

ST Index slumps below 3,300

Penny stocks spotlight shines on SingXpress Land, which sees 2.3 billion shares traded

THE Straits Times Index yesterday dropped 14.5 points to 3,288.52 in line with a 1.5 per cent loss in Hong Kong and a weak opening for Europe, the selling possibly coming in anticipation of a weak Wednesday for Wall Street.

In the penny stocks segment, attention was focused mainly on SingXpress Land Ltd, which surged 1.1 cents or 55 per cent to 3.1 cents on astounding volume of 2.3 billion shares – possibly an all-time high for a single stock – after the company announced a placement and large rights issue that after completion would result in a new chairman – Neil Bush, related to two former US presidents. As of today, SingXpress will be renamed SingHaiyi Group.

Blue chips that were hit the most were Keppel Corp, some Jardine group stocks and the banks. Brokers said that the pressure came from falls throughout the region – over in China, the major indices lost just under one per cent – and its source was probably scepticism that Wall Street



R SIVANITHY
Senior Correspondent

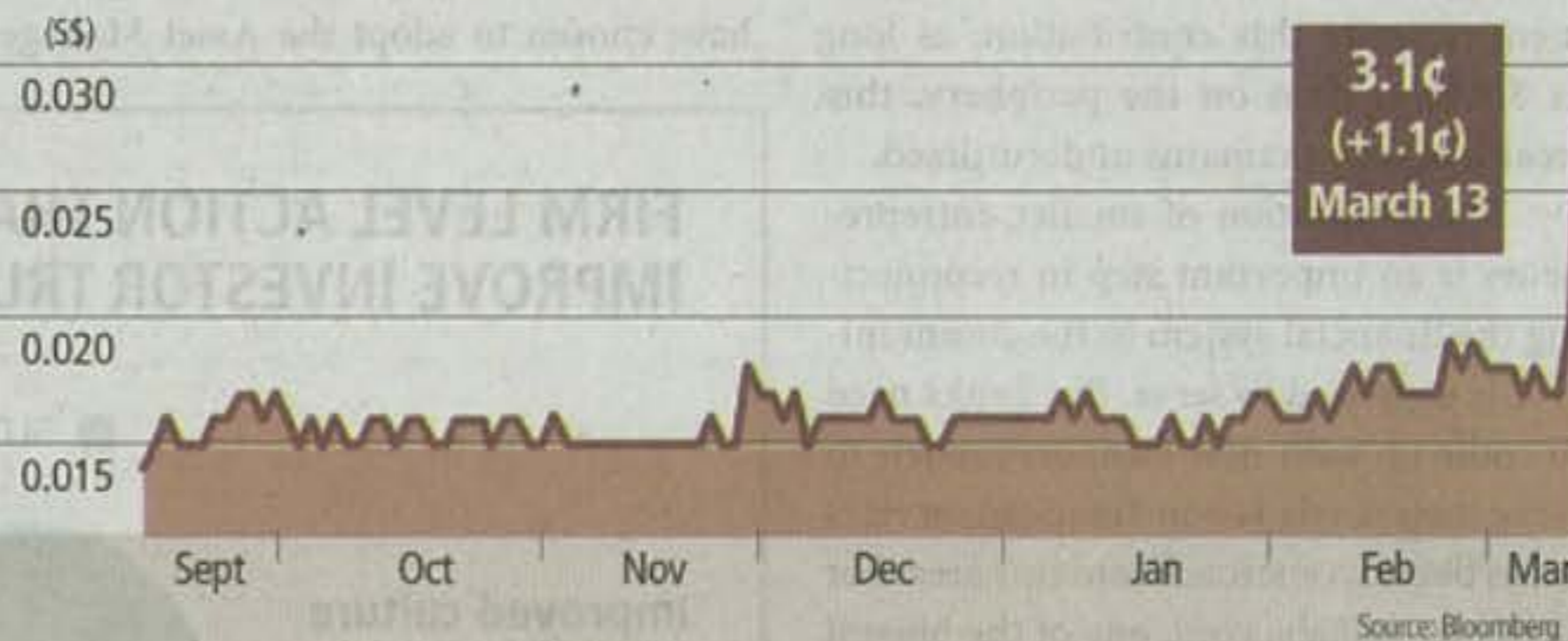
could continue its record-breaking run.

Shares of media and property group Singapore Press Holdings (SPH) have been in play this week after the company announced that it is exploring the listing of a real estate investment trust (Reit). In its “buy” on SPH yesterday, OCBC Investment Research said that there could be significant divestment gains, and consequently a special dividend and/or a distribution in specie of Reit units to shareholders.

“Assuming SPH retains a 51 per cent stake in the Reit, we estimate potential divestment gains of \$625 million to \$744 million or 39 to 46 cents per share. We upgrade the stock to a

Accounts for 43% of market volume

SingXpress Land



‘buy’ rating with a fair value estimate of \$4.94,” said the broker, adding that the stock presents an attractive risk-reward proposition because the downside is capped by a dividend yield of 5.4 per cent. SPH’s shares, which gained 31 cents or 7.4 per cent on Monday and Tuesday at \$4.48, yesterday closed three cents weaker at \$4.45 with 11.8 million traded.

In the second line, popular names

like WE Holdings, YHM and Ipco again appeared in the actives list. However, it was SingXpress which captured the limelight, its volume accounting for 43 per cent of the entire market’s unit turnover of 5.3 billion that was valued at \$1.46 billion. The company is proposing a one-for-one renounceable non-underwritten rights issue of approximately 13 billion new ordinary shares at 1.5 cents,

and a placement of 2.2 billion shares also at 1.5 cents each, to two investment vehicles, one of which is owned by Mr Bush and his wife.

In its March 12 *Spring Global Macro Outlook*, Morgan Stanley (MS) said that it sees global growth reaching close to 4 per cent in the second half of this year and in 2014.

“However, twilight still rules in the near term and we expect most central banks to remain supportive or even ease further this year,” said MS. It added that risks remain skewed to the downside, but less than previously.

“Main downside risks: European and US politics, an early monetary tightening in China and a sharp back-up in bond yields,” said the bank. “Main upside risks: Surging equity markets and a removal of policy uncertainty leading to a revival of corporate animal spirits, capex and hiring ... While global growth momentum is now no longer down but up, we believe that 2013 will be a year of two halves – a still sluggish first half followed by a better second half.”