

CLOSING INDICES on 14 October 2002

	Close	Change	% change
Dow Jones	7877.40	+27.11	+0.35%
Nasdaq	1220.53	+10.06	+0.83%
S&P 500	841.44	+6.12	+0.73%
FTSE100	3931.60	-21.80	-0.55%
ST Index	1378.44	+4.75	+0.35%

Buying momentum from the last two days tapered off, resulting in US stocks closing marginally higher. The massive trading volume, so evident in the previous two sessions, was decidedly absent as investors mulled over new geopolitical concerns and the ever present corporate developments. The Bali explosion got investors thinking again about the resurgent terrorist attacks while downgrades on automotive stocks further dampened enthusiasm carried over from the previous week. It is unclear whether the gains made over the previous two sessions can hold given recent global developments but volatility is likely to rule stock trading patterns in the coming days.

HIGHLIGHTS

- **Qian Hu (\$0.65) – 3Q earnings surged**

The ornamental fish business proved to be resilient in these hard times as Qian Hu staged a massive 278.7% surge in 3Q earnings to \$1.9m while turnover jumped 78.4% to \$17.5m. To date, Qian Hu's 9-month sales stood at \$45.3m (+52.7%) while 9-month earnings are at \$4.8m (+129.8%), placing the company well in position to blow pass earnings expectations of \$5.6m for FY02. An earnings upgrade is thus imminent, driving prospective PER valuation, currently at 10.8, lower to single digit, and further making Qian Hu an even more attractive investment considering full year earnings growth of 55.6%. Buy.

- **SPH (\$18.70) – FY02 earnings today**

SPH is expected to release its FY02 earnings today after end of trading. Market expectations are for the company to post a 10.7% decline in earnings to \$304.5m with estimate of a 20% decline in advertising revenue. Though SPH share price has declined some 13.8% since the beginning of the year, PER valuation at 20.3x historical and 23x prospective seems pricey considering an earnings decline. However, SPH may still prove attractive on the dividend stand-point with yield at 3.7%.

- **Haw Par Corp (\$4.28) – Biggest shareholder to pare its stake**

UOB, currently the biggest shareholder of Haw Par Corp, will be distributing some three-quarters of its current stake of 41.1% (84.9m Haw Par Corp shares) to UOB shareholders, effectively paring down UOB's stake to about 10%, in line with the requirements of the new Banking Bill which will be implemented in July 2004. For illustrative purposes, a UOB shareholder holding 10000 UOB shares will be entitled to between 408.17 to 408.84 Haw Par Corp shares. Given that the distribution is effected by way of a dividend in specie, UOB shareholders need not pay for the Haw Par Corp shares that they are entitled to. We expect more divestment on the part of UOB to come given their holdings in supposed non-core assets in UOL and OUE.

- **UOB (\$12.20) – Trading Idea**

Makes promising attempt to lead blue chip market up. Please refer to "Trading Idea" for more details.

FINANCIAL RESULTS SUMMARY

Company	Period	Turnover	%Chg	Earnings	%Chg
Qian Hu	3Q FY02	\$17.5m	+78.4%	\$1.9m	+278.7%

UPCOMING FINANCIAL RESULTS

Company	Period	Expected Date
SPH	FY02	15 Oct
Capitaland	3Q FY02	15 Oct
Raffles Holdings	3Q FY02	15 Oct
Fastech	3Q FY02	16 Oct
Creative	1Q FY03	25 Oct (morning)
Chartered Semiconductor	3Q FY02	25 Oct (morning)
ST Assembly	3Q FY02	30 Oct (morning)

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