

Weekly Wrap of STI

The STI opened 0.5% higher this week as worries over trade war consequences subsided. However, it ended 0.4% or 15.69 points lower on Friday to close at 3,513.23 due to increased geopolitical risk driven by US/North Korean tensions. For the week, STI was down 15.69 points or 0.5%.

The week's initial decline came after US stocks ended in the red, following fresh uncertainties over trade talks with China, and after US President Donald Trump threw a historic summit with North Korean leader Kim Jong Un in doubt. On Thursday, an upside on Singapore's quarterly growth digits and overnight gains in Wall Street saw the STI pushing itself back up over the 3,500 mark, after it slipped below the level on Wednesday. The official cancellation of US-North Korea summit however pushed the STI back to the negative territory on the last day of the week.

Year to date, the STI index is up by 3.2% while the Catalyst index is down by 10.4%.

Week Ahead: 28 May – 1 June 2018

Economic: US Corporate Profits (30 May), SG Money Supply YoY (31 May), US Initial Jobless Claims (31 May), US Money Supply (31 May), US EIA Natural Gas Report (31 May), CH Manufacturing PMI (31 May), US Unemployment Rate (1 June)

Company Results: Accordia Golf Trust (28 May), Tat Hong Holdings (30 May), KSH Holdings (30 May)

Companies News

1. Aoxin Q&M acquires dental clinic in China for \$4.13 mil

Aoxin Q&M Dental Group has entered into a memorandum of understanding ("MOU") with an individual, You Zhongjiang, to acquire 100% of the shareholdings in Youxin Dental Clinic in China for RMB19.6 million (\$4.13 million). According to the MOU, Mr You will be restructuring Youxin Dental into a limited liability corporate entity, named as Jinzhou Aoxin Youxin Dental Hospital. Located in Jinzhou City, Liaoning Province, the dental clinic has been operating since 1995. The group intends to fund the acquisition through its initial public offering ("IPO") proceeds and internal cash resources.

2. SK Jewellery opens flagship Shanghai store to tap burgeoning Chinese demand

Catalist-listed SK Jewellery on May 21 formally unveiled its flagship Shanghai bridal jewellery store to capitalise on increasing demand for wedding jewellery in China. The store, located in upmarket Hong Kong Plaza, comes under its Love & Co brand which specialises in bespoke bridal jewellery. It is the group's second outlet in China, serving as a "solid anchor" for the SK group to expand its presence in the country, the jeweller said in a media statement. The group plans to open more stores in other tier one cities to strengthen its presence in the country, SK Jewellery said. This will be done in phases over the course of the current fiscal year. SK Jewellery's chief executive Daniel Lim described the opening of the store as another "strategic milestone" for the group's expansion as it seeks to tap into new growth areas. "Bridal jewellery has been, and will continue to be, an essential item in traditional Chinese wedding customs. With the growth in the number of people getting married, supported by the PRC's huge population, this bodes well for the PRC bridal market as a whole," Mr Lim said. He added that coupled with an increase in disposable income and growing acceptance of Western wedding customs by millennial couples, the store's opening represents untapped potential for its Love & Co brand.

3. Samurai 2K Aerosol expects 'significantly higher' profit, revenue for FY2018

Catalist-listed Samurai 2K Aerosol ("Samurai 2K") announced on Tuesday evening it expects "significantly higher" revenue and profit for fiscal 2018 due to stronger demand for its aerosol paint products compared to last year. Through enhanced marketing initiatives, "the company has built a strong foundation of end-user engagement and educated the consumers to enhance the aesthetic finishing of their two wheelers", it said. Samurai 2K said this strategy has helped the group achieve stronger revenue, especially in the Indonesian market, as compared to FY2017. Announcing its profit guidance, the company added it is still in the process of finalising its unaudited fiscal 2018 results, which will be released on or before May 30, 2018.

4. Aspen Group seeking to raise US\$11m for investments, projects

Malaysia-based property group Aspen (Group) Holdings ("Aspen") is seeking to raise US\$11 million from a convertible loan for its investments in two associate companies and other development projects. Aspen said on Sunday that it has entered into an agreement with Haitong International Financial Products (S) to raise US\$11 million via a convertible loan agreement. The 18-month term loan is pegged to an annual interest rate of 6.5% and interest is payable every six months. Up to 50% of the net proceeds from the loan will go towards funding Aspen's investment in Global Vision Logistics for the development of a logistics hub in Shah Alam. The remaining proceeds will fund the construction of the Central Park and a regional integrated shopping centre in Aspen Vision City, with the balance to be used for other development projects or working capital purposes.

