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Friday, April 20, 2018

RIVERSIDE GEM
Kampong Bugis master developer tender to be launched in 1-2 years
REAL ESTATE / 17

REJUVENATING SEMBAWANG
Lian Beng JV buys Sembawang Shopping Centre for S$248m TOP STORIES / 2

STRONGER REVENUES
Keppel Corp Q1 profit leaps 34% buoyed by property division COMPANIES & MARKETS / 6

ELECTRIC DREAMS
Tesla charges into Singapore
MOTORING / 30

MARKETS

	Thursday	Change
STI	3,598.73	+40.91
KL COMP	1,895.18	+15.86
NIKKEI 225	22,191.18	+32.98
HANG SENG	30,708.44	+424.19
SHENZHEN B	1,110.68	+0.50
DOW (11.00 EDT)	24,709.41	-38.66

IHH ups ante in Fortis courtship with 40-billion rupee stake offer

Four known parties are currently wooing India's second-largest hospital chain as it struggles with cash flow and rising debt

By Janice Heng
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Singapore

AS more suitors join in the pursuit of India's Fortis Healthcare, Singapore-listed IHH Healthcare is doubling down with a dowry offer of up to 40 billion rupees (S$796 million) for a stake in the Indian hospital chain.

Should the offer materialise and get accepted, it could be one of the biggest equity transactions abroad by a Singapore-listed firm.

IHH's latest move came ahead of yesterday's meeting by the board of Fortis to consider its options amid bids by various parties.

In a regulatory filing yesterday, the Malaysian healthcare firm said it "issued a strictly non-binding letter "to the Fortis board on Wednesday, expressing its readiness to inject up to 40 billion rupees through a preferential allotment of equity shares at a price not exceeding 160 rupees per share.

The statement did not say what stake a 40-billion rupee investment would buy and how the potential investment will be funded. But based on Fortis's 514.7 million shares as at end-March and a share price of 160 rupees, a 40-billion rupee investment would mean a 48.2 per cent stake in Fortis.

IHH, which is also listed in Malaysia, said: "The infusion is intended to fund the buyout of the assets from RHT Health Trust as well as provide immediate liquidity towards working capital and infrastructure upgrades."

India-listed Fortis is the sponsor of the mainboard-listed RHT Health Trust. In February, RHT's trustee-manager had signed a S$950 million deal for Fortis to buy the trust's entire portfolio.

IHH said the Fortis board has acknowledged receipt of the letter.

Fortis – India's second-largest hospital chain with about 30 hospitals – has been struggling with insufficient cash and increased debt, with regulators also investigating allegations that its founders took funds without board approval. The founders deny wrongdoing.

IHH has a market cap of S$16.8 billion, and reported a net profit of RM101.3 million (S$34.18 million) in the quarter ended Dec 31.

Fortis has a market cap of 77 billion rupees, and reported a net loss of 191 million rupees for the quarter ended Dec 31.

Last week, IHH was reported to have offered to buy Fortis at a price valuing the chain at about US$1.3 billion (S$1.7 billion), higher than the roughly US$1.2 billion valuation offer made by Fortis' Indian rival Manipal Health Enterprises.

But Fortis had initially declined to consider other options while it was in talks with Manipal.

On Monday, the board of Fortis said they would meet on Thursday to consider all options. In a regulatory filing late on Tuesday, Fortis said it had also received a letter from Chinese conglomerate Fosun International offering to invest up to US$350 million, or 156 rupees per Fortis share, in return for less than a quarter of the firm.

And yesterday, Fortis said it had received an improved binding offer worth 15 billion rupees from Hero Enterprise Investment Office and Burman Family Office, up from the Indian consortium's previous offer of 12.5 billion rupees. The consortium's proposal is to invest 5 billion rupees via preferential issue of equity shares and 10 billion rupees through the issue of warrants.

Interestingly, IHH was engaged in a takeover battle with Fortis in 2010, when both parties sought control for Singapore's Parkway Holdings, then Asia's biggest healthcare operator.

