OCBC Investment Research

MARKET PULSE

Morning Call
25 Feb 2022

Singapore Market Statistics

	Close	Net Chg	% Chg
Straits Times Index	**3,276.1**	**-116.9**	**-3.4%**
FTSE ST Financials	1,149.9	-55.5	-4.6%
FTSE ST REITs	812.3	-16.1	-1.9%
FTSE ST Real Estate	796.8	-16.8	-2.1%
Vol (m)	2,624.5	1,203.1	84.6%
Turnover (m)	2,868.0	1,438.7	100.7%
52 week range	2,921.1	-	3,466.2
Gainers / losers	142 / 492		

World Indices

	Close	Chg	% Chg
S&P 500	**4,288.7**	**63.2**	**1.5%**
DJI	33,223.8	92.1	0.3%
Nasdaq Comp	13,473.6	436.1	3.3%
FTSE 100	7,207.4	-290.8	-3.9%
STOXX Europe 600	439.0	-14.9	-3.3%
Nikkei 225	25,970.8	-478.8	-1.8%
Hang Seng Index	22,901.6	-758.7	-3.2%
SHSE Comp Index	3,430.0	-59.2	-1.7%
SZSE Comp Index	2,282.4	-55.1	-2.4%
SHSE SZSE CSI 300	4,529.3	-93.7	-2.0%
KLCI	1,573.9	-12.3	-0.8%
JCI	6,817.8	-102.2	-1.5%
SET	1,662.7	-33.7	-2.0%
KOSPI	2,648.8	-70.7	-2.6%
TWSE	17,594.6	-461.2	-2.6%

FX & Commodities

		Close	% Chg
USDSGD		1.3554	-0.7%
USDJPY		115.53	-0.5%
USDCNY		6.329	-0.2%
USDHKD		7.808	0.0%
WTI Crude	USD/bbl.	92.81	0.8%
Brent	USD/bbl.	99.08	2.3%
Gold	USD/oz.	1,903.9	-0.3%
Silver	USD/oz.	24.22	-1.4%

Source: Bloomberg

Market Commentary

US stocks defy Russia fears and manage to turnaround

- US stocks rose broadly on Thursday, staging a massive comeback from steep declines seen earlier in the day, as investors looked past Russia's attack on Ukraine.
- The S&P 500 rose 1.5% to 4,288.70 after dropping more than 2.6% earlier in the session. The Dow Jones Industrial Average added 0.28% to 33,223.83, erasing an 859-point decline. The Nasdaq Composite ended the session 3.3% higher at 13,473.59, after being down nearly 3.5% at one point in the session.
- Despite the stunning reversal, the S&P 500 remains in correction territory — more than 10% off its Jan. 3 record close. The Nasdaq Composite opened in bear market territory on Thursday, down more than 20% from its record high in November, before bouncing off those levels. The Nasdaq still sits about 16% from its all-time high, however.
- Investors bought the dip on some of the biggest tech names during Thursday's volatile session. Amazon, Netflix, Alphabet and Microsoft all closed higher — erasing sharp declines from earlier in the day. Netflix rose 6.1%, and Microsoft added 5.1%. Alphabet and Meta Platforms popped 4% and 4.6%, respectively.
- The rebound in the US stood in contrast to a stinging sell-off in European and Russian stocks, as well as a shift into low-risk government debt, following Russia's invasion just after noon yesterday. The regional Stoxx 600 share index closed down 3.3%, in a technical correction — defined as a 10% decline from a recent peak — with heavy falls across bourses in Germany, France, Italy and the UK.
- The escalation of the conflict in Ukraine is dominating the global market narrative because of the potential for Russia's energy and resources being cut out of global supply chains, exacerbating already high inflation and prompting central banks to respond with rapid interest rate rises.
- Ahead of a meeting by EU leaders on Thursday to decide on further sanctions against Russia, Brent crude oil rose as much as 9.2% to US$105.79, crossing the US$100 threshold for the first time since 2014.
- Brent pared most of those gains to settle up 2.3% at US$99.08 after US President Joe Biden laid out fresh sanctions against Russia that spared energy exports.
- In government debt markets, the yield on the 10-year US Treasury note fell 0.03 percentage points to 1.96% as the benchmark government debt instrument rose in price.
- How long this crisis takes to unfold will determine how much inflation, financial conditions, and growth will be impacted.
- In Asia, benchmarks in Hong Kong, Singapore and India each posted declines of more than 3%. Financials and technology stocks were among those weighing most on the regional gauge, with the selloff in Chinese internet giants heightened ahead of Alibaba Group Holding Ltd's earnings release.

