

Weekly Wrap of STI

The STI ended 0.22% or 7.01 points higher on Friday to end at 3,238.86 as US economic advisor Larry Kudlow hinted at positive developments in trade negotiations with China.

The local bourse, along with other Asian markets opened lower on Monday with losses led by Hong Kong as violence escalated in the financial hub. The initial negative sentiment appeared to fade swiftly as the Index was buoyed by hope that President Trump would deliver positive news on a trade deal during his speech at the Economic Club of New York. However, the lack of any material announcement erased the momentary gains. A quarterly loss posted by Singtel and lower profits reported by other index constituents put a further drag on the STI. Despite the late gain on Friday, the STI closed the week marginally lower than the previous week.

Year to date, the STI index is up by 5.5%.

Week Ahead: 18 November – 22 November 2019

Economic Calendar: SG Merchandise Trade (18 Nov), UK CBI Industrial Trends Survey (19 Nov), SG Wholesale Trade Index (20 Nov), SG GDP (21 Nov), SG Balance of Payments (21 Nov), US FOMC Minutes (21 Nov), US Jobless Claims (21 Nov), US Philadelphia Fed Business Outlook Survey (21 Nov), US Consumer Sentiment (22 Nov)

Company Results: -

Companies News

1. United Global announced 27.7% jump in 3Q2019 earnings

Lubricant manufacturer and trader United Global Limited (“United Global”) reported a 27.7% increase in net profit attributable to shareholders to US\$2.4 million for 3Q2019. For 3Q2019, revenue from the company’s Manufacturing segment fell 6.9% to US\$24.1 million due to lower sales from its Indonesia plant. However, gross margin improved by 3.9 percentage points which led to an 11.4% increase in gross profit for the segment. This was partially offset by a fall in revenue from the Trading segment, due to lower sales volume and lower gross margins due to lower average selling price. Separately, the company also announced that its shareholders unanimously voted for the partial disposal of wholly-owned subsidiary United Oil Company to Repsol Downstream Internacional S.A (“Repsol”). United Global’s Executive Director and CEO Jacky Tan noted that combined synergies between both companies would drive business, brand and network expansion in the region.

2. Starburst reported 27.0% revenue growth for 9M2019

Starburst Holdings Limited (“Starburst”), an engineering group specialising in the designing and engineering of firearms-training facilities, reported a 27.0% increase in revenue to S\$6.2 million for the nine month period ended 30 September 2019 (“9M2019”), compared to S\$4.8 million for the first nine months of 2018. Gross profit for 9M2019 rose by 54.6% year on year to S\$2.4 million, and net loss attributable to shareholders narrowed to S\$2.8 million, down from S\$3.8 million. Higher revenue was largely due to an underwater training facility in Southeast Asia, as well as ad-hoc work from existing customers. Management highlighted increasing defence spending in Asian and Middle Eastern countries, and noted that the company intends to improve its technical expertise in designing customised training solutions to stay ahead of its competition and secure more contracts in these regions.

3. Hatten Land announced 54.6% increase in revenue for 1Q2020

Catalist-listed property developer Hatten Land Limited (“Hatten Land”) recorded revenue of RM82.9 million for 1Q2020, an increase of RM29.3 million from 1Q2019. This was mainly due to higher revenue recognised from the Harbour City and Satori projects located in Melaka, as well as the acquisition of the Unicity project completed in December 2018. The Group’s gross profit rose by 113.4% year on year from RM14.4 million to RM30.7 million due to lower discounts, promotion rebates and sales commissions compared to 1Q2019. Net profit attributable to owners of the company rose sixfold from RM0.4 million to RM2.6 million. Management highlighted measures announced by the Malaysian government to boost the property sector. These include lowering the threshold price for foreigners to purchase urban high-rise properties and a Rent-to-Own scheme to encourage first home buyers. The company noted that its unsold residential units at Hatten City Phase 2 would be able to tap on the larger buyers’ market brought about by these measures.

4. Hyphens Pharma reported 51.5% jump in net profit for 3Q2019

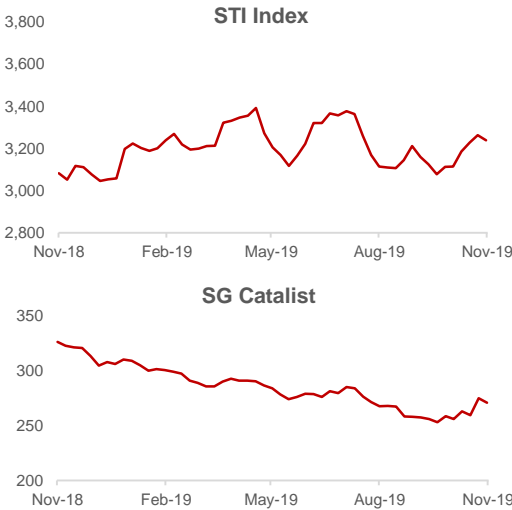
Hyphens Pharma International Limited (“Hyphens Pharma”) recorded a 51.5% year on year increase in net profit to S\$1.8 million in 3Q2019, as well as 4.2% revenue growth to S\$30.7 million. This was driven by revenue improvement in all three business segments. The Group saw 6.0% higher sales from the Specialty Pharma Principals segment due to higher demand from most geographical regions it operates in. Hyphens Pharma’s Proprietary Brands segment saw an 8.3% increase in revenue in line with its promotion efforts. Revenue from the Medical Hypermart and Digital segment rose marginally by 0.2%. The Group intends to continue engaging in brand building, marketing activities and product development for its Proprietary Brands segment. SAC Capital recently [initiated a buy call on Hyphens Pharma](#), and these initiatives should continue to support revenue growth.

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Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3238.9	▲ 7.0	▲ 0.2%	▼ 0.8%	▲ 5.5%
SG Mid Cap	743.6	▲ 2.7	▲ 0.4%	▼ 0.6%	▲ 8.6%
SG Catalist	271.1	▼ 3.3	▼ 1.2%	▼ 1.4%	▼ 12.4%
SG Small Cap	347.1	▲ 2.3	▲ 0.7%	▲ 1.3%	▲ 5.8%

Price Chart



Capital Market News

MAS announced US\$2billion green investments programme

On the back of comments by Monetary Authority of Singapore (“MAS”) managing director Ravi Menon on green financing the previous week, the MAS announced that it has set up a US\$2 billion green investments programme (“GIP”) to invest in public market investment strategies that have a strong green focus. According to the MAS, this will help support Singapore’s financial sector in promoting environmentally sustainable projects, and also help in mitigating climate change risks both locally and abroad. Under the programme, the MAS will place funds with asset managers who are committed to driving regional green efforts out of Singapore and contributing to MAS’ other green finance initiatives. Selected managers will be those who have demonstrated a firm commitment to deepening their green investment capabilities across various investment functions. The green capabilities and experience of the managers will be a key part of the MAS’ evaluation. The Authority also intends to engage with these asset managers to strengthen its understanding of climate change risks to better position its own investment portfolio.

Regulatory technology startup Silent Eight raised US\$6.2 million

Singapore-based regulatory technology startup Silent Eight raised US\$6.2 million in a Series A funding round, led by existing investor Wavemaker Partners. The oversubscribed funding round also included investments from OTB Ventures and Standard Chartered’s venture arm SC Ventures. The company uses artificial intelligence to perform time consuming due-diligence screening and monitoring tasks for financial institutions, and aims to complement human analysts by allowing them to focus on alerts flagged by the system. Funds raised will be used to expand the company’s headcount in offices in Europe, the United States and Singapore, to support a pipeline of customers which include large banks as well as insurance companies.