Fortis had initially bought TPG's 23.9 per cent stake in Parkway for S$959 million. IHH (in its previous life as Integrated Healthcare Holdings) then followed suit with a S$1.18 billion partial offer to raise its stake in Parkway from 23.8 per cent to 51.5 per cent.

Two general offers later, IHH ended the tussle with a S$3.5 billion price tag and delisted Parkway. It subsequently consolidated its hospital operations, largely in Singapore, Malaysia and Turkey, before launching a dual listing in Singapore and Malaysia in 2012. Today, the group runs healthcare facilities under the "Mount Elizabeth", "Gleneagles", "Pantai", "Parkway" and "Acibadem" brands, and has more than 10,000 licensed beds in 50 hospitals across 10 countries.

In Singapore, IHH shares gained 0.49 per cent to close at S$2.04 on Thursday. In India, Fortis shares gained 2.66 per cent to 148.45 rupees.

DAILY DIGEST

The worst of US-China trade tensions appears to be over as both sides ramp up negotiations, says JP Morgan Asset Management in its market outlook, but volatility in equity markets will be affected by headline "noise" and continued quantitative tightening. TOP STORIES / 4

Noble Group will drop a provision from its restructuring proposal that has drawn criticism for attempting to treat shareholders differently depending on how they vote. COMPANIES & MARKETS / 6

United Overseas Bank has appointed Wee Ee Lim, 56, as a non-independent, non-executive director, from July 1. Mr Wee is the son of UOB chairman emeritus Wee Cho Yaw and the brother of CEO Wee Ee Cheong. COMPANIES & MARKETS / 10

Sweden's move to become the world's first cashless society has raised concerns at the central bank. Plus, an electronic currency risks competing with private banks. BANKING & FINANCE / 16

Oil futures jumped nearly 3 per cent on Wednesday on a decline in US crude stocks and after sources said top exporter Saudi Arabia wants to see the crude price closer to US$100 a barrel. ENERGY & COMMODITIES / 20

Gene-editing technologies that alter mosquitoes' DNA could prove critical in the fight against malaria, says Bill Gates, and ethical concerns should not block progress in such gene-modifying research. TECHNOLOGY / 21

Even millionaires have cost worries if they live to a 100

By Genevieve Cua
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Singapore

CLOSE to half of Singapore's millionaires expect to live to 100, and this is driving significant changes to their spending, investing and legacy behaviour, a study by UBS has found.

UBS Investor Watch Research has found that 46 per cent of those polled in Singapore expect to live to 100, compared to 53 per cent globally.

The expectation of a long life is creating anxiety, however, as 42 per cent worry that their wealth will not support them till age 100. Of these, 66 per cent worry about the rising costs of healthcare, and 63 per cent worry about whether they can afford their current lifestyle in retirement.

In Asia, 45 per cent worry about their wealth lasting till 100, compared to 21 per cent in Europe.

Investment behaviour is expected to shift as 45 per cent plan to adjust their long term financial plans and 46 per cent their spending patterns.

The research surveyed 5,000 millionaires in 10 markets, with at least US$1 million in investable assets (excluding property). The markets included Germany, Hong Kong, the US and UAE. In Singapore, 400 individuals were polled between December 2017 and April 2018.

Singapore's average life expectancy, based on World Health Organisation data last year, was 83.1 years, compared to 83.4 in Switzerland and 83.7 years in Japan.

Hartmut Issel, UBS head of Asia Pacific equities and credit (chief investment office), said: "It it heartening to note that many Singaporeans already have a financial plan in place, and are adjusting their investment portfolios in preparation for a longer life span."

The silver lining is that almost 80 per cent have a financial plan in place. "If 80 per cent see the need to plan for the long term, it tells us that 20 per cent don't hold that view strongly. We need to reach that 20 per cent as well to have a discussion on life expectancy. You need to think about how you invest and put a plan in place."

Singaporean millionaires believe being healthy is the top priority: 83 per cent worry that their health will deteriorate over the next 10 years and 92 per cent say investing in their health is more important than growing their wealth.

