

Weekly Wrap of STI

The STI ended 0.23% or 7.16 points lower on Friday to close at 3062.51 following a turbulent week marked by impending rising US interest rate, global geopolitical tensions and the on-going US-China trade war.

The STI started the week on the back foot amid the on-going concerns that had blanketed the market over the past weeks. At mid week, the STI got a much needed rally as US earnings season gave investors a short-term distraction, bringing some semblance of stability to financial markets. However, investors soon returned to gloomy mood as global sentiment soured on issues ranging from trade worries, Italy's 2019 budget, higher US interest rates and growth concerns in China. The STI took a further beating as the URA announced changes restricting the minimum unit size of private housing developments, paring the property share prices.

Year to date, the STI index is down by 10.00% while the Catalist index is down by 27.50%.

Week Ahead: 22 October – 26 October 2018

Economic Calendar: German Manufacturing PMI (24 Oct), US New Home Sales (24 Oct), FOMC Member Charles Evans speaks (24 Oct), US EIA Petroleum Status Report (24 Oct), FOMC Member James Bullard speaks (24 Oct), European Central Bank Interest Rate Decision (25 Oct), US Core Durable Goods Orders (25 Oct), US International Trade in Goods (25 Oct), US Jobless Claims (25 Oct), US GDP (26 Oct)

Company Results: Mapletree Logistics Trust (22 Oct), Mapletree Industrial Trust (23 Oct), UOI (23 Oct), Ascendas India Trust (24 Oct), Frasers Centrepoint Trust (24 Oct), M1 Limited (24 Oct), Mapletree Commercial Trust (24 Oct), Suntec REIT (24 Oct), Tuan Sing Holdings Limited (24 Oct), AIMS AMP Capital Trust (25 Oct), Ascendas REIT (25 Oct), CapitaLand Mall Trust (25 Oct), Parkway Life REIT (25 Oct), Sembcorp Marine (25 Oct), Cache Logistics Trust (26 Oct), CapitaLand Commercial Trust (26 Oct), Frasers Hospitality Trust (26 Oct), Mapletree NAC Trust (26 Oct), Miyoshi Ltd (26 Oct), Sabana REIT (26 Oct), UOB (26 Oct)

Companies News

1. IEV proposed to dispose loss-making, indirectly-owned subsidiary
Catalist-listed IEV Holdings' ("IEV") wholly-owned subsidiary, IEV Energy Sdn. Bhd. ("IEV Energy") entered into a conditional sale and purchase agreement to dispose of its entire 95% stake in PT IEV Gas ("IEV Gas"). IEV Energy agreed to dispose of all of its 630,910 shares to PT Digas Energi Semesta for a cash consideration of 960 million rupiah, approximately S\$87,000. This value was arrived at based on arm's length negotiations and on a willing-buyer and willing-seller basis, taking into consideration the liquidation value of the assets (amounting to 16.1 billion rupiah), the contingent liabilities in relation to a VAT tax dispute (amounting to 11.3 billion rupiah) and potential employment severance liabilities (estimated at 6.52 billion rupiah). The subsidiary, IEV Gas, primarily engaged in the sale and delivery of compressed natural gas ("CNG") in Indonesia. Due to lower global energy prices and a challenging business landscape in Indonesia, IEV had been reporting losses in its mobile natural gas sector since 2015. IEV expects IEV Gas to continue to operate at a loss, which will put a drain on IEV's financial resources. As such, IEV has decided to stem the continuing losses and eventually exit from the mobile natural gas business in Indonesia.

2. Advancer Global announced appointment of non-independent, non-executive director from Fullcast
Catalist-listed Advancer Global Limited ("Advancer Global") had appointed Mr. Takehito Hirano as a non-independent, non-executive director. Following the completion of the proposed subscription of 65,000,000 ordinary shares in Advancer Global by Fullcast Holdings Co., Ltd ("Fullcast"), Fullcast was entitled to nominate 1 person for the appointment as a non-executive director to the board of Advancer Global. After evaluating Mr. Hirano's qualification and work experience, the nominating committee of Fullcast nominated the appointment of Mr. Hirano for the role. The board of Advancer Global had accepted the recommendation and approved Mr. Hirano's appointment. Mr Hirano has been a director in Fullcast since September 2007 and was appointed as chairman since March 2015. He is also the representative director and chairman for F-PLAIN Corporation. In addition, Mr. Hirano holds 20% of ordinary shares in Hirano Associate Co., Ltd ("Hirano Associate"). Hirano Associates, which is 100% hold by Mr. Hirano and his family, holds 33.34% of ordinary shares in Fullcast, which in turn holds 25.76% of Advancer Global.

3. Aoxin Q&M Dental announced completion of acquisition of property
Aoxin Q&M Dental Group Limited ("Aoxin") announced that its wholly own subsidiary, Shengyang Aoxin Q&M Stomatology Hospital Co., Ltd ("SYQM"), had completed the acquisition of the premise located at No. 190 of Da Nan Street, Shenhe District, Shengyang City. The property is part of four adjoining shop units, owned by four different landlords. SYQM has rented the four shop units for 12 years and has combined them through renovation into one big premise for the operation of a dental hospital. The remaining three shop units will continue be rented as per the existing rental agreements. The purchase consideration payable by SYQM is RMB6,559,940. Aoxin believed that this is a strategic opportunity to secure a permanent location for its dental hospital on Da Nan Street.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3062.5	▼ 7.2	▼ 0.2%	▼ 0.2%	▼ 10.0%
SG Mid Cap	702.6	▼ 7.1	▼ 1.0%	▼ 0.2%	▼ 8.4%
SG Catalist	340.7	▼ 2.1	▼ 0.6%	▼ 1.9%	▼ 27.5%
SG Small Cap	336.3	▼ 1.7	▼ 0.5%	▼ 0.4%	▼ 17.3%



Capital Market News

1. SGX RegCo to incorporate due diligence guidelines into Listing Rules
Singapore Exchange Regulation Pte Ltd ("SGX RegCo") is planning to hard-code the due diligence guidelines issued by the Association of Banks in Singapore ("ABS") into its Listing Rules. As of now, the due diligence guidelines carry out on companies seeking to list on the Singapore Exchange are either non-binding principals or best practices that are not enforceable by law or not legally binding. By formalizing the guidelines, SGX RegCo wants to generate greater clarity for issue managers and full sponsors. This will ensure that they will be more responsible for the due diligence process on the companies and the quality of the companies they sponsor for listing as disciplinary action will be enforced. On a side note, SGX RegCo is also closely monitoring the development of new disruptive technologies such as crypto-assets and Initial Coin Offerings. It will study the implications of these developments and will pay particular close attention to the management of risks and accountability.

2. S\$34 million consortium agreement inked to drive pharmaceutical manufacturing industry
Local pharmaceutical manufacturing industry got a S\$34 million boost through an agreement inked by the Pharma Innovation Programme Singapore ("PIPS") consortium. The agreement aims to drive the transformation of the industry and gear it up for the future economy. With the sector facing global pressures on drug pricing and increased competition, the PIPS consortium will focus on increasing productivity and operational efficiency through technology and data analytics. PIPS will zoom in on areas such as continuous manufacturing, bio-catalysis, advanced process control and process analytical technology and enhanced pharmaceutical operations. The industry contributes over 3% to Singapore's GDP.