

# THE **EDGE**™

S I N G A P O R E

BUSINESS & INVESTMENT WEEKLY



# The Edge – Overview

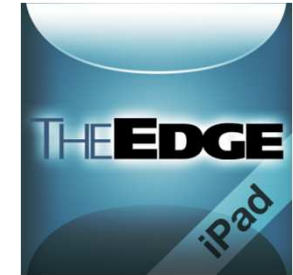
An indispensable read for the weekend



Launched in 2002, The Edge Singapore has become the fastest growing newspaper in the country.

As Singapore’s only weekly business and investment newspaper, it has quickly evolved into a highly regarded medium by both readers and advertisers. It is today an indispensable weekend read that provides an Independent, In-depth and Indispensable coverage of corporate news and issues in Singapore and the regional markets.

# Editorial Content



- ▶ **Corporate**– Covers business news, micro & macro economic news, mergers & acquisitions, boardroom activities of public listed companies
- ▶ **Capital**– Covers in–depth analyses & views of the Singapore & regional stock markets. The section’s focus on broker calls, earnings estimates, insider actions and technical trading are the gist and grist for capital market professionals.
- ▶ **City & Country**– A comprehensive coverage of local and regional real estate & property news for residents and investors.
- ▶ **Personal Wealth** – A personal finance and planning section that helps readers grow and protect their personal wealth. It covers private banking, funds, insurance, alternative investments, retirement & philanthropy
- ▶ **Options**– A guide to the good life. It informs the reader of the finer things in life such as performing arts & theatre, hobbies, dining, motoring, travel, health, fashion & sports
- ▶ **Management@Work**– Covers leadership, executive learning, development of human capital, management, business continuity and technology business.

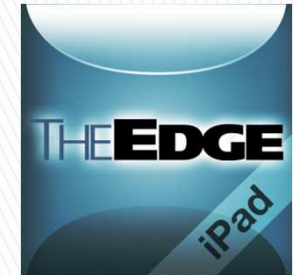
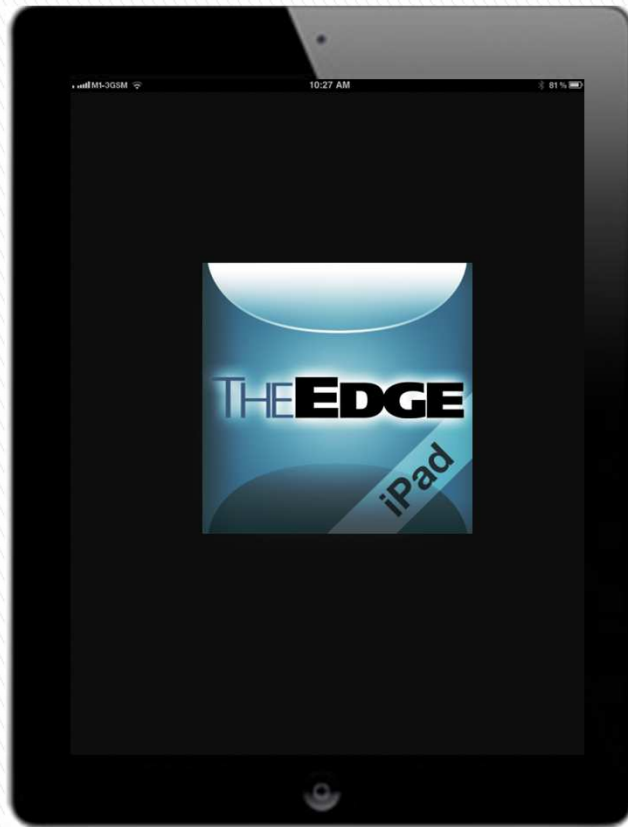
# What's new

## ▶ Infinite Opportunities

- ▶ Bringing a new experience to our readers.
- ▶ Interactive ad units like video, slides, banners, “live” urls, email links and even widget.

