

Weekly Wrap of STI

The STI experienced a mixed trading week, closing lower by 1.16% on Friday and by 1.54% for the week as markets expressed indecision, weighing renewed Covid-19 second wave fears against vaccine and reopening optimism.

The STI fell 2.64% on Monday, posting a third straight day of losses as a rise in Covid-19 infections globally stoked fears that lockdowns might be re-imposed. This three-day losing streak was snapped on Tuesday, after US Federal Reserve announced expansion of asset purchases to include corporate debt. Investors also cheered Singapore's phase 2 reopening developments which would allow many parts of the economy to resume business on Friday. The STI closed flat Wednesday and Thursday on mixed signals caused by findings of a cheap generic steroid dramatically reducing Covid-19 death rates and profit-taking as traders mulled the implications of resurgent Covid-19 cases in the US and Beijing. The decline resumed on Friday, as investors grew more wary that a second wave of Covid-19 infections could derail the global rebound.

Year-to-date, the STI index is down 18.24%.

Week Ahead: 22 June – 26 June 2020

Economic Calendar: China PBoC Interest Rate Decision (22 June), Australia RBA Governor Lowe Speech (22 June), Canada BoC's Governor Macklem Speech (22 June), German Markit Composite PMI (23 June), Eurozone Markit Composite PMI (23 June), UK Markit Services PMI (23 June), New Zealand RBNZ Interest Rate Decision (24 June), Europe ECB Monetary Policy Meeting Accounts (25 June), US Initial Jobless Claims (25 June), US GDP (25 June), Japan Tokyo CPI (26 June)

Company: -

Companies News

1. SLB acquired 20% stake in UK fund management business for £90,000

Catalist-listed property developer SLB Development has exercised its option to subscribe for a 20% stake in Pinnacle Investment Management Limited (PIML) for £90,000 (S\$158,385). PIML, which aims to build funds focused on the private rented sector (PRS) across the UK, is the fund management subsidiary of UK-based Pinnacle Investments (Holdings) and Pinnacle Group. Following shareholders' approval obtained last September to diversify SLB's business into fund management, the group made a maiden investment of £2 million into UK residential fund, Pinnacle Residential Fund, which is managed by PIML. The investment was made through SLB's subsidiary, SLB Starcap. Despite uncertainties from the ongoing Covid-19 pandemic and outcome of Brexit, the Group remains optimistic about the housing market and investment demand in the UK, especially in the long term. The UK PRS, backed by strong fundamentals underpinned by demographic growth and favourable supply-demand dynamics, has been a steady source of income even in tough times.

2. Q & M Dental Group (Singapore) Ltd. acquired stake in Aoxin Q & M Dental Group Limited

The dental company has acquired 548,800 shares ("AXQM Shares") in the capital of Aoxin Q & M Dental Group Limited in the open market, for an aggregate consideration of S\$75,469.30. AXQM is an associated company of the Group and is listed on the Catalist Board. Following the acquisitions, the company's shareholding interest in AXQM has increased to 162,902,838 shares, representing 42.69% of the total number of shares compared to 42.55% before. The acquisitions were funded from internal resources of the Group and are not expected to have any material impact on the earnings per share or the net tangible assets per share of the Group for the financial year ending 31 December 2020.

3. Advancer Global consolidated employment services operations amid Covid-19 situation

The Catalist-listed workforce solutions and facilities management services firm has decided to consolidate its employment services operations as worldwide travel restrictions have reduced the number of foreign domestic workers ("FDWs") entering Singapore. In this regard, the Group's Employment Services Division will be reducing its physical presence by consolidating all its resources and assets at the two branches in Jurong and Tampines and will be ceasing the operations in four branches in Hougang, Toa Payoh, Woodlands and Yishun. The closures are expected to be completed by end-June 2020. The Group will continue to ensure that safe distancing measures are in place for the health and safety of customers and employees once operations at the remaining two branches are allowed to resume business activity. When the situation improves, the Group may consider opening new branches to meet demand. As a two-pronged strategy, and in line with a reduced physical presence, the Employment Services Division will be adopting the use of technology to allow for employers to hire FDWs digitally, and to engage the Group's services on a 24/7 basis. The Group will be rolling out an e-commerce platform which would eventually provide contactless services to customers to hire and select a new FDW, including online viewing of the FDW's biodata from their centralised database, conducting of interview with the FDW, as well as purchasing related services. This e-commerce channel will be launched by 3Q2020.

