# SG Market Weekly Update
29 March – 2 April 2021

SAC CAPITAL

## STI In A Snapshot

The STI closed Thursday higher at 3181.68, up 1.3% or 23.73 points for the week. Markets saw another mixed week, with overall gains from US' infrastructure spending plan, but saw some declines from the fire sale of stocks from Archegos' losses.

The Singapore market opened higher on Monday, extending the gains from the previous week as investors bet on a fast economic growth. Despite sour news on US hedge fund Archegos Capital Management's losses, which caused a fire sale of stocks in the US, the STI continued higher, following the record close of the Dow. However, the delayed decline came in mid-week, breaking the STI's six-day rising streak. The STI quickly rose back on Thursday, tracking the S&P500 and Nasdaq gains the previous day, which came as US President Joe Biden unveiled a US$2 trillion infrastructure spending plan. The markets were closed on Friday as it was a Good Friday holiday. In Q1 2021 ending 31 March, the STI rose 11.3%.

Year-to-date, the STI is up 11.9%.

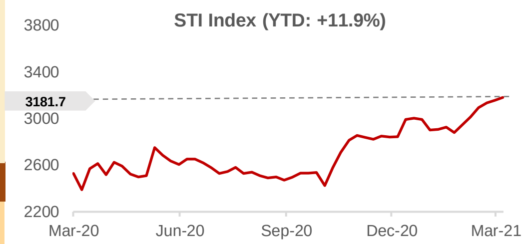
## Week Ahead: 5 April – 9 April 2021

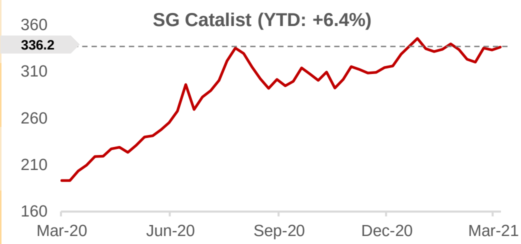
| | |
|---|---|
| **Mon** (5 Apr) | SG Manufacturing PMI, US Markit Composite PMI, US Services PMI, US ISM Non-Manufacturing Employment, US ISM Non-Manufacturing PMI |
| **Tue** (6 Apr) | JP Household Spending, CN Caixin Services PMI, US EIA Short-Term Energy Outlook, US JOLTs Job Openings |
| **Wed** (7 Apr) | JP Coincident Indicator, JP Leading Index, EUR Markit Composite PMI, EUR Services PMI, GB Composite PMI, GB Services PMI, SG Foreign Reserves USD, US Trade Balance |
| **Thu** (8 Apr) | US Consumer Credit, GB Construction PMI, EUR PPI |
| **Fri** (9 Apr) | CN CPI, CN PPI, US PPI, US Wholesale Trade Sales |

## Market Snapshot

| Symbol | Price | Change | 1D % Change | 5D % Change | YTD % Change |
|---|---|---|---|---|---|
| STI | 3181.7 | 16.3 | 0.5% | 1.3% | 11.9% |
| SG Mid Cap | 756.2 | 10.5 | 1.4% | 2.3% | 8.5% |
| SG Catalist | 336.2 | 6.1 | 1.9% | 1.1% | 6.4% |
| SG Small Cap | 320.1 | 3.4 | 1.1% | 2.2% | 6.0% |

## Singapore Indices




## Company News

### 1. Reclaims Global posted 39% increase in profit in FY21 ending 31 Jan

Catalist-listed recycling and excavation services company Reclaims Global Limited ("**Reclaims Global**") posted a 39.0% increase in net profit to owners, from S$1.6 million in FY2020 to S$2.2 million in FY2021, ending 31 January despite registering a lower revenue. The Group's revenue decreased from S$34.2 million in FY2020 to S$24.7 million in FY2021 mainly due to suspension of most of the construction activities during the Circuit Breaker period. Safety measures imposed in foreign workers' dormitories and the construction sector further added to delays. Recycling and logistic and leasing services recovered post Circuit Breaker, but due to a shortage of manpower, pace of excavation services saw a slow recovery. Other gains increased by S$0.5 million or 105.5% to S$1.0 million in FY2021 due to government grants. Overall, the Group commented that they would focus on reducing operational expenditure, managing working capital and maintaining liquidity.

