

By Shu-Ching Jean Chen, Jeanhee Kim and Jessica Tan

The Way Forward

The Forbes Asia CEO Webinar, this year's digital alternative to the annual Forbes Global CEO Conference, convened virtually on Dec. 1 and Dec. 2. Business leaders from around Asia delved into the long journey back from the pandemic, the opportunities created by the new normal, and the way forward. Here are some key insights from those discussions.



**In Conversation with Steve Forbes,
chairman and editor-in-chief, Forbes Media**

In a wide-ranging conversation, Steve Forbes, chairman and editor-in-chief of Forbes Media, shared his views on geopolitical and economic issues, including his predictions for the administration of U.S. President-elect Joseph Biden and a possible economic aftermath of the global pandemic.

For Asia, Biden's presidency will likely be a "very mixed bag," Forbes said. "The good news is no new tariffs, but a lot of work is going to be done to try to have a smooth relationship with our allies, and coming up with a *modus vivendi* with Beijing." He predicted that U.S.-Japan ties would remain close and that relations with India would continue to deepen. "The problem on trade, though, which is not good news for anybody, is that the Democrats are even more protectionist than Donald Trump was," he said.

Forbes expressed optimism that potential new vaccines could help ease the immediate effects of the pandemic. "The worst of the Covid-19 overhang will be over but that still leads to the question of economic policies and the aftermath," he said. "But at least this nightmare will be behind us within the very foreseeable future."

Governments will need to resist the temptation, Forbes said, to use higher taxes to pay down the growing debts



now being incurred to support the global economy. Doing so, he said, would hinder recovery. Instead, "we should treat it like we have just fought a major war," he said. "When you fight a major war, debt levels go up to levels that were inconceivable during peacetime. And so the question is, 'What do we do about the debt?' We put in policies that allow for economic growth and realize that government spending really doesn't stimulate an economy long-term."

"A government does not create resources, it is the private sector that creates resources," Forbes said. "What kind of environment will we have to allow the private sector, entrepreneurs to get back and do the things that they do so well: create and come up with new ideas, new businesses, new ways of doing things, more productive ways of doing things. That is how you create the resources to make sure that, in the future, assets grow faster than our liabilities." —J.T.

Dec. 1 - First Panel

ECONOMY & TRADE: WHAT DOESN'T KILL US

Just weeks after announcements by three major pharmaceutical companies that their Covid-19 vaccines had achieved protection rates of at least 90%, four panelists focused on how widespread vaccinations might impact the global economy and geopolitics.

The successful development of vaccines “will lead to a much more secure environment for economic rebound,” said Kiran Mazumdar-Shaw, founder of Biocon, a leading biotech firm in India. “We are likely to see the green shoots coming back” by the first quarter of next year and a return to pre-pandemic levels by the end of 2021. “Vaccine-induced herd immunity is extremely important to economic revival,” she said.

But vaccines must be accessible, Mazumdar-Shaw warned. “The pandemic shows one thing: there are no boundaries,” she said. “We all have to be immunized. One part of the world immunized doesn’t protect the other.”

Aloke Lohia, group CEO of global petrochemical maker Indorama Ventures, also saw “a very positive outcome, post-Covid,” but he pegged it to government policies. “Stimulus will drive the economy,” he said. “I see a good deal of corporate activity coming back.”

The panelists predicted long-term changes to the beleaguered travel industry. Goodwin Gaw, chairman of Hong Kong-based private equity firm Gaw Capital Partners, said leisure travel would be first to rebound. Business travel, on the other hand, is unlikely to revive completely as people may no longer see the need for short business trips, said

Ho Kwon Ping, founder and executive chairman of Singapore-based resort operator Banyan Tree Holdings. The new trend will be “purposeful” travel, he said, travel that has a special purpose, either for business or leisure.

Lohia said his Bangkok-based company would cut its own business trips in half now that Zoom is so widely used. “I personally find it hard to believe people will travel,” he said.

Domestic travel, on the other hand, is likely to dominate the sector, panelists agreed. People will stay closer to home, Lohia predicted, which will require infrastructure spending to handle rising demand on roads and mass transit.

