

Weekly Wrap of STI

The STI ended 0.41% or 13.42 points lower on Friday to close at 3239.74 as markets reacted to weak economic data reported by US and China that hinted at a slowing global economy. A worse than expected US retail sales cast a pall over the the global economy as fears of a recession surfaced, dragging the index lower.

Losses in the STI were capped, however, owing to significant gains made earlier in the week including a 1.36% boost on Wednesday from initial speculations on a likely breakthrough in the trade war and positive news on the US Senate reaching an agreement to pass a spending bill to avoid another US shutdown.

Year to date, the STI index is up by 5.6% while the Catalist index is down by 2.8%.

Week Ahead: 18 February – 22 February 2019

Economic Calendar: SG Trade Balance (18 Feb), UK Unemployment (19 Feb), UK CBI Industrial Trends Orders (20 Feb), Eurozone ECB Non-Monetary Policy Meeting (20 Feb), Japan Trade Balance (20 Feb), US FOMC Meeting Minutes (21 Feb), US Jobless Claims (21 Feb), US Philadelphia Fed Business Outlook Survey (21 Feb), US Durable Goods Orders (21 Feb), US Existing Home Sales (21 Feb), US EIA Petroleum Status Report (22 Feb)

Company Results: DBS Group (18 Feb), Sasseur REIT (18 Feb), Breadtalk Group (19 Feb), Kingsmen Creatives (19 Feb), CapitaLand (20 Feb), China Everbright Water (20 Feb), Great Eastern Holdings (20 Feb), Sembcorp Marine (20 Feb), City Developments (21 Feb), Genting Singapore (21 Feb), Megachem (21 Feb), Sembcorp Industries (21 Feb), ST Engineering (21 Feb), Wilmar International (21 Feb), IFS Capital (22 Feb), OCBC (22 Feb), UOB (22 Feb)

Companies News

1. Leren Bio-Chem scheduled completion of acquisition of Knit Textile and Apparel

Catalist-listed Leren Bio-Chem Ltd. (“**Leren**”) has scheduled the completion date for the reverse takeover (RTO) of Knit Textile and Apparel (“**Knit Textile**”) after entering into a conditional put and call option agreement in Sep 2017 to acquire all the issued shares of the apparel manufacturing company. Knit Textile has now completed its restructuring exercise to acquire a few companies as part of its business expansion strategy upstream and Leren has since exercised the call option accordingly. The completion of the RTO is set for 18 Feb.

2. AusGroup expanded maintenance contract with Chevron Australia

Mainboard-listed construction and marine services provider AusGroup has secured extended work under its master services maintenance contract at Chevron Australia’s natural gas facility in Western Australia. AusGroup said it will supply experienced planning, supervision and multidiscipline trade resources to support a scheduled major turnaround at the Chevron-operated Gorgon facility. The value of the additional work was not disclosed. It is expected to create 150 local jobs. Several key packages across Chevron’s Western Australia natural gas facilities have also been awarded under this contract. This includes pipe fabrication, compressor transportation and lifting frame, main stack replacement.

3. IPS Securex secured US\$1.16 million contract from government-linked customer

Catalist-listed IPS Securex Holdings Limited (“**IPS**”), Singapore’s leading security solutions provider, announced that its wholly-owned subsidiary IPS Securex Pte Ltd has accepted a purchase order valued at approximately US\$1.16 million from a government-linked client in Southeast Asia to supply and deliver an integrated radar surveillance and bird strike deterrent solution for airport security environments. The purchase order is a culmination of months of work in planning and marketing, and is likely to be delivered within the next 6 months. It is not expected to have a material financial effect on the earnings per share and net tangible assets per share of the company for the financial year ending 30 Jun 2019.

