# Rickmers major lenders back debt refinancing plan

**Bank syndicate led by HSH Nordbank extends US$260.2 million new facility on condition medium-term notes will be restructured**

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THE major bank lenders of Rickmers Maritime have extended an offer to refinance most of the trust's outstanding bank loans amid a drastic downturn in the container shipping sector.

One key condition of the offer from the senior lenders led by HSH Nordbank is the successful restructuring of S$100 million of medium-term notes due in May 2017 that will require noteholders to take a significant haircut.

In this respect, the debt refinancing plan floated for the trust has been touted as the most holistic package so far tabled for a Singapore-listed maritime player this year.

In its statement on the refinancing discussion, Rickmers Trust Management (RTM), the trustee-manager of Rickmers Maritime, said that it is actively engaged with all the bank lenders on a comprehensive refinancing plan which, if achieved, will result in a unified credit facility, in line with the trust's balance sheet optimisation efforts to reduce amortisation, increase loan tenures and improve long-term solvency.

Rickmers Maritime has received a firm offer letter from the senior lenders of the HSH syndicate – comprising the Singapore branch of HSH Nordbank and DBS Bank – in relation to a restructured secured amortising term loan facility of up to US$260.2 million.

RTM said the new US$260.2 million facility would extend the maturities of a large part of the trust's secured bank debts to the first quarter of 2021. The facility, which is understood to be pegged at a margin of up to 2.25 per cent interest above Libor, includes a moratorium on principal payments under the existing facilities to the fourth quarter of 2016.

This new facility will go towards refinancing all of the trust's outstanding debt with two banking syndicates led by HSH Nordbank and BNP Paribas.

The trust's largest bank lender, HSH Nordbank, is believed to have played an instrumental role in pulling the two syndicates together. BT understands the intent is for one syndicate to gain a controlling influence over the trust's finances.

RTM's chief financial officer,Tomas Norton de Matos said the HSH syndicate accounts for US$197.7 million of the trust's outstanding bank loans that are maturing in March 2017. Informed sources said DBS Bank's share of the HSH syndicated loan is under US$30 million.

The trust has US$281.4 million of bank debt as at June 30. In addition to the ongoing engagement with the HSH and BNP syndicates, it is also in discussion with Commerzbank to refinance a bank loan of about US$16 million that is due in 2021.

All three bank loans are understood to be secured against vessels on Rickmers Maritime's fleet.

RTM said the new facility to refinance the two HSH and BNP syndicated loans are conditional on, among other things, a successful restructuring of S$100 million medium term notes due on May 15, 2017. The trust is seeking consent from the MTN holders to a proposal that will see an exchange of the notes for new unsecured S$28 million fixed rate step-up perpetual convertible securities, or commonly known as perpetuals.

The perpetuals will be convertible at any time into units of the trust at a fixed conversion price, subject to various adjustment events. Based on the proposed fixed conversion price, the perpetuals will initially be convertible into 20 per cent new units of the trust, expected to be valued about S$40 million at issuance. The trust's noteholders will be expected to take a significant haircut considering the values of the perpetuals and convertible units captured under RTM's note restructuring plan. The latest listed trading price for the notes is 74.5 Singapore cents, according to Bloomberg.

But one unitholder, Mano Sabnani, lent support to the debt restructuring plan that has already been backed by major bank lenders.

Mr Sabnani, chairman of Rafflesia, coined this overall debt refinancing and MTN restructuring plan as "an important breakthrough" for Rickmers Maritime unitholders. The trust clearly needs to resolve its debt refinancing to have any chances of surviving a downturn in the container shipping sector marked by steep declines in charter day rates, according to Mr Sabnani. But he pointed out the challenge going forward: RTM will need to get the noteholders to agree to a substantial haircut for the debt refinancing plan to take flight.

RTM chief executive Soeren Andersen said: "The way we want to deal with the problem (of imminent debt deadlines amid a sectorial downturn) is to engage stakeholders (in the attempt) to preserve the most value (while) creating a basis for future growth."

Mr Andersen acknowledged the container shipping sector is facing the "worst downturn" ever. Charter day rates for feeder container vessels – the asset class RTM is active in – have more than halved to hover above US$5,000 over the last one year.

Of its 16 vessels, the trust has five still on standing charters with Mitsui OSK Lines at charter day rates upwards of US$26,000 over the next two to three years. But the rest of its fleet has to compete on a highly competitive market with about 100 feeder container vessels still awaiting for charters.

But the RTM CEO sees possibility of demand and supply eventually balancing out on accelerated scrapping of older tonnage in the sector. RTM's Q2 results presentation on Aug 5 showed over 284,000 TEU (20-foot equivalent unit) of container vessel capacity had been scrapped year-to-date 2016 compared to over 192,000 in 2015.