Panelists concurred that Biden presidency would bring greater geopolitical calm. “I expect Biden will undo the confusion and chaos,” said Mazumdar-Shaw. But the damage to the U.S. influence has been extensive and irrevocable, panelists said. “In the Trump chaos, the U.S. gave up the technological lead,” said Gaw. The U.S. forced China to develop its own tech standards, he said, “bifurcating the world.” Ho cautioned that, even without Trump, the U.S.-China rift would not heal unless Americans accept China as an equal competitor. “America has to recognize it is no longer exceptional, as the Brits had to.”

Ho called Covid-19 a “creeping disaster” that would trigger a paradigm shift. “Covid has opened the eyes of Asia to Western exceptionalism,” he said. “The fact that Western economies performed so badly doesn’t mean Asia will be superior, but does mean Asia will have to find its own way forward.” —*J.K.*



From top left to bottom right: Goodwin Gaw, managing principal and chairman of Gaw Capital Partners; Ho Kwon Ping, executive chairman of Banyan Tree Holdings; Aloke Lohia, group CEO of Indorama Ventures; Kiran Mazumdar-Shaw, executive chairperson of Biocon; Wayne Arnold, executive editor, *Forbes Asia* (moderator).

Dec. 1 - Second Panel

FAMILY BUSINESS: EXPEDITION INTO THE UNKNOWN

Digitalization amid the pandemic dominated this discussion, with panelists sharing how their family businesses are pivoting to the new normal. “I think the keyword this year has been acceleration,” said Roshni Nadar Malhotra, chairperson of India’s IT services giant HCL Technologies. “For a lot of businesses, industries and clients that we service, as well as our own, initiatives and strategies that were to be played out over the next two to three years are now all of a sudden pushed forward.”

While HCL was able to quickly transition its 150,000-strong workforce to working from home, Nadar Malhotra said she expected more shifts as vaccines restore confidence. “Employees would want to come back to work because it’s also a sort of a break from the personal issues, psychological issues, that they could have been feeling at home,” said Nadar Malhotra. Offices and other workplaces provide space for a “certain level of collaboration and creativity,” she said.

GSH Corporation COO Kenneth Goi said his business, founded by his billionaire father Sam Goi and which has interests in property, hospitality and food, was tested by the sudden drop in occupancies, construction shutdowns and supply-chain disruptions. He emphasized the importance of being “fluid enough to make changes so that we can adapt to the new situation.”

The pandemic has pushed GSH to think outside the box, Goi said, citing his sales teams’ use of WeChat and Skype to conduct virtual showroom tours. “Prior to this pandemic, we always wondered: ‘Why would people buy a

house with just a video viewing?’ But, hey, it works. Sales have kept on going, even during the lockdown.”

Damen Shipyards in the Netherlands has managed to remain fully operational. “We had a rapid-test facility at the shipyards to test our employees,” said Rose Damen, family shareholder of the group and managing director of Damen Yachting. “Shipbuilding is not something you can do from home.”

Damen said initial concerns about dwindling orders as the pandemic unfolded in March were swiftly dispelled. “Actually, our order intake for 2020 has been very strong because families still want to get away, and yachting is a way for them to do that in a safe way,” she said.

Damen said the pandemic “has opened our eyes” to a lot of opportunities in the digital space. “We used to fly our subcontractors all over the world, for example, to do commissioning work. But for now we’ve figured that actually a lot of that can also be done virtually,” she said, adding that some of that virtual commissioning would likely continue post-Covid.

Axton Salim, executive director of Indonesia’s diversified Salim Group, said that “digital transformation in the country is starting to develop very quickly.” Yet, with opportunities come challenges. “If we look at the whole Covid-19 situation, it further highlights the gaps and inequalities, and different sets of problems for consumers who are in the outer islands and in the lower income households, who now have to face digital obstacles and afford internet services,” he said. —*J.T.*

From top left to bottom right: Rose Damen, family shareholder of Damen Shipyards Group, managing director of Damen Yachting; Kenneth Goi, COO and executive director of GSH Corporation; Roshni Nadar Malhotra, executive director and CEO of HCL Corporation, chairperson of HCL Technologies; Axton Salim, executive director of Salim Group; Rana Wehbe Watson, senior editor-special projects, *Forbes Asia* (moderator).





