

US MARKET

To Fear Or Not To Fear A Clear Consensus

- *Fed* Chairman Alan Greenspan will testify before the US Congress tomorrow, a week before the next *FOMC* meeting on May 4th. The April job report is scheduled for release on May 7th.
- As usual, *Fed* watchers will scrutinize the testimony for clues on when interest rates will rise after the recently released robust economic statistics suggest threat of rising inflation, eg 308,000 new jobs in March, strong retail sales and higher consumer prices. (This is in contrast to the situation in Singapore, where economists have argued that **MAS** should wait for more evidence of economic recovery before allowing the S\$ to appreciate.)
- The bond futures market suggests that a 25 basis point rise in the *fed funds rate*, currently at a 46-year low of 1%, by August has already been priced in.
- **Ned Davis Research's** study of the impact of *Fed*'s interest rate hikes since 1917 yields the following findings:
 - *Dow Jones* tends to be up an average 8% in the year after the first hike;
 - An average 3% rise one year after the second and the third rate hike;
 - Only after a fourth hike does the *Dow* tend to be down one year later, and by an average 3%.

COMMENTS

1. Expectation of the *Fed* hiking interest rates for first, and likely only round this year, in August (three months before the presidential elections), has been hogging the headlines of major financial papers in the US and elsewhere. (Interest rates began a multi-year descent in Jan '01, when *fed funds* was at 6.5%.)
2. In view of the generally robust economic statistics of recent weeks, we **do** expect Greenspan to acknowledge that the risk of inflation now exceeds deflation risk, and to signal the readiness to raise rates.
3. While a rate hike is generally perceived negatively, the silver lining is that a consensus has been formed, which is in turn generally not all that negative.

Exhibit 1: Dow Jones Index Daily Closing Since January 2000

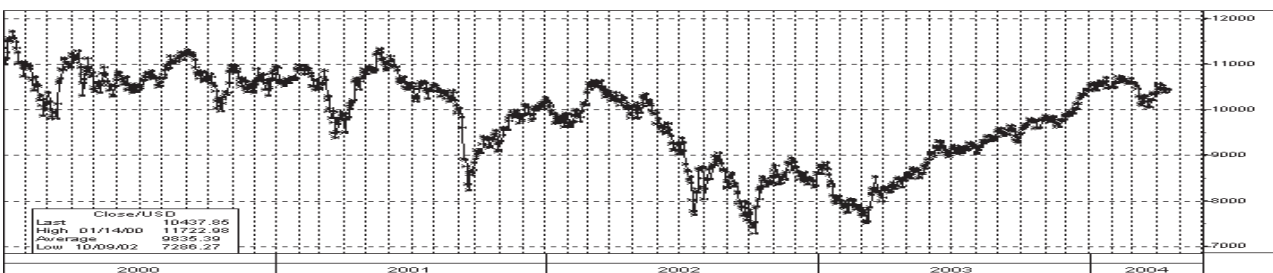
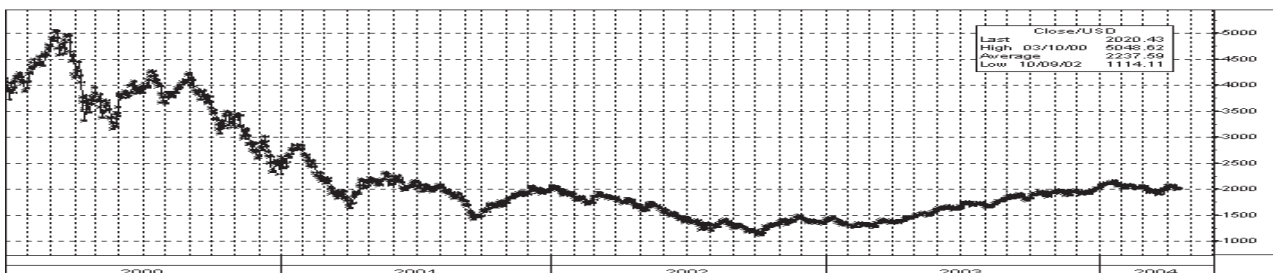


