HB ADVISOR

APRIL - JUNE 2023

PLUS

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For 2023, the property market is expected to be stable but the pace of growth could likely decelerate from a fox trot to a slow walk.

Most people will remember the past three years for the roller coaster ride of emotions that they went through and for the many uncertain and panicky moments when the world battled through a pandemic which wreaked havoc on the health systems of all countries, resulting in people being forced to stay at and work from home, many deaths, untold miseries, closures of businesses and loss of jobs although certain businesses which were unconventional and did not depend on physical interaction with customers flourished.

Fast forward to 2023 and the world has largely returned to normal with people continuing with their normal way of life, going out and eating out, shopping in malls, socialising and attending mass gatherings and events and without the strict protocols which controlled the better part of our lives during the pandemic. Although masks are still widely worn in this part of the world, many have stopped the practice even at mass gatherings and cinema halls. Even China, which has isolated itself from the rest of the world for the past three years and adhered to a strict zero-Covid policy, has now relaxed its grip and reopened its economy in January this year with its citizens being allowed to move around freely and its borders open to international travellers. Countries whose tourism industry depended heavily on tourists from China in the past, now await with both a sense of welcome relief as well as trepidation as the surge in tourists from China will bring not only much awaited earnings but potentially a new wave of infections. Governments all over the world are readying themselves for this possibility and some countries have implemented mandatory Covid tests upon arrival for travellers coming in from China whilst some are still at a loss as to how to handle the situation in a way that their own citizens' health is protected but at the same time, not in any way eliciting an angry tit-for-tat response from China.

As we have now entered the year of the water rabbit, we hope the country will be able to put the

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traumatic experience as well as political instability of the past three years behind us, especially as GE15 has gifted Malaysians with a new unity government which we hope will be able to provide the stability and strong leadership and economic focus that the country needs, to power ahead and face the challenges not only in this but also the coming years.

International economists are now in general agreement that a global recession will be upon us this year and only differ on their predictions of its severity. Malaysia, being a heavily trade dependent country, will obviously not be spared the debilitating impact of a worldwide recession but the general consensus is that with the country's strong economic fundamentals, we will be able to ride out the storm and escape a recession. The pace of economic growth will certainly be slower but we will still be able to keep our heads above water. How will all this impact our property market?

In his annual forecast for 2023, a leading and well-known metaphysics practitioner proffered his view that the real estate sector will face a challenging time in 2023. What does the statistics on the property market say then?

Based on the data released by NAPIC, it can be established that the property market is on the mend after slipping into negative territory in the pandemic hit 2020. The volume of overall property transactions in Malaysia registered a marginal increase of 1.5% in 2021 whilst the value of the transactions rebounded by 21.7%.

For the full year of 2022, the recovery of the market picked up further with the overall volume of transactions rising about 30% whilst the value of transactions chalked up an increase of 24%.

The industrial property market continued to be the top performer whilst the residential and retail sectors registered improvements. The volume of residential property transactions climbed 22% in 2022 compared to the corresponding period in 2021 whilst the value of the transactions went up by almost 23%, building on the momentum of the recovery which started in 2021.

Going forward into 2023, there are several factors which will determine the likely direction of the property market. Firstly, although the recent UMNO general assembly has retained the top two leaders uncontested and largely solidified the grip of the current President on the party, it is left to be seen as to whether the rank and file of the party will continue to back the present leadership in supporting the unity government. The outcome of the state elections due to be held in the first half of this year will also possibly determine whether the opposition will gather enough ammunition to bring down the government. This will be bad for the economy especially as the country has to stay strong and focussed in facing and tackling the global recession expected to happen this year. This will

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eventually translate to lower investor confidence and result in them adopting a wait and see attitude to see how things ride out.

Further, the global recession, if it occurs, will result in a drop in the country's exports and this will result in slower economic growth and a general decline in business health. This will lead to less optimism and less spending on big ticket items like property.

The recent collapse of Silicon Valley Bank and a couple of regional banks in the U.S. as well as the venerable Credit Suisse has shaken the confidence of the public as well as the investment community and although the American government has seemingly managed to contain the fallout from these bank failures, it is left to be seen whether there will be further blow outs arising from this crisis. Although Malaysian banks are well capitalised and are unlikely to suffer the same fate as the failed American banks, the repercussions from any enlarged global banking crisis will nevertheless lead to a period of caution and deceleration in growth of the general Malaysian economy.

Although Bank Negara Malaysia (BNM) did not raise the Overnight Policy Rate (OPR) at its recent meeting just before Chinese New Year, the higher cost of borrowing due to the four rate hikes in 2022 will also have to be factored in, as well as the continued difficulty of purchasers in securing full loans when considering the possible performance of the property market this year. The supply chain constraints and the increase in building material prices and construction costs are also factors which will impact the profitability of property developers and although a few of the major industry players have announced plans to increase the number of units launched this year, some may eventually scale back the launches if the market conditions show that it is unwise to proceed full steam ahead as planned. Nevertheless, as Malaysia is expected to steer clear of a recession, we believe that on an overall basis, the property market will continue to be on track on its recovery path although the pace of growth will likely slow down from a trot to a slow walk.

The revised Budget 2023 has now been tabled by the new unity government. The proposed budget of RM388.1 billion is higher than the RM372.3 billion proposed by the previous government before the dissolution of parliament as well as the RM332.1 billion in Budget 2022. The biggest beneficiary of the budget is the education sector but to the disappointment of the real estate sector, there were no substantial incentives announced for the sector, probably due to the more urgent tasks and priorities of the unity government in focussing on reducing the fiscal deficit, reforming institutions and helping SMEs and the B40 and M40 income groups. Perhaps once the government is on firmer footing and the economy has successfully weathered the expected challenges which it will face this year, the government will be in a better position to provide more support to the real estate sector. With the rise in construction costs due to the increase in prices of building materials and the acute shortage of labour, property developers have to cope with reduced margins and REHDA has indicated that its members would likely raise house prices this year to cope with the cost pressures unless the government can step in to control the rapid rise in construction costs or assist the industry by offering rebates on authority compliance costs.

Lastly, we would like to wish all our clients, partners, associates and staff, a prosperous, meaningful and rewarding year ahead.

LONG TIAN CHEK
Founding Director

Observations of NAPIC's Property Market Report 2022

Overall Performance

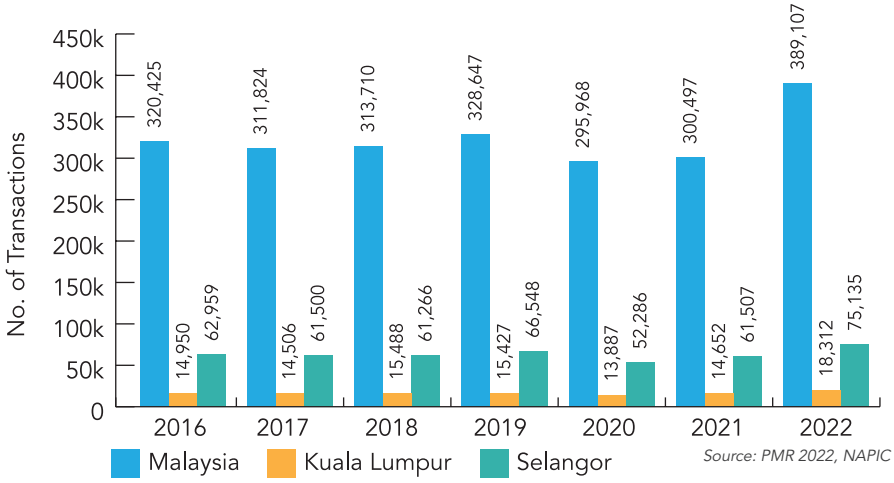
2022 was a very good year for the property market in Malaysia as the Property Market Report 2022 recently released by NAPIC reveals that the volume of property transactions recorded in 2022 increased by nearly 30% over that of 2021 and was in fact 18% higher than the pre-pandemic year of 2019. Value wise, transactions for 2022 registered a 24% jump over that of the previous year whilst compared to 2019, there was an increase of nearly 27%.

