort of epiphany in Gregersen, it was the financial crisis of 2008 that prompted him to focus on the merits of physical bullion ownership.

At the time he was working on Commerzbank’s trading floor and experienced firsthand how overleveraged and interdependent our financial system had become as Lehman Brothers’ default nearly caused a chain of institutional bankruptcies that could have wiped out most investors’ savings. The answer, he quickly realized, was to insure oneself by buying tangible, but liquid, assets such as silver and gold, which could be owned outside the financial system and stored as private property in a trusted jurisdiction. Gregersen consequently set up the first online retail website in South-East



Gregor Gregersen
Silver Bullion CEO
www.silverbullion.com.sg

Asia having live bullion pricing and inventories and Silver Bullion’s first transaction took place at a train station where he physically handed over some of his silver in return for cash. A new business was born and one which has gone from strength to strength and is on track to achieve cumulative revenues of U.S. \$250 million by year end having delivered over 170 tons of gold and silver to date. Recently the company also enabled its customers to confidently lend to each other, becoming one of the largest peer-to-peer loan providers in Singapore. “I believe that Silver Bullion Pte Ltd is the safest place for your silver and gold. I want people to challenge that assertion, because it gives me the opportunity to explain why. I could not do this unless I had complete confidence in the Singapore jurisdiction.” A company and a country, it seems, that were made for each other. ♦



1,000 oz silver bars being packed at “The Safe House” Silver Bullion’s owned and operated vault.

AN INDEPENDENT SUPPLEMENT PRODUCED BY INTERNATIONAL INVESTMENT GUIDE FOR SHANGHAI DAILY

Such has been their success that China is now Singapore's largest trading partner. It is very much a two-way street, with bilateral trade volumes hitting U.S.\$86.5bn in 2014, a year after Singapore invested \$7.3bn in the mainland, making it China's largest foreign investor for the first time.

Conversely, Singapore's emergence as one of the world's leading financial centres and Asia's number one hub for commodities and trading has also enabled it to establish a position as the second leading offshore hub for Renminbi (RMB) trading after Hong Kong. As a result, many Chinese enterprises looking to invest across Southeast Asia now use Singapore as the commercial base for their international and regional expansion activities.

The Singapore International Chamber of Commerce (SICC), which has been representing international businesses in Singapore

“We are a very pragmatic open economy.”

since 1837, is determined that things stay that way. “Singapore's position as a small city state can never be taken for granted,” says its CEO Victor Mills. “It is a combination of transparent, visionary leadership and a hard working population that has given us the ability to punch above our weight on the international stage. As long as it remains successful, Singapore will be able to leverage its geographical location, its history and its fluency in English and Chinese.”

In 2013, prospects for further collaboration between the two countries became even brighter when President Xi used a visit to Kazakhstan to launch the One Belt One Road initiative, Beijing's vision for a trillion-dollar economic zone enveloped by a land route running from Xi'an to Rotterdam via Moscow, Tehran and Central Asia to the north and a sea route from Fuzhou to Venice via Kolkotta, Colombia and Nairobi to the south.

Of all the countries directly or indirectly affected by this revival of the ancient Silk Road trade routes that used to run between China and Europe, Singapore probably stands to benefit the most, courtesy of a combination of its location and the advanced

state of its infrastructure development. For a while Singapore had already established itself a world-class financial centre before President Xi unleashed his new initiative on the world, it is now also using its strategic position

on the trade routes between India, China, Indonesia and Australia to stake a claim as Southeast Asia's foremost shipping and aviation hub – and consequently as an important link in the One Belt One Road supply chain. The strength of this claim is

not down to geography alone. Singapore's lack of natural resources has meant that its port has always been its lifeblood and investment in it a prerequisite to survival. And plans are under way to increase capacity at Panjang Port from 33.5 to 50 million

by the end of next year.

“We are a very pragmatic open economy,” says Mills, “and we are always ready to capitalize on all mutually beneficial business and trade opportunities. That's got to be good news for everyone.” ❖

SP CHEMICALS – PERFECTLY POSITIONED FOR PROSPERITY

About 200 kilometers northwest of Shanghai in China's Jiangsu province, there is an economic development zone dedicated to the production of fine chemicals.



Chan Hian Siang
SP Chemicals CEO

SOME OF THE WORLD'S largest chemical companies such as AkzoNobel, SNF and Noviant have opted to set up a shop there, in what is now a significant sectoral hub officially known as the China Fine Chemical Industry Taixing Park (CFCITP). It is also home to SP Chemicals, a company with its headquarters and roots in Singapore.

Founded in 1990 after its CEO Chan Hian Siang visited Shanghai as a member of a delegation from the Singapore Chinese Chamber of Commerce & Industry, the company has since grown into one of China's largest producers of Chlor-Alkali, an industrial process used to produce the caustic soda that is needed to make everything from rayon and cellophane to soap, pulp and paper.