Exhibit 2: Nasdaq Daily Closing Since January 2000



HARTFORD / RAFFLES LASALLE

Acquisition Has Merits, But

\$S\$0.29-HART.SI/\$S\$1.14-RALA.SI

- RL has bought 36 mln shares or 60% of Hartford from 2 directors of the latter, at 24 cents each, and is offering to buy out the remaining shares at the same price.
- RL intends to preserve Hartford's listing status, which therefore "requires" Hartford's share price to stay above 24 cents during the takeover period.
- At 24 cents, Hartford is valued at \$14.4 mln, representing 2.9x book, and 15.7x Hartford's earnings for the 12 months to Dec '03, of \$917,435.
- Hartford's profit fell 50% in ye Jun '03, and recovered 21% in H1 ended Dec '03. (Hartford, which was listed only in May '03: 10 mln shares offered at 20 cents each, has a clean balance sheet, with cash of \$4.94 mln and zero borrowings.)
- These compare with 20.4x book and 35.2x PE for RL, based on RL's latest 12 months earnings of \$8.09 mln.
- In this sense, the acquisition is positive for RL. Given its rich valuation however, we are maintaining HOLD for RL.

Exhibit 3: Hartford Daily Closing Since May 2003

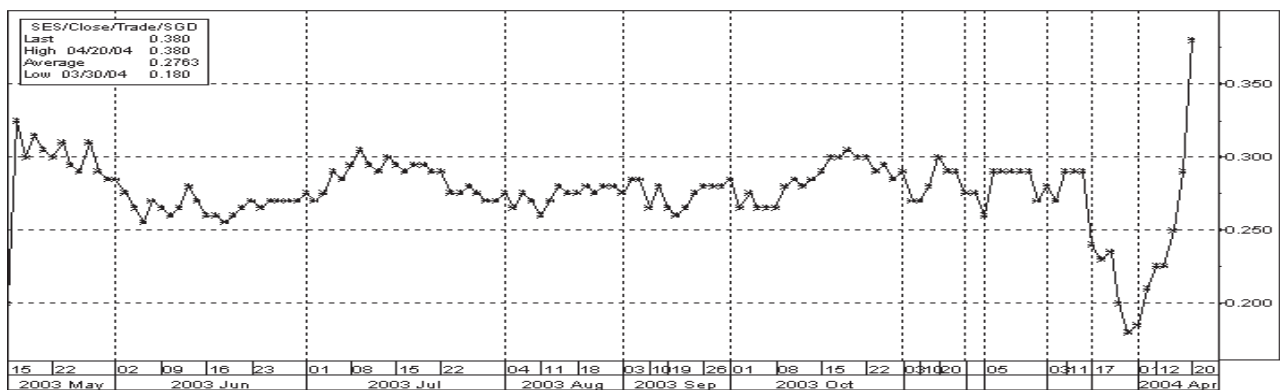
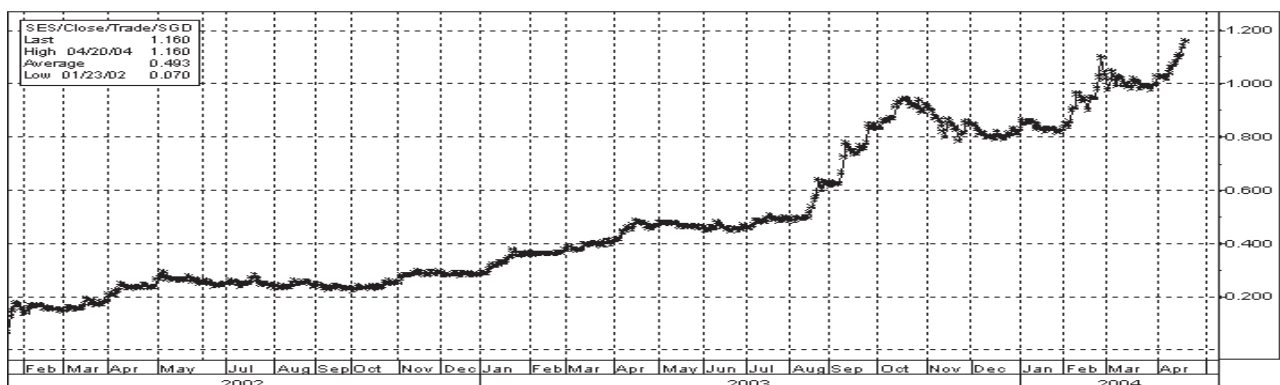


