

Weekly Wrap of STI

The STI Index inched up by 7.19 points, or 0.2 %, closing at 3,577.21 on Friday amid good news on both the domestic and international fronts. On the domestic front, 1Q2018 property market data showed growth in private home prices and office rents, while retail may be on the mend. The central bank has also reiterated its positive economic outlook for the Republic.

The STI started muted early of the week as investors braced for a bevy of earnings from the world's largest corporations, while keeping a wary eye on US bond yields as they approached peaks that had triggered ructions in the past. On Wednesday, the STI declined 0.5% following the weaker Wall Street overnight as warnings by bellwether companies of higher costs reverberated after the benchmark US 10-year treasury yield pierced the 3% level for the first time in four years. Despite this, the local index turned positive for the remaining week, in line with the stronger Wall Street performance which was helped by strong quarterly earnings.

Overall in the week, the STI index gained 0.1%. Year to date, the STI index gained 5.1% while the Catalist index was down by 8.7%.

Week Ahead: 30 April – 4 May 2018

Economic: US ISM Mfg Index (1 May), US Redbook (1 May), Caixin China PMI Manufacturing (2 May), EIA Petroleum Status Report (2 May), US Trade Balance (3 May), US Jobless Claims (3 May), US PMI Services Index (3 May), Fed Balance Sheet (4 May)

Company Results: ParkwayLife REIT (30 April), Raffles Medical Group (30 April), Manulife US Reit (30 April), DBS Group Holdings (30 April), Parkson Retail Asia (1 May), OUE Hospitality Trust (2 May), BreadTalk Group (3 May), Sembcorp Industries (3 May), United Overseas Bank (3 May), Great Eastern Hldgs (4 May)

Companies News

1. SLB Development, Oxley bagged freehold Pei Fu Industrial Building in S\$76.25m collective sale

SLB Development ("SLB") announced on Tuesday that subsidiary Oxley Kyanite has exercised the option to acquire freehold Pei-Fu Industrial Building for a total of S\$76.25 million. The transaction price, reported earlier by The Business Times, surpasses the reserve price of S\$75 million, and works out to S\$489 per square foot per plot ratio ("psf ppr"), based on the proposed gross floor area ("GFA") of 155,864 square feet ("sq ft"). This unit land rate does not include a development charge that may be payable to the state, as the development baseline has yet to be ascertained. The acquisition - brokered by William Gan Realty - was undertaken by Oxley Kyanite Pte Ltd, in which SLB has an indirect 51% interest with mainboard-listed Oxley Holdings owning the remaining 49% share.

2. Advancer Global clinched S\$10.7m of facilities management contracts

Advancer Global has secured S\$10.7 million of facilities management services contracts in the three months ended March 31, 2018, the workforce solutions and services provider announced on Tuesday before the market opened. The contracts run from one month to two years, and stem from the division that provides security services, cleaning and stewarding, property management, landscaping and pest control. About 52.8% of the contracts' value comes from existing customers, with the remaining 47.2 % from new customers, Advancer Global said. "We are pleased that our facilities management services division continues to drive growth for the group," Advancer Global chief executive Gary Chin said. "Our high renewal rate is a testimony to our proven track record and expertise in providing a comprehensive range of services and solutions within the real estate and building management sector," he continued.

3. Tianjin Zhongxin Pharmaceutical Group posted 30% increase in Q1 net profit to 173.4m yuan

Tianjin Zhongxin Pharmaceutical Group Corporation posted a net profit of 173.4 million yuan (S\$36.4 million) for the first quarter ended March 31, up 29.6% from the preceding year. Earnings per share rose to 0.23 fen from 0.17 fen in the year-ago period, the group announced. Revenue for the group, which is involved in the manufacturing and sale of traditional Chinese medicine, expanded 9% to 1.62 billion yuan from the year-ago period. Other gains for the company in the first quarter stood at 23 million yuan, an increase of 34% or approximately 5.8 million yuan over the year-ago period. The increase was mainly due to reversal of allowance for impairment on other receivables. Net asset value per share edged up to 6.03 yuan as at March 31, from 5.82 yuan three months ago.

