

Weekly Wrap of STI

The STI ended 0.26% or 8.47 points higher on Friday to end at 3,255.95 as investors cast aside fears of an escalation in US – Iran tensions.

The STI opened lower on Monday, with investors fearing a fallout over the United States airstrike that killed a top Iranian general the week before. The lack of an immediate retaliatory attack by Iran managed to placate markets, with the STI reversing its losses the following day. Wednesday's missile attack by Iran on United States forces had little effect on the local bourse, with Iran declaring that the attack concluded "proportionate measures" against the US, and that it did not seek escalation. Sentiment improved further when it emerged that no US troops were harmed in the attack, and there was minimal damage. Optimism returned towards the end of the week, with the STI closing at its highest level of the year thus far.

Year to date, the STI index is up by 1.0%.

Week Ahead: 13 January – 17 January 2020

Economic Calendar: CN Merchandise Trade Balance (13 Jan), UK Industrial Production (13 Jan), UK Merchandise Trade (13 Jan), US CPI (14 Jan), UK CPI (15 Jan), UK PPI (15 Jan), Euro Industrial Production (15 Jan), Euro Merchandise Trade (15 Jan), JP PPI (16 Jan), Euro ECB Minutes (16 Jan), US Jobless Claims (16 Jan), US Retail Sales (16 Jan), CN GDP (17 Jan), CN Industrial Production (17 Jan), SG Merchandise Trade (17 Jan), US Industrial Production (17 Jan), US Consumer Sentiment (17 Jan)

Company Results: Qian Hu (13 Jan), Singapore Press Holdings (13 Jan), Frasers Commercial Trust (15 Jan), Mapletree North Asia Commercial Trust (17 Jan)

Companies News

1. ISOTeam strengthened order book with S\$20.00 million worth of new projects

Catalist-listed ISOTeam Ltd. ("ISOTeam") announced that it secured 12 projects worth S\$20.00 million across all four of its business segments. These contracts include Repairs and Redecoration ("R&R") projects with a collective value of S\$8.90 million, one of which comprises R&R works to 27 blocks in Punggol; Addition and Alteration projects worth S\$8.80 million that includes neighbourhood renewal programme works in Woodlands; a Mechanical and Electrical project involving electrical works to 17 blocks in Serangoon; and a Coating and Painting project with a contract value of approximately S\$0.3 million. These projects are expected to be completed between 2020 and 2021. ISOTeam noted that the contracts are expected to have a positive impact on earnings per share and net tangible assets per share of the Group for the current financial year.

2. Koufu incorporated joint venture company in Indonesia

Koufu Group Limited ("Koufu") announced that its subsidiary Super Tea (S) Pte. Ltd incorporated a 55% owned subsidiary, PT. Super Tea Indonesia ("JV Company"), in the Republic of Indonesia. The joint venture partner is PT Berkah Cipta Adirasa ("JV Partner"), an investment holding company which has a 45% shareholding in the JV Company. Koufu highlighted that the joint venture presents the Group with the opportunity and an effective platform to expand its business operating food and beverage outlets in Indonesia, which is in line with its long term objectives of delivering growth and enhancing its revenue stream. The JV Company will develop, establish, manage and operate food and beverage outlets under the proprietary marks of "Super Tea", and grant sub-licences to other parties to operate the same business in Indonesia.

3. LHN announced acquisition of property by joint venture company

Real estate management services group LHN Limited ("LHN") announced that a joint venture company ("JV Company") established by its subsidiary WPS KB and a joint venture partner ("JV Partner") entered into a sale and purchase agreement for the acquisition of a JTC industrial property located at 202 Kallang Bahru ("JV Property"), at a purchase consideration of S\$17 million plus GST. The Group noted that it determined the purchase price by considering, among others, the remaining leasehold life, the potential of the property and the prevailing market prices of properties of similar nature available in the nearby area. The JV property has a gross floor area of over 20,000 square meters and a remaining tenure of more than 20 years. LHN intends to manage the property and use it for self storage with automated retrieval and logistics, and as an ancillary office.

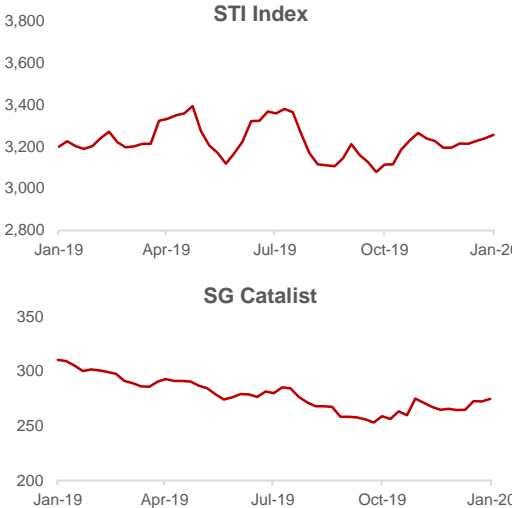
4. Fu Yu obtained approval to commence on Redevelopment Project in Tuas

Precision plastic component manufacturer and mould fabricator Fu Yu Corporation Limited ("Fu Yu") received approval from regulatory authorities to proceed on its planned redevelopment project in Tuas. The redevelopment project is part of the Group's efforts to expand and improve its operations in Singapore, and entails the demolition of the existing building and construction of a larger building to house a factory, warehouse and office space. The new building will have an estimated gross floor area of 9,000 square meters, which is more than three times the size of the existing building. Additionally, Fu Yu plans to invest in new manufacturing equipment to expand its production capacity and capabilities. The new building's layout will be modified to allow for a seamless workflow across the Group's business operations. Together with the investments in new equipment, Fu Yu expects to benefit from higher productivity and operational efficiency. Construction of the new building is targeted for completion in the fourth quarter of 2020.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3256.0	▲ 8.5	▲ 0.3%	▲ 0.5%	▲ 1.0%
SG Mid Cap	763.9	▼ 0.0	▼ 0.0%	▲ 0.5%	▲ 0.7%
SG Catalist	274.8	▲ 2.6	▲ 1.0%	▲ 0.9%	▲ 0.9%
SG Small Cap	356.9	▲ 0.5	▲ 0.1%	▼ 0.4%	▲ 0.4%

Price Chart



Capital Market News

SGX RegCo to adopt risk-based approach to quarterly reporting

Singapore Exchange Regulation ("SGX RegCo") announced that it will apply quarterly reporting requirements only for companies associated with higher risks, while strengthening disclosure requirements on all listed companies. The changes are part of its efforts to enhance its regulatory regime by taking a more targeted approach. This new approach to quarterly reporting replaces the current requirement which is based on companies meeting a certain minimum market capitalisation. Under the new approach, quarterly reporting would only apply to companies considered to be at risk. All other companies would only be required to do semi-annual reporting although they are encouraged to consider voluntarily providing business updates to shareholders between the half-yearly reports. The effective date for the new approach to quarterly reporting is 7 February 2020.

MAS received 21 applications for digital bank licences

The Monetary Authority of Singapore ("MAS") announced that it received 21 applications for digital bank licences as of the close of applications on 31 December 2019. These comprised 7 applications for digital full bank ("DFB") licences and 14 applications for digital wholesale bank ("DWB") licences. Applicants came from a range of industries including e-commerce, technology, telecommunications, fintech and finance. The majority of applications formed consortiums to combine individual strengths to enhance their value proposition. MAS noted that applications would be evaluated on criteria including the use of innovative technology, ability to manage a prudent and sustainable digital banking business as well as contributions to Singapore's financial centre. MAS can issue up to two DFB licences and three DWB licences, and will announce the successful applicants in June 2020.