

Weekly Wrap of STI

The STI ended 0.21% or 6.89 points higher on Friday to end at 3,357.34 as the benchmark index managed to stave off disappointing advanced estimates for the second-quarter gross domestic product ("GDP") to close out higher.

The STI opened the week lower following weaker performance across Asia following last Friday's strong US job report which undercut hopes for an aggressive Federal Reserve interest rate cut in July. In mid week, the local equities market managed to stop its slide as investors waited anxiously for US Federal Reserve chairman Jerome Powell's testimony. Following the Fed chief's affirmation of a dovish stance, which signalled hopes of a rate cut of at least 25 basis points in July, markets across Asia rallied and closed the day higher. On the last trading day of the week, Singapore shares struggled to advance even as new records were set on Wall Street in anticipation of an interest rate cut as Singapore's worse-than-expected GDP performance in the second quarter held stocks back. Ultimately though, the STI managed to hold on to its gains and closed out the last day of trading higher.

Year to date, the STI index is up by 9.4%.

Week Ahead: 15 July – 19 July 2019

Economic Calendar: CN GDP (15 Jul), CN Industrial Production (15 Jul), CN Retail Sales (15 Jul), CN Fixed Asset Investment (15 Jul), AU RBA Meeting Minutes (16 Jul), UK Labour Market Report (16 Jul), US Industrial Production (16 Jul), US Retail Sales (16 Jul), EU HICP (17 Jul), SG Merchandise Trade (17 Jul), UK CPI (17 Jul), US Housing Starts (17 Jul), US EIA Petroleum Status Report (17 Jul), UK Retail Sales (18 Jul), US Jobless Claims (18 Jul), US Philadelphia Fed Business Outlook (18 Jul)

Company Results: Keppel Infrastructure Trust (15 Jul), Keppel REIT (15 Jul), Regal International Group (15 Jul), Keppel-KBS US REIT (16 Jul), Keppel DC REIT (16 Jul), Qian Hu Corporation (17 Jul), Soilbuild Business Space REIT (17 Jul), Keppel Corp (18 Jul)

Companies News

1. Maxi-Cash entered into a conditional SPA to acquire Aspial Property

Catalist-listed Maxi-Cash Financial Services Corporation Ltd. ("Maxi-Cash") entered into a conditional share purchase agreement ("SPA") with Aspial Corporation Limited ("Aspial") to acquire all the issued ordinary shares of Aspial Property Investment Pte. Ltd. ("Aspial Property"). Aspial Property is the registered owner of 6 investment properties and leases some of the units to the Maxi-Cash. Maxi-Cash believes that the proposed acquisition is in line with the Group's strategic plans to acquire an asset which has the potential for capital gain, while being utilised for its existing pawnbroking and retail businesses. On a separate note, Maxi-Cash had also entered into a revolving loan agreement with Aspial and Aspial Treasury Pte. Ltd. for a revolving credit line of principal sum of up to S\$50,000,000. Maxi-Cash believes that the entry into the loan agreement will benefit the Group in financing the general working capital requirements and/or the repayment of existing loans, allowing the Group to continue their operations with minimal restrictions.

2. NauticAWT entered into new placement agreement to raise S\$4.5 million

Catalist-listed oil and gas engineering group NauticAWT Limited ("NauticAWT") entered into a conditional share subscription agreement with Dr Chirasak Chiyachantana to issue 400 million new ordinary shares at S\$0.01125 per share to raise S\$4.5 million. The net proceeds would be mainly used for working capital funding and investment via business diversification and acquisitions and to repay balance liabilities. The subscription, if approved by shareholders, will see the private investor become a controlling shareholder with a 50.4% stake in the company's enlarged share capital. Previously, NauticAWT had entered into placement agreements that would have helped to raise S\$12 million. However, the agreements had lapsed and the company and the placement agents had mutually agreed not to proceed with the proposed placement.

3. Fortress Minerals announced 1QFY2020 results

Catalist-listed high-grade iron ore concentrate producer and exporter Fortress Minerals Limited ("Fortress Minerals") generated a revenue of US\$5.8 million for 1QFY2020, approximately 28.3% of full year revenue for FY2019 on the back of favourable high-grade iron ore outlook. Gross profit margin improved to 68.6% attributable to the optimisation of production and cost efficiencies during FY2020. The Group has completed the installation for new ball mills which is expected to increase monthly steady state production capacity from 40,000WMT to 50,000WMT from 2Q FY2020 onwards.

