

Weekly Wrap of STI

The STI ended 1.05% or 33.44 points higher on Friday to end at 3,225.65, capping off a week which saw large price swings amid mixed sentiment about US-China trade deal.

The STI opened strongly on Monday despite news of Singapore's non-oil domestic exports falling in October as the market responded positively to stimulus measures from China in which the central bank trimmed its seven-day reverse repurchase rate by five basis points. However, the gains were short lived as lingering fears about the progress of a trade deal returned to hit the market. This was compounded by the US Senate's passing of a bill to support protestors in Hong Kong, prompting fears amongst investors that this could anger Beijing and derail progress on the trade talks. Even the upward revision of the Singapore's 2019 GDP growth forecast failed to lift markets, underscoring trade related news as the main driver of market movements. On Friday, a Wall Street Journal's report that China invited US trade negotiators for talks in Beijing provided a welcome boost to the Index as the STI recovered slightly following three consecutive days of losses.

Year to date, the STI index is up by 5.1%.

Week Ahead: 25 November – 29 November 2019

Economic Calendar: SG Consumer Price Index (25 Nov), SG Index of Industrial Production (26 Nov), US International Trade in Goods (26 Nov), US Consumer Confidence (26 Nov), US Richmond Fed Manufacturing Index (26 Nov), SG Business Receipts Index (27 Nov), CN Industrial Profits (27 Nov), US GDP (27 Nov), US Jobless Claims (27 Nov), Euro EC Economic Sentiment (28 Nov), SG Import and Export Price Index (29 Nov), JP Industrial Production (29 Nov), Euro Unemployment Rate (29 Nov)

Company Results: -

Companies News

1. ISOTeam strengthened order book with S\$35.37 million worth of new contracts
ISOTeam Ltd. ("ISOTeam") announced a S\$35.37 million boost to its order book, with 10 projects across all of its business segments. These include Addition and Alteration projects with a combined value of S\$17.81 million for development, upgrading and maintenance works for the Singapore Botanic Gardens, Jurong Lake Gardens, Fort Canning Park and the Istana as well as carpentry works to a commercial building; Repairs and Redecoration projects with a collective value of S\$16.33 million for over 50 blocks in Kaki Bukit and Tampines; and S\$1.23 million worth of Coating and Painting and Interior Design projects. Together with the S\$51.30 million worth of jobs secured in 1Q2020, the latest batch of contracts brought the tally of contracts won by the Group to S\$86.67 million in FY2020. Management has indicated that the new contracts are expected to have a positive impact on the earnings per share and net tangible assets of the Group for FY2020.

2. BRC Asia announced 162% surge in FY2019 earnings
Established steel reinforcement supplier and solutions provider BRC Asia Limited ("BRC Asia") announced that FY2019 revenue increased by 61% to S\$913.3 million, due to an improved business environment and the full-year consolidation of Lee Metal Group Pte. Ltd. ("Lee Metal") following its acquisition in July 2018. Gross profit rose 70% year on year to S\$76.6 million, with gross profit margin improving 0.5 percentage points due to economies of scale and cost synergies post the acquisition of Lee Metal. Similarly, operating profit margin rose from 2.8% to 4.2% due to operational efficiencies resulting from the acquisition. As a result, net profit from continuing operations attributable to shareholders rose by 162% from S\$12.0 million in FY2018 to S\$31.6 million in FY2019.

3. Sim Leisure Group opened ESCAPE Gravityplay theme park in Penang
Catalist-listed theme park developer and operator Sim Leisure Group Ltd ("Sim Leisure") announced that it opened ESCAPE Gravityplay, the third of its series of theme parks in Penang. The theme park features a variety of downhill rides and also includes the world's longest inner tube water slide. Management noted that ESCAPE theme park is rated the number one theme park in Malaysia by TripAdvisor, and the Group expects to see a rising number of visitors as a result of this latest opening.