The third quarter of 2022 recorded the highest volume of transactions for the year ie. 105,113 units or 27% of the total number of transactions recorded for the year whilst it was the second quarter which registered the highest in terms of value of transactions at RM48.08 billion or 26.8% of the total value of transactions.

Nevertheless, we note from the report that the transaction statistics included transfers dated 2021 and before, and only 297,700 transactions actually relate to transfers dated 2022. The primary market was also reported as contributing 13.8% (53,698 transactions) of the total transactions while the secondary market took up the remaining 86.2% (335,409 transactions). However, we also noted from the technical notes in the report, "The transaction data do not include the property sales from developers in the primary market for which individual title/strata title has yet been issued." This implies that the actual number and value of units purchased from property developers during the year would be much higher and as such its share of total transactions would be larger because most of the sales by developers are concluded before and during the construction stages when the strata titles have not yet been issued.

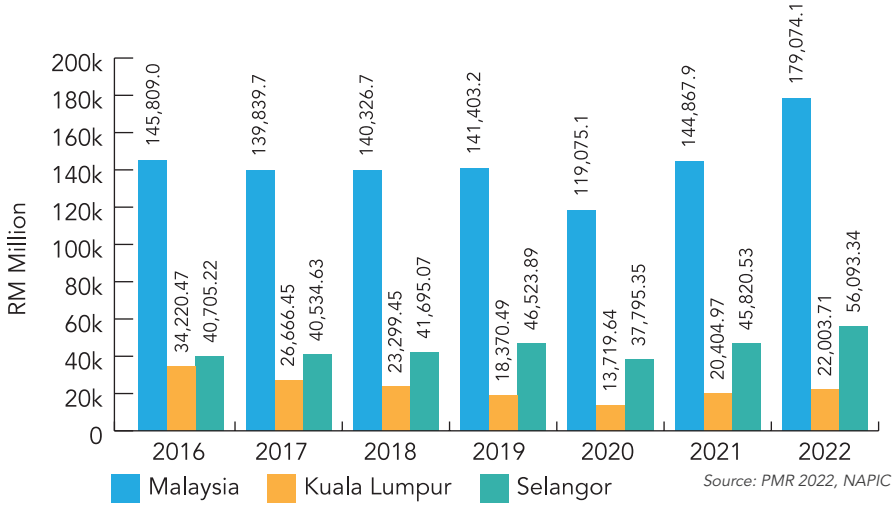
The substantial improvements in volume and value of property transactions in 2022 is a clear sign that the property market has turned the corner and has staged a strong recovery. The various actions taken by and strategies adopted by the government, even though there have been four changes in prime minister with differing priorities and focusses, appear to have been effective in steering and nursing the country out of the darkest hours of the Covid-19 pandemic and the economy is now on the mend. The country's economy chalked up an impressive growth of 8.7% in 2022 and this has led to a return of confidence amongst investors and in turn, the pent-up demand held back over the three years of the pandemic has helped to generate the higher transaction volume and value recorded by the property market for the year.

Overall Volume of Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Overall Value of Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Residential Sub-Sector

As in previous years, the residential sub-sector recorded the largest share of transactions in terms of both volume (243,190 transactions or 62.5% of total volume of transactions recorded for the year) and value of transactions (RM94.28 billion or 52.9%).

The residential sub-sector registered a strong performance in 2022 with a 22% improvement in the volume of transactions compared to the preceding year and 16% over that of 2019. In terms of value, 2022 recorded an increase of close to 23% over that of 2021 and 30% over that of 2019.

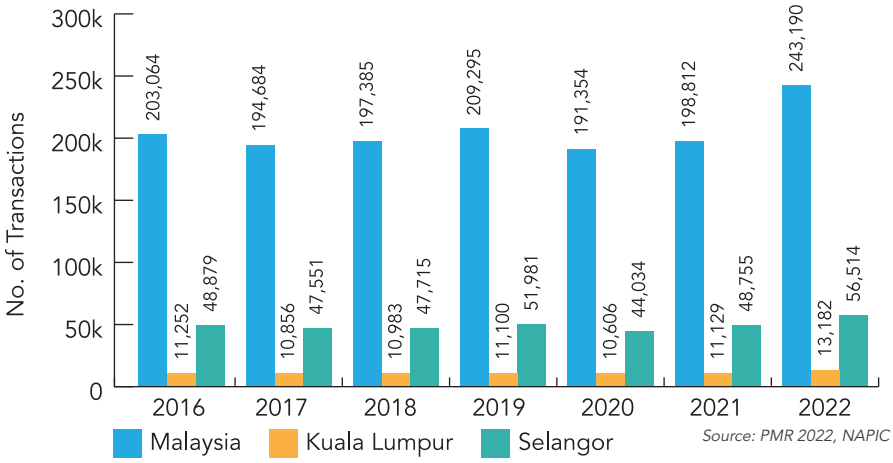
The Kuala Lumpur and Selangor residential property markets followed a similar trend, with the volume and value of transactions recorded in 2022 exceeding not only that of the pandemic years of 2020 and 2021 but also the pre-pandemic year of 2019.

There were 54,118 residential units launched in 2022, with 55% of them being landed properties (down from 72% in 2021). This compares with 43,860 units launched in 2021 (an increase of 23%). In terms of sales performance, 2022 recorded a slight decline to 36% compared to the 39% recorded the year before. The sales performance of landed residential properties recorded a decline in 2022 (from 43% to 38%) whilst high rise residential recorded a slight improvement (up from 29% to 33%).

In analysing the composition of the new launches, we noted that 44% of the units launched in 2022 were priced below RM300,000 compared to only 35% in 2021. There was a shift in the price categories of RM300,001 to RM500,000 as well as RM500,001 to RM1 million which saw their share of the new launches reduced from 36% to 31% and from 27% to 22% respectively.

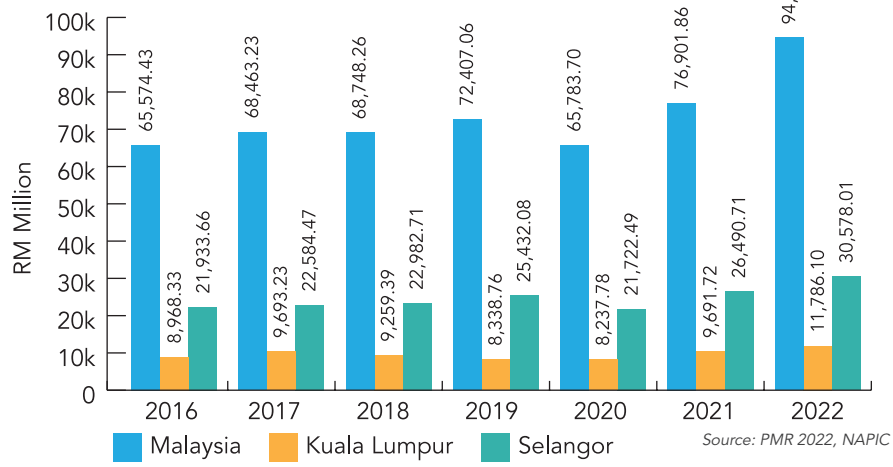
Interestingly residential units priced above RM1 million made up 3% of the new units launched compared to 2% the year before, perhaps indicating a slight return to favour of the higher priced residential units, whose buyers are possibly less affected by an economic downturn compared to the B40 and M40 groups.

