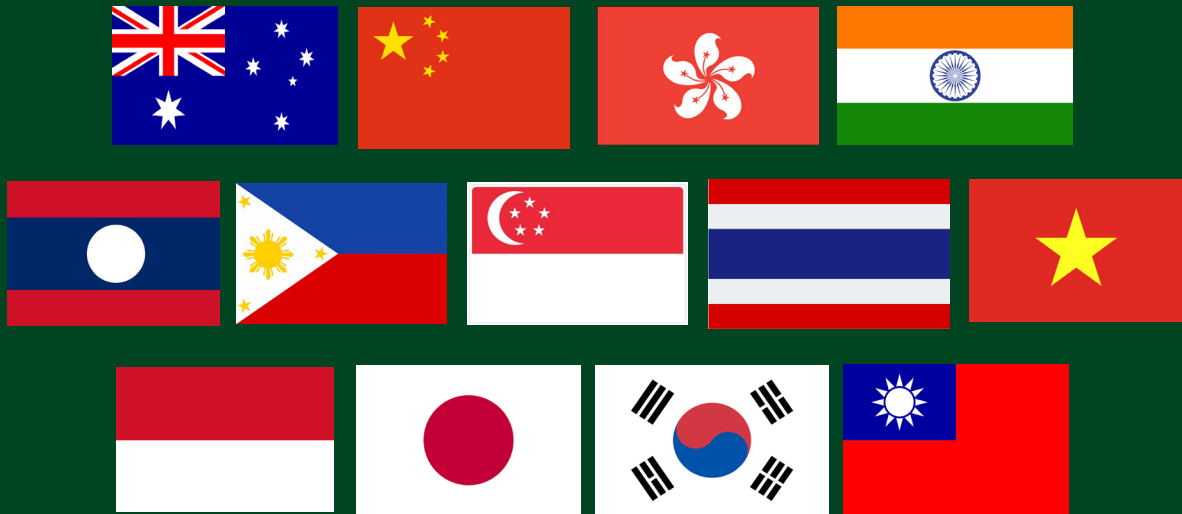




Horton International
EXECUTIVE SEARCH · MANAGEMENT CONSULTANTS

Better performance
through better hires

ASIA PACIFIC REGIONAL REVIEW



APRIL 2020

Table Of Contents

AUSTRALIA.....	3
CHINA.....	4
HONG KONG.....	5
INDIA.....	6
LAOS.....	7
PHILIPPINES.....	8
SINGAPORE	9
THAILAND	9
VIETNAM.....	10
ELSEWHERE IN ASIA PACIFIC.....	11

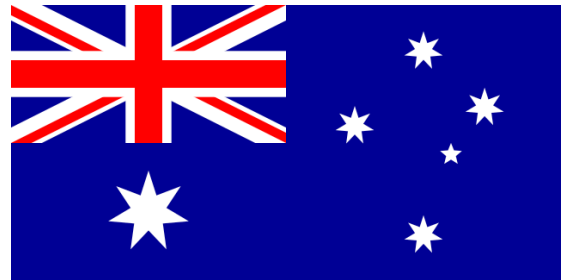
AUSTRALIA

Casting my mind back to the Australia I knew prior to Covid-19, we had a solid economy with reasonable, but not strong, business and consumer confidence. Economic growth was around 2% in 2019 and forecast to continue. However, trading growth had been weaker and last year the domestic housing market turned down. In response, the federal government delivered household tax cuts and an easing of monetary policy. At end 2019, the Reserve Bank interest rate was an historic low of 0.75%.

The Reddin Group took over the rights to the Horton International brand in Australia in July 2019, specifically for the Government sector where retiring Managing Partner, Robin Billen, has developed significant partnerships over some 20 years. To be blunt, other Australian partners retiring prior to Robin has largely seen Horton's private sector client base dissipate.

Reddin Executive Search and Senior Recruitment businesses have been operating across Australia since 1983. And now Horton International in Australia, held within the Reddin Group, is a specialist business recruiting into Government and semi-Government organisations. We go to market here as Horton International as that is where the brand is strong and makes for a smooth transition.

