

Weekly Wrap of STI

The STI ended the week 0.55% or 14.36 points lower for the week to end at 2604.51 as the market see-sawed through a series of election news and continued fears of second wave Covid-19 infections.

The STI started the week lower despite optimism for a “sustained rebound” on prospects of an imminent economic recovery which was cited in a Morgan Stanley Research report as Singapore transits into Phase 2 of reopening. News regarding the fast approaching Singapore General Elections helped the index to claw back early losses on Tuesday. However, worries over resurgent coronavirus infections dampened investor optimism for economic recovery as Tokyo, Australia and the US reported rising Covid-19 cases. This was coupled with an unexpected rate cut by the Philippine central bank on Thursday which reaffirmed the dire state of the domestic economy ravaged by Covid-19 and undermined market sentiment and sent the STI tumbling.

Year to date, the STI index is down by 19.2%.

Week Ahead: 29 June – 3 July 2020

Economic Calendar: EU Economic Sentiment (29 Jun), CN CFLP Manufacturing (30 Jun), EU HICP Flash (30 Jun), JP Industrial Production (30 Jun), UK GDP (30 Jun), US Consumer Confidence (30 Jun), CN PMI Manufacturing Index (1 Jul), JP Tankan (1 Jul), JP Manufacturing Index (1 Jul), UK Manufacturing Index (1 Jul), US ISM Manufacturing PMI (1 Jul), US EIA Petroleum Status Report (1 Jul), US Employment Situation (2 Jul), US FOMC Minutes (2 Jul), US International Trade (2 Jul), US Jobless Claims (2 Jul), CN General Services PMI (3 Jul), JP PMI Composite (3 Jul), SG PMI (3 Jul), UK CIPS/PMI Services Index (3 Jul)

Company Results: -

Companies News

1. SLB's associated company, 32RE, announced S\$150 million JV with Weave

Catalist-listed property developer SLB Development (“**SLB**”) announced that subsidiaries of 32 Real Estate Pte. Ltd. (“**32RE**”), a newly-established fund-management company and an associated company of SLB, had entered into a subscription and shareholder agreement to establish a S\$150 million joint venture (“**JV**”) with Hong Kong-based Weave Co-Living (“**Weave**”) to acquire, develop, refurbish and operate co-living and rental accommodation assets in Singapore under Weave and its affiliated brands. Weave, a lifestyle-focused rental accommodation brand, will own 80% of the JV and will be responsible for day-to-day management of the JV’s assets. The remaining 20% will be owned by a fund managed by the 32RE Group. SLB has committed to contribute a stake of the total fund commitments via the 32RE Group, with the balance capital being raised from other accredited and/or institutional investors.

2. Southern Alliance Mining made Catalist debut

Malaysia-based iron ore producer Southern Alliance Mining debuted on the Singapore Exchange’s (“**SGX**”) Catalist board at S\$0.26, up S\$0.01 or 4% from its S\$0.25 initial public offering (“**IPO**”) price. The company’s IPO comprised 56 million new shares and 20 million vendor shares, representing about 15.5% of its enlarged post-IPO share capital of 489 million shares. It will use net proceeds of S\$11.9 million to further exploration activities, investment into mining equipment and infrastructure, and expansion through acquisitions, joint ventures and strategic alliances. The listing brings the total number of Catalist-listed firms to 216, with a combined market capitalisation of about S\$9 billion, SGX said.

3. Starburst announced update on Middle East contract

Catalist-listed Starburst Holdings Limited (“**Starburst**”) announced that its subsidiary, Starburst Engineering Pte Ltd, had received a revised contract of approximately S\$5.1 million to design, supply and install ballistic protection works for a Specialist Shooting Range and associated works in the Middle East. This was a revision from the previous S\$6.6 million contract announced in 2017 in relation to the design, supply and install ballistic protection works to a firearm training facility in the Middle East. The subsidiary has since commenced work as stipulated under the revised contract and is scheduled to be completed by June 2021.

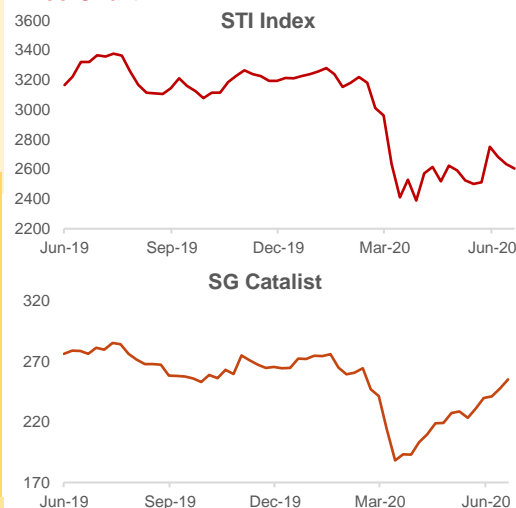
4. TSH reopened two bar outlets

Catalist-listed food and beverage operator TSH Corporation (“**TSH**”) announced that it has reopened two out of five of its bars for dine-in services. In a regulatory update, TSH said that it does not foresee any material impairment to its receivables and inventories arising from Covid-19. Barring unforeseen circumstances, the expected losses for HY2020 and the decrease in cash and bank balances are not expected to affect the ability of the group to continue as a going concern and its ability to fulfill its obligations. TSH said that its key management of the company and certain managers will continue to take a 10% and 3% pay cut respectively. Staff have also been requested to continue to take annual leave. Meanwhile, the group will continue to focus on staff training and building a stronger team to prepare for the group’s long-term growth.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2604.5	▲14.4	▲0.6%	▼1.2%	▼19.2%
SG Mid Cap	642.0	▲2.0	▲0.3%	▼1.3%	▼15.3%
SG Catalist	255.2	▲3.4	▲1.4%	▲3.0%	▼6.3%
SG Small Cap	291.6	▲0.5	▲0.2%	▼1.3%	▼18.0%

Price Chart



Capital Market News

SGX RegCo announced new guidance on conducting general meetings in Phase 2

The Singapore Exchange (“**SGX**”) announced that issuers and their service providers that are permitted to operate under Phase 2 will no longer need to submit a notification to the Ministry of Trade and Industry for a time-limited exemption to hold a general meeting in their physical location. That said, issuers conducting their general meetings on or before Sept 30, 2020 should continue to do so in accordance with the alternative arrangements detailed in the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020 issued by the government in April. The Accounting and Corporate Regulatory Authority has also granted a 60-day extension of time for listed companies with a financial year-end of March 31, 2020 for their AGMs to be held by Sept 29, 2020. A similar 60-day extension of time was granted for all listed and non-listed companies whose AGMs are due to be held between April 16, 2020 and July 31, 2020 (both dates inclusive).

SGX RegCo and LawSoc issued best practice guide for Singapore listco’s lawyers

Singapore Exchange Regulation (“**SGX RegCo**”) and the Law Society of Singapore (“**LawSoc**”) have jointly issued a best practices guide which covers matters including consultations on interpretations of the listing rules, applications for waivers, and submission of circulars and similar documents to shareholders in relation to corporate actions. The guide sets out expectations for Singapore lawyers in the course of regulatory submissions, and seeks to ensure that their conduct fulfils their statutory, common law and ethical standards and duties, he added. In particular, SGX RegCo has introduced an administrative measure, stated in the new guide, requiring the naming of the law firms for the covered transactions in shareholders’ circulars.