RTM had said in the same presentation that the Trust will be considering decommissioning of some of the vessels trading in the spot market to reduce operating costs.

Units in Rickmers Maritime closed at S$0.067 on Wednesday, down 0.1 cent.

# Improving lives, saving the Earth

Sassax was started by two friends to make a difference. **BY J LOSSINI**


**When Mr See and Ms Cheang started Sassax, they wanted to venture into something that is sustainable and could help people.** PHOTO: ARTHUR LEE

A COUPLE of years back, childhood friends Ronnie See and Cheang Tsu-fei were deliberating over starting a new business together. Last year, their dreams were realised. And so began the story of Sassax Pte Ltd.

Having worked respectively in the palm oil and renewable energy industries, the founders of the energy and commodity company are no strangers to the energy field. This time, however, they wanted to venture into something that could impact people as well.

"People are now concerned about the environment, water and electricity. So the best business to start at this point in time is one that is sustainable and could help people," said Mr See.

According to Ms Cheang, the Singapore-based company's current focus is on second and third generation fuels as well as electricity.

"Unlike first generation fuels, which are obtained from food sources like palm oil or soya oil, the second and third generations are derived from waste and residue such as used cooking oil or free fatty acid," she added.

In accordance with the European Union Renewable Energy directive, the second generation fuels are by default expected to provide about 83 per cent in green house gas savings.

When asked how they get access to the resources, Mr See replied that they are obtained mainly from restaurants and street vendors in places such as Malaysia, Cambodia, Myanmar, Thailand, Taiwan and Turkey.

Although the company is run by just the two of them, the quality and effort of their work is not compromised, said Mr See. To ensure that the resources received are of high quality, both of them personally make trips to these places.

"We have set up collection and processing centres in (those) countries, and we will go down and manage the collection sites to make sure that the equipment and all that we collect is not water or rubbish because sometimes they do give us rubbish."

The vendors are monetarily incentivised to dispose of their used cooking oil. The oil is then sent to the processing centres and converted to bio-diesels. Then the fuels are packed and shipped to the end-users in Europe for use in transportation and machinery.

According to Ms Cheang, getting the vendors to dispose of the waste properly encourages sustainability.

"Apart from creating another source of income for the vendors, the process also encourages awareness of a sustainable environment because most vendors will then avoid throwing oil into the drains and clogging them," she said.

Fuels apart, Mr See said that they have innovated a technology that is capable of saving electricity up to 50 per cent.

"Even the best product in the market currently could give you about 5 to 10 per cent savings, but we are able to give a minimum 45 to 50 per cent savings."

Elaborating on the use of the new technology, Mr See said that the device functions like a power bank with several inlets. Electricity from the grid, car batteries or solar power could be used to charge it.

"When you charge the device for four hours, you'll get about six to seven hours of supply, indirectly saving about 45 per cent of electricity," he explained.

The device is currently under meta-testing by the machinery at a Cambodia collection centre and is expected to launch across the country's industrial factories in about three months.

"In places like Cambodia, Myanmar, getting electricity is very difficult because sometimes you only get electricity three days per week and so the factories are all suffering."

With the ongoing difficulty, Mr See and Ms Cheang are confident that this new device would improve the lives of the people and the production process.

Even as a young company, challenges are not avoidable. One of the main challenges that Sassax faces is getting hold of the sources of materials during a natural disaster.

"The earthquake in Taiwan and military coup in Turkey this year had affected our infrastructures and loading," said Ms Cheang.

However, in such circumstances, they would substitute the supply from other countries.

Both Ms Cheang and Mr See are optimistic about Sassax's future growth.

This year, the company recorded a total revenue of US$11 million and a net profit US$1.2 million at the end of its first financial year.

Ms Cheang and Mr See are looking to grow total revenue to US$40 million and US$50 million in 2017 and 2018, respectively.

The friends have also planned to start their own bio-diesel plant in 2018. "Currently, we are not producing because we want to make sure that we get hold of all the raw materials, used and waste oil before we could set up our own production," said Ms Cheang.

She also added that the new plant will be located in Johor Baru, Malaysia and the end-users will depend on the market conditions when the plant is operational.

There are also intentions to ramp up the power bank concept in Europe by including it in all new houses through building developers.

Ms Cheang mentioned that Europe would be a good place to start as electricity there is expensive.

Sassax is certified by the European Union as a sustainable company under the International Sustainability & Carbon Certification scheme.

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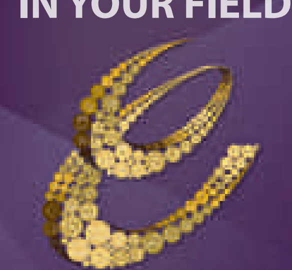

These companies are among the 16 finalists of the Emerging Enterprise Award 2016. Jointly presented by *The Business Times* and OCBC Bank, the Emerging Enterprise Award 2016 recognises promising enterprises and startups which are up to 10 years old and have an annual turnover of S$15 million or less. It is supported by RSM, MasterCard, Maxus, Singtel, ACORN Marketing & Research Consultants, INSEAD and SPRING Singapore. The winners will be unveiled at a gala dinner on September 16.