Volume of Residential Property Transactions 2016-2022



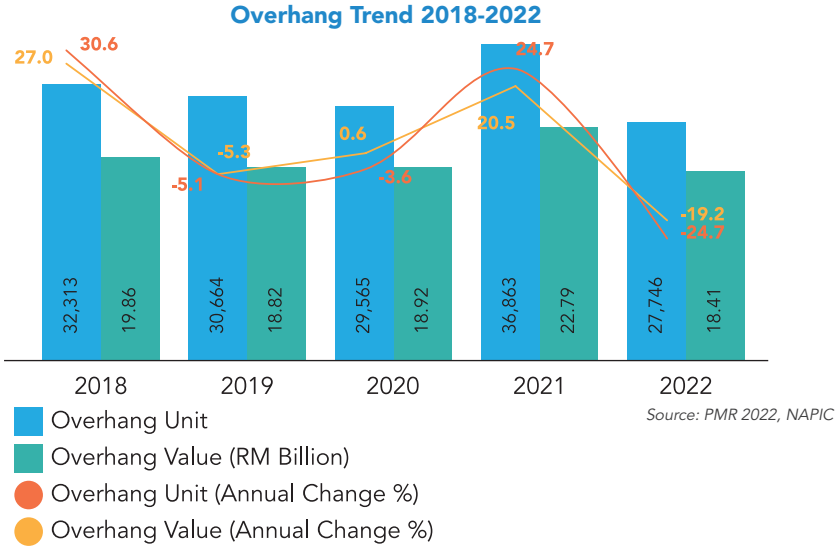
Source: PMR 2022, NAPIC

Value of Residential Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Overhang Trend 2018-2022



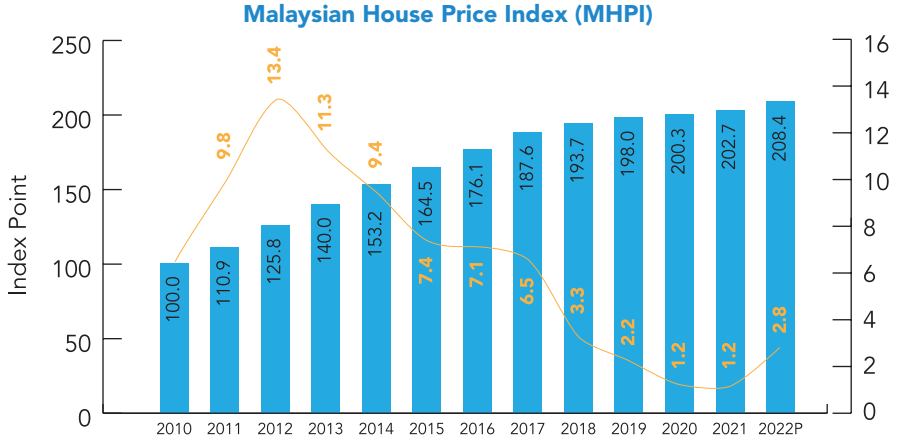
Source: PMR 2022, NAPIC

As a result of the improvement in the performance of the residential sub-sector, 2022 recorded a decline in the residential property overhang from 36,863 units in 2021 to 27,746 units in 2022, a drop of nearly 25%. Johor, Selangor, Penang and Kuala Lumpur, although recording a drop in the overhang numbers, continued to be the states with the largest overhang in 2022.

Residential properties priced under RM500,000 contributed nearly 53% of the residential overhang whilst those priced between RM500,001 and RM1 million had a share of nearly 34%. In terms of serviced apartment overhang, we also noted that there was a slight decline in both the number as well as value of the overhang (down 1.3% in both the number as well as value).

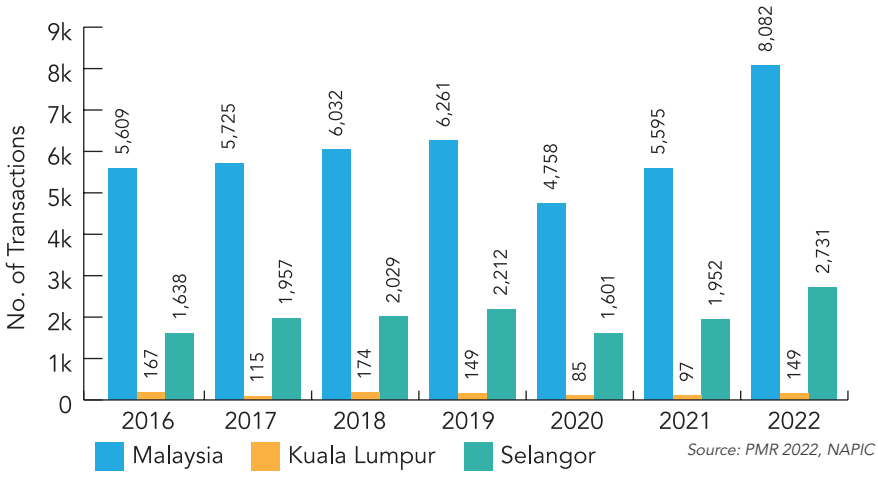
In terms of pricing, the National House Price Index continued to register an uptrend in 2022 with the index going up by 2.8%, an improvement over the 1.2% rise recorded for both the years of 2021 and 2020 but a far cry from the 6.5% to 13.4% annual increases recorded during the 2012 to 2017 period. Nevertheless, it is noted that the rise in the index for 2022 (2.8%) is better than the figure recorded in 2019 (2.2%), before the country was hit by the pandemic.

Malaysian House Price Index (MHPI)



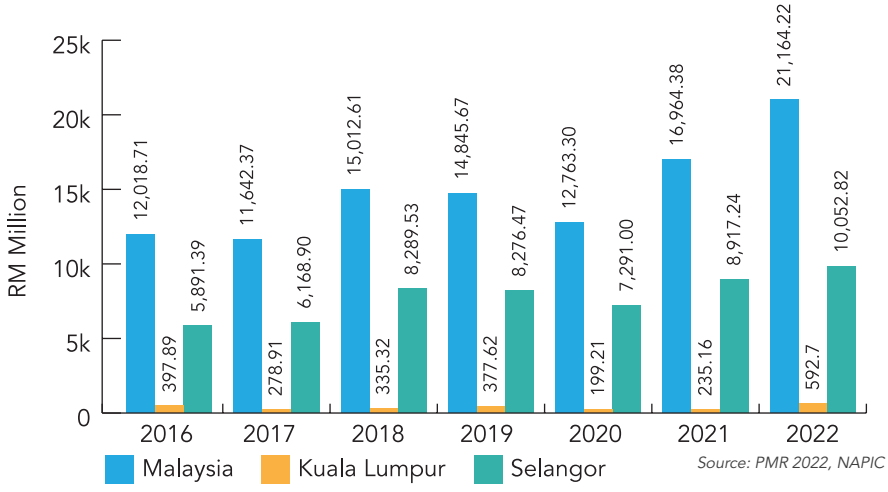
MHPI: Base Year 2010
Source: PMR 2022, NAPIC

Volume of Industrial Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Value of Industrial Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Other Sub-Sectors

The agriculture sub-sector came in second after the residential sub-sector, in terms of volume of transactions (82,040 transactions or 21.1% of the total) whilst the commercial sub-sector was the second best performing in terms of value, with a 18.2% share of the total, worth about RM32.61 billion.

