

HOCK LOCK SIEW
BY TAN HWEE HWEE

Strong leaders may tip scales in this O&M downturn

THese days, it does not take a lot to trigger market talk of a merger between Singapore's two leading yard groups.

Sembcorp Industries president and chief executive Neil McGregor's comment about the group undertaking a strategic review sent the stock of Sembcorp Marine soaring on revived speculation of a merger with Keppel Offshore & Marine that was ditched in the early noughties.

Truth be told, however, this decade-old rumour had made its way back to the mill way before Mr McGregor's remark.

Mainstream media picked up chatter about Temasek Holdings exploring options including investment of its interests in Sembcorp Industries, SembMarine and Keppel Corporation in January 2016.

Industry watchers further connected that with two executive appointments which they considered to be instrumental to the review of Temasek's stakes in the three entities.

Last December, Sembcorp Industries named Mr McGregor as successor to take over its top office from Tang Kin Fei, who thumbed down the possibility of privatising SembMarine during a results briefing.

This was followed in May 2017 with the ap-

pointment of William Goh Khor Boon as group finance director with direct reporting line to SembMarine president and chief executive Wong Weng Sun. Mr Goh had previously served as a director in Temasek's investment and portfolio management division.

But the most significant trigger so far has to be what is considered the worst-ever downturn facing the two yard groups and Singapore's broader offshore and marine sector.

One industry veteran argued that with the weakened sectoral fundamentals, the drivers behind the merger now are stronger compared to those at the start of this millennium. "It was more about consolidating the market; now the challenge is to stay viable," he said.

Public discourse on the matter pointed to the merger being floated in the 2000s, which was also a period of slowdown for the sector. But the proposed merger was ditched as the sector staged a turnaround and SembMarine and Keppel O&M reinvented themselves as the builders of choice for rigs and FPSO (floating production, storage and offloading vessel) conversions, thus distancing themselves from emerging rivals in China that were gunning for more ship repair work.

Ten years on, the Chinese yards have sought to nick rig-building share from Singa-

pore's two leading yards and their massive efforts "created a supply overhang" that tanked rig-building demand, the veteran said.

IHS Markit's APAC lead Ang Dingli projected that demand for jack-up rigs - which accounted for the bulk of the yards' order books during the last newbuilding cycle - will remain weak for the next five to 10 years.

He also noted that Singapore has lost its clout in the FPSO conversion and modification market, ceding half of its erstwhile 80 per cent share to China.

The two yard groups need to find new anchors for their order books. In this regard, they appeared to have led the charge into the liquefied natural gas (LNG) market, which IE Singapore also identified as an adjacent business for Singapore companies serving the oil and gas industry.

Also on their radar are opportunities in other adjacent markets - ballast water treatment system installation, and cruise ship servicing and construction, to name a few.

But if stock prices are any indication, investors have not bought into the proposition that businesses from these adjacent markets can make up the order shortfalls from an extended dry spell in rig-building demand anytime soon.

So it is as Mr Ang argued, that drastic times call for drastic measures and what is of high priority too is the presence of strong leadership at the two yard groups to steer them in the right direction.

As those familiar with Singapore's O&M developments through the nation-building years can attest, success of the two yard groups - and the larger sector - hinged on the strength of their management teams.

Those were the years when strong men chose to soldier on with the sure conviction that Singapore can carve out a name for itself in the O&M industry even after a policy-maker called the sector a "sunset industry".

Decades on, O&M is back at the crossroads. All eyes are now on Temasek's moves for signs as to how far Singapore may still value this once-glorious sector going forward.

A merger of the two yard groups may have dominated the ongoing discourse of this subject, but the words of one veteran span out what may matter more during these crunch times.

"You need people who love the business and are willing to go all the way out to fight for it."

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Manulife US Reit's private placement oversubscribed

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Singapore

STRONG investor interest has led to the private placement of new units in Manulife US Real Estate Investment Trust (Manulife US Reit) being oversubscribed.

Manulife US Real Estate Management, the manager of Manulife US Reit, said yesterday that its private placement of 73.6 million new units in the Reit was "well over-subscribed with strong participation from new and existing institutional investors".

The issue price for the new units has been fixed at US\$0.83 per unit. This represents a discount of 6.9 per cent to the volume weighted average price of US\$0.8917 per unit for trades done on Monday, when the placement agreement was entered into.

