SG Market Weekly Update 17 September – 21 September 2018

SAC

Weekly Wrap of STI

The STI ended 1.17% or 37.25 points higher on Friday to close at 3217.68 as the market mirrored performance of larger indices, such as the S&P 500, and shrugged off rising global tensions.

President Trump started the week announcing the list of imports covered by \$200 billion in new tariffs against China. This was a set back to efforts of Treasury Secretary Mnuchin to ease tensions via renegotiations with Vice-Premier Liu He, who cancelled his US visit after the announcement. In response, China stated its plans to impose tariffs on \$60 billion worth of American goods effective on 24 September 2018. By midweek, the STI remained unaffected even as Prime Minister May's public address on Brexit brought about a reality check for global markets. Although trade wars and global headwinds could affect local markets' growth momentum, the STI was resilient this week as it remained in positive territory.

Year to date, the STI index is down by 5.4% while the Catalist index is down by 24.1%.

Week Ahead: 24 September - 28 September 2018

Economic Calendar: FOMC Economic Projections and Statement (27 Sep), Fed Interest Rate Decision (27 Sep), FOMC Press Conference (27 Sep), RBNZ Interest Rate Decision and Statement (27 Sep), RBNZ Press Conference (27 Sep), US Core Durable Goods Orders (27 Sep), US Q2 GDP (27 Sep), BoC Gov. Poloz Speech (28 Sep), Caixin Manufacturing PMI (28 Sep), UK Q2 GDP (28 Sep), EU CPI (28 Sep), Canada Monthly GDP (28 Sep)

Companies News

1. DeClout unit signed agreement to bridge access to Russian markets

DeClout Limited's 50.01% owned subsidiary, vCargo Cloud Pte. Ltd. ("VCC") signed a cooperation agreement with Russia-based, RSTradehouse ("RST") to increase trade opportunities between Singapore and Russian firms. The agreement allows integration of VCC's CamelONE platform onto RST's electronic platform and hence promote its services in Russia and Eurasian countries. CamelONE connects global trade parties ranging from warehouses to banks in order to simplify cross-border trade. Specifically, RST's platform has 81,547 firms from 16 countries in the region. The agreement was signed at the 9th High-level Russia-Singapore Inter-Governmental Commission.

2. Silkroad Nickel unit entered joint venture to build smelter facilities

Catalist-listed Indonesian nickel mining group Silkroad Nickel ("SN") reported that its subsidiary PT Teknik Alum Service ("TAS"), and PT Artabumi Sentra Industri ("ASI") have entered into a non-binding head of agreement with PT Anugrah Tambang Smelter ("ATS") for its entire equity interest. Joint venture parties will use ATS's licence and expertise to build and operate smelter facilities for the production of nickel pig iron in current mining sites of Sulawesi, Indonesia. TAS and ASI will acquire 30% and 70% stakes respectively but TAS has the option to purchase a further 21% from ASI upon fulfilment of certain conditions. Parties will also fulfill complementary roles in ATS. TAS will bolster ATS's working capital with a US\$1 million loan, manage the land and licenses, and provide access of its jetty. ASI will supply ATS with smelter equipment, and handle construction and operations of the smelter facility. According to SN CEO Hong Kah Ing, the building of nickel smelter plant at SN's mine sites represents a 'foray into a downstream cost efficient mine mouth business'.

3. World Class Global reduced substantial debt with good development progress of Melbourne Skyscrapers

World Class Global Limited ("WCG"), the property development subsidiary of Aspial Corporation Limited, has reduced A\$195 million of debts related to its 2 property development projects in Melbourne, Australia. WCG also expects a further debt reduction of A\$20 million by end September 2018. The AVANT is 1 of the 2 abovementioned property developments and is an already completed, freehold 56-storey residential skyscraper located in Melbourne's central business district. As of 17 September 2018, 443 out of 456 residential units have been sold, representing a c.97% take-up rate. The other development project is the Australia 108, a freehold 101-storey residential tower also located in Melbourne's central business district. The Australia 108 is slated for completion in the first half of 2020 and also has a similar take-up rate with 1073 out of 1103 residential units sold. Cash collections for both projects have been swift with settlements for the AVANT and Australia 108 at 403 and 278 residential units respectively. Revenues for these units correspond to A\$231 million and A\$152 million respectively. Furthermore, WCG expects to receive an additional A\$103 million for the remaining sold units in the Australia 108.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change	
STI	3217.7	37.3	1.2%	1.8%	5.4%	
SG Mid Cap	722.5	2.7	0.4%	a 0.8%	v 5.8%	
SG Catalist	356.6	0.5	0.1%	1 .7%	2 4.1%	
SG Small Cap	348.0	▼ 5.3	1.5%	1.5%	1 4.4%	
Price Chart 3,800 STI Index						
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3,400	~ ~	√ 1		\	^	
3,200	•			V	~	
3,000 Aug-17	Nov-17	Feb-	18 Ma	ıy-18 <i>A</i>	Aug-18	

SG Catalist 500 450 400 350 Aug-17 Nov-17 Feb-18 May-18 Aug-18

IPO News

1. Vividthree's S\$12.9 million IPO this week

Vividthree Holdings ("VT") is expecting to raise \$\$12.95 million via an IPO on the Catalist board on 25 September. After the placement, mm2 Asia will hold the controlling stake of 41.53%, while substantial shareholders Charles Yeo and Jay Hong will hold 13.17% each. VT's virtual reality, visual effects and computer-generated works have been used in films such as the local 'Ah Boys to Men'. Post-IPO, earnings per share will stand at \$\$0.81 compared to the current \$\$0.96, with \$\$2.7 million in net profit. Regarding the IPO proceeds, VT has allocated \$\$7.83 million for working capital and \$\$3.35 million for intellectual property, acquisitions and joint ventures.

2. Cennery lodged prospectus for Catalist IPO

Singapore-based Cennerv Pharmaceuticals ("CP") has lodged a preliminary prospectus for an IPO on the Catalist board. CP develops drugs to treat central nervous system ("CNS") disorders as well as psychological disorders, specifically depression, insomnia, dementia, schizophrenia and autism. It is developing 5 products, all of which are in the process of testing and seeking regulatory approval. Hence, none has yet to be monetized and CP has not recorded any revenue. In terms of clinical trials, 2 lead products are Phase 2 candidates while the other 3 are in the pre-clinical phase. With the IPO proceeds, CP plans to accelerate development of its 2 lead products, prepare for Investigational New Drug applications for its 3 other products, and purchase a 60% stake in Gemini Therapeutics, a US producer of treatment drugs for genetic diseases. In terms of expenses, CP has taken 3 years of losses ranging between S\$1.6 million and S\$1.7 million each year. Losses in the first quarter of 2018 amounted to S\$465,690 and is expected to increase this year due to research & development investments, operational expenses, and listing

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