

## MAJOR MARKET INDICES

	CLOSE	1D (%)	MTD (%)	YTD (%)
FSSTI	3038.11	0.41	8.86	-9.72
Dow Jones	17489.16	1.87	7.40	-1.87
S&P 500	2052.51	1.66	6.90	-0.31
NASDAQ	4920.05	1.65	6.49	3.89
FTSE (UK)	6376.28	0.44	5.19	-2.89
Nikkei	18435.87	-0.64	6.03	5.65
Hang Seng	22845.37	-0.63	9.59	-3.22
Shanghai Composite	3368.739	1.45	10.35	4.14
VIX	14.45	-13.47	-41.02	-24.74

## SG MARKET SUMMARY

Daily Market Value (S\$m)	672.9
Daily Market Volume (mln)	1373.7
52-week STI High	3549.9
52-week STI Low	2740.4

## KEY INTEREST RATES

	CLOSE	1D (%)	MTD (%)	YTD (%)
3 Mth SGD SIBOR	1.0	0.0	-11.3	121.0
3 Mth Swap Offer Rate	1.2	1.2	-5.2	59.0
SG 10 YR Bond Yield	2.5	-0.2	-2.8	8.2
US 10 YR Bond Yield	2.0	0.2	-0.5	-6.7

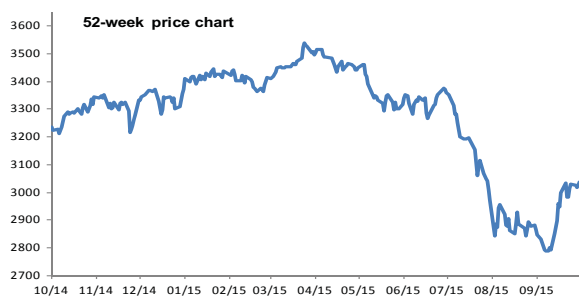
## US FUTURES

As at 8.00am SG time	CLOSE	1D (%)	MTD (%)	YTD (%)
Dow Jones	17465.0	0.3	8.0	-0.1
S&P 500	2059.0	0.3	7.9	1.3
NASDAQ	4576.3	0.5	9.9	8.7

## COMMODITIES

	CLOSE	1D (%)	MTD (%)	YTD (%)
Gold	1166.1	0.0	4.6	-1.6
Crude Oil	44.8	0.4	-0.6	-15.8
Baltic Dry	786.0	0.8	-12.7	0.5
Crude Palm Oil	6976.0	0.1	-5.8	-17.9

## FSSTI INDEX



Source: Bloomberg

## FINANCIAL MARKETS

- US and European stocks rallied close to 2% after a batch of better-than-estimated earnings from companies including McDonald's Corp, eBay Inc, Texas Instruments and Amazon.com. Equities got a further lift from prospects Europe will move to bolster its economy. European Central Bank President Mario Draghi said today policy makers will investigate fresh stimulus measures to thwart downside risks to the growth and inflation outlook.

## IDEA OF THE DAY

- Keppel Corporation (\$7.29, up 3.0 cents) recorded a net profit of \$363 mln for the 3Q15 (-12% yoy), mainly due to lower profit contribution from Offshore & Marine (O&M). O&M division's pre-tax profit fell sharply by 43% or \$153 mln, arising from lower revenues at lower operating margins and lower net interest income. The division's operating margin for the quarter also narrowed by 2.7% point to 12.3% (compared to 15% in 3Q14), coming in below expectations.

Group revenue for 3Q15 declined 23% yoy to \$2,440 mln, driven largely by the steep decline in the O&M division as a result of lower volume of work and deferment of some projects. This was partially offset by a 122% growth in Property revenue, primarily due to higher sales recognized from residential projects in China. Despite the strong top-line growth, Property division's pre-tax profit was at the same level as last year due mainly to higher net interest expenses and lower contribution from associated companies, mainly MBFC Tower 3, which was sold in the 4Q of 2014.

The Infrastructure Division's revenue was lower by 30% to \$536 mln resulting from a drop in revenue from the power and gas business, lower revenue from the EPC projects, as well as absence of revenue from Keppel FMO which was disposed in 4Q14. Likewise, pre-tax earnings dropped by 20% from the same period last year on the back of reduced contribution from the power and gas business.

The O&M Division secured \$1.7 bln of new orders YTD, thus boosting its net order book to \$10.0 bln, with deliveries extending into 2020. It will be delivering six jackups in 4Q15 for Grupo R, Falcon Energy, Energy Arabian Drilling Co and Perforadora Central. In the current challenging environment, the group has acceded prudently to requests for slightly later delivery of three jackups, two for Grupo R and the other for Parden Holdings, from 2015 to early 2016.