The average wealthy Singaporean would sacrifice around a third of their wealth today if that could guarantee another 10 years of healthy life.

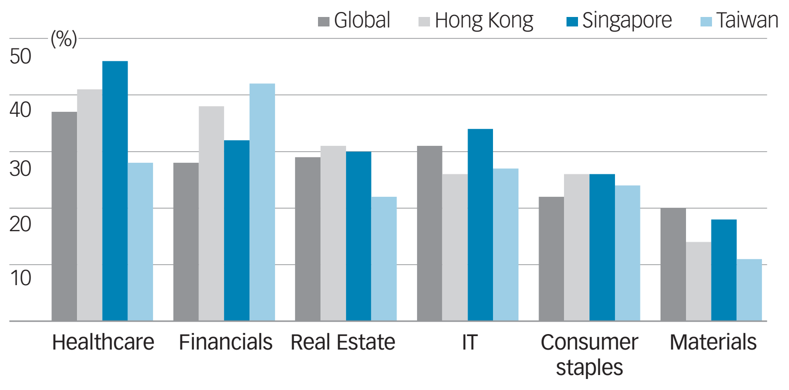
The majority (85 per cent) believe that activity and work have positive effects on health. In fact 68 per cent expect to work longer than the traditional retirement age to maintain their lifestyle.

On legacy planning, 51 per cent plan to give more away while they are still alive. Over half plan to give more to their grandchildren than their children, believing that it will be more useful at their stage of life.

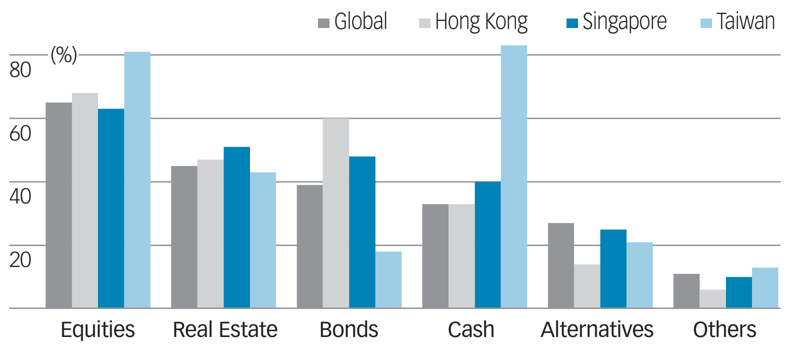
On investments, Singapore's high net worth individuals picked healthcare as their top choice for long term investment opportunities. Equities and real estate were also favoured, but so was cash, which was picked by 40 per cent of respondents. In Asia cash was favoured by 52 per cent.

Top investment picks

Which sectors offer the strongest investment opportunities for the very long-term (more than 30 years)?



Which asset classes offer the strongest investment opportunities for the very long-term (more than 30 years)?



Source: UBS

The future of warfare in BT Weekend

Artificial intelligence and robotics are fast becoming part of the tools of war, an evolution that will redraw the battle lines and form new businesses for the defence sector. This Saturday, our Brunch feature in *The Business Times Weekend* sets out some of the emerging technologies and concepts that will change the future of warfare.

In The Raffles Conversation, HP Inc CEO Dion Weisler tells how Silicon Valley has reinvented itself.

Looking at bank or airline stocks? CFA Singapore Insights in the Investing & Wealth section this weekend spells out the fundamentals that have impact on the banking sector.

The Fool's Eye View meanwhile checks out airlines and whether Warren Buffet's recently placed faith in them is justified.

Also in the paper this Saturday, BT talks to fashion designer Stella McCartney, who has gone where few designers do and bought back full control of her brand from luxury giant Kering.

What do Hurricane Irma and Siri have in common? There's no skirting the issue – personification of objects or phenomena is often coloured by an unmistakable gender bias, says Sass & The City.