4. Metal Component entered into a conditional agreement to acquire 51% of Asiafame

Catalist-listed Metal Component Engineering Limited (“**Metal Component**”) has entered into a conditional sale and purchase agreement with vendors World Forum Development Limited and Gold Paradise International Limited to acquire 51% of the issued and paid-up share capital of investment holding company, Asiafame Group Limited. Currently a mechanical manufacturing solutions provider, Metal Component has decided to diversify its business to address uncertain sales volumes caused by the decrease in global demand for customer products. The proposed acquisition is expected to help the company venture into a specialised industry of providing third party testing and inspection services. If successful, this strategic business diversification can generate a new sustainable revenue stream for Metal Component and improve its financial performance and position in the long term.

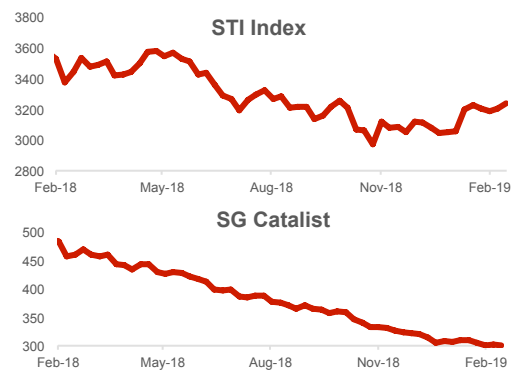
5. Jumbo made its first foray into South Korea through joint venture with TCI Inc.

Catalist-listed Jumbo Group Limited (“**Jumbo**”) has entered into an agreement with South Korean company TCI Inc. to incorporate a 50:50 joint venture company to establish and operate Jumbo’s seafood restaurants around South Korea. The first restaurant in Seoul is targeted to be operational by Q3 2019 and serves to expand Jumbo’s North Asia footprint.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3239.7	▼ 13.42	▼ 0.41%	▲ 1.18%	▲ 5.57%
SG Mid Cap	733.99	▲ 0.43	▲ 0.06%	▲ 0.12%	▲ 7.21%
SG Catalist	300.88	▼ 2.16	▼ 0.71%	▼ 0.29%	▼ 2.80%
SG Small Cap	350.40	▲ 0.24	▲ 0.07%	▲ 0.45%	▲ 6.84%

Price Chart



IPO News

Reclaims Global plans to use IPO to go global

Homegrown construction service provider, Reclaims Global Limited (“**Reclaims**”), has announced its plans to go global once it has successfully listed on the SGX Catalist board. Reclaims first filed its preliminary prospectus on 30 Jan. Apart from using the IPO proceeds to increase the company’s operational capacity with an integrated enterprise resource planning system, Reclaims also intends to use the listing to expand globally by leveraging on partnerships and joint ventures to actively engage foreign firms. Reclaims has identified a Japanese company as a potential partner to explore new high value business opportunities and bring the latest proprietary technology and advanced capabilities back into the local market. It has also been working on a blue ocean strategy to launch an alternative product to plywood and gain competitive advantage. Going forward, Reclaims will continue to focus on public sector projects where demand is high and exercise prudence on new ventures to ensure the company grows credibly while remaining protected.

Capital Market News

MAS creates corporate governance committee

The Monetary Authority of Singapore (MAS) has established its first permanent, industry-led body responsible for advocating good corporate practices in the country. Known as the Corporate Governance Advisory Committee (CGAC), the 18-member strong committee represents key stakeholder groups and includes notable names from various business segments including Singtel’s director Bobby Chin who will chair CGAC. CGAC will seek to identify current and potential risks to the quality of corporate governance in Singapore, and take a leading role in raising the ever-evolving corporate governance standards. Through the Committee, MAS aims to strengthen investor confidence in Singapore’s capital markets and uphold the nation’s reputation as a trusted international financial centre. Additionally, CGAC will also monitor international trends, revise the Practice Guidance and recommend updates to the Code of Corporate Governance. While CGAC only plays an advisory role, it will work closely with regulators and maintain strong corporate governance standards to boost long term corporate performance.