The Horton International and Reddin businesses have almost 70 years' experience between them, whilst the Partners have well over 100 years of combined industry experience! Also, critically, the Reddin Group brings to the market a number of broader HR services to add to the traditional Horton International executive search practice. These include:



- * Career transition and outplacement
- * Executive coaching
- * Executive and talent assessment
- * Psychological appraisal and assessment – now inhouse since 2019
- * Outsourced HR services
- * Training services

In particular, we are developing traction around our outplacement services for Government.

At the end of 2019 and early 2020, business has been strong in the private sector, typically around senior sales, finance and supply chain roles, although most were executive recruitment as opposed to search. Nevertheless, we enjoyed positive results during the past six months. We wanted to make a real 'bang' with Horton International, but sadly the same can't be said for the government sector. At the beginning of 2020, the Victorian State Government, suffering a very large fiscal shortfall crisis, told all departments to find substantial budget savings, resulting in a hiring freeze that is still in place.

We filled two senior roles in the Department of Land, Water and Planning, which was encouraging, and we tendered for a few other senior positions; sadly, we lost those in a very competitive market. However, we have, just this week, submitted an executive search proposal for Head of Transport at the Department of Transport. This is a senior

executive position and Robin has strong relations in the Department, so we are hoping for a change of luck! We are told that the role is going ahead despite Covid19 restrictions.

I am an equity Partner of Reddin Group and the partner who manages the Horton brand in Australia. Robin is acting as a key advisor and with us until the end of July 2020.

From a strategic point of view, we are keen to recruit another partner, potentially to take over the Horton brand, particularly if he/she has a strong government background. A new partner to lead the brand, in addition to David Reddin, Merran Brown and me as 'Reddin Group', also engaged in Horton International (backed by research, consultants and admin), would give us

real impetus. We have met candidates and there is one who holds promise. However, again, due to Covid19 and watching our cash, we are holding off until the second half of 2020. We'll see where we are then!

Best in business to you all

Andrew Telburn

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CHINA

中国

Asia Carbon Search (ACS) joined the Horton International family in 2020. We have been operating in China since 2008 and are a general executive search firm with focuses in private equity, asset management, and professional services

As everyone knows, China is developing into a major economic power of the world. China achieved its economic growth target of 6 to 6.5 percent set for the whole year of 2019, and registered an annual GDP of ~99 trillion yuan (USD14.4 trillion). China's per capita GDP reached US\$10,276 in 2019. However, with the CoVID-19 crisis, the EIU expects China's real GDP to expand by only 1% in calendar 2020.

In addition, it is important to recognize the continued efforts of China to open up its economy



and steadily advancing in its economic reform. According to the World Bank Group's "Doing Business 2020 study", China is one of the top ten most improved economies for "ease of doing business", now ranked 31st globally.

One key sector that has opened up is financial services. Participation by global asset managers had previously been limited to investments or minority JVs. It is now an inflection point for foreign asset managers as foreign players are permitted controlling stakes and to operate domestically in private securities fund management and other

businesses. Global asset managers can tap into the rapidly growing RMB 48 tn (US\$ 7.4 tn) asset management market.

On the capital market side, Shanghai has overtaken Hong Kong as the world's top IPO market in Q1 '20, partly due to the RMB 30.7bn Beijing-Shanghai High Speed Railway IPO. Companies raised US\$7.27 bn on the Shanghai Stock Exchange (vs. US\$ 5.2 bn on NASDAQ).

Chinese companies seeking financing in the U.S. are coming up against increased scrutiny after accounting scandals emerged from two high-profile firms (Luckin Coffee and TAL Education) in April 2020. Most of the 6 Chinese companies that listed in the US in Q4 '19 saw their shares fall below IPO prices. With the low valuation, some companies may consider going private and "come home". Qihoo 360 decided to repatriate in 2016; it re-listed in Shanghai in 2018 at a US\$ 62 bn capitalization (seven times more than when it delisted).

Dealogic claims that there are currently 15 Chinese companies planning to each raise between US\$ 10-125 million in the US. These companies may be considering listing in HK or China given market sentiment and potential low valuations. Professional services are a growing segment in China whose clientele has shifted from MNCs to local companies. Firms such as McKinsey and PricewaterhouseCoopers have substantial operations in China.

