SG Market Weekly Update
30 April – 4 May 2018

SAC ADVISORS

Weekly Wrap of STI

The STI ended 0.85% or 30.3 points lower on Friday to close at 3545.38, in line with the regional markets.

STI started the week with 1.0% gain, returned to where it was before the global market correction hit in late January as tensions in the Korean Peninsula faded and investors digested a slew of earnings releases and economic reports. The spike was however short-lived as the STI reverted to losses in the last two days of the week, following the volatile US markets as investors were worried about the outcome of the trade talks between the US and China, rising interest rates and disappointing earnings reports. Investors were also caught between the FOMC announcement and the April employment report.

Year to date, the STI index is up by 4.2% while the Catalist index is down by 9.2%.

Week Ahead: 7 May – 11 May 2018

Economic: SG Foreign Reserves (7 May), China Trade Balance (8 May), US EIA Petroleum Status Report (9 May), US EIA Natural Gas Report (10 May), US Jobless Claims (10 May), US Fed Balance Sheet (11 May)

Company Results: Frasers Logistics & Industrial Trust (7 May), OKP Holdings (7 May), OCBC Banking Corp (7 May), CSE Global (9 May), China Aviation Oil Singapore (9 May), Vicom (9 May), Kingsmen Creative (10 May), Straco Corp (10 May), ComfortDelGro (11 May), ST Engineering (11 May), UOL Group (11 May), IFS Capital (11 May)

Companies News

1. Pacific Star Development unit is asset manager for startup Crowdvilla

A wholly-owned unit of Catalist-listed developer Pacific Star Development ("**PSD**") has become the exclusive asset manager for Crowdvilla, a startup planning to raise US$50 million in a digital token sale to build a portfolio of shared holiday homes. Under a non-binding Memorandum of Understanding ("**MOU**") signed on May 2 between PSD Singapore, Crowdvilla and Reitech, which powers Crowdvilla's blockchain infrastructure, PSD will help source, evaluate and shortlist potential apartments, beach villas, or hotel buildings for Crowdvilla to acquire or rent and then operate. These homes will fit the "casual luxury" segment, with room rates ranging from US$100 to US$200 per night depending on location, size and ratings by previous users. PSD will first focus on gateway tourist destinations and cities in Asia like Kuala Lumpur, Bali, Tokyo and Hong Kong before including properties in Europe, Middle East and the United States. PSD Singapore will be paid an annual management fee, acquisition and rental closing fees, and a performance fee. Its engagement as Crowdvilla's asset manager role is subjected to the successful completion of the token sale, as well as the definitive agreements to be entered into by the parties. Crowdvilla's co-founder Darvin Kurniawan said: "We're excited to combine our expertise in building a blockchain-based technology platform for the booking and sharing of holiday homes around the world with PSD's capability in building up a sizeable pool of properties to support the demands of the Crowdvilla community."

2. Oxley takes 10% stake in Malaysia's Aspen for S$23.3m

Property developer Oxley Holdings (**"Oxley"**) is taking a 10.07% stake in Aspen Group (**"Aspen"**) for S$23.28 million, or 24 Singapore cents per Aspen share. The per-share price for the 97 million Aspen shares represents a 14.72% premium over the volume weighted average price of 20.92 Singapore cents for Aspen's stock on April 27, the last full market day prior to both parties signing the agreement on April 30. Aspen is a property development group based in Malaysia with a focus on developing affordable residential and mixed development properties. It will use the proceeds from the deal for acquiring land banks, future developments and working capital.

3. Artivision Technologies enters into reverse takeover to acquire MC Payment

Video solutions provider Artivision Technologies (**"Artivision"**) is entering into a reverse takeover deal to give up a 70% stake in the company in exchange for e-payment and online retail business, Mobile Credit Payment (**"MC Payment"**). The total consideration includes a base consideration of up to S$80 million for the sale shares held by shareholders of MC Payment; an additional consideration of up to S$20 million; and up to S$25 million in respect to the acquisition of iFashion Group - an online fashion platform that MC Payment is taking over. Artivision has also proposed to undertake a share consolidation to convert every 20 existing shares into one share. The deal will be funded via the allotment of up to 446.4 million new consolidated shares at a post-share consolidation issue price of S$0.28 apiece (or S$0.014 apiece on a pre-share consolidation basis). Separately, Artivision's controlling shareholder, Ching Chiat Kwong has agreed to acquire the firm's outstanding convertible bonds and options. Artivision will in turn issue 100 million new consolidated shares at an issue price of S$0.10 apiece, raising S$10 million. As at May 2, Mr Ching, who is also boss of Oxley Holdings, has a 22% stake in Artivision. He will own 18.7% of the firm's enlarged share capital upon completion of the proposed acquisition.