## ▶ Ease of use

- ▶ Mobility and convenience as publication stays with your “bookshelf” after download
- ▶ Overseas readers can now download The Edge Singapore as well.
- ▶ Readers can easily access from their iPad and Android platform .
- ▶ ePub gives you faster download, faster loading and easy access anytime anywhere.
- ▶ Access all publication from The Edge Singapore, Malaysia and also our supplements (Haven, Off The Edge etc)
- ▶ Independent App Store to purchase copies of The Edge publication

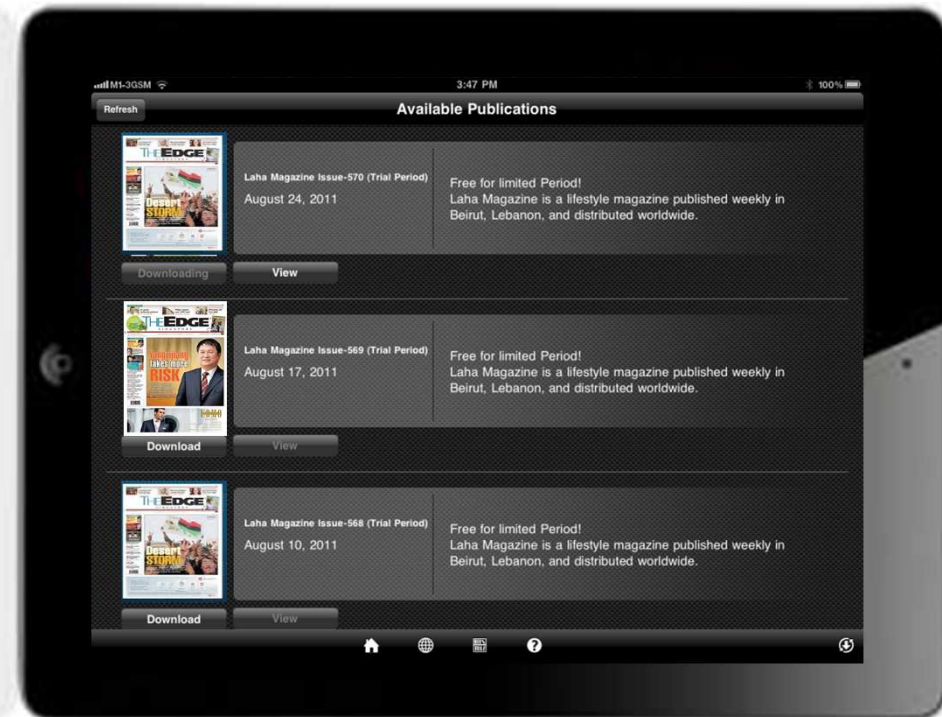
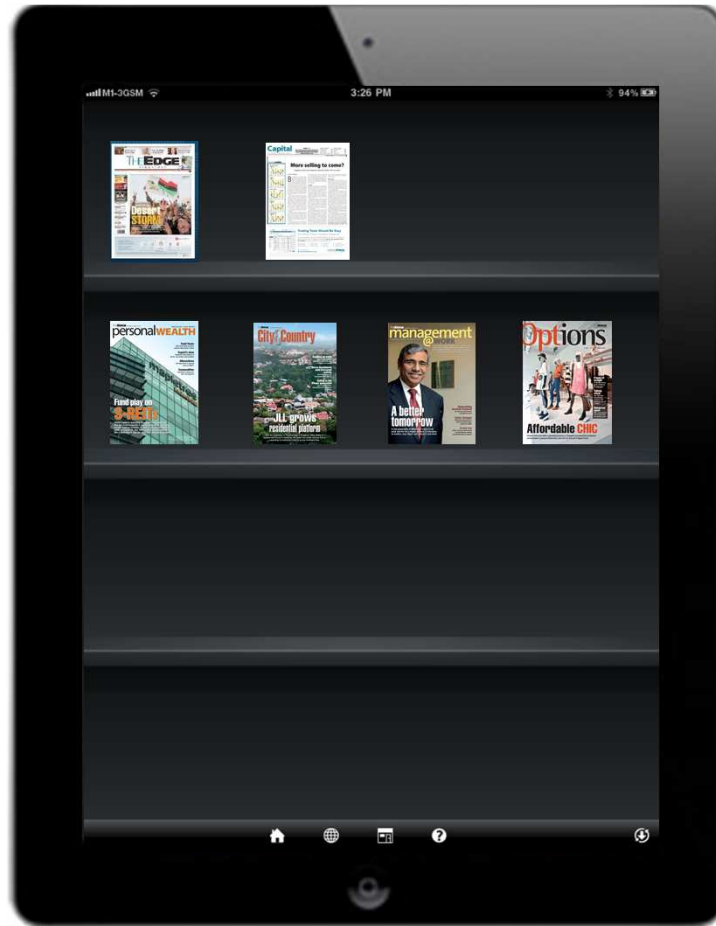
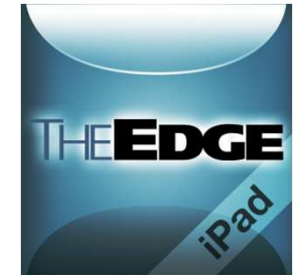