Exhibit 4: Raffles LaSalle Daily Closing Since January 2002



QIAN HU

Just Another Fad

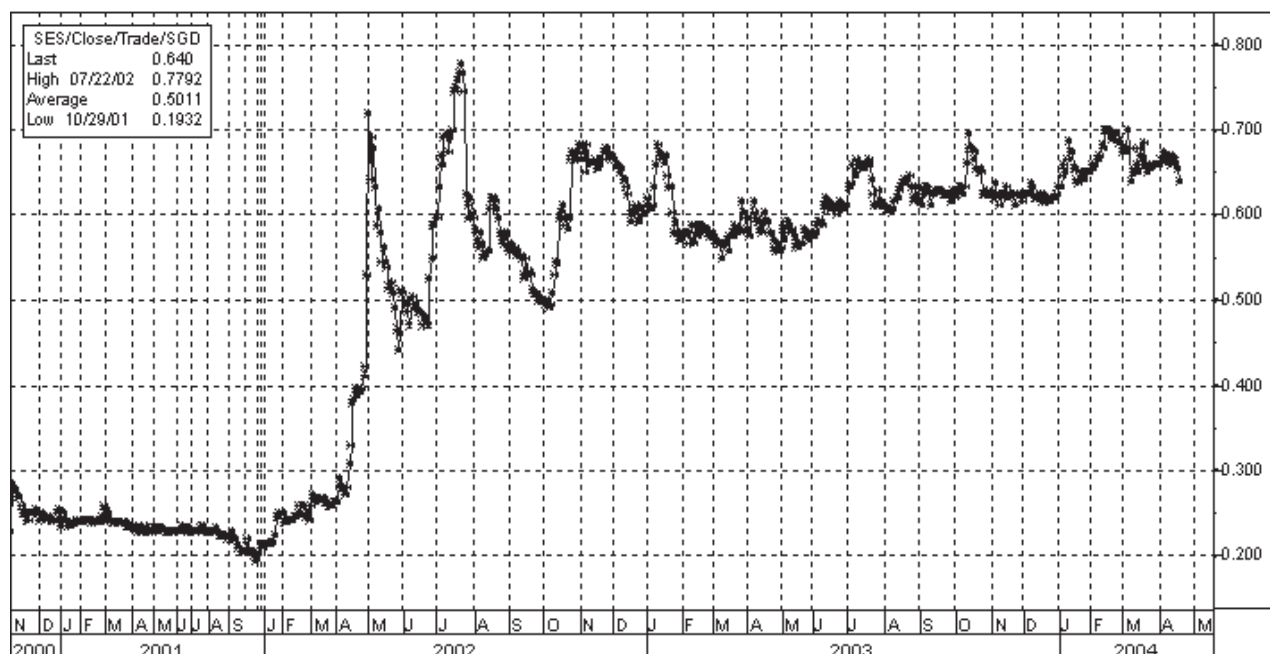
S\$0.655-QIAN.SI

- Qian Hu posted a 8.8% profit decline in Q1 to \$1.19 mln, the second consecutive quarterly decline after Q4/03's 2.8% drop. (See Exhibit 5 for profit record since listing in late 2000.)
- While the ornamental fish division showed growth (attributed to the Malaysian fish farm acquired last year), accessories, which was to be the growth segment for Qian Hu, registered a decline. Rising competition was also cited as a contributing factor. We believe the barriers to entry in this business are low.
- At trailing PE of 12.1x, based on latest 12 months earnings of \$6.9 mln, the stock is not cheap.
- Maintain Sell.

Exhibit 5: Profit Record: Ex-Growth?

	\$	% Growth
1999	1,313,523	-
2000	3,104,125	136.3
2001	3,558,369	14.6
2002	6,547,359	84.0
2003	7,016,000	7.2

Exhibit 6: Daily Closing Since November 2000



TECHNOLOGY SECTOR

Snippets

Semiconductor

- US semiconductor equipment companies reported an 8th straight monthly increase in orders in March 2004. Orders rose 70% yoy and 10% mom. Billings (an indication of forward orders) rose 5% mom and 40% yoy. **Applied Materials, Novellus** and **KLA Tencor** rose 3-5% on average while the Philadelphia index rose 2%.
- According to a *Bloomberg* write-up, the DRAM sector is expected to continue to do well this year, with prices expected to hold firm on the back of strong PC replacement and notebook sales. But the expected strong increase in production capacities later this year and next year would mean that a downturn is imminent sometime next year. Conclusion is enjoy while it lasts, but do not be the one to be carrying the baby when the downturn materializes.