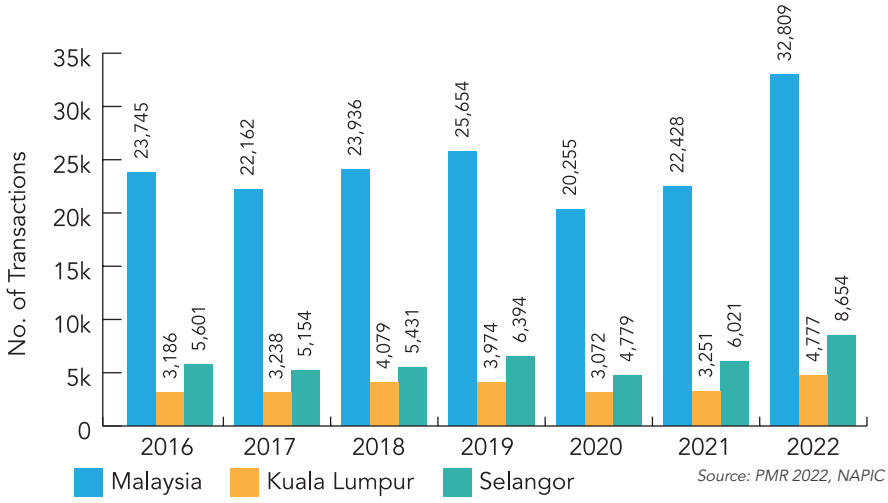
The industrial sub-sector continued to perform strongly as the volume of transactions showed a hefty 44% jump over that recorded in 2021 and 29% over that of 2019. Value wise, the industrial sub-sector registered an improvement of about 25% over 2021 and nearly 43% over 2019.

In sync with the overall improvement in the performance of the property market, the commercial sub-sector also registered an improvement in terms of volume and value of transactions in 2022. There was a 46% increase in the volume of transactions over that of 2021 and almost 28% higher than 2019. In terms of value, the sub-sector recorded a 17% jump over that of 2021 and a 9% increase over 2019.

In terms of performance, the purpose-built office (PBOs) sub-sector continued to face pressure on occupancy rates due to the substantial increase in supply over the past few years. Overall occupancy rates of PBOs dropped to 78.5% in 2022, down from 78.9% in 2021. Excluding government owned PBOs, the occupancy rate was even lower at 72.1%, down from 72.3% the year before.

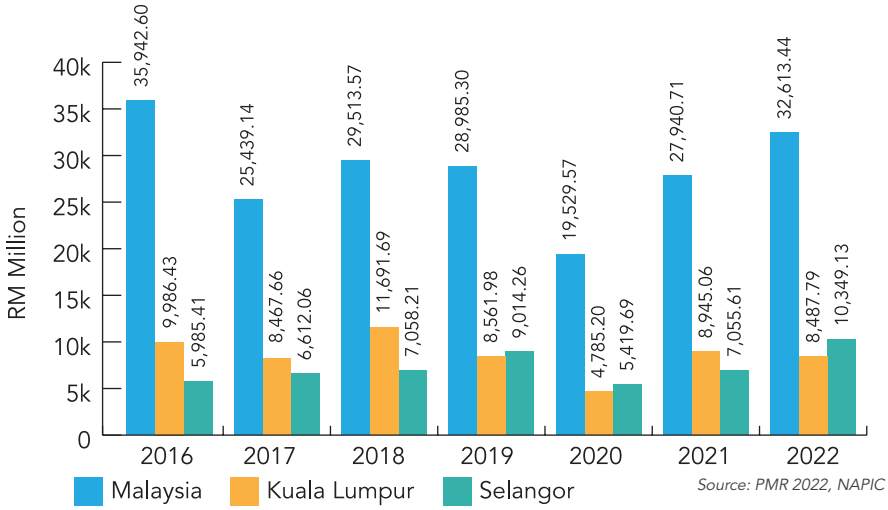
The retail industry benefited from the economic recovery after the ending of the MCOs and lifting of all the Covid-related SOPs but this has yet to be reflected by an improvement in occupancy rates of the malls which moderated to 75.4% in 2022 compared to 76.3% in 2021 and 80.2% in 2020.

Volume of Commercial Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Value of Commercial Property Transactions 2016-2022



Source: PMR 2022, NAPIC

Likely Performance of the Property Market in 2023

With assurances having been given by the Finance, Economy and International Trade & Industry Ministers as well as the Governor of Bank Negara that the country's economy will avoid regressing into a recession in 2023, the property market will likely remain steady on its path to recovery. Activities will continue to be robust although the pace will likely be slower than 2022, as the Home Ownership Campaign (HOC) has ended and there have been no signs that the government will reintroduce another round of HOC to boost the market.

Further, the dark clouds on the global horizon are causing investors to adopt a more cautious stance, amidst the background of the bank failures in the US, continuing war in the Ukraine and the beating of war drums against China as well as a potential global recession.

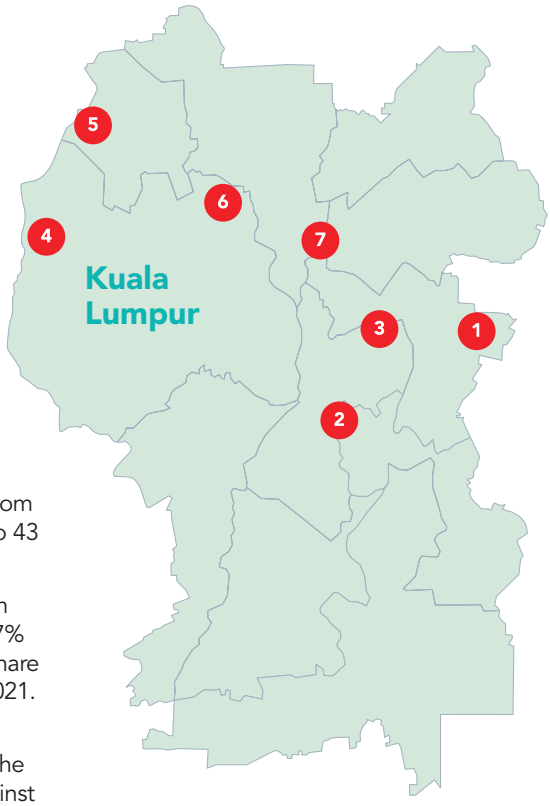
As it is, the Real Estate & Housing Developers' Association (REHDA), the representative of the private housing industry, has revealed its findings through its 2H 2022 industry survey, that the first half of 2023 will likely see a slower property market but would pick up in the second half of the year. REHDA has also indicated that its members will likely increase their prices this year to offset construction costs that have risen substantially over the past two years. Nevertheless, the quantum of increase will most definitely be influenced by the state of the property market and demand & supply dynamics, and we foresee that at this point in the market's recovery, it is unlikely that developers will be able to pass on the full cost of any price increase to the consumers.

Klang Valley's New Launches Contracted in 2022

The number of new launches dropped about 27% while the number of units launched declined by 19% in 2022 in Klang Valley compared to the full year of 2021.

Kuala Lumpur

1) **Ampang = 2 Projects**
   Highrise = RM800 - RM1,000psf
2) **Bangsar = 2 Projects**
   Highrise = RM1,000 - RM1,800psf
3) **Bukit Bintang = 1 Project**
   Highrise = RM900 - RM1,300psf
4) **Desa Parkcity = 1 Project**
   Highrise = RM700 - RM800psf
5) **Kepong = 1 Project**
   Highrise = RM400 - RM500psf
6) **Segambut = 1 Project**
   Highrise = RM700 - RM800psf
7) **Setapak = 2 Projects**
   Highrise = RM400 - RM500psf



