

Weekly Wrap of STI

The STI closed Friday lower at 2,618.48, down 1.29% or 34.17 points for the week. Developments throughout the week were largely negative and market sentiment was greatly dampened by our advance estimates of Singapore's Q2 GDP.

Following the surprise General Elections outcome on Saturday, the STI index started the week on the backfoot, failing to partake in the rally of other regional bourses. The ruling People's Action Party secured a smaller-than-expected margin of victory, creating uncertainty and undermining investor sentiment. The decline continued after a poor Q2 GDP release, showing a contraction of 41.2% on a quarter-on-quarter basis, largely missing expectations and confirming the devastating impact of Covid-19 on Singapore's economy. The figure officially places Singapore in both a technical and full-blown recession. The STI index rebounded slightly midweek on mixed sentiment before continuing to the downside as countries continued to report record Covid-19 case numbers. Markets drifted through most of Friday in the absence of significant market-moving developments.

Year-to-date, the STI index is down 18.8%.

Week Ahead: 20 July – 24 July 2020

Economic Calendar: JP BoJ Meeting Minutes (20 Jul), CN Loan Prime Rate (20 Jul), JP National CPI (21 Jul), AU RBA Meeting Minutes (21 Jul), CA Core Retail Sales (22 Jul), US EIA Crude Oil Inventories (22 Jul), US Initial Jobless Claims (23 Jul), UK Retail Sales (24 Jul), GE PMI Composite (24 Jul), EU PMI Composite (24 Jul), UK Services PMI (24 Jul), US PMI Composite (24 Jul), US New Home Sales (24 Jul)

Company Results: Keppel Reit (20 Jul), Mapletree Log Tr (20 Jul), Keppel DC Reit (21 Jul), Mapletree Ind Tr (21 Jul), Keppel Infra Tr (22 Jul), Keppel Pacific Oak US Reit (22 Jul), CapitaMall Trust (22 Jul), First Reit (22 Jul), SP Corp (22 Jul), iFast (23 Jul), UOI (23 Jul), Suntec Reit (23 Jul), Elite Commercial Reit (23 Jul), Lippo Malls Tr (24 Jul)

Companies News

1. Hyphens Pharma received UK Patent for Ceradan® Advanced

Catalist-listed specialty pharmaceutical and consumer healthcare group Hyphens Pharma International Limited ("Hyphens Pharma") announced that its patent for Ceradan® Advanced has been granted in the United Kingdom ("UK") and is currently pending approval in 13 countries/regions, including Singapore, Malaysia, Vietnam, China, Europe and the US. Ceradan® Advanced is a next-generation emollient therapy scientifically formulated for eczema-prone skin conditions. The management believed that patenting the company's intellectual property would contribute strategically toward the expansion of Ceradan® Advanced's branding. The company also recently announced the launch of two new products, Ceradan® Gentle Cleanser and Ceradan® Hand Lotion Sanitizer and they are expected to contribute positively to the revenue and profitability of the group.

2. MeGroup announced net profit of RM1.2 million for FY2020

Catalist-listed MeGroup Ltd. ("MeGroup") reported a revenue of RM245.8 million for FY2020, which was an increase of approximately RM2.3 million or 1.0% from a year ago. The increase was mainly attributed to the Group's manufacturing business due to an increase in demand of NVH components supplied. Finance expenses increased approximately RM1.0 million or 52.1% largely due to the recognition of RM0.9 million of interest expenses on lease liabilities following the adoption of SFRS(I) 16 and bank interest from the facility granted to Honda Cheras for its Body and Paint centre. At the same time, administrative expenses saw an increase of 16.7% to RM17.2 million. As a result, net profit dipped 10.3% from a year ago to RM1.2 million for FY2020.

3. Ley Choon Q4 loss narrowed to S\$4.1m on lower materials consumption

Catalist-listed Ley Choon Group Holdings Ltd ("Ley Choon") announced that revenue for Q4FY2020 fell 16.8% to about S\$23.2 million. However, the group recorded a gross profit of S\$0.4 million and a gross profit margin of 1.7% as compared to a gross loss of S\$1.8 million and a gross loss margin of 6.4% from a year ago. The increase was mainly attributable to the decrease in material cost as a result of less consumption of materials for certain ongoing project mix. Overall, net loss for the quarter narrowed to about S\$4.1 million. To date, the group's unfulfilled order book stands at about S\$131.7 million.

4. Yongnam secured four contracts worth S\$63.0 million

Steel fabricator Yongnam Holdings announced that it has secured 3 Singapore contracts and 1 Hong Kong contract, worth a total S\$63.0 million. Two of the Singapore contracts are for a mixed-use development on the grounds of the Singapore General Hospital ("SGH") and the development of Punggol Regional Sport Centre. Work on the SGH campus is expected to be completed in the 4th quarter of 2021 while the contract for the Punggol Regional Sport Centre is expected to start in the second half of this year and be completed in 2022. The third Singapore project is a specialist civil-engineering project for the construction of underground rail infrastructure at Changi East Development, which is expected to start in the second half of this year and completed in 2023. The contracts are expected to have a positive impact on Yongnam's performance for the year.

Market Snapshot

| Symbol | Price | Change | 1D % Change | 5D % Change | YTD % Change |
|--------------|--------|--------|-------------|-------------|--------------|
| STI | 2618.5 | ▼ 5.2 | ▼ 0.2% | ▼ 1.3% | ▼ 18.8% |
| SG Mid Cap | 637.2 | ▲ 2.4 | ▲ 0.4% | ▼ 1.5% | ▼ 16.0% |
| SG Catalist | 296.5 | ▲ 9.5 | ▲ 3.6% | ▼ 9.0% | ▼ 1.1% |
| SG Small Cap | 288.1 | ▲ 0.6 | ▲ 0.2% | ▼ 2.3% | ▼ 19.0% |

Price Chart



IPO News

Singapore Paincare Holdings offering 24.25 million placement shares at S\$0.22 each

Singapore Paincare Holdings had lodged its IPO prospectus with the aim to list on the Singapore Catalist Board. The Company provides pain care services, which include minimally invasive procedures, cancer pain treatment, specialised injections, pharmacotherapy and cognitive behavioural therapy and primary care and other services, such as general medical consultations, management of chronic and acute conditions and dermatology services. Its upcoming IPO sees the Company placing 24.25 million placement shares at 22 cents each, valuing the Company at S\$35.6 million. The offer is substantially higher than the group's unaudited net asset value per share of about 9.86 cents on Dec 31 2019, based on the post-placement share capital of over 161.6 million shares. Singapore Paincare Holdings intends to use the net proceeds of S\$3.54 million to grow its services in Singapore before expanding overseas.

Capital Market News

MAS-led payments network on path towards commercial adoption of blockchain technology

The Monetary Authority of Singapore ("MAS") and Temasek released a report highlighting the "commercial potential" of Project Ubin, paving the way towards adoption of blockchain technology. Project Ubin is a collaborative project between MAS and the financial industry to test the use of blockchain and distributed ledger technology for clearing and settling payments and securities. The report found that a multi-currency payments network prototype had successfully settled payments in different currencies on the same network. An international settlement network, modelled after this prototype, could enable faster and cheaper transactions. The prototype can serve as a test network to facilitate collaboration with other central banks and the financial industry for developing next generation cross-border payments infrastructure.