SG Market Weekly Update
2 July – 6 July 2018

Weekly Wrap of STI

The STI ended 1.99% or 64.89 points lower on Friday to close at 3,191.82. The week opened at 0.3% higher, as investors started on an optimistic note. For the week, STI was down 77 points or 2.4%.

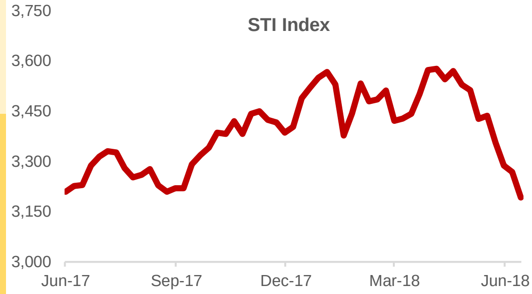
The STI started the week with short-lived gains but soon gave this up as Asian markets collectively fell by the end of Monday. This decline was attributed to trade-war jitters, political risk in Europe and the divergence in monetary policy across the world. At midweek, the STI rose slightly on short-covering, but investors continued to worry over the looming US-China tariffs. The steepest drop however, happened on Friday as the latest round of property cooling measures announced by the government late on Thursday saw property and banking counters take the biggest hit.

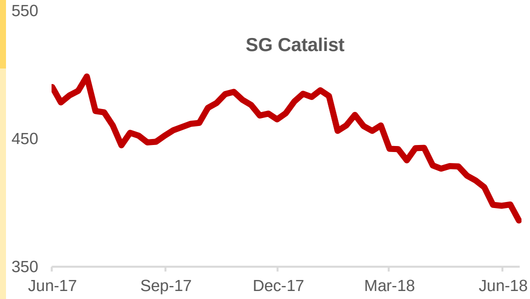
Year to date, the STI index is down by 6.2% while the Catalist index is down by 17.9%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3191.8	▼ 64.89	▼ 2.0%	▼ 2.4%	▼ 6.2%
SG Mid Cap	711.7	▼ 5.48	▼ 0.8%	▼ 0.6%	▼ 7.2%
SG Catalist	386.0	▼ 5.42	▼ 1.4%	▼ 3.1%	▼ 17.9%
SG Small Cap	362.2	▼ 4.05	▼ 1.1%	▼ 1.7%	▼ 10.9%

Price Chart





Week Ahead: 9 July – 13 July 2018

Economic: SG Foreign Reserves (9 July), SG GDP YoY (9 July), US Redbook Index YoY, MoM (10 July), US API Weekly Crude Oil Report (11 July), US EIA Crude Oil Report (11 July), US Initial job Claims (12 July), CH Exports YoY (13 July), CH Imports YoY (13 July), US Export Price YoY (13 July), US Import Price (13 July)

Company Results: SPH REIT (10 July), Singapore Press Holdings Ltd (11 July)

Companies News

1. Acromec won 3 contracts worth S$6.2m from healthcare, pharmaceutical companies

Engineering firm Acromec has secured 3 new contracts worth about S$6.2 million from healthcare and pharmaceutical companies. With these contracts, the group's order book now stands at S$18 million. The first deal is for the additions and alterations to a new endoscopy suite at a medical centre for a repeat customer in the healthcare industry. The second agreement was awarded by a multinational corporation in the human and environmental health sector. Lastly, Acromec has also been nominated as the sub-contractor for the fitting out of a cleanroom that complies with 'Good Manufacturing Practices' standards for a biomedical company. The group added that these contracts are expected to contribute positively to its earnings per share, and net tangible assets per share for FY2018. It did not name the 3 customers. Looking ahead, the engineering firm noted that the growing healthcare industry will continue to be its area of focus. Said Acromec: "Barring unforeseen circumstances, it will provide us opportunities, as this industry is supported by infrastructure spending by both the public and private sectors so as to cater to the needs of our ageing population in Singapore." Acromec shares closed unchanged at S$0.19 last Monday.

2. Digital security provider DISA says Q4 sales more than doubled

DISA Ltd ("**DISA**"), an electronics service provider revealed that the combined code sales from its point-of-sale activation ("**PoSA**") and single-scan serialisation for the fourth-quarter ended June 30, 2018 more than doubled to S$74,112 from a year ago. This is due to the increase in product categories from new suppliers and higher sales volume. DISA is known for developing an anti-theft protection technology using encrypted codes on consumer electronic products. It removes the need for security devices to be attached to products, by assigning a personal identification number ("**PIN**") code to items such as consumer electronics - at the point when they are manufactured. The item will be "locked" by the time it reaches a retailer's shelf, which means it can be displayed without the usual safeguards, such as anti-theft cords, that often deter customers from trying out a product. With that, DISA is able to support the new open-sell approach of major US retailers. DISA has gotten retail giant Walmart to accept its technology in its stores. DISA's full-year results will be released by Aug 29, 2018. Shares of DISA closed unchanged on Wednesday at S$0.09.

