

Weekly Wrap of STI

The STI ended 1.35% or 40.82 points lower on Friday to close at 2972.02 amid a torrid week ignited by an US equity rout, which caused a reflective sell-off across Asia as existing worries linked up with emerging ones to batter the markets.

The STI started the week in decline following the recurring theme that had plagued the market over the past few weeks, from US tensions with Russia and Saudi Arabia, to trade issues and Italy's budget stand-off with the European Union. The slight midweek rebound did not last long as the local bourse was swept up in the worldwide rout. The STI plunged as billions of dollars hemorrhaged from global markets after a rout that saw the Dow and S&P 500 indices erase their 2018 gains and the Nasdaq entered correction territory. The STI fell below the psychological support level of 3,000 for the first time since January last year, as 11 of the 30 blue-chips fell to 52-week lows. Investors remained apprehensive over the future impact of tariffs, rising costs and concerns about economic growth and corporate earnings, the STI ended the week below 3,000.

Year to date, the STI index is down by 12.66% while the Catalist index is down by 29.33%.

Week Ahead: 29 October – 02 November 2018

Economic Calendar: UK Budget (29 Oct), US Personal Income and Outlays (29 Oct), Bank of Japan Announcement (29 Oct), Euro EC Economic Sentiment & GDP Flash (30 Oct), US State Street Investor Confidence Index (30 Oct), Italy GDP (30 Oct), China Manufacturing PMI (31 Oct), Euro CPI (31 Oct), US EIA Petroleum Status Report (31 Oct), China Caixin Manufacturing PMI (1 Nov), UK BoE Interest Rate Decision (1 Nov), UK Manufacturing PMI (1 Nov), US ISM Manufacturing Index (1 Nov), US Unemployment Situation (2 Nov), US International Trade (2 Nov), Global Manufacturing PMI (2 Nov)

Company Results: Great Eastern (29 Oct), Raffles Medical (29 Oct), CapitaLand Retail China Trust (30 Oct), Far East Hospitality Trust (30 Oct), Second Chance Property Ltd (30 Oct), Starhill Global REIT (30 Oct), Ascendas Hospitality Trust (31 Oct), Resources Prima (31 Oct), Roxy-Pacific (31 Oct), Ascott REIT (1 Nov), China Aviation Oil (1 Nov), OCBC Bank (1 Nov), Challenger (2 Nov), NetLink NBN Trust (2 Nov), Sembcorp Industries Ltd (2 Nov), Venture Corporation Limited (2 Nov)

Companies News

1. United Global inked non-binding MOU with Spain's Repsol

Catalist-listed lubricant manufacturer United Global Limited ("United Global") entered into a non-binding memorandum of understanding ("MOU") with Spain's Repsol Lubricantes Y Especialidades, S.A. ("Repsol"). Pursuant to the MOU, Repsol will conduct a feasibility study to explore the acquisition of an equity stake in United Global's wholly owned subsidiary United Oil Company Pte Ltd. Once the study is completed, United Global and Repsol will discuss whether to proceed with the possible acquisition and to negotiate the terms and conditions of the definitive agreement to be executed. The MOU will remain in force for a period of 6 months starting from 22 October 2018. There is also an option to extend the MOU for a further 6 months subject to mutual agreement.

2. Atlantic Navigation delivered remaining 2 new vessels to support charter contracts

Catalist-listed Atlantic Navigation Holdings (Singapore) Limited ("Atlantic Navigation") had drawn down on the balance of US\$9.4 million of a 7-year Term Loan Facility of up to US\$29.8 million from its United Arab Emirates banker to pay for the purchase of 2 new vessels. Under the US\$236 million long-term charter contracts with Middle Eastern National Oil Company ("MENOC"), Atlantic Navigation is to purchase 7 new vessels to support the MENOC Contracts. The purchase of the 2 new vessels are the last remaining 2 of the 7 new vessels as promised in the contract. Atlantic Navigation had taken delivery of these 2 new vessels and they will be mobilized to the Middle East to support the MENOC contracts.

3. Shopper360 and NTUC FairPrice inked advertising agreement

Catalist-listed shopper marketing services provider shopper360 Limtied ("Shopper360") secured an agreement with NTUC FairPrice Co-operative Ltd ("NTUC FairPrice") to exclusively provide in-store advertising services to consumer brands at 68 hypermarkets and supermarkets in Singapore. Inked between shopper360's wholly-own subsidiary ShopperPlus Singapore Pte. Ltd. and NTUC FairPrice, the agreement was the shopper360's first with a supermarket chain in Singapore. Shopper360, which provides access to in-store advertising in over 2,840 retail outlets across 184 towns in Malaysia, will be deploying a team from its more well-established foundation in Malaysia to support the Singapore team to facilitate knowledge transfer.