From top left to bottom right: Cheah Cheng Hye, co-chairman and co-CIO of Value Partners Group; JP Gan, founding partner of INCE Capital; Janet Henry, global chief economist of HSBC; Jean Eric Salata, chief executive and founding partner of Baring Private Equity Asia; Wayne Arnold, executive editor, *Forbes Asia* (moderator).

Dec. 1 - Third Panel

MONEY & INVESTING: WASHING THE 'INVISIBLE HAND'

This discussion brought together some leading financial experts, who offered insights on how to invest in the coming months. The waves of liquidity unleashed by global central banks are here to stay, panelists said. “You cannot go on forever, but in the next few years, that seems to be where we are,” said Janet Henry, global chief economist at HSBC. As a result, expectations for a long period of low interest rates have been priced into valuations of companies, yielding both sky-high stock prices and ever-pricier deals, according to Jean Eric Salata, founding partner of Hong Kong’s Baring Private Equity Asia.

While today’s low rates may seem mind-boggling compared with those 20 years ago, said Salata, the market’s seemingly “irrational exuberance, if you would call it that, is not necessarily a bad thing if it is funded by equities rather than debt.” Often, equity investments go straight into the locomotive of businesses, he said, feeding innovation and creativity along the way. But Cheah Cheng Hye, co-chairman at Hong Kong investment firm Value Partners, sounded a note of caution: “Sooner or later, the real world will catch up with us.”

Hopefully, the pandemic represents only a temporary disruption in earnings, Salata said, as opposed to permanent destruction of value. And the loss of one year’s earnings isn’t enough to ruin a good company. Overall, the prospects for much of Asia remain bright, Henry said. “Asia will

continue to outperform quite significantly,” she said.

China remains on everyone’s radar as well. “The elephant in the room right now is the opening and development of China’s capital market,” said Cheah. The potential is huge: while China may already be home to the world’s most-traded stock market and its second-largest by market cap (after New York), he said, 80% of national savings are still tied up in real estate, or in money market funds and cash.

Meanwhile, the pandemic hasn’t slowed down the deal flow, said JP Gan, founding partner of INCE Capital. Serious money is still being raised through digital roadshows and Zoom calls. “This is going to change the financial industry. Maybe in the future, there will be no more roadshows. Just Zoom calls all day. That’s all,” Gan said. “We can have robots for the presentation and switch to humans for Q&A.”

Digitalization and the relentless rise of technology will continue post-pandemic, and tech remains one of the best investment opportunities. The panelists all liked tech as an investment, and, in an instant online poll of attendees, 33% of them also picked tech stocks as the asset class most likely to perform best over the next year, beating Asian stocks, bonds, crypto-assets, gold, private investments and property. The likeliest laggard? Treasury bonds. —J.C.

From top left to bottom right: Jane Sun, CEO of Trip.com Group; Hendra Soetjipto Tan, group CEO of Star Energy Geothermal Group; David Yeung, founder and CEO of Green Monday Group; Wayne Arnold, executive editor, *Forbes Asia* (moderator).



Dec. 2 - First Panel

INNOVATION: GERM OF AN IDEA

What do food, online travel, and green energy have in common? A relentless pursuit of innovation, according to three top executives in their respective fields. After a long and painful slump, travel is now one of the industries spearheading China's economic revival, said Jane Sun, CEO of China's leading online travel agency Trip.com. To make up ground lost to the pandemic, the company started 3D online streaming of tourist attractions—from museums to hotels, inside and outside China. It has also launched a service for online sales of luxury items. "When our customers want to buy luxury products such as Rolex watches, our finance arm helps them to do it," Sun said.

Green Monday, a Hong Kong-based company, is developing plant-based food alternatives for various Asian cuisines, said David Yeung, founder and CEO. Green Monday's latest product is designed to taste and cook just like luncheon meat. Demand is soaring, Yeung said, as the pandemic awakens people to the fragility of the planet and food supply chains. "Even today, not many people realize that we can simply reduce our meat consumption to create an impact," Yeung said. Green Monday's name comes from eating a

plant-based diet at least one day a week—on Monday.

