SG Market Weekly Update
25 June – 29 June 2018

SAC ADVISORS

Weekly Wrap of STI

The STI ended 0.34% or 11.13 points higher on Friday to close at 3,268.70. The week opened at 0.3% lower, as investors assessed a loosening of policy in China amid ongoing trade tensions. For the week, STI was down 18 points or 0.6%.

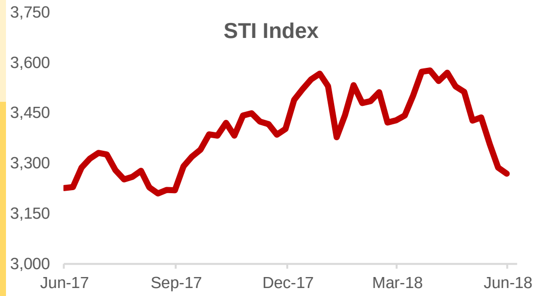
By midweek, the STI saw muted gains as US President Donald Trump's plan to bar many Chinese companies from investing in US technology firms and block additional technology exports to China, sent global markets down on trade. The week ended with STI holding its growth on a slight incline, despite Asian stocks slumping to 9-month lows on growing worries that the US administration's approach to trade is harming global economic growth. Although the US appeared to be modifying its approach to curb Chinese investments in US technology firms.

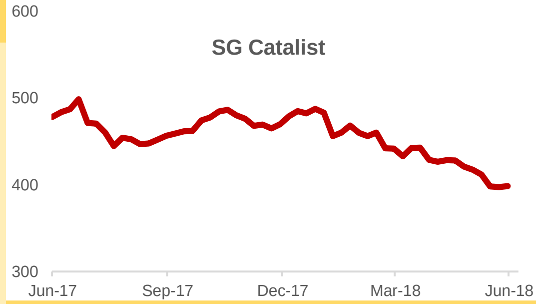
Year to date, the STI index is down by 3.9% while the Catalist index is down by 15.2%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3268.7	▲ 11.13	▲ 0.3%	▼ 0.6%	▼ 3.9%
SG Mid Cap	716.3	▲ 3.73	▲ 0.5%	▲ 0.1%	▼ 6.6%
SG Catalist	398.5	▼ 0.46	▼ 0.1%	▲ 0.3%	▼ 15.2%
SG Small Cap	368.6	▲ 1.31	▲ 0.4%	▼ 0.2%	▼ 9.4%

Price Chart





Week Ahead: 2 July – 6 July 2018

Economic: EU Unemployment Rate (2 July), China Caixin Manufacturing PMI (2 July), US Redbook YoY (3 July), US Initial Jobless Claims (5 July), US Unemployment Rate (6 July), US FOMC Meeting Minutes (6 July), HK Foreign Reserves (6 July)

Company Results: -

Companies News

1. Koh Brothers Group receives strong demand for maiden entry into South Korea

Koh Brothers Group's ("**Koh Brothers**") first project in South Korea has been 96% sold within 3 months of its launch, it said in its Singapore Exchange ("**SGX**") filing last Thursday. Additionally, 75% of all the units in the mixed-use development were sold in the first 7 days of its launch in March 2018, reflecting what it called its "strategic and timely expansion into South Korean real estate market". Located in the Gangnam district in Seoul, the freehold Nonhyeon I'PARK comprises 99 apartments, 194 "OfficeTel" SoHo units and 53 retail units. The development is located near the core business districts of COEX and Teheran-ro. The project, which spans a land area of 4,611 sq m, is 45% owned by the mainboard-listed property and construction player in a joint venture with local developer Daeryun D & I Co. Redevelopment began in the 2nd quarter of this year, and is expected to be completed in the 4th quarter of 2020. The project is expected to contribute positively to Koh Brothers' financial performance from the financial year ending Dec 31. Koh Brothers closed unchanged at S$0.285 last Thursday before the announcement was made.

2. No Signboard to launch fast-food chain

No Signboard Holdings ("**No Signboard**") is launching a chain of fast-food outlets that serve hawker food-themed burgers, wraps and buns, the restaurant chain announced on Wednesday before the market opened. The "Hawker" brand will launch through its wholly owned subsidiary Hawker QSR Pte Ltd, previously known as NSB Quick Service Restaurants Pte Ltd. The group plans to launch its first outlet by end-2018 and have at least 3 outlets by early 2019 in Singapore's central, east and west regions. The Catalist-listed player estimated setup costs of around S$0.5 million per outlet, and the venture will initially be 20% funded by No Signboard's initial public offering ("**IPO**") proceeds, with the remaining 80% through bank loans. No Signboard is applying for halal certification and 24-hour permits for the new outlets, which will have features like self-cashiering point-of-sale and free Wifi. To expand beyond its dining-in capacity, No Signboard announced it is in discussions with food delivery platforms such as GrabFood, Deliveroo and FoodPanda to generate more takeaway sales. No Signboard does not expect the launch to have any material impact on the group's net tangible assets per share or earnings per share for the fiscal year ended Sept 30, 2018. Its counter advanced 3.68% or S$0.70 at Wednesday's trading close to S$0.197.