## The Edge on iPad

**THE EDGE**<sup>TM</sup>  
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4/10/2011

# The Edge on iPad



**THE EDGE**<sup>TM</sup>  
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4/10/2011

MI-3GSM 10:27 AM 81%

THE EDGE SINGAPORE FEBRUARY 14, 2012

ECONOMY WATCH

## Runaway inflation and property prices may hurt China, UBS adviser says

BY GOOLA WARDEN

While everyone is still positive on Asia even as China struggles to contain inflation and property speculation, George Magnus, senior economic adviser to UBS, and author of *The Age of Aging and Spraying*, is a contrarian. In his view, the US will remain the dominant economic and military power for some time to come. China, which many are forecasting to overtake the US by 2020, is likely to come in for a hard landing, paving the way for a Japanese deflation following its property bubble. This could play out in the next two to three years, Magnus says.

This scenario is already unfolding. Last week a interest rate hike by the People's Bank of China (PBOC), the third one in four months, was well anticipated by Magnus. The one-year deposit and one-year lending rates were raised by 25 basis points to 3% and 6.00%, respectively. With China's consumer price index at 4.6% as at end December, Magnus says this is a healthy positive real return. In his view, the government wants to keep rates low as it has a vested interest in depressing the exchange rate.

He believes interest rates will be raised another two or three times this year, and that the renminbi will be allowed to rise further. "But, in both cases, the response will be insufficient and inadequate and this will simply push the problem into 2012. More drastic action will be required later, but it will be complicated by the leadership changeover in 2012, so the new team will inherit this problem," he predicts.

Magnus is based in London and his perception of East Asia is different from that of economists in this region. "I think the predominant risk is inflation and the bubble in China will be allowed to inflate further." He says there is a 60% to 70% likelihood of a hard landing in the country as the government does not appear to be responding adequately or in a timely manner to economic developments. Instead, all the measures announced so far — including the easing of renminbi holdings overseas — are incremental.

Where does that leave Southeast Asia? Of course it's affected. What's important is a soft landing in China will carry benign implications for the entire region, and if China should not manage a soft landing, then you will all know about that too," he says.

China's predicament isn't caused just by food inflation but also by unchecked credit expansion in the country, Magnus says.

"There was a very substantial amount of off-balance sheet lending going on," he observes. "The stock of bank credit is 65% bigger than in 2008." Based on the latest figures by the PBOC, new loans grew 20% y-o-y to RMB7.95 trillion (\$1.34 trillion) in FY2010. UBS economists have noted that they estimate total loans growth of RMB11 billion for the year by 2010. "My guess is that, most probably, the US is going to remain the dominant — if not the dominant — global power for a very long time to come," he says. "It's my belief that, difficult as the next decade will be for the US, it has the greatest capacity to reinvent itself and foster new technologies and industries."

That may mean China won't be raising the world by 2010. "My guess is that, most probably, the US is going to remain the predominant — if not the dominant — global power for a very long time to come," he says. "It's my belief that, difficult as the next decade will be for the US, it has the greatest capacity to reinvent itself and foster new technologies and industries."

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FEATURE

# Looking to Asia

## Richemont International SA's Richard Lepuë talks to Tony Watts about its latest addition, Roger Dubuis, and the group's strategy for the region



Lepuë: Singapore is a leading market, especially in the high-end watch industry



Richemont International SA may be an unfamiliar name to many consumers, but its brands, including Cartier, Montblanc Meisterstück, Van Cleef & Arpels and Alfred Dunhill, are much more likely to be recognised. Its watch brands include Vacheron Constantin, Baume & Mercier, Roger LaCourbe, Lange & Söhne, Officine Panerai, JWC, Piaget and Roger Dubuis.

In Singapore recently for a combined Roger Dubuis and Audi event, Richard Lepuë, deputy CEO of Richemont International SA, talks to *Opinion* about how Richemont manages its brands and the importance of Asia in its future.