- Klang Valley's new launches went from 59 projects (24,561 units) in 2021 to 43 projects (19,895 units) in 2021.
- Selangor continued its dominance in the number of new launches with 77% (33 projects) of Klang Valley's total share compared to 73% (43 projects) in 2021.
- In terms of the number of units, Selangor also launched more into the market with 63% (19,985 units) against Kuala Lumpur's 37% (7,316 units), a reverse from 2021.
- New launches in Klang Valley experienced a modest pace throughout 2022 with most months witnessing some form of activity. December was the only month without any launches. July on the other hand spotted the highest with 8 projects launched.
- By property type, Terrace/Super Link houses continue to lead the market with 16 projects (26 projects in 2021). Townhouse made a return with 1 project in 2022 compared to zero project in 2021.
- There was almost an even split of high-rises and landed properties with 23 and 25 projects respectively in 2022. In 2021, landed projects edged the market with 42 launches against 24 high-rises.
- Although 2022 experienced a dip in performance, the ratio of units on offer between high-rises and landed remains the same as 2021's statistics ie. 82% high-rises and 18% landed.
- In terms of built-ups, units measuring above 2,000 sq ft remained popular among developers with 22 projects (46% of new launches) offering such sizes in 2022. But despite the suggestive appetite for larger units, there was only 1 project with built-ups between the 1,800-2,000 sq ft category.
- The other popular built-up category appeared to be between 601-1,000 sq ft and 1,201-1,800 sq ft with a total of 36 projects carrying such configurations. The overall trend for built-up is generally consistent with 2021.
- By property prices, the above RM1 million category were featured in the most number of projects in both 2022 (21 projects or 49% of total projects) and 2021 (39 projects; 59%). The RM401,000-RM600,000 category was next in 2022 (18 projects; 42%), while in 2021, it was the RM601,000-RM800,000 category (34 projects; 52%).
- Of the 21 projects with units priced above RM1 million, 10 had 100% of its units sold above that threshold, comprising landed properties at Elmina Green Six in Sg. Buloh, Residensi Aurora in Cyberjaya, Legasi 4 in Puchong, Hanami Residence of Setia EcoHill in Semenyih, Casablanca 2 of Alam Impian in Shah Alam, Precinct Arundina Goldea (Phase 2A) of Setia Eco Park in Shah Alam, Hana Residences of Tropicana Aman in Shah Alam and Straits of Heron 2 of Setia Eco Park in Shah Alam. High-rises were made up of One Eleven Menerung in Bangsar and Noora in Desa ParkCity.

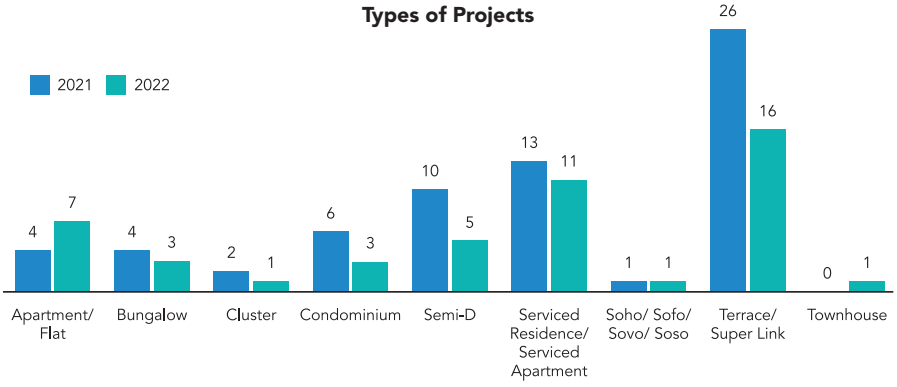
Total Projects Launched

	2021	2022
Projects	59	43

Total Units Launched

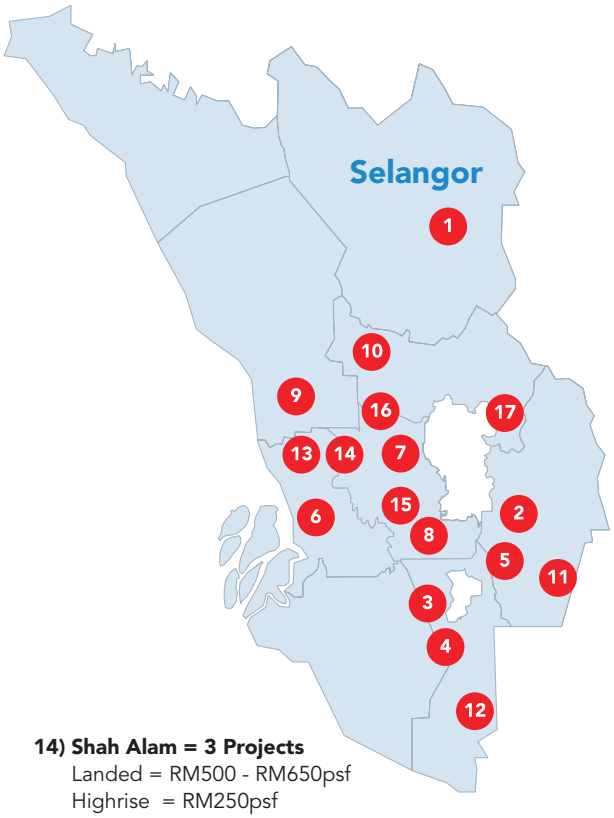
	2021	2022
Units	24,561	19,985

Types of Projects



Selangor

1) **Batang Kali = 1 Project**
   Landed = RM150 - RM200psf
2) **Cheras = 1 Project**
   Highrise = RM600 - RM650psf
3) **Cyberjaya = 1 Project**
   Landed = RM350 - RM450psf
4) **Dengkil = 4 Projects**
   Landed = RM300 - RM400psf
   Highrise = RM250 - RM500psf
5) **Kajang = 1 Project**
   Highrise = RM600 - RM800psf
6) **Klang = 1 Project**
   Highrise = RM400psf
7) **Petaling Jaya = 1 Project**
   Highrise = RM400 - RM500psf
8) **Puchong = 2 Projects**
   Landed = RM550 - RM800psf
   Highrise = RM450 - RM500psf
9) **Puncak Alam = 2 Projects**
   Landed = RM400 - RM500psf
   Highrise = RM450 - RM500psf
10) **Rawang= 2 Projects**
    Landed = RM350 - RM450psf
11) **Semenyih = 1 Project**
    Landed = RM500 - RM650psf
12) **Sepang = 2 Projects**
    Landed = RM250 - RM400psf
13) **Setia Alam = 5 Projects**
    Landed = RM400 - RM850psf

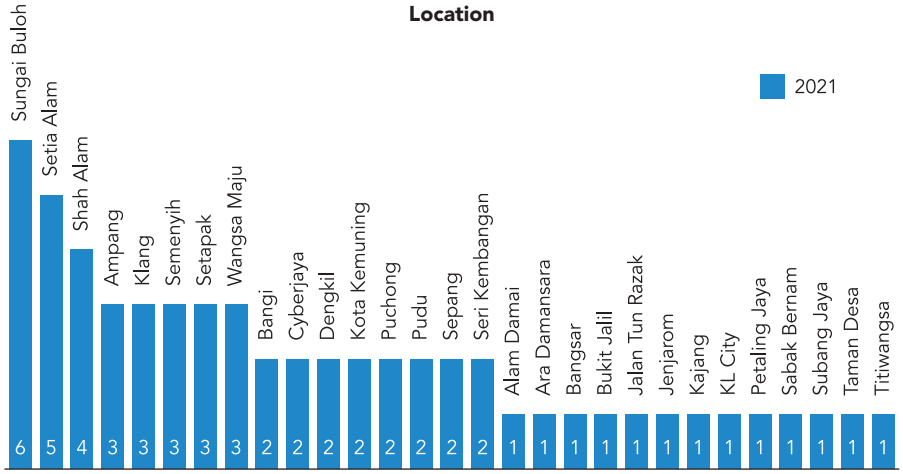


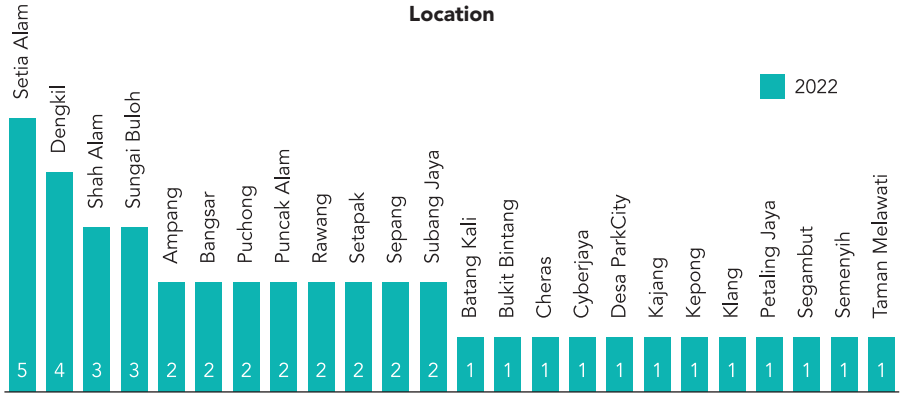
14) **Shah Alam = 3 Projects**
    Landed = RM500 - RM650psf
    Highrise = RM250psf
15) **Subang Jaya = 2 Projects**
    Highrise = RM600 - RM800psf
16) **Sungai Buloh = 3 Projects**
    Landed = RM400 - RM750psf
17) **Taman Melawati = 1 Project**
    Highrise = RM500 - RM600psf

