

## Highlights

**Singapore Petroleum Company  
(SPC SP: S\$5.00)****Continued growth in 3Q5 : Maintain Buy**

SPC 9M05 net profit grew 114% y-o-y to S\$281m while sales rose 60% y-o-y to S\$5.5bn. The company should continue to enjoy robust refining margins in another year of record earnings. We remain positive on the refining sector and see an excellent window of opportunity to accumulate SPC given its recent price weakness. At 6xFY06 PE, SPC's valuation is compelling and looks an attractive buy with its FY05F prospective dividend of 5.3%. The seasonally strong 4Q05 could also be a potential price catalyst. As such, we reiterate our BUY recommendation and target price at S\$6.50 based on sum-of-parts valuation.

**Keppel Land  
(KPLD SP: S\$3.80)****Listing office REIT : Hold (Downgrade from Buy)**

3Q05 net profit of S\$33m was up 2% y-o-y as contributions from its property developments and associate property investments were offset by higher losses sustained by its hotel/resorts. It is in-line to meet our full-year forecasts with one-time gains in 4Q05. Despite Keppel Land's intention to list an office REIT "as soon as possible", we believe the proposed listing will only be in 2006, given the closing window of opportunity this year. Another catalyst would be Keppel Land's joint bid with Harrah's for the two Integrated Resort (Casino) sites, which could add S\$0.58 per share. We raised our target price from S\$3.42 to S\$3.86 based on a 10% premium to RNAV of S\$3.51. Despite Keppel Land's strong prospects going forward, the current share price has caught up with our valuations. As such, we downgrade our recommendation to HOLD.

**Raffles Education Corp  
(RLS SP: S\$0.975)****Hartford acquires Thames Business School in NZ : Maintain Buy**

Raffles Education Corp (RLS) 60% controlled subsidiary, Hartford, has announced the proposed acquisition of Thames Business School (TBS) in New Zealand (NZ). Hartford plans to acquire all its issued shares for a conditional purchase price ranging from NZ\$0.6m to NZ\$1.0m (approximately S\$0.7m to S\$1.2m) depending on the audited net profit after tax (NPAT) of TBS for its FY06 which ends in Mar 2006. We feel that this proposed acquisition should have a positive impact on Hartford. The proposed acquisition offers RLS a footprint into New Zealand and its students around the region, an entry into the private education market in New Zealand. We maintain Buy on RLS with a target price of S\$1.17 based on a 15% discount to its peer average PE of 18x FY07 earnings.

**Daily Focus**

**Qian Hu  
(QIAN SP: S\$0.25)**

**Improvements in margins : Hold (Upgrade from Fully Valued)**

Qian Hu reported 3Q05 results that were slightly below our expectations. 9M05 turnover fell 4% y-o-y to S\$48.0m with net profit rising 1.1% y-o-y to S\$1.5m. 3Q05 gross and operating margins have improved to 39.4% (+10.7ppt) and 9.7% (+14ppt) as a result of higher margin yields for its fish and plastics segment and a turnaround in the Group's accessories business. However, Qian Hu is still facing keen competition in its domestic and overseas markets. As a result, we have lowered our earnings estimates for FY05F and FY06F by 18% and 22% respectively. In light of the turnaround of the Group's operating conditions, we have upgraded our recommendation from a Fully Valued to a Hold with a raised target price of S\$0.26 based on a target multiple PE of 11x FY06 earnings estimates.

**Singapore Economy**

**SG CPI: Unsurprising - Sep05 inflation in line with expectations**

The Consumer Price Index rose 0.2% (MoM, sa) in September, rising for the third consecutive month (Chart 1). The CPI was largely unchanged on a YoY basis, posting a 0.64% increase compared to 0.65% in August. This is in line with market expectations of 0.6% and our forecast of 0.7%.

## Comments

**MapleTree Logistics Trust  
(MLT SP: S\$1.08)**

**Third acquisition : Maintain Buy**

Mapletree is buying Apico Industrial Building for S\$9m, reflecting a net property yield of 7.0%. It was acquired in a sale-and-leaseback with Asia Paint International (Apico) on a 8-year lease with rental step-ups, and an option for a further 5 years. Including a 30-year option, the property's leasehold tenure is expected to expire in only 2055. This is MLT's third proposed acquisition since it listed in late July, amounting to S\$37.8m? or 9% of the initial asset base. This is within expectations as we have imputed acquisition assumptions of S\$600m in FY06. Maintain BUY (TP S\$1.08), The Straits Times reported today that MLT planned to buy 11 properties worth S\$256m from its parent, Mapletree Investments, in light of the recent change in REIT guidelines by MAS. The properties include 3 in Hong Kong and 2 in Malaysia.

**SP Chemicals  
(SINPU.SP S\$0.615)**

**3Q05 results better than expected : Maintain BUY, TP S\$1.00**

SP Chemicals' 9M05 net profit grew 78% y-o-y to RMB152m on the back of RMB894m sales. The company's 3Q05 results were better than expectations (and management's earlier guidance) due to higher sales and gross margins of aniline and caustic soda, as well as RMB7.5m financial derivative gain. Chlorine prices, however, were

weak and saw gross loss of RMB0.8m. 3Q05 plant utilisation also fell 10% y-o-y due to scheduled plant maintenance for 10 days.

