SG Market Weekly Update
2 November – 6 November 2020

STI In A Snapshot

The STI closed Friday higher at 2578.68, up 6.4% or 154.84 points for the week. Markets saw a strong week as investors watched on the hotly contested US presidential race and came to accept that some political gridlock might well be a good thing in the long run.

The STI climbed starting Monday, or the eve of the US Presidency elections, despite sentiment remaining cautious across the markets. Markets extended gains on expectations of a "blue wave" victory for Democratic candidate Joe Biden, although a Biden win was initially thought to be negative for stocks. On Wednesday, the STI opened higher yet again tracking overnight Wall Street rises, while investors eyed the election results. Markets held their breath with the close call and a divided congress. Although definite outcome has yet to be reached, markets rose on Thursday tracking gains on Wall Street as odds swung in favour of Joe Biden. On Friday, the STI faced slight fallback with some poor earnings, but overall, markets ended the week positive, with Biden in a narrow lead in the US elections.

Year-to-date, the STI is down 20.0%.

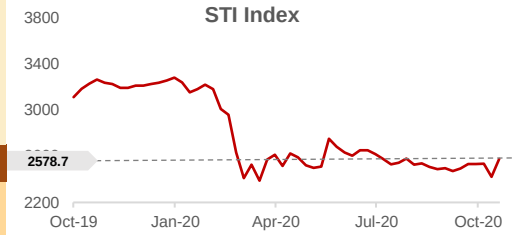
Week Ahead: 9 November – 13 November 2020

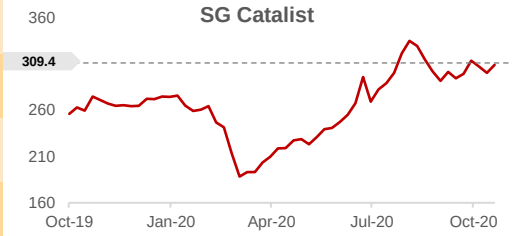
Mon (9 Nov)	JP Tankan Index, CN Caixin Services PMI and Composite PMI, US CB Employment Trends Index EC World Reit (3Q Result), World Precision (3Q Result)
Tue (10 Nov)	US 10-Year Note Auction, JP Current Account, CN CPI/PPI, US EIA Short-Term Energy Outlook
Wed (11 Nov)	US WASDE Report, CN New Loans, US OPEC Monthly Report Frasers Property (FY Result), KrisEnergy (3Q Result), Valuetronics (1H Result)
Thu (12 Nov)	SG Retail Sales, GB GDP, GB Industrial/Manufacturing Production, GB Trade Balance, US CPI Asian Pay TV Tr (3Q Result), SATS (1H Result), SingTel (1H Result)
Fri (13 Nov)	US Federal Budget Balance, GB BRC Retail Sales, EUR GDP, EUR Trade Balance, US PPI Eagle H Tr (3Q Result), Golden Agri-Res (3Q Result), KSH (1H Result), Sasseur Reit (3Q Result)

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	2578.7	▼ 9.94	▼ 0.4%	▲ 6.4%	▼ 20.0%
SG Mid Cap	647.6	▼ 5.46	▼ 0.8%	▲ 3.2%	▼ 14.6%
SG Catalist	309.4	▲ 0.75	▲ 0.2%	▲ 2.9%	▲ 13.6%
SG Small Cap	283.0	▼ 1.18	▼ 0.4%	▲ 2.9%	▼ 20.4%

Price Chart





Company News

1. UG Healthcare posts 74.4x increase in net profit in 1QFY21

Catalist-listed gloves manufacturer UG Healthcare Corporation Limited ("**UG Healthcare**") saw its 1QFY21 results soar, with revenue increasing 2.7x, from S$26.3 million to S$71.2 million in 1QFY21 ending 30 September 2020. Net profit attributable to owners of the Company increased 74.4x, from S$0.3 million to S$22.7 million. This was mainly due to higher volume of gloves sold and higher average selling prices on the back of stronger demand for disposable gloves and supply constraints. Gross margins increased significantly with higher margins for both its upstream manufacturing and downstream distribution businesses, driven by the Group's Original Brand Manufacturing business model. With a stronger operating cash flow, the Group's cash balance increased to S$24.1 million, and their short-term borrowings reduced. The Group is currently in a net cash position. The Group is on track in achieving its production capacity expansion plans to increase its total production capacity by 500 million pieces of gloves per annum and the construction of a new production facility with a production capacity of 1.2 billion pieces per annum.