# Innovfusion personalises pain relief for childbirth

**By Nur Sabrina Azmi**

LOCAL medical technology company Innovfusion has created an effective way to manage labour pain. Epiva, the pump they created, in collaboration with KK Women's and Children's Hospital (KKH), matches the amount of epidural analgesia administered to the demand of the patient during labour.

The patient presses a button connected to the Epiva pump to administer the first dose of epidural, and when she feels a new surge of pain, she can receive another dose by pressing the button again.

Using its own algorithm system, depending on how often the button is pressed, Epiva will recalibrate the amount of epidural to discharge in subsequent doses to meet the patient's need for pain relief.

Epidural analgesia is typically administered to relieve pain during childbirth. In Singapore, more than 60 per cent of mothers opt for epidural during labour. However, despite being widely used, it is not always effective.

According to Innovfusion project director Gabriel Tan, even with epidural, a quarter of patients still suffer breakthrough pain during labour. Furthermore, there has been debate on the ideal dosage and regimen of epidural, yet there is no commonly accepted dosage that works for every patient.

This gave KKH medical board chairman Alex Sia back in 2009 the idea of creating a computer program that allows patients to determine themselves the timing and frequency of the epidural drug delivery.

"Prof Sia saw that one size does not fit all and that we needed the ability to personalise (the administration of epidural) on a larger scale," said Mr Tan. "He wanted to give his patients a safer and better experience than existing tools and systems could."

Innovfusion was later founded in 2013 and incubated by The Biofactory in order to accelerate the development and launch of a smart infusion pump for pain management during labour. In January 2015, Innovfusion turned Prof Sia's computer program into its current compact model, Epiva.

The Biofactory is a leading biomedical incubator in Singapore that has launched several medtech companies such as SG Meditech and TNR Diagnostics.

"The idea behind Innovfusion was to use the technology developed by KKH and embody it within the right design to deliver on its potential," said Mr Tan.

**Theodore Tan (left) and Gabriel Tan (right) with Finance Minister Heng Swee Keat when he checked out Innovfusion's products while visiting startups in JTC LaunchPad @ one-north last October.**

"There is still a catheter and drugs involved, except that we deliver it faster and better because of our engineering and software," he added.

Innovfusion is continuing the development of infusion systems, particularly with the help of Dr Sng Ban Leong, deputy head of anaesthesia at KKH.

Epiva is currently running large clinical trials in KKH. According to Mr Tan, clinical trails have been going on for over a year due to the positive response from previous trials.

In the first clinical trail, over 3,000 first-time mothers with full-term pregnancies were assessed on the degree of maternal satisfaction, quantity of analgesia used, as well as the well-being of the newborn.

Innovfusion's next-generation infusion systems will allow hospitals to upgrade their existing patient-control infusion system and consumables. In addition, they intend to sell the infusion device as well as a disposable set.

Mr Tan added: "We've spent quite a lot on our infusion systems and we think that in order to ensure that we deliver consistent quality, we need to provide a specialised, proprietary one-time-use disposable set."

Still, the journey for this medtech startup has not been painless. In its initial years of incubation, Innovfusion faced the challenge of hiring people with specialised skills set in product realisation and engineering to join its team.

"We needed to find the right people and key executives required to roll up their sleeves to deal with issues pertaining to product realisation," said Mr Tan.

Despite several challenges encountered along the way, he said, Innovfusion has been fortunate to be an incubatee of The Biofactory. Its leadership, headed by director Theodore Tan, has added value to Innovfusion and its products.

Looking forward, Innovfusion is focused on staying ahead of its competitors. Mr Tan concedes that there are large American and European companies that have a long tradition in the field of epidural anesthesia. But he is certain that Innovfusion's technology sets it apart, and its management is always focused and nimble enough to stay ahead of competition.

"The company is focused on pushing personalisation of medicine through these infusion systems," said Mr Tan.

Innovfusion believes that, as hospitals look to upgrade their infrastructure and systems, they will require systems like the ones developed by Innovfusion to provide patients a better experience.

The startup is also currently developing other infusion systems – called Intrava and Diva – focusing on easing labour pains.

Intrava is used for the delivery of intravenous analgesia, while Diva is used for the management of blood pressure during elective Caesarean delivery under spinal anesthesia.

"We are very excited about our pipeline," said Mr Tan. "I think our next devices Intrava and Diva are well positioned to provide better and safer drug infusion for other applications besides epidural analgesia."

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