

Weekly Wrap of STI

The STI ended 0.14% or 4.40 points lower on Friday to close at 3111.12. The index ended the week with a slight downside tilt as it mirrored the troubling climate surrounding US-China relations.

The week opened on a promising note as the G-20 summit over the previous weekend birthed a 90-day truce which allowed trade talks to commence once again. In addition, President Xi appeared to have an unprecedented level of involvement in negotiations, while President Trump had also tweeted his strong confidence for a deal to be struck. However, the exuberance in markets faded after Monday, possibly due to the inconsistencies in statements issued by US and China with regards to terms of negotiations. At mid-week, market decline was exacerbated by Canada's arrest of Huawei's Chief Financial Officer, Wanzhou Meng. China protested the arrest as expected and market participants were worried about its ramifications on US-China relations. At the week's end, negative sentiments lingered with the STI closing 0.21% lower on the week.

Year to date, the STI index is down by 8.6% while the Catalyst index is down by 31.7%.

Week Ahead: 10 December – 14 December 2018

Economic Calendar: Japan Q3 GDP (10 Dec), UK MoM GDP (10 Dec), UK October Manufacturing Production (10 Dec), US October JOLTs Job Openings (10 Dec), UK October Average Earnings Index (11 Dec), German ZEW Economic Sentiment (11 Dec), US November Core PPI (11 Dec), UK Parliament Vote on Brexit (12 Dec, subject to change), US November Core CPI (12 Dec), US Crude Oil Inventories (12 Dec), ECB Interest Rate Decision and Press Conference (13 Dec), Japan Q4 Tankan Large Manufacturers and Non-Manufacturers Index (14 Dec), China November Industrial Production (14 Dec), US November Core Retail Sales (14 Dec).

Companies News

1. Acromec advanced with renewable energy strategy

Catalist-listed Acromec Limited ("Acromec") gained new ground on renewable energy as its plans for constructing a waste-to-energy plant came closer to fruition. Acropower Pte Ltd ("Acropower"), an 80%-owned subsidiary of Acromec, signed a binding letter of intent ("LOI") with Chew's Agriculture Pte Ltd ("Chew") to build-own-operate a waste-to-energy energy plant powered by chicken manure. According to the LOI, the plant will be built on Chew's farm but will be solely financed, built, operated, and owned by Acropower. This move marked Acromec's first step in diversifying from its controlled environments engineering business to the renewable energy business which would require shareholders' approval at an extraordinary general meeting.

2. Aoxin's subsidiaries announced property acquisition

Catalist-listed Aoxin Q & M Dental Group ("Aoxin") announced that 2 of its wholly-owned subsidiaries, Shenyang Aoxin Q & M Stomatology Hospital Co Ltd ("SAQSH") and Shenyang Heping Q & M Aoxin Stomatology Polyclinic Co Ltd ("SHQAS"), has inked an agreement to purchase 2 properties in Shenyang, China. The properties will be purchased from the sister of Aoxin's Chief Executive Officer, at RMB10.25 million and RMB8.67 million. Currently, SAQSH and SHQAS are already leasing and operating in the properties announced for acquisition. Aoxin expressed that the proposed acquisitions would mitigate risks associated with leasing properties. Risks pointed out by Aoxin included hikes in rental expenses, early lease termination, and non-renewal of existing leases.

3. Kimly's exec chairman, exec director arrested by CAD, released on bail

In a filing to the Singapore Exchange last Tuesday, Catalist-listed Kimly said: "(They were) ... arrested for having been concerned, or reasonably suspected of being involved in, an offence under Section 199 of the Securities and Futures Act." "Executive chairman Lim Hee Liat and executive director Chia Cher Khiang "continue to assist in investigations, and no formal charges have been made against them by the authorities", Kimly went on to say, adding that it would continue to update shareholders as and when there are material developments. It had been reported previously that Singapore's white-collar crime busters were probing Kimly's initial public offering and its acquisition of drinks maker Asian Story Corp.

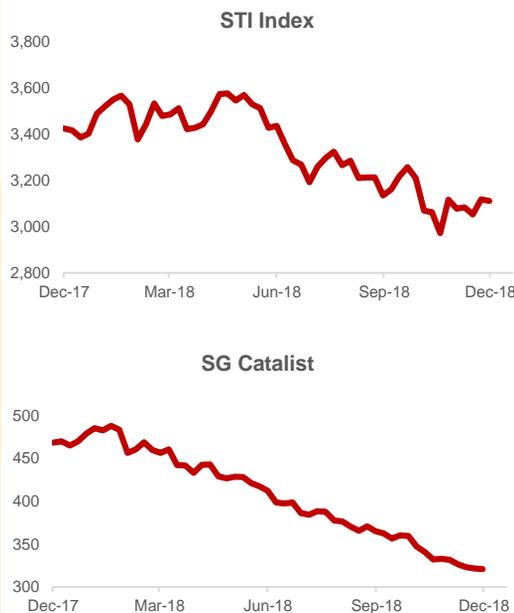
4. Sasseur REIT to be added to the GPR/APREA Composite Index and GPR/APREA Composite REIT Index

The manager of Sasseur Real Estate Investment Trust announced its inclusion as a constituent stock of the Global Property Research ("GPR") / Asia Pacific Real Estate Association ("APREA") Composite Index and the GPR/APREA Composite REIT Index. The constituent changes are to become effective at the start of trading on 24 December 2018. The GPR/APREA Composite Index is representative of the Asia Pacific property market and includes developers, landlords and REITs listed in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand. The GPR/APREA Composite REIT Index is specific only to REITs although coverage countries are similar to that of the GPR/APREA Composite Index. As of 31 October 2018, the GPR/APREA Composite Index has 425 constituents, representing a free float market capitalisation of US\$590 billion. On a similar date, the GPR/APREA Composite REIT Index has 164 constituents, representing a free float market capitalisation of US\$251 billion.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3111.1	▼ 4.4	▼ 0.1%	▼ 0.2%	▼ 8.6%
SG Mid Cap	697.2	▼ 2.0	▼ 0.3%	▼ 0.1%	▼ 9.1%
SG Catalist	320.9	▲ 1.0	▲ 0.3%	▼ 0.2%	▼ 31.7%
SG Small Cap	334.7	▲ 2.1	▲ 0.6%	▲ 0.0%	▼ 17.7%

Price Chart



IPO News

Noble relisting is off; assets found to be potentially inflated

The relisting of commodity-trader Noble Group will not proceed on December 11 as targeted, with the authorities' investigations having discovered that the to-be-relisted New Noble's net asset value could be half of what has been reported. With this, Noble may have to look to administration in the UK as an alternative restructuring route. The Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX Regco"), in a joint statement with the Singapore Police Force last Thursday evening, announced that they have decided to bar Noble Group from transferring its listing status to New Noble under the company's proposed restructuring. MAS and SGX RegCo pointed out that there are significant uncertainties about the financial position of New Noble: "It would be imprudent to allow the relisting, as investors will not be able to trade in New Noble's shares on an informed basis."

Capital Market News

MAS initiated S\$30 million grant to enhance cybersecurity

The Monetary Authority of Singapore ("MAS") introduced a S\$30 million Cybersecurity Capabilities Grant in hopes of improving the cybersecurity capabilities in the financial sector and help financial institutions nurture human capital in the field. Under the initiative, MAS will partially finance financial institutions looking to establish global or regional cybersecurity centres of excellence in Singapore. Of the associated qualifying expenses, MAS will co-fund a maximum of 50% or S\$3 million, whichever is lower.