SG Market Weekly Update

11 June – 15 June 2018

Weekly Wrap of STI

The STI ended 1.1% or 35.8 points lower on Thursday to close at 3,356.73. This week opened at 0.15% higher, as US jobs data bolstered optimism. For the week, STI was down 84.9 points or 3.4%.

Cautious trading sentiments kicked off the week due to renewed global trade fears following the Group of Seven meeting, which underscored the divisions between the US and its allies. By midweek, local shares edged down after the US Federal Reserve raised interest rates and took a more hawkish tone in forecasting a slightly faster pace of tightening for the rest of the year, while concerns about US-China trade frictions kept investors on edge. Overall, the local bourse shrugged off the "better-than-expected" outcome of the historic US-North Korea summit held here on Tuesday, with the STI retreating since.

Year to date, the STI index is down by 1.4% while the Catalist index is down by 15.2%.

Week Ahead: 18 June – 22 June 2018

Economic: US Redbook (19 June), US EIA Petroleum Status Report (20 June), US EIA Natural Gas Report (21 June), US Initial Jobless Claims (21 June), US Money Supply (21 June)

Company Results: -

Companies News

1. Nippecraft exited SGX watch list last Wednesday

Nippecraft was taken off Singapore Exchange's ("**SGX**") watch list last Wednesday, the paper products maker said in a filing. It said that it had received an in-principle approval for its removal from the list on Monday. On Wednesday, Nippecraft will also transfer to the Catalist board from the mainboard and its shares will begin trading at 9am. Nippecraft was put on the watch list four years ago on March 5, 2014 - for posting three straight years of losses and having a market cap that fell below S$40 million. It had previously been given an extension of up to four months to meet the requirements by July 1 for its removal as it had made a net profit before tax of US$97,000 in fiscal 2017, but did not meet the average daily market cap requirement.

2. Atlantic Navigation able to continue as a going concern, say directors

The opinion of independent auditors with regard to an emphasis of matter listed in their report of Atlantic Navigation Holdings financial statements for the year ended Dec 31, 2017 "remains unqualified", the Catalist-listed company said on Wednesday. The independent auditors - Ernst & Young LLP - included an emphasis of matter in respect of the material uncertainty related to Atlantic Navigation's ability to continue as a going concern. In a filing with the Singapore Exchange ("**SGX**"), Atlantic Navigation said: "In the opinion of the directors, the group will be able to continue as a going concern as there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due..." The investment holding company - which also provides ship repair, fabrication and other marine services - added that it will be able to continue as a going concern as it would be able to "generate sufficient cash flows from its operations as well as secure funding to support working capital and its committed capital expenditure in the near term".

3. DeClout's vCargo Cloud to help launch blockchain-based electronic certificates of origin in Kenya

DeClout's 50.01% subsidiary vCargo Cloud ("**VCC**") is helping to launch blockchain-based electronic certificates of origin ("**eCO**") in Kenya. Certificates of Origin ("**Cos**") are international trade documents used to certify that goods in a specific shipment have been wholly obtained, produced, manufactured or processed in the stated country. First unveiled in Singapore in May, VCC's eCO platform permits instant verification of eCOs and significantly improves transparency, security and efficiency in authenticating trade documents. VCC signed an MOU with Kenya's National Chamber of Commerce and Industry ("**KNCCI**") to roll out the platform. George Chan, General Manager (Africa), of VCC, said: "With the framework agreement for an African Continental Free Trade Area ("**AfCFTA**"), Africa is quickly emerging as a global trade player. We believe the partnership with the KNCCI is the first step to achieving borderless commerce and are proud to play a part in this important milestone."

4. Imperium Crown incorporates China subsidiary

Catalist-listed Imperium Crown has incorporated a subsidiary in China to lead the group's property development and property investment segments, the real estate firm announced in a regulatory filing last Monday. As its first project, the new subsidiary Fei County Yin Sheng Real Estate will develop 2 plots of land previously acquired in Wonder Stone Park, a tourist destination in Feixian county in Shandong province. Imperium Crown said it would continuously review the property market for future opportunities. Executive director Sun Bowen added: "The incorporation of Yin Sheng Real Estate demonstrates the company's commitment to be a real estate player. Leveraging on the improving market trends and upcoming developments around the Wonder Stone Park, we believe the company is well-positioned to capitalize on the opportunities in its role as a property developer."

