

Weekly Wrap of STI

The STI ended 0.38% or 12.6 points lower on Friday to close at 3,287.4. The week opened at 0.68% lower, as US-China trade war threats took a toll on global markets. For the week, STI was down 70 points or 2.1%.

Shares suffered a plunge tracking regional index falls as US President Donald Trump threatened yet more tariffs on Chinese goods. By midweek, the market saw an incline despite sliding US stocks sliding as an escalation in the US-China trade dispute rattled markets and placed the Dow Jones Industrial Average back in negative territory for the year. Tracking overnight losses on Wall Street, a wobbly STI slipped on Friday as the poor sentiment from trade skirmishes lingered.

Year to date, the STI index is down by 3.4% while the Catalist index is down by 15.4%.

Week Ahead: 25 June – 29 June 2018

Economic: US Initial Jobless Claims (28 June), US GDP Annualised QoQ (28 June), SG Credit Card Bad Debts (29 June)
Company Results: Second Chance Properties (28 June), AnAn International (29 June), Del Monte Pacific (29 June)

Companies News

1. Catalist-listed candidate to build lifestyle developments in China

Asia-Pacific Strategic Investments Ltd ("APSil"), a Catalist-listed small-cap company, may be an unlikely candidate to pioneer new real estate offerings in China, but it is doing just that. Determined to carve a niche for itself in the vast country where most blue-chip Singapore players are entrenched in first- and second-tier cities, the group is banking on lifestyle property development in third- and fourth-tier cities. To better reflect its new strategic thrust, the group is seeking shareholders' approval for a name change to China Real Estate Group Ltd through an extraordinary general meeting on June 21, where it is also seeking consent for a rights cum warrants issue to fund its expansion. Group CEO and chairman Choo Yeow Ming says that the company did not initially have plans to enter real estate development when it acquired Global Alliance Property ("GAP") and Century 21 (AsPac) in 2015 and 2016 respectively. Venturing into the agency business then was, in fact, counter-intuitive given the government-engineered property market correction. However, the market correction also enabled the group to pick up targets at a good price.

2. Advancer Global to raise S\$22m in tie-up with Tokyo-listed Fullcast

Advancer Global said on Friday that it has entered into an agreement to allot and issue 65 million new shares in the company at S\$0.34 each to Tokyo-listed human resource firm Fullcast Holdings. This will raise net proceeds of about S\$21.78 million for the expansion of its business operations and for working capital requirements. The subscription shares represent about 25.19% of Advancer's enlarged issued and paid-up share capital. The subscription price is also a 10% premium to the one-month average closing price of the shares prior to May 11, the day the Memorandum of Understanding was signed between both sides. Fullcast was introduced to the company by SAC Capital. Upon completion of the subscription, Fullcast will be entitled to nominate 1 person as a non-executive director to Advancer's board. Both sides have agreed to discuss specific details relating to the setting up and operation of a joint venture ("JV") company in Japan in the near future to provide foreign labour staffing and employment services in Japan.

3. Sysma unit secures S\$37.7m for construction of Pasir Panjang residential development

Sysma Construction ("Sysma"), a unit of Catalist-listed Sysma Holdings, has secured a S\$37.7 million contract with Oxley Amber for the construction of a residential development in Pasir Panjang. In a filing with the Singapore Exchange last Monday, Sysma said that the contract will involve the construction of "4 blocks of 5-storey residential flats and three, 2-storey strata landed houses (comprising a total of 170 units)." Sysma added that it will also construct the basement car park, clubhouse, swimming pool and communal facilities at 231 Pasir Panjang Road. The contract will commence in July 2018 for a period of 28 months. Sysma shares closed flat at S\$0.151 last Monday before the announcement.

4. Chaswood Resources to serve scheme for new proposed debt restructuring

Catalist-listed Chaswood Resources Holdings ("Chaswood") is to serve the scheme for the new proposed debt restructuring on the scheme lenders, the firm said in an update on its restructuring proceedings that have commenced in Malaysia. Last Wednesday, the firm said that the High Court of Malaysia has directed it to provide further details with regard to the proposed sale of the assets or businesses of its subsidiaries which form part of the scheme for the new proposed debt restructuring. In addition, Chaswood is to file a supplementary affidavit, if any, before June 28, which is the next hearing date. In April, the company was granted an extension from the Accounting and Corporate Regulatory Authority to hold its annual general meeting for FY2017 by June 30 and present its financial statements for the said period by June 29. Trading of the company's shares has been suspended since June 18.

