

Weekly Wrap of STI

The STI ended 1.3% or 41.96 points lower on Friday to close at 3,284.78, as global markets were hit by weakened oil prices and shifting trade tensions. For the week, the STI was down 3.5% or 41.96 points.

The local bourse tracked Wall Street gains on Monday with news of positive US jobs data which trumped trade war threats. The market continued to see gains, contrary to concerns over ongoing US-China policies as neither side concedes. At mid-week, the STI remained flat despite neighbouring markets' recovery. By Friday, local shares declined with concerns over renewed US-China trade war friction and lowered oil prices dented sentiments in Asia.

Year to date, the STI index is down by 3.5% while the Catalist index is down by 19.9%.

Week Ahead: 12 August – 17 August 2018

**Economic Calendar:** SG GDP YoY (13 August), US Import Price Index, US Export Price Index, UK Jobless Claims Change (14 August), US Unit Labour Costs (15 August), US Initial Jobless Claims, JP Exports YoY, JP Imports YoY (16 August), SG Non-oil Domestic Exports YoY, HK Unemployment Rate (17 August)

**Company Results:** Hiap Hoe, CSE Global, Wilmar Intl, First Resources (13 August), Noble Group, Hong Leong Asia, Olam Intl, Golden Agri-Resources (14 August)

Companies News

1. Megachem achieved 14.8% growth in revenue to S\$59 million in 1H18

Megachem Limited ("Megachem"), a global one-stop specialty chemical solutions provider, today reported a 14.8% increase in revenue to S\$59.0 million, from S\$51.4 million in the previous corresponding period. Correspondingly, net profit after tax improved by 8.9% to S\$2.4 million, from S\$2.2 million over the same comparative period. The growth was supported particularly by strong growth from North Asia's market, which jumped by S\$1.8 million or 27.3%.

2. Startup Synagie debuts on Catalist at S\$0.275 a share

Homegrown e-commerce startup Synagie Corporation ("Synagie") debuted trading on the Catalist board last Wednesday, closing at a high of S\$0.275. The stock opened at S\$0.265 and hit S\$0.275 at about 9.08am. As at market close, more than 15 million shares had changed hands. The firm, which made its initial public offering ("IPO") at S\$0.27 per share, has a market capitalisation of about S\$71 million. Synagie provides e-commerce solutions for businesses in the body, beauty and baby sector. Founded in 2015, it helps businesses execute their e-commerce strategies, such as selling their goods or services to consumers online, and providing technologies to manage their multi-channel e-commerce operations. The SGX said this listing will also strengthen the exchange's technology cluster, which will now have a total of more than 70 companies, with a combined market capitalisation of more than S\$70 billion.

3. Suspended coal miner Resources Prima obtains S\$2million convertible loan from substantial shareholder

Suspended Catalist-listed Indonesian coal miner Resources Prima Group ("Resources Prime") said last Monday that it has obtained a convertible loan of S\$2 million from Ang Liang Kim, a substantial shareholder of the company. The group has been operating under severe cash flow constraints since its main operating subsidiary PT Rinjani Kartanegara entered bankruptcy in October last year, and had said in June that it was in advanced discussions with a potential investor to provide financing to the company. Subject to approvals, the group will convert the full amount of the drawn down convertible loan of up to S\$2 million into up to two billion ordinary shares at a conversion price of S\$0.001 a share. Resources Prime said that it shall use "all reasonable efforts" to effect the resumption of trading of shares, including submitting a trading resumption proposal to the SGX by 28 September, failing which the investor may give notice to the company to immediately redeem the convertible loan.