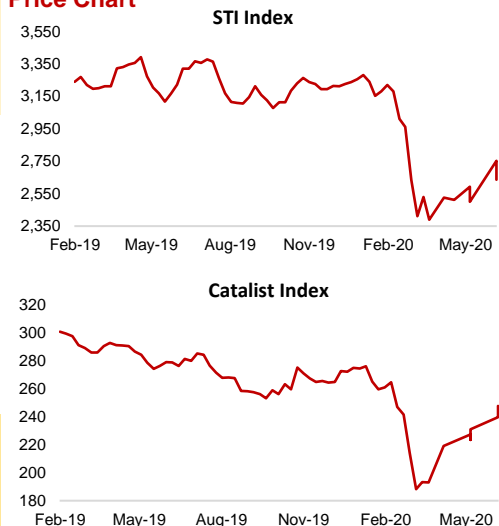
4. Resources Prima Group Ltd. completed disposal of motor vehicles by PT Energy Indonesia Resources

The Catalist-listed coal mining firm has received the outstanding balance of the sales proceeds for the Dump Trucks with the Purchaser taking full possession of the said vehicles. This is with reference to the proposed disposal on 26 May 2020, where the firm entered into a sale and purchase agreement ("SPA") with CV Langgeng Jaya Mobil, a sole proprietor based in Indonesia involved in the trading and dealing in used vehicles. Under the SPA, the Purchaser is to acquire an entire fleet of motor vehicles consisting of 19 dump trucks and their corresponding licenses for approximately US\$173,000. The dump trucks were initially used to transport coal produced from the mine held by PT Rinjani Kartanegara. However, in 2017, operations at Rinjani faced dewatering issues which affected the coal production and resulted in Rinjani facing cashflow constraints. All operations at Rinjani had ceased in June 2017 and the Dump Trucks ceased to be in use. Following the disposal, the Group may lease new dump trucks from third parties to provide coal hauling services should demand arise.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2634.8	▼ 30.8	▼ 1.2%	▼ 1.9%	▼ 18.2%
SG Mid Cap	650.2	▼ 6.3	▼ 1.0%	▲ 0.9%	▼ 14.3%
SG Catalist	247.6	▼ 1.1	▼ 0.5%	▲ 2.7%	▼ 9.1%
SG Small Cap	295.4	▼ 2.2	▼ 0.7%	▲ 1.4%	▼ 16.9%

Price Chart



Capital Market News

1. As online brokerages burgeon, MAS warned against unlicensed ones

New-to-market online brokerages tout lower or even zero commissions for trading on their platforms, but investors should be aware of risks for those not authorised or licensed by the authorities to operate in Singapore. Investment platform eToro, for instance, last month announced the extension of its commission-free stock trading offering to clients in the Asia-Pacific - the first such option for investors in Singapore. But the firm does not have a Capital Markets Services (CMS) licence to operate here. When queried by The Business Times, eToro said that it is regulated by the Australian Securities and Investments Commission (ASIC). It did not respond to the question of whether it was planning to apply for a CMS licence. eToro is not licensed or authorised by the MAS to conduct regulated activities in Singapore. A capital markets services licence (CMS) is needed for any company carrying on business in a regulated activity under the Securities and Futures Act (Cap 289) (SFA) or holds itself out as carrying on such business in Singapore. MAS strongly encouraged consumers seeking investments or financial services to deal only with entities regulated by the central bank. Consumers who choose to deal with unregulated entities (such as those based overseas) will forgo the protection given under the MAS regulations. They will also face challenges in pursuing claims against such entities and be exposed to risks such as fraud.

2. Two Singapore firms convicted for breaches under Companies Act

Two Singapore firms - Data Register and its associated company Singapore Data Register - have been convicted and fined a total of S\$4,500 by the State Courts. Acra previously brought a total of 1,104 charges against Data Register for failing to display the company name and registration number in the 139,833 business letters mailed out in October and November 2013. Investigations revealed that since 2014, Data Register had pursued those businesses that had subscribed to its services to demand that these subscribers make payment to Singapore Data Register for outstanding fees between August and October 2018. By failing to keep its office open to the public, Data Register and Singapore Data Register would have denied these subscribers the means to visit the companies' office to make enquiries, settle payments in person, or serve legal process.

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