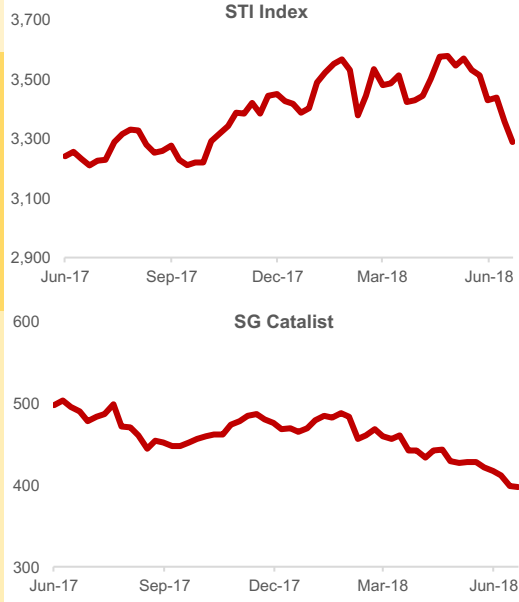
5. New dawn for Noble as Goldilocks ends trench fight over debt revamp

Noble Group ("Noble") and shareholder Goldilocks Investment Company ("Goldilocks") have finally buried the hatchet over the terms of a US\$3.5 billion restructuring of the troubled commodity trader. Noble on Wednesday announced it had snagged the backing of its Abu Dhabi shareholder - but not without a sweetener for long-suffering equity holders. Under the revised plan, existing shareholders' stake in the new Noble will go up to 20% from the 15% proposed earlier. Goldilocks, which owns 8.1% of Noble, can take credit for this improved concession that's also double the 10% originally intended to be parceled out to equity holders under the plan first unveiled in January. The remaining equity will be 70% held by senior creditors and 10% by the management. The two parties have also agreed to drop all claims against one another with Noble reimbursing Goldilocks up to US\$5 million for legal costs while Goldilocks will get its hard-fought seat on the new Noble board. The latest news is a big step forward for Noble in its fight for survival following months of a bitter stand-off with Goldilocks which had threatened to derail the debt revamp deal inked in March last year after months of talks with senior creditors.

Market Snapshot

Table with 6 columns: Symbol, Price, Change, 1D % Change, 5D % Change, YTD % Change. Rows include STI, SG Mid Cap, SG Catalist, and SG Small Cap.

Price Chart



IPO News

1. Xiaomi starts taking orders for up to US\$6.1b Hong Kong IPO

Xiaomi Corp started taking orders for the world's biggest initial public offering ("IPO") in nearly 2 years, aiming to raise as much as US\$6.1 billion in Hong Kong. The Chinese smartphone maker and existing investors are offering 2.18 billion shares at HK\$17 to HK\$22 apiece. The price range values Beijing-based Xiaomi at US\$53.9 billion to US\$69.8 billion, assuming a so-called over-allotment option isn't exercised, the terms show. The deal could become the world's biggest first-time share sale since September 2016, when Postal Savings Bank of China Co raised US\$7.6 billion in a Hong Kong IPO, data compiled by Bloomberg show. Xiaomi was earlier planning to seek about US\$10 billion combined from the Hong Kong IPO and a near-simultaneous offering to mainland Chinese investors. It has since delayed its plan to float so-called Chinese depository receipts in Shanghai, which was part of the government's long-term goal of getting its biggest technology firms to list locally.

Capital Market News

1. S\$5m value in PropNex prospectus for agents' transfer causing a stir

A S\$5 million value pegged to PropNex Realty's ("PropNex") business takeover agreement with Dennis Wee Realty ("DWR") last year in the initial public offer ("IPO") prospectus lodged by PropNex has raised the eyebrows of many observers, who keenly recall the transaction was previously said to have no dollar value. There were also concerns over the difference between the unaudited revenue and profit given by PropNex to the press last year for the fiscal year 2016 and the audited figures disclosed in the IPO prospectus. These perceived discrepancies in disclosures were raised by some industry rivals and members of the public following PropNex's lodgment of its IPO prospectus. The soon-to-be launched IPO will comprise a placement and a public offering, with cornerstone investors having also entered into subscription agreements for a total of 50 million shares. The public can submit comments on the lodged prospectus to the Monetary Authority of Singapore, which will register the prospectus within 7 to 21 days of lodgment unless it extends the time period by up to 28 days or decides to refuse the registration, or the issuer requests registration at a later date.