

Weekly Wrap of STI

The STI ended 0.56% or 17.39 points lower on Friday to end at 3,110.35, as markets traded cautiously in anticipation of US Federal Reserve chairman Jerome Powell's speech set after the close of trading on Friday.

The STI advanced early in the week, buoyed by interest rate reforms announced by China on the back of weaker growth numbers and positives from US-China trade front as US announced a further delay of the ban on US companies doing business with Huawei. However, the recovery was short lived owing to a lack of market catalysts as investors preferred to stay on the sidelines ahead of the release of minutes from the US Federal Reserve's July meeting and its chairman Jerome Powell's Jackson Hole speech later in the week. While minutes from July's US Federal Reserve meeting may have cast a pall on sentiment from investors expecting the US central bank to be outwardly dovish, its effect was limited on Singapore equities as investors waited for the key Federal Reserve address.

Year to date, the STI index is up by 1.4%.

Week Ahead: 26 August – 30 August 2019

Economic Calendar: SG Industrial Production (26 Aug), CN Industrial Profits (27 Aug), Germany GDP (27 Aug), US Consumer Confidence (27 Aug), SG Business Receipts Index (27 Aug), Euro EC Economic Sentiment (29 Aug), US GDP (29 Aug), Euro Unemployment Rate (30 Aug), US Consumer Sentiment (30 Aug)

Company Results: UG Healthcare Corporation (26 Aug), Karin Technology (28 Aug), Micro-Mechanics Holdings (29 Aug)

Companies News

1. RE&S recorded a revenue of S\$141.0 million for FY2019

Catalist-listed Japanese food service company RE&S Holdings Limited ("RE&S") reported a 11.5% growth in net profit after tax to S\$4.0 million for FY2019, despite a 0.9% fall in revenue to S\$141.0 million. The decrease in revenue was due to a 3% fall in revenue from the company's Full-Service Restaurant ("FSR") segment, owing to the closure of outlets at Great World City due to renovation, which was partially offset by a 4.5% increase from the Quick-Service & Others ("QSR") segment, driven by contribution from the Group's Kuriya Japanese Market and Ichiban Bento concepts. Other operating income from compensation received relating to the outlet closures also contributed to net profit growth. Management indicated that the Group intends to grow its top-line by increasing its network of outlets in the QSR segment.

2. Synagie subsidiary to provide Store Management services for Lazada

Catalist-listed Synagie Corporation Ltd. ("Synagie") announced that its wholly-owned subsidiary, BTFL Pte Ltd. had signed a binding memorandum of understanding ("MOU") to provide services relating to the management and operation of brand stores on Lazada's Southeast Asia marketplaces. As part of the MOU, Synagie will be appointed as a regional Lazada Partner, and will be assigned brand stores for which it will provide management, marketing, operational and other services related to e-Commerce. Synagie currently manages the online operations of more than 280 brands in the region.

3. Rex International provided updates to business strategy

Rex International Holdings ("Rex International"), a Catalist-listed oil exploration and production company, provided updates on its business strategy on the back of record profit of US\$26.3 million for 2Q2019. The increase in earning was attributable to the Group's sales of interests in assets in Norway in line with its business strategy to use its proprietary Rex Virtual Drilling technology to locate oil deposits, sell oil-in-the-ground, and recycle capital. The company intends to continue with this strategy in Norway. At the same time, Rex International aims to commence production and achieve first oil in Oman by the end of 2019. Management noted that while the company had previously discovered oil in Oman and Norway, the opportunity for monetisation did not occur until early 2019.

4. Spackman Entertainment Group completed acquisition of Simplex Films

Catalist-listed Spackman Entertainment Group Limited ("Spackman") announced the completion of its proposed acquisition of 100% equity interest in Korean film production company Simplex Films Limited ("Simplex Films") through the placement of 165,000,000 Consideration Shares, representing approximately 13.80% of the enlarged issued and paid-up share capital of Spackman. In relation, *Jesters: The Game Changers*, a comedy film produced by Simplex Films, made its debut at #3 at the Korean box office on its release date on 21 August, grossing US\$591,383 in box office revenue on its opening day.

5. Figtree secured new design and build contract worth S\$43.5 million

Catalist-listed commercial and industrial real estate solutions provider Figtree Holdings Limited ("Figtree") announced that it had successfully secured a S\$43.5 million contract from Singapore-based chilled and frozen pork processor and distributor OJJ Foods Pte. Ltd. Under the contract, the Group will design and build a 6-storey food processing facility with a gross floor area of approximately 18,000 sqm located at Chin Bee Avenue in Singapore. The Group expects to commence construction of this facility in 4Q2019 and complete in 3Q2021.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3110.4	▼ 17.4	▼ 0.6%	▼ 0.2%	▲ 1.4%
SG Mid Cap	726.9	▼ 5.3	▼ 0.7%	▼ 0.0%	▲ 6.2%
SG Catalist	268.0	▼ 1.0	▼ 0.4%	▲ 0.0%	▼ 13.4%
SG Small Cap	343.2	▼ 1.5	▼ 0.4%	▲ 0.4%	▲ 4.6%

Price Chart



Capital Market News

Vulcan Capital opened Singapore office

Vulcan Capital, the investment arm of Vulcan Inc, a company founded by late Microsoft co-founder Paul Allen, opened its first overseas office in Singapore. The Singapore arm intends to invest an initial US\$100 million in venture capital opportunities across Southeast Asia, with a focus on Seed, Series A and Series B investments. Notable companies that Vulcan Capital previously backed at the private investment stage include Spotify, Uber and Alibaba. It will be helmed by managing directors Tommy Teo and Minjie Yu, who have backgrounds in private equity investments. Vulcan Capital seeks to maximize returns from investments, but is unique in its approach to channel returns to philanthropic projects, including those relating to climate change and wildlife conservation. The company hopes that its model will attract young and mission-driven startup founders in the region.

HR-tech startup StaffAny raised seed funding

Singapore-based HR-tech startup StaffAny raised S\$1 million in seed funding led by Japanese marketing technology company FreakOut Holdings and angel investors. StaffAny plans to use the funds raised for growth and expansion. Prior to this recent funding round, the company received funding from the National University of Singapore ("NUS"), Enterprise SG and StartupX. StaffAny provides workforce management solutions targeted at the Food and Beverage ("F&B") and retail sectors, which hire hourly workers and are typically more labour-intensive. Its software enables business to schedule staff, record staff attendance and working hours, and perform other HR related functions on a consolidated platform, removing the need for manual consolidation. The idea for the startup stemmed from a co-founder's personal experience in managing a bar, and the lack of efficient tools in managing shift workers. The company aims to get 10% of Singapore's F&B market share, and subsequently expand overseas.