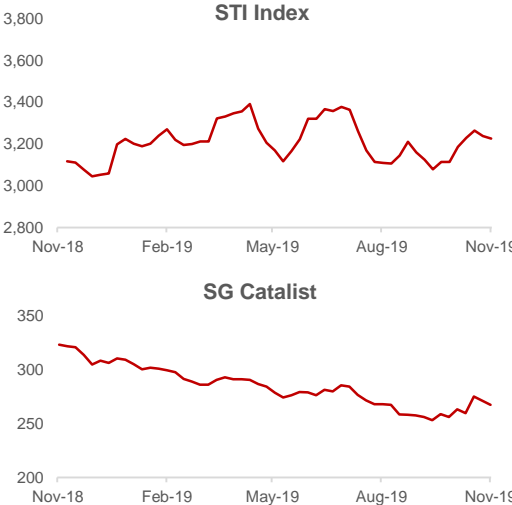
4. Tiong Seng secured green loan and environmental performance-linked facilities
Construction group and property developer Tiong Seng Holdings Limited ("Tiong Seng") announced that it secured a total of S\$125.0 million from a green loan from OCBC Bank and environmental performance-linked facilities from DBS Bank. The company noted that these were the first sustainable finance transactions for a construction and civil engineering firm in Southeast Asia. The S\$70.0 million green loan from OCBC Bank will finance construction projects that have clear environmental benefits, such as certified green buildings and projects for improving resource efficiency and generating renewable energy. The S\$55.0 million environmental performance-linked facilities from DBS will be used by Tiong Seng to refinance existing loans and for general corporate purposes. The company will be eligible for interest rate and performance bond commission discounts, should the group meet or exceed the agreed performance targets, which will be reviewed and validated by an independent external party.

Important Notice: This document has been prepared solely for the purpose of introducing the information set out herein ("Information"). The Information in the report has been obtained or derived from sources believed by SAC Capital Private Limited ("SAC") to be reliable. However, SAC and any parties mentioned herein does not assume any accuracy or completeness of such sources or Information for any forward-looking statements (which may be subject to numerous assumptions, known and unknown risks) or for correcting any errors herein and SAC accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. This document solely represents the views of SAC and does not constitute any offer, solicitation, recommendation or invitation for in relation to the securities of any company described herein, neither does it constitute investment advice. This document is strictly confidential and by receiving it, the recipient agrees not to disclose it to any other person or use it for any purpose other than as contemplated herein. This document may include information of a proprietary nature. This document does not purport to constitute all the information that the recipient might require and, in particular, does not address risk issues. It is not intended to form the basis of any investment decision or contract. Recipients of this document are solely responsible for making their own assessment of the matters herein, including assessment of risk, and consulting their own professional advisers.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3225.7	▲33.4	▲1.0%	▼0.4%	▲5.1%
SG Mid Cap	744.7	▲7.1	▲1.0%	▲0.1%	▲8.8%
SG Catalist	267.4	▲1.6	▲0.6%	▼1.4%	▼13.6%
SG Small Cap	349.6	▲1.1	▲0.3%	▲0.7%	▲6.6%

Price Chart



IPO News

Don Agro launched preliminary prospectus
Russia based crop and raw milk producer Don Agro International Limited ("Don Agro") lodged a preliminary prospectus for an IPO listing on the Singapore Exchange's Catalist board. Don Agro produces commercial crops such as winter wheat, sunflower, sorghum, corn and flax in Russia's Rostov region. These products are mainly sold to traders and exporters. The Group also operates five dairy farms, and produces and sells raw milk to dairy companies for the production of fresh milk and other high-end dairy products. For the financial year ended 31 December 2018 ("FY2018"), Don Agro posted revenue of S\$24.4 million, 5.1% higher than FY2017 revenue. Profit attributable to owners of the company rose to S\$6.4 million, up from S\$4.1 million a year ago. Don Agro intends to use proceeds from the listing to expand its arable land bank, acquire new equipment and machinery as well as explore opportunities in mergers and acquisitions, joint ventures and strategic alliances.

Capital Market News

MAS seeking to regulate derivatives of payment tokens
The Monetary Authority of Singapore ("MAS") released consultation paper outlining its proposed regulatory approach under the Securities and Futures Act for derivatives contracts that reference payment tokens as underlying assets. The MAS noted that the trading of payment tokens such as Bitcoin and Ether have largely been unregulated and there has been interest from institutional investors for regulated alternatives. MAS proposed to allow Approved Exchanges in Singapore to meet the need of investors to manage their exposure to payment tokens while bringing the activity under regulatory oversight. MAS will require Approved Exchanges and licensed intermediaries to include risk warnings tailored to payment token derivatives and additional margins will be collected to discourage leveraging and mitigate risk of losses.