Last year, SP Chemicals turned over more than RMB 7bn (U.S.\$1bn) with a domestic sales footprint stretching across the three provinces of Jiangsu, Zhejiang and Shangdong, and its clients include both multinational corporations and state-owned enterprises operating in a number of industrial segments ranging from petrochemicals and textiles to paper and pharmaceuticals. Among these

are household names such as BASF and Dow Chemicals, not to mention, of course, some of its neighbors in Taixing.

“Being the largest producer of chemical raw materials in the CFCITP means that we are best placed to be the principle supplier of caustic soda and chlorine to new and downstream producers setting up production facilities in the park,” explains CEO Chan Hian Siang.

“Most of our customers in the PRC are located within a 300km radius from our production plant, which gives us the added advantage of low transportation costs. It also makes it easier for us to guarantee supply.”

Chan and his colleagues have also taken advantage of their plant's access to the ports on the East China

Sea to open up export markets in the US, India, and Australia and they are also exploring a listing of SP Chemicals on Shanghai Stock Exchange in the near future. Even though demand for chemicals on China's domestic market has slowed down from the double-digit growth that it enjoyed in the past decade, a recent McKinsey report predicted that China could still account for something around 60% of global demand over the course of the current decade; and, while market conditions may prove to be more competitive than those experienced in recent years, companies such as SP Chemicals with established track records look set to enjoy continued growth.

Chan's company is also well positioned to benefit from the improving trade relations between China and Singapore and from China's One Belt, One Road initiative to establish faster intermodal land routes between Asia and Europe. “We may

“BEING THE LARGEST PRODUCER OF CHEMICAL RAW MATERIALS IN THE CFCITP MEANS THAT WE ARE BEST PLACED TO BE THE PRINCIPLE SUPPLIER OF CAUSTIC SODA AND CHLORINE TO NEW AND DOWNSTREAM PRODUCERS SETTING UP PRODUCTION FACILITIES IN THE PARK.”

not be actively involved with such initiatives because we are producing raw materials,” Chan concedes, “but if the Chinese companies that are producing the end products prosper, then so will we.”

It has also been taking steps to ensure that it can compete on the international market and three years ago commissioned DuPont USA chemical company to help it improve its safety standards. Over the past two years, it has in addition spent RMB80m (U.S.\$12.5m) reducing sulphur and nitrogen emissions from its coal-fired power plants due to their proximity to Shanghai. Considerable effort, in the meantime, is being put in to ensuring that the workforce is up to scratch. “Our industry is not like, say, shoe manufacturing,” Chan says, “and you need a certain level of technical skill. The Chinese are very conscientious when it comes to studying, however we still make sure that they receive a first class on-site training.”

Chan and his colleagues have also been exploring means of diversifying their activities up the petrochemical chain. While the company already produces downstream products such as Vinyl Chloride Monomer and Styrene Monomer, it is now looking at the upstream opportunities that the new availability of cheap propane and ethane from the US may present.

“To move into petrochemical production we have traditionally needed access to ethylene,” Chan explains, “but the market is mainly controlled by Japanese traders like Mitsui and Mitsubishi, because you need extremely sophisticated tankers that can transport it at its liquefaction temperature minus 104°C. But now with shale gas revolution in the US there is a lot of cheaper ethane and propane feedstock coming onto the market, so upward integration remains one of our main goals.” In the meantime, SP Chemicals has been in talks with the Chinese authorities about the possibility of moving into olefins production.

Either way, Chan is confident that within the next few years he and his colleagues will have succeeded in turning SP Chemicals into a vertically integrated company – and a thriving, public listed company offering a great rate of return to its investors. ♦



Kings of Cuisine

With almost 6,000 years of culinary refinements, Chinese cuisine has developed into one of the most refined and sophisticated in the world

It is one cuisine whose chefs and restaurateurs are understandably both proud and protective of its long heritage. In Singapore, not many can lay claim to being a connoisseur, restaurateur, and flag bearer of Chinese fine dining cuisine. One such individual, Alfred Leung Chi Wai, CEO of Singapore's Imperial Treasure Restaurant Group, has been for the last 11 years and counting, a purveyor of some of the finest Chinese cuisine available.

Mr. Leung opened what would be the first Imperial Treasure restaurant in Singapore back in 2004. It was then a small outlet situated in the Takashimaya shopping centre

specializing in Teochew cuisine. Today, there are a total of 24 Imperial Treasure restaurants all around Singapore. In 2012, the first Imperial Treasure restaurant was established in Shanghai, China. Encouraged by the local reaction, he expanded and opened another three branches in 2015, with the fourth branch's opening scheduled this April 2016. All four Imperial Treasures' branches are located in or near The Hub, Shanghai's landmark Hongqiao Commercial District which is directly connected to the city's transportation system and to its international airport.

