

Weekly Wrap of STI

The STI ended 0.6% higher on Friday on the back of US President Donald Trump's comments about the US Federal Reserve.

The STI spent most of the week range-bound as the market remained on edge from the escalating trade war. But news of Hong Kong listed-parent of Wheelock Properties (Singapore) offering S\$2.10 per share to take the mainboard-listed property developer private on Thursday sent the rest of the property developers on the board higher. US President Donald Trump's criticism of the US Federal Reserve's pace of interest rate hike also sent the dollar and rates lower, buoying Asian equities.

Year to date, the STI index is down by 3.1% while the Catalist index is down by 17.4%.

Week Ahead: 23 July – 27 July 2018

Economic: SG CPI (23 July), US CPI (23 July), US New Home Sales (25 July), US Jobless Claims (26 July), US Retail Inventories (26 July), US GDP Price Index (27 July)

Company Results: Hutchison Port Hldgs Trust (23 July), Mapletree Logistics Trust (23 July), Mapletree Industrial Trust (24 July), Ascott Residence Trust (24 July), Frasers Commercial Trust (25 July), Tuan Sing Hldgs Ltd (25 July), Ascendas India Trust (25 July), Suntec REIT (25 July), SIA (26 July), Parkway Life Real Estate (26 July), Hongkong Land Hldgs Ltd (26 July), Mapletree Commercial Trust (26 July), M1 Ltd (27 July), Singapore Exchange (27 July), Jardine Matheson Hldgs Ltd (27 July)

Companies News

1. Atlantic Navigation proposed 263m share subscription at 9.89 US cents apiece to raise US\$26m

Atlantic Navigation said it has entered into a conditional share subscription agreement with Saeed Investment to issue about 263 million new shares at a price of US\$0.0989 apiece to raise US\$26 million. This subscription price represents a 10.5% premium to the counter's volume-weighted average price of US\$0.122 US cents per share on June 13, 2018, being the last full market day preceding the agreement. The subscription shares also represent about 100.89% of the firm's existing share capital, and will represent about 50.22% of its enlarged share capital should the proposed subscription be completed, Atlantic Navigation said. The subscription shares was said to be purely for investment purpose. Net proceeds from the transaction is expected to amount to US\$25.8 million after deducting expenses. Of the US\$4.5 million deposit, US\$3.4 million will be used to satisfy the company's payment obligations with regard to the deployment of two remaining vessels as part of an agreement with a shipyard in China. In addition, US\$17.2 million will go towards full repayment of the outstanding principal and interests accrued under a convertible loan agreement with SCF - a private equity fund based in Houston - within three business days following the completion of the proposed share subscription. The remainder from the net proceeds will be used for working capital purposes.

2. BlackGold called Indonesian power plant graft scandal 'extraneous to the group'

Catalist-listed coal company BlackGold Natural Resources moved to distance itself from a political bribery scandal in Indonesia in a "clarification announcement" on the Singapore Exchange website. BlackGold's board called allegations of corruption over a power plant project in Riau province "extraneous to the group as the directors and management were not, and are not involved whatsoever, in the transaction mentioned". It added that there is no impact on BlackGold's ongoing mining operations: "The group's business activities, including coal deliveries to its customers, are proceeding as normal. It added that the board "will provide further updates when there are material developments on this matter".

3. Megachem clinched second win for best Managed Board At The Prestigious Singapore Corporate Awards

Megachem Limited, a global one-stop specialty chemical solutions provider, has been accorded the Best Managed Board Award (Bronze), in the "less than \$300 million market capitalisation" category at the 2018 Singapore Corporate Awards. Megachem has received at least one award in ten out of thirteen years since the launch of the Singapore Corporate Awards in 2005. Megachem's Executive Chairman and Managing Director, Mr Sidney Chew said, "We are indeed honoured to once again be accorded this prestigious accolade. The Best Managed Board award is our second win in this category. This win attests to the Group's drive to establish a diverse and experienced Board of Directors in charting Megachem's business direction as well as our commitment towards upholding good corporate governance and board performance".