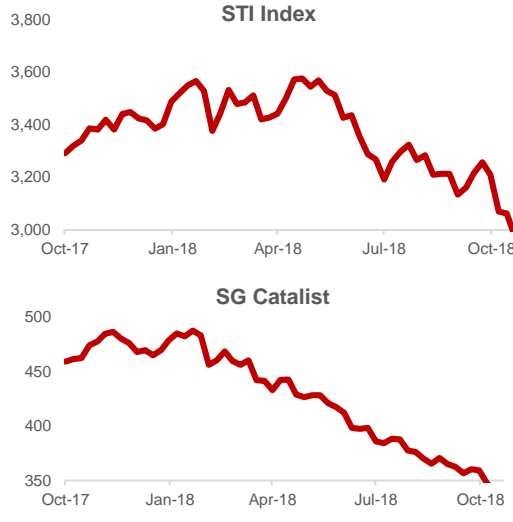
4. Asian Healthcare Specialists to buy anaesthesia business for S\$11.05m

Catalist-listed Asian Healthcare Specialists will pay S\$11.05 million for the medical services businesses of an anaesthesiologist, under a sale and purchase agreement inked last Friday, said the board. The deal with Roy Lim Tet Chen will be paid with S\$1 million in cash, and new shares issued at S\$0.28 apiece, or a premium of 2.1% over the volume-weighted average price on the last market day. While no independent valuation was carried out on Dr Lim's firm, which is named Asian Anaesthesia Care, the Asian Healthcare Specialists board said the firm's unaudited pro forma net tangible assets were S\$31,783 as at December 31, 2017, while its pro forma profit after tax was S\$845,000 for the 12 months.

Market Snapshot

| Symbol | Price | Change | 1D % Change | 5D % Change | YTD % Change |
|--------------|--------|--------|-------------|-------------|--------------|
| STI | 2972.0 | ▼ 40.8 | ▼ 1.4% | ▼ 3.0% | ▼ 12.7% |
| SG Mid Cap | 698.2 | ▼ 2.2 | ▼ 0.3% | ▼ 0.6% | ▼ 9.0% |
| SG Catalist | 332.1 | ▼ 1.1 | ▼ 0.3% | ▼ 2.5% | ▼ 29.3% |
| SG Small Cap | 333.4 | ▼ 1.5 | ▼ 0.5% | ▼ 0.9% | ▼ 18.0% |

Price Chart



IPO News

MeGroup priced IPO at S\$0.23 per share

Ahead of its listing on the Catalist board of the Singapore Exchange, Malaysian car dealership and automotive parts maker MeGroup Ltd. ("MeGroup") has priced its initial public offering ("IPO") at S\$0.23 per share. The IPO will raise a net proceeds of S\$2.4 million through the issuance of 16.5 million new shares, of which 15 million shares are subscribed by the way of placement and 1.5 million shares are through public offering. MeGroup will have a market cap of S\$27.3 million upon its debut, which is 9.2 times its earnings for FY2018. MeGroup intends to use the proceeds for business expansion and general working capital purposes.

Capital Market News

ESG and MAS set up new government agency to facilitate in Asia infrastructure projects

Enterprise Singapore ("ESG") and the Monetary Authority of Singapore ("MAS") joined forces to set up Infrastructure Asia. The new government agency aims to connect infrastructure firms with government officials to develop, finance and execute infrastructure projects in South-East Asia. It plans to make mega infrastructure projects more "bankable", which will spur investment in the infrastructure scene in the region. According to the Asian Development Bank's estimates, developing economies in Asia will need to invest about US\$26 trillion in infrastructure projects until 2030. Along with the new agency, a new Singapore Infrastructure Dispute-Management Protocol was introduced to help stakeholders manage disputes and minimize the risks of time and cost overruns. Under the new protocol, a Dispute Board, comprises of up to 3 neutral professionals in relevant fields, will be appointed at the beginning of a project. The Dispute Board will follow the project from the start to the end and proactively help to provide dispute management through customized dispute avoidance and resolution processes.