

Weekly Wrap of STI

The STI ended 0.24% or 8.01 points lower on Friday to close at 3,269.90 as optimism over the China-US trade talks was trumped by a weak round of US data that revived concerns about economic growth.

The STI started the week strongly after news that US and China may be making progress on trade negotiations broke out and US President Donald Trump signalled flexibility around the crucial March 1 deadline. Most markets across the region edged higher on Thursday after signs of progress emerged on the US-China trade front. However, concerns over the banking sector led to the local bourse to finish flat. While trade talks remain on track, but with little details on what the next moves are as deadline approaches, the market paid more attention to the lower-than-expected US data as the STI ended the week lowered.

Year to date, the STI index is up by 6.6% while the Catalyst index is down by 3.3%.

Week Ahead: 25 February – 1 March 2019

Economic Calendar SG CPI (25 Feb), US Housing Starts (26 Feb), UK Inflation Report Hearings (26 Feb), SG Industrial Production (26 Feb), Eurozone EC Economic Sentiment (27 Feb), US International Trade in Goods (27 Feb), US EIA Petroleum Status Report (27 Feb), CN CFLP Manufacturing PMI (28 Feb), US GDP (28 Feb), CN PMI Manufacturing Index (1 Mar), UK CIPS/PMI Manufacturing Index (1 Mar), Eurozone HICP Flash (1 Mar), US ISM Manufacturing Index (1 Mar)

Company Results: Asian Pay Television Trust (25 Feb), Ho Bee Land (25 Feb), Raffles Medical (25 Feb), United Engineers (25 Feb), BHG Retail REIT (26 Feb), Best World International (26 Feb), KrisEnergy (26 Feb), UOL Group (26 Feb), Cromwell European REIT (27 Feb), Golden Agri-Resources (27 Feb), Hong Leong Finance (27 Feb), OKP Holdings (27 Feb), Jardine Strategic (28 Feb), Olam International (28 Feb), Dairy Farm International (28 Feb), China Aviation Oil (28 Feb), HongKong Land (28 Feb), Thakral Corp (28 Feb), Aoxin Q&M (1 Mar), Elec & Eltek International Company (1 Mar)

Companies News

1. KTMG, formerly Lereno Bio-Chem, completed RTO and reconstituted board

Following the completion of a reverse takeover ("RTO") of Knit Textile and Apparel, Lereno Bio-Chem Ltd ("Lereno Bio-Chem") is now known as KTMG Limited ("KTMG"). Lim Siau Hing has been appointed Executive Chairman and Executive Director and his son, Lim Vhe Kai, is the new Chief Executive Officer and Executive Director. KTMG will be changing its reporting and functional currency from the Singapore dollar to the Malaysian ringgit and will be reporting its financial results on a half-yearly basis.

2. Megachem achieved 9% growth to attain record sales in FY2018

Catalist-listed specialty chemical solutions provider Megachem Limited ("Megachem") announced a 9.0% growth in revenue to a record S\$117.9 million for FY2018. The improvement was led by broad based growth across major markets as well as in both distribution and manufacturing segments. Correspondingly, Megachem recorded a 10.7% growth in gross profit to S\$29.4 million and a 1.9% increase in net profit after tax to S\$4.3 million for FY2018. In 2018, the Group also expanded in Asia with an establishment of presence in Myanmar and an acquisition of a chemical distributor in Thailand.

3. Natural Cool to diversify into F&B business

Catalist-listed air-conditioning company Natural Cool Holdings Limited ("Natural Cool") has through its newly incorporated 80% owned subsidiary company, SFB Holdings Pte. Ltd., entered into a conditional business transfer agreement to acquire Yummy YM Pte. Ltd. and SFB Global Pte. Ltd. Natural Cool will acquire the two snack manufacturing businesses for S\$980,000 in cash. The acquisition will allow Natural Cool to foray into the food and beverage business as a mean to build a potentially new source of revenue and profit.