Moving forward, SP Chemicals indicated that 4Q05 results could be lower y-o-y due to weakening product prices, but it is still expected to achieve record earnings in FY05. We raised our FY05F earnings 10% to RMB179m. The company should also enjoy higher sales from the doubling of its chlor-alkali and aniline capacities, additional cost savings with the start-up of its 60MW cogen plant in FY06.

The share price has fallen >10% since its 1H05 results, and SP Chemicals is now trading at attractive 4.4x FY06 PE with a FY05F prospective yield of 4.4%. The management has demonstrated its ability to execute through the chemical cycle. As such, it should be able to steer the company to sustain growth. We maintain our BUY recommendation and target price of S\$1 based on 7x FY06 PE.

#### **SP Chemical : 9M05 results summary**

FYE Dec (Rmb m)	3Q04	3Q05	%oy	9M04	9M05	%oy
Sales	263.5	268.4	2%	705.2	893.9	27%
COGS	(221.6)	(220.2)	-1%	(575.7)	(686.0)	19%
Gross profit	41.9	48.2	15%	129.5	207.9	61%
Other opg income	1.3	9.1	595%	4.0	13.8	243%
Distribution cost	(2.6)	(1.9)	-26%	(7.6)	(6.4)	-15%
Administrative cost	(9.3)	(10.3)	11%	(20.4)	(28.6)	41%
Other opg expense	(2.9)	(0.2)	-91%	(5.0)	(4.1)	-19%
Opg Pft	28.4	44.8	58%	100.6	182.6	82%
Net interest income (exp)	(1.8)	(1.5)	-20%	(7.3)	(13.7)	89%
Non-opg gain (loss)	0.0	0.0	nm	0.0	(2.4)	nm
Pretax profit	26.6	43.4	63%	93.3	166.4	78%
Tax	(2.4)	(3.1)	26%	(7.7)	(14.1)	85%
Profit after tax	24.1	40.3	67%	85.7	152.3	78%
Minority interest	(0.3)	0.0	nm	(0.1)	0.0	nm
Net profit	23.9	40.3	69%	85.5	152.3	78%

Source: Company, DBS Vickers

#### **SP Chemical : Forecasts & Valuations**

FYE Dec (Rmb m)	2004A	2005F	2006F	2007F
Revenue	1031.5	1259.4	1775.1	2430.8
EBITDA	213.6	304.3	483.6	684.0
Gross Profit	200.0	268.1	351.5	466.1
PBT	144.1	191.4	219.4	272.4
Net Profit	132.0	179.0	205.1	252.0
Net Profit Gth (%)	95%	36%	15%	23%
EPS (Rmb cts)	43.3	58.7	67.3	82.7
DPS (Rmb cts)	4.3	11.7	13.5	16.5
Div Yield (%)	1.6	4.4	5.0	6.1
EV/EBITDA (x)	5.1	3.6	2.3	1.6
P/E (x)	6.8	5.0	4.4	3.6
P/BV (x)	1.7	1.3	1.1	0.9
ROE (%)	25%	27%	24%	24%
Net Gearing (%)	36	135	188	148

Source: Company, DBS Vickers

**Daily Focus**


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**Sing Investments & Finance Ltd**
**(SIF SP: S\$1.51)**
**Riding on stronger economic growth - Maintain Hold**

Sing Investments & Finance Ltd (SIF) recently closed the books on their 20,016,160 renounceable rights issue, which was oversubscribed. In addition to this, 5,004,040 bonus shares were issued.

The local economy has been performing strongly and our DBS Bank economists have a forecast GDP growth of 4.5% for full year 2005, compared with the government forecast range of 3.5-4.5%. Local banks and finance companies have re-priced their housing and commercial loans in the past two quarters, which should lead to wider net interest margins and therefore stronger growth in 2005. In addition, the strengthening of SIF's marketing operations and introduction of innovative products should see the company meet our forecasts. As such, SIF should remain profitable in FY05 and produce improved results compared to FY04. We have adjusted our numbers to reflect these relevant changes.

We expect a dividend of (S\$0.073 per share) to be declared which accounts for the bonus and rights issued shares. Due to the dilution effect, we adjusted our target price to S\$1.54 based on DDM, but maintain our Hold recommendation.

