

# BUSINESS 6.6%

FALL IN DISTRIBUTION PER STAPLED SECURITY FOR OUE HOSPITALITY TRUST CS

## CDL top bidder for two of three private housing sites at state tender

Developer offers \$212m for Handy Road plot, \$472m for West Coast Vale site in state tender

Kalpana Rashivaha

City Developments (CDL) was the top bidder for two of the three private housing sites at a state tender that closed yesterday.

It topped the top bid of \$212.2 million, or \$3,722 per sq ft per plot ratio (ppr), for a plot in Handy Road near Dhoby Ghaut MRT station.

The developer also bid \$472.4 million, or \$680 ppr, for a land parcel in West Coast Vale.

The third site on offer - in Chong Kuo Road in the Sembawang/Mandai area - received a top bid of \$43.95 million, or \$681 ppr, from a partnership between Lion Soon Holdings and OGP Land.

CDL group chief executive Sherman Kwok said: "We... see great potential in the new sites... As Singapore's residential market begins to gradually recover, we will continue to seek suitable opportunities to increase our local land bank."

BULLISH OFFERS

Bidding for all three sites was bullish, with top bids exceeding or at the top end of expectations.

“

AL NATIONAL DIRECTOR OF ORTECH INC



Source: THE BUSINESS TIMES, USA

The firm said it will replace developing three residential towers - eight to 30 stories high - with about 200 apartments and a basement carpark for the Handy Road site. It will convert a conservation building on the site into a clubhouse.

The West Coast Vale site could house two 36-storey towers. The Urban Redevelopment Authority has stipulated a maximum of 730 residential units for this plot.

The tender for the Handy Road

site drew 49 bids, while the Chong Kuo Road site received eight, and the West Coast Vale plot got six.

CDL's bid for the Handy Road plot - the most attractive of the three sites because of its District 9 location off Orchard Road - was 32.3 per cent higher than the next offer, from Sing Coastal, believed to be linked to Hong Kong parties.

The bid price was also just 0.6 per cent shy of the benchmark price of \$3,733 ppr that was set for the Juk Kim Street site awarded to Frasers Centrepoint last month, noted Colliers International's head of Singapore research Tricia Song.

She estimates CDL's break-even cost for a Handy Road project at \$2,500 ppr and reckons the group could be looking at an average selling price of \$3,650 ppr.

"Nearly, the 493-unit, 99-year leasehold Sophia Hills was 95 per cent sold as of December last year and median prices have increased to \$2,127 ppr as of December from an average of \$1,900 ppr to \$2,000 ppr earlier," she said.

CDL's bid for the West Coast Vale plot was 35 per cent higher than the \$293 ppr paid for the site of the yet-to-be-launched Twin View project, Ms Song noted.

The adjacent 782-unit Parc Riviera was 97 per cent sold as of last month at an average price of \$1,200 ppr, within 13 months of its launch in November 2016. This could have increased the confidence of developers in the location, despite the abundant supply, said Ms Song.

She estimates CDL's break-even for the West Coast Vale plot at \$1,250 ppr and an average selling price of \$1,400 ppr to \$1,500 ppr. The group's bid was just 0.7 per cent more than the next highest

bid, by China Construction (South Pacific) Development.

CDL is no stranger to the West Coast area, having developed Montrose Park Condominium and Hundred Trees.

The top bid for the Chong Kuo Road site was just 0.1 per cent more than the second highest.

The simultaneous tender closings for three sites appear to have had little impact in tapering bid prices, said property consultants.

JIJ national director Ong Teck Hui said: "Bidding for all three sites was bullish, with top bids exceeding or at the top end of expectations."

"This is despite the batch tender closing, which did not seem to temper bidding in any way, as well as the availability of collective sale sites on the market."

kalpana@sgb.com.sg

## Only 14% of SMEs plan to go abroad: Survey

Only 14 per cent of small and medium-sized enterprises (SMEs) here intend to expand overseas, while almost half have no interest in taking their business beyond Singapore soon, a survey found.

In the poll by QRF Insurance of more than 400 firms, 45 per cent said they will not explore expansion across borders - a figure that rises to 56 per cent for smaller SMEs.

