

MARKET NEWS

US stocks were higher on Thursday, as gains in the communication services, materials and consumer discretionary sectors led shares higher. At the close of the NYSE, the DJIA gained 0.35% while the S&P 500 index rose 0.59%, and the NASDAQ Composite index advanced 0.83%. Advancing stocks outnumbered falling ones on the NYSE by 1,995 to 900 and 90 ended unchanged; on the Nasdaq Stock Exchange, 2,597 advanced and 1,677 declined, while 201 ended unchanged. (Source: WSJ, Bloomberg)

During the last trading session, the FSSTI index rose 6.96pt to 3,206.99. Among the top active stocks were Genting Singapore (+0.6%), Singtel (+0.4%), Thai Beverage (-0.9%), SingPost (-2.0%) and Rex International (+2.6%). The FTSE ST Mid Cap index fell 0.8% while the FTSE ST Small Cap Index was down 0.2%. The broader market saw 281 gainers and 293 losers with total trading value of S\$919.9m.

WHAT'S IN THE PACK

Singapore Company Update:

Sea - Recent developments are positive for the company.

(SE US / BUY / US\$42.09 / Target: US\$94.34)

We reiterate BUY on SEA amid the recent positive developments. The revised Regulation of Minister of Trade in Indonesia favours Shopee's competitive standing, while Garena's Free Fire re-entry into the Indian market ...

Singapore Technical Analysis:

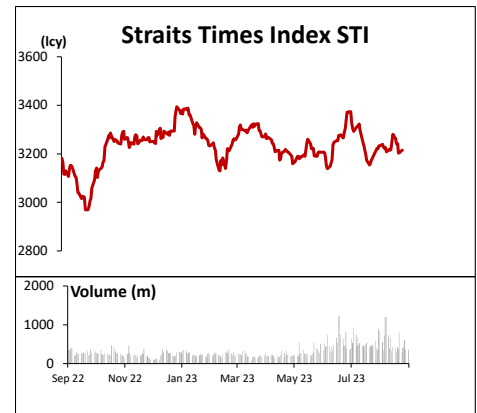
First Resources (FR SP) - Trading BUY

The price is trading above the cloud, keeping the uptrend intact. Conversion and base lines remain in a bullish crossover and are rising. The MACD remains bullish and is rising...

Singapore Tech Engineering (STE SP) - Trading BUY

The chart outlook remains bullish as the price is trading above the cloud. Conversion and base lines remain in a bullish crossover. The MACD is still bullish and a bullish crossover is likely...

PRICE CHART



KEY INDICES

	Prev Close	1M %	YTD %
DJIA	33666.3	(2.6)	1.6
S&P 500	4299.7	(3.0)	12.0
FTSE 100	7601.9	3.6	2.0
AS30	7222.5	(1.9)	0.0
CSI 300	3689.5	(2.7)	(4.7)
FSSTI	3207.0	(0.5)	(1.4)
HSCEI	5990.6	(6.2)	(10.7)
HSI	17373.0	(6.0)	(12.2)
JCI	6937.8	0.2	1.3
KLCI	1440.1	(0.3)	(3.7)
KOSPI	2465.1	(3.1)	10.2
Nikkei 225	31872.5	(1.1)	22.1
SET	1482.1	(5.5)	(11.2)
TWSE	16353.7	(1.6)	15.7
BDI	1716	58.9	13.3
CPO (RM/mt)	3644	(4.2)	(10.0)
Brent Crude (US\$/bbl)	95	12.7	10.7

Source: Bloomberg

TOP VOLUME

Company	Price (\$)	Chg (%)	Volume ('000s)
Seatrium	0.13	0.0	259,216
Genting Singapore	0.86	0.6	35,973
Golden Agri-Resources	0.27	3.8	31,858
Frasers Logistics & Commercial	1.06	(2.8)	21,523
Keppel REIT	0.85	(1.7)	21,314

TOP GAINERS

Company	Price (\$)	Chg (%)	Volume ('000s)
Hongkong Land Holdings	3.61	4.0	3,045
Golden Agri-Resources	0.27	3.8	31,858
Hutchison Port Holdings Trust	0.24	2.2	1,487
First Resources	1.55	1.3	651
PropNex	0.88	1.2	132

TOP LOSERS

Company	Price (\$)	Chg (%)	Volume ('000s)
StarHub	1.08	(4.4)	3,631
OUE Commercial REIT	0.22	(4.3)	9,150
ESR-LOGOS REIT	0.28	(3.5)	16,380
Olam Group	1.05	(2.8)	2,900
Frasers Logistics & Commercial	1.06	(2.8)	21,523

[Get up to speed by learning from our experts - Sign up for a seminar today!](#)