UNIT SIZES BY PROJECTS		
2021		2022
9%	Below 600sf	17%
23%	601sf - 800sf	21%
27%	801sf - 1,000sf	31%
21%	1,001sf - 1,200sf	17%
15%	1,201sf - 1,500sf	23%
17%	1,501sf - 1,800sf	13%
9%	1,801sf - 2,000sf	2%
56%	Above 2,000sf	46%

PRICING BY PROJECTS		
2021		2022
17%	Below RM400,000	25%
33%	RM401,000 - RM600,000	38%
52%	RM601,000 - RM800,000	25%
41%	RM801,000 - RM1,000,000	29%
59%	Above RM1,000,000	48%

PRICE PER SQUARE FEET (PSF)		
2021		2022
50%	Below RM500	59%
50%	RM501 - RM750	28%
24%	RM751 - RM1,000	19%
5%	RM1,001 - RM1,500	13%
0%	Above RM1,500	3%





- On a per sq ft basis, 2022 saw 19 projects (59% of total new launches) in Klang Valley priced below RM500psf, signaling perhaps the declining purchasing power of city dwellers amidst the rising inflation and the 4 times upward adjustments of the OPR (Overnight Policy Rate).
- Setia Alam led the market with 5 new launches in 2022 followed by 4 in Dengkil and 3 each in Shah Alam and Sg. Buloh. Setia Alam also launched the same number of projects in 2021 but was ranked second behind Sg. Buloh with 6 projects.

THE UK'S INDEPENDENT SCHOOL OF THE YEAR NOW IN ASIA

Epsom College in Malaysia is the only sister school of Epsom College, the United Kingdom's Independent School of the Year in 2022 and one of the UK's top co-ed boarding schools as voted by The Telegraph and The Times. Located just 45 minutes outside of KL city centre and 15 minutes from Kuala Lumpur International Airport, Epsom provides a true British boarding school experience - an on-campus community feel, engagement with academic staff in a pastoral setting and a distraction-free academic environment - to its day, weekday and full-boarding students. Parents have discovered the benefits of space, time, safety, adventure and all-round success for their children at Epsom, safe in the knowledge that all their needs will be catered for.

The Epsom Advantage

Epsom has a proven track record of supporting successful applications to top universities globally including Oxbridge in the UK and Ivy League colleges in the US. Reflecting the ethos and close to 200 year track record of their sister school Epsom College in the UK, Epsom puts focus on a student's holistic development, beyond pure academic grades or exam success. In Sixth Form, the experienced teaching faculty work in tandem with Higher Education counsellors (with over 25 years of experience), to build problem-solving, interpersonal and communication skills to best prepare students to be globally competitive in the advancement of their studies and their future careers.

Given the size of Epsom's Sixth Form cohort, students benefit from a bespoke, personalised university support programme during and after school (including evenings and weekends). A dedicated and experienced resident Elite University Tutor will organise seminars with top university graduates and lecturers in chosen subject fields to provide students with a more in-depth look into what to expect from full specialisation in a chosen degree path.

For students with aspirations to apply to Oxbridge, Oxbridge alumni mentors are available on-site to provide an insider's perspective on the application process and 1-to-1 sessions for interview preparation.

An established vibrant and active Super Curricular Programme with a wide range of student leadership opportunities (eg. debating and public speaking, essay competitions, student-led academic societies such as the Politics Society, and the Medical Review) will help students to demonstrate passion and commitment to university admissions as well as help them develop interpersonal and leadership skills. Epsom provides access to internships thanks to established connections and collaboration with Air Asia and the ECM Libra Foundation, providing students with opportunities to upskill (eg. Big Pay and Red Beat Upskilling Academy, co-powered by Air Asia and Google). Participation in competitions and guided use of materials as part of the Super Curricular programme allows students to cultivate an awareness of the 'big picture', making links across their subjects and providing opportunities for real-life application eg. Commonwealth Youth Dialogue Conference, Model United Nation and FOBISIA Race4Good. Students benefit from the experience-based insights from the Epsom Live Talk series, whose past attendees include David Dufrenois of Airbus, Tan Sri Tommy Thomas (former Attorney General of Malaysia), Tan Sri Rafidah Aziz (former Minister of International Trade and Industry) and Tan Sri Tony Fernandes, founder of Capital A (formerly known as AirAsia). Tun Dr Mahathir Mohamad, former Prime Minister of Malaysia, will soon be in attendance.

A Winning Combination of Sport & Academics

Epsom College in Malaysia is quickly establishing itself as a sporting centre par excellence. The school recognises the importance of sports as a powerful tool that instils values such as the merit of hard work, teamwork, risk-taking,sportsmanship and leadership. Epsom pupils are spoilt for choice when it comes to sporting endeavours on its 50-acre campus with state-of-the-art facilities that include a multipurpose indoor sports centre (with 3 professional squash courts), an indoor and outdoor hockey pitch, rugby pitch, cricket pitch and swimming pool. With university applications abroad becoming increasingly competitive year after year, an athletic ability can be a differentiating factor in a pupil's profile against a broad pool of applicants - Epsom provides an ecosystem for a holistic education that involves playing sport at a high-performance level.

Epsom launched the Mouratoglou Tennis Programme in 2022 in partnership with Patrick Mouratoglou. As Serena Williams' full-time tennis coach, Patrick Mouratoglou has been credited with the training and development of several young rising stars including Stefanos Tsitsipas, Coco Gauff, Holger Rune and Alexei Popyrin. The Programme is a seamless blend of academics and tennis and is one of Epsom's many sports initiatives.

Student-athletes enjoy a newly built tennis complex with ITF (International Tennis Federation)-compliant outdoor and indoor courts, including clay courts which are a rare find in Asia.

Epsom will soon be launching the **ECM Golf Academy** which will focus on providing their students with the tools and resources required to realise their full golfing potential. The appointed Head Coach, Travis Van Dijk, an International PGA Player Of The Year winner, has over 17 years of experience developing elite junior players. Facilities at the ECM Golf Academy will include a 5-acre on-site training facility with a driving range and indoor/outdoor teaching studios, as well as access to an 18-hole golf course 2-3 times weekly.

For keen footballers, Epsom will have a **football academy** in partnership with La Liga - the top professional football division of the Spanish football league system in which teams such as Real Madrid and F.C. Barcelona compete in.

La Liga coaches reside on site to ensure in-campus training and skills on our FIFA-approved 4G Astroturf football pitch are continuously available outside of school hours. All of these sports academies will operate on Epsom's expansive 50-acre campus and further enhance the collegiate living-learning experience and community feel.

Not to be missed, students enrolling in or transitioning into Years 6 and 7 will be given the opportunity to take part and cultivate a stronger appreciation of the football, tennis and golf academies from September 2023 onwards, at no additional cost.