**How does a brand as young as Roger Dubuis fit with the rest of Richemont's brands?**  
It is true, it is the youngest because it was founded in 1995 and because we acquired it just two years ago. We are very selective in the way we build our portfolio of brands, and, having quite a comprehensive portfolio, we pay a lot of attention to what we are missing and do not cannibalise other brands.

Roger Dubuis was a great opportunity for us, for different reasons. First, because it is the most amazing manufacture in the high end — every movement manufac-

tured is completely manufactured in-house, including the escapement, the hairspring, and many things that other brands are not manufacturing themselves. Also, because every movement offers a high level of finishing and has the Geneva Seal, which is given by the state of Geneva only if it fits criteria, which are very tough, and very expensive to achieve.

**What does Richemont bring to Roger Dubuis?**  
The first value for our group is authenticity of the brands. Our brands are fully autonomous in terms of production, design, commercial policy and communication — I would say all that really matters to make a brand distinct from another. The value added by Richemont is the lead, the capacity to invest. When we integrated Roger Dubuis, in a matter of weeks, Roger Dubuis became worldwide and no longer an exclusive business selling to agents. The Roger Dubuis boutique at the Grand Hyatt (Singapore) was opened directly by the brand.

**Does that bring the brand closer to the final clients?**

Yes, of course — it is very important that you have direct access to clients. In our business, after-sales service is very important. You have to be there to explain to the client and to service the

watch, that's very useful and important as well.

**Will we see the addition of other young brands to Richemont?**  
Yes and no. As I said, we are very careful in not buying everything at any price, so we are very selective. Our existing portfolio is not perfect — we are never perfect in life — but not far from being perfect. Any addition of other brands is creating a risk of cannibalisation, so we don't need to have more brands. We are trying to grow every brand organically.

**How important is the Singapore market?**  
Singapore is a leading market, especially in the high-end watch industry. It is very clear you have to be strong here to be strong elsewhere. The clientele is highly demanding. They know haute horology very well and a lot about the watch movements. That is the reason we have invested significantly here by having the store; we need to develop the brand here. The brand is very elitist — we are talking about less than 5,000 watches a year, very high priced.

**Did the global financial crisis affect Roger Dubuis in the sense that people didn't want to be seen to be spending a lot of money? You mean the guilt factor? Yes!**  
Now, I think what's more important is the feel good factor. The guilt factor is more Anglo-Saxon, I would say. At the end of the day, if you have been successful, you deserve to indulge. But, the people factor, the fact that people have been scared — with a lot of reason — for the future, has clearly created a big shock worldwide, including in this region.

But we saw clearly that the famous decoupling has happened and the region is growing very fast, again. It has not saved the world, but this region is helping a lot to save Western economies. Just ask our friends from Audi how many cars they have sold in Germany and how many they are selling here.

It is clear that it is a relief, but, on the other hand, you have to be careful. As we say, the trees don't grow up to the sky; you have to keep your feet on the earth.

**Is it fair to say the Richemont group's sales in Asia are going to overtake the rest of the world?**  
So far, our brands are very strong in their home markets, especially

Europe. And Europe remains and will remain the most important. It is clear that, of course, the capacity is growing very fast. The Japanese market has stabilised for us, but we still have quite strong growth in the Middle East, and we see a lot of potential in the Americas, especially South America.

That said, if you are successful in the region, (which has the world's largest population), and with the universal appeal of European and Swiss watches and jewellery, it is clear that one day Asia will overtake.

But it is important that you remain relevant for your European clientele as well, even if the wealth of this clientele in relative terms is declining.

We continue to invest significantly in Europe — in Paris, London, Milan — and of course in America, in New York, just to service our clientele and to give tourists a shopping experience when they come to Europe.

**When not enjoying cars and bikes, Tony Watts enjoys the good things in life.**



## YourWeekOut

**WATCH** No Strings Attached (opens on Feb 16), rom-com starring Natalie Portman and Ashton Kutcher as a liking friends who almost deny their friendship after having sex one morning. To protect their relationship, they make a pact to keep their relationship strictly physical with no strings attached. But love always gets in the way. Directed by Ivan Reitman.

