

Singapore Daily Newsletter

MARKET SHAPING NEWS

UPDATE. [Singtel](#) has entered into a strategic partnership with KKR to divest up to 20% of its regional data centre (RDC) business for SGD1.1b. This values the RDC business at an enterprise value of SGD5.5b (translating to 31x FY24E EV/EBITDA). KKR has the option to increase its stake to 25% by 2027 at the pre-agreed valuation. The cash proceeds from this deal will be used as growth capital and may lead to a high special dividend. Reiterate BUY and SOTP-based TP of SGD3.10.

POSITIVE. [Leader Environmental Technologies](#) (LET) has divested its full equity interest in Jilin Anjie Environmental Engineering to Gansu Zhengbo Stone for RMB6.6m. Jilin Anjie is mainly in the business of R&D, design, manufacture and installation of environmental protection systems and provision of technical consulting and support services of environmental protection technologies and systems. Upon completion by end-Oct, LET will record a one-off gain of RMB0.6m and would allow it to realise a non-performing investment, and prevent further losses and deterioration of its shareholders' equity. This also enables the group to focus on its transformation plans to evolve into a technology-driven company in sludge treatment, AI water management business, production of high-performance membranes and green-tech investment.

NEUTRAL. [Creative Technology](#) has entered into a strategic partnership with Skyworth, bringing its Super X-Fi Spatial Holographic Audio technology into the latter's latest TV line-up, which includes state-of-the-art miniLED 4K models. According to management, the integration of Creative's audio technology perfectly matches the next generation of video technology from Skyworth. Customers will be able to enjoy a quantum leap in visuals along with immersive, personalized audio across popular streaming platforms such as Tencent Video, iQiyi, etc. More importantly, this partnership opens avenues for future collaboration between Creative and other industry partners to bring Super X-Fi Spatial Holographic Audio to a wider array of consumer electronics and PC platforms, as well as to further expand the reach to both the Chinese and global markets.

NEUTRAL. [EC World REIT](#) updated that about RMB11.3m of the onshore interest reserve maintained under the onshore facilities of the trust, has been released and used to fully repay the ECW Group's onshore interest expenses due on 20 Sep 2023. The release of the Onshore Interest Reserve has been approved by the majority lenders under the Onshore Facilities at the request of the Manager. As the Onshore Facilities do not specify the deadline by which the Onshore Interest Reserve must be topped up, this timing is currently subject to ongoing discussions between the onshore lenders under the Onshore Facilities and the ECW Group.

UPCOMING EVENTS

25/09/2023	Inflation Rate	Economics
26/09/2023	Industrial Production	Economics
29/09/2023	Bank Lending	Economics
29/09/2023	PPI	Economics
03/10/2023	URA Property Index	Economics
03/10/2023	Manufacturing PMI	Economics
05/10/2023	Retail Sales	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,070	-370	-1.1%
S&P500	4,330	-72	-1.6%
Nasdaq	13,224	-245	-1.8%
Nikkei 225	32,571	-453	-1.4%
HSI	17,655	-230	-1.3%
SH Comp	3,085	-24	-0.8%
Kospi	2,515	-45	-1.7%
TWSE	16,317	-218	-1.3%
STI	3,203	-39	-1.2%
KLCI	1,448	-3	-0.2%
JKSE	6,991	-20	-0.3%
SET	1,514	6	0.4%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3666	0.0013	0.1%
GBPSGD	1.6804	-0.0050	-0.3%
EURSGD	1.4568	0.0012	0.1%
CHFSGD	1.5107	-0.0087	-0.6%
AUDSGD	0.8767	-0.0035	-0.4%
NZDSGD	0.8105	0.0010	0.1%
JPYSGD	0.9261	0.0057	0.6%
SGDMYR	3.4303	-0.0064	-0.2%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.49	0.09	2.0%
SG10Y	3.40	0.05	1.4%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	93.3	-0.2	-0.2%
WTI	89.6	-0.7	-0.7%
Gold	1,920	-10	-0.5%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	26,602	-493	-1.8%
ETH/USD	1,588	-37	-2.3%

Source: Bloomberg

TOP EQUITY IDEAS



Frencken Group Ltd - [Accumulate for FY24E](#)

With key customers ASML and AMAT raising their revenue forecasts, we believe it's Singapore and Malaysia factory utilisation should benefit from a recovery in FY24E, especially when ASML is shifting some of its production from Europe to Malaysia. We think Frencken's performance likely bottomed in 1Q23. We are now more confident of a stronger FY24E, and maintain BUY with a higher TP of SGD1.27 (+31%), based on 11x from 9x FY24E PE. We also raise FY24E PATMI by 8.5% on better margins.



Sea Ltd - [TikTok Shop ban threat positive for Sea](#)

TikTok Shop has been accused of unfair competition by local MSMEs through cheap imports. Indonesia is one of Shopee's largest markets and the platform has ~40% share of online sales. Regulatory action that restrains TikTok Shop should result in market-share shifts in favour of existing platforms including Shopee. Further, TikTok shop's relatively lower fee structure and aggressive investments in Indonesia have spurred SE to invest more heavily in subsidies and marketing to protect market share.

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