2. Yinda Infocomm proposed acquisition of majority stake in InterBIO

Catalist-listed communication solutions and services provider Yinda Infocomm Limited ("**Yinda Infocomm**") announced their entry into a non-binding memorandum of understanding with shareholders of International Biometrics Pte. Ltd. ("**InterBIO**") for a proposed 51% acquisition. InterBIO is a software technology company specializing in the development and provision of identity management biometrics software technology and solutions that is incorporated in Singapore. Yinda Infocomm intends to use a portion of net proceeds raised in recent subscription exercise for the purchase consideration, which they see as a diversification to their current business.

3. Memiontec secured two new contracts and won the tender of a BOOT project

Catalist-listed water management solutions company Memiontec Holdings Ltd ("**Memiontec**") announced the two recently secured contracts with the Ministry of Public Works and Housing, Makassar, Indonesia. Memiontec will participate in the construction works of a wastewater treatment plant for the first contract. The contract value is at S$20.3 million. The second contract is for the construction works for another wastewater plant for the Ministry of Public Works, Jambi, Indonesia, with a contract value of S$14.9 million. In addition, Memiontec also announced the winning of tender for a Build-Operate-Own-Transfer ("**BOOT**") project as part of a consortium, which will be carried out over 25 years. The Group aims to focus on the increasing demand for water and wastewater treatment services in Indonesia's municipal sectors.

4. Sim Leisure proposed acquisition of RRSB for RM3.8 million

Catalist-listed theme park and entertainment construction services provider Sim Leisure Group Ltd. ("**Sim Leisure**") announced that its wholly-owned subsidiary Sim Leisure Escape Sdn. Bhd. had entered into a sales of shares agreement to fully acquire Rakan Riang Sdn Bhd ("**RRSB**"), which operates KidZania in Malaysia, an interactive indoor educational and entertainment centre for children. The total purchase consideration amounts to RM3.8 million (or approx. S$1.25 million). RRSB recorded a pre-tax loss of RM4 million in 1HFY20, higher than Sim Leisure's RM2.5 million losses. Sim Leisure is therefore required to seek shareholders' approval for this acquisition.

Capital Market News

Food services and retail businesses received S$6.8 million in payouts

The Infocomm Media Development Authority (IMDA) said that more than 50,000 SMEs in Singapore have adopted digital solutions under the SMEs Go Digital programme as of September 2020. As part of Covid-19 support measures, the Fortitude Budget has an initiative for the food services and retail business industry to encourage digitalisation efforts. Since August, about 2,700 food services and retail businesses in Singapore have received a total of S$6.8 million in Digital Resilience Bonus ("**DRB**") payouts. Increasingly, SMEs are seeing the benefits of digitalisation on multiple fronts, with customer acquisition and efficiency of processes. Under the DRB scheme, companies can receive a payout of up to S$10,000, depending on the conditions they meet, and the payouts are given on top of other measures under the SMEs Go Digital programme.

Record-setting IPO by ANT suspended in both HKEX and SSE two days prior

Ant Group's record setting US$35 billion initial public offering was suspended in both the Hong Kong ("**HKEX**") and Shanghai ("**SSE**") exchanges due to broader efforts by Chinese policymakers to prevent systemic financial risks and curb rising debt. Ant was set to make its debut on Thursday, but was summoned on Tuesday, before seeing the listing get suspended. Previously, Jack Ma described the financial system as following rules designed by a club of old people, and said the country needs "policy experts, but not experts in red tape". Due to this, China is likely to implement changes to its business model and a new consultation draft was imposed to tighten rules, with measures such as minimum registered capital, maximum allowed leverage, substantially lifted thresholds to qualify nationwide operations, and centralised supervision by CBIRC. Alibaba Group, which owns 33% stake in Ant, saw its Hong-Kong listed shares tumble by as much as 9.3%, and 9.7% for its NYSE shares.

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