The Epsom Experience

Epsom offers interested families The Epsom Experience, a free boarding taster programme which gives prospective students a glimpse into life at Epsom. Curated by the academic teaching staff and pastoral care team, this complimentary, non-obligatory taster reflects Epsom's Future Ready curriculum.

admissions@epsomschool.com +6016 226 7831 +606 240 4188 epsomschool.com

A Good Start to 2023

Henry Butcher Malaysian and Southeast Asian Art Auction recorded RM2.8 million sale in just a three-hour duration on Sunday, 19 March 2023, at Galeri Prima with 123 Lots successfully sold.

Sim Polenn, Director of Henry Butcher Art Auctioneers, is delighted to see an increased interest in Malaysian and Southeast Asian art from local and international collectors.

The top-selling Lot is Yusof Ghani's *Siri Tari Kabuki* dated 1993 which sold for RM168,000. Latiff Mohidin's *Mindscape 31* (1983) was immediately sold post-auction as the second-highest top Lot.

Awang Damit Ahmad's *Renongan Yang Hampa – Minamata* (Essence Of Culture, E.O.C. Series, 1988) sold for RM145,600 while the *Shadows Of Colours Burnt Into The Wall* (E.O.C. Series, 1988) achieved RM134,400. Another of his E.O.C. piece titled *Kemudi Dan Gubang* (1993) realised RM78,400. The artist painted the E.O.C. Series from 1985 to 1995, and it has become the most popular series among collectors to acquire. In this series, while fishermen and farmers face weather challenges, people face struggles in life too, and with persistence, painstaking effort, fervent and steely determination, they overcame the daunting challenges, making an honest living.

Datuk Ibrahim Hussein's 1996 acrylic on canvas achieved RM134,400, while another of his abstract (c.1970s) acrylic on canvas achieved RM112,000. The sale room witnessed a prolonged bidding between the phone bidders and room bidders for these exquisite artworks.

Yusof Ghani's *Siri Tari XIV* (1993) achieved RM112,000, as collectors took the chance in obtaining such a beautiful masterpiece.

Indonesian artist Haji Widayat's painting titled *Keramaian Pasar* (1970) was sold at RM89,600 whereas Jolly Koh's *Red Dreaming III* (2005) was sold for RM78,400.

Another of Datuk Ibrahim Hussein's mixed media on canvas (1968) was also snapped up at the auction which was sold at RM72,800 while his *Sports Series* (1986) set of 8 offset lithograph on paper, edition 28 of 200, was sold for RM67,200.

A beautiful 1974 pastel portrait by Dato' Hoessein Enas achieved RM38,080, doubled its lower estimate (starting bid) of RM19,000.

Yusof Ghani (b. 1950) *Siri Tari Kabuki*, 1993
Sold for RM168,000.

According to Sim Polenn, Director of Henry Butcher Art Auctioneers, "The auction witnessed participation of new bidders from various backgrounds."

On the increasing pool of art collectors arising from the series of auctions, "We are encouraged and grateful for the continuous support from the collectors and art lovers from all around.

"We are delighted to see an increased interest in Malaysian and Southeast Asian art from local and international collectors. The team will continue to work hard, to present even better auction Lots for the auction coming up in June."

Awang Damit Ahmad (b. 1956) *Renongan Yang Hampa - Minamata - Essence Of Culture (E.O.C.) Series*, 1988
Sold for RM145,600.

Awang Damit Ahmad (b. 1956) *Shadows Of Colours Burnt Into The Wall - Essence Of Culture (E.O.C.) Series*, 1988
Sold for RM134,400.

Awang Damit Ahmad (b. 1956) *Essence Of Culture (E.O.C.) Kemudi Dan Gubang*, 1993
Sold for RM78,400.

Ibrahim Hussein, Datuk (b. 1936 - 2009) *Untitled*, 1996
Sold for RM134,400.

Ibrahim Hussein, Datuk (b. 1936 - 2009) *Untitled*, 1970s
Sold for RM112,000.

Yusof Ghani (b. 1950) *Siri Tari XIV*, 1993
Sold for RM112,000.

Recent Trends in the Fintech Sector in Malaysia & Singapore

By Adie Gupta

The financial technology (fintech) sector saw a boom in Southeast Asia in the past few years, including in Malaysia and Singapore driven partly by the technology adoption due to the Covid-19 pandemic. The two nations have become hotspots for fintech transactions and investments, with numerous startups and established companies making major strides in the industry. Covid-19 pandemic fast tracked the growth of this sector anywhere from 5 to 10 years.

Singapore issued 4 digital banking licenses in the year 2020 to 1) Grab, 2) Singtel, 3) SEA and 4) the Ant Group.

Malaysia issued 5 digital banking licenses in the year 2022 to 1) Boost RHB (consortium), 2) GXS, jointly owned by Grab and Singtel, 3) SEA and YTL Corporation, 4) KAF Investment Bank, MoneyMatch, Carsome and Jirnexu (consortium) and 5) Aeon Credit and MoneyLion (consortium).

Most of the licensees in both the countries are working through their plans to launch the services to benefit from the digital banking licenses.

The collapse of FTX, which till a couple of months ago was a US$32 billion crypto exchange, has dented investor confidence in cryptocurrencies in the near term. The medium- and long-term impacts are not entirely clear, but investor memories are generally considered 'short-term'!

Fintech Transactions in Malaysia

Malaysia's fintech sector continues to grow due to, facilitative regulatory environment, entrepreneurship and a growing digital population. The increased demand for better and more inclusive financial services is resulting in newer fintech startups to come on the scene.

The number of fintech firms in Malaysia increased to 293 in 2022, a 27% increase over 2021 with payments being the largest fintech segment. Additionally, many established financial institutions have incorporated fintech into their business models, creating a synergistic relationship between traditional finance and fintech. However, in the short to medium term, industry participants must brace themselves for challenging times as the next few years will determine the eventual champions in the industry in Malaysia.

The Digital Payments Continue to Grow in Malaysia chart shows the digital payments transaction volume and transaction value from 2019 to 2021 in Malaysia.

In the first nine months of 2021, fintech companies in Malaysia raised a record US$117 million in funding, surpassing 2020's total of US$77 million by 52%. This included AirAsia Digital's e-wallet/fintech unit BigPay raising US$100 million in financing from the South Korean conglomerate SK Group in 2021.

One of the corporate transactions in Malaysia's fintech sector that surprised many was the acquisition of Uniqa, an electronic payment system provider, by Minetech Resources (through a subsidiary), a KLSE-listed construction and mining company in 2021. Other notable corporate transactions in Malaysia's fintech space include the acquisition of Fave, a KL-based consumer fintech company by Pine Labs, an India-based payment merchant platform provider and the acquisition of Intelligent Money Sdn Bhd (iMoney), of personal finance company, in 2020 by Juris Technologies (JurisTech).

Fintech Transactions in Singapore

Singapore's fintech space remains robust, with a broad and diverse range of companies operating within it. There are more than 1,000 fintech firms and 40-odd innovation centers in the country. In 2021, there was a record USD3.9 billion in fintech investments in Singapore.

Singapore fintech funding hit a three-year high in 2022, even though lower valuations, turmoil in cryptocurrencies and uncertain economic conditions with high inflation and high interest rates negatively impacted global fintech investments.

Current drivers of growth and development in Singapore include:

- Rising penetration of digital financial technology.
- Accelerated adoption of online payment systems.
- Increasing embedding of financial services into e-commerce and other platforms.
- Growth of buy-now-pay-later.
- Increased regulations for crypto.

