SG Market Weekly Update
27 January – 31 January 2020

Weekly Wrap of STI

The STI ended 0.53% or 16.95 points lower on Friday to end at 3,153.73 as fears of the novel coronavirus outbreak saw the index trade lower for the week.

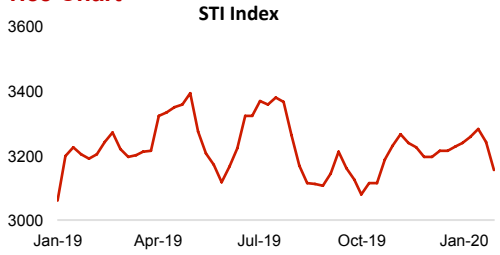
The STI started the week sharply lower as fears of a worldwide contagion dominated investor's sentiment. The index managed to rebound in mid-week as positive earnings surprises from Apple Inc. and other technology counters saw a broad base rally in US indices. The short-lived rally however, fizzled out toward the end of the week as news of a further deterioration in the spread of the novel coronavirus around the world and a spike in the death tolls sent the index lower.

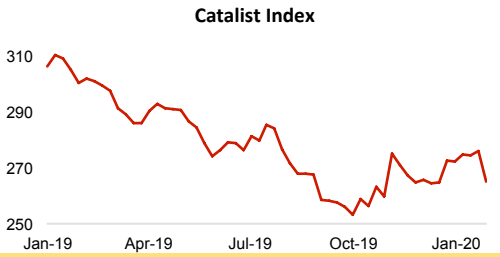
Year to date, the STI index is down by 2.1%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3153.7	▼17.0	▼0.5%	▼2.5%	▼2.1%
SG Mid Cap	743.4	▼2.6	▼0.3%	▼2.5%	▼2.0%
SG Catalist	265.1	▼7.2	▼2.6%	▼4.2%	▼2.7%
SG Small Cap	348.3	▼0.5	▼0.2%	▼2.5%	▼2.0%

Price Chart





Week Ahead: 3 February – 7 February 2020

Economic Calendar: ISM Manufacturing Index (3 Feb), Caixin Manufacturing Index (3 Feb), US Factory orders (4 Feb), ADP Employment Report (4 Feb), US Weekly Jobless Claims (6 Feb), CN Trade Balance (7 Feb), US Non-farm payroll and Unemployment rate (7 Feb)

Company Results: Manulife US REIT (5 Feb), Frasers Logistics and Industrial Trust (6 Feb), CapitaLand Retail China Trust (7 Feb)

Companies News

1. Mary Chia Holdings proposed S$2m private placement of shares

Catalist-listed Mary Chia Holdings is proposing a private placement of up to 26.67 million new ordinary shares in the company at an issue price of S$0.075 each, amounting to a total cash consideration of S$2 million. The proposed placement will allow the company to strengthen its financial position by raising net proceeds (after deducting estimated expenses of S$50,000) of around S$1.95 million, of which S$1 million is intended for use as working capital and the remaining S$950,000 for overseas expansion purposes. The company entered into a placement agreement with SAC Capital the same day, and announced that the issue price represents the volume-weighted average price for trades done on the Singapore Exchange on 27 November 2019, being the last full market day on which the shares were traded prior to the date of the placement agreement. The placement shares represent about 16.31% of the company's existing issued and paid-up share capital and about 14.02% of its enlarged share capital, following the completion of the proposed placement.

2. First REIT posted flat DPU of 2.15 Singapore cents for 4Q2019

First Reit's distribution per unit for Q4 2019 was flat year on year at 2.15 Singapore cents. Rental and other income was 1.6% lower at S$28.86 million due to lower variable rental component for its Indonesia properties, while net property and other income dipped 0.8% to S$28.3 million. The distributable amount was 0.9% higher at S$17.17 million. For full year, rental and other income edged down 0.8% year on to year to S$115.3 million, while net property and other income was 1.3% lower at S$112.89 million.

