

Weekly Wrap of STI

The STI ended 0.03% or 1.04 points lower on Friday to close flat at 3,392.29 following a weak US session overnight as investors cautiously awaited the release of US jobs data.

The STI started the week strongly fuelled by strong performance from DBS Group, leading to the STI to close above 3,400 points for the first time this year. However, for the rest of the week, the Singapore bourse trended lower through a combination of factors such as softer-than-expected Chinese manufacturing PMI readings failing to meet expectations and US Federal Reserve keeping interest rates unchanged. There was also report suggesting that the long-running China and US trade talk had hit a snag as investors turned cautious.

Year to date, the STI index is up by 10.5% while the Catalyst index is down by 6.1%.

Week Ahead: 6 May – 10 May 2019

Economic Calendar: CN General Services PMI (6 May), EU Retail Sales (6 May), JP PMI Manufacturing Index (7 May), AU RBA Announcement (7 May), NZ RBNZ Announcement (8 May), US EIA Petroleum Status Report (8 May), CN CPI (9 May), US International Trade (9 May), US Jobless Claims (9 May), US PPI-FD (9 May), US CPI (10 May), UK GDP (10 May), UK Manufacturing Production (10 May)

Company Results: CSE Global (6 May), Perennial Holdings (7 May), SingPost (7 May), Haw Par Corp (8 May), Roxy-Pacific Holdings (8 May), Ascendas Hospitality Trust (9 May), Atlantic Navigation (9 May), Genting Singapore (9 May), Hotel Royal (9 May), OUE Commercial REIT (9 May), Challenger (10 May), EC World REIT (10 May), Emerging Towns & Cities Singapore (10 May), HRnetGroup (10 May), IFS Capital (10 May), Mewah International (10 May), OCBC Bank (10 May), UOL Group (10 May), VICOM (10 May), Wilmar International (10 May)

Companies News

1. Metech 3Q2019 revenue increased 48.9% to S\$24.2 million

Catalist-listed Metech International Limited (“**Metech**”) announced that revenue for 3Q2019 has increased by 48.9% from S\$16.2 million to S\$24.2 million. The increase was largely attributable to more resources being committed to the Supply Chain Management business after selling off its E-Waste Management business. The E-Waste Management business has been reclassified under Discontinued Operations and revenue was solely derived from the Supply Chain Management business. Correspondingly, Metech reported a profit after tax of S\$23,000 in 3Q2019 as compared to a loss of S\$1.5 million in 3Q2018. Total net profit for the nine months ending 31 March 2019 also improved to S\$151,000, a reversal from a S\$2.3 million loss in the corresponding period.

2. Alliance Mineral entered into MOU for JV to produce and sell Lithium Hydroxide

Catalist-listed Alliance Mineral Assets Limited (“**Alliance Mineral**”) signed a non-binding memorandum of understanding (“**MOU**”) with Shenzhen listed Jiangxi Special Electric Motor Co., Ltd for a 50:50 joint venture (“**JV**”) to produce and sell battery-grade lithium hydroxide. The JV is an opportunity for Alliance Mineral to benefit from downstream lithium hydroxide production and sales within the next 6 to 12 months, without incurring capital costs and exposure to the risk associated with the construction of a conversion facility. The parties will work towards executing a formal binding agreement in relation to the JV by 30 June 2019.

3. Memories Group to buy stake in Yangon hotels and a boat cruise

Catalist-listed Myanmar-based tourism-focused company Memories Group Limited (“**Memories Group**”) entered into a shares purchase agreement with Oakframe Investment and its holding company, Sun Hing kai & Co to acquire a 15.28% stake in Strand Hotel International Limited (“**SHIL**”). SHIL has a 50% interest in the Strand Hotel, Inya Lake Hotel and Hotel G Yangon and an 80% interest in The Strand Cruise. The consideration for the stake sale will be fully settled by the issuance of US\$3.19 million three-year unlisted convertible bonds with a coupon rate of 5 per cent per annum. Assuming conversion at the maturity date, the maximum amount of the consideration will be US\$3.67 million, comprising US\$3.19 million in principal amount and US\$0.48 million in accrued interest.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3392.3	▼1.0	▼0.0%	▲1.3%	▲10.5%
SG Mid Cap	769.4	▼0.4	▼0.1%	▼0.2%	▲12.4%
SG Catalist	290.5	▲0.9	▲0.3%	▲0.3%	▼6.1%
SG Small Cap	348.3	▼0.8	▼0.2%	▼0.4%	▲6.2%

Price Chart



IPO News

ARA US Hospitality Trust priced IPO at US\$0.88

ARA US Hospitality Trust has priced its initial public offering (“**IPO**”) at US\$0.88 per stapled security. The IPO comprises nearly 379.8 million stapled securities with an over-allotment option, comprising an international placement of over 328.6 million stapled securities to investors outside the US, and an offering of over 51.1 million stapled securities to the public in Singapore. ARA US Hospitality Trust expects to raise gross proceeds of US\$498 million from the offering, including nearly US\$163.8 million from six cornerstone investors who have taken up 132.4 million shares. ARA US Hospitality Trust is also expected to draw down on some US\$251.8 million of debt facilities. Of the combined US\$749.8 million, over US\$715.2 million will go towards redemption proceeds and repayment of the existing loan facilities, US\$28 million will go to transaction costs and S\$6.5 million will go to working capital. The expected distribution yield is 8% for 2019.

Capital Market News

ES and MAS to catalyse funding for startups

Enterprise Singapore (“**ES**”) and Monetary Authority of Singapore (“**MAS**”) are working together to match startups with global investors. The collaboration with MAS is part of a wider strategy by Enterprise Singapore to strengthen the local startup ecosystem by adopting a market-led approach, bringing together academia, government and the private sector to create solutions that address market needs in Singapore and the region. One way that the two statutory boards will catalyse financing is through highly curated deal-making sessions. 17 new accredited mentor partners will also be added to the Startup SG Founder programme to provide more mentorship and startup capital to first-time entrepreneurs. This will bring the total number of mentors to 45; the programme is envisaged to groom close to 200 startups in the coming year.