Looking ahead, management concedes that the operating climate remains challenging with lower oil prices, reduction in global E&P expenditure and oversupply of oil rigs. However, we believe the healthy net order book should still keep the yards busy up to 2016. Given the slowdown in orders for drilling rigs, Keppel is focusing instead on niche markets such as FLNG conversions, liftboats as well as ice-class vessels in which there is still good demand.

The group's net gearing increased to 52% as at end-Sept 2015 from 19% last year, mainly due to funds used for the acquisition of additional shareholding in Keppel Land, partially offset by proceeds from the disposal of 51% of the Keppel Merlimau Cogen plant this year. To prepare for a possibly longer winter, we understand that Keppel is also hunkering down in the O&M business and rightsizing its operations.

For the 9M15, recurring income contributed about 26% of the group's total net profit, similar to last year. Management aims to continue growing contributions from recurring income to improve the overall quality and stability of its earnings.

Keppel said that on 22 Oct'15, Brazil's Parliamentary Commission of Inquiry recommended the deepening of investigations into 10 companies involved in transactions with Petrobras and Sete Brazil which included Keppel FELS Brazil. Management will extend its full cooperation with the authorities if approached. Management is unable to comment further in view of the ongoing investigations in Brazil.

Keppel's share price has rebounded 13% since hitting its trough of \$6.49 on 24 Aug'15, outperforming the STI's 7% increase over the same period. Taking into consideration its lower than expected 3Q'15 performance, uncertainties over corruption investigations in Brazil and downward revisions in consensus estimates, we downgrade from BUY to HOLD, expecting its attractive 6.6% yield to help provide downside cushion.

## OTHER HIGHLIGHTS

Great Eastern Holdings (\$20.76, down 0.06) profit attributable to shareholders of S\$68.4 million for Q3-15 and S\$566.6 million for 9M-15, were 16% and 65% lower than the respective same periods last year, mainly because of unrealised mark-to-market losses from the insurance business. Operating profit from the insurance division for Q3-15 of S\$129.5 million was 13% lower than the same quarter last year, reflecting the further weakening of the Malaysian Ringgit against the Singapore Dollar. In addition, operating profit was impacted by a few large death claims and higher medical claims in Singapore. For 9M-15, operating profit of S\$412.4 million was 5% lower than the same period last year.

Unrealised losses from the valuation of assets and liabilities, brought about by a widening of credit spreads, decline in equity prices and fall in long term interest rates led to a non-operating loss of S\$78.7 million for Q3-15 and S\$46.4 million for 9M-15. In contrast, spreads narrowed in Q3-14, which gave rise to non-operating profit and for 9M-14, there was a further boost from a rise in long term interest rates and narrowing of spreads.

Moving into 4Q'15, management has lined up more new products and are optimistic of sustaining the existing sales momentum. As for profit, while the performance of our operations in Malaysia remained stable, contribution to the Group's reported profit in Singapore Dollars was reduced by the further weakening of the Ringgit. The Group's profit was also impacted by significant unrealised losses from credit spreads, equity prices and interest rates movements. Notwithstanding the mark-to-market losses, the Group's investment portfolio remains sound. Great Eastern Holdings is trading at price to book of 1.6x, trailing PE of 13x and provides a dividend yield of 2.5%.

Cosco Corp (\$0.375, suspended) announced a profit warning and that it expects to report a net loss for 3Q15. The expected net loss is mainly attributable to (i) the continuing depressed state of crude oil prices which has had an adverse impact on the global offshore marine industry, (ii) the slump in the shipbuilding market which has negatively impacted the company's shipyards; and (iii) the languid dry bulk shipping market which has brought great pressures to the company's dry bulk fleet operations. As a result of adverse market conditions, in 3Q15, the company's shipyards incurred higher costs for a few delayed projects as well as write-downs of certain inventories. Provisions for impairment of trade receivables have also been made. More details of the company's financial performance will be disclosed when the company announces its financials on 12-Nov-15.

With relation to the entering of a non-binding MOU with Tan Tee Meng and Heng Soon Miang in respect of the potential acquisition of Hansin Timber Specialist and Trading Pte Ltd as announced on 29-Jun-15, Jason Hldgs (\$0.11, unchanged) updated that the company and the vendors have entered into a deed of termination to mutually terminate the MOU. Save for professional fees attributable to the company in respect of the proposed acquisition amounting to approximately S\$22.5k, this termination has no material financial impact to the EPS and NTA per share of the Group for FY15.

Sim Lian Group (\$0.90, unchanged) announced a profit warning and that it expects to record a significant reduction in profit before income tax and a net loss for 1Q16, as compared with the same period in 1Q15.

The significant reduction in profit before income tax and net loss are mainly attributable to FX losses as well as lower revenue following the adoption of INT FRS 115 with effect from 01-Jul-10. More details will be available when the company releases its financials during Nov-15.