With the exception of the Treasures Bakery & Bistro, each has its own

speciality and an unmistakable Chinese theme to its name - Steamboat, Nan Bei and, most audacious of all, Super Peking Duck.

The history behind the launch of Super Peking Duck restaurant exemplifies the kind of focus and attention to detail that resulted in its overwhelming success with the public.

"Before we opened our first Super Peking Duck restaurant in Singapore, I used to visit Beijing several times," Mr. Leung recalls. "I used to spend two or three days there at a time and ate in different restaurants - and I always ordered Peking Duck. Then I would always come back to my chef to discuss

how we could make the dish even better. These days, a lot of people come into our Singapore restaurant and tell us that our Peking Duck is even better than any Peking Duck from Beijing."

If Mr. Leung has his way, Shanghai will just be the start of the Imperial Treasure Restaurant Group's expansion into China. "While we have so far been successful in opening new stores as a standalone company," he says, "we are open to working with local companies whose local awareness and expertise can help us accelerate our aggressive expansion plans."

He shouldn't have to look too far potential partners. ❖

A SINGAPOREAN AT THE HEART OF SHANGHAI

For more than a decade now, Shanghai's downtown Xintiandi district has been one of the most popular destinations for its 23 million residents and the eight million overseas tourists who visit this historic city each year.



THE TASTE, STYLE AND FLAIR with which the development has succeeded in combining elements of the city's traditional Shikumen architectural style with a modern interior full of bustling coffee shops and shopping precincts is not the only thing that makes this project noteworthy. Behind this project, which had become a blueprint for many Chinese developments thereafter, is a team of architects and consultants made up of mainly Singaporeans.

The architect in question is the Managing Director of New Space Architects Kevin Sim. When Xintiandi's redevelopment was first conceived by Shui On Group, Sim was running Nikken Sekkei Partnership (Singapore) and he subsequently assumed responsibility for the project. The outline design was done in collaboration with the US architect Ben T Wood, and was subsequently realized in full by a largely Singaporean team made up of Nikken Sekkei Partnership (Singapore) as the architect, Cicada as the landscape architects, Meinhardt as the M&E engineers, and Maunsell as the C&S engineers.

The project's popularity meant that the team's standings in Chinese development and architectural circles had gone from strength to strength, with both commissions and commercial success following in quick succession. For example, Meinhardt set up a

full-fledged office in Shanghai and Cicada's new projects and popularity also grew rapidly following the success of Xintiandi project. As for Kevin Sim, while still working at Nikken Sekkei, he took on design responsibilities for several other high-profile projects that have characterized Shanghai's development to date. Some notable projects include the landmark Platinum Building, which was awarded the Best Office Tower award after it was completed, the exclusive Casa Lakeville residential community development, and the man-made lake next to Xintiandi.

Apart from completing the Xintiandi project, the team was also responsible for bringing in new technology know-how to China. For example, a new waterproofing technology for old buildings was introduced. The clay lined lake beside Xintiandi was also the first of its type to be built in China. Colt Systems, a fan less fire and exhaust system, was also brought in to the country by the team. Many of these new systems were tested in Singapore before the technologies were transferred to the respective projects in Shanghai.

Since setting up New Space Architects in 2003, Sim has continued to receive commissions from several Chinese clients, with some 70% of the projects that Sim and his team are involved in are located on the mainland. ♦

Come celebrate the rich and vibrant

CULINARY HERITAGE

of the Chinese

30 restaurants over 20 accolades

including the World Gourmet Summit Awards of Excellence and Asia's Best 50 Restaurants

Imperial Treasure is a highly successful Singapore - based brand conceived in 2004 and has won the hearts of gourmands and casual diners alike. With a vast array of iconic Chinese delicacies and our commitment to impeccable service, Imperial Treasure has become eponymous with authentic fine Chinese cuisine.

IMPERIAL TREASURE
RESTAURANT GROUP PTE LTD
www.imperialtreasure.com

OUTLETS IN SHANGHAI:

IMPERIAL TREASURE FINE CHINESE CUISINE
Shanghai Huangpu district, Yi Feng Galleria L4

IMPERIAL TREASURE SUPER PEKING DUCK RESTAURANT
The HUB Mall, L3 26-29

IMPERIAL TREASURE NAN BEI RESTAURANT
The HUB Mall, L2 25-26

IMPERIAL TREASURE STEAMBOAT RESTAURANT
The HUB Hongqiao xintiandi, GF-01 & L1-01 (opening Q2 2016)

TREASURES BAKERY • BISTRO
The HUB Hongqiao xintiandi, GF-16