**Sing Investments & Finance Forecast & Valuation**


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FYE: Dec	2003A	2004A	2005F	2006F
Sales	18.3	24.3	28.8	34.8
Pretax Profit	9.3	6.9	12.3	18.3
Net Profit	7.3	4.9	9.2	13.8
EPS cts	14.5	9.7	12.3	18.3
EPS Growth (%)	0.1	-0.3	0.3	0.5
PE (x)	10.4	15.6	12.3	8.2
P/Cash Flow (x)	11.9	17.0	14.2	9.7
DPS @ Gross	10.0	10.0	11.0	11.0
Dvd Yield	0.1	0.1	0.1	0.1
ROE (%)	0.1	0.0	0.1	0.1
BV ps S\$	2.3	2.3	2.9	3.0
P/BV (x)	0.7	0.7	0.5	0.5

*Source: Company, DBS Vickers*
**Wee Poh Holdings  
(WEE SP: S\$0.01)**
**One step closer to completing RTO : Maintain Hold**

Wee Poh Holdings Ltd held their AGM and EGM recently, where the resolution was passed by shareholders to authorize the Reverse Takeover (RTO) of Winning Metal Products from Winning International Ltd. The purchase consideration is for 13.6 billion shares at S\$0.005 per share. Though this is seen as a positive for Wee Poh, there are still a number of obstacles. Firstly, the extremely large number of shares outstanding effectively is a concern for shareholders who would like to see consolidation of the outstanding shares. Effectively, this means a reverse stock-split where the number of shares is reduced, but the price is

adjusted upwards. However, there has been no indication of whether this will occur and this largely remains the decision of the new board. Secondly, Winning International Ltd has every intention to make an offer to Wee Poh shareholders at S\$0.005, but this has not been confirmed. As such, we maintain our Hold recommendation and numbers, with a target price of S\$0.005 based on the value of the reverse takeover.

#### Wee Poh Forecast & Valuation

FYE June	2003	2004	2005	2006F	2007F
Sales (S\$m)	53.9	19.8	1.6	139.0	152.9
EBITDA (S\$m)	3.4	-16.4	-1.8	14.2	16.2
Net Profit (S\$m)	-1.9	-19.1	-5.7	10.3	11.9
EPS - Basic (cts)	-0.9	-9.2	-0.2	0.3	0.4
EPS - FD (cts)	-0.8	-8.5	-0.2	0.3	0.4
EPS Gth (%)	na	914.0	-98.0	-280.9	16.0
BVps (\$)	0.0	0.1	0.0	0.0	0.0
DPS (cts)	0.0	0.0	0.0	0.0	0.0
P/Sales (x)	0.0	0.1	21.4	0.2	0.2
EV/EBITDA (x)	3.5	-0.4	-18.3	2.2	1.7
P/E (x)	-1.2	-0.1	-6.0	3.3	2.9
P/BV (x)	3.5	0.2	2.1	1.3	0.9
Div Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	-34.0	-144.9	-27.0	32.0	31.3
Net Gearing (%)	Cash	Cash	Cash	Cash	Cash
Net Cash Per Share	0.0	0.0	0.0	0.0	0.0

Source: Company, DBS Vickers

**Daily Focus**
**DBS-Vickers Singapore Stock Picks**

Company	Price (\$)	24/10	Target Price	Target Return	Market Cap		PER 04 (x)	Rel Perf vs STI				Sector
					(US\$m)	(S\$m)		1w	1m	3m	6m	
<b>LARGE CAP PICKS (Mkt Cap &gt;S\$1000m)</b>												
Ascendas REIT	2.04	2.32	14%	14%	1,536	2,604	28.1	1	(3)	(10)	(2)	Property REITs
SembCorp Marine	2.73	3.50	28%	28%	2,333	3,954	40.7	(4)	(10)	12	38	Marine
SMRT Corporation	1.01	1.20	19%	19%	898	1,523	16.8	1	(1)	(13)	8	Transport
Singapore Petroleum	5.00	6.50	30%	30%	1,482	2,512	9.8	(5)	(13)	7	19	Oil & Gas
United Test & Assembly	0.63	0.88	41%	41%	553	938	23.0	4	1	(11)	9	Electronics
<b>SMALL CAP PICKS (Mkt Cap &lt;S\$1000m)</b>												
China Merchant	0.680	0.91	34%	34%	179	303	8.3	3	0	26	7	Industrial
Huan Hsin	0.535	0.89	66%	66%	126	214	5.6	(8)	(9)	(31)	(46)	Electronics
MMI Holdings	0.505	0.70	39%	39%	173	293	11.2	3	(11)	8	42	Electronics
Osim International	1.490	1.71	15%	15%	394	668	21.0	4	17	35	33	Consumer
SP Chemical	0.615	1.00	63%	63%	111	187	6.5	(1)	2	(5)	4	Industrial

**General Data**
**Growth Data (DBS Vickers Coverage)**

	Current	% Chng (Prev. Day)	(%)		EPS Gth	Div Yield
			2004A	2005E		
STI Index	2,222.83	-0.7%			33.4	4.1
UOBDAQ Index	85.62	-1.8%			10.6	3.7
SGD / USD	1.70	-0.1%	(x)		8.3	3.8
Daily Volume (m shrs)	734		2004A		14.9	11.8
Daily Turnover (S\$m)	642		2005E		13.5	7.6
Daily Turnover (US\$m)	379		2006F		12.5	6.4

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As of 25 October 2005, the analyst and his / her immediate family do not hold positions in the securities recommended in this report.

DBS Vickers Securities (Singapore) Pte Ltd and its subsidiaries have a proprietary position in Keppel Land recommended in this report as of 21 October 2005.

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