Sheng Siong (\$0.85, up 0.5 cents) saw 3Q15 revenue increase 7.3% to S\$200m while net profit improved 18.7% to S\$14.5m.

Turnover was higher due to sales from the new stores (+6.2%) and higher comparable same store sales (+1.1%), although retail sales in Singapore had been unexciting, and not surprisingly, sales at supermarket remained tepid. Against such lackluster demand, comparable same store sales grew by only 1.1%. However, these contractions were offset by healthy growth in some of the other stores, which were opened in 2011 and 2012, or were renovated in the last three years. Growth was also restored in the Bedok Central store now that renovation works in the vicinity is completed.

Meanwhile, gross margin was stable and increased marginally to 24.3% in 3Q15 compared with 24.2% in 3Q14, despite keener competition in 3Q15 arising from SG50 celebrations and cautious spending because of the general economic uncertainties. For 9M15, revenue appreciated 5.4% to S\$577.3m as net earnings jumped 17.8% to S\$42.2m. No interim dividend was declared (3Q14: nil).

Going forward, the company believes that competition in the supermarket industry is expected to remain keen and with the uncertain economic conditions, consumers would continue to be even more cost conscious. This may affect the Group's ability to pass on increases in input cost in full to the customers.

Additionally, the restriction on the hiring of foreign workers is unlikely to be eased and the Group expects pressure on manpower cost to continue. Also, weather conditions may affect the supply of fresh materials which may drive up the Group's input costs, although electricity tariffs have been lowered because of lower oil prices and this would continue to benefit the Group. Meanwhile, the Group and its other partner are still looking at potential sites in Kunming to operate the first supermarket.

At \$0.85, market cap is S\$1,278m, trailing P/E is 23.5x, P/B is 5.3x, dividend yield is 3.8% and price-to-sales is 1.7x.

## FSSTI STOCK SELECTION

### HIGHEST CONSENSUS FY15E DIV YIELD (%)

1 HUTCHISON PORT-U	8.19
2 ASCENDAS REIT	6.43
3 NOBLE GROUP	6.41
4 KEPPEL CORP	5.74
5 CAPITALAND MALL TRUST	5.71

### LOWEST CONSENSUS FY15 P/E (X)

1 NOBLE GROUP	5.29
2 YANGZIJANG SHIPPING	7.32
3 KEPPEL CORP	9.14
4 OCBC BANK	9.55
5 SEMBCORP INDUSTRIES	9.61

### LOWEST TRAILING P/B (X)

1 GOLDEN AGRI-RESOURCES	0.40
2 NOBLE GROUP	0.47
3 HONGKONG LAND	0.65
4 UOL GROUP	0.68
5 CAPITALAND LTD	0.76

### LOWEST TRAILING EV/EBITDA (X)

1 SIA	4.23
2 YANGZIJANG SHIPPING	5.07
3 NOBLE GROUP	7.11
4 JARDINE C&C	7.72
5 SEMBCORP MARINE	8.34

Source: Bloomberg Estimates (FSSTI Universe)

**SHARE TRANSACTIONS**
**16 - 21 OCTOBER**

Company	Party	Buy	Sell	Transacted Price* (\$)	Market Price (\$)	New Balance	Stake (%)
<b>ACQUISITIONS</b>							
Hwa Hong Corporation	Ong Kay Eng	90,500	-	0.319	-	63,019,000	9.64
KS Energy	Pacific One Energy	149,600	-	0.356	-	304,521,062	59.37
<b>DISPOSALS</b>							
Adventus Holdings	Jonathan Lim	-	32,389,300	0.02	-	83,124,400	4.26
IHH Healthcare	EPF	-	1,894,200	ND	2.14	735,231,200	8.94
Magnus Energy Group	Value Capital Asset Mgmt Pte Ltd	-	25,502,500	0.008	-	53	0.00

\* ND: Not Disclosed

**SHARE BUYBACK**

Company	No. of shares	Price (\$)	Cumulative Purchases	Of Maximum (%)
Boustead Singapore	140,200	0.85	140,200	0.3
Courts Asia	160,300	0.39	9,849,000	18.3
FSL Trust Management	500,000	0.17	8,954,900	13.8
GP Batteries	30,000	0.91	3,525,200	21.5
GP Industries	32,000	0.69	934,900	1.9
Nordic Group	45,100	0.189	2,428,600	6.1
Pacific Century	155,000	0.44	74,335,000	27.1
Silverlake Axis	1,000,000	0.614	88,010,700	39.2
Tiong Seng Holdings	117,500	0.22	342,000	0.7

