SG Market Weekly Update

25 May – 29 May 2020

SAC CAPITAL

Weekly Wrap of STI

The STI ended the holiday-shortened week on Friday flat and 0.18% lower to end at 2,510.75. Markets were closed on Monday in lieu of Hari Raya.

The STI started the week strongly, rising 1.22% on Tuesday buoyed by generally firm sentiment across the region and in anticipation of further fiscal stimulus to be announced by Singapore's Finance Minister Heng Swee Keat. By Wednesday however, the STI closed lower, influenced by the broadly softer tone across the region. This also came amid news that the SGX would discontinue its MSCI equity index futures and options contracts when their license agreements expire next February. The STI traded mixed through Thursday and ended Friday on a similar mixed note, caught between concerns about US-China tensions and optimism about lifting of Covid-19 lockdowns around the globe.

Year-to-date, the STI index is down 22.09%.

Week Ahead: 1 June – 5 June 2020

Economic Calendar: China Caixin Manufacturing PMI (1 June), US ISM Manufacturing PMI (1 June), Australia RBA Interest Rate Decision (2 June), Switzerland Real Retail Sales (2 June), Australia GDP (3 June), China Caixin Services PMI (3 June), German Unemployment Rate (3 June), Eurozone Unemployment Rate (3 June), US ADP Employment Change (3 June), US ISM Non-Manufacturing PMI (3 June), Canada BoC Interest Rate Decision (3 June), Switzerland CPI (4 June), Europe ECB Interest Rate Decision (4 June), US Initial Jobless Claims (4 June), US Non-farm Payrolls (5 June), US Unemployment Rate (5 June), Canada Unemployment Rate (5 June)

Company: Valuetronics (3 June)

Companies News

1. Hyphens Pharma reved up digital push amid Covid-19

Hyphens Pharma International, which sells pharmaceuticals and other consumer healthcare products, is now exploring how digital technology can aid other segments of its business too. The Covid-19 pandemic has made for a challenging operating environment, leading to a rise in supply lead time and freight costs. Nevertheless, Hyphens has been able to keep operating as its operations are classified as essential services. In fact, strong demand for its products gave the company a boost in the first quarter ended March 31. Its net profit increased 48.6% to S$2.12 million, on the back of a 16.4% rise in revenue to S$31.4 million. Hyphens' main digital foray has been its B2B portal of over 4,000 items, which are delivered to more than 3,000 customers including private clinics, pharmacies, polyclinics, and nursing homes. Hyphens has also gone online in the B2C realm, with its proprietary brands now on e-commerce platforms such as Shopee, Lazada, Qoo10, and RedMart. The Group is now looking at how to better connect with and educate consumers.

2. Covid-19 pushed UnUsUaL Ltd's net profit for FY2020 down 52%

Catalist-listed UnUsUaL Limited, the events-production unit of mm2 Asia, posted a net profit of S$6.3 million for the financial year (FY) ended March 31, down 52% from a year ago on the back of the Covid-19 outbreak, during which concerts and events in its fourth quarter have been postponed. Revenue still grew 9% to S$61.9 million for the FY, mainly attributable to higher sales contribution from the promotion segment. Earnings per share stood at 0.62 Singapore cents, down from 1.28 cents previously. No dividend was declared. The group has taken steps to strengthen its balance sheet in these unprecedented times. This includes cost-cutting measures with the support of staff and an immediate cut in all discretionary expenses as well as negotiating revised payment terms on existing commitments. The group said that it "remains positive" because of its relationships with its partners, artistes and management companies; the existing pipeline of Singapore and international concerts and events will resume when Covid-19 has been effectively contained.

3. Vividthree posted net loss of S$829,063 for FY2020

Vividthree Holdings posted a net loss of S$829,063 for the financial year ended March 31, 2020 as its content production segment took a blow from the Covid-19 pandemic. Revenue was down 33.9% to S$6.14 million. Content production revenue slumped 61.2% to S$2.62 million due to travel restrictions and safe distancing measures in China and South-east Asia. The Catalist-listed virtual reality, visual effects and computer-generated imagery production studio said several of its immersive tour shows have been rescheduled, resulting in a decline in sales contribution from the segment. Vividthree remains optimistic that interest in its flagship Train to Busan show will pick up after the pandemic has come under control. As the world enters a new digital normal during the pandemic, it is working on strengthening digital platforms and its portfolio of intellectual property.