Research Ideas

China Merchants Bank (3968 HK/600036 CH) - 4Q21 results pre-announcement suggests robust fundamentals

- **Robust fundamentals**
- **Solid asset quality**
- **Strong retail franchise drives growth in the long-term**

Robust fundamentals – CMB pre-announced 4Q21 recently with net profit up 27% y/y, accelerating from around 22% in the first nine months in 2021 (9M21). Operating income was up 21% y/y and net interest income (NII) was higher than expected and rose 15% y/y in 4Q21. In 4Q21, loan and deposit growth increased 1% and 6% q/q. The higher-than-expected deposit growth should enhance overall liquidity for the bank. With asset growth at more or less the same rate, 4Q21 net interest margin (NIM) should be flat q/q, which was better than the expectation of a sequential compression. Non-NII rose 36% y/y in 4Q21.

Solid asset quality – Asset quality further improved with non-performing loan (NPL) ratio dropped 2bps q/q to 0.91%. NPL coverage edged down 1.8ppts q/q/ to 441.3%, but was still significantly above regulatory requirement of 150% or the sector average of 197% in 3Q21. Equity was 13% higher than expected, suggesting there could be potential upside to common equity Tier-1 (CET1) ratio.

Strong retail franchise drives growth in the long-term – CMB's share price has risen 12% year-to-date, slightly outperforming the Big-4 SOE banks and has outperformed MSCI China by 17ppt. CMB's return-on-equity (ROE) was around 480bps higher than its peers as of the end of September 2021, and the superior ROE trend is likely to sustain going forward. CMB has been a leader in retail and wealth business, providing support to its revenue growth in a rate cut environment. The stock is trading at 1.67x P/B (which is at the lower-end of its medium-term trading range of 1.5-2.0x) with a 17.0% ROE in 2022e. Management has articulated a strategy to drive asset under management growth and to further strengthened its retail and wealth franchise. In our view, while CMB does not offer a high and attractive dividend yield (vs. its SOE peers), it is the preferred pick in the sector for long-term growth owing to its more retail-focused strategy and a comprehensive wealth management platform. We maintain our Fair Value estimate at HKD78, which is based on 1.9x forward Price-to-Book. We believe CMB's valuation premium is justified given its leading position in retail banking franchise.

ESG updates

Corporate governance practices lead peers – CMB has a majority independent board that could help provide independent oversight of management. However, practices aimed at ethics compliance appear weaker than those of peers, as the company lacks an anti-corruption policy, nor is there evidence of regular employee training on ethics issues. China Merchants Group, controls 29.97% of CMB's shares and appoints nine (60%) directors on the board, thus limiting the influence of other investors.

Methodology enhancements to the parameter, Financing Environmental Impact, resulted in a reassessment of the bank's management practices related to mitigating environmental risks in its lending business, which rank lower than those of peers. Although the bank's corporate lending portfolio has relatively low exposure to industries that have a high impact on the environment, and CMB participates in some green financing, it provides limited evidence of the involvement of its credit division in ESG risk mitigation in its loan book.