The business environment for MNCs is expected to remain difficult in 2020; private companies and State-Owned Enterprises are expected to do relatively better environment.

Janet Lui

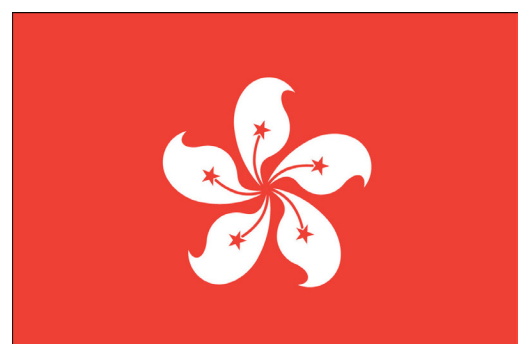
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HONG KONG

香港

Asia Carbon Search (ACS) has operated in Hong Kong since 2008. ACS is a general executive search firm with focuses in private equity, asset management, investment banking and professional services.

Hong Kong is one of the world's largest economies – a nominal GDP of approximately US\$480 bn in 2019. The Hong Kong Stock Exchange has a market capitalization of HK\$38 tn (US\$4.9 tn) as of December 2019.



According to the Index of Economic Freedom, Hong Kong's economy was rated the freest in the world from 1995 through 2019. In 2020, its ranking dropped by one as the ongoing political and social turmoil began to erode its reputation as one of the best locations from which to do business, dampening investment inflows.

With an extremely high population density, Hong Kong's property market is the most expensive in the world. The average price per square meter was around US\$ 22,507 in 2019.

Unlike other cities in China that are tightly governed by the authoritarian central government, Hong Kong is a semi-autonomous city with its own legal and political systems after the handover to China in 1997.

Protests began in June 2019 with one main objective -- for the government to withdraw a controversial bill that would have allowed extradition of fugitives to mainland China. Critics worried that Beijing could use the bill to prosecute people for political reasons under China's opaque legal system.

Months of violence and vandalism have caused the city's economy to tank, and Hong Kong officially entered a recession in October 2019. For the year 2019, GDP contracted 1.2 percent, the first annual decline since 2009.

The economic downturn continues with the CoVID-19 outbreak. On April 8, 2020, the Hong Kong Government announced a CoVID-19 relief package worth HKD 138 billion. Despite all of this, your colleagues at ACS Hong Kong are ready and willing to help and support you. Just let us know what we can do.

Janet Lui

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INDIA

भारत

India is expected to emerge as a vibrant recruitment destination with the landscape brightening up with a slew of policy initiatives and budgetary announcements by the Indian Government.

The India Budget 2020 highlights the stepped-up focus on the following sectors/areas:

1. US\$ 1.4 tn to be invested over the next 5 years to boost infrastructure, set up new airports, smart cities and logistics.
2. US\$ 1.1 bn to boost emerging technologies (IOT, AI, ML, Analytics) and build digital infrastructure



3. US\$ 40 bn allocated for agriculture and allied activities (solarizing power grid etc)
4. Boost to manufacturing of mobile phones, electronic equipment, semiconductor packaging, etc. with strong production-linked incentives to manufacturers propelled by the "Make in India" campaign
5. Special support to Entrepreneurs and Start-ups by way of easing government clearances and creation of a seed fund to kickstart early stage startups which is expected to attract foreign investors

6. Corporate Income Tax Rates have been slashed from 30% to 22%. Companies that started after 01-10-2019 are now subjected to even a lower rate of 17%. These rates are very competitive compared to corporate global tax rates in the world. Besides this, the abolition of Dividend Distribution tax on corporates should also attract foreign investors

The Indian Government launched the Skill India Mission in 2015 to create convergence across states and sectors to bridge the skill gap vis-a-vis industry requirements through vocational skilling programs towards a vision of “Skilled India”. Indian talent has the distinctive advantage of a large population of working age, English speaking and educated, fast embracing and adoption of technology and digitization.

