

## Weekly Wrap of STI

The STI ended 0.49% or 15.27 points lower on Friday to close at 3077.97 as relief over the results of the US midterm elections faded, and investors turned their attention back to the US interest rate hikes and the ongoing trade war.

The STI started the week in decline following White House economic adviser Larry Kudlow downplaying the potential for a breakthrough on trade issue between China and the US. As the US midterm elections panned out much as expected which resulted in a split Congress, the market reacted positively as the political gridlock will likely weigh on fiscal stimulus in the US, and in turn slow down the rise of the US dollar and rates. However, as the overnight joy over the rally faded, the STI went back into a decline following concern over a possible escalated trade war, in which US President Trump will continue to enjoy the freedom to implement his trade agenda despite the Congress split. Investors were also worried about further interest rate hikes following a statement from the Federal Reserve.

Year to date, the STI index is down by 9.55% while the Catalyst index is down by 29.40%.

## Week Ahead: 12 November – 16 November 2018

**Economic Calendar:** UK Labour Market Report (13 Nov), China Fixed Asset Investment (13 Nov), Germany ZEW Economic Sentiment (13 Nov), US CPI (14 Nov), UK CPI (14 Nov), Japan GDP (14 Nov), Euro GDP and Industrial Production (14 Nov), China Industrial Production (14 Nov), UK Retail Sales (15 Nov), US Philadelphia Fed Manufacturing Index (15 Nov), US Jobless Claims (15 Nov), US Retail Sales (15 Nov), US Industrial Production (16 Nov), Italy CPI (16 Nov), US EIA Petroleum Status Report (16 Nov)

**Company Results:** China Everbright Water (12 Nov), mDR Limited (12 Nov), Centurion Corp (12 Nov), IREIT Global (12 Nov), Sasseur REIT (12 Nov), Sinar Mas Land (12 Nov), Singapore Reinsurance (12 Nov), Valuetronics Holdings (12 Nov), Wilmar International (12 Nov), Straco (12 Nov), APAC Realty (12 Nov), SIA (13 Nov), Accordia Golf Trust (13 Nov), Golden Agri-Resources (13 Nov), KrisEnergy (13 Nov), UOL Group (13 Nov), Luzhou Biochem (13 Nov), Asian Pay TV Trust (14 Nov), AsiaPhos (14 Nov), ASL Marine (14 Nov), CapitaLand (14 Nov), Sin Heng Heavy Machinery (14 Nov), Cromwell European REIT (14 Nov), Global Palm Resources (14 Nov), IFS Capital (14 Nov), OUE Lippo Healthcare (14 Nov), KWL Holdings (14 Nov), KSH Holdings (14 Nov), KTL Global (14 Nov), MSM International (14 Nov), Olam International (14 Nov), Vibrant Group (14 Nov), United Engineers (14 Nov), Villianz Holdings (14 Nov), ST Engineering (14 Nov), TT International (14 Nov), Cordlife (14 Nov)

## Companies News

### 1. Kim Heng narrowed 3Q deficit on the back of improved revenue

Catalist-listed Kim Heng Offshore & Marine Holdings Limited (“**Kim Heng**”) lessened its net loss to S\$3.4 million from S\$3.9 million loss a year ago. The gain was mostly attributed to a 45.9% increase in revenue to S\$9.2 million as the company managed to secure more chartering and towage contracts and vessels trading activity during the quarter. Gross profit also increased by 24.0% to S\$1.0 million despite a 49.1% increase in the cost of sales. As oil prices recovered and stabilized, the gradual increase in drilling activities had lifted the demand for the offshore and marine industry. Kim Heng believes that it is well positioned for the eventual upturn in the industry and cautiously optimistic that its financial performance may improve in the next twelve months barring unforeseen circumstances.

### 2. Jason Holdings to acquire Revez Group and dispose White Cubic

Jason Holdings Limited (“**Jason Holdings**”) entered into a sale and purchase agreement (“**SPA**”) to acquire Revez Group Pte. Ltd. (“**Revez Group**”). Revez Group is a private company incorporated in Singapore and its entire issued and paid up share capital are legally and beneficially owned by Neo Wee Han Victor, Lim Kian Sing and Lee Han Chong (collectively, the “**Vendors**”). Under the SPA, the purchase consideration for Revez Group shall be S\$42,660,000, which shall be satisfied in full by the allotment and issuance of 11,642,995,836 new shares in the share capital of Jason Holdings to the Vendors. As the proposed acquisition may result in a reverse takeover, it is subjected to the approval of the SGX-ST and the shareholders of the company. In connection with the proposed acquisition of Revez Group, Jason Holdings also entered into a disposal agreement with Mr. Chia David to sell its 60% share in White Cubic Pte Ltd (“**White Cubic**”) for an aggregate consideration of S\$20,000.

