SG Market Weekly Update
1 June – 5 June 2020

Weekly Wrap of STI

The STI posted a full week of gains, closing higher by 1.6% on Friday at 2,751.50 and 9.6% for the week.

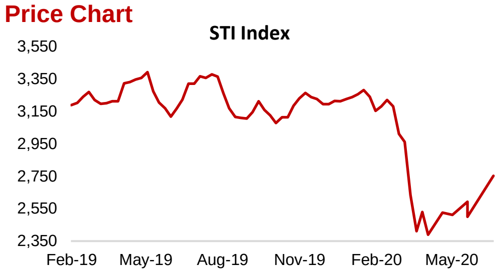
The STI started the week strongly, rising 1.6% on Monday after US President Donald Trump avoided pulling out of the US-China phase one trade agreement last Friday, providing temporary relief for investors regarding US-China tensions. The rally accelerated on Tuesday and Wednesday as investors cheered the end of Singapore's circuit-breaker period and sustained optimism over the easing of lockdowns globally. This winning streak continued Thursday and Friday, fueled by positive investor sentiment on better US data and strong stimulus support announced by the European Central Bank which surpassed expectations.

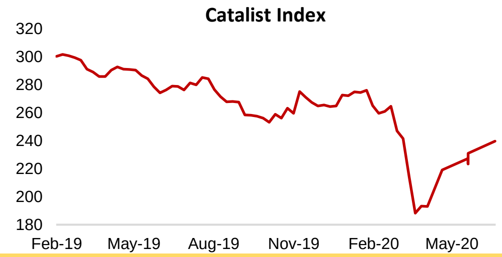
Year-to-date, the STI index is down 14.62%.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2751.5	▲ 44.3	▲ 1.6%	▲ 9.6%	▼14.6%
SG Mid Cap	663.8	▲ 8.8	▲ 1.3%	▲ 5.5%	▼12.5%
SG Catalist	239.8	▲ 3.1	▲ 1.3%	▲ 3.8%	▼12.0%
SG Small Cap	301.8	▲ 2.3	▲ 0.8%	▲ 2.7%	▼15.1%

Price Chart





Week Ahead: 8 June – 12 June 2020

Economic Calendar: Japan GDP (8 June), German Industrial Production (8 June), German Trade Balance (9 June) Switzerland Unemployment rate (9 June), Eurozone GDP (9 June), China CPI (10 June), US CPI ex Food & Energy (10 June), US Fed Interest Rate Decision (11 June), Eurogroup Meeting (11 June), US Initial Jobless Claims (11 June), UK Industrial Production (12 June), UK GDP (12 June)

Company: -

Companies News

1. Sanli bagged sub-contract for Tuas Water Reclamation Plant

Catalist-listed environmental-engineering firm Sanli Environmental said that its wholly-owned subsidiary, Sanli M&E Engineering, has secured a sub-contract from Chip Eng Seng for mechanical and electrical work on the Tuas Water Reclamation Plant. The works under the main contract from national water agency PUB include the construction of biosolids treatment and biogas handling facilities and digesters at Tuas Water Reclamation Plant, the supply and installation of biosolids treatment and biogas handling equipment, and the testing and commissioning of the facilities. Under the sub-contract, Sanli M&E will carry out engineering, procurement and construction of mechanical, electrical and instrumentation control and automation (MEICA) works under the main contract. The sub-contract works are expected to complete in 2025. The works are also expected to contribute positively to the net tangible assets and earnings per share of the group for the financial year ending March 31, 2021. Including the new sub-contract win, Sanli has secured S$197.5 million in contracts in both the EPC (engineering, procurement and construction) and O&M (operations and maintenance) segments, it said. These include other contracts with PUB and NEA. With these contract wins, the group's order book stands at S$293.3 million.

2. Axington shares rose after Dorr's cash offer, briefly pushed past offer price

Shares in Catalist-listed Axington Inc, formerly known as Axcelasia, rose as high as S$0.215 on Tuesday morning, above Dorr Global Healthcare International's offer price of S$0.208, on the back of increased volume. Dorr which provides management consultancy services for healthcare organisations, said it plans to make an unconditional cash offer for Axington. Dorr is offering S$0.208 in cash for each share, in a deal that values the company at S$33.3 million. The offer price represents a premium of 43.45% to Axington's last traded price of S$0.145. The bulk of the volume was driven by married trades. There was also more trading than usual, with some trades done above the offer price. Axington had historically provided integrated professional services, mainly to companies in Malaysia. In April, Axington completed the sale of its core business in Malaysia to the Tricor Group in Hong Kong. As such, the Axington Group currently consists primarily of the company and subsidiaries in Singapore, Laos and Vietnam.

3. Samurai 2K Aerosol issued profit warning

Catalist-listed Samurai 2K Aerosol, a Malaysian maker of aerosol spray paints expects to report a lower revenue and net profit for the year ending March 31, 2020 (FY2020), compared to the prior year. This is mainly due to a decrease in total sales volume due to lower demand from key markets, an increase in marketing and distribution expenses, and an unrealised foreign-exchange loss incurred due to depreciation of the Indonesian rupiah. The group is now finalising its financial results for FY2020 and the company expects to unveil its financial results for FY2020 on or before July 30.

4. Hatten Land bondholders agree to defer repayment for a second time

Catalist-listed Hatten Land said that the holders of its US$25 million, 8% guaranteed secured bonds due 2020 have agreed to let it defer repayment on the bonds once again. The repayment date is now pushed out to July 8, 2020. The bonds, issued in 2018, were meant to mature on March 8, but Hatten Land had previously obtained approval to defer that to June 8, 2020. The interest rate of 10% applies to the unpaid principal and interest during the extended period. The terms and conditions of the bonds remain unchanged.

Capital Market News

1. SGX to launch 10 Singapore single stock futures on June 15

The Singapore Exchange (SGX) will launch 10 Singapore Single Stock Futures (SSFs) on June 15 in response to growing demand for a broader suite of Singapore-linked equities products. This comes a week after SGX said it is discontinuing the bulk of its MSCI equity index futures and options contracts when their licence agreements expire in February next year. SGX said then that it would continue to broaden and deepen coverage of Asia by developing more derivatives products on its own or in collaboration with partners. The list of underlying securities for SGX's new SSFs are: DBS, UOB, OCBC, ComfortDelGro, Genting Singapore, Keppel Corp, Singtel, Thai Beverage Public Company, Wilmar International and Yangzijiang Shipbuilding. Most of these securities are also SGX MSCI Singapore Free Index (SiMSCI) stocks.

2. SGX firms' Q1 profits skid almost 40%; Q2 expected to worsen

About one in three locally listed firms chalked up losses for the quarter ended in January to March, with total profits down almost 40%. This was a much poorer showing than last year, when a trade war took its toll on companies. Of the 155 companies listed on the Singapore Exchange that had issued their quarterly scorecards as at May 29, 53 were in the red and 102 were profitable. Their total earnings were down 38.5% to S$4,896.2 million from a year earlier. In the corresponding period last year, the total net profit of listed companies increased 4%. Companies in the retail and hospitality sectors, as well as capital goods were those that had disappointed in particular. The capital goods companies faced a double whammy of lower oil prices and the pandemic. Conversely, consumer staples, gloves and small-cap tech had thrived. All sectors saw significant declines in after-tax profits, especially industrials, healthcare and property.