## DIVIDENDS (LIST IS NOT EXHAUSTIVE)

Company	Amount	Last Day Cum-Dividend	First Day Ex-Dividend	Date Payable
GuocoLand	5¢ final	22 Oct	23 Oct	18 Nov
Keppel Infrastructure Trust	0.93¢ interim	22 Oct	23 Oct	20 Nov
Keppel Reit	1.7¢	22 Oct	23 Oct	27 Nov
Mapletree Logistics Trust	1.86¢	22 Oct	23 Oct	27 Nov
Mapletree Industrial Trust	2.79¢	23 Oct	26 Oct	04 Dec
Ellipsiz	0.2¢ final / 0.2¢ special	26 Oct	27 Oct	18 Nov
Singapura Finance	2¢ final	26 Oct	27 Oct	09 Nov
Sin Ghee Huat	1.5¢ final	26 Oct	27 Oct	13 Nov
Ryobi Kiso Holdings	1¢ final	27 Oct	28 Oct	06 Nov
Chosen Holdings	0.83¢ final	28 Oct	29 Oct	16 Nov
GuocoLeisure	2.2¢ final	28 Oct	29 Oct	20 Nov
PCI Ltd	3¢ final / 2¢ special	28 Oct	29 Oct	12 Nov
Raffles Education Corp	1¢ final	29 Oct	30 Oct	13 Nov
Silverlake Axis	1.2¢ final	29 Oct	30 Oct	17 Nov
Lantrovision	1.3¢ final	30 Oct	02 Nov	13 Nov
Parkson Retail Asia	2¢ final	30 Oct	02 Nov	13 Nov
Spindex Industries	2.8¢ final	30 Oct	02 Nov	19 Nov
Chuan Hup Holdings	1¢ final / 2¢ special	02 Nov	03 Nov	18 Nov
Eu Yan Sang	0.5¢ final	02 Nov	03 Nov	20 Nov
Interplex Holdings	1.5¢ final	02 Nov	03 Nov	20 Nov
Micro-Mechanics	2¢ final / 1¢ special	02 Nov	03 Nov	18 Nov
Wing Tai Holdings	3¢ final	02 Nov	03 Nov	23 Nov
ASL Marine	0.4¢ final	03 Nov	04 Nov	17 Nov
Santak Holdings	0.5¢ final	04 Nov	05 Nov	18 Nov
Lum Chang Holdings	1.25¢ final	05 Nov	06 Nov	25 Nov
Karin Technology	HK9¢ final	06 Nov	09 Nov	26 Nov
Multi-Chem	1.11¢ interim	11 Nov	12 Nov	27 Nov
Datapulse Technology	0.2¢ final	12 Nov	13 Nov	27 Nov
Transit-Mixed Concrete	2¢ interim	30 Nov	01 Dec	23 Dec
TTJ Holdings	8¢ final	30 Nov	01 Dec	18 Dec
Khong Guan Flour Milling	3¢ final	01 Dec	02 Dec	14 Dec
Tee International	0.15¢ special	01 Dec	02 Dec	18 Dec
SPH	8¢ final / 5¢ special	07 Dec	08 Dec	23 Dec
Avi-Tech Electronics	1.4¢ special	12 Feb 16	15 Feb 16	29 Feb 16

## SHARE CONSOLIDATION

Company	Consolidation Ratio	Ex Date	Record Date
SUTL Enterprise Limited	Consolidation 10 into 1	28 Oct 2015	30 Oct 2015

## WHAT'S AHEAD

# OCTOBER 2015

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
					Aztech Group CapitaLand Retail China Trust Frasers Commercial Trust Great Eastern Hldgs Hutchison Port Holdings Miyoshi Ltd UOI	
25	26	27	28	29	30	31
	Ascendas India Trust Raffles Medical Group	Mapletree Greater China Commercial Osim SMRT Corporation Starhill Global Reit	Ascendas Hospitality Capital Commercial Trust Micro-Mechanics OCBC Second Chance Prop	AIMS AMP Cap Ind Ascott Reit CDL Hospitality Reit Frasers Hospitality Global Premium Hotels Indofood Agri Resources SembCorp Industries Tuan Sing	Global Logistic Prop Roxy-Pacific Holdings UOB	

## WHAT'S AHEAD

# NOVEMBER 2015

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 DBS Group SIA Engineering	3 Far East Hospitality Reit Fortune Reit	4 CapitaLand Rickmers Maritime Rowsley Ltd SATS Ltd Thakral Corporation	5 ASL Marine Parkway Life Reit Religare Health Trust SIA	6 Asian Pay TV Trust Frasers Centrepoint Ltd IFS Capital Starhub Ltd ST Engineering	7
8	9	10 Li Heng Chemical Fibre Technologies	11 CNMC Goldmine Croesus Retail Trust Wilmar International Vard Holdings	12 Ho Bee Land HTL International	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

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