

Weekly Wrap of STI

The STI ended 0.79% or 24.49 points higher on Friday to end at 3113.97 after favourable news in anticipation of further trade talks to happen between US President Donald Trump and Chinese Vice-Premier Liu He at the White House later that day.

Echoing US markets, the STI saw a small rally early in the week after opening higher on the back of positive US jobs growth data. However, the momentary gains were quickly erased as the market traded cautiously ahead of US-China trade talks on Thursday. Following President Trump's indication that negotiations were making good progress, the STI received a late-week boost and managed to close the week higher.

Year to date, the STI is up by 1.47%.

Week Ahead: 14 October – 18 October 2019

Economic Calendar: EU Industrial Production (14 Oct), CN CPI (15 Oct), CN PPI (15 Oct), UK Labour Market Report (15 Oct), US Empire State Manufacturing Survey (15 Oct), EU CPI (16 Oct), UK CPI (16 Oct), UK PPI (16 Oct), US Retail Sales (16 Oct), US Business Inventories (16 Oct), US Housing Market Index (16 Oct), SG Merchandise Trade (17 Oct), US Housing Starts (17 Oct), US Jobless Claims (17 Oct), US Industrial Production (17 Oct), CN GDP (18 Oct), CN Industrial Production (18 Oct), JP CPI (18 Oct)

Company Results: Keppel Infrastructure Trust (14 Oct), Keppel-KBS US REIT (15 Oct), Keppel DC REIT (15 Oct), Mapletree Commercial Trust (15 Oct), Keppel REIT (16 Oct), Qian Hu Corporation Limited (16 Oct), SoilBuild Business Space REIT (16 Oct), Keppel Corporation Limited (17 Oct), Singapore Press Holdings Limited (17 Oct)

Companies News

1. UG Healthcare entered supplemental agreement for acquisition of Brazil property
Catalist-listed latex glove manufacturer UG Healthcare Corporation Ltd. ("UG Healthcare") announced that it has entered into a supplemental agreement in relation to a sale and purchase agreement that was initially announced on 23 May 2019. The proposed purchase of land and a warehouse building located in Avenida das Industrias, Brazil, had its consideration revised to R\$10.3 million (S\$3.5 million) in the supplemental agreement, up from R\$7.2 million (S\$2.5 million) originally. This change was made to reflect borrowings incurred by the Group in respect of the proposed acquisition which were not taken into account for the original amount.

2. HC Surgical reported high growth in 1Q2020

HC Surgical Specialists Limited ("HC Surgical"), a Catalist-listed medical services group, released its financial results for the 3 months ended 31 August 2019 ("1Q2020"). Profit attributable to owners of the group increased by 38.0% to S\$1.21 million, as compared to S\$0.88 million in the same period last year. Similarly, revenue of S\$4.92 million was a 27.9% increase from S\$3.85 million. These higher figures are mainly attributed to the group's acquisitions of Jason Lim Endoscopy and Surgery Pte. Ltd. and an additional 50% of Medical Services @ Tampines Pte. Ltd. in FY2019.

3. Fortress Minerals doubled earnings in 2Q2020

Catalist-listed Malaysia-based high-grade iron ore concentrate producer Fortress Minerals Limited ("Fortress Minerals") released its financial results for the 3 months ended 31 August 2019 ("2Q2020"). Mainly due to an increase in production volume and ore prices, revenue in 2Q2020 increased by 18.4% to US\$7.78 million from US\$6.57 million in 2Q2019. An absence of ocean freight and stevedoring charges for sales to domestic steel mills, combined with higher cost-efficiency from the greater production volume, resulted in higher margins, and profit attributable to owners of the company more than doubled from US\$1.21 million in 2Q2019 to US\$2.52 million in 2Q2020, an increase by 107.8%.