Methodology enhancements to the parameter, Consumer Financial Protection (formerly referred to as Financial Product Safety) removed customer credit quality and regional debt levels from the evaluation of risk, which contributed to a deteriorating performance for CMB. **BUY**. ***(Research Team)***

CLP Holdings Ltd (2 HK) - Higher capex spending in line with green transition

- **Estimates updated to reflect higher capex spending expected, which is in line with its climate goals.**
- **Separately, Bloomberg has reported that CLP could be in the early stages of considering a divestment of EnergyAustralia of ~USD2bn, which contributed ~14.4% of FY20 operating income.**
- **In the scenario a divestment does take place, we expect improved earnings visibility to be a positive for the share price given the unit's challenging earnings outlook weighed by strong competition and margin pressures.**
- **Hold rating is maintained ahead of clarity from management and guidance on 2022 outlook in the company's upcoming release of results.**

Higher capex spending expected over the medium term in line with green transition – CLP received regulatory approval to raise capex spending by HKD3.2bn in November 2021 under the current Hong Kong Scheme of Control (SOC), which brings total capex expected under the five-year plan (2018-2023) to HKD56bn. The additional capex is expected to be deployed towards gas fired and renewable power generation units in its next development plan.

The company is expected to release results at the end of this month. We expect earnings drag from Australia and China on the back of pressure from higher coal prices last quarter, which should weigh on margins on its thermal portfolio, although performance of renewable assets are likely to be relatively more stable. For Energy Australia, the company has recently shared that power tariff has further declined to about AUD60/MWh in 2021 (compared to about AUD80/MWh in 2020) with further pressure expected in 2022. Higher gas supply cost is also expected to weigh on its Australia performance. Its key Hong Kong business should post more encouraging results, supported by easing of restrictions and hotter weather conditions.

Bloomberg has reported yesterday (23 February 2022) that CLP could be at the early stages of considering a divestment of EnergyAustralia which could be valued at ~USD2bn – To recap, the acquisition of energy retailer EnergyAustralia was done in 2011. The unit is based in Melbourne with staff strength above 2300 employees, and supplies electricity and gas to about 2.44mn customers in the country, as per its website. It has a generation and storage portfolio estimated to be above 5400 megawatts as of June 2021. In the scenario the unit is disposed, we expect improved earnings visibility to be a positive for the share price given the challenging earnings outlook due to low wholesale prices and margin pressures. In 1H21, the unit saw earnings decline of about 30% yoy. A potential sale of this subsidiary would also be aligned with CLP's climate goals – the company had previously committed to phasing out coal based assets by 2040 and will cease the development of new coal fired power generation assets.

Hold rating is maintained pending further management clarity and guidance on 2022 outlook at the upcoming results release. Our neutral stance is also based on a modest growth outlook outside of Hong Kong in FY22E, although dividend per share is expected to remain stable.

ESG updates

CLP's ESG rating has consistently been affirmed since November 2017, supported by its lower risk profile in terms of GHG emissions, better governance practices and investment in renewable capacity with a third of its capital investment for 2018-2023 aimed at lowering its carbon footprint. In terms of score attribution, CLP has been scored above industry average for relevant issues such as water stress, human capital development and governance. CLP has a rating by ESG research, our new research partner, which has consistently been affirmed since November 2017. Half of its operations are related to power and transmission and distribution, and 11% to generating power from carbon-free, nuclear, wind and solar energy sources resulting in a lower emissions profile.

Decarbonisation commitment despite pandemic disruptions – The company's environmental, social and governance (ESG) focus is seen through its commitment to its decarbonisation strategy detailed in the group's updated Climate Vision 2050. The group's vision includes a pledge not to invest in any additional coal fired generation assets and phase out its existing coal fired assets by 2050. Progress against its decarbonisation targets will be reviewed at least every five years as technologies improve, and compared against the goals of the Paris climate change agreement. Given that ~20% of revenues is derived from coal fired generation, this revenue stream will need to be replaced over time through investment in renewable generation opportunities.

In 2020, it is estimated that 13% of its total installed capacity utilized renewable and hydro power and 8% relied on nuclear power. The company targets 30% renewable capacity in its Climate Vision 2050, and plans to continually invest in renewable capacity (e.g. 100MW wind farm in Jilin, China in 2020).

