SG Market Weekly Update
10 February – 14 February 2020

Weekly Wrap of STI

The STI ended flat or 0.06 points lower on Friday to end at 3,220.03 as sentiment on the Covid-19 virus continued to weigh on investor's minds, but still closed 1.2% higher for the week on a strong set of results from DBS Group.

The STI dipped at the start of the week as the impact of the Covid-19 virus continue to weigh. The index staged a strong rebound however in the next two days as sentiment improved on reports of a decrease in the number of new cases in China, where the vast majority of those inflicted with the Covid-19 virus reside, as well as hopes of further stimulus measures by the Chinese central bank. This all changed on Thursday however, when the Chinese authorities started using a new method of diagnosis which resulted in a swelling of Covid-19 cases and fatalities.

Year to date, the STI index is down by 0.1%.

Week Ahead: 17 February – 21 February 2020

Economic Calendar: US public holiday – Washington's Birthday (17 Feb), UK Claimant Count (18 Feb), US Building Permits (19 Feb), US PPI (19 Feb), German PPI (20 Feb), UK Core Retail Sales (20 Feb), French Manufacturing PMI (21 Feb), German Manufacturing PMI (21 Feb), EU CPI (21 Feb)

Company Results: Eagle Hospitality Trust (17 Feb), ARA Hospitality Trust (19 Feb), iFast (20 Feb), SembCorp Marine (20 Feb), StarHub (20 Feb), OCBC (21 Feb), SembCorp Industries (21 Feb), UOB (21 Feb)

Companies News

1. Hatten Land swung back into the black in 2QFY2020

Catalist-listed property developer Hatten Land posted a net profit of RM285,000 for its 2QFY2020 ended December 31, reversing from a net loss of RM8.3 million in the year-ago period. This translated to earnings per share of 0.02 sen for the quarter, versus a loss per share of 0.6 sen last year. Revenue came in at RM52.2 million for Q2, down 6.5 per cent from RM55.9 million a year ago. The drop in revenue was mainly due to lower sales from its Unicity project in Malaysia's Seremban area. This was partially offset by higher revenue recognised from its Harbour City projects - which incorporate a mall, a theme park and three hotels in Melaka - as well as sales from the Hatten City Phase 1 project. Meanwhile, cost of sales fell 29.8 per cent to RM34.2 million thanks to lower discount and promotion rebates to purchaser and lower sales commission as compared to the year-ago period. For the half-year ended Dec 31, net profit stood at RM2.8 million, versus a net loss of RM7.9 million a year ago. Earnings per share came in at 0.21 sen, compared to a loss per share of 0.57 sen previously.

2. UG Healthcare maintained double-digit revenue growth, profit lower

Catalist-listed gloves manufacturer UG Healthcare reported 6MFY2020 ended Dec 31 net profit which was down by 35.9% year-on-year ("**y-y**"), even as revenue grew by 28.5% y-y to S$53.2 million on the back of higher production efficiency and expanded distribution networks that drove South American and African sales. The decline in bottom line was due in part to administrative expenses to boost distribution in Britain, Brazil, China and Nigeria, as well as the higher take-up of trade facilities as sales increased, which drove up finance costs. UG Healthcare's executive director Lee Jun Yih said that progress has seen slight delays amid the global coronavirus outbreak, which saw a surge in orders for latex and nitrile gloves. This delayed their plan to modify certain lines slightly. Nevertheless, UG Healthcare is "...on track to achieve optimal utilisation with the existing production capacity of 2.9 billion gloves per annum in the current financial year, before they embark to construct new production lines." according to Lee Jun Yih.