Investors are also becoming increasingly aware of the climate-change imperative. In Indonesia, Star Energy Geothermal, the largest local geothermal energy producer and among the world's top three, was able to raise \$1.1 billion in October selling green bonds that were the first issued by an Indonesian firm to win an investment-grade rating, said Hendra Soetjipto Tan, Star Energy Geothermal's group CEO.

Star Energy Geothermal is working to transform Indonesia into the world's largest producer of clean power from the earth's volcanic heat, Tan said. "Geothermal energy is very reliable and stable, unlike wind and solar, which depend on the weather, and certainly can reduce carbon emissions." Star Energy Geothermal already produces enough electricity to power up 900,000 homes, and has 875 megawatts in gross capacity. Geothermal power also stands to reduce Indonesia's oil import bill. The shift in attitudes, he said, is unmistakable. "The benefit is very, very clear," Tan said. "Young people want to see bluer skies. It's a trend, and I would say, a one-way street going forward." —J.C.

Dec. 2 - Second Panel

LEADERSHIP: MAKING THE CALL

The event's final panel focused on leadership, and how the panelists led their companies to survive and even thrive during the pandemic. Their strategies ranged widely—at one end was Adrian Cheng, CEO of Hong Kong-based property giant New World Development, who focused on increasing market share. “The pandemic forced us to see the crisis as an opportunity,” said Cheng. “We are grabbing market share, being socially innovative, more creative and ambitious.”

On the other was Tony Fernandes, CEO of Malaysia-based AirAsia Group, who focused on survival. “I probably win the prize for most affected,” said Fernandes. “I’m certainly not buying shopping malls like Adrian.” Fernandes’ focus was on restructuring to turn any now underutilized part of his company—aircraft, meals, or customer data—into a revenue-generating business of its own. AirAsia has spawned 24 restaurant concepts, for instance, and launched a new business that capitalizes on its customer database.


Arif P. Rachmat, cofounder and executive chairman of Indonesia’s diversified TAP group, and Enrique K. Razon Jr., chairman of Manila-based port management firm International Container Terminal Services, Inc., pivoted into pandemic-fighting causes. Rachmat repurposed auto-parts factories to make ventilators, and Razon built quarantine centers where infected people could isolate until they recovered. “We can build faster than the government, so we decided to do it,” said Razon. “We built the first two centers in a week.”

Rachmat pledged no layoffs, no pay cuts and—to his company’s lenders—no defaults. “Loyalty works both ways,”

he said. “Covid-19 gave us a rare opportunity to prove our loyalty to them.” But Fernandes was forced to make painful cuts. “We’ve let people go who haven’t done anything wrong,” he said. “That was very tough. My number one role now is to protect as many jobs as possible.”

Vaccines remain essential to economy recovery, the panelists said. “The virus will wear out at some point on its own,” said Razon. “But the vaccine gives confidence to travel, gather and more.” Even with vaccines available, Fernandes said, it will remain important to focus on testing and therapeutics. “If Donald Trump can recover, all of us have a chance to recover as well,” he said.

There are likely to be challenges when it comes to distributing vaccines, panelists warned, so caring for essential workers until they can be immunized remains paramount. In Indonesia, Rachmat advocated making cash transfers to the poor, and for leaders to act with compassion and humility.

Covid-19 has sparked sharper focus on the community, said Cheng. He said he had donated 3 million square feet of land to build affordable housing for low-income families with small children. More broadly, he said, the crisis had pushed his company to accelerate its efforts to promote sustainability and social entrepreneurship. Farming, climate change and food sustainability are among the top priorities for his company’s target demographic, he said. Cheng cited a Hong Kong residential development New World is developing that will enable residents to farm on site. “An entire farm [is] in the middle of the complex,” he said. “People can farm after work.” —J.K. 

From top left to bottom right: Adrian Cheng, CEO of New World Development, founder of K11 Group; Tony Fernandes, CEO of AirAsia Group; Arif P. Rachmat, cofounder and executive chairman of TAP Group; Enrique K. Razon Jr., chairman and president of International Container Terminal Services, Inc.; Rana Wehbe Watson, senior editor-special projects, *Forbes Asia* (moderator).

