

Weekly Wrap of STI

The STI ended 0.50% or 17.50 points lower on Friday to end at 3,363.76 as European Central Bank's ("ECB") decision to keep interest rate unchanged and mixed US earnings dented investors sentiment.

The STI started the week on the back foot in response to signals of a smaller than expected US interest rate cut later this month, but rebounded amid official data showing Singapore inflation rates easing in June. In mid week, the STI took a slight dip as growth worries weighed on investors' minds. Yet the Singapore market bounced back at the end of the week following a surge in US markets overnight and was given a boost by weak manufacturing figures from the Eurozone, which added to hopes of a rate cut by the European Central Bank. However, sentiment took a dive on Friday after ECB unexpectedly kept interest rates unchanged, leaving the STI to close lower for the week.

Year to date, the STI index is up by 9.6%.

Week Ahead: 29 July – 2 August 2019

Economic Calendar: JP BoJ Announcement (29 Jul), EU EC Economic Sentiment (30 Jul), US FOMC Meeting Begins (30 Jul), US Personal Income and Outlays (30 Jul), CN CFLP Manufacturing PMI (31 Jul), EU GDP Flash (31 Jul), EU HICP Flash (31 Jul), US EIA Petroleum Status Report (31 Jul), CN PMI Manufacturing Index (1 Aug), UK CIPS/PMI Manufacturing Index (1 Aug), UK BOE Announcement & Minutes (1 Aug), US FOMC Meeting Minutes (1 Aug), US Jobless Claims (1 Aug), US ISM Mfg Index (1 Aug), EU Retail Sales (2 Aug), US Employment Situation (2 Aug), US International Trade (2 Aug)

Company Results: Ascendas REIT (29 Jul), DBS (29 Jul), Mapletree NAC Trust (29 Jul), Raffles Medical (29 Jul), ARA H-Trust (30 Jul), Ascott REIT (30 Jul), CDL H-Trust (30 Jul), Far East H-Trust (30 Jul), Frasers H-Trust (30 Jul), Sembcorp Marine (30 Jul), Starhill Global REIT (30 Jul), UOI (30 Jul), Camsing Healthcare (31 Jul), CapitaLand Retail China Trust (31 Jul), Parkway Life REIT (31 Jul), Roxy-Pacific (31 Jul), SGX (31 Jul), SIA (31 Jul), Ascendas H-Trust (1 Aug), BreadTalk (1 Aug), Dairy Farm (1 Aug), Great Eastern (1 Aug), HongKong Land (1 Aug), Lippo Malls Trust (1 Aug), Mandarin Oriental (1 Aug), Secura Group (1 Aug), Genting Singapore (2 Aug), Hi-P International (2 Aug), Jardine Matheson Holdings (2 Aug), Jardine Strategic Holdings (2 Aug), OCBC Bank (2 Aug)

Companies News

1. ISOTeam to acquire group of 6 companies in Pure Group for S\$24 million

Catalist-listed building maintenance and estate upgrading player ISOTeam Ltd ("ISOTeam") had entered into a conditional sale and purchase agreement with Coney International Limited to acquire Pure Group for S\$24 million. The purchase will be funded by 50% cash and 50% of ISOTeam shares by way of non-listed transferable warrants. As part of the agreement, to obtain 47.3 million of the shares (valued at S\$12 million), Pure Group needs to achieve an audited consolidated profit after tax of at least S\$3 million for FY2020 and S\$5 million for FY2021 respectively, or if it fails to meet the target, make a cash payout equal to the shortfall. The deal covers Coney International's entire equity interest in Pure Group, which consists of 6 companies that engaged in the provision of project and construction management services, as well as commercial and retail fitting-out works in Singapore, Philippines, China, Malaysia and Thailand. The acquisition is expected to expand ISOTeam's capability to offer the full suite of project and construction management services and allow the company to leverage Pure Group's networks and capabilities and increase business opportunities and growth.