TRADERS' CORNER



First Resources (FR SP)

Trading buy range: S\$1.54-1.55

Last price: S\$1.55

Target price: S\$1.72

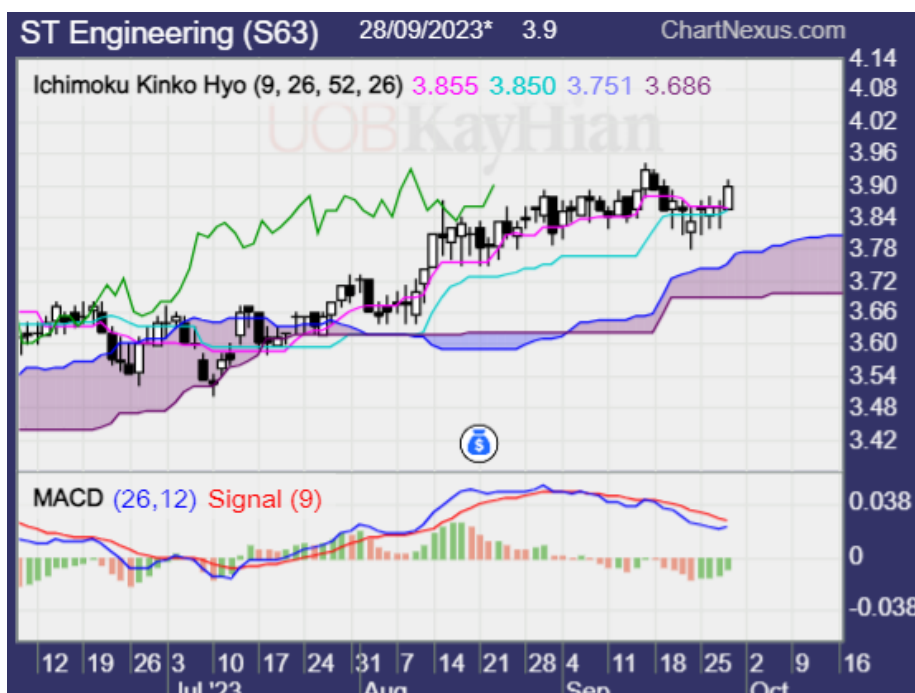
Protective stop: S\$1.50

The price is trading above the cloud, keeping the uptrend intact. Conversion and base lines remain in a bullish crossover and are rising. The MACD remains bullish and is rising. These could increase chances of the stock price continuing to move higher.

The potential downside target is S\$1.72. Stop-loss could be placed at S\$1.50.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental HOLD and target price of S\$1.65.



Singapore Tech Engineering (STE SP)

Trading buy range: S\$3.87-3.88

Last price: S\$3.90

Target price: S\$4.20

Protective stop: S\$3.75

The chart outlook remains bullish as the price is trading above the cloud. Conversion and base lines remain in a bullish crossover. The MACD is still bullish and a bullish crossover is likely. These could increase chances of the stock price continuing to move higher.

The potential downside target is S\$4.20. Stop-loss could be placed at S\$3.75.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$4.20.

ANALYST

Wong Shueh Ting, CFTe

+65 6590 6616

shuehting@uobkayhian.com

FROM THE REGIONAL MORNING NOTES...

Sea (SE US)

Recent Developments Are Positive For The Company

We reiterate **BUY** on SEA amid the recent positive developments. The revised Regulation of Minister of Trade in Indonesia favours Shopee's competitive standing, while Garena's Free Fire re-entry into the Indian market (which previously accounted for 10% of its monthly active users) signals additional growth avenues. We believe there is room for share price to re-rate further, primarily due to lower-than-anticipated sales and marketing costs. Target price remains at **US\$94.34**.

WHAT'S NEW

- We reiterate BUY on Sea Limited (SEA) on the back of the recent positive development and newsflow which would benefit SEA directly. Below are some of the newsflow and impact:
 - **The Indonesian government has banned goods transactions on social media platforms** as it aims to protect small businesses from e-commerce competition, based on the latest regulation of Minister of Trade. Other key highlights from the revised regulation regarding e-commerce sector include: a) imported goods must meet the same criteria as local products regarding standards, certification, permits etc, b) e-commerce and social commerce must operate independently to safeguard personal data, c) e-commerce platforms cannot act as goods manufacturers, and d) sales of imported items under US\$100 are banned on e-commerce sites.
 - **Positive for incumbents such as Shopee.** The revised Indonesian rules favour dominant players like Shopee in Indonesia as they increase barriers to market entry given Shopee's (SEA's e-commerce business) market leadership in the ASEAN region. Note that Indonesia is the largest contributor to ASEAN gross merchandise value (GMV), accounting for 52% of the ASEAN region with Shopee taking the lead at 36% of total GMV in Indonesia. The new regulation will give SEA a competitive edge, and aligns well with management's focus on strengthening its e-commerce segment due to existing market rivalry. Its ongoing investment in livestream e-commerce will also likely: a) boost its market share, b) attract more influencers, and c) allow it to capitalise on this shopping trend.
 - **Potentially higher-than-expected earnings for e-commerce segment.** In light of the recent regulation of Minister of Trade, we expect Shopee's sales and marketing expenses in the upcoming quarters to be lower than market expectations. This stands in contrast to market expectations of elevated costs, driven by a competitive landscape peppered with new entrants, as discussed in the Aug 23 analyst briefing and corroborated by Shopee's internal memo in early-Sep 23.