3. Clearbridge Health announces planned spin-off for cancer diagnostics associate

Catalist-listed Clearbridge Health ("**Clearbridge**") has announced plans to spin off a cancer diagnostics associate which has just clinched fresh funds ahead of its bourse debut, the medical technology company said last Thursday. The latest injection of some S$6.6 million will be used for business expansion, technology development, talent recruitment and listing-related expenses to develop end-to-end cancer diagnostic tests, according to Clearbridge. An IPO of 39.7%-owned Clearbridge BioMedics is slated for the 4th quarter of 2018, in a proposed listing that is intended to take place on Singapore's Catalist board. The pre-IPO funding, which Clearbridge said came from both oncology medical professionals as well as healthcare and biotechnology investors, will involve equity stakes in Clearbridge BioMedics. The liquid biopsy solutions company is behind the proprietary ClearCell FX System that detects circulating tumour cells in blood. Clearbridge BioMedics is a spin-off from the National University of Singapore and Singapore-MIT Alliance for Research and Technology ("**Smart**") research centre, while the parent Clearbridge company started life as a high-technology incubator backed by the National Research Foundation and the Enterprise Singapore government agency. Clearbridge made its IPO debut in December 2017 at an offer price of S$0.28. It most recently reported a net loss of S$1.49 million for the three months to March 31, 2018 on a revenue of S$377,000. The counter closed up by S$0.005, or 1.41%, at S$0.36, before the announcement.

4. Courts Asia offers to buy back S$75m of 5.75% notes due 2019 at 100.75% of par

Mainboard-listed Courts Asia is offering to buy back its S$75 million worth of 5.75% notes due 2019 at 100.75% of the principal amount. The electronics and furniture retailer is concurrently seeking noteholders' consent to include a call option in the terms of the notes that will allow Courts Asia to redeem the bonds early at 100% of par. The issuer plans to exercise that option within 15 days if it is successfully included. Noteholders who deliver their consent to the inclusion of the call option by the business close of July 13 will receive an early consent fee equal to 0.25% of the principal amount. Consent received after their early-bird deadline will receive a normal consent fee of 0.15%. The company has called for a noteholders' meeting at 10am on July 20 to vote on the proposal. Courts Asia said the proposed transaction is part of its continuing capital and liability management initiatives. It is also of the view that it is prudent to explore the early redemption of the notes since it has "existing surplus cash". Courts Asia common stock last traded flat at S$0.21 apiece on Wednesday.

IPO News

1. SGX enters new era as it starts dual-class shares for qualifying IPOs

Singapore Exchange ("**SGX**") on Tuesday approved the biggest change to its listing rules, giving the go-ahead for companies with dual-class shares ("**DCS**") structures to seek a primary listing on its main board with immediate effect. With the rules and safeguards in place, new-economy stocks - such as those of start-ups and technology firms - which have shares with different voting rights will now be allowed to raise funds through an initial public listing ("**IPO**") in Singapore. DCS companies must meet SGX's existing main board entry criteria, as well as satisfy the exchange on their suitability to list under the structure. In place are safeguards against the 2 main risks presented by DCS structure - expropriation and entrenchment risks. For example, SGX requires an enhanced voting process in which all shares carry 1 vote each regardless of class, for the appointment and removal of independent directors and /or auditors, variation of rights attached to any class of shares, a reverse takeover, a winding-up or a delisting. To prevent founders from entrenching themselves, each multiple vote ("**MV**") share will carry a maximum of 10 votes and be limited to named individuals whose scope must be specified at the IPO. There are also sunset clauses where MV shares will auto-convert to ordinary voting ("**OV**") shares under circumstances the company must stipulate at the time of the IPO.

2. Koufu plans S$85m IPO in July

Homegrown food court operator Koufu has lodged a draft prospectus for a listing on the Singapore Exchange main board, with plans to start trading on July 18. The IPO could raise around S$85 million, and Koufu Group would have a market capitalisation of around S$350 million upon its debut, according to indicative terms. Koufu manages 47 food courts, 14 coffee shops, one hawker centre as well as a mall, Punggol Plaza in Singapore. It also has one food court in Macau. Koufu's net profit last year was S$26.8 million, up 3.8% from 2016. Revenue was steady at S$216.7 million. Koufu plans to use some S$40 million of the IPO proceeds to build an integrated facility to house a larger central kitchen. The rest will fund F&B outlet revamps and other expansion plans. The IPO comprises an offering of new shares as well as a sale of vendor shares by Koufu's sole shareholder, Jun Yuan Holdings, which is controlled by Mr Pang and Mdm Ng. Mr Pang and Mdm Ng Hoon have agreed to a 6-month lock-up period.