The issue price range had been announced as being between US\$0.817 and US\$0.842 per unit on Monday.

The strong interest from investors also led to the upside option for the placement being exercised. A total of 97,003 million new units will be issued, which will increase the gross proceeds of the placement to US\$80.5 million, from US\$60.1 million.

The demand for the placement was dominated by long-only institutional investors, which took up over three-quarters of the placement, with the balance placed to private wealth clients and multi-strategy funds, Manulife US Real Estate Management's announcement said.

The trading of the new units on the Singapore Exchange is expected to commence at 9am on June 29.

Manulife US Reit is a Singapore Reit that invests, either directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States, as well as real estate-related assets.

Its manager intends to use approximately US\$75.0 million of the gross proceeds of the placement to partially fund the acquisition of 500 Plaza Drive, an 11-storey Class A office building said to be minutes away from New York City - an acquisition it announced earlier this month.

Approximately US\$5.4 million of the proceeds will be used to pay the estimated fees and expenses, including land transfer taxes, professional fees and expenses, incurred or to be incurred by Manulife US Reit, in connection with the acquisition of this property and this private placement.

Henry Chu to lead BreadTalk from July 1

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Singapore

MAINBOARD-listed BreadTalk Group Limited has appointed Henry Chu as its group chief executive officer (CEO), it announced in a statement on Tuesday.

He takes over on July 1 from Oh Eng Lock, who will be stepping down on June 30. The move is in line with the group's leadership renewal process, BreadTalk said.

Mr Chu, who has 20 years of experience in food and beverage (F&B) and retail in Singapore and the region, re-joined BreadTalk as group managing director last October, after having served as CEO of its bakery division and general manager of its Japanese chain of restaurants in China and Maxim's Caterers in Hong Kong from May 2010 to last September.

As group MD, Mr Chu looked after its global F&B operations, comprising the core businesses of bakery, food at-rium, and restaurants.

He has worked with the senior management team to maximise growth opportunities in the more profitable segments of the business, assessing the overall health of each business, consolidating underperforming assets, and enhancing the current operating systems and processes.

He also led all the F&B-related investments, and with a team under him, he opened the first BreadTalk outlet at Junction City in Yangon Myanmar in March.

That same month, Mr Chu also rebranded RamenPlay to So Ramen, a specialty ramen restaurant, and is



Mr Chu says that one of his key priorities is to take BreadTalk to the next lap of sustainable growth.

looking at doing the same for the remaining outlets by the end of the third quarter of this year.

Prior to working for BreadTalk, Mr Chu was director of operations at Delifrance Singapore, operations director with Starbucks in Thailand and China, and the general manager for retail sales and operations at Shell Eastern Petroleum.

Speaking to *The Business Times*, Mr Chu said his key priorities now include "taking BreadTalk to the next lap of sustainable growth, improving profit margin through various operational enhancements and outlets portfolio review, creating new F&B income streams that will be complementary to our core businesses across our global and region operations".

Founded in 2000 and listed on the Singapore Exchange three years later, BreadTalk expanded rapidly with close to 1,000 retail stores across 17 territories in Asia and the Middle East today. Its brand portfolio comprises BreadTalk, Toast Box, Food Republic, Din Tai Fung, Bread Society, Thyne Moh Chan, The Icing Room, Carl's Jr in China, So Ramen, and RamenPlay.

CoAssets, Crowdo get crowdfunding licences in Singapore, Indonesia

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Singapore

TWO homegrown crowdfunding sites have received approvals to operate various types of crowdfunding in South-east Asia.

The first is CoAssets, which announced on Tuesday that it has been granted the Capital Markets Services (CMS) licence from the Monetary Authority of Singapore (MAS) to run crowdfunding in Singapore.

CoAssets, which is listed on the Australian Securities Exchange, specialises in facilitating funding for real estate and small and medium firms.

It said: "The CMS licence will now allow the company to start re-engaging its 55,000-plus users in Singapore, and further cement its reputation as the first listed crowdfunding platform in Asia."

CoAssets, which launched in Singapore in 2013, is said to have helped enterprises raise over S\$45 million in funding to-date, with zero defaults.

The Republic is a key market and major revenue contributor to the group, said CoAssets, which also has offices in Australia, China, Malaysia and Indonesia.