3. Megachem expands into Myanmar

Megachem Ltd, a distributor of chemical supplies, said last Tuesday that its associated company in Thailand has incorporated a joint venture in Myanmar with a direct equity interest of 51%, with the joint venture firm looking to trade in construction material, hospital equipment, seeds and fertilisers. Megachem Ltd operates in 4 geographical segments: Singapore, Malaysia, Indonesia, Thailand and the United Kingdom, which are engaged in the trading in chemical and chemical-related products. In addition, the segment in Singapore is engaged in blending activities. Its other geographical areas comprise of China, the Philippines, Middle East, India, Vietnam and Australia. It also provides specialty chemical solutions and offers integrated services, including contract manufacturing services, as well as distribution of specialty chemicals. Megachem (Thailand) Public Company ("**Megachem Thailand**"), which the Company holds approximately 36%, has incorporated a joint venture known as Megachem (Myanmar) Limited ("**Megachem Myanmar**") in Myanmar with a direct equity interest of 51%. The balance 49% equity interest is held by Prime Index Co., Ltd.

4. BreadTalk's JV firm partners Song Fa Holdings to grow in Shenzhen, Guangzhou

Breadtalk Group Limited ("**Breadtalk**") said last Monday that a new partnership has been forged between its joint venture ("**JV**") company BTG-Pindao Venture and Song Fa Holdings ("**Song Fa**") to operate and manage the Song Fa brand of restaurants in Shenzhen and Guangzhou. A JV agreement was inked between BTG-Pindao Venture Pte Ltd ("**BTG-SF-Pindao**") and Song Fa to incorporate BTG-Song Fa-Pindao Venture Pte Ltd. Under the latest joint venture agreement, BTG-SF-Pindao, through its wholly owned subsidiaries, will take over the role of operating and managing the Song Fa brand of restaurants in Shenzhen and Guangzhou. This role was originally covered under BTG-Song Fa Venture Pte Ltd, a joint venture between BreadTalk's Together Inc and Song Fa Venture. BTG-SF-Pindao will be 90% owned by BTG-Pindao and 10% owned by Song Fa. Since BTG-Pindao Venture was set up, the group's management team has actively engaged Pindao to explore strategic opportunities of leveraging Pindao's robust business development and proven outlet expansion capabilities in South China for better synergy. The investment is not expected to have any material impact on the earnings per share and net tangible assets of the group for the financial year ending Dec 31, 2018.

IPO News

1. Xiaomi call warrants to start trading on SGX on July 9

3 new call warrants on Xiaomi Corporation ("**Xiaomi**") issued by Macquarie Bank will start trading on the Singapore Exchange ("**SGX**") on July 9, alongside Xiaomi's initial public offering ("**IPO**") on the Hong Kong Stock Exchange. The Xiaomi warrants – to be listed on SGX and traded in Singapore dollars – will track the moves in Xiaomi shares. Their market-making hours will follow the trading hours on the Hong Kong Stock Exchange from 9.30am to 4pm, with a break from 12-1pm. They will have a strike price of HK$20, $24 and $30 respectively, and the same expiry date of Feb 4, 2019. Xiaomi Corporation is a mobile Internet company headquartered in Beijing and is the fourth-largest smartphone manufacturer globally, according to the prospectus. Xiaomi's IPO is expected to raise around US$4.7 billion, with the sale priced at 2.18 billion shares at HK$17 each. This was priced at the lower end of the HK$17-22 range and its retail tranche was oversubscribed by 8.5 times. Cornerstone investors include Qualcomm, SF Express, China Mobile, CICFH Entertainment and China Merchants Group. The IPO is the largest listing in the technology sector since Alibaba, which raised US$25 billion in its 2014 New York IPO.

Capital Market News

1. US$ rally a boon for some SGX firms

The US dollar's recent climb against the Singapore dollar and other currencies may boost the financials of some Singapore-listed companies, albeit marginally, given the hedges several of them have in place, analysts say. They generally agree that counters in the shipyard and tech sectors stand to gain from the stronger US dollar, while airlines would rely on hedging to cushion the impact on fuel costs. The greenback started 2018 feebly at S$1.328, its lowest since June 2016, and sank further to S$1.306 on Jan 25 following US Treasury Secretary Steven Mnuchin's comments that he would welcome a weaker currency. It hovered below S$1.330 until April 11, when it started to climb once again from a low of S$1.308 on positive data from the strengthening US economy. From an analyst's perspective, as the US dollar strengthens, companies with unhedged US dollar debt or receiving payments in Singapore dollars and other ASEAN currencies would be in the most vulnerable position.