### 2. GKE Agritech awarded farm license to commercialise indoor farming

Catalist-listed warehousing and logistics solutions provider GKE Corporation announced that its subsidiary, GKE Agritech Pte. Ltd. ("**GKE Agritech**"), had received the approval from Singapore Food Agency for its farm license application. The farm license would allow GKE Agritech to grow and sell its produce commercially in Singapore. The Group's unutilised office premise located at 6 Pioneer Walk had been converted into an indoor farm, which would adopt the controlled-environment agriculture approach to grow the crops. With the receipt of the farm license to commence commercial sale of the harvested kale in supermarkets, GKE is looking to increase the cultivation area gradually to 12,500 square feet. The Group does not expect the investment to have any material contribution in FY2021 ending 31 May as the investment is still at an early stage.

### 3. Kimly to acquire 60% of Klovex

Catalist-listed food court operator Kimly Limited ("**Kimly**") announced the entry into a sale and purchase agreement for the acquisition of 1,500 issued ordinary shares in the share capital of Klovex Holdings Pte. Ltd. ("**Klovex**") for a total consideration of S$1.0 million, S$0.7 million to be satisfied in cash and the remaining by the issuance of 1 million shares at $0.30 per share. Klovex is principally engaged in the business of providing general cleaning services. The Group's rationale for acquisition is to leverage on Klovex's expertise for its furtherance of its hygiene standards of the Group's existing food outlets.

### 4. GS' subsidiary entered into health service agreements

Catalist-listed business process outsourcing company GS Holdings Limited ("**GS**") announced that its subsidiary, Wish Hospitality Holdings Private Limited ("**Wish**") had entered into new agreements, referred to as "health management service agreement" to replace the previous branding, operation and procurement ("**BOP**") service agreements with Henan Jufeel Technology Group Co., Ltd. GS' BOP services involve contracting third-party service providers for various business-related operations and responsibilities. 8 out of the 14 existing secured outlets would reflect the new commercial terms, in light of the change in business environment in the People's Republic of China. The other 6 existing outlets had recently moved their operations entirely to an online platform upon expiry of the term of their respective leases, removing the need for a physical store.

## Capital Market News

### SGX launches consultation on SPACs

The Singapore Exchange (SGX) had launched a consultation on Special Purpose Acquisition Companies (SPACs), with proposals to minimize dilution and address some of the risks posed by the listing structure. The SGX Regulation (SGX RegCo) is seeking feedback on a framework that would attempt to reduce some of the risks of excessive dilution for long-term investors, and also, the rush for sponsors to de-SPAC. SGX RegCo chief executive Tan Boon Gin said that "if everything goes well, we are targeting to introduce a framework by the middle of the year, but it all depends on the feedback". SGX is seeking a "balanced regime" to safeguard investors' interests while meeting capital raising needs of the market. It has proposed for Singapore SPACs to have a minimum market capitalisation of S$300 million, in line with mainboard rules, with a timeframe of three years to de-SPAC. At least 90% of IPO proceeds will be placed in escrow pending acquisition of a target.

### Banks to cease issuance of SOR derivatives and Sibor-linked financial products by Sept

In the new timeline, financial institutions will have to cease the use of the Swap Offer Rate (SOR) in new derivatives contracts by end-September 2021. This is done to further steer the industry towards the use of Singapore Overnight Rate Average (Sora) as the main interest rate benchmark. This move addresses the risk of continued reliance on SOR derivatives as the SOR is set to discontinue in mid-2023. The new timeline is in line with the committee's targets for banks to wind down SOR derivatives exposures to 20% by end of September. In October 2020, it was announced that financial institutions are set to cease usage of SOR in new loans and securities that mature after end-2021 by end-April. While SOR remains available till mid-2023, liquidity in SOR derivatives markets has started to decline and this trend will likely accelerate with the new cessation timeline on the use of new SOR derivatives.