

Weekly Wrap of STI

The STI closed Thursday lower at 2529.82, down 1.9% or 49.69 points for the week. Market sentiment was largely negative, hindered by poor earning releases and the continued climb in Covid-19 cases from many major countries. Singapore markets were closed Friday because of Hari Raya.

The STI opened the week on a muted front ahead of the US Fed's rate decision. Investors stood mostly on the side lines as rising Covid-19 cases in Hong Kong, Australia, Tokyo and Europe inhibited risk appetite. The Fed stayed put on interest rates and Chairman Powell remarked that there were signs the pace of economic recovery has slowed in the US. Tracking other regional indices, the STI fell sharply into the close on Thursday off the back of Covid-19 worries and earnings misses. For the week ahead, Australia and the UK are set to announce their rate decisions and the release of key PMI and employment data from the US will ascertain the progress of economic recovery.

Year-to-date, the STI is down 21.5%.

Week Ahead: 3 August – 7 August 2020

Economic Calendar: CN Caixin Manufacturing PMI (3 Aug), Swiss CPI (3 Aug), US ISM Manufacturing PMI (3 Aug), JP Tokyo CPI (4 Aug), AU Retail Sales (4 Aug), AU Trade Balance (4 Aug), AU RBA Rate Decision (4 Aug), NZ Unemployment Rate (5 Aug), Ger Markit PMI Composite (5 Aug), EU Retail Sales (5 Aug), US ADP Employment Change (5 Aug), US ISM Non-Manufacturing PMI (5 Aug), JP GDP (6 Aug), UK BoE Rate Decision (6 Aug), US Continuing Jobless Claims (6 Aug), CN Trade Balance (7 Aug), US Nonfarm Payrolls (7 Aug), US Unemployment Rate (7 Aug), CA Unemployment Rate (7 Aug)

Company Results: ManulifeReit (3 Aug), CSE Global (5 Aug), DBS (6 Aug), Far East Orchard (6 Aug), Genting Sing (6 Aug), CapitaLand (7 Aug), EC World Reit (7 Aug), Frasers Property (7 Aug), Hotel Royal (7 Aug), IREIT Global (7 Aug), OCBC Bank (7 Aug)

Companies News

1. SLB reversed net loss in FY2019 to record a profit of S\$10.8 million for FY2020

Catalist-listed property developer SLB Development Ltd. ("SLB") reported a net profit of S\$10.8 million for FY2020, a turnaround from a net loss of S\$5.0 million last year. SLB reported a 3.1% decrease in revenue to S\$46.2 million mainly due to the absence of revenue recognised from T-Space @ Tampines, which was partly offset by an increase in revenue recognised from Mactaggart Foodlink and INSPACE. Yet, gross profit for FY2020 grew by 41.3% to \$18.7 million due to higher profits from the contributing projects. At the same time, other operating income also increased 148% to \$5.6 million primarily attributed to the gain on disposal of a subsidiary, aborted sales and a rise in interest income from loans to associates. While SLB expects a possible delay in the completion of some of its development projects, the Group will continue to actively monitor the progress to ensure smooth development of its projects and focus on taking the necessary initiatives to moderate any financial impact arising thereon.

2. Maxi-Cash posted a 80% surge in net profit to S\$10.1 million for 1HFY2020

Catalist-listed pawnbroker Maxi-Cash Financial Services Corporation Ltd ("Maxi-Cash") reported that its revenue grew 11.8% y-o-y to S\$102.8 million for 1HFY2020. The increase was mainly attributed to higher revenue from the pawnbroking business and the trading of jewellery and branded merchandise business, which was partially offset by the decrease in revenue from the jewellery retail, branded merchandise and secured lending business. Other income for 1HFY2020 increased to S\$6.1 million as compared to S\$0.3 million a year ago mainly due to the rental rebates from landlords and cash grant under the Job Support Scheme from the Government in relation to COVID-19. Overall, Maxi-Cash recorded a 80% surge in net profit to S\$10.1 million for FY2020.

3. Sanli posted full-year revenue of S\$67.1 million

Catalist-listed environmental engineering company Sanli Environmental Limited ("Sanli") reported that its revenue for FY2020 fell 6.0% to S\$67.1 million. The decrease was due to lower contributions from both Engineering, Procurement and Construction and Operations and Maintenance segments as a result of a delay in execution of a few major Projects amidst the Covid-19 pandemic and heightened competition within the industry respectively. Overall, Sanli reported a net profit attributable to shareholders of S\$315,000 for FY2020 as compared to S\$2.2 million reported a year ago.

4. Singapore Paincare made Catalist debut at S\$0.22, unchanged from IPO price

Medical services group Singapore Paincare Holdings ("Singapore Paincare"), made its debut on the Singapore Catalist Board, opening at S\$0.22 apiece, unchanged from its initial public offering (IPO) price. Earlier this month, Singapore Paincare had lodged its IPO prospectus, offering 24.25 million shares to be placed for listing on the Catalist board of the Singapore Exchange. The group provides pain care treatment in Singapore and focuses on the treatment of patients suffering from chronic pain, including alternative non-surgical treatment solutions. Net proceeds from the placement of S\$3.54 million will be used to grow its services in Singapore, before expanding overseas. The listing of Singapore Paincare brings the total number of companies listed on the Catalist to 217.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2529.8	▼43.6	▼1.7%	▼1.9%	▼21.5%
SG Mid Cap	640.5	▼3.1	▼0.5%	▼0.5%	▼15.5%
SG Catalist	289.6	▼1.9	▼0.6%	▲2.5%	▲6.3%
SG Small Cap	291.9	▲0.0	▲0.0%	▲0.7%	▼17.9%

Price Chart



IPO News

Citicode to buy Livingstone Health in RTO deal

Mainboard-listed Citicode Limited ("Citicode") proposed to acquire Livingstone Health, formerly known as Ardmore Medical, for up to S\$72 million in a transaction that will constitute a reverse takeover ("RTO") if completed. The deal price comprises a base consideration of S\$47 million and deferred consideration of S\$25 million, to be paid in cash and shares. As part of the proposed deal, Citicode will first consolidate its shares by a ratio of 500 to one, reducing its shares outstanding from 41.3 billion to 82.6 million. It will then issue up to 342.5 million new consolidated shares at S\$0.20 per share to Livingstone's vendors. Thereafter, Citicode plans to transfer its listing status from Singapore Exchange's mainboard to Catalist board. Singapore-based Livingstone offers specialist healthcare services, including orthopaedic surgery, anaesthesiology and pain management, aesthetics and wellness, cardiology and family medicine. The proposed RTO will offer Livingstone a capital market platform to reposition itself for growth opportunities in Singapore and Asean.

Capital Market News

MAS advised local banks to cap FY20 dividends

The Monetary Authority of Singapore ("MAS") called on local banks to cap their total dividends per share ("DPS") for FY2020 at 60% of the amount in the previous financial year, in a move to shore up capital amid the uncertain economic climate. While MAS' stress tests have shown that local banks are remaining resilient under adverse conditions on the back of Covid-19, it would be "prudent" for local banks to put aside a greater portion of earnings during this period, given the substantial uncertainties ahead and that global economies are yet to show sustained signs of recovery. This move will also bolster the local banks' ability to continue to support the credit needs of businesses and consumers, as well as absorb economic shocks should the economic situation take a turn for the worse.

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