SG Market Weekly Update
28 May – 1 June 2018

Weekly Wrap of STI

The STI ended 0.02% or 0.7 points lower on Friday to close at 3,427.5. This week opened at 0.18% higher, as Asian stocks pared early losses last week to trade higher, despite the Trump administration's tariffs on imports from key allies sent U.S. and European stocks into a tailspin. For the week, STI was down 85 points or 2.9%.

Meanwhile, the local bourse was also not spared from regional turmoil as Asian equities slid midweek. Concerns over Italy's political turmoil and the renewal of trade tensions between the US and China, gripped global financial markets. Although the week started positively, the STI started declining on Wednesday as the ongoing political turmoil in Italy weighed on sentiment across Asia. The STI ended 2.9% lower for the week.

Year to date, the STI index is up by 0.7% while the Catalist index is down by 11.2%.

Week Ahead: 4 June – 8 June 2018

Economic: US Redbook (5 June), US Bank Reserve Settlement (6 June), US EIA Natural Gas Report (7 June), US Money Supply (7 June), SG Foreign Reserves (7 June), CH Imports YoY (8 June)

Company Results: -

Companies News

1. Pacific Star Development riding on Asean's growth potential

As it wraps up its current mixed-use projects in Iskandar and Bangkok, Pacific Star Development ("**PSD**") is sparing no effort to make itself known in the Asean market for its upper middle to high-end mixed-use projects. The Catalist-listed developer is currently studying opportunities to partner Singapore developers to bid for sites either through government land sale ("**GLS**") sites or en blocs. Negotiations are ongoing for a joint venture to develop land in Kuala Lumpur's core city centre and with JV partners following a memorandum of understanding ("**MOU**") signed last year with a master developer, PT Kukuh Mandiri Lestari, to develop a 10 hector seafront project at Pantai Indah Kapuk in the northern part of Jakarta. PSD's approach is to focus on the upper middle and high-end segment projects and use a JV approach to spread its capital into more projects. Such partnerships will happen either with landowners in cities or with developers like Damac International.

2. SLB Development builds on property market upswing

As at Jan 31, 2018, SLB Development's ("**SLB**") ongoing and pipeline projects totalled S$892 million in gross development value, with estimated development profits of S$136 million. This year, Singapore's property market is expected to extend its recovery from a 4-year slump. After hitting a record high in the third quarter of 2013, domestic home prices have slumped for 15 consecutive quarters through to the second quarter of 2017, largely due to a slew of government cooling measures. The company also forms joint ventures with other established property developers to manage risks and undertake larger projects. SLB plans to cater to its target customers by using innovative designs and lifestyle themes, monitoring the market for new preferences among potential home buyers and other emerging trends, so it can adjust its land acquisition strategy accordingly. It may also venture into hospitality developments - including hotels - if suitable opportunities arise.

3. Singapore's 'Popiah King' may anchor Pacific Radiance's S$120m rescue deal

Singapore's "Popiah King" may emerge as the next prominent business magnate in town to extend rescue financing to a listed company in the embattled offshore and marine ("**O&M**") sector. Sources have said that the founder of the world's largest popiah skin maker, Tee Yih Jia Food Manufacturing, may fork out the lion's share of some S$120 million worth of new equity being raised for Pacific Radiance. This new equity is conditional on the offshore support vessel ("**OSV**") firm completing its debt restructuring exercise. Mainboard-listed Pacific Radiance did not disclose the commercial terms agreed with its incoming equity investors. The group has been in voluntary suspension since February as it seeks to restructure its debts via a scheme of arrangement. Considering the structure of the firm's debt revamp, however, market watchers suggested that any proposed issuance of new shares is likely to be pegged at a discount to its last traded price of 10.4 Singapore cents. The firm has indicated that its incoming investors will hold up to 65% of its enlarged share capital. Its proposed debt revamp also called for forgiveness towards US$100 million of bank loans. In addition, the firm has said it will table a debt-to-equity swap proposal for holders of some S$100 million of medium-term notes. Once the new equity deal for Pacific Radiance is confirmed, Mr Goi would join the ranks of a small but growing group of homegrown tycoons who have waded into the O&M equity space during the sector's multi-year downturn.