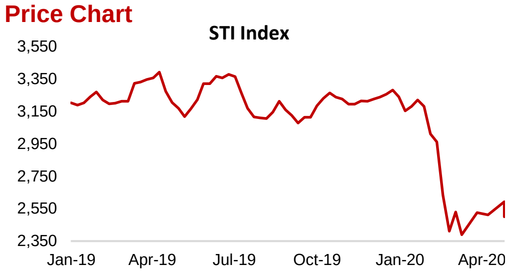
4. iX Biopharma started supply of 2 drugs in Australia via telemedicine

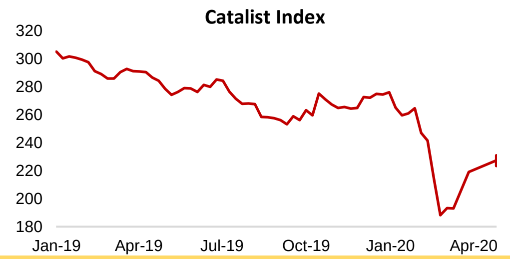
Pharmaceutical maker iX Biopharma has commenced the supply of its Wafesil and Silcap medicines through telemedicine in Australia. The medicines, which are supplied to Australian pharmacies and available to patients by doctors' prescription, are for the treatment of male erectile dysfunction. The Catalist-listed company, identified telemedicine as a way to reach Australian patients amid the Covid-19 pandemic. It offers an opportunity to reach men who would otherwise not seek treatment for erectile dysfunction due to perceived stigma or embarrassment.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2510.8	▼ 4.5	▼ 0.2%	▼ 1.7%	▼ 22.1%
SG Mid Cap	629.3	▲ 8.4	▲ 1.3%	▲ 1.7%	▼ 17.0%
SG Catalist	231.1	▲ 3.2	▲ 1.4%	▲ 0.6%	▼ 15.2%
SG Small Cap	293.7	▲ 9.5	▲ 3.3%	▲ 4.7%	▼ 17.4%

Price Chart





Capital Market News

1. SGX hit by loss of most MSCI contracts to HKEx

Singapore Exchange shares were mauled on news that the Hong Kong bourse has struck a deal for a suite of MSCI equity indexes leading to an initial 37 futures and options contracts similar to those offered on SGX. SGX said it would discontinue its MSCI equity index futures and options contracts, save for those under MSCI Singapore, when their license agreements expire in February next year. This raised questions on whether other suites within SGX's derivatives portfolio are also vulnerable. The Hong Kong Exchanges and Clearing's (HKEx) deal, seen as a coup by some, throws into sharp focus the ongoing battle to offer global investors hedging tools to manage their risk and exposure to Asia. The shocking end to a 23-year relationship with MSCI sent SGX shares careening down their steepest daily fall in more than 16 years when trading halt was lifted at 12:45pm on Wednesday. SGX opened gap down at S$8.90, before closing at S$8.75, down S$1.15, or 11.62%.

2. SGX queried UG Healthcare after shares surged 40.9% on the week

The Singapore Exchange queried UG Healthcare about "unusual price movements" in the latter's shares recently. The Catalist-listed disposable glove manufacturer replied that it does not know of any unannounced information which might explain the share trading. However, it flagged a bourse filing on May 19 where it announced its facilities were operating at "optimum production efficiency", with a production capacity of 2.9 billion gloves per annum amid higher demand. The counter was trading at S$0.465 as at 3.52pm on Thursday, up 1.5 cent or 3.3% on the day, with almost 18.6 million shares changing hands. Compared with last Friday's closing price of S$0.33, UG Healthcare has climbed over 40% for the week.