Our current fair value of HKD84.30 is based on DCF estimates and incorporates a constructive stance on the company in view of its better than industry ESG performance and stable dividend outlook. CLP has a rating for its ESG performance, which places the company in the top 25% of the global utilities sector, with environmental pillar taking up the majority of the company's weighted scoring (~54%, followed by governance 33% and social 13%). CLP scores above industry average scores for its water use reduction efforts, human capital development and strategic focus targeting higher renewable energy sales. **HOLD**. ***(Research Team)***

Kingsoft (3888 HK) - Long winter for games approval process?

- **Management guiding for better gaming and WPS margins**
- **Market concerns over extended game approval freeze; next checkpoint potentially end-March**
- **FV of HKD51**

Quick takeaways – Kingsoft has shared its take on a number of topics in a management update call, which we highlight in this note prior to its earnings release. On PC games, we understand that the group intends to roll out 2-3 expansion packs of JX Online III per year to maintain its grossing, while the Classic Version is still pending the regulator's resumption of gaming approval. In terms of mobile games, Wo Long Yin II and Endem (both approved title) are scheduled to launch this year, while overseas contribution has increased to >10% in 2Q/3Q21. Management expects gaming margin to recover following the launch of new mobile games in 2022. On WPS, we note that Covid-19 has resulted in WPS delaying its R&D talent expansion more into 2021, and thus expects WPS margins to return to more normalized levels moving forward.

FV of HKD51 – There has been some concern in the market that the National Press and Publication Administration (NPPA) could potentially further extend the suspension of the new games approval process, leading to a dry spell for game approvals this year. The NPPA has since responded that it is still accepting new game applications, though not indicating when the approvals will resume. For perspective, the freeze on new game approvals has been ongoing for about 7 months till date, which is just under the 9-month suspension period back in 2018. While there is no clarity on when the new game approval process will resume, we believe a plausible checkpoint would be late March, after the conclusion of the 'Two Sessions' meeting. In our view, a prolonged freeze on the game approval process could disproportionately affect some of the SME studios, which runs counter to China's general policy direction. We await further guidance from management following the upcoming earnings season and leave our estimates unchanged for now.

ESG Updates

The downgrade reflects changes in the company's clean technology performance since it spun off its cloud computing services subsidiary in 2020. The company's current portfolio, consisting of office applications and online games, may present lesser potential to capitalize on clean technology initiatives than that of leading peers. The company handles personal data of its software subscribers, it could face risks related to potential data breach. While Kingsoft has access management procedures, its overall data security management initiatives appear average. The coverage of the external audits of its information security systems also appears to be relatively limited. **BUY**. ***(Research Team)***

China Railway Construction (1186 HK) - Steadily executing

- **Outperformed market over past 12 months**
- **Valuations remain undemanding but still on US entity list**
- **Looking out for opportunities in new infrastructure as well**

Outperformed market over past 12 months – Aided by the rotation to value/cyclical stocks and more positive newsflow in the infrastructure sector, the stock of China Railway Construction-H (CRCC) delivered total returns of 16% over the past 12 months, significantly better than the -21% performance for the Hang Seng Index over the same period. However this was weaker than China Communications Construction, 1800 HK (+28%), as well as China Railway Group, 390 HK (+31%).

Likely reasons for divergent share price performance within the sector – Recall that the share prices of CRCC and CCCC were impacted more negatively in 2020 as they fell into the US sanction list in early 3Q20. Also, 2020 was a year in which growth stocks were performing relatively better than value stocks and stocks in the China infra engineering and construction (E&C) sector were mainly dropped out of many investors' radars. In 2020, total returns of CRCC (1186 HK) was -48%, while CCCC (1800 HK) was -44% and CRG (390 HK) was -26%. In comparison, the Hang Seng index was flattish in 2020. On the other hand, 2021 was a better year for the sector, with total returns for the three stocks ranging from 27% to 34%. 3311 HK (CSCI) saw significant total returns of 133% in 2021 (please refer to our company report on this stock for more details). Due to weaker share price performance in 2020 and higher order growth in 9M21 than peers CRCC and CRG, CCCC outperformed both stocks in the past 12 months.