4. Veteran investor Melvin Poh now DeClout's second-largest shareholder

Melvin Poh has become the second largest shareholder of Catalist-listed DeClout by buying over the entire 11.8% stake of Wong Poh Leng for S\$9.2 million. On April 17, Mr Poh acquired a total of 78.15 million shares in DeClout, a holding company for technology firms, from Ms Wong in an off-market transaction. The acquisition price of 11.8 Singapore cents per share represents a premium of 35.6% over DeClout's closing price of 8.7 Singapore cents on April 13, being the last market day on which shares in DeClout were traded before the transaction, DeCout said on Monday morning in an exchange filing. From April 18 to April 20, Mr Poh then acquired a further 2.7 million shares at an average of 9 Singapore cents per share from the open market. Following the transactions, Mr Poh now holds a total of 80.8 million shares, or a 12.19% stake in DeClout, second only to founder and executive chairman, Vesmond Wong, who currently holds about 81 million shares, or a 12.24% stake. Mr Wong is not related to former shareholder Wong Poh Leng. Mr Poh is the founder and managing director of Singapore property developer the Fission Group. He is also an independent, non-executive director and second-largest shareholder mainboard-listed AusGroup, a construction services company. Mr Melvin Poh said in the statement: "I have studied the recent developments of the company, which is clearly at an inflection point. I made the investments as I saw an opportunity for growth. The management under Vesmond Wong has the proven capability to execute DeClout's unique business model to identify and unlock value in niche IT businesses." DeClout closed 1.08% or 0.1 Singapore cent lower at 9.2 Singapore cents apiece on Friday.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3577.2	▲ 7.19	▲ 0.2%	▲ 0.1%	▲ 5.1%
SG Mid Cap	769.3	▲ 3.92	▲ 0.5%	▲ 0.1%	▲ 0.3%
SG Catalist	429.1	▼ 1.49	▼ 0.3%	▼ 3.1%	▼ 8.7%
SG Small Cap	385.4	▲ 0.32	▲ 0.1%	▼ 1.1%	▼ 5.2%

Price Chart



IPO News

1. Hyphens Pharma International eyes Catalist listing

Hyphens Pharma International ("Hyphens Pharma") is seeking a listing on the Catalist board, with part of the proceeds from the initial public offering ("IPO") to go towards expansion. The pharmaceutical and consumer healthcare group's core business segments include speciality pharmaceutical products, proprietary brands such as Ceradan and Ocean Health supplements, as well as a wholesale medical hypermart and digital business. The IPO will comprise a cornerstone offering as well as a placement and a public offering. Of the placement shares, a certain number of reserved shares will be kept for subscription by the company's directors and employees, its subsidiaries as well as business associates and others who have contributed to the success of the group. Three cornerstone investors have entered into subscription agreements with Hyphens Pharma for a total of 30.4 million shares. The company does not have any fixed dividend policy but the board intends to recommend and distribute dividends of at least 30% of its net profit attributable to shareholders for both 2018 and 2019, net of tax) rose to S\$6.09 million from S\$5.24 million, the document said. In 2017, its profit (while revenue edged up from S\$100.97 million to S\$113.16 million.

2. Summit Power defers over US\$200m Singapore IPO, citing 'market volatility'

Summit Power International has deferred its planned US\$260 million (S\$344 million) Singapore Exchange initial public offering, which would have been the first overseas IPO by a Bangladeshi company. "In the light of recent market volatility, the company has decided not to proceed on the current IPO timeline. Summit Power International remains committed to the growth of its business, in support of the development of the Bangladesh power sector," it announced. Market participants said there was an overall lack of demand from institutional investors and private banking clients for non-real estate investment trust IPOs in Singapore.

3. Qualitas Medical delays SGX IPO, cites non-optimal pricing and market volatility

Qualitas Medical ("Qualitas") is delaying its initial public offering ("IPO") on the Singapore Exchange's ("SGX") main board because of pricing and market volatility, the regional clinic operator said. "While our book was well supported, including commitments from anchor investors, we believe pricing was not optimal given, amongst other things, recent market volatility," said Qualitas, which had been expected to launch a deal reported to be worth S\$100-133 million. The group added that it will continue to execute its business plan and expand through "robust organic growth" and mergers and acquisitions to expand its network and services.