Some Fortune 500 companies are shifting to India. Besides India’s economic advantage in cheap processing and cost-effective outsourcing,

its adoption of digital technologies is driving MNCs to leverage opportunities for potential revenue streams. For example, Adobe’s biggest products are now developed here. Car technology systems for Fiat Chrysler, GM, Volkswagen and Hyundai are developed in India. Multinationals from Americas, Europe, APAC are setting up research hubs to work in areas of R&D, BPM and IT. Many MNCs are also looking to diversify their supply chains and manufacturing base from China due to its protectionist measures and leverage India’s competitive advantage in terms of land and labour availability, benefits of scale and now reduced corporate tax rates.

Dipy Nigam

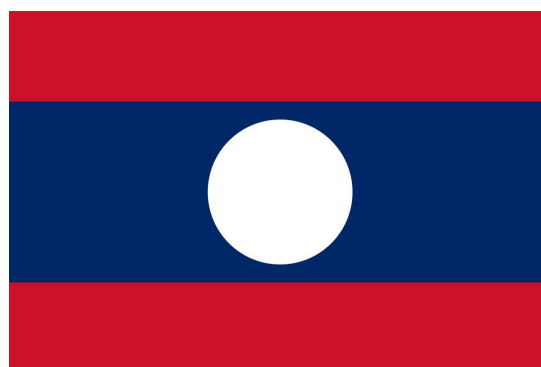
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LAOS

ປະເທດລາວ

It was with great reluctance that we decided to mothball our office in Vientiane in 2018. Yet we have continued to service that interesting and growing economy from Bangkok - there are considerable linguistic and cultural similarities between Laos and Thailand, as many of you already know.

Recently we completed a search for a subsidiary of a French bank. That search was carried out across SE Asia, with assistance from Karmeli Kintatar at Horton Philippines/KSearch, Dirk Eberhard from



Horton Germany/Hager (who was with us as an intern at the time), and our own Vietnamese office. Together we scoured the region; our shortlist comprised a Filipina, a Lao (who got the job), and a Vietnamese - a great example of cross-

border cooperation. The client was delighted with our work and will definitely work with us again, including in Thailand.

We maintain the ability to service clients in Laos and we've left it on our website and contact pages. When economic conditions improve, we shall look at re-establishing a physical office. In the meantime, if you have any questions – or, even

better, a referral – please contact your friendly colleagues in Bangkok.

Gary Woollacott

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PHILIPPINES

We are on a high growth path with an average annual GDP growth of 6.4% from 2010-19. In Q4 2019, the Philippines was one of the fastest growing economies in Asia. The country's sovereign rating of BBB+ is on par with other countries enjoying a positive economic outlook.

The expected drivers for growth on the demand side include household consumption, government spending, infrastructure flagship projects, and exports. Supply side drivers include services, agriculture and industry (continued infrastructure development).

In the past decade, global delivery of business and technology services (BPO) has been the most compelling sunshine industry. It continues to move up in the value chain due to an abundant supply of talent and forward-looking government response to keep the talent pipeline robust. The industry now employs 1.5 million people and counting, registering an average annual growth rate of 25% since 2000.



The Shared Services Centres/Global Business Centres are among the major drivers of the BPO phenomenon. Horton Philippines has made its mark from the outset to lead in addressing this sector: we have gained in-depth knowledge of this market and an extensive track record with major MNCs.

Karmeli Kintatar

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SINGAPORE

Asia Carbon Search has been in Singapore since early 2013. It has always remained a small and exclusive business, concentrating primarily on C-Suite mandates not only in Singapore, but across the region. Initially set up as a financial services sector specialist, the business in more recent times has diversified into other industry sectors such as Food & Beverage, Education/Certification, Trading, Technology and some Professional Services.

Using our resources in both Hong Kong and Shanghai, we have managed regional mandates outside Singapore, including roles in Japan, Korea and Malaysia. This diversification has benefitted the company as a whole as the Financial Services area continues to change, but this does not mean we do not operate in that sector. Working with our colleagues in Shanghai and Hong Kong we actively manage mandates in Private Equity, Asset Management and some areas of Insurance and, historically, have a wealth of experience in banking (although this sector has become more contingent over the years).

Most recently we have been working with Horton Finland, assisting them to search for the Global CEO of a subsidiary of a major Finnish industrial



group and, even though we have not had direct experience in that client's sector, we believe that the partnership has been extremely successful to date.