Looking out for opportunities in new infra as well – Recall that newly signed contracts grew 27% to RMB2.6tn in 2020, and it was expected that new orders would be about RMB2.64tn new orders in 2021. As mentioned in our earlier report, infrastructure construction activity could pick up on the back up of more local government special bond (LGSB) issuance. The group is also seeking to capitalize on opportunities in "New Infrastructure"; it has strong competencies within the urban rail segment with about 30-40% market share. Meanwhile, although earnings have been relatively healthy, the stock has also been impacted by negative sentiment as it was added to the list of entities by the U.S. government identified to have close relations with the Chinese government. Valuations remain undemanding, but the market is likely to wait for further deleveraging efforts such as the use of infrastructure REITs. We maintain our fair value estimate of HKD 6.50 for CRCC.

ESG updates

Over the past five years, the ESG rating of CRCC has remained consistent. The company scores relatively poorly compared to the industry average on governance as well as health and safety. Methodology enhancements to the Corporate Behavior theme resulted in a greater emphasis on business ethics practices and exposure to corruption-related risks. The company could face inducements to involve in unethical business practices with its reliance on government contracts. However, CRCC's anti-corruption compliance measures appear to lag those of peers. Further, there is no evidence of a formal anti-corruption policy for suppliers or of whistleblower-protection provisions. **BUY**. ***(Research Team)***

China Railway Construction (601186 CH) - Steadily executing

- **Outperformed market over past 12 months**
- **Valuations remain undemanding but remains on US entity list**
- **Looking out for opportunities in new infrastructure as well**

Outperformed market over past 12 months – Aided by the rotation to value/cyclical stocks and more positive newsflow in the infrastructure sector, the stock of China Railway Construction-A (CRCC) delivered total returns of 10% over the past 12 months, better than the -16% performance for the CSI300 Index over the same period. However this was weaker than China Communications Construction, 601800 CH (+55%), as well as China Railway Group, 601390 CH (+16%).

Likely reasons for divergent share price performance within the sector – Recall that the share prices of CRCC and CCCC were impacted more negatively in 2020 as they fell into the US sanction list in early 3Q20. Also, 2020 was a year in which growth stocks were performing relatively better than value stocks and stocks in the China infra engineering and construction (E&C) sector were mainly dropped out of many investors' radars. On the other hand, 2021 was a better year for the sector, with total returns for the three stocks. Due to weaker share price performance in 2020 and higher order growth in 9M21 than peers CRCC and CRG, CCCC outperformed both stocks in the past 12 months.

Looking out for opportunities in new infra as well – Recall that newly signed contracts grew 27% to RMB2.6tn in 2020, and it was expected that new orders would be about RMB2.64tn new orders in 2021. As mentioned in our earlier report, infrastructure construction activity could pick up on the back up of more local government special bond (LGSB) issuance. The group is also seeking to capitalize on opportunities in "New Infrastructure"; it has strong competencies within the urban rail segment with about 30-40% market share. Meanwhile, although earnings have been relatively healthy, the stock has also been impacted by negative sentiment as it was added to the list of entities by the U.S. government identified to have close relations with the Chinese government. Valuations remain undemanding, but the market is likely to wait for further deleveraging efforts such as the use of infrastructure REITs. We maintain our fair value estimate of CNY8.02 for CRCC.

ESG updates

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Wilmar International (WIL SP) - Good ending to FY21

- **FY21 dividend of 15.5 S cents declared**
- **Higher commodity prices benefited the upstream business**
- **But margin pressure for downstream remained**

Core net profit rose 30.5%/24.0% YoY for 2H21 and FY21 – Wilmar's 2H21 revenue rose 30.1% YoY to USD36.3b, due to higher commodity prices and higher sales volume for Medium Pack and Bulk (+2.5% YoY), and tropical oils (+2.8% YoY), but partially offset by lower sales volume in oilseeds and grains (-6.4% YoY) and sugar merchandising (-29.8% YoY). Core PATMI rose 30.5% YoY to USD1.1b in 2H21 while full year core PATMI grew 24.0% YoY to USD1.8b, making up 104% of our full year forecast, broadly in-line with our expectations. A final dividend of 10.5 S cents per share was declared (+1.5 S cents YoY), bringing the total dividend for FY21 to 15.5 S cents per share (-21% YoY).

