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## SG Weekly (1 July 2021 - 7 July 2021)

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### Market Moves

Covid-19 support measures for Singapore's Heightened Alert period are expected to cost S\$1.2b. Of which, S\$0.6b will come from capitalisation of development expenditure under SINGA, which will be incorporated as part of future annual budget estimates, and the remaining half from underutilisation of development expenditure, mainly due to construction delays as a result of the pandemic. Minister Lawrence Wong also said that the recovery for aviation and tourism-related industries will be more gradual than other sectors, and he expect "there might be some consolidation in these industries".

In response to the G-7 agreement on a global minimum tax rate, Minister for Finance Lawrence Wong and Minister for Trade and Industry Gan Kim Yong said that Singapore will adjust its corporate tax system when a global consensus is reached on such matters, but they will protect its sovereign rights on taxes and keeping the compliance burden on businesses down. The changes, if effected (ie. When a consensus is fully reached, it currently has support from 130 countries including China, Russia and India), will adversely impact tax revenues and competitive standing, limiting effectiveness of tax incentives. Singapore will thus have to play up its other competitive strengths with non-tax measures like our strategic location and international connectivity, excellent infrastructure, rule of law and skilled workforce.

### Analysts' Notes

**Singapore's construction, marine and process sectors have begun piloting tightened a process to bring in foreign workforce to address the manpower crunch issue.** Since the end of 2019, the number of work permit holders in these sectors has declined by more than 15%. The pilot programme has been trialled on workers from Malaysia, and will start bringing in workers from India in July. Seeing that the manufacturing and construction sectors have been facing order delays, longer construction periods and higher manpower costs. We expect the positive effects to trickle down to local manufacturing companies such as UMS Holdings ([Latest report](#)) and property developers like Roxy-Pacific ([Latest report](#)). (*Lim Li Jun Tracy*)

week with China's crackdown, with ride-hailing giant Didi dropping below IPO price of US\$14, wiping out over US\$20b of market value. This was after a probe found "serious violation" of data collection regulations, forcing the app to be removed from app stores. The crackdown saw fears across other Chinese tech stocks, with tech giants Tencent and Alibaba falling as well.

## Macro Views

**SG retail sales rose 79.7% yoy in May**, but on a MoM seasonally-adjusted basis, it was down 6.8%. It is noted however that retail sales are still below pre-Covid levels. Online sales accounted for 13.7 per cent of May's takings, up from 11.2 per cent in April. All retail industries saw significant yoy increases, except for supermarkets and hypermarkets, and mini-marts and convenience stores. The largest rises were for watches and jewellery, department stores, and wearing apparel and footwear.

**US jobs report showed healthy data on track to recovery.** US added 850K jobs in June, and wages rose for the third consecutive month. Rising Covid-19 vaccination rates and increasing demand for travel services, dining out and entertainment boosted leisure and hospitality businesses (+343K jobs). Unemployment rate ticked up slightly (to 5.9%), curbing inflation worries. Overall level of payrolls is still 6.8m below pre-pandemic levels. Consumer confidence, which surged in June (to 127.3), is currently at its highest point since the start of the pandemic.

## Company News

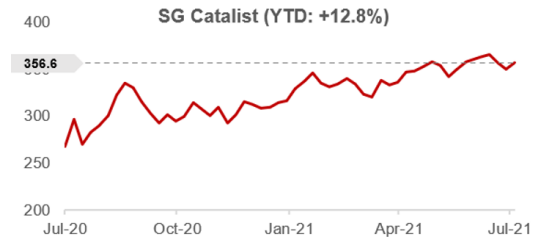
**Yinda Infocomm (BBG: YINDA) entered into a term sheet with The Institute of Machine Learning to acquire IML through a newly incorporated company.** Under the business acquisition, the new company will be acquiring key assets of IML used for the IML Business, including intellectual property and software relating to Facial Liveness Detection, Age Classification and KYC Platform and contracts with key customers and resellers and its management and development team. This acquisition is in line with Yinda's foray into the biometric technological business and partnership with TECH5, and Yinda will extend a €600K loan (S\$958K), which can be convertible into new shares.

**Secura Group Limited (BBG: SCRG) announced its subsidiary, Soverus Pte Ltd, had been awarded a S\$6.8mil contract** for the provision of unarmed guards services to an oil and gas MNC, across a 61-month period. Including this contract, the Group will have an order book of S\$50.3 mil for contracts from security guarding, of which 27% is expected to be fulfilled by 2021 and the remaining 73% by August 2026.

**REX International Holding Limited (BBG: REX)'s subsidiary REX Technology will invest up to US\$ 4mil in Xer Technologies Pte Ltd**, a commercial drone company, in order to diversify from its core business of oil exploration. A

18 months, an addition US\$3 mil investment may be added. The global commercial drone market is expected to reach the value of US\$501.4billion by 2028, registering a CAGR of 57.5%.

**BH Global (BBG: BHGM) announced its 85% owned subsidiary, Athena Dynamics Pte Ltd, had secured orders totalling S\$4.2 mil**, for the provision of advisory, professional services and special technologies, which will be fulfilled progressively from 3Q21 till 4Q22. Athena Dynamics provides companies with technologies for the protection of sensitive digital assets and critical information infrastructures from cyber-attacks. Some of these customers include government agencies and MNCs.



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