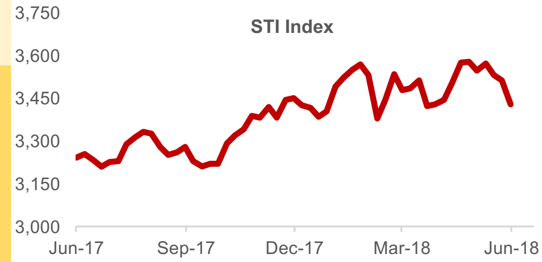
4. Jason Holdings founder and CEO leaves roles in company

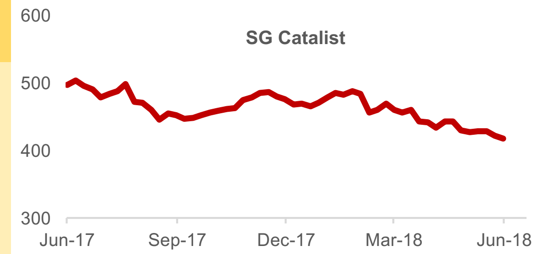
Jason Sim Chon Ang has ceased his roles as Jason Holdings Limited's group chief executive and non-executive director, the company announced on Wednesday. In an exchange filing, the group said Mr Sim had left his twin posts on May 28, 2018. As founder of Jason Holdings, Mr Sim was responsible for overseeing the sale and marketing team of wholly owned subsidiary Jason Parquet Specialist (Singapore), prior to its liquidation on June 10, 2016. In the company's latest annual report, Jason Holdings stated that it is in the process of considering and evaluating various new businesses for acquisition. The company was "actively looking for and negotiating with various potential parties" to inject new business into the company, aiming to eventually submit a resumption proposal to the Singapore Exchange to restart trading in the company's shares on the Catalist, said then non-executive chairman Lim Chwee Kim, who has since been redesignated executive chairman.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3427.5	▼ 0.67	▲ 0.0%	▼ 2.9%	▲ 0.7%
SG Mid Cap	742.6	▲ 1.47	▲ 0.2%	▼ 1.7%	▼ 3.2%
SG Catalist	417.5	▲ 0.09	▲ 0.0%	▼ 1.1%	▼ 11.2%
SG Small Cap	377.4	▼ 1.11	▼ 0.3%	▼ 1.1%	▼ 7.2%

Price Chart





IPO News

1. Singapore's top property broker PropNex plans to launch IPO

PropNex Realty Pte ("**ProxNex**"), Singapore's biggest property broker, plans to seek about S$40 million ($30 million) from a proposed Singapore initial public offering ("**IPO**"), according to sources. The company is targeting a market capitalization of as much as S$250 million. PropNex is planning to launch the offering as soon as next week and aims to list as early as the end of June. It is also considering marketing the IPO shares at $0.62-$0.68 SGD apiece, while details of the offering could still change. The company, which has nearly 7,000 agents, became Singapore's biggest property broker by salesforce last year after a merger with Dennis Wee Group. Real estate redevelopment deals have been taking off in Singapore, the latest sign that the local housing market is in full recovery.

Capital Market News

1. Cooperation between Singapore, China authorities vital to regulating S-chips

The Singapore Exchange Regulation ("**SGX RegCo**") has engaged with the Chinese Embassy in Singapore on its communications with China authorities on developments at scandal-hit Midas Holdings. By engaging with authorities here when a certain S-chip has been accused of questionable accounting practices, fake client lists or concocted bank statements, Chinese authorities are telling Chinese companies listed here that they must abide by the stricter supervision of the place they chose to raise funds from and list in. Singapore's disclosure-based regime is the fundamental way to build up investor trust. Requiring Chinese companies seeking to list in Singapore to rope in state-owned enterprises ("**SOE**") or mainland cornerstone investors is the long-awaited step in the right direction to plug the jurisdictional gap.

2. New MAS rules on short-selling, short-position reports to kick in on Oct 1

Investors with short positions above a certain threshold will soon have to report them to the Monetary Authority of Singapore ("**MAS**"), and not just the bourse operator. The MAS said the move - which takes effect on Oct 1, 2018 - "will improve transparency on short-selling activities in the securities market and enable investors to make more informed trading decisions". Short-selling is not banned in Singapore, but failure to settle a trade will earn penalties under the central depository clearing rules. "Abusive" short-selling could also be prosecuted as market manipulation or deception under the Securities and Futures Act.