**DON'T** miss Eric Clapton on his 2011 world tour. Hit on the heels of his new album, Clapton, the legendary guitarist hits the road to promote the acclaimed work, which features musical collaborations with Wynton Marsalis, Sheryl Crow, Allen Toussaint and Derek Trucks. Feb. 14, 8pm, Singapore Indoor Stadium. Tickets at \$99 to \$399 from Sistic.\*

**CATCH** Iron Maiden's The Final Frontier World Tour. The rock legends are touring to promote their new studio album, which has gone to No 1 in 26 countries. Get ready for the powerhouse vocals of Bruce Dickinson, guitarists Dave Murray, Janick Gers and Adrian Smith, bassist Steve Harris and Nicko McBrain on drums. Feb. 15, 8pm, Singapore Indoor Stadium. Tickets at \$99 to \$178 from Sistic.\*

**MAKE** a date with Blonde Redhead, whose brand of music has been likened to the style of early Sonic Youth. Formed in 1993 by Japanese art students, Kazu Makino and Maki Takahashi, and Italian twin brothers, Simone and Amelio Pace, the band recently released its eighth studio album. Feb. 15, 9:30pm, Esplanade Concert Hall. Tickets at \$40 to \$80 from Sistic.\*

**MARK** your calendar for An Evening with Rob Schneider — Live in Singapore. The Emmy-nominated actor and Sunday Night Live veteran brings his new stand-up comedy show to Singapore for the first time. He teases to support his recently released first comedy

album, Registered Offender. Feb. 18, 8pm, Rock Auditorium. Tickets at \$88 to \$148 from Sistic.\*

**ATTEND** Notes From America, a Singapore Symphony Orchestra concert featuring pianist Nelson Goerner performing Mozart's Piano Concerto No 24. Conductor Yu Long also leads the orchestra in Dvořák's much-loved New World Symphony, as well as the overture to Mozart's Le nozze di Figaro. Feb. 18, 7:30pm, Esplanade Concert Hall. Tickets at \$12 to \$78.75 from Sistic.\*

**ENJOY** fusion fun with Rollin' Home Who Lanes B-Bop. This South Korean breakdance musical combines the popular street dance with classical ballet and features breakdance routines performed by South Korea's leading breakdancers, The B-Boy World Champions Extreme Crew. Feb. 18 to 20, 8pm. Additional 3pm on Saturday, only 3pm on Sunday, Esplanade Theatre. Tickets at \$38 to \$88 from Sistic.\*

\*Sistic hotline: 6346 5555

Creative Interstitial within story



# Rectangle Interstitial

Singapore has made a commitment to reduce its carbon emissions by 16% over "business as usual" levels by 2020, and one obvious area in which reductions can be made is road traffic. According to 2007 figures from the UN Intergovernmental Panel on Climate Change, road traffic is responsible for 9.7% of global greenhouse gas emissions.

At an "informative exchange session" hosted recently by the Automotive Committee of the Singapore German Chamber of Industry and Commerce, Alexander Kraus, assistant vice-president e-Mobility, TÜV SÜD Asia-Pacific, says if half the cars on Singapore's roads were modern, clean diesels, the country would use 7.5 million litres less fuel every year, and reduce carbon dioxide emissions by 183,000 tonnes.

Indeed, Howard Shaw, executive director of the Singapore Environment Council, says: "Modern clean diesel is the low-hanging fruit we haven't harvested."

Environmental friendliness is not the image most Singaporean motorists have of diesel. Low-technology commercial vehicles spewing sooty exhaust smoke into the atmosphere is the more common perception. Changing that view is what the "Driving Towards a Low CO2 Singapore — Clean Diesel Power" event was all about.

In an unusual show of solidarity, the major German manufacturers — Audi, BMW, Mercedes-Benz, Porsche, and VW — came together with several diesel cars each to demonstrate the effectiveness of the technology. Representatives from Bosch, Shell and TÜV SÜD were also on hand to answer technical questions.

On the technical side, a reduction in sulphur content in diesel fuel in Europe, combined with high-pressure injection and turbocharger technology, means diesels are more efficient and cleaner than ever. Most of the vehicles available for the event were fitted with particulate filters, which remove any of the visible soot often associated with diesel fuel, although most then regenerate by burning the particulates off at very high temperatures.

Singapore's diesel has reduced sulphur too, broadly in line with Euro 4 standards of up to 50ppm, which is a positive thing because the sulphur oxides in the exhaust gases form sulphuric acid in the atmosphere. Carbon dioxide emissions are not the only environmental concern related to burning fossil fuels.