It is looking to launch a new website and mobile app in July.

Getty Goh, chief executive officer and co-founder of CoAssets, said: "This news is particularly meaningful as we celebrate our fourth anniversary. One of our key priorities is to focus on bringing a variety of projects through the platform to all our members, and making our website and mobile app more user-friendly."

Meanwhile, Crowdo has been registered with Indonesia's Financial Services Authority (Otoritas Jasa Keuangan) as a peer-to-business lending

operator in the country. It allows individual investors to lend directly to businesses for a fixed return. The Singapore-based company has in the past year financed over 3,000 projects. These range from collateralised micro business loans to larger working order loans.

Hendrikus Passagi, a senior executive researcher at Otoritas Jasa Keuangan, said that many micro, small and medium enterprises (MSMEs) in Indonesia face difficulties in obtaining efficient funding through traditional channels such as banks and capital markets due to collateral barriers, guarantees, obligations to provide advances and limited fund availability.

Crowdo, founded in 2013, has received regulatory approvals to facilitate equity crowdfunding in Singapore and Malaysia, reportedly making it the first operator to achieve multi-jurisdiction licensing in South-east Asia.

Nasdaq Stockholm to set record with 5 listings in a single day

Stockholm

NASDAQ Stockholm will set a record on Wednesday as no less than five companies will be listed in one single day, the latest evidence of just how red-hot Sweden's market for initial public offerings is at the moment.

On June 21, B&B Tools AB plans to spin off its Momentum unit by listing it on the Stockholm main market while Bonesupport AB will start trading after its IPO.

After the same time, Sedana Medical AB and Fastighets AB Trianon plan IPOs on Nasdaq's alternative First North market, while Quartiers Proper-

ties AB will move its shares to First North from the NGM Nordic MTF market.

That marks the first time that five listings have taken place in one single day on Nasdaq Stockholm, and is a new record also in Europe as a whole, according to Adam Kostyal, head of European listings at Nasdaq Inc.

It's also testament to the strong listings environment in Sweden, which has set Nasdaq's Nordic markets on the path to a fresh record this year in terms of the number of listings.

There have been 60 listings on Nasdaq's Nordic main and First North

markets so far this year, including 45 IPOs. That exceeds the 50 listings in the first half of last year, and compares with a record 97 in 2015 and 94 in 2016.

"The stock market is very beneficial right now, out of a listing perspective, with low volatility, relatively low interest rates, and an understanding and appetite regarding listings from companies, advisers and investors," Mr Kostyal said on Monday. That, combined with good corporate results, "creates an appetite and activity regarding listings" in the region, he added.

There are also "IPO windows", with one of those taking place right before the Swedish midsummer weekend, Mr Kostyal said. After that, the market cools down a bit over the summer, followed "by an active autumn".

"The autumn looks very active and promising," he said. "We see strong interest so if things continue the way they are right now regarding many of the parameters such as low interest rates, then there's nothing to keep 2018 from becoming a good year as well for listings."

"But this is an exceptional year." BLOOMBERG

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CORPORATE DIGEST

Ho Bee Land
A UNIT of Singapore-listed property group Ho Bee Land Ltd has acquired a central London office building for £129.3 million (S\$227 million).
The unit, Stream Field Investments Ltd, bought over Emmatown Properties Ltd, which in turn owns the office building, situated at 67 Lombard Street, London EC3V 9LJ. The property is a Grade A office building redeveloped in 2014.

mm2 Asia
CATALIST-LISTED mm2 Asia has got the nod from Singapore's bourse operator to transfer its listing to the mainboard.
The film and TV content producer said on Tuesday evening that Singapore Exchange (SGX) has given in-principle approval for the transfer. Final approval is

subject to compliance with the mainboard's listing requirements, an immediate announcement of the proposed transfer, and shareholders' approval. Written undertakings and confirmation from relevant parties will also have to be produced.

OKP Holdings
A SUBSIDIARY of infrastructure and civil engineering company OKP Holdings has secured a project from JTC for infrastructure works at Bulim in Jurong West worth nearly S\$8.8 million.
Under this eight-month contract, Eng Lam will be constructing a temporary road, with all ancillaries such as lamp posts, drains, box drains, an entrance culvert as well as a drain sump. The contract, which started on Tuesday, also includes earthworks and other ancillary and incidental works.