SMEs operating only in Singapore with no intention to go overseas, the top barrier cited by 42 per cent of them was insufficient funds to expand abroad, while 39 per cent cited unfamiliarity with the standards and processes of foreign markets.

Other prominent concerns included the level of competition in other markets, regulatory and legal compliance, and political instability.

The QRF Insurance survey report suggested that another possible factor behind the lack of appetite for venturing abroad could be the improving perception of the economy in Singapore, driving belief that sufficient growth could be attained locally.

Half of respondents felt the economy would improve in the next 12 months, while just 24 per cent felt it would become worse.

While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.

It also found that digitalisation appeared to be a key focus of local SMEs. Some 65 per cent of firms surveyed this year use, or intend to invest in, digital technologies. But barriers to digitalisation remain.

Among SMEs that already incorporate online business processes, 40 per cent cited the perceived high cost of investment as a problem, while 29 per cent admitted their staff lacked the necessary skills to fully leverage new technologies to their benefit.

Fewer yet viewed cyber security as an issue, with only 23 per cent of all SMEs surveyed seeing security of sensitive data as a concern, while 35 per cent of smaller SMEs admitted to having no cyber protection at all.

While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.

It also found that digitalisation appeared to be a key focus of local SMEs. Some 65 per cent of firms surveyed this year use, or intend to invest in, digital technologies. But barriers to digitalisation remain.

Among SMEs that already incorporate online business processes, 40 per cent cited the perceived high cost of investment as a problem, while 29 per cent admitted their staff lacked the necessary skills to fully leverage new technologies to their benefit.

Fewer yet viewed cyber security as an issue, with only 23 per cent of all SMEs surveyed seeing security of sensitive data as a concern, while 35 per cent of smaller SMEs admitted to having no cyber protection at all.

While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.

It also found that digitalisation appeared to be a key focus of local SMEs. Some 65 per cent of firms surveyed this year use, or intend to invest in, digital technologies. But barriers to digitalisation remain.

Among SMEs that already incorporate online business processes, 40 per cent cited the perceived high cost of investment as a problem, while 29 per cent admitted their staff lacked the necessary skills to fully leverage new technologies to their benefit.

Fewer yet viewed cyber security as an issue, with only 23 per cent of all SMEs surveyed seeing security of sensitive data as a concern, while 35 per cent of smaller SMEs admitted to having no cyber protection at all.

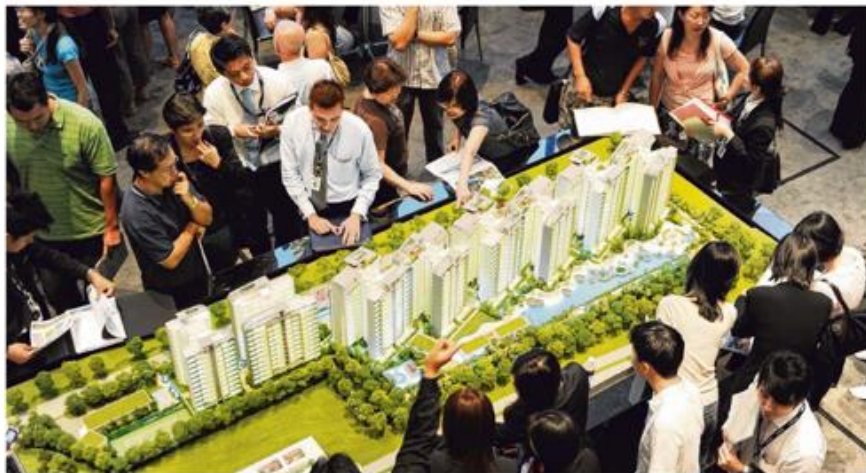
While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.

It also found that digitalisation appeared to be a key focus of local SMEs. Some 65 per cent of firms surveyed this year use, or intend to invest in, digital technologies. But barriers to digitalisation remain.

Among SMEs that already incorporate online business processes, 40 per cent cited the perceived high cost of investment as a problem, while 29 per cent admitted their staff lacked the necessary skills to fully leverage new technologies to their benefit.

Fewer yet viewed cyber security as an issue, with only 23 per cent of all SMEs surveyed seeing security of sensitive data as a concern, while 35 per cent of smaller SMEs admitted to having no cyber protection at all.

While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.