4. IPS Securex's subsidiary secured purchase orders worth S\$754,000

IPS Securex Holdings Limited ("IPS Securex"), a Catalist-listed security products and integrated security solutions provider, announced that its wholly owned subsidiary, Securex GS Pte. Ltd., received two purchase orders from a Southeast Asian customer for the supply and delivery of two integrated network video surveillance system solutions. With a total contract value amounting to approximately S\$754,000, the group does not expect the purchase orders to have a material financial effect on its net tangible assets per share for the financial year ending 30 June 2020, but they may have a material effect on earnings per share for the same period depending on the actual completion dates of the contracts.

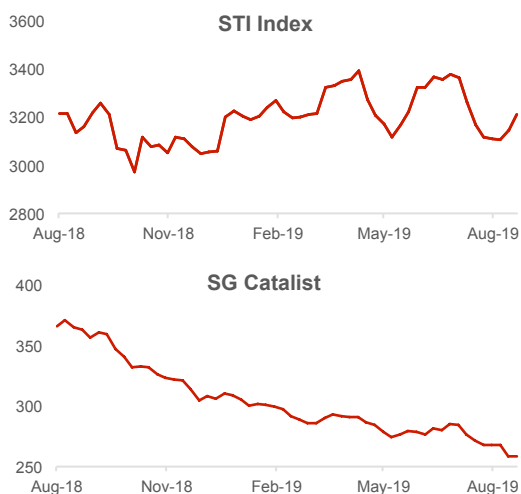
5. GCCP Resources entered into MOU with palm oil producer for reverse takeover

Catalist-listed crushed limestone producer GCCP Resources Limited ("GCCP Resources") has entered into a non-binding memorandum of understanding ("MOU") for the proposed acquisition of PT Arjuna Utama Sawit ("PT Arjuna") at the consideration of S\$220 million, to be satisfied in full by the issuance and allotment of 3.67 million new shares at S\$0.06 per share. PT Arjuna owns 53,000 hectares of oil palm plantations in Indonesia, producing about 350,000 tonnes of crude palm oil per annum. If successful, the acquisition will result in a reverse takeover of GCCP Resources.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3114.0	▲24.5	▲0.8%	▲1.2%	▲1.5%
SG Mid Cap	741.1	▲4.2	▲0.6%	▲1.2%	▲8.2%
SG Catalist	258.9	▲4.1	▲1.6%	▲2.2%	▼16.4%
SG Small Cap	341.4	▲1.0	▲0.3%	▲1.3%	▲4.1%

Price Chart



Capital Market News

Nikkei invested US\$5 million in DC Frontiers

Singapore-based artificial intelligence startup DC Frontiers announced that Japanese media giant Nikkei Inc. ("Nikkei") acquired a 14.79% stake in the company for US\$5 million. DC Frontiers is best known for its corporate due-diligence portal Handshakes, an award-winning platform that generates interactive data maps to visualise the relationships between companies, individuals and corporate actions. This strategic investment will involve DC Frontiers in the product development of Nikkei's scoutAsia service. Launched last year by Nikkei and its subsidiary Financial Times, scoutAsia is a database that covers Asian companies and business news. The introduction of DC Frontiers' artificial intelligence expertise is expected to improve the platform's news monitoring and corporate action search functions. With the fresh funds, DC Frontiers aims to accelerate expansion by setting up offshore research centres and overseas sales offices.

Yours secured US\$3.5 million in seed funding

Singapore-based personalised skincare startup Yours received US\$3.5 million in seed funding from various investors, including Surge, Global Founders Capital, Kindred Ventures, and an undisclosed celebrity fund. Founded in 2018 by former Uber employees Navneet Kaur and Shivam Sharma, Yours provides a data-driven personalised skincare service that aims to cater to the individual needs of its users through clean and environmentally-friendly options. By collecting customers' data via an online skin assessment that includes uploading a selfie and answering a questionnaire, Yours' proprietary algorithm is able to create a personalised skincare regimen and kit comprising a day cream, night cream, eye serum and face serum. Active ingredients used in Yours' products are claimed to be of premium quality and ethically sourced from Switzerland. The funding will go towards improving the company's computer vision and machine learning capabilities.