

Highlights

Osim
(OSIM SP; S\$0.815)

Stellar results despite SARS - Maintain Buy

Management successfully delivered a strong set of results despite the SARS outbreak. This clearly demonstrates strong control of the marketing and sales channel, thereby giving management the flexibility to fine-tune its marketing plan and play catch-up post crisis. Osim's share price has risen to a high of 84.5cts since our last company update a week ago. We have raised our earnings estimates and 1 year price target (previously \$1.00) accordingly. Maintain BUY.

Qian Hu
(QIAN SP; S\$0.79)

Profit growth slowed but outlook remains intact- Maintain Buy

Prospects for Qian Hu remains strong despite temporary slowdown in profits in 2Q as both retail sales and export activities have returned to normal pre-SARS levels. The company is still on target to achieve our profit forecast of \$8.5m led by the establishment of sales teams and improved supply of Arowana fish. Maintain BUY. Price target of \$1.00 remains unchanged.

Comments

SembCorp Marine
(SMM SP; S\$1.00)

Secured 2 newbuild orders for S\$110m - Maintain BUY

SembCorp Marine has secured a S\$110m order to design and build two units of 2600TEU container vessels for Wan Hai Lines. The contract includes an option for two more units, exercisable by Oct 2003, at the same price. The ships will be delivered in March and July 2005, spread over 20-24 months.

Assuming Wan Hai exercises the option (strong possibility), this contract will represent 18% of SMM's order book of S\$1.2bn. With this order, SMM should be able to sustain its forward order book at S\$1.2bn (after offsetting est delivery of \$200m in 2Q03).

Of the S\$1.2bn order book, 58% is for delivery in 2H03, the balance of S\$500m for 2004 vs a total of S\$750m to be delivered from the order book in 2003. SMM need to secure more jobs to sustain its 2004 earnings stream.

Potential jobs in the pipeline include offshore conversion tenders for P53 and P54 (expect award early next year), each worth S\$250m, new container orders and variation order for P50. Petrobras had just announced that it expects to spend S\$120m more on P50 - which has been won by SembCorp Marine (Oct 02 to 1Q04).

SMM has been building several series of container vessels, the latest being the 2500TEUs series for a European client. The Wan Hai order is an improved version of the 2500TEU series and with learning curve largely over, we expect the contract to yield attractive margins of

Daily Focus

>10%. The contract is expected to yield PBT of S\$11m spread over FY03 and FY04.

We are raising our FY04 earnings by 9% to S\$96m, assuming SMM recognises 70% of the profits from this contract in 2004. The stock is trading at PE of 15x(FY03) and 14.7x(FY04), yield of 6.5%. There could be potential earnings upside if SMM succeeds in acquiring S.M.O.E at attractive valuations. Maintain BUY.

Top Large-Cap Picks*

	Price (\$S)	PE (03F) (x)	Mkt Cap (\$m)
Capitaland	1.40	19.2	3,524
Keppel Corp	5.00	10.6	3,868
Singapore Airline	10.90	40.7	13,278
Singapore Telecom	1.64	13.1	29,235
Venture	17.60	20.4	4,394

* Market cap above S\$1,000m

Top Small- and Mid-Cap Picks*

	Price (\$S)	PE (03F) (x)	Mkt Cap (\$m)
Fu Yu	0.56	7.9	253
Hong Leong Asia	1.22	7.4	435
Lindeteves-Jacoberg	1.17	12.1	337
MFS Technology	0.63	12.8	266
Unisteel Technology	0.80	9.1	192

* Market cap below S\$1,000m

General Data

STI Index	1,570.79	-0.6%
UOBDAQ Index	82.76	-1.9%
SGD Currency	1.76	-0.3%
Daily Volume (m shrs)	875	
Daily Turnover (US\$m)	301	
Daily Turnover (S\$m)	528	

Growth Data

(%)	EPS Gth	Div Yield
2002	16.2	2.9
2003F	16.7	2.9
2004F	22.0	3.0
(x)	PER	EV/EBITDA
2002	20.9	10.2
2003F	17.1	9.6
2004F	14.0	8.0

Substantial Shareholders' Transactions*

Co/Shldr	Shares / Transaction	Date / Price	Co/Shldr	Shares / Transaction	Date / Price
<i>Jurong Technologies</i>		18.7.03	<i>Singapore Land</i>		18.7.03
Prudential Asset Mgt	4,250,000 (Sell)	S\$0.54	UIC	976,000 (Buy)	S\$3.98
		17.7.03			
	1,250,000 (Sell)	S\$0.55			

* for stocks under coverage only

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DBS Vickers Research Star Rating System

- ★★★★ - Strong Buy (>30% upside over the next 6 months)
- ★★★☆☆ - Buy (>20% upside over the next 12 months)
- ★★★☆☆ - Hold (10-20% upside over the next 12 months)
- ★★☆☆☆ - Fully Valued (Trade within a +/-10% range over the next 12 months)
- ★☆☆☆☆ - Sell (>10% downside over the next 12 months)

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