Sulphur content in fuels around the region may also be a stumbling block for these modern diesel vehicles. Klaus Landhaeusser, manager diesel systems, external affairs Ascant at Robert Bosch (SEA),



In an unusual show of solidarity, major German manufacturers came together to demonstrate the effectiveness of diesel technology.

# Going clean

Today's diesel engines are more efficient and kinder on the environment, but there are still hurdles to overcome before they gain greater acceptance in Singapore, says Tony Watts



says using fuel with "very high" sulphur content such as that in Indonesia and the Philippines would result in the particulate filter sleeves being choked.

Until a few years ago, fuel in Malaysia had up to 3,500ppm sulphur, but that has been reduced to 500ppm today. Eric G. Holtbusen, Shell Global Solutions, fuels manager Asia-Pacific and Middle East, explains that the situation reminds him of when Euro 4 diesel standards were introduced in Europe, and drivers were filling up in Eastern bloc countries that had the lower standards. "As far as we know, there were no catastrophes," he says.

Landhaeusser concurs, saying Bosch has tested Euro 4 diesels on Malaysian fuels and encountered no problems.

From a consumer's standpoint, the advantage of diesel has to be its low fuel consumption relative to petrol. According to the Federal Motor Transport Authority of Germany, diesel cars registered in Germany in 2009 averaged 6.1 litres/100km — 38% less than the petrol cars registered in the same year. Little wonder, then, that some European markets see more diesel cars registered than petrol.

At the extreme end of that scale at the "Driving Towards a Low CO2 Singapore" event was Volkswagen's Polo BlueMotion, which sips a mere 3.3 litres of diesel per 100km. It is also the lowest emission internal combustion vehicle (including hybrid) available in Singapore, with tailpipe emissions of 87g/km of carbon dioxide. To achieve these amazing figures, VW has done a lot of work on aerodynamics and weight reduction, and the result is a vehicle that can sound a bit agricultural at times. But, then again, when a single 45l tank of fuel gets you 1,363km, you can probably put up with a little more noise from the three-cylinder diesel engine up front.

But the Polo was probably the only car available that day that betrayed its diesel orientation this way — the Porsche Cayenne is quiet and quick, the Mercedes-Benz E350 CDI is an amazingly refined and quick saloon, and the BMW 5 Series Gran Turismo is hard to differentiate from its brilliant petrol equivalent. While the Porsche exactly matches its petrol equivalent for acceleration, it beats it for fuel

consumption by 25%. The figures are similar for the other two vehicles, except that the diesel versions are actually faster than their petrol cousins.

I missed the opportunity at the Clean Diesel event to ride in the Audi A8 4.2TDI, but the on-paper specification is enough to pique my interest — 806Nm of torque and 5.6 seconds to 100kph sounds pretty good to me.

The catch with diesel in the Singapore context is the punitive tax it attracts. It is meant to offset the lower tax levels at the pump for diesel fuels, but the "special tax" levied on diesel vehicles is arguably the biggest hurdle for them here. The Polo BlueMotion, for instance, attracts road and special taxes at an annual rate of \$2,006.66. Compared with the \$506.54 it costs in annual road tax for the 1.2-litre petrol Polo, that constitutes quite a penalty. At today's fuel prices, a Polo BlueMotion owner would have to drive nearly 28,000km to break even. Matters get worse for the larger diesel-engine vehicles, with the A8 driver having to cover 65,479km annually before buying the diesel model makes economic sense — even though it uses less fuel and produces less carbon-dioxide tailpipe emissions.

Diesel technology has undoubtedly come a long way in recent times, offering vastly improved levels of refinement, cleanliness and efficiency. Public perception here has not changed at the same pace, and is unlikely to do so unless public policy changes too.

