SG Market Weekly Update
1 July – 5 July 2019

Weekly Wrap of STI

The STI ended 0.16% or 5.44 points lower on Friday to end at 3,366.81 as investors await the release of US jobs data.

Th STI started the third quarter strongly owing to the better-than-expected outcome to the G-20 summit in Osaka which fuelled optimism that trade tension between the US and China will ease. By mid-week however, optimism started to fade as investors adopted a wait and see attitude for more evidence of a trade deal despite US indices hitting all time highs. That said, the REITs sector received a boost as the MAS indicated it was starting a consultation on a possible raise in the leverage limit for Singapore REITs and a faster turnaround time for overseas acquisitions made by REITs. As the end of the week approached, the local benchmark continued to trade lower as investors awaited the release of the crucialUS jobs data, in which the outcome is expected to guide market expectations of the extent of the US Federal Reserve's dovish stance.

Year to date, the STI index is up by 9.7%.

Week Ahead: 8 July – 12 July 2019

Economic Calendar: US JOLTs Job Openings (9 Jul), CA BoC Announcement (10 Jul), CN CPI (10 Jul), UK Monthly GDP (10 Jul), UK Merchandise Trade (10 Jul), US EIA Petroleum Status Report (10 Jul), EU ECB Minutes (11 Jul), US CPI (11 Jul), US FOMC Minutes (11 Jul), US Jobless Claims (11 Jul), SG GDP (12 Jul), US PPI-FD (12 Jul)

Company Results: SPH REIT (11 July), SPH (12 July)

Companies News

1. DiSa announced 1,394,727 codes sold for Q4 FY2019
Catalist-listed DiSa Limited ("**DiSa**") announced that 1,394,727 codes was sold for Q4 FY2019, which was an increase from the 549,469 codes sold in Q3 FY2019. The increase was mainly due to more sales after the Chinese New Year period whereby Chinese factories were closed for an extended period of time during Q3 FY2019. As compared to Q4 FY2018, the number of codes sold increased by 62.5%. On a whole, revenue from the sale of codes for FY2019 increased by 160.5% as compared to FY2018. DiSa is expected to release its FY2019 results by 29 August 2019.

2. ST Group Food made its debut on Catalist board at S$0.28
Australia-based ST Group Food Industries Holdings ("**ST Group Food**") successfully listed on the Singapore Exchange Catalist board at S$0.28, up S$0.02 or 7.7%, from its initial public offering price ("**IPO**") of S$0.26. ST Group Food holds exclusive regional franchise and licence rights for food and beverage brands such as Gong Cha, Ippudo, PappaRich, Nene Chicken and Hokkaido Baked Cheese Tart. The Group has operations in Australia, New Zealand, Malaysia and Britain, but not yet in Singapore. ST Group Food raised $9.6 million through the IPO placement of 30.1 million shares and the issuance of 6.9 million new ones to cornerstone investors. There was no public offer. On a separate note, ST Group Food acquired the master franchise for Nene Chicken in New Zealand. The agreement is for an initial term of 10 years, with an option to renew for a further 10 years. This deal will expand the Group's business in New Zealand, where it already has 15 outlets under the PappaRich, Gong Cha and Hokkaido Baked Cheese Tart brands.

3. Healthway Medical entered into share subscription agreement with Fully Holdings
Catalist-listed Healthway Medical Corporation Limited ("**Healthway Medical**") entered into a share subscription agreement with Fully Holdings Pte. Ltd. ("**Fully Holdings**") to subscribe up to 5,000,000 new shares in Fully Holdings. Healthway Medical believes that the subscription will allow the Group to leverage or tap on the Fully Holding's digital and data platform for the benefit of its group of clinics. At the same time, the subscription will also enable the Healthway Group to improve the operational efficiency of its various clinics to better serve its patients through a technology-enabled approach.