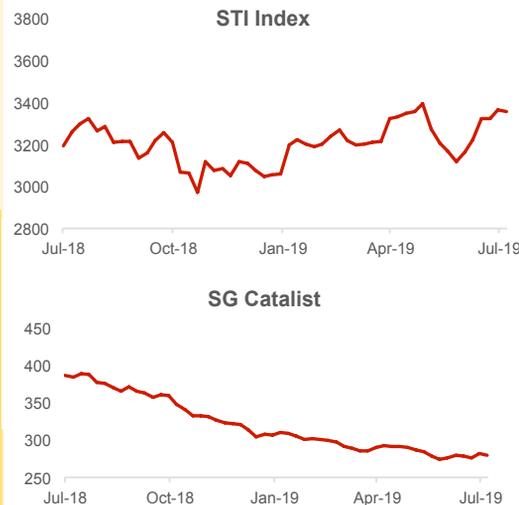
4. MeGroup clinched first Ford Dealership

Catalist-listed MeGroup Limited ("MeGroup") announced that it has received letter of appointment from Sime Darby Auto Connexion Sdn Bhd, the official distributor of Ford automobiles in Malaysia, to operate a Ford 3S automobile dealership in Bukit Rimau, Shah Alam, in the state of Selangor, Malaysia. The Group expects the new Ford dealership to begin operations in the fourth quarter of the 2019 calendar year. This newest Ford dealership increased owned dealerships to eight, across five different automobile brands.

Market Snapshot

| Symbol | Price | Change | 1D % Change | 5D % Change | YTD % Change |
|--------------|--------|--------|-------------|-------------|--------------|
| STI | 3357.3 | ▲ 6.9 | ▲ 0.2% | ▼ 0.3% | ▲ 9.4% |
| SG Mid Cap | 776.5 | ▼ 2.2 | ▼ 0.3% | ▼ 1.3% | ▲ 13.4% |
| SG Catalist | 279.9 | ▼ 1.1 | ▼ 0.4% | ▼ 0.6% | ▼ 9.6% |
| SG Small Cap | 353.8 | ▲ 0.7 | ▲ 0.2% | ▼ 0.2% | ▲ 7.9% |

Price Chart



Capital Market News

SGX RegCo announced changes to voluntary delisting rules for listed firms

The regulatory arm of the Singapore Exchange ("SGX RegCo") announced changes to two aspects of the voluntary delisting rules for listed firms, with immediate effect. The first change requires voluntary delisting offers to be both "reasonable" and "fair", in the opinion of the appointed independent financial adviser (IFA). Previously, an exit offer was only required to be reasonable but not fair. The new change will effectively push companies to give shareholders a better exit value if they choose to go private by way of a voluntary delisting. The second change requires offerors and parties acting in concert with them to abstain from voting on the voluntary delisting resolution. Effectively, offerors will go from having a strong influence in the exit vote to zero influence. The SGX also stressed that offerors should not use other forms of privatisation to avoid complying with the above requirements.

Asia recorded US\$129 billion of VC deals in 2018

Asia surpassed North America in Venture Capital ("VC") deals in 2018, recording US\$129 billion worth of deals for the year as shown by a report by alternative assets data provider Preqin. Globally, VC deals hit a record of US\$274 billion across 14,889 transactions in 2018 and the average deal size was about US\$25 million. Singapore chalked up 227 VC deals, with an aggregate deal value of US\$4.9 billion. By region, Asia saw the most activity with 5,780 deals, followed by 5,510 in North America, 2,781 in Europe worth US\$22 billion and 818 across South America, Africa, the Middle East and Australasia valued at US\$9.1 billion in total. By sector, Internet firms accounted for 29% of global VC deal value in 2018, with 3,297 deals worth US\$80 billion. Software firms accounted for 15% of total deal value, worth US\$39 billion. The telecoms and healthcare sectors accounted for 20% and 16% of total deal value, respectively.