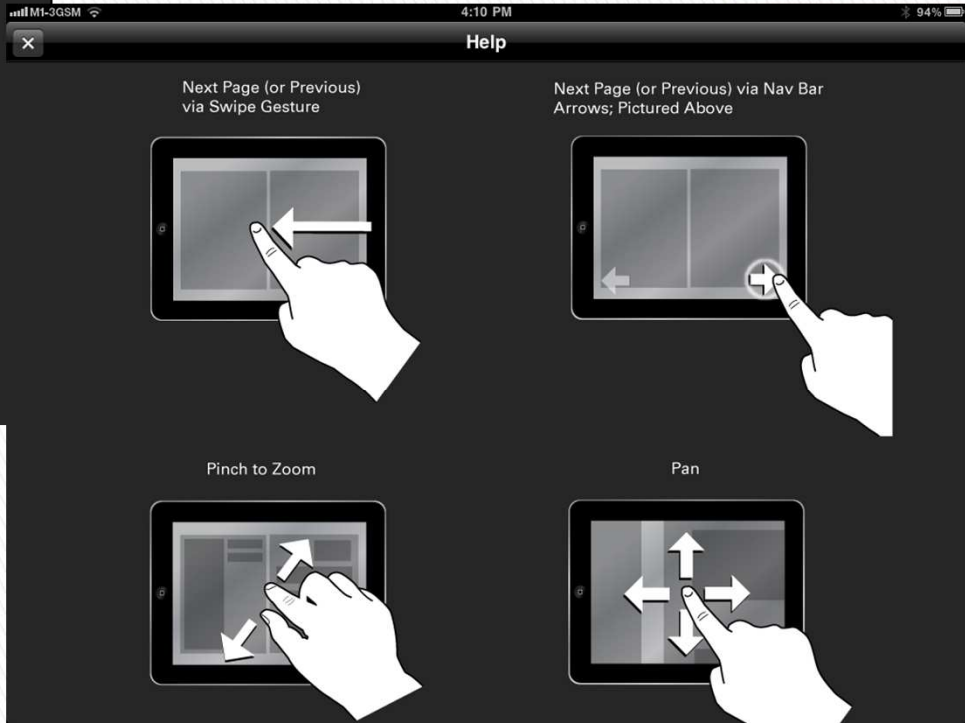
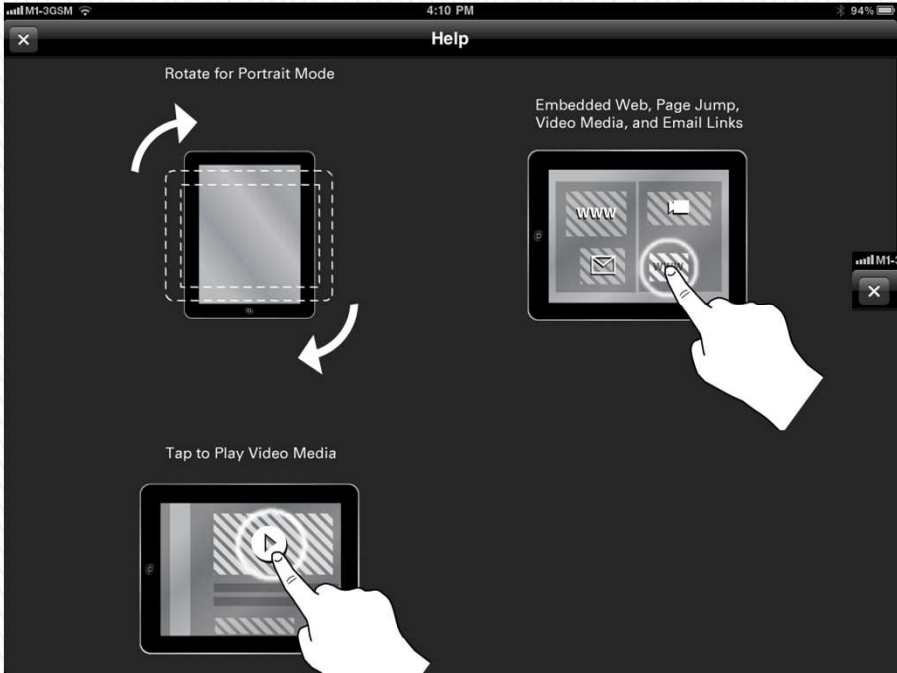
Tony Watts is a freelance writer with a passion for fast cars and bikes

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Ad Type	File Type	Remarks
Pre/Mid/Postroll video	Flv/mov/mp4 files	File length max. 30sec (Max 5 video per issue)
Text Links	Up to 30 chars	
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Interstitial	Various Size available	File length max. 30sec
Banners/rectangle/buttons	Various Size available	
Gallery interstitial	150KB	Pictorial Slides (max 15sec)
Logo	120 x 60 <5KB	

## Ad units Appendix

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