4. Hatten Land unveils plans for S\$67million water theme park at its Harbour City project in Malacca

Catalist-listed Hatten Land said last Tuesday it plans to build a S\$67 million water theme park, the largest in Malacca, Malaysia, in partnership with resort operator Samsung C&T Corporation and Polin Waterparks, a leading designer and installer of water slides. Due for completion by end-2019 and expected to be opened to the public in the first half of 2020, it will be one of the region's largest water parks with up to 5,200 visitors a day, Hatten Land said. The collaboration agreement for the project was signed by the 3 partners in the presence of Malacca's Chief Minister Adly Bin Zahari, it added. Harbour City - which consists of a mall, the water theme park and three hotel blocks - spans 4.5 million square feet in built-up area and has a total estimated gross development value of RM2.2 billion, said Hatten Land.

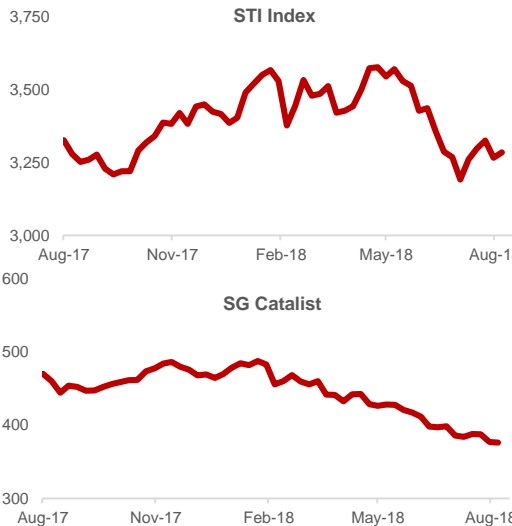
5. Fragrance Group's net profit up 20.5% in Q2

Fragrance Group posted a net profit of S\$5.38 million for its second quarter, up 20.5% from a year ago. Revenue went up 62.5% to S\$56.8 million, on account of higher contributions from its City Gate development project in Singapore, rental revenue from commercial properties, and full quarter hotel operations income from ibis Styles Hobart, in Australia, which commenced operations in July 2017. Earnings per share stood at S\$0.001, up from S\$0.0006 previously. Fragrance Group has secured 2 sites for development namely 205 Jalan Eunos and 31 Jervois Road. The group is actively working on the redevelopment plans of these 2 projects.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3284.8	▼ 41.96	▼ 1.3%	▲ 0.0%	▼ 3.5%
SG Mid Cap	721.8	▼ 4.75	▼ 0.7%	▼ 0.6%	▼ 5.9%
SG Catalist	376.2	▲ 1.48	▲ 0.4%	▼ 1.2%	▼ 19.9%
SG Small Cap	363.8	▼ 1.29	▼ 0.4%	▼ 1.5%	▼ 10.5%

Price Chart



Capital Market News

1. 9-year cap on Independent Directors to kick in from 2022

Some 42.2% of companies listed in Singapore have at least 1 independent director ("ID") who has been on the board for over 9 years - but they will now have to amend that by 1 January, 2022. All companies will also have to ensure that IDs make up 1/3 of their board seats. This came after the Monetary Authority of Singapore ("MAS") last Monday made the 9-year threshold for IDs a hard limit written into the SGX Listing Rules. Beyond 9 years, the appointment of the ID will be subject to a 2-tier vote by all shareholders excluding directors, CEO and associates. If the ID is not voted in, he or she can continue to serve on the board as a non-independent director.

2. SGX to change listing rules following MAS's lead

Listing rules' amendments came after the MAS accepted recommendations from the Corporate Governance Council. The changes are targeted at strengthening directors' independence, shortening board renewal, and improving board diversity. First, the shareholding threshold, a determinant of director independence, will be reduced to 5% from 10%. Next, tenure of independent directors ("ID") will be limited to 9 years. Lastly, if the chairman is not independent, boards must have a majority of IDs. Otherwise, the majority of the board will have to comprise of non-executive directors. The changes will come into effect on 1 Jan 2019 with exceptions.

3. MAS to set right tone in CG committee set-up

Singapore has unveiled substantial changes to its corporate governance landscape with the newly revised Code of Corporate Governance (Code) and consequential adjustments to the Singapore Exchange's Listing Rules (BT, 7 August).