SG Market Weekly Update
24 September – 28 September 2018

SAC ADVISORS

Weekly Wrap of STI

The STI ended 0.64% or 20.79 points higher on Friday to close at 3257.05. The local bourse expressed short-term relief and focused on promising economic fundamentals rather than the global tensions and emerging market woes.

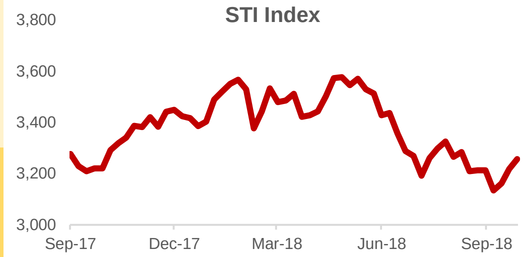
The STI started the week flat as trade tensions heightened over the weekend. The weakened STI came mainly after China called off trade talks with the United States over the weekend. At mid-week, local stock rose at the open despite being slowed by the release of Singapore's August manufacturing output growth, which was the slowest growth rate of 2018. Markets worldwide were also expecting the United States Federal Reserve to raise interest rates at a meeting that finishes early on Thursday. By Friday, Asian markets ended in the green, closing out September's last trading day on a positive note, following a strong showing in US indices.

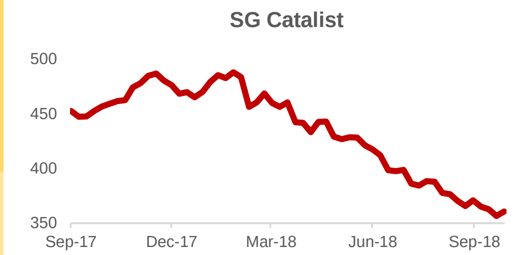
Year to date, the STI index is down by 4.29% while the Catalist index is down by 23.30%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3257.1	▲ 20.8	▲ 0.6%	▲ 1.2%	▼ 4.3%
SG Mid Cap	736.9	▲ 7.9	▲ 1.1%	▲ 2.0%	▼ 3.9%
SG Catalist	360.4	▲ 4.9	▲ 1.4%	▲ 1.1%	▼ 23.3%
SG Small Cap	350.9	▲ 1.1	▲ 0.3%	▲ 0.9%	▼ 13.7%

Price Chart





Week Ahead: 1 October – 5 October 2018

Economic Calendar: Caixin Manufacturing PMI (30 Sep), Tankan Q3 Large Manufacturers & Non-Manufacturers Index (1 Oct), German Manufacturing PMI (1 Oct), UK Manufacturing PMI (1 Oct), US ISM Manufacturing PMI (1 Oct), RBA Interest Rate Decision (2 Oct), UK Construction PMI (2 Oct), UK Services PMI (3 Oct), Canada Ivey PMI (4 Oct), Australia Retail Sales (5 Oct), US Non-farm Payrolls (5 Oct), US Unemployment Rate (5 Oct), Canada Employment Change (5 Oct).

Company Results: -

Companies News

1. Virtual reality studio Vividthree opened in Catalist debut at S$0.225 a share

Vividthree Holdings ("**VVH**") made its debut on the Singapore Exchange's ("**SGX**") Catalist board on Tuesday morning, opening at at S$0.225 apiece, 10.1% lower than its initial public offering ("**IPO**") price of S$0.25. The virtual reality, visual effects and computer-generated imagery studio registered its IPO prospectus on 17 September to raise gross proceeds of S$12.95 million through a placement, comprising 51.8 million shares at S$0.25 apiece. VVH was 49.15 per cent owned by Mainboard-listed mm2 Asia, with VVH's managing director, Charles Yeo having a 15.59% stake, and VVH's visual effects director, Jay Hong owning 15.58%. Following the placement, mm2 Asia will be the controlling shareholder with about 41.53%. Mr Yeo and Mr Hong will hold 13.17% each.

2. Declout unit disposed of Indonesian land and property

Declout Limited announced a disposal of Indonesian land and property owned by its indirect subsidiary, PT. Gatotkaca Trans Systemindo ("**GTS**"). The disposal included approximately 6,000 square metres of land and 901 square metres of buildings in West Java, Indonesia. The buyer was PT. Linda Hanta Wijaya which provided an aggregate consideration of S$3.13 million. The properties were sold due to its irrelevance in current core activities of GTS to automate customs declaration in Indonesia. Proceeds will be used to repay shareholder loans extended by GTS's parent, vCargo Cloud Pte. Ltd., for dividend distribution, and to supplement working capital.

3. Lifebrandz extended its net loss in FY18

Lifebrandz Limited. ("**LB**") reported a further net loss of S$2.891 million in FY18, compared to its loss of S$1.137 million a year ago. Losses extended in spite of a revenue increase from S$0.696 million in FY17 to S$2.957 million in FY18. The revenue increase stemmed from this year's inclusion of LB's new subsidiary, e-Holidays Co. Ltd. ("**EH**")**,** in the financial statements. Expenses also increased, albeit to a greater extent. Main culprits of the larger expense increase were Inventories & Services, at S$2.139 million in FY18 from S$0.260 million in FY17, and Employee Benefits, at S$2.376 million in FY18 from S$0.799 million in FY17. LB stated that increased expenses were not only due to the inclusion of EH, but also ongoing business expansion. In terms of cash position, LB's cash holdings only dwindled slightly despite large operating and investing cash disbursements. The spending was financed by recent share issuance and LB's debt position remains negligible.

4. Keppel and SPH made joint offer for M1

Keppel Corporation Limited ("**Keppel**") and Singapore Press Holdings ("**SPH**") made a general offer for the rest of M1Limited ("**M1**") shares they do not own, via their joint venture company, Konnectivity Private Limited. The offered price was S$2.06 per share which was a c.36% premium over the last traded price. Currently, SPH and Keppel own 13.45% and 19.3% of M1 respectively, and constitute 2 out of 3 major shareholders. The last major shareholder, Axiata Group Berhad ("**Axiata**") , owns 28.69% of M1 and was reported to likely reject the offer as it was 'inadequate' for them. Instead, Axiata was said to have already been discussing with private equity firms to consider launching its own offer for larger ownership in M1.

IPO News

MeGroup lodged offer for Catalist listing

MeGroup lodged its preliminary offer document for a listing on the Catalist board. The firm is a Malaysia-based manufacturer of noise, vibration, harshness and other components, catering primarily to the automotive industry. Additionally, it also owns and operates car dealerships across Malaysia. Its prominent manufacturing customers include Honda, Mazda, Proton, and Perodua, while its dealership principals are Honda, Mazda and Peugeot. Regarding the use of IPO proceeds, MeGroup intends to use them for organic expansion, mergers and acquisitions, and to supplement working capital. Net profit for FY18 stood at RM8.9 million, up from RM49,729 in FY17. Revenues also increased by 65.6% to RM148.8 million.

Capital Market News

Asian property developers issuing more green loans

Asian property developers are issuing more green loans to fund stronger demand for green buildings. This trend emerged from the growing theme of sustainability, anti-pollution and anti-congestion, and looks to be gaining notable traction in Asian markets. However, critics of green finance highlighted a lack of universal standards in transparency on the use of green loan proceeds and on the environmental impact of projects. Recently, firms have issued green loans to try establishing a standard. In March 2018, Frasers Property Limited was the first Southeast Asian borrower to issue a green loan under principles set by the Asia Pacific Loan Market Association. The trend of green loans also extend outside of the real estate industry. For instance, Hong Kong's Leo Paper Group, Singapore's Wilmar International, and Sydney's Macquarie Group Limited have all issued green loans this year.