

Khazanah said to plan biggest sale of Islamic bonds in Sing \$

KUALA LUMPUR — Khazanah Nasional Bhd, Malaysia's state investment company, may raise as much as \$500 million from the biggest sale of Islamic bonds, or sukuk, denominated in Singapore's currency.

Khazanah is seeking to fund its takeover of Singapore-based Parkway Holdings, sources said.

CIMB Investment Bank is said to be among banks that may start the sale as soon as this month.

"The appetite for Malaysian paper has been really good," Mr Pankaj Kumar, chief investment officer of Kurnia Insurans in Petaling Jaya, said. "I don't think they will have a problem selling it."

Khazanah offered \$1.18 billion to more than double its holding in Parkway to gain control of Asia's biggest hotel operator.

Credit Suisse Group recommended that Parkway shareholders accept the offer, which would let Khazanah overtake India's Fortis Healthcare as Parkway's largest shareholder with a 51.5 percent stake.

The Kuala Lumpur-based company currently owns 23.2 per cent of Parkway while Fortis has 25.4 per cent.

Singapore is seeking a larger share of the US\$1 trillion (\$1.41 trillion) Islamic finance industry by giving incentives for products and services that adhere to Muslim Shariah principles.

The central bank issued regulations last year that expand the range of Shariah-compliant Singapore-based banks can conduct, and said it will ensure equal tax, regulatory and liquidity treatment of Singapore dollar Islamic bonds with government securities.

City Developments, Singapore's second-biggest homebuilder, is among borrowers that sold a combined \$409 million of Islamic debt last year.

Khazanah's sukuk, which would use asset returns to pay investors in compliance with Islam's ban on interest, may be more than double the \$200 million of notes issued by IDB Trust Services.

IDB Trust is a unit of the Islamic Development Bank.

Malaysia raised some US\$1.25 billion from a five-year sovereign sukuk last month in its first international debt sale since 2002.

The notes rose on their first day of trading May 28 after sale managers said the offer attracted orders for five times the US\$1 billion originally sought. BLOOMBERG

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B2



STI

WEDNESDAY CLOSE

+2,727.57
(+0.45%)

Tuesday	2,725.44	▼ 1.35%
Monday	2,752.60	▲ 0.47%
Friday	Closed	
Thursday	2,739.70	▲ 1.62%

TOP 5 BY VOLUME

NAME	VOL	PRICE	CHANGE
Genting SP	88,425	1.030	▲ 4.04%
BakerTech	64,678	0.420	▲ 31.25%
GoldenAgr	44,200	0.500	▲ 1.01%
Z-Obee	31,727	0.350	▲ 4.48%
SingTel	25,925	2.910	▲ 1.75%

Singapore shares ended 0.5 per cent higher this Wednesday, supported by bargain hunting. The benchmark STI closed at 2,727.57, with thin trading volume of just under a billion shares.

ASIA

↓	HANG SENG	19,471.80 (-0.13%)
↓	NIKKEI	9,603.24 (-1.12%)
↑	SHANGHAI	2,571.42 (+0.12%)
↓	AUSTRALIA	4,381.00 (-0.73%)
↑	MUMBAI	16,741.84 (+1.02%)
↓	MALAYSIA	1,276.02 (-0.54%)
↓	SEOUL	1,630.40 (-0.66%)

COMMODITIES

↓	OIL	US\$72.56 (-0.21%)
↓	GOLD	US\$1,224.00 (-0.24%)
↓	PLATINUM	US\$1,539.50 (-0.55%)

FOREX

US\$1	\$1.4112
£1	\$2.0697
€1	\$1.722
¥100	\$1.53
A\$1	\$1.177
RM1	\$0.4275
Rp10,000	\$1.528
HK\$100	\$18.11
RMB100	\$20.66
RS100	\$3.001

All figures correct as at 9pm last night

STOCK CALLS

PAN HONG PROPERTY

Neutral | \$0.50

DMG downgrades from "Buy", cuts target price to \$0.50 from \$0.85. Tips lull period ahead for China-based developer as pace of home sales slows following Chinese government's recent tightening measures. Expects RMB697.6 million worth of yet-to-be billed sales to provide earnings cushion during slowdown.

NEPTUNE ORIENT LINES

Buy | \$1.83

UOB KayHian starts at "Buy" with \$2.28 target price, based on 1.4X 2011 P/B. Says stock deserves valuation premium over peers due to shipping group's high value-added services, high operating flexibility, robust balance sheet following last year's US\$960 million rights issue. Notes NOL has number of chartering contracts running out over 2010 to 2012; Expects company to return to the black this year.

SINGAPORE AIRLINES

Hold | \$14.10

Daiwa downgrades from "Outperform" on view current price already captures improvement in operations. Cuts target price to \$13.84 from \$15.55, on view market will assign lower valuation as recovery in traffic, yields already widely expected. Despite downgrade, does not expect substantial share price downside from current levels as valuation not demanding.

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Developers' bullish bids

Upper Serangoon residential site draws a near-record tag

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SINGAPORE — Property developers are still bidding aggressively for land despite the Government's announcement of more land sales in the second half of this year.

As the tender closed for the residential site at Upper Serangoon yesterday, a top bid of \$113.7 million had been submitted by China based developer Qingdao Construction.

That translates to \$607 per square foot (psf) — the second highest recorded for a 99-year leasehold land parcel sold by the Government for non-landed housing in the Rest of Central Region, said Ms Tay Huey Ying, Director for Research and Advisory of Colliers International.

It is second to Wing Tai Land and Greearth Developments' joint bid of \$639 per square foot per plot ratio for the site on Alexandra Road and Tiong Bahru Road back in pre-crisis December 2007, said Ms Tay.

The Urban Redevelopment Authority received 15 bids for the 4,971.8 sq m site which it launched in April, from the Confirmed List of the Government Land Sales Programme. The site can yield a maximum gross floor area of some 17,402 sq m.

The second highest bid of \$110.6 million came from Malaysia-based SP Setia International.

The lowest bid price was \$60.1 million, which came from Kingston Development, a unit of Hong Leong Holdings.

"Given the ample supply of residential sites that the Government will make available in the second half of 2010, the response of 15 bids to this tender is above market expectations and the quantum of the top few bids are bullish," said Mr Li Hiaw Ho, executive director, CBRE Research.

Market observers attributed the strong bid turnout to the land's size and its proximity

to the Potong Pasir MRT station.

"The small land area enables bidders to bid at bullish unit land price while still keeping the quantum price within an affordable level," said Ms Tay.

The top bid reflects a breakeven price of between \$850 psf and \$1,000 psf and selling price of between \$1,000 psf and \$1,200 psf for a new project on the site.

Industry experts said the bidding war shows developers remain bullish on the property market. However, some also argue that the market is behaving irrationally.

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"Developers are bidding higher because they have the liquidity and would rather invest the funds for a smaller margin than let them be idle. But this also means that they will have to sell higher," said Mr Colin Tan, consultancy director, Chesterton Suntec International Research.

"Meanwhile, buyers also seem willing to buy the property at the higher price. However, it remains to be seen if the wage increase can support these sentiments."

The bids come on the heels of a series of record-breaking number of bids for tenders over the last two months. The Simei Street 3 site, the Tampines Road site and the land site at Boon Lay Way and Lakeside Drive drew 18, 16 and 14 bids respectively.

WILL BEING BULLISH BITE YOU BACK?
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