KEY FINANCIALS

Year to 31 Dec (US\$m)	2021	2022	2023F	2024F	2025F
Net turnover	9,955	12,450	13,765	15,742	17,860
EBITDA	(1,583)	(1,133)	1,343	1,791	2,679
Operating profit	(1,583)	(1,133)	1,343	1,791	2,679
Net profit (rep./act.)	(2,045)	(1,496)	959	1,272	2,059
Net profit (adj.)	(2,045)	(1,496)	959	1,272	2,059
EPS (US\$ cent)	(383.4)	(268.1)	167.4	205.6	319.9
PE (x)	n.m.	n.m.	25.1	20.5	13.2
P/B (x)	3.0	4.1	3.3	2.5	1.9
EV/EBITDA (x)	n.m.	n.m.	13.7	10.3	6.9
Dividend yield (n.a.)	n.a.	n.a.	n.a.	n.a.	n.a.
Net margin (%)	(20.5)	(12.0)	7.0	8.1	11.5
Net debt/(cash) to equity (%)	(98.2)	(73.0)	(75.1)	(72.8)	(72.5)
Interest cover (x)	(15.7)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	14.6	14.3	16.6
Consensus net profit	-	-	1,044	1,105	1,554
UOBKH/Consensus (x)	-	-	0.92	1.15	1.32

Source: SEA LTD, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

- **Garena has announced the reintroduction of Free Fire to the Indian market**, following a ban by the government that lasted over 18 months. However, the relaunch of Free Fire India has been postponed due to the overwhelmingly enthusiastic response in India and Garena is refining the gameplay for a better gaming experience. No date has been officially announced. Note that India used to make up around 10% of Garena's monthly active users. If we assume a similar rate of growth in the gaming segment's EBITDA, this would lift EBITDA by about 5%.

STOCK IMPACT

- We expect SEA to continue to post resilient earnings in 2H23 on the back of:
 - a) E-commerce segment to remain resilient amid competition.** In our assessment, Shopee exhibits resilience in a competitive e-commerce landscape, underpinned by a stable margin outlook. Our projections indicate a 15% yoy revenue growth for 2023, driven by higher transaction-based fees and augmented contributions from value-added logistics services. This is further complemented by a cost leadership strategy in logistics, which involves increased capacity and automation. Additionally, Shopee is set to expand its footprint, as signalled by a new warehouse in Jakarta aimed at boosting MSME exports. While pursuing growth in current and prospective markets may exert downward pressure on margins, Shopee Brazil is expected to achieve breakeven soon with its strong growth and marked presence.
 - b) Strong growth from digital financial services.** As previously emphasised, we expect SEA's digital financial arm, encompassing e-wallets, digital banking, and credit operations, to serve as a significant growth catalyst. The substantial earnings uptick in the credit business for 2Q23, coupled with the synergistic relationship between Shopee and SeaMoney, underscores this outlook. With impending digital banking licences set to be owned by Shopee in multiple countries such as Singapore and Malaysia, we believe this segment is well-positioned to further unlock growth avenues.
 - c) Resilient earnings for digital entertainment.** The number of monthly active users has continued to grow, and there is also long-term stabilisation of its self-developed game, Free Fire.

EARNINGS REVISION/RISK

- **Maintain earnings.** We maintain our earnings forecast for SEA at US\$935m, US\$1.27b and US\$2.06b for 2023-25 respectively, where 2023 may be its first ever annual net profit.

VALUATION/RECOMMENDATION

- **Maintain BUY with a target price US\$94.34** buoyed by SEA's unparalleled profitability in the ASEAN region. Anticipated earnings for upcoming quarters are projected to outperform market expectations. SEA's unique position as the sole profitable entity in both e-commerce and digital financial services within the ASEAN area should not be underestimated. Specifically, the robust market standing of SeaMoney and the exceptional efficiency of its digital finance segment further endorse this optimistic outlook.

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2023, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W