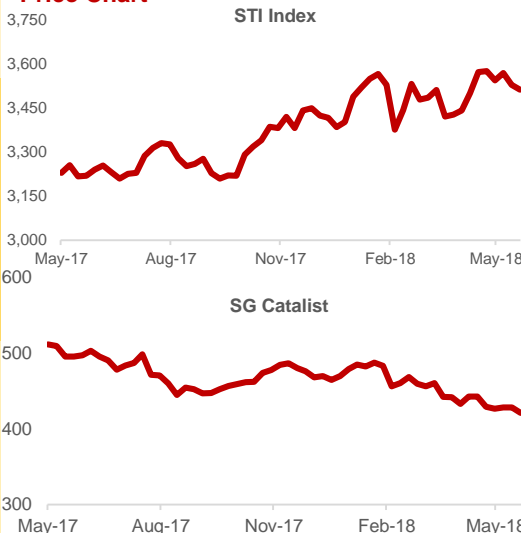
5. Moya to raise up to S\$132.5m through rights issue

Water treatment company Moya Holdings Asia ("Moya") has launched a rights issue that could raise up to S\$132.5 million in net proceeds, if the rights are fully subscribed. Moya has proposed to issue up to 1.4 billion new rights shares at S\$0.095 each, on the basis of one rights share for every two existing ordinary shares. The issue price represents the last closing price of S\$0.095 per share as at May 21. Tamaris Infrastructure, Moya's largest shareholder with a 68.9% stake, has undertaken to fully subscribe for its entitlement under the rights issue. If no other shareholder apart from Tamaris subscribes for the right issue, Moya will raise net proceeds of S\$90.7 million at the very least. A bulk of net proceeds will be used repay an existing loan facility, Moya said. The rest will be used to finance Moya's expansion through potential acquisitions, to develop BOT ("Build-Operate-Transfer") projects in bulk water supply and water supply concessions in Indonesia, and for working capital.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3513.2	▼ 15.69	▼ 0.4%	▼ 0.5%	▲ 3.2%
SG Mid Cap	753.6	▼ 1.71	▼ 0.2%	▼ 0.8%	▼ 1.8%
SG Catalist	421.1	▼ 1.18	▼ 0.3%	▼ 1.7%	▼ 10.4%
SG Small Cap	380.4	▼ 1.34	▼ 0.4%	▼ 0.7%	▼ 6.5%

Price Chart



IPO News

1. Malaysian timber firm Jawala launches IPO

Sabah-based timber company Jawala is targeting \$4m (RM 13.3m) of proceeds through opening its initial public offering ("IPO") of 18,000,000 shares on the Singapore Exchange Securities ("SGX"). It also aims to join SGX's Catalist Board. The sustainable forest resource company offers \$0.25 for each share. They are looking into commencing a new site to plant trees by the third quarter of 2018 and to further their working capital through the IPO sales. Based on its issue price, Jawala expects its post-IPO market capitalisation to be approximately \$29.6m (RM 87m). The invitation opens on 25 May and will close at 12.00 noon on 30 May. Jawala's shares will commence trading on 1 June. Jawala is the first Malaysian forest resource company to list in Singapore. Its plantation is located within Sapulut Forest Reserve in Sabah.

Capital Market News

1. Singapore's 3rd derivatives exchange kicks off trading with palm oil contract

Singapore's third derivatives exchange kicked off trading on Friday with the launch of palm oil futures, with other contracts expected down the line. The US dollar-denominated palm olein futures will give traders another option beyond benchmark ringgit-denominated contracts offered from Malaysia as the Asia Pacific Exchange ("APEX") looks to get a foothold in the region. APEX's September palm olein futures contract opened at US\$635 a tonne and was last down 0.3%. APEX is backed by Eugene Zhu, a former CEO of China's Dalian Commodity Exchange, and has said its major shareholders include Chinese conglomerate CEFC China Energy, Chinese futures commission merchant Xinhua Group and other international investment funds.

2. MAS turns up heat on crypto currency exchanges and ICOs

The Monetary Authority of Singapore ("MAS") has stopped an unidentified issuer of an initial coin offering ("ICO") from continuing with its fund-raising bid, which was deemed as having broken rules governing securities and futures contracts. The MAS has also served warnings on 8 exchanges in Singapore that allow digital tokens - commonly known as crypto currencies - to be traded. It said these crypto currency exchanges must consult the regulator before trading in digital tokens that are deemed to be securities or futures contracts. Guidelines issued earlier by the MAS suggest that digital tokens that promise a form of return are, in effect, securities; this means they generally need to follow rules that govern shares, units of real estate investment trusts and bonds.