Gearhead reviews Dell's latest ultrabook, the XPS 13, and finds that despite several shortcomings, it's still one of the best-performing and best-looking laptops around. And in The Finish Line, an interview with Lagardere Sports vice-president of tennis Sarah Clements on this year's fifth and final edition of the BNP Paribas WTA Finals Singapore tournament.

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SP Group to launch platform for home owners to sell solar energy certs

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Singapore

POWER grid operator SP Group is tapping blockchain technology to link up residential and other small producers of solar energy with businesses that have a carbon footprint.

The blockchain-enabled digital platform – expected to be a global first when launched by the end of this year – could speed up the use of solar panels and also offer a variation of carbon emissions trading.

It would transform the local market that has until now been dominated by large producers and buyers of solar energy by also accelerate the adoption of solar photovoltaics (PV) in Singapore, said the Temasek-owned firm.

The platform, developed by an in-house SP team, allows those with registered solar PV panels to display the amount of renewable energy they have produced in the form of renewable energy certificates (RECs).

Companies or other organisations can purchase these to offset their carbon emissions. The platform enables buyers to filter listings by various criteria, including the amount of energy, originating country and asset type.

RECs represent electricity produced using environmentally friendly processes. They are similar to the concept of carbon emissions trading, but measured in kilowatt hours instead of tonnes of avoided carbon.

Companies with a mandate to use green power, but without the ability to invest in their own solar panels or other renewable energy sources, often buy RECs to offset their energy consumption.

REC registries can be found in countries such as India, the US and Australia; these require independent certification parties to verify that the electricity represented by the RECs is green and that no double counting of environmental benefits has taken place.

SP's platform will not require such verification because the blockchain system eliminates the possibility of fraud and double counting, said the firm.

Furthermore, with the platform, buyers and sellers would no longer have to spend time and effort working out bilateral agreements for solar energy, as is the case in Singapore today.

All of these combined means the platform would help users reduce their transaction and administrative costs in selling or buying solar energy, SP said.

SP chief digital officer Samuel Tan, who was in Germany to present the platform at a energy-sector blockchain event, told reporters in a video conference: "By aggregating the masses, we hope that this will help the buyers to meet their sustainability goal."

SP plans to roll out the platform by the end of the year, and will make it free to use at the start.

Continued on page 2

SP Group's new platform for home owners to sell solar energy certs

Continued from Page 1

How it would eventually earn revenue through the platform is yet to be determined, said chief executive Wong Kim Yin.

While the platform is targeted at companies, SP does not rule out having individuals as buyers, which would effectively enable peer-to-peer energy trading. With the platform transacting only RECs and not energy itself, it will not need the prior approval of energy regulator Energy Market Authority, SP said.

The platform would also be an international one, as the blockchain infrastructure enables transactions to take place across countries. "This marketplace is global immediately," said Mr Wong.

Solar adoption in Singapore is still low. Installed capacity was only 145 megawatts-peak as at the end of last September, compared to peak system demand of about 7,000 megawatts.

But SP hopes the platform would be ready when solar energy takes off in the country.

SP managing director of digital technology Chang Sau Sheong said: "It's always a chicken-and-egg story. We want to use this to drive the adoption of solar."

A similar registry for REC was launched by American environmental infrastructure solutions provider APX two years ago, with the Solar Energy Research Institute of Singapore as the third-party verification agency. APX did not respond to The Business Times' queries on how well the registry has performed since then.

The announcement by SP comes as activity picks up in Singapore's solar sector, with generation companies such as Sembcorp Industries and Senoko Energy venturing into developing solar systems in the past two years, though the solar generation market is still dominated by solar developer Sunseap.

Sunseap and energy startup Sun Electric are among the pioneers in Singapore in separating the generation of solar power from its consumption. In November 2015, Sunseap signed a deal with Apple for the tech giant to receive power generated by solar-energy systems on the rooftops of other buildings, on top of that generated by its own.

Sun Electric, which started operations in 2013 and currently has 2MW of solar capacity installed, connects organisations wishing to adopt renewable-energy options but which are hobbled by space constraints, with parties with excess rooftop space.