4. SMG announced 52.1% rise in net profit for FY2018

Catalist-listed multi-disciplinary specialist healthcare services provider Singapore Medical Group ("SMG") reported a 25.1% growth in revenue to S\$85.1 million driven by growth initiatives in key specialist verticals such as O&G, Paediatrics, Diagnostics and Aesthetics. Gross profit grew by 30.4% to S\$37.8 million and gross profit margin improved 1.8 percentage points to 44.4%, supported by a change in sales mix across the Group's business segments. SMG reported a 52.1% increase in net profit amounting to S\$12.9 million.

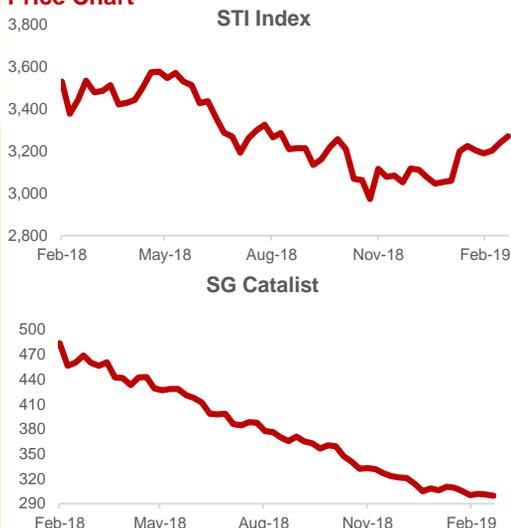
5. Singapore Kitchen's FY2018 revenue up 9.2% to S\$33.6m

Catalist-listed Singapore Kitchen Equipment Limited ("Singapore Kitchen") recorded a revenue increase of 9.2% to S\$33.6 million for FY2018 mainly attributed to higher sales generated from the fabrication and distribution business segment. Net profit dropped 45.9% to S\$0.7 million mainly due to the dual listing expenses of S\$1.7 million. Excluding the dual listing expenses, the Group would have recorded a net profit of S\$2.4 million.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3269.9	▼ 8.0	▼ 0.2%	▲ 0.9%	▲ 6.6%
SG Mid Cap	742.6	▲ 4.2	▲ 0.6%	▲ 1.2%	▲ 8.5%
SG Catalist	299.4	▼ 0.0	▼ 0.0%	▼ 0.5%	▼ 3.3%
SG Small Cap	349.9	▲ 1.2	▲ 0.4%	▼ 0.1%	▲ 6.7%

Price Chart



IPO News

Theme park developer Sim Leisure Group to list on Catalist Board 1 March

In an offer document lodged on Friday, Penang theme park developer Sim Leisure Group is heading for a Catalist debut on March 1. It plans to offer 26.4 million shares entirely via placement at S\$0.22 apiece, valuing the group at S\$29.5 million. Gross proceeds of roughly S\$5.8 million will be used to fully redeem outstanding redeemable convertible preference shares held by Penang Development Corp. Sim Leisure Group runs two theme parks in Penang - Escape Adventureplay and Escape Waterplay - with a third sets to open this year. The group wants to expand into China and South-east Asia, with Bangkok, Jakarta, Manila and Ho Chi Minh City named as potential sites.

Capital Market News

Singapore to allocate S\$100m for a new SME Co-Investments Fund III

The Singapore government will set aside S\$100 million for investments in small and medium-sized enterprises ("SMEs") according to the 2019 budget. SME Co-Investment Fund III is the third edition of this fund, adding to the S\$400 million already earmarked through two rounds of fund injections in the Co-Investment Programme launched in 2010. The Fund focuses on providing patient growth capital for Singapore-based SMEs. Qualifying companies are required to have their key management functions and headquarters based in Singapore and have revenues of up S\$500 million. The fund will also co-invest in startups to help them scale and internationalise. Temasek Holdings will be a co-investor in the fund, which will be managed by Heliconia Capital Management. The original two rounds attracted about S\$1.3 billion of additional funding for SMEs. It is expected that the new fund will bring in another S\$200 million for these firms.