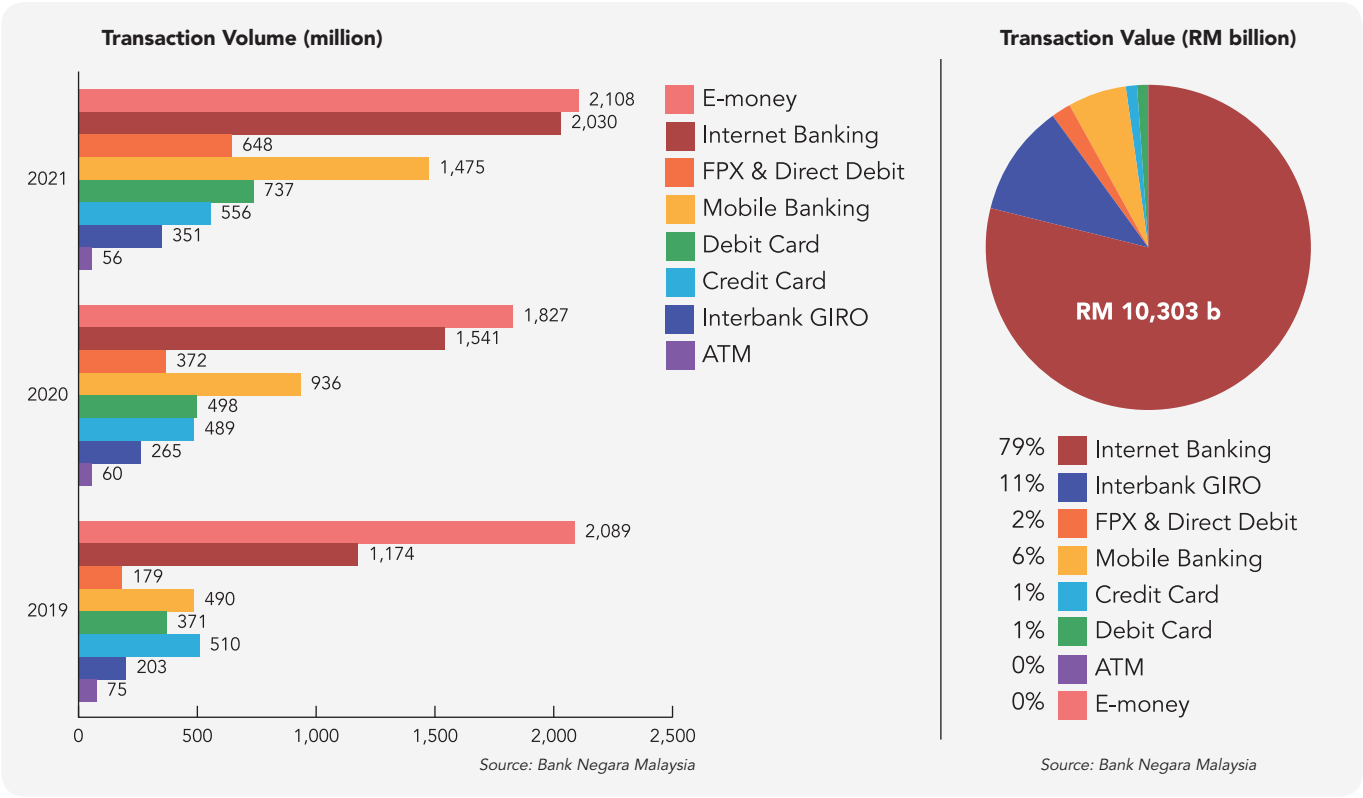
The Singapore Fintech Map 2022 shows breakdown of Singapore fintech transactions in 2022.

Emerging trends for Singapore's fintech industry are Singapore becoming a regional green financial hub (eg. Project Greenprint), the use of blockchain technologies and the use of AI. The use of AI, which is fast evolving, may change the landscape substantially but its impact will be felt in the coming months and years.

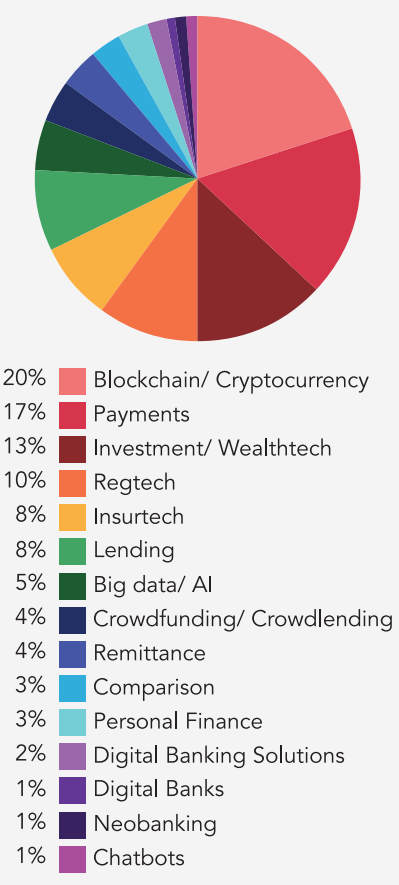
Many global fintech companies look at Singapore as the preferred location to access the growth markets of Asia, especially Southeast Asia. Singapore will continue to attract and encourage foreign fintech companies to establish operations in the country and thereby support a domestic startup scene to ensure that new solutions and services get launched in the market. However, the Singapore Fintech market has become very competitive for both foreign entrants and home-grown companies in both the B2C and B2B spaces. Further, the startup market is both small (in terms of market size) and already getting saturated.

Total deal value rose about 22% to US$4.1 billion in 2022 across 250 deals in M&A, private equity and venture capital, compared with US$3.4 billion in 2021. This was also the second-highest investment achieved by Singapore over the past decade, against a global trend of falling fintech investments. Crypto and blockchain, payments and wealth tech were among the top areas for funding.

Digital Payments Continue to Grow in Malaysia



Singapore Fintech Map 2022



Amber Group, a digital asset trading and infrastructure provider, was the largest deal in Singapore during 2022, raising US$300 million in its latest Series C funding round, led by Fenbushi Capital. Amber had initially planned to extend its B+ round by US$100 million at a valuation of US$3 billion. However, following FTX's dramatic implosion, which had a significant impact on the crypto industry, Amber's valuation fell below US$3 billion.

Conclusion

The fintech sector in Malaysia and Singapore has thrived in the recent past, with numerous startups and established companies contributing. Both countries have experienced significant funding and transactions in the sector, with fintech valuations increasing as investor interest grows.

The FTX collapse has had a negative impact on the crypto segment of the fintech sector but only time will tell if this is only a short-term phenomenon. The future of the fintech sector in Malaysia and Singapore, in general, looks promising, driven by increasing demand for digital financial services and continued investment in the industry. The impact of AI is still being studied on the industry and no doubt there will be rationalisation and consolidation as newer technologies emerge impacting the existing business models, particularly in Singapore where the competition is higher.

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- *KPMG, Pulse of Fintech report.*
- *Fintech in ASEAN 2021: Digital Takes Flight report, United Overseas Bank (UOB), November 2021.*
- *The International Trade Administration, Market Intelligence - SINGAPORE FINTECH MARKET.*
- *Singapore Fintech Report 2022, Fintech Singapore.*

This article is written by Adie Gupta, Managing Director of Spring Galaxy, an Associate firm of Henry Butcher Malaysia.

Spring Galaxy is a specialist business valuation and strategic advisory services provider. For more information, please visit https://www.springgalaxy.com/

HENRY BUTCHER
ART AUCTIONEERS

Malaysian & Southeast Asian Art Auction

June / July 2023

Awang Damit Ahmad
Rumbia dan Orang-orang (Sago and People), 1992, mixed media on canvas, 106.5 x 91 cm

2016 **RM 2.4** million auction sales
2017 **RM 3.3** million auction sales
2018 **RM 5.8** million auction sales
2019 **RM 8.3** million auction sales
2020 **RM 8.5** million auction sales
2021 **RM 11.6** million auction sales
2022 **RM 8.4** million auction sales

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