SG Market Weekly Update
3 February – 7 February 2020

SAC CAPITAL

Weekly Wrap of STI

The STI ended 1.55% or 50.07 points lower on Friday to end at 3,181.48 as fears of a slowdown in the world's second largest economy and Singapore's economy from the spread of the novel coronavirus outbreak saw the index trade sharply lower on the last trading day of the week.

The STI traded higher for much of the week as investor's shrugged off concerns about the economic threat of the coronavirus and assurance that Central Banks around the world were ready to add stimulus to boost the economy. The announcement that China will cut US $75 billion worth of tariffs on US goods added sent markets higher. On Friday however, anxiety over the spread of the novel coronavirus spread on the global economy saw heavy selling on the STI on fears of it's impact on the global economy.

Year to date, the STI index is down by 1.3%.

Week Ahead: 10 February – 14 February 2020

Economic Calendar: CN Consumer Price Index (10 Feb), US Federal Reserve's Bowman speech (10 Feb), GBP Q4 GDP (11 Feb), GBP Manufacturing Production (11 Feb), US Jolts Job Openings (11 Feb), CN Trade Balance (7 Feb), US Crude Oil Inventories (11 Feb), SG Retail Sales (12 Feb), US Core CPI (13 Feb), German GDP (14 Feb), US Core Retail Sales (14 Feb)

Company Results: Lendlease Global REIT (10 Feb), Genting SP (12 Feb), SingTel (13 Feb), UG Healthcare (13 Feb), DBS (13 Feb), ComfortDelGro (14 Feb), SIA (14 Feb)

Companies News

1. Elite Commercial Reit closed up 4.4% at £0.71 on trading debut

Units of Elite Commercial Reit opened 3.7% higher on their first trading day in the Singapore bourse's first Mainboard debut of the year. Elite Commercial Reit started trading at £0.705, higher than the IPO price of £0.680. Prices traded in a tight band to eventually close at £0.710, up 4.4% on the IPO price. It is the first Reit denominated in the British pound and the first UK-focused Reit to be listed in Singapore. When the offer closed on Tuesday, applications for about 47.85 million units were received for the roughly 5.73 million units offered to the public in Singapore, representing a subscription rate of 8.3 times.

The retail tranche, however, represents just 5% of the overall offering. Its placement tranche was 3.2 times subscribed by institutional investors and high-net worth individuals. The offer price of £0.68 per unit translates to a forecast distribution yield of 7.1% for 2020 and 7.2% for 2021. It issued a total of 192.5 million units to raise gross proceeds of £130.9 million (S $233.4 million). The Reit has assets under management of about £320 million and seeks to grow its portfolio over time through the potential development of undeveloped land in its portfolio, including a possible doubling in size of its Peel Park asset in Blackpool. The Reit manager is 85% held by Elite Partners Holdings (in which former Viva Industrial Trust founder Victor Song and construction and property firm Ho Lee Group have a stake), and 15% by Sunway RE Capital. Its sponsors - Singapore's Elite Partners Holdings, property and construction firm Ho Lee Group and a wholly-owned unit of Malaysian conglomerate Sunway Group - own about 20 per cent in the Reit vehicle post-IPO. Prior to the IPO, Elite Commercial Reit had 139.7 million units in issue. It now has 332.2 million units in issue after the IPO.

2. BlackGold Natural Resources seeks to raise up to S$25m in bond issue

Catalist-listed BlackGold Natural Resources ("**BlackGold**") is looking to raise up to S$25 million by issuing interest-free convertible bonds to three investors, to finance new plans for the business. BlackGold proposed issuing three investors – Jinzhou Business Investment Logistics Co, Atrium Asia Capital Partners and Kingpin Investment – bonds which can be converted into new shares at a price of S$0.015 apiece. The price was agreed by the parties at arm's length, and represents a premium of about 16.28% to the volume-weighted average price of S$0.0129 for trades done on BlackGold shares on 28 Jan. The conversion shares would represent about 166.05% of the existing share capital and 58.75% of the enlarged share capital of the company. Jinzhou Business Investment Logistics Co., has undertaken not to exercise its conversion rights if it ends up with a 30% or larger stake in the latter after the conversion. This comes as BlackGold has entered into an offtake agreement to supply Xiamen Runpu Import and Export Co with at least 4.8 million tonnes of thermal coal for one year. Xiamen Runpu is majority owned by Chinese state-owned enterprise Hua Kong Group.