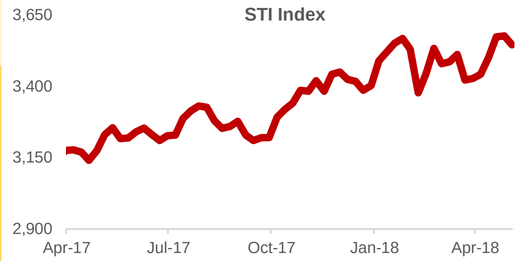
4. Nippecraft gets in-principle nod from SGX to transfer to Catalist

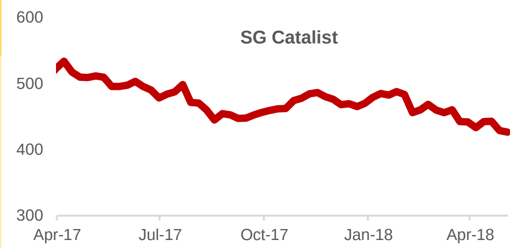
In a filing with the Singapore Exchange ("**SGX**") on Thursday, Nippecraft said that it had received the in-principal approval from the SGX on Wednesday. The proposed transfer is subjected to a number of conditions, including compliance with the listing requirements of the SGX and shareholders' approval being obtained. If the transfer is successful, Nippecraft will be removed from the SGX financial watch list. It was put on the watch list 4 years ago on March 5, 2014 - for posting 3 straight years of losses and having a market cap that fell below S$40 million. For fiscal 2017, Nippecraft had made a net profit before tax of US$97,000, but did not meet the market cap requirement to exit the watch list as its average daily market cap over the last 6 months did not exceed S$40 million. In a separate filing with the SGX on Thursday, Nippecraft said that it has been granted an extension of time of up to 4 months to meet the requirements by July 1, 2018, for its removal from the watch list. As at Thursday, Nippecraft's market cap stood at S$14.4 million. Nippecraft said: "The board believes that the market cap of the group better resembles that of the companies on the Catalist. In addition, the board is of the view that the proposed transfer and listing on the Catalist will position the company appropriately and better allow the company to attract investors in the future."

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3545.4	▼ 30.30	▼ 0.8%	▼ 0.7%	▲ 4.2%
SG Mid Cap	763.6	▼ 2.98	▼ 0.4%	▼ 0.2%	▼ 0.4%
SG Catalist	426.7	▼ 3.58	▼ 0.8%	▼ 0.9%	▼ 9.2%
SG Small Cap	384.0	▼ 1.60	▼ 0.4%	▼ 0.3%	▼ 5.6%

Price Chart





IPO News

1. Serial System Q1 profit jumps 92% on sales growth; seeks HK listing for subsidiary

SGX Mainboard listed Serial System announced its first quarter profit surged by 92% on the back of an increase in sales, and a currency translation gain. It recorded net profit of US$5.2 million for the three months ended March 31, 2018 from US$2.7 million a year ago, on the back of a 22% increase in sales to US$405.2 million. Shareholders have approved the company's plans to spin off its majority-owned electronic components distribution subsidiary, Serial Microelectronics (HK) Limited (**"SMHK"**), with a view to list it on the mainboard of the Hong Kong stock exchange. "Listing SMHK will enable it to raise funds to support its own distribution business in China and Hong Kong," Serial System said, adding that the business currently accounts for some 70% of the group's total revenue.

2. China's Xiaomi shows off strong growth numbers ahead of mega share offering

Xiaomi Corp, going for wow-factor ahead of what could be the largest initial public offering since 2014, has revealed a blistering pace of growth that'll help it take on Apple and Samsung in global smartphones. The Chinese smartphone maker filed for an IPO in Hong Kong Thursday, kicking off a process that's expected to raise at least US$10 billion and confer a value of US$100 billion on the eight-year-old company. That offered investors a glimpse into the inner workings of the company controlled by billionaire Lei Jun, and its ups-and-downs since almost dropping off the radar in 2016. Revenue surged 67.5% to 114.5 billion yuan (S$24 billion) in 2017, after posting anaemic growth of just 2.4% a year earlier, while operating profit more than tripled.

Capital Market News

1. MAS to require central clearing of OTC derivatives from Oct 1

The Monetary Authority of Singapore (**"MAS"**) will require over-the-counter (**"OTC"**) derivatives to be cleared on central counterparties (**"CCPs"**) with effect from Oct 1 this year, in a bid to make trading of such derivatives in Singapore safer. The mandatory clearing requirement will apply to Singapore-dollar and US-dollar fixed-floating interest rate swaps as these are the most widely traded interest rate derivatives in Singapore, said MAS. Central clearing mitigates counterparty credit risks as the CCP takes on that risk between parties to a transaction. In addition, banks whose gross notional outstanding OTC derivatives exceed S$20 billion will be required to clear their trades through MAS-regulated CCPs. These banks account for over 90% of OTC derivatives contracts in terms of outstanding notional amount in Singapore.