

Weekly Wrap of STI

The STI ended 0.65% or 21.42 points lower on Friday to end at 3,264.30 after a four-day advance as investors took profit ahead of the weekend.

The STI rallied at the beginning of the week, echoing the US markets last Friday as investors were bullish on the outcome of discussions between US and Chinese negotiators on a “phase one” trade deal, which is expected to forestall tariffs scheduled for Dec 15. The release of contractionary local PMI, orders and exports numbers failed to dampen investor sentiment as the STI continued to rally through the midweek. The rally hit a high on Thursday, following reports that officials on both sides of the trade war had agreed on rollbacks in tariffs as part of a pending interim trade deal. The market was also further boosted by positive corporate earnings. However, the STI registered a dip during the last trading session of the week due to a lack of further progress in the trade talks and traders easing into the weekend.

Year to date, the STI index is up by 6.4%.

Week Ahead: 11 November – 15 November 2019

Economic Calendar: UK GDP (11 Nov), UK Industrial Production (11 Nov), US NFIB Small Business Optimism Index (12 Nov), Euro Industrial Production (13 Nov), US CPI (13 Nov), JP GDP (14 Nov), CN Industrial Production (14 Nov), CN Retail Sales (14 Nov), UK GDP Flash (14 Nov), US Jobless Claims (14 Nov), US PPI-FD (14 Nov), HK GDP (15 Nov), Euro Merchandise Trade (15 Nov), US Retail Sales (15 Nov), US Industrial Production (15 Nov)

Company Results: DBS (11 Nov), KSH (11 Nov), ST Engineering (11 Nov), UG Healthcare (11 Nov), City Developments Limited (12 Nov), Cromwell REIT (12 Nov), Ho Bee Land (12 Nov), IREIT Global (12 Nov), KrisEnergy (12 Nov), Roxy-Pacific (12 Nov), SATS (12 Nov), SBS Transit (12 Nov), UOL (12 Nov), Wilmar International (12 Nov), Accordia Golf Trust (13 Nov), ComfortDelGro (13 Nov), Haw Par (13 Nov), Hong Leong Finance (13 Nov), Olam (13 Nov), Sembcorp Marine (13 Nov), Valuetronics (13 Nov), Golden Agri-Resources (14 Nov), Halcyon Agri (14 Nov), Sasseur REIT (14 Nov), Sembcorp Industries (14 Nov), SingTel (14 Nov), Fraser Property (15 Nov)

Companies News

1. Maxi-Cash reported a net profit of S\$5.7million for 3Q2019

Maxi-Cash Financial Services Corporation Ltd (“**Maxi-Cash**”) reported a 25% year-on-year increase in revenue for 3Q2019, with revenue rising by S\$12.9 million to S\$65.1 million. Material costs rose by 29% for the quarter, in line with higher revenue. The company saw a 37% fall in other operating expenses in 3Q2019, due to a decrease in foreign currency exchange loss and a decrease in rental expenses following the adoption of SFRS(I) 16 Leases. Correspondingly, depreciation and amortisation charges were higher due to the recognition of right-of-use assets following the change in accounting standards. Maxi-Cash also recorded an increase in other income, mainly due to derivatives gain. Profit for the period stood at S\$5.7million, a 104% increase from 3Q2018 profit of S\$2.8 million.

2. Disa reported 137.9% increase in 1Q2020 revenue from technology segment

Catalist-listed digital security solutions provider Disa Limited (“**Disa**”) recorded a 137.9% increase in revenue from its technology segment on the back of a record number of codes sold for the quarter. Revenue from the sale of codes increased by S\$120,000 year-on-year to S\$207,000 for 1Q2020, and the segment contributed to 95.4% of Disa’s total revenue for the period. The company highlighted the improved performance of the segment despite the continuing US-China trade tensions which had dampened consumer sentiment, and attributed the growth to its strategy of gaining more retailers as partners.