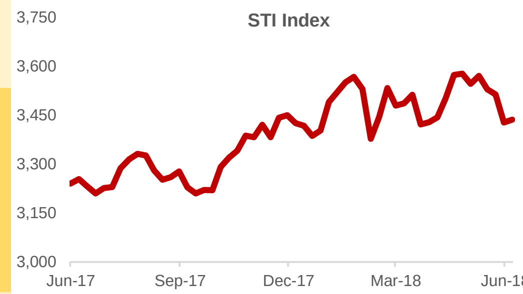
5. Product line sales, IP licences the way forward for QT Vascular

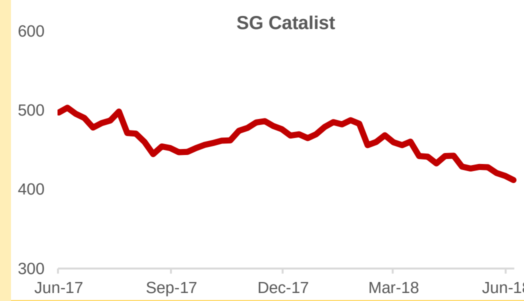
Revenue from selling product lines and licencing out product patents could soon become part of ordinary revenue for medtech firm QT Vascular, chief executive Eitan Konstantino said in an interview on Thursday. In the first half of 2018 alone, the Catalist-listed firm, which develops minimally invasive devices to open blocked arteries, struck two such deals worth more than its market cap of S$26.8 million as at June 14. In January, Medtronic paid US$28 million for QT Vascular's non-drug coated peripheral product, the Chocolate PTA balloon catheter, and a licence for the product's intellectual property ("**IP**") rights. Teleflex bought the non-drug coated coronary product line and related licences for S$98.4 million in May, along with an option to purchase the Chocolate Heart product, a drug-coated coronary balloon catheter currently under development. Dr Konstantino clarified that while earlier media reports stated that the two firms had bought the products' IP rights from QT Vascular, they are instead licencing it from his company. This allows Medtronic and Teleflex to use the patents for specific applications or fields of use, while QT Vascular retains overall ownership of the patents and can use them to develop new products for other fields of use.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3356.7	▼ 35.78	▼ 1.1%	▼ 3.4%	▼ 1.4%
SG Mid Cap	726.4	▼ 9.21	▼ 1.3%	▼ 2.7%	▼ 5.3%
SG Catalist	398.4	▼ 7.88	▼ 1.9%	▼ 3.8%	▼ 15.2%
SG Small Cap	372.1	▼ 1.60	▼ 0.4%	▼ 1.4%	▼ 8.5%

Price Chart





IPO News

1. Value of IPOs by Singapore issuers up 78% in H1

The overall number of initial public offerings ("**IPOs**") - domestic and cross-border - by Singapore issuers was up in the first 6 months of this year, with 12 listings raising US$459 million or 78% more year on year, a report said. The number of listings in the first half-year was up from 10 in the same period a year ago, but the annual number of Singapore IPO listings has been on the decline in the last decade, the report highlighted. Meanwhile, Singapore has been rolling out programmes to increase its competitiveness and to attract technology companies to list in the local bourse. These include tying up with the Tel Aviv Stock Exchange to encourage tech and healthcare firms to list on both exchanges by helping them with the pre-listing stage as well as during the listing process.

Capital Market News

1. SGX mulls new rule to protect minority shareholders in delistings

Singapore Exchange Regulation ("**SGX RegCo**") is mulling changes to its listing rules, which - if they come to pass - could curtail the role of controlling shareholders in a voluntary delisting, when the odds are stacked heavily against minority shareholders. SGX RegCo's chief executive officer, Tan Boon Gin said recent privatizations of listed companies have raised 2 issues: "The first is the question of whether controlling shareholders should be allowed to vote on the matter. The second is the perception that some companies are being taken private at too-low prices," he said. Delistings have received a lot of bad press, especially since - more often than not - the offer price has hurt the interests of minority shareholders. Controlling shareholders of listed companies beset by low valuations have been tempted to take their business private. A lack of liquidity, injection of private equity funding, a desire to retain family control in a private setup and other strategic impetuses have also driven decisions to take a company private. However, current legislation does not provide effective tools to protect the interests of minority shareholders. For a company to be voluntarily delisted, an extraordinary shareholders' meeting must be held. Approval for the move must be received from 75% of the shareholders present, no more than 10% can disagree with the move.