2. HC Surgical announced full year result for FY2019

Catalist-listed HC Surgical Specialists Limited ("HC Surgical") reported that the Group's FY2019 revenue increased S\$2.30 million or approximately 14.3% to S\$18.32 million, mainly due to the increased sales contribution from new and existing subsidiaries. Net profit was bolstered by other income items, including the dividend income, fair value gain on financial assets, the deemed disposal in associates related to dilution in the Company's shareholding in Medinex and gain on disposal of investment. Overall, the Group's profit attributable to shareholders of the company increased by S\$2.74 million or approximately 61.4% to S\$7.21 million in FY2019. Going forward, the company is expected to benefit from the collaboration with AIA as its exclusive screening service provider of colorectal cancer, which has an initial term of 3 years and the opening on more endoscopy centres.

3. Eagle Hospitality Trust made improvement to master lease agreements

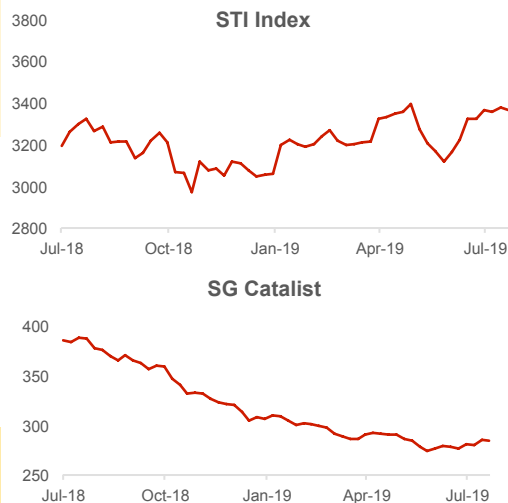
Eagle Hospitality Trust ("EHT") announced that it had made improvement to the master lease agreements for its 18 properties to enhance the interests of stapled securities holders, including a potential incremental rent stream to the REIT. Under the master lease agreement, the gross rent that is payable by each lessee to the lessor is calculated based on fixed rent plus variable rent. The Managers of EHT worked together with the Sponsor to put in place the amendment which will provide an incremental rent stream from the lessee to the lessor under certain higher profit margin scenarios. This resulted in no situation would the amendment result in a lower aggregate rent payable to the REIT. The proposed amendment to the master lease agreement will provide additional rent from any positive EBITDA of each of the properties up to the budgeted gross rent.

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Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3363.8	▼ 17.5	▼ 0.5%	▼ 0.4%	▲ 9.6%
SG Mid Cap	768.7	▼ 2.2	▼ 0.3%	▼ 0.9%	▲ 12.3%
SG Catalist	284.2	▼ 0.2	▼ 0.1%	▼ 0.4%	▼ 8.2%
SG Small Cap	352.1	▲ 1.1	▲ 0.3%	▼ 0.3%	▲ 7.3%

Price Chart



IPO News

Utico planning IPO listing in two years

United Arab Emirates-based utility Utico FZC ("Utico") is planning to raise as much as S\$500 million through a listing on the Singapore Exchange in the next two years with a valuation of at least S\$2 billion. Utico is one of the suitors for embattled water treatment firm Hyflux Ltd. and is planning to acquire an 88% stake in the company. According to CEO Richard Menezes, Utico has received "substantial approvals" from creditors for the deal after several meetings. He added that the utility firm's initial public offering is contingent on it acquiring Hyflux, but that condition could change over time. Utico is also planning to relist Hyflux after restructuring by the end of 2019 or early next year. Hyflux is seeking to meet billions in liabilities after an expansion into the power-supply business went awry. In May, a Singapore court extended a so-called debt moratorium that prevents creditors from taking action until Aug. 2.

Capital Market News

Cocoon Capital closed second fund at US\$22m

Singapore-based seed investor Cocoon Capital announced the final close of its second fund at \$22 million, exceeding an initial target of \$20 million. The second fund will target the enterprise tech market, especially startups within medtech, fintech, insurtech and general deep tech and will focus on seed rounds across 25 to 30 investments across a wider market target to include emerging markets such as Indonesia, Vietnam, the Philippines, and Myanmar. The firm also announced its initiative of hosting public mentoring hours regularly across Singapore, Ho Chi Minh, Hanoi, Manila, Bangkok, Jakarta and Yangon to help grow the local entrepreneurial ecosystems. The support will be provided in partnership with local accelerators and co-working spaces. Cocoon Capital was founded in 2016 by Klippgen and Blakey. The duo has done more than 60 seed tech investments since 2000 and seen over 15 exits across Europe and Asia.