

Weekly Wrap of STI

The STI ended 2.60% down or 63.74 points lower on Friday to end at 2,389.29 as sentiment deteriorated after news that Singapore will be curtailing a wide swathe of businesses for a month to contain the Covid-19 spread.

The STI opened lower for the week as the index continued to suffer from the rise in the worldwide Covid-19 cases. For much of the week however, the STI remained range bound as investors stayed on the side-lines. The banks were also among the hardest hit after they slashed several rates on their flagship deposit accounts to better reflect the weaker rate environment globally.

Year to date, the STI index is down by 25.6%.

Week Ahead: 6 Apr – 10 April 2020

Economic Calendar: German Factory Orders (6 Apr), Japan Overall Household spending (6 Apr), EU Industrial Production (6 Apr), Australia Budget release (7 Apr), Japan Machinery Orders (7 Apr), US FOMC minutes (9 Apr), UK GDP (9 Apr), UK Industrial Production (9 Apr), US Initial Jobless Claims (9 Apr), China CPI (10 Apr), US Core CPI (10 Apr)

Company Results: -

Companies News

1. Kim Heng Offshore & Marine incorporated JV company and branch in Taiwan

A wholly-owned subsidiary of Kim Heng Offshore & Marine Holdings has incorporated a joint venture (JV) company, Bridgewater Marine, in Taiwan. Its JV partner is a company incorporated in Taiwan and owned by two Taiwanese, who are both unrelated to the directors and the company. The initial paid-up capital of the JV company is NTD1 million (S\$47,700) and is 49 per cent-owned by the subsidiary, Kim Heng Marine & Oilfield. In addition, the company's indirect wholly owned subsidiary, Mazu Land & Marine Works, has also incorporated a branch in Taiwan with an initial paid-up capital of NTD5 million (S\$238,000), and will be wholly-owned by the subsidiary. The JV company and the branch were primarily incorporated to expand the the company's business into Taiwan to support the Offshore Wind Farm project by chartering vessels to customers within the Taiwan territory. The investment in the JV company and the branch was funded through internal resources and the Offshore Wind arm project is expected to contribute positively to the group's earnings per share and net tangible asset for the current financial year ending Dec 31, 2020, said the Group.

2. Ascendas REIT took 25% stake in Galaxis for S\$102.9m

Ascendas REIT announced that it has acquired a 25% equity stake in business park Galaxis for S\$102.9m. Situated in Singapore's one-north precinct, Galaxis is expected to generate a net property income yield of approximately 6.2% and 6.1% pre-transaction costs and post-transaction costs respectively. The transaction cost amounts to about S\$2.99 million, including stamp duty professional advisory fees and acquisition fees. William Tay, executive director and chief executive officer of Ascendas Funds Management, said: "The acquisition of the 25% stake in Galaxis is accretive to Ascendas Reit's distribution per unit and is transacted at an attractive net property income yield of 6.2%, considering the allowable 30% white component for the site. A 17-storey building with business park, office space, retail and F&B space, work lofts and a basement carpark, Galaxis has a gross floor area of 68,835 square metres (sq m) and a net lettable area of 60,752 sq m. The remaining lease tenure of the land is around 52 years. Completed in 2015, the building is 99.6% occupied by tenants such as Canon, Oracle, and Sea (formerly Garena).

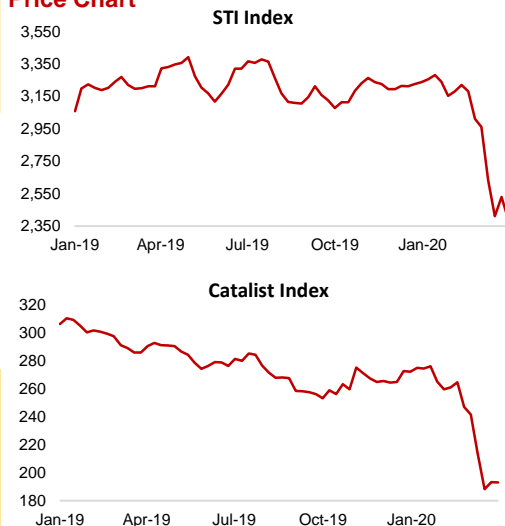
3. Eagle Hospitality Trust sets up special committee to negotiate with lenders, oversee strategic review

A special committee of directors has been set up with a focus on "safeguarding value for and protecting the interests of" Eagle Hospitality Trust's (EHT) stapled security holders. The five-member committee comprises all of EHT's independent directors and the managers' chief executive officer. They are Carl Gabriel Florian Stubbe (who will chair the special committee), Davy Lau, Tarun Kataria, Kelvin Tan Wee Peng and Salvatore Takoushian. They will oversee matters relating to the strategic review and the voluntary trading suspension announced last week. On March 24, the managers suspended trading in EHT securities while disclosing that they had received a demand for the immediate repayment of a US\$341 million syndicated loan. Bank of America (BoFA), the administrative agent for a syndicate of lenders that provided the loan, issued a notice of default and acceleration to the managers. The special committee will discuss with BoFA and the syndicate lenders in respect of the facilities agreement and the notice of default and acceleration, the managers said on Wednesday. The committee is also in the process of selecting a financial adviser. It has been engaging "on multiple fronts" with BoFA and the syndicate lenders as well as other counterparties, including the master lessees and EHT's other lenders. The committee aims to obtain a longer-term forbearance agreement with BoFA and the syndicate lenders, including a "consensual strategy" moving forward.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2528.8	▼ 63.7	▼ 2.6%	▼ 5.5%	▼ 25.6%
SG Mid Cap	537.4	▼ 2.4	▼ 1.5%	▼ 4.9%	▼ 29.1%
SG Catalist	193.2	▼ 1.6	▼ 0.7%	▼ 2.2%	▼ 28.5%
SG Small Cap	225.0	▼ 2.8	▼ 1.5%	▼ 2.1%	▼ 36.7%

Price Chart



Capital Market News

SGX allowed more listed firms to delay AGMs

The Singapore Exchange (SGX) has allowed more listed companies to delay their full-year results for up to two months due to the coronavirus outbreak. The extension means more firms that fulfil certain criteria have until June 30 to hold their annual general meetings (AGMs) and approve financial results. Earlier on Feb 7, SGX said that the two-month extension would apply only 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. The extension now applies to companies regardless of where their place of business or operations is, particularly firms that need more time to implement measures to address coronavirus concerns. Explaining the move, SGX cited the difficulties some auditors faced due to measures imposed in response to the virus outbreak, including feedback received by shareholders who expressed concerns about holding large meetings for their AGMs during this period. SGX said the extension would give companies more time to consider the best way to conduct their AGMs, and listed virtual channels that companies could adopt, such as webcasts or allowing shareholders to vote via proxies without physically attending the AGM.

SGX allowed more listed firms to delay AGMs

Issuers who hold their annual general meetings (AGMs) before April 30 must provide a live webcast for attendees, the Singapore Exchange Regulation (SGX RegCo) said in a joint statement with ACRA and the MAS. At these meetings, any quorum requirements can also be satisfied through the attendance of up to 10 people or any director or senior management of the issuer who holds shares, whichever is lower. This will allow companies to hold their AGMs while complying with safe-distancing regulations introduced by the government on March 27. Issuers must also ensure the meetings give shareholders the chance to ask questions and allow proxy voting.