

06 Feb 2012 16:13 MPST **DJ MARKET TALK: CIMB Starts Qingmei Group At Buy, Target S\$0.241**

0813 GMT [Dow Jones] STOCK CALL: CIMB starts sports-shoe-sole Qingmei Group (KT9.SG) at Buy with a S\$0.241 target price. "With all shoe soles registering growth of roughly 7%-11%, even amidst the slower economic backdrop in 2011, we are confident that Qingmei has the right recipe to continue healthy growth uptrend. This is reflected in its ability to keep average selling prices stable, while boosting overall sales." It says the stock is a steal at its current price, with a projected FY12 yield of 14.3%, while trading at an undemanding 1.7X 2013 P/E compared with its historical average 2.6X forward P/E. CIMB tips room for sports-shoe sole demand to further increase amid China's high domestic market consumption capacity and effective government efforts to promote sporting activities. It notes Qingmei is expanding capacity to capitalize on increasing demand. The stock is up 9.3% at S\$0.18. (leslie.shaffer@dowjones.com)

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February 06, 2012 03:13 ET (08:13 GMT)

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06 Feb 2012 15:51 MPST **DJ MARKET TALK: Singapore Office Market To Bottom This Year - JPM**

0751 GMT [Dow Jones] STOCK CALL: JPMorgan expects Singapore's physical office market is likely to bottom this year. "While data points - rentals in particular - could get worse in the next two quarters, we are seeing pick ups in leasing enquiries as a result of the better rates and better leasing terms on offer." It turns more positive on office stocks as they tend to move three to six months before a market bottoming and as a substantial risk premium is already priced in. It upgrades CapitaCommercial Trust (C61U.SG) to Overweight from Neutral, keeping its target at S\$1.30, viewing it as providing hedged office-sector exposure and a 6.5% yield in FY12. It upgrades K-REIT Asia (K71U.SG) to Neutral from Underweight and raises its target to S\$0.85 from S\$0.80. It raises

Overseas Union Enterprise (LJ3.SG) target to S\$2.60 from S\$2.00, keeps City Developments (C09.sG) target at S\$10.00 and keeps Suntec REIT (T82U.SG) target at S\$1.40, rating all three at Neutral. It keeps Wing Tai (W05.SG) at Overweight with S\$2.20 target.
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February 06, 2012 02:51 ET (07:51 GMT)

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06 Feb 2012 15:34 MPST **DJ MARKET TALK: US Energy Policy May Boost Keppel, SembMarine - OCBC**

0734 GMT [Dow Jones] STOCK CALL: Keppel Corp. (BN4.SG) and SembMarine (S51.SG) are likely to benefit from any outperformance by U.S. drillers' this year, OCBC says, noting U.S. President Obama's State of the Union address indicated more than 75% of the U.S.'s potential offshore oil and gas resources would be opened. "Looking at history and supposing that oil prices remain firm (barring a disorderly debt default in the eurozone), 2012 could be another year in which U.S. oil and gas drillers outperform the broader market. These companies are important customers of Singapore's rig builders, Keppel Corp. and Sembcorp Marine, and their stock prices have been highly correlated in the past decade." OCBC also expects both rig builders to secure orders from companies outside the U.S., such as Pemex and Statoil. It still sees upside potential for the rigbuilders and expects SembMarine to outperform Keppel despite the former rising 27.0% year-to-date vs Keppel's 13.7% gain and the STI's 10.3% rise. It sets Keppel's fair value at S\$12.27 and SembMarine's at S\$5.63, rating both Buy. (leslie.shaffer@dowjones.com)

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06 Feb 2012 15:08 MPST **DJ MARKET TALK: Yoma Rises 16.3%; But Outlook Very Uncertain**
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0708 GMT [Dow Jones] Yoma (Z59.SG) rises 16.3% to S\$0.535 as investors continue a risky play on Myanmar's liberalization. "It is uncertain that the formerly military-run government that has ranked consistently poorly in corruption indices would make decisions that are in the best interests of the business community," Kim Eng warns in a report; it says Yoma faces great uncertainty this year, citing political, legal-system, exchange-rate and emerging-market risks. It notes Yoma's key assets are Land Development Rights within eight miles of downtown Yangon; the LDRs were valued at S\$68 million in 2005 and haven't been marked-to-market since. Kim Eng estimates the market values the LDRs at 2.6X book value; it expects they could rise to 4X BV if Myanmar is fully liberalized, based on Vietnam's 250% real-estate-price surge over five years. If Myanmar only partially liberalizes, it estimates the LDRs would trade at 1.6X BV, while if liberalization plans are scrapped unexpectedly, Yoma's stock is likely to revert to the S\$0.07 pre-excitement level. It doesn't rate Yoma. Orderbook quotes suggest a S\$0.54 cap. (leslie.shaffer@dowjones.com)

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February 06, 2012 02:08 ET (07:08 GMT)

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06 Feb 2012 14:30 MPST **DJ MARKET TALK: Macquarie Tips SembMarine To Outperform Keppel**

0630 GMT [Dow Jones] STOCK CALL: Macquarie raises SembMarine (S51.SG) 2012 order inflow estimates 34% to S\$9 billion, expecting 2011's orderflow underperformance vs Keppel (BN4.SG) to reverse. "Given that Keppel bagged as many as 23 jack-up orders in 2011 vs seven by SMM, we believe SMM's yards have more space than Keppel to take new orders," it says in a note dated Feb. 3, adding it expects this to lead SembMarine's stock to outperform Keppel's. It expects SembMarine to bag a S\$2.6 billion super-sized jack-up order from Statoil, four Petrobras orders, two new floater orders and two new jack-up orders. It also expects about S\$1 billion worth of offshore platform/conversion orders. It forecasts 2012-13 earnings will rise 4% and 16% on-year respectively despite a steep margin fall from 2011's 17.3% to 14.1% by 2015. It raises its target by 11% to S\$6.00. It estimates the stock trades at 3.1X P/BV vs its 3.5X five-year mean; Macquarie expects it to rerate to 3.8X. It keeps an Outperform call. The stock is +2.9% at S\$4.99. (leslie.shaffer@dowjones.com)

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February 06, 2012 01:30 ET (06:30 GMT)

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06 Feb 2012 12:09 MPST **DJ MARKET TALK:Singapore Airlines +1.8%;Too Soon To Call Turnaround-CS**

0409 GMT [Dow Jones] Singapore Airlines (C6L.SG) is up 1.8% at S\$10.80, recovering some of its 3.6% drop Friday after it reported lower-than-expected fiscal 3Q results. But the stock's recovery may be premature, with Credit Suisse saying it's too early to call for a turnaround for SIA, given company-specific issues such as intense competition from low-cost carriers in its home base and overhang due to its investment in Scoot, which is set to start operations in mid-2012. It estimates SIA could report a small 4Q12 loss on weaker seasonal passenger and cargo demand, pricing

pressure and high fuel price; it cuts its FY12-14 EPS forecasts by 7%-25%. It cuts its target to S\$10.80 from S\$11.00 and keeps a Neutral call as high net cash should provide downside support. Its 10-day moving average of S\$10.95 is likely a near-term resistance, while Friday's low of S\$10.61 is likely to offer near-term support. (leslie.shaffer@dowjones.com)

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February 05, 2012 23:09 ET (04:09 GMT)

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