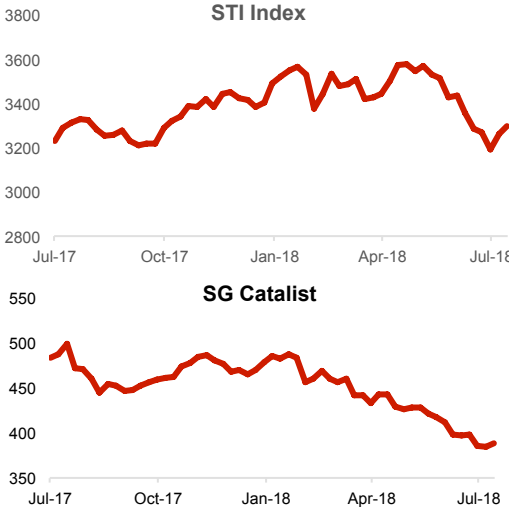
4. Wheelock Properties parent offered S\$2.10 per share to privatise developer

Wheelock Properties jumped on Thursday after it's Hong Kong-listed parent made a S\$2.10 per share offer to take the mainboard-listed property developer private. The voluntary offer by Wheelock and Company, which already owns 76.21% the company, is unconditional. The deadline of the offer has not been announced, but DBS – which has been appointed as financial adviser to the offeror – said that the earlier closing date will be Sept 7. The price values the company at some \$2.51 billion. Wheelock Properties jumped at the opening bell on Thursday, after a trading halt was lifted, to breach the S\$2.10 offer price. The offer price – higher than any closing price since January 2010 – marks a premium of 20.7% over the counter's previous close at S\$1.74 on July 13, ahead of the trading halt. The price is also up by 13.3% over the shares' 12-month volume weighted average price, while the implied price to net asset value multiple of 0.78x is higher than the historical averages over the past 10 years, adjusting for a S\$0.06 final dividend paid out in May, the tweaked price-to-NAV ratio goes up to 0.8x.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3297.8	▲ 20.3	▲ 0.6%	▲ 1.1%	▼ 3.1%
SG Mid Cap	731.9	▼ 0.7	▼ 0.1%	▲ 0.8%	▼ 4.6%
SG Catalist	388.3	▲ 0.7	▲ 0.2%	▲ 1.0%	▼ 17.4%
SG Small Cap	371.2	▲ 0.3	▲ 0.1%	▲ 0.2%	▼ 8.7%

Price Chart



IPO News

1. Koufu debut at S\$0.65

Food court operator Koufu Group made its debut on Wednesday on SGX's mainboard at S\$0.65, 3.2 per cent up on its initial public offering ("IPO") price of S\$0.63. With a market capitalisation of about S\$350 million, Koufu Group Limited's listing will boost SGX's consumer cluster to a total of 152 listings with combined market capitalisation of more than S\$135 billion. At the close of Koufu's public offer at 12 noon on July 16, 3,170 valid applications were received for 107.7 million shares. Application monies received amounted to about S\$67.8 million, translating to the public offer being 17 times subscribed. However, it closed flat at S\$0.63, with about 34.6 million shares being traded.

2. Engineering firm DLF Holdings to raise S\$4.26m through IPO

DLF Holdings, a mechanical and electrical engineering services firm, said it plans to raise about S\$4.26 million from its IPO, with its shares to be listed on the Catalist board. The group will place 18.5 million placement shares at S\$0.23 apiece. The placement will close at noon on July 23, and the listing and trading of the company's shares on Catalist is expected to commence at 9am on July 25. The company operates mainly as a sub-contractor for its project management services. These would include work for plumbing and sanitary systems, as well as ventilation and air-conditioning systems. DLF intends to use part of the proceeds to seek out mergers and acquisitions, joint ventures and strategic alliances.

3. Clearbridge associate completed fundraising exercise, appoints advisers for potential IPO

Clearbridge Health said its associated company, Clearbridge BioMedics, has completed its fundraising exercise. The S\$6.6 million raised will be used to set up laboratory-developed tests using Clearbridge BioMedics' technology for clinical applications, as well as to finance the potential listing of Clearbridge BioMedics. Jeremy Yee, executive director and CEO of Clearbridge, said: "We had made it clear since our group's IPO that we planned to expand our internal capabilities in laboratory testing as well as enhance our delivery and promotion of precision medicine in the region. We had also consistently reiterated that we were focused on value creation for our shareholders through the potential monetisation of certain assets. "In this regard, Clearbridge BioMedics has appointed professional parties to advise on its potential IPO. We are very encouraged that the recent developments at Clearbridge BioMedics have enabled us to fulfil these twin objectives."