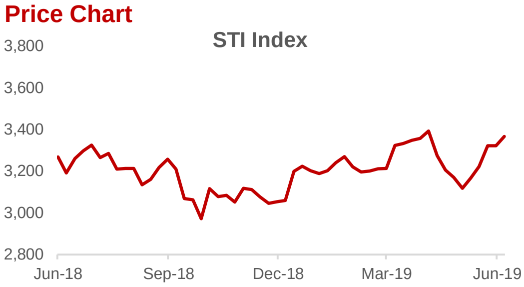
4. HMI to undergo privatization by scheme of arrangement
Health Management International ("**HMI**") announced a joint bid with PanAsia Health Limited ("**PanAsia**") to privatise HMI by was of a scheme of arrangement which values HMI at approximately S$611 million. Under the scheme, each HMI shareholder will be entitled to receive either S$0.73 in cash or 1 new ordinary share at the same price in PanAsia Health. PanAsia is a special-purpose vehicle indirectly controlled by EQT Mid Market Asia III GP B.V. If the privatisation is successful, HMI will become a wholly-owned subsidiary of PanAsia and will be delisted from the Singapore Exchange.

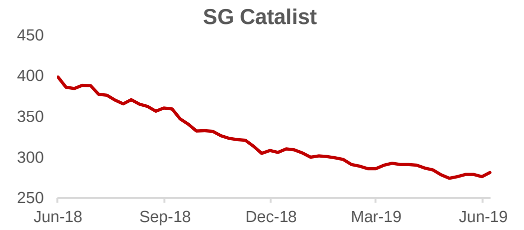
5. ISEC Healthcare in advanced stage of negotiations for potential transaction
Catalist-listed ISEC Healthcare Ltd. ("**ISEC Healthcare**") received a notification from Dr Wong Jun Shyan (Executive Director & CEO), together with some other shareholders, including Dr Lee Hung Ming (Executive Vice-Chairman) that they are at an advanced stage of negotiation with an independent 3rd party purchaser for the sale of part of their shares.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3366.8	▼ 5.4	▼ 0.2%	▲ 1.4%	▲ 9.7%
SG Mid Cap	787.1	▲ 2.8	▲ 0.4%	▲ 1.7%	▲ 15.0%
SG Catalist	281.4	▲ 2.7	▲ 1.0%	▲ 1.8%	▼ 9.1%
SG Small Cap	354.5	▲ 0.5	▲ 0.1%	▲ 1.8%	▲ 8.1%

Price Chart





Capital Market News

MAS looking to raise leverage limits for S-REITs
The Monetary Authority of Singapore ("**MAS**") is considering raising the current leverage limit of 45% for Singapore Real Estate Investment Trusts ("**S-REITs**") in a move to enable them to better compete against private capital and foreign REITs when making real estate acquisitions. The central bank published a consultation paper and is inviting the industry to give feedback on how the leverage limit or debt-to-asset ratio can be recalibrated, among other things. MAS hoped that the move will provide S-REITs with more flexibility to manage their capital structure and to streamline the fund-raising process. It noted that while the regulatory limit is at 45%, REITs often try to maintain a 5% buffer so that they can better respond to changing market conditions such as declining property prices. This leads to them generally keeping their leverage to within 40%. As a result, the sector's gearing averaged stood at 34% as at May 2019. MAS is considering allowing a REIT's leverage to exceed 45% but not more than 50%, if the Reit has a minimum interest coverage ratio ("**ICR**") of 2.5 times, after taking into account the interest payments arising from the new debt. The changes would provide flexibility which is particularly important when REITs are acquiring overseas assets from third parties since debt tends to be a cheaper source of capital than equity and takes less time to raise. MAS also proposed changes requiring REITs to disclose both their leverage ratios and ICRs in interim-result announcements and annual reports, and to standardise the computation of the ICR for comparability across the sector. On a separate note, MAS also proposed streamlining the fund-raising process for REITs by removing the requirement for them to submit a notification to MAS to obtain a "Restricted Scheme" status when they make an offer of units to accredited and other investors. MAS believes that this will make the fund-raising process for REITs more efficient, and bring it in line with the fund-raising process for companies and business trusts.