Mobile Phones

- **Sony Ericsson's** 1Q ended March 2004 sales surged 66% while it swung from a loss of 104mln euros a year ago to a profit of 82mln. But more importantly for **ACCS**, the company is revising its industry

growth projection upwards from 14% growth rate to 17% growth rate on the back of strong demand for their camera phones. Sony Ericsson's market share rose from 6% a year ago to 7% currently and 30% of their phones come with cameras compared to only 6% for **Nokia**. For **ACCS**, servicing of camera phones also means a higher profit margin as it is more complicated. So while Nokia's market share loss may not be good for **ACCS**, the market share gains of **Samsung** and Sony Ericsson more than makes up for it. Maintain BUY for **ACCS**.

Meiban

- Meiban has secured orders from its existing customer **Dyson** for the production of ultra high speed switch reluctance motor for use in Dyson's vacuum cleaners. Contract manufacturing of the motors will be in Singapore with mass production commencing recently. The delivery of these motors is expected to increase over the course of the current financial year and employs cutting edge product design and manufacturing technology. CEO Goh has been buying the shares over the last couple of weeks, with his last purchase on 8 April 2004 of 200,000 shares at \$1.45.

SHARE TRANSACTIONS - Note Xpress

Stock	Party	BUY ('000)	SELL ('000)	Transacted Price (\$)	Market Price* (\$)	New Balance ('000)	Stake (%)												
Personal																			
Brilliant	Koh Swee Yong	200,000	-	0.735	-	55,500,000	12.05												
Eu Yan Sang	David Yeh	-	138,000	0.335	-	2,949,526	1.03												
SingTel (A\$)	Charles Goode	-	90,034	1.83	-	NA	NA												
Sunlight	Tan Boon Seng	-	4,000,000	0.12	-	11,000,000	5.82												
Xpress	K K Fong	-	13,839,000	-	0.0825	105,620,000	17.23												
Panpac Media	I P Hldgs [@]	-	2,000,000	-	0.1625	61,962,588	17.12												
Panpac Media	Kevin Low	-	35,294	0.16	-	1,600,000 [#]	0.44												
Married Deal																			
Interra Resources	Canyon Gate	-	10,000,000	0.265	-	153,000,000	17.34												
[@] Low Song Take and Kevin Lo are deemed to be interested in shares held by IPH Pte. Low has 6,117,647 shares in his own name. [#] Direct only. [*] Market average on the date of transactions.																			
New Shares Arising From Exercise Of Warrants																			
Company	No Of New Shares	Warrant Expiry Date	Exercise Price (\$)																
Singapore Land	154,000	23 Mar 2005	2.20																
Xpress																			
<ul style="list-style-type: none"> Timing could not have been better for KK Fong, who sold 13.8 mln XPress shares last Friday, when <i>Lianhe ZaoBao's</i> bullish technical comments on the stock could have revived some speculative interest. (The company was queried by the SGX for the heavy volume of more than 40 mln shares on that day.) Fong has been a seller of Xpress shares since Nov '00, mostly forced sales to meet "financial obligations". He last sold 3 mln shares in Oct '03 at 9.3 cents average. 																			
Exhibit 7: Xpress Daily Closing Since June 1999																			
<table border="1"> <thead> <tr> <th>Stat</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>SES/Close/Trade/SGD</td> <td></td> </tr> <tr> <td>Last</td> <td>0.070</td> </tr> <tr> <td>High</td> <td>06/28/99: 1.800</td> </tr> <tr> <td>Average</td> <td>0.2493</td> </tr> <tr> <td>Low</td> <td>12/03/02: 0.025</td> </tr> </tbody> </table>								Stat	Value	SES/Close/Trade/SGD		Last	0.070	High	06/28/99: 1.800	Average	0.2493	Low	12/03/02: 0.025
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WHAT'S AHEAD - Note Singapore Computer Systems

1Q '04 RESULTS

Company	When Expected
CapitaMall	Apr 20
Osim	Apr 21
SPC	Apr 21
Ascott	Apr 21
Keppel T&T	Apr 22
Singapore Computer Systems	Apr 22
Chartered	Apr 23
Keppel Land	Apr 26
Keppel Corp	Apr 27
UTac	Apr 27
ACCS	Apr 29
SembLog	Apr 29
DBS	Apr 30
OCBC	Apr 30
Seksun	May 10
Noble Group	May 10