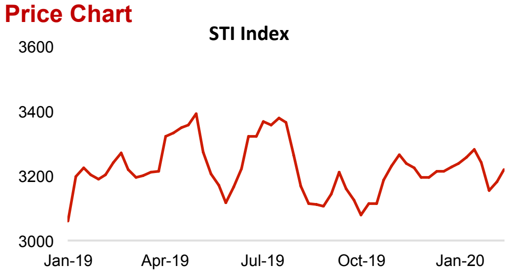
3. Prime US Reit posted Q4 DPU of US$0.0177, 9% above IPO forecast, announced acquisition of new property

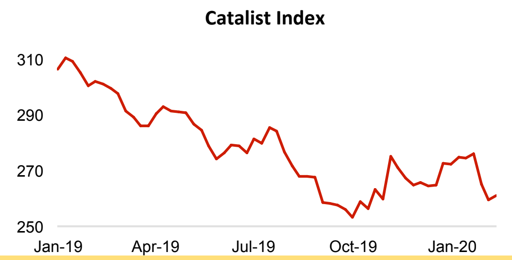
Prime US Reit on Wednesday posted a distribution per unit ("**DPU**") of US$0.0177 for its fourth quarter ended Dec 31, 9% higher than its initial public offering forecast of US$0.0162. Gross revenue was US$33.5 million for the quarter, up 2% from a forecast of US$32.9 million. This was due to higher rental income and recoveries income, the Reit manager announced. Net property income ("**NPI**") grew 3% on the year to US$22.3 million for the quarter, from a forecast of US$21.6 million. Income available for distribution was US$16.4 million, up 8.8% from a forecast of US$15 million. Meanwhile, for the full year ended Dec 31, DPU was 7.5% higher at US$0.0315 US cents, versus a forecast of US$0.0293 US cents, and income available for distribution grew 7.3% to US$29.2 million from a forecast of US$27.2 million. The manager announced that Prime US Reit has entered into a purchase agreement with GV/HI Park Tower Owner to acquire a property located in the downtown area of Sacramento, California for US$165.5 million. The estimated total cost of the proposed acquisition is about US$170.1 million, comprising the US$165.5 million purchase price, a US$1.7 million acquisition fee to be paid to the manager in cash, and estimated professional fees and other transaction fees and expenses of around US$3 million. The proposed acquisition will allow Prime US Reit to expand its footprint to Sacramento, following which no single market will contribute more than 13% of the Reit's cash rental income, the manager added. It will be financed by a combination of loans and the issuance of new units in the Reit via a proposed private placement.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3220.0	▼ 0.1	▼ 0.0%	▲ 1.2%	▼ 0.1%
SG Mid Cap	755.6	▼ 0.7	▼ 0.1%	▲ 1.7%	▼ 2.0%
SG Catalist	260.9	▲ 1.2	▲ 0.5%	▲ 0.5%	▼ 4.2%
SG Small Cap	356.2	▲ 0.8	▲ 0.2%	▲ 1.6%	▲ 0.2%

Price Chart





Capital Market News

SGX will allow some listed companies to delay AGM and results

SGX will allow some listed companies to delay their full-year results for up to two months on account of the coronavirus outbreak, the exchange said yesterday. The extension means firms that fulfil certain criteria have until June 30 to hold their annual general meetings and approve financial results. It cited the difficulties some auditors have faced due to measures imposed in response to the virus outbreak. SGX will grant the extension to companies if their financial year ends on Dec 31 and if China is their principal place of business or they have significant operations there. Firms will need to show that their statutory audits for last year were affected by travel restrictions and other measures imposed by the authorities. They will need approval of the extension from the Accounting and Corporate Regulatory Authority (Acra) or other relevant authorities. Singapore Exchange Regulation (SGX RegCo) said Acra has agreed to allow applications that fulfil the exchange's criteria and waive fees for the applications. But companies are still required to release their unaudited financial statements for the year 2019 by Feb 29, SGX RegCo said. The exchange also urged companies with operations in China to provide voluntary updates via SGXNet of any impact on their businesses due to the outbreak. It reminded companies that they are obliged to disclose all material information, whether it is price- or trade-sensitive.

IPO News

Don Agro closed 9% higher at open

Catalist-listed Russian agriculture and dairy firm Don Agro International opened 14% above the initial public offer ("**IPO**") price and ended the day 9% higher. Don Agro, which operates winter wheat, sunflower and dairy cattle farms in southern Russia's Rostov region, is the first Russian firm to be listed on the Singapore bourse. Its IPO involved the issuance of 23 million new placement shares at S$0.22 each to raise some S$5.1 million.