Food Products' margin impacted by higher raw material costs – For Food Products, Wilmar saw a 4% growth in volume in FY21 due to recovery in demand from hotels/restaurants/catering (HORECA) which drove sales volume for Medium Pack and Bulk by 11% YoY. On the flip side, Consumer Products' sale volume fell 9.4% YoY as more people dine out. Overall, revenue for Food Products grew 25% YoY to USD29.6b while profit before tax (PBT) fell 41% YoY to USD680.9m due to margin pressure (PBT margin fell 2.6 ppt YoY). Higher raw material prices such as higher commodity prices increased faster than Wilmar's price adjustments. Management is reluctant to increase the price aggressively due to risks of losing market shares and slow economic growth in China. However, this could be partly offset by higher sales volume as Wilmar expands its plants and into central kitchen businesses in China.

Crushing margins under pressure – For Feed and Industrial Products, revenue for FY21 increased 34% YoY while PBT was up 58% due to good refining margins, stronger demand for midstream tropical oils products, and higher contributions from sugar merchandising activities. However, soybean crushing margins were under pressure in 2H21 due to higher soybean prices and weak hog farming margins in China. Separately, Plantation and Sugar milling performed well with revenue growing 65% YoY while PAT jumped more than five times to USD564.1m in FY21, thanks to higher palm oil and sugar prices.

ESG Updates

Wilmar International (Wilmar) was upgraded in Dec 2021, driven by updated water stress data and the inclusion of regional groundwater availability in evaluation of water stress level in China. Wilmar outperforms its peers in terms of governance and environment. It demonstrates strong efforts to mitigate adverse environmental impact of operations relative to peers. However, Wilmar shows limited evidence of efforts to reduce carbon emissions compared to peers. Wilmar lags its peers in terms of social issues with limited evidence of efforts to reduce employee injuries/fatalities. **BUY**. ***(Chu Peng)***

HK STRATEGY: HK BUDGET UNVEILED INITIATIVES TO STABILISE GROWTH

At the FY2022/2023 HK Budget speech, the Financial Secretary unveiled a series of initiatives, aiming to stabilize the Covid outbreak situation and support the economy. The planned fiscal deficit for FY2022/2023e will be HKD56.3bn or about 1.9% of GDP. Key initiatives & fiscal measures include: i) a new round of consumption vouchers of HKD10,000; ii) rental enforcement moratorium; iii) relaxation of loan-to-value (LTV) ratio for residential property valued below HKD12mn; iv) tax reduction for domestic rental expenses; v) limited rent concessions for multiple homeowners & introducing a progressive rating system; & vi) consideration to lower multinational enterprises' effective tax rate.

While the HKD10,000 consumption vouchers should be positive for consumer staples & mass retail landlords in light of the stronger-than-expected consumption stimulus, we believe it will take time for the impact to unfold. Based on the experience from previous round consumption voucher, it is estimated the HK retail sales would more or less remain flat in 2022e without tourist spending contribution. On the property front, we believe it will have a mixed impact - neutral for landlords and slightly positive for property developers. We believe the budget should have positive implications for mass retail landlords, such as **Link REIT (823 HK, Buy, Fair value HKD87)**. While we believe these initiatives would have a lasting impact on the residential market, they are unlikely to be strong enough to reverse the downtrend in home prices and buy into property developers. Companies with potential capital management track record would be preferred, such as **Hongkong Land (HKL SP, Buy, Fair value USD7.4)** and **Swire Properties (1972 HK, Hold, Fair value HKD25.1)**. ***(Research Team)***