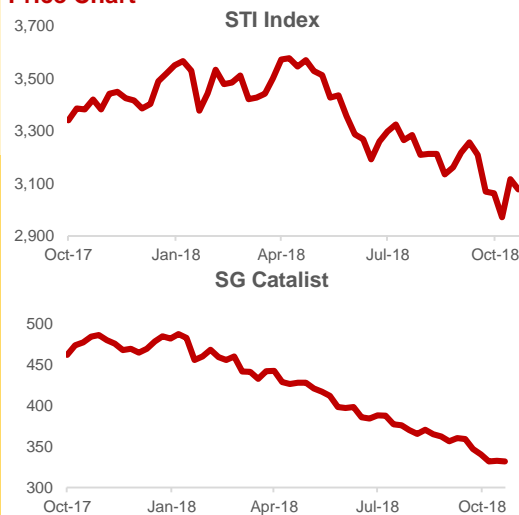
### 3. Singapore Medical Group reported a 59.8% rise in net profit for 3Q2018

Catalist-listed multidisciplinary specialist healthcare services provider Singapore Medical Group (“**SMG**”) reported a 18.9% year-on-year (“**yoy**”) surge in revenue to S\$22.1 million for 3Q 2018, underpinned by organic growth initiatives in key specialist verticals such as O&G, Paediatrics, Diagnostics and Aesthetics. In line with the increase in revenue, gross profit increased 24.0% yoy to S\$9.6 million. As a result, the Group reported a 59.8% yoy increase in net profit attributable to owners of the Company to S\$3.2 million. SMG wishes to further organic growth momentum with the opening of three new clinics in Singapore while continuing to scale its pan-Asian platform in the region with the opening of SW1 Vietnam.

## Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3078.0	▼ 15.3	▼ 0.5%	▲ 0.6%	▼ 9.5%
SG Mid Cap	697.6	▼ 4.5	▼ 0.6%	▼ 0.2%	▼ 9.1%
SG Catalist	331.8	▲ 0.8	▲ 0.2%	▼ 0.1%	▼ 29.4%
SG Small Cap	334.2	▲ 0.2	▲ 0.1%	▲ 0.9%	▼ 17.8%

## Price Chart



## Capital Market News

### 1. SGX Regco proposing shift of voting power to minorities

The Singapore Exchange Regulation (“**SGX Regco**”) is proposing changes to the voluntary delisting rules, which will shift the voting power play from offerors and concert parties to minority and independent shareholders. This would also potentially compel a sweeter exit proposition. The proposed tweaks by the SGX Regco are aimed at better aligning the divergent interests of offerors and shareholders, particularly the minorities in a voluntary delisting. SGX Regco is also proposing to codify the existing practice that the exit offer must include a cash option as a default alternative, in a move to make explicit something that is already widely practiced.

### 2. 13 firms raised S\$715 million in gross proceeds from IPO in Singapore so far in 2018

Singapore is headed for its worst year of initial public offering (“**IPO**”) activity since 2015. A total of 13 companies were listed so far this year and they raised S\$715 million in gross proceeds, with 3 companies that joined the Singapore Exchange mainboard. This is in contrast to a blockbuster 2017, in which 20 firms raised S\$4.7 billion in proceeds, including 7 mainboard listings. Earlier in April, 2 IPO hopefuls had dropped plans to list on the mainboard due to “market volatility”. Perhaps because of the dearth of bigger deals, local issue managers had given smaller companies more attention this year, and deal sizes are shrinking. 3 Catalist IPOs have each raised less than S\$5 million in gross proceeds. The final tally for 2018 is looking pretty dismal and IPO bankers are more hopeful of getting more deals out the door next year. Meanwhile, investment bankers are looking at more mergers and acquisitions deals to survive the boom-and-bust nature of the IPO cycle. On the IPO outlook for 2019, the market seems to indicate better sentiments in the later part of 2019 as compared to the earlier half.