City Developments is no stranger to the West Coast area, having developed Montrose Park Condominium and Hundred Trees (above, at its launch). The third site on offer in the state tender that closed yesterday - in Chong Kuo Road in the Sembawang/Mandai area - received a top bid of \$43.95 million, or \$681 ppr, from a partnership between Lion Soon Holdings and OGP Land. ST 16.1 (11C)

## Noble shares fall after proposed debt-for-equity deal

Shares in Noble Group slumped 11.5 per cent yesterday after the leveraged commodity trader proposed a deal under which existing shareholders' equity would be nearly wiped out, while the restructured firm would have much lower debt.

"This debt-for-equity swap was something that ought to have been done a long time ago," said Mr Justin Tang, head of Asian research at United First Partners, a special situations investment and advisory

group. "There seems no other choice but for stakeholders to acquiesce," he added.

Singapore-based Noble, which had aimed to rival global commodity traders such as Glencore and Vitol, has shrunk to its Asian roots, dealing in commodities including metals and owning freight and liquefied natural gas businesses.

This follows three tumultuous years in which the Hong Kong-based company cut jobs and sold as

sets, some at losses, taking massive write-downs and raising funds.

Noble on Monday said it had agreed a restructuring deal with an "ad hoc group" holding about 20 per cent of senior bonds and loans, and would have its senior debt to US\$1.7 billion (\$2.2 billion). Proposed bond holders would be offered US\$15 million, or less than 4 per cent of face value.

Creditors would end up owning 70 per cent of the restructured com-

modity management would get up to 30 per cent, and existing shareholders would own just 10 per cent.

"The creditors are all savvy operators who will now be in the driver's seat, which will raise the prospect of a turnaround," said Mr Tang.

"Everyone involved has lost - (although) the distressed investors are best positioned when Noble turns around," he added.

The company did not name the creditors with which it struck a deal.

Noble shares fell as much as 23 per cent yesterday and closed down at 23 cents, giving it a market value of just \$305 million. This is in sharp contrast to a valuation of \$4 billion it commanded in February 2015.

Noble was founded in 1966 by Mr Richard Finlay, who rode a commodities bull run to build the company into one of the world's biggest traders, but it plunged into crisis in February 2016 when it began

Research started querying its books. Noble has stood by its accounting.

Mr Finlay is Noble's biggest shareholder with a stake of just over 18 per cent. Other large investors include sovereign wealth fund China Investment Corp and Orbis Investment Management.

The proposed debt-for-equity deal has to be approved by regulators and Noble's shareholders. #EJ1185



---

# Only 14% of SMEs plan to go abroad: Survey

Only 14 per cent of small and medium-sized enterprises (SMEs) here intend to expand overseas while almost half have no interest in taking their business beyond Singapore soon, a survey found.

In the poll by QBE Insurance of more than 400 firms, 45 per cent said they will not explore expansion across borders – a figure that rises to 56 per cent for smaller SMEs.

Of SMEs operating only in Singapore with no intention to go overseas, the top barrier cited by 42 per cent of them was insufficient funds to expand abroad, while 38 per cent cited unfamiliarity with the standards and processes of foreign markets.

Other prominent concerns included the level of competition in other markets, regulatory and legal compliance, and political instability.

The QBE Insurance survey report suggested that another possible factor behind the lack of appetite for venturing abroad could be the improving perception of the economy in Singapore, driving belief that sufficient growth could be attained locally.

Half of respondents felt the economy would improve in the next 12 months, while just 24 per cent felt it would become worse.

While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.

It also found that digitalisation appeared to be a key focus of local SMEs. Some 95 per cent of firms surveyed this year use, or intend to invest in, digital technologies. But barriers to digitalisation remain.

Among SMEs that already incorporate online business processes, 48 per cent noted the perceived high cost of investment as a problem, while 39 per cent admitted their staff lacked the necessary skills to fully leverage new technologies to their benefit.

Fewer yet viewed cyber security as an issue, with only 23 per cent of all SMEs surveyed seeing security of sensitive data as a concern, while 35 per cent of smaller SMEs admitted to having no cyber protection at all.

**While local SMEs may not yet feel ready to capitalise on growth prospects in new markets, 44 per cent are expecting an increase in sales in the next 12 months, up from 40 per cent in the previous year, the survey found.**

