SG Market Weekly Update
01 October – 05 October 2018

SAC ADVISORS

Weekly Wrap of STI

The STI ended 0.67% or 21.80 points lower on Friday to close at 3209.79 amid troubles brought on by the rising US treasury yields and tech rout which sent the region into the red.

The STI inched lower at the start of the week amid tepid trade across Asia. The buoyant mood bought on by the revamped trade deal for North American economies had failed to lift the local market. At mid-week, STI bucked the trend in the APAC market despite a worsening row between Italy and the European Union, which threatened to develop into another crisis in the Eurozone. However, on Thursday, regional concern over a strengthening US dollars and higher US Treasury yields once again dragged down the STI as it tracked a regional decline. On Friday, STI opened lower after overnight declines in US markets and continued the downward trend throughout the day, closing the first week of October in the red.

Year to date, the STI index is down by 5.68% while the Catalist index is down by 23.52%.

Week Ahead: 08 October – 12 October 2018

Economic Calendar: UK GDP MoM (10 OCT), UK Manufacturing Production MoM (10 OCT), US PPI MoM (10 OCT), ECB Publishes Account of Monetary Policy Meeting (11 OCT), US Crude Oil Inventories (11 OCT), US Core CPI MoM (11 OCT)

Company Results: SPH REIT (11 OCT)

Companies News

1. Resources Prima entered MOU to buy China property developer

Coal miner Resources Prima Group ("**RP**") entered into a binding memorandum of understanding ("**MOU**") with Hing Chung Group (International) Limited ("**HC**") in relation to the proposed acquisition of 100% equity interest in ChongQing HuangYang Property Development Limited ("**CH**"). This would result in a reverse takeover of RP. The aggregate consideration payable by RP to HC is S$33 million, which would be wholly satisfied by the issuance of new ordinary shares in the capital of RP at the price of S$0.20 per share. CH's assets comprise of property units with a commercial area adding up to 2,332 square meters and 293 car park lots in a project located in Chongqing. CH also owns 90% of SiChuan Dading City Property Management Limited.

2. Katrina acquired first Japanese restaurants

Restaurant operator Katrina Group Ltd. ("**Katrina**") entered into an agreement to buy the two-restaurant Tomo Izakaya ("**Tomo**") business for an aggregate purchase price of S$952,767. The sum includes an initial purchase price of S$575,000 and the estimated net tangible assets ("**NTA**") value of Tomo at S$377,767 as at 30 September 2018. The purchase price would be adjusted if the difference between the estimate NTA differs from the net tangible asset value of Tomo by S$10,000 or more. Tomo currently operates two Japanese restaurants in Clarke Quay and Esplanade Mall. The acquisition would be Katrina's first Japanese establishment, adding to its existing stable of restaurants that serve Chinese, Indonesian, Mexican, Thai and Vietnamese cuisine.

3. Rex reversed decision to farm out its Block 50 Oman license

Following positive results from the completion of feasibility study on its discovery well, GA South #1, Rex International Holding ("**REX**") decided to retain its 92.65% indirect stake in Block 50 Oman offshore concession. Previously, Rex had planned to farm out the interest in concession to reduce its holding risks and obtain financing. Rex believed that the change in strategy would allow them to reap potential benefits of more upside and cashflow when there is production. They are currently exploring other non-dilutive financing options to help fund oil production costs. The concession has an area of 17,000 square kilometers.

4. Ayondo collaborated with Huanying International to expand China market

Ayondo Ltd. ("**Ayondo**") and Huanying International Limited ("**Huanying**") announced that they have established a collaboration through a white label agreement to grow trading opportunities for Huanying's clients in Asia, particularly in China. Through Ayondo's contract-for-difference TradeHub platform, both will join forces to provide a full suite of products, including equities, indices, forex, commodities, to Huanying's clients. Furthermore, Ayondo will also provide execution and risk management services. Ayondo viewed the collaboration as part of its China growth strategy. The collaboration is not expected to have any material impact on the Ayondo's earnings for this year.

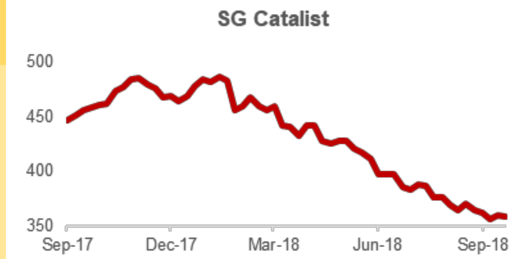
5. Epicentre entered into an agreement for a S$20 million loan facility

Epicentre Holdings ("**Epicentre**") entered into a term sheet with TNT Sinvestment Fund SPC ("**TNT**") for a S$20 million loan facility, which could increase by an additional S$10 million at the sole discretion of the TNT, who holds the exercisable option. TNT would provide the loan facility for a period of 5 years, during which Epicentre could make any number of term loans of any amount (subject to a minimum amount per term loan of S$500,000). The loan would be used for working capital, investments in projects and growth of Epicentre's business. Epicentre will pay an annual commitment fee of 0.75% of the loan amount and an interest on each term loan at 9.5%, payable semi-annually.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3209.8	▼ 21.8	▼ 0.7%	▼ 1.5%	▼ 5.7%
SG Mid Cap	729.7	▼ 7.0	▼ 1.0%	▼ 1.0%	▼ 4.9%
SG Catalist	359.4	▲ 1.2	▲ 0.3%	▼ 0.3%	▼ 23.5%
SG Small Cap	350.6	▼ 2.4	▼ 0.7%	▼ 0.1%	▼ 13.8%

Price Chart



Capital Market News

1. Singapore dollar bond issuance quadrupled in Q3

Following a dismal second quarter, in which the market was hit with trade-war fears and rate-hike uncertainty, the Singapore dollar bond market made a stunning recovery with an issuance of S$8.8 billion in the third quarter. The recovery came on the back of declining yields in long-term Singapore interest rates and high demand for SGD bonds, particularly the bank perpetuals from OCBC, DBS and HSBC and the bonds issued by quasi-sovereign entities. However, it is unclear if Q3's performance will be repeated in the final quarter of 2018. Year to date, bond issuance stood at S$17 billion, down by 7.1%.

2. CapitaLand secured sustainability-linked loan

CapitaLand has secured a 5 year sustainability-linked loan from DBS bank. The S$300 million loan is said to be the first and largest in Asia's real estate sector in relation to sustainability. CapitaLand is allowed to use the loan for general corporate purposes, unlike the restrictions that is bounding the application of green loans. Benchmarking CapitaLand's performance against a set of environmental, social and governance indicators, interest rates on the loan could be further reduced on a tiered basis.

3. OCBC bank-backed private equity fund to achieve 20 percent internal rate of return

The Lion-OCBC Capital Asia Fund I ("**LOCAF I**") is on course to achieve its targeted 20% internal rate of return. The S$550 million fund, which targets high-growth small and medium enterprises in Asia, has made 10 investment since the launch in 2015. LOCAF I is the first private equity fund that OCBC has created with participation from third parties, which includes institutional investors and high net worth individuals. OCBC is planning to launch a second, larger fund in 2019 that will be funded solely by third parties.