3. Koufu announced 52.3% increase in net profit for 3Q2019

Koufu Group Limited (“**Koufu**”) announced a 52.3% increase in net profit to S\$7.1 million for 3Q2019, compared to S\$4.6 million for 3Q2018. This was due to stronger contributions from both of its business segments. Revenue for the quarter was lifted by an increase in the number of F&B retail outlets and food courts, as well as revenue growth from most of its food courts and coffee shops. The Outlet & Mall Management segment saw revenue grow 6.2% year-on-year to S\$30.7 million for 3Q2019, while the F&B Retail segment recorded a 7.3% increase in revenue to S\$30.7 million for the same period. Koufu intends to continue expanding its F&B retail network, and highlighted that it is on track to have opened 29 tea beverage outlets in Singapore by the end of FY19, surpassing its target of 25.

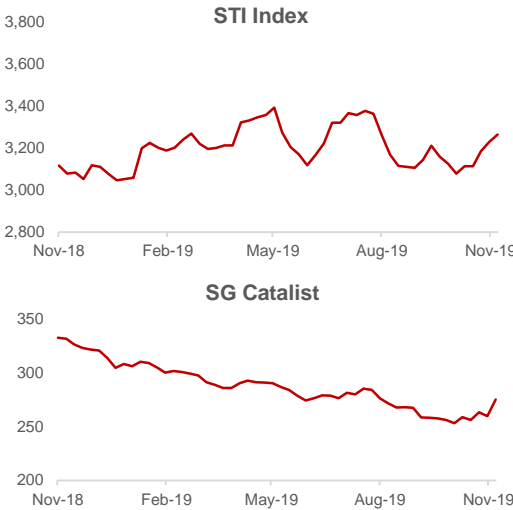
4. Biolidics obtained approval for cancer diagnostics device in China

Biolidics Limited (“**Biolidics**”), a medical technology company focused on cancer diagnostics solutions, received Class I registration from the China National Medical Products Administration for its ClearCell FX1 System. The system utilises patented technology to separate and enrich cancer cells from blood, enabling users to perform liquid biopsies to test for the presence of circulating tumor cells (“**CTCs**”) using just a blood sample. The company noted that the enumeration of CTCs has potential to be applied to various stages of cancer treatment, from screening, to treatment and subsequently post-cancer monitoring. Biolidics cited research published in 2019 that there were an average of 10,000 people in China diagnosed with cancer per day in 2015, and that China needs to spend more than RMB 220 billion annually on relevant medical services.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3264.3	▼ 21.4	▼ 0.7%	▲ 1.1%	▲ 6.4%
SG Mid Cap	748.2	▼ 8.6	▼ 1.1%	▼ 0.0%	▲ 9.3%
SG Catalist	275.1	▲ 4.3	▲ 1.6%	▲ 5.9%	▼ 11.1%
SG Small Cap	342.8	▼ 1.6	▼ 0.5%	▲ 0.5%	▲ 4.5%

Price Chart



Capital Market News

MAS considering expanding green financing incentives beyond bonds

The Monetary Authority of Singapore (“**MAS**”) is considering expanding green financing incentives for financial services companies beyond its current Sustainable Bond Grant Scheme. MAS managing director Ravi Menon noted that other areas that could be promoted include green funds, loans, insurance and risk-transfer solutions. Mr Menon mentioned in an interview with Bloomberg that financial institutions would need to prepare for potential changes in asset values and policy caused by climate change, and seize new business opportunities. He added that “The economy of the future has to be greener, which means the financial sector has to be greener than before and be in a position to support that kind of activity.” According to MAS data, Southeast Asian nations are some of the most vulnerable to climate change and are estimated to require over S\$270 billion in green investments each year to 2030.

Space Technology startup Aliena raised S\$1.5 million

Singapore-based space technology startup Aliena raised S\$1.5 million in a funding round which included US VC firm 500 Startups and Cap Vista, the strategic investment arm of Singapore’s Defence Science and Technology Agency (“**DSTA**”). Founded in 2018, the company designs, develops and manufactures cost competitive, low power plasma-thruster systems for the small satellites market. Aliena aims to address the lack of propulsion systems for the small satellites market, which limits the lifetime and capabilities of these satellites. The propulsion technology also allows satellites to de-orbit at the end of their lifecycle, reducing space debris. The company intends to use the funds raised to commission an integrated space simulation environment and electric jet propulsion test facility in Singapore. Funds raised will also aid in the in-orbit technological demonstration of the firm’s products in space.

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