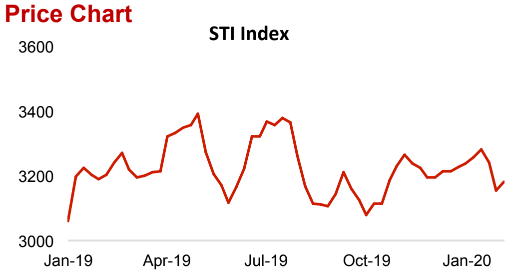
3. Sembcorp Industries flagged S$245m impairment for Q4 results

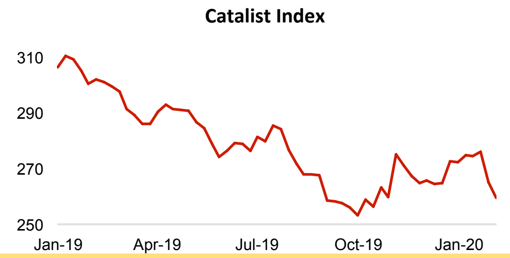
Conglomerate Sembcorp Industries ("**SCI**") has issued a profit guidance for its financial results for the fourth quarter ended last December and the fiscal year, flagging an impairment of S$245 million. In a statement to the Singapore Exchange after trading hours on Thursday, SCI said its energy business is "expected to make a net loss" in that quarter but did not specify if the conglomerate would be in the red for the period. It will release its financial results on Feb 21. SCI's statement comes after a periodic assessment of the recoverable amounts was performed on expected future cash flows of its energy assets. The S$245 million impairment was a result of a S$158 million write-down of its UK Power Reserve assets, a S$64 million reduction in value after the divestment of its Chilean water business and a S$23 million impairment of its China wastewater treatment assets.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3153.7	▼ 50.1	▼ 1.5%	▲ 0.9%	▼ 1.3%
SG Mid Cap	743.2	▼ 9.7	▼ 1.3%	▲ 0.0%	▼ 2.0%
SG Catalist	259.5	▲ 1.5	▲ 0.6%	▼ 2.1%	▼ 4.7%
SG Small Cap	350.6	▼ 3.3	▼ 0.9%	▲ 0.7%	▼ 1.4%

Price Chart





Capital Market News

SGX RegCo listed 109 firms that must continue quarterly reporting

SGX RegCo has released a list comprising 109 "riskier issuers" which must continue to make quarterly reporting ("**QR**") of their financial results. This comes in the wake of new rules announced by the Singapore Exchange Regulator ("SGX RegCo") this month that permit listed companies to dispense with QR, as long as they are not deemed to be of higher risks. Of the 109 companies named, 61 are listed on the Mainboard while 48 are Catalist listings. They are required to undertake QR because they do not have clean audit opinions or face financial and regulatory compliance issues. Of these firms, 24 were previously not subjected to QR as they did not meet the minimum market capitalisation criteria. The addition of these 24 companies, which would not have been captured under the old regime, underlined SGX RegCo's stance that a size-based approach may result in firms that ought to be doing QR falling through cracks. The 24 issuers will be given a one-year grace period while the remaining 85 will continue with their regular QR.

Listing of student accommodation assets a 'possibility': SPH

Listing its purpose-built student accommodation assets is a "possibility", among other opportunities it seeks to improve shareholder value, said Singapore Press Holdings ("**SPH**"). Its statement came after Bloomberg - citing sources close to the matter - reported that SPH is planning to list those UK-based assets in Singapore through a real estate investment trust, in a deal that would value those properties at more than US$1 billion. According to the sources, SPH's plans are still at preliminary stages and the exact size and timing of the transaction has yet to be finalised. Referring to the media reports, SPH said: "The company is always considering and looking out for opportunities to improve shareholder value, including the possibility of listing its PBSA (purpose-built student accommodation) assets, to achieve its corporate objectives." The mainboard-listed group, recently reported an operating revenue of $243.98 million for its first quarter, or 4.1% lower y-y, mainly due to lower newspaper print advertisement revenue.