

Weekly Wrap of STI

The STI ended 0.1% or 3.62 points lower on Friday to close at 3,324.98, tracking losses on Wall Street ahead of the release of key economic data. For the week, STI was down 27 points or 0.8%.

Local markets started the week lower and remained flat as currency wars fears dampened prospects. The STI also trailed behind Asian equities that advanced with China leading the charge, as the Chinese government moved towards policies aiming to bolster its domestic growth. At midweek, the STI mirrored gains in the US market as US markets ascended on generally strong earnings overnight. On Thursday, the US and European Union reached an agreement to prevent the implementation of further tariffs sending indexes around the world higher. The marginal gain was coupled with news of Singapore's factory output on an incline in June, beating expectations as industrial production grew 7.4% from the previous year.

Year to date, the STI index is down by 2.3% while the Catalyst index is down by 17.5%.

Week Ahead: 30 July – 3 Aug 2018

Economic: EU Unemployment Rate (31 July), US Redbook Index YoY (31 July), US API Weekly Crude Oil Report (1 Aug), US EIA Crude Oil Report (1 Aug), US Fed Interest Rate Decision (2 Aug), US Initial Jobless Claims (2 Aug), US Unemployment Rate (3 Aug), US Trade Balance (3 Aug)

Company Results: Mapletree Commercial Trust (30 July), Ascendas REIT (30 July), Roxy-Pacific Hldgs (31 July), Frasers Logistics & Industrial (1 August), China Aviation Oil SG (1 August), Great Eastern Hldgs (1 August), Hi-P International (2 August), Genting SG (3 August), Venture Corp (3 August), UOL Group (3 August), Sembcorp Industries (3 August)

Companies News

1. Kim Heng Offshore & Marine acquired 2 offshore support vessels

Kim Heng Offshore & Marine Holdings ("Kim Heng") has acquired 2 offshore support vessels - an anchor handling tug/supply ("AHTS") Lewek Lynx, and a chase boat, Swissco Summit. Kim Heng said that both vessels were acquired at good value, without revealing the prices. The group said it has received a letter of intent for a short-term two-month charter contract and will be preparing to reactivate the AHTS to be fully operational in August for the provision of tow services and other offshore-related activities for a leading oil major in Q3 2018. The group also sold the Swissco Summit, a 30-tonne bollard pull chase boat, to a foreign buyer shortly after the purchase. The group is in the process of acquiring more vessels to take advantage of economies of scale to improve the group's operating results, it added.

2. DLF Holdings closed 26.5% lower in Catalyst debut

Mechanical and electrical engineering services firm DLF Holdings made its Catalyst trading debut on Wednesday, opening at S\$0.22 apiece, down from its initial public offering ("IPO") placement price of S\$0.23. Its 18.5 million new shares placed out in its IPO were fully subscribed, raising gross proceeds of about S\$4.26 million, with net proceeds of around S\$2.85 million after subtracting listing expenses. The shares closed 26.5% lower on its Catalyst debut. In a statement on Monday, the firm said that S\$1 million of this will go towards exploring opportunities in mergers and acquisitions, joint ventures and strategic alliances, while the rest will be used as general working capital, as it plans to employ more professional and technical personnel. DLF Holdings operates mainly as a sub-contractor for its project management services, which include work for plumbing and sanitary systems, as well as ventilation and air-conditioning systems.

3. Imperium Crown down 15%

Shares in Catalyst-listed real estate firm Imperium Crown dropped 15% on Wednesday, making it one of the biggest losers on the Singapore bourse by the afternoon trade. As at 3.51pm on Wednesday, the counter was trading at S\$0.034 apiece, down 15% or S\$0.006. Some 23.8 million shares changed hands. Market speculation is that there might be a substantial shareholder selling off shares, though this could not be confirmed. One analyst noted that there might be 2 possible reasons for the plunge in the counter's share price. First, there might be a large shareholder selling shares, or that there might be differences among people within the firm, as the company had announced some board changes earlier this year.

4. Offshore engineering services provider IEV signed MOA with South Korea's EXT Co Ltd

Catalyst-listed IEV Holdings has signed a memorandum of agreement ("MOA") with South Korean company EXT Co Ltd ("EXT") through its direct wholly owned subsidiary IEV Group Sdn Bhd ("IEV"), the group announced on Tuesday. Under the terms of the MOA signed last Monday, the 2 companies will cooperate to commercialise and market EXT's proprietary geotechnical engineering technologies in Malaysia, Indonesia and India. EXT provides architectural services in the consumer discretionary sector, while IEV offers offshore engineering services. They will jointly conduct a feasibility study to explore introducing EXT technology into the selected regional markets, and establish a joint venture or other business arrangement if the projects prove commercially feasible. The term of the MOA is 9 months, and may be extended upon mutual agreement by the parties.