Latest OIR Reports

No.	Report Date	Mkt	Stock / Sector / Market	Report Title	Bloomberg Ticker	Rating	Fair Value
1	24 Feb 2022	HK CH	China Merchants Bank	4Q21 results pre-announcement suggests robust fundamentals	3968 HK 600036 CH	BUY	HKD 78.00 CNY 62.0
2	24 Feb 2022	HK	CLP Holdings Ltd	Higher capex spending in line with green transition	2 HK	HOLD	HKD 84.30
3	24 Feb 2022	HK	Kingsoft	Long winter for games approval process?	3888 HK	BUY	HKD 51.00
4	24 Feb 2022	HK CH	China Railway Construction	Steadily executing	1186 HK 601186 CH	BUY HOLD	HKD 6.50 CNY 8.02
5	24 Feb 2022	SG	Wilmar International	Good ending to FY21	WIL SP	BUY	SGD 5.95
6	24 Feb 2022	HK	HK Strategy	HK Budget unveiled initiatives to stabilise growth	-	-	-
7	23 Feb 2022	SG	UOL Group Ltd	Expecting a softer residential outlook	UOL SP	BUY	SGD 9.27
8	23 Feb 2022	HK	Hang Seng Bank	A large miss on revenue and provisions	11 HK	BUY	HKD 167.00
9	23 Feb 2022	-	Developed Market Banks	Minimal direct exposure to Russia/Ukraine, watchful for inflationary shocks and rate implications	-	-	-
10	22 Feb 2022	SG	SIA Engineering	Continuing recovery	SIE SP	BUY	SGD 2.68
11	22 Feb 2022	HK CH	Wuxi Apptec	Solid preliminary FY21 results	2359 HK 603259 CH	BUY	HKD 159.70 CNY 122.6
12	22 Feb 2022	LN HK	HSBC	In-line 4Q21 underlying results with positive guidance	HSBA LN 5 HK	BUY	GBp 598.00 HKD 64.00
13	21 Feb 2022	SG	Raffles Medical Group	FY2021 results beat	RFMD SP	BUY	SGD 1.65
14	21 Feb 2022	SG	Starhub Ltd	Moving into an investment phase	STH SP	HOLD	SGD 1.23
15	21 Feb 2022	HK CH	China Communications Construction	Aided by the higher tide	1800 HK 601800 CH	HOLD SELL	HKD 4.80 CNY 8.17
16	21 Feb 2022	SG	OUE Commercial REIT	A soft ending to FY21	OUECT SP	HOLD	SGD 0.43
17	21 Feb 2022	SG	Singapore Budget 2022	Several wealth tax hikes	-	-	-
18	18 Feb 2022	SG	Genting Singapore	Beneficiary of relaxed pandemic restrictions	GENS SP	BUY	SGD 0.90
19	17 Feb 2022	SG	Keppel Corporation	Outperformer so far this year	KEP SP	BUY	SGD 7.00
20	17 Feb 2022	SG	Thai Beverage	A better quarter	THBEV SP	BUY	SGD 0.88

STI Stocks Sorted by Market Capitalisation (US$m)