BONUS

Company	Ratio	Last Day CBI	First Day XBI
Inchem	1 Bonus WRT for every 4 shares	Apr 20	Apr 21
Eastern Asia	1:10	Apr 21	Apr 22
Roly Intl	1 Bonus WRT for every 4 shares	Apr 21	Apr 22
Coşco	1:5	Apr 23	Apr 26
ASJ*	1:5	Apr 26	Apr 27
Medtecs	1:5	Apr 28	Apr 29
Eurotronic	1:5 [@]	May 3	May 4
China Aviation Oil	2:5 [^]	May 4	May 5

* Including 5¢ 1st + final dividend less tax

@ Includes 0.3¢ final dividend and 0.3¢ special tax exempt

[^] Including 3.5¢ 1st + final dividend tax exempt

AGM / EGM

Company	Purpose	When
City Dev	To approve: - 50¢ special dividend - 1:10 bonus warrants, exercisable at \$2.50 each - 2:5 rights issue to preference shares	Apr 29
SPH	To approve stock split / capital reduction	May 7

MAJOR ELECTIONS IN 2004

Where	When
Philippines	May 10
Indonesia	Jul 5
USA	Nov 2

OTHERS

Events	Implications	When
Greenspan to testify at a US congressional meeting	US interest rate trends	Apr 21
FOMC meeting	US interest rate trends	May 4

WHAT'S AHEAD

DIVIDEND[@]

Company	Amount	Last Day Cum-D	EX-D Commences
Robinson	18¢ interim + \$2.00 special less tax	Apr 20	Apr 21
SNP	4¢ 1 st + final less tax	Apr 21	Apr 22
Sing Investment	10¢ final less tax	Apr 21	Apr 22
G K Goh	4¢ 1 st + final less tax	Apr 21	Apr 22
SNP	4¢ 1 st + final less tax	Apr 21	Apr 22
Keppel T&T	3¢ final tax exempt	Apr 27	Apr 28
SCS	3¢ final less tax	Apr 28	Apr 29
Allgreen	3.5¢ final less tax	Apr 28	Apr 29
H L Finance	7¢ final less tax	Apr 28	Apr 29
United Engineers	5¢ final + 5¢ special less tax	Apr 29	Apr 30
UOL	7.5¢ final less tax	Apr 29	Apr 30
Hotel Plaza	2¢ final less tax	Apr 29	Apr 30
UIS	3.5¢ less tax + 3¢ tax exempt first & final	Apr 30	May 3
CWT	2.5¢ final less tax	Apr 30	May 3
Del Monte	US1.28¢ tax not applicable	Apr 30	May 3
Unisteel	1¢ final + 3.5¢ special less tax	Apr 30	May 3
Haw Par	4.9¢ final less tax / 6.1¢ final tax exempt	Apr 30	May 3
SembCorp Marine	1¢ final + 2.5¢ special less tax	Apr 30	May 3
SembCorp Ind	5¢ final less tax	May 3	May 4
Keppel Corp	11¢ final less tax	May 3	May 4
MCL Land	6¢ final less tax	May 3	May 4
Kim Eng	2¢ 1 st + final + 3¢ special less tax	May 4	May 5
Multi-Chem	0.42¢ 1 st + final less tax / 0.95¢ tax exempt	May 4	May 5
UOB	40¢ final less tax	May 5	May 6
Hong Leong Asia	4¢ final + 6¢ special less tax	May 5	May 6
UOB	40¢ final less tax	May 5	May 6
Zagro	1¢ 1 st + final less tax	May 6	May 7
Vicom	4.5¢ final less tax	May 6	May 7
Raffles Holdings	2¢ final less tax	May 6	May 7
UOB-Kay Hian	6.5¢ final less tax	May 7	May 10
SPC	6¢ final tax exempt	May 7	May 10
ComfortDelgro	3.06¢ final less tax	May 10	May 11
Raffles Holdings	18¢ special	May 11	May 12
Singapore Land	12.5¢ 1 st + final less tax	May 11	May 12
Transpac	10¢ 1 st + final + 15¢ special tax exempt	May 12	May 13
Ssangyong Cement	5¢ final less tax	Jun 8	Jun 9

[@] Selective ones only