5. Annica sold entire stake in GPE; non-executive director assisting in ongoing CAD probe

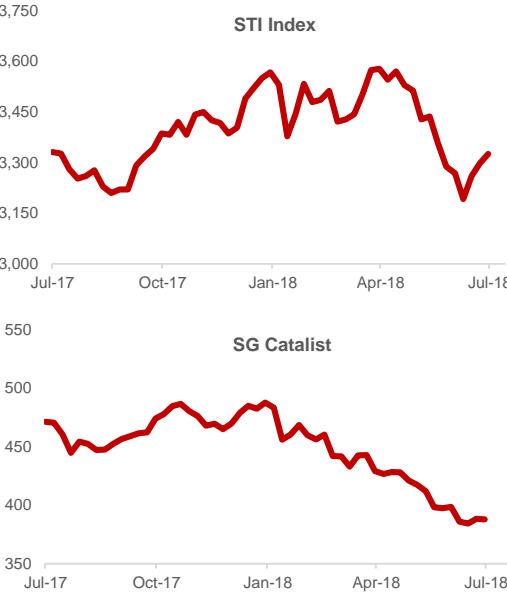
Catalyst-listed Annica Holdings ("Annica") announced last Thursday that it has entered into an agreement to sell its entire shareholding interest in GPE Power Systems to GPE's executive director Chong Shin Mun for S\$2 million. The disposal will enable Annica to focus on developing its new diversified business segments, including the renewable energy and recycling businesses, the company said. Annica holds 350,000 ordinary shares in GPE, representing 70% of the total number of issued shares, while Ms Chong holds the remaining 30%. Ms Chong is a substantial shareholder of Annica, and holds 6.66% of its total issued share capital. The disposal is to be completed no later than 14 business days after all the conditions set out in the conditional sale and purchase agreement are fulfilled. Following the disposal, Annica will cease to have any interest in GPE and GPE will cease to be a subsidiary of Annica. In another announcement on Thursday, Annica said its non-independent and non-executive director Nicholas Jeyaraj s/o Narayanan was interviewed on July 17 by the Commercial Affairs Department ("CAD") in an ongoing investigation. The investigation is related to a 2013 penny stock manipulation case.

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Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3325.0	▼ 3.62	▼ 0.1%	▲ 0.8%	▼ 2.3%
SG Mid Cap	735.2	▼ 1.19	▼ 0.2%	▲ 0.5%	▼ 4.1%
SG Catalyst	387.8	▲ 1.07	▲ 0.3%	▼ 0.1%	▼ 17.5%
SG Small Cap	372.6	▼ 1.31	▼ 0.4%	▲ 0.4%	▼ 8.4%

Price Chart



IPO News

1. SGX to allow listing of mineral, oil and gas companies in early stage of development

The Singapore Exchange ("SGX") will allow the listing of mineral, oil and gas ("MOG") companies in the early stage of development, following rule changes that will take effect from 28 August. Towards this end, the regulator is amending the Mainboard and Catalyst listing rules for MOG firms to reflect how the sector categorise companies based on each firm's stage of development. This follows a market consultation exercise where a majority of respondents expressed support for the move, it added. A working group comprising MOG specialists including technical experts, corporate finance advisers and senior executives from SGX-listed issuers had provided input on the SGX proposals.

2. KBS Realty said to be considering US\$1 billion REIT IPO in Singapore

KBS Realty Advisors ("KBS"), a US-based commercial property owner, is potentially considering its second real estate investment trust listing in Singapore. It is said that the company aims to raise at least US\$1 billion (S\$1.36 billion) from a potential sale, of trust units backed by at least 15 prime commercial properties. KBS is one of the largest buyers of commercial real estate in the US and has completed transactions exceeding US\$37 billion, according to its website. KBS-affiliated companies had more than US\$11.4 billion of assets as of March 31.

CAPITAL MARKET NEWS

1. SGX and NSE resumed tie-up talks on India's GIFT city

SGX and the National Stock Exchange ("NSE") of India have resumed discussions on a potential collaboration in India's fledgling offshore hub after such talks fizzled out. The 2 parties have been engaged in arbitration proceedings over the planned listing of the new derivatives products which SGX had planned to roll out in June to make up for the imminent loss of its flagship Nifty 50 futures products. Now, with the 2 exchanges coming around to talk once again on a possible tie-up in India's Gujarat International Finance Tec-City International Financial Services Centre ("GIFT IFSC"), the arbitrator has granted a deferment of the arbitration proceedings between SGX and NSE's index company IISL, said SGX in a statement. It added that the directions under the arbitration order remain effective.