Singapore continues to change economically: its ability to alter its focus each decade is one of the reasons for its success. We have also had to change, not only in regard to what Singapore does, but in regard to what our clients need: we are happy to take up the challenges that change brings with it. However, with the current economic slowdown, growth cut from 4% to 1% for this year and as many businesses are cutting staff and costs, it is expected that the next 12-18 months will not be easy!

Adrian Mallett

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THAILAND

ประเทศไทย

The Thai economy has been under considerable strain for years. An ageing population, low levels of investment and growth, significant wealth inequality, combined with an underperforming educational system has produced a workforce



that is unprepared for the forthcoming challenges. Thailand is caught in the middle-income trap and there seems to be no way of getting out – the country simply isn't up to it. Nevertheless, there are bright spots and we intend to exploit them.

Matt Grose, an HR and insurance expert, joined us recently. With Matt's help we will break into the insurance market and, quite possibly, the insurtech and fintech markets too. This is a new area for us; our most recent searches in that sector were some years ago. Much of our work is in two sectors: Industrial; and Professional and Financial Services. The balance is a mixture of Consumer, Construction Services, Retail and so on. Matt will also be joining the Financial Services practice group.

In mid-2018 we took the decision to downsize and now we work out of a cool place with a particularly cool name: Woof Pack Building. Our landlord is a dog lover, hence the name. The neighbours are communications and marketing companies, restaurants and bars, and a boutique arts cinema next door. We're the 'boring' company, the others

make us look smart and trendy! Come and visit when you're in Bangkok.

We're small, just four: Neungruethai (consultant), Supanich (office manager cum researcher), Matt (partner) and me. It would be great to add another one (or two) Thai consultants if they became available – being only four is limiting at times when people are on vacation or sick. More critical mass would be ideal. If you know a Thai who's in our business and wants to come home, please mention us.

We are optimistic for our small part of the Horton International business in 2020 and beyond. Being a boutique operator in a crowded market has its advantages.

Gary Woollacott

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VIETNAM

Việt Nam

We are a group of different guys who was born on fishing boat, who grew up in jungle or on the street, total numbers of headcount is three, counting to present:

1. The Vietnam team is led by Dr Simon Vancliff, a Brit based in Cambodia. Being a Partner with six languages, including Vietnamese, Simon easily coordinates with local Vietnamese people at the top level and uses his strong network in construction and real estate industries to develop our Vietnam business.



2. Alice Phan is our Principal Consultant and handles clients in industrial section. Besides executive search and selection, Alice says YES with all tasks in the role of general management.

- The third member is Richard Le, Consultant. He has gained several impressive achievements at a young age. He is particularly strong in recruitment for marketing vacancies. We at Horton recognize his contribution and give him an open environment for his self-development and becoming a spokesman for us in the near future.

We all joined Horton Vietnam team with the same dream: to revive the Horton brand name, which is an extremely elegant and classy one. In the situation that Vietnam market day by day has ever cheaper and faster competitors, we are determined that the only way to keep our service at a high quality and adaptable is by focusing on the true resources of human beings. We are building up a team of tanks and fighters who are ready to go around the business network and can also sit the whole day face-to-PC for searching CVs or contact numbers.

We are not only decisive in our work and but also very proud of being a part of Horton.

Our development strategy is to follow these three steps:

Step 1: Being stable

Step 2: Expanding

Step 3: Being top

At current, we are near to finishing step 1 and preparing for step 2. We expect more business with our network and welcome our partners from around the world with a fair fee-sharing policy for any client recommendations.

Alice Phan

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ELSEWHERE IN ASIA PACIFIC

And for the countries not listed above? Well, we have been busy cultivating collaborators (potential partners one day?) across the region. We can now service clients by working with trusted companies in the following markets:



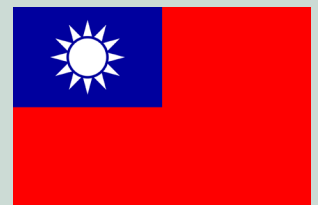
INDONESIA



JAPAN



KOREA



TAIWAN

Contact Gary Woollacott, Regional Director Asia Pacific, woollacott@hortoninternational.com if you have any searches to pass on or queries on any other AP topic.