3. Creative Technology's Q2 net loss narrowed to US$2.8 million

Creative Technology's net loss narrowed from US$4.92 million a year ago to US$2.8 million for the three months ended Dec 31. The quarter under review saw other gains of US$0.6 million, due mainly to foreign exchange gain while it recorded other losses of US$0.23 million. Sales rose 6% to US$17.2 million, while loss per share worked out to US$0.04, down from US$0.07 in the same period in 2018. Its gross profit margin came down to 28% from 30% a year ago, due to the increase in cost of sales for certain products sold in the United States as a result of higher tariffs levied on products from China, it said. Even with the higher revenue, gross profit slipped 1% to US$4.75 million as a result of a 9% increase in the cost of goods sold. For the six months ended Dec 31, revenue was 6% higher at US $31.21 million, while net loss was trimmed to US$8.47 million, from US$11.04 million a year earlier. Looking ahead, Creative warned: "Market conditions for the group's products remain challenging, and the recent outbreak of the novel coronavirus in China may negatively affect market conditions, although the extent of its effect is presently uncertain." "For the next two quarters, revenue is expected to be lower compared to the current level and the group expects to report an operating loss," it added.

4. Starhill Global REIT posted DPU of S$0.0113 for Q2FY2019/2020

Starhill Global REIT distribution per unit for the second quarter ended Dec 31, 2019 was flat at S$0.0113. Revenue for the second quarter fell 4.5% year on year to S$48.74 million, while net property income was 5.9% lower at S$37.17 million, mainly due to the rental rebate extended to the master tenant during the asset enhancement period of Starhill Gallery in Malaysia, it said. Stripping out Starhill Gallery, revenue and net property income dipped 0.4% and 0.6% respectively, it added. Meanwhile, income available for distribution was flat at S$25.16 million. For the six-month period ended Dec 31, 2019, gross revenue slid 6.2% year on year to S$96.72 million, while net property income fell 7.3% to S$74.07 million. Income available for distribution dipped 1.7% to S$50.49 million.

IPO News

Barramundi Asia mulls IPO amid scale-up plans

Barramundi Asia started off in 2008 with the aim of making a splash in the fish-farming industry, even as the infrastructure and support available in Singapore were still in their nascent stages of development at the time. Today, it operates one of the largest barramundi farms in Singapore and Australia and has set its sights on growing further. The Singapore-based company is mulling over an initial public offering (IPO) as it looks to scale production to 50,000 tonnes by 2030. Barramundi Asia operates a 1,343-hectare farm site - about the size of 1,881 football fields - along the Northern Australian coastlines of the Kimberley (Buccaneer Archipelago). In Singapore, it operates a 30-hectare farm site off the Southern Isles. The group, which says it is on track to produce over 11,000 tonnes of fish by 2023, is in the midst of developing its largest site yet – in Brunei's Nankivell Offshore Aquaculture Site. Spanning 6,600 hectares in total, the site is expected to produce 36,000 tonnes of fish a year at its peak by 2032, valued at S$324 million. About S$300 million will be invested into developing the site.

Ardmore Medical rebranded as Livingstone Health, mulls IPO again

Healthcare provider Ardmore Group came under the spotlight last year when it lodged its draft prospectus for an IPO on the Catalist board, only to withdraw it in August. But the group is aiming for a fresh start: They have now reorganised the business, brought in new doctors and rebranded the company to Livingstone Health towards the end of 2019. It now offers family medicine and cardiology on top of aesthetic, anaesthesiology and orthopaedic practices. Livingstone Health also plans to revisit a possible listing in the coming year. With Dr Ng's orthopedic business business accounting for some 42.9% of Ardmore's FY2018 revenue, there were concerns over how the business would perform. To mitigate the risks to investors, the company reduced Dr Ng's contribution proportionally in 2019 by recruiting more doctors. With its healthier financials and stronger presence both locally and abroad, the company is considering an IPO in the next 12 to 18 months to raise funds to spur further growth.

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