	Code	Company		Price on 24 Feb 2022	Mkt Cap US$m	Eqy Beta (x)	Div Yield (%)		P/E Ratio (x)			Recommendation			
							Hist	F1	Hist	F1	F2	Buy	Hold	Sell	Total
1	DBS SP	DBS Group Hldgs	SGD	34.75	66,102	1.2	3.5	4.1	12	12	10	13	6	0	19
2	JM SP	Jardine Matheson Hldgs	USD	58.46	42,236	0.7	2.9	3.0	84	15	11	3	3	1	7
3	OCBC SP	OCBC	SGD	12.00	39,846	1.1	4.4	4.8	11	10	9	14	7	0	21
4	UOB SP	United Overseas Bank	SGD	30.75	38,005	1.1	3.9	4.4	14	11	10	19	0	0	19
5	ST SP	Spore Telecoms	SGD	2.53	30,873	0.9	2.7	3.9	40	19	15	16	2	0	18
6	WIL SP	Wilmar Int'l	SGD	4.39	20,430	0.9	3.5	4.1	11	11	11	13	0	0	13
7	CLI SP	Capitaland Investment	SGD	3.63	13,796	-	-	2.6	9	18	15	15	1	0	16
8	HKL SP	Hongkong Land	USD	5.57	13,000	1.0	3.9	3.9	-	13	12	10	3	1	14
9	THBEV SP	Thai Beverage	SGD	0.68	12,534	1.1	3.1	3.4	17	15	14	16	1	0	17
10	SIA SP	Spore Airlines	SGD	4.94	10,836	1.2	-	0.0	-	-	-	1	7	4	12
11	CICT SP	CapitaLand Mall Trust	SGD	2.11	10,308	1.2	5.0	5.5	13	17	17	19	1	0	20
12	STE SP	ST Engrg	SGD	3.78	8,698	1.0	4.0	4.0	21	20	18	10	0	2	12
13	AREIT SP	Ascendas REIT	SGD	2.79	8,658	0.9	5.4	5.9	12	16	17	14	5	0	19
14	KEP SP	Keppel Corp	SGD	5.86	7,828	0.9	5.6	4.0	10	12	11	11	0	1	12
15	SGX SP	Spore Exchange	SGD	9.37	7,401	0.6	3.4	3.5	24	23	21	6	8	2	16
16	GENS SP	Genting Spore	SGD	0.77	6,827	1.2	1.3	3.1	50	27	18	10	8	0	18
17	JCNC SP	Jardine Cycle & Carriage	SGD	21.78	6,363	1.2	3.2	4.4	14	9	7	3	0	0	3
18	MLT SP	Mapletree Logistics Trust	SGD	1.74	6,015	0.9	4.7	5.0	16	22	20	13	4	0	17
19	MINT SP	Mapletree Industrial Trust	SGD	2.54	4,996	0.8	4.9	5.4	28	18	18	14	2	0	16
20	CIT SP	City Developments	SGD	7.01	4,699	1.3	1.1	2.3	-	12	12	15	2	0	17
21	UOL SP	UOL Group	SGD	7.15	4,463	0.9	2.1	2.4	32	20	16	8	2	0	10
22	MCT SP	Mapletree Commercial Trust	SGD	1.80	4,422	1.1	4.9	5.2	18	21	19	9	5	0	14
23	YZJSGD SP	Yangzijiang Shipbldg	SGD	1.37	3,963	0.8	3.3	3.2	8	8	7	8	2	0	10
24	FLT SP	Frasers Logistics & Comm Trust	SGD	1.39	3,793	1.2	5.6	5.7	7	15	19	9	2	0	11
25	VMS SP	Venture Corp	SGD	17.21	3,697	0.9	4.4	4.4	16	16	15	9	3	1	13
26	DFI SP	Dairy Farm Int'l Hldgs	USD	2.64	3,573	1.0	5.5	3.4	21	27	14	3	5	1	9
27	SATS SP	SATS	SGD	3.97	3,293	1.4	-	0.0	226	147	37	5	2	1	8
28	SCI SP	Sembcorp Industries	SGD	2.45	3,225	0.8	2.0	2.5	16	10	9	9	2	0	11
29	KDCREIT SP	Keppel DC REIT	SGD	2.16	2,742	0.5	4.6	5.0	12	19	18	6	8	0	14
30	CD SP	ComfortDelGro	SGD	1.44	2,307	1.2	2.5	3.6	20	18	14	9	2	0	11

Source: Bloomberg

ANALYST DECLARATION:

For analysts' shareholding disclosure on individual companies, please refer to the latest reports of these companies.

RATINGS AND RECOMMENDATIONS:

- OIR's technical comments and recommendations are short-term and trading oriented.

- OIR's fundamental views and ratings (Buy, Hold, Sell) are medium-term calls within a 12-month investment horizon.

- As a guide, OIR's BUY rating indicates total expected returns (excluding dividends) in excess of 10% based on the current price; a HOLD rating indicates total expected returns (excluding dividends) within +10% and -5%; a SELL rating indicates total expected returns (excluding dividends) less than -5%. For REITs and Business Trusts, total expected returns including dividends apply.

- For companies with market capitalisation of S$150m and below, OIR's BUY rating indicates total expected returns (excluding dividends) in excess of 30%; a HOLD rating indicates total expected returns (excluding dividends) within a +/-30% range; a SELL rating indicates total expected returns (excluding dividends) less than -30%. For REITs and Business Trusts, total expected returns including dividends apply.

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