

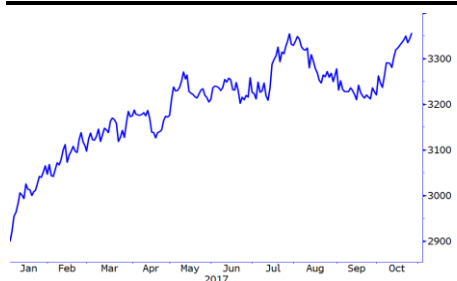
Market Indicators

	24-Oct	25-Oct	26-Oct
Mkt. T/O (S\$ mil)	1,068.2	1,117.3	1,100.2
Stock Advances	209	241	215
Stock Declines	220	179	220

Major Indices

	24-Oct	25-Oct	26-Oct
DJ Ind Avg	23,441.8	23,329.5	23,400.9
S & P 500	2,569.1	2,557.2	2,560.4
Nasdaq Comp	6,598.4	6,563.9	6,556.8
Hang Seng	28,155.0	28,302.9	28,202.4

STI Index 3,356.25 (+0.37%)

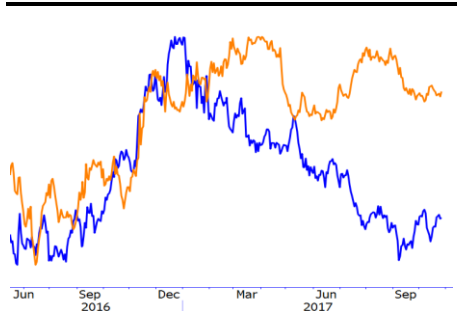


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,266.55	-0.90%
Oil (NYMEX CWT1) US\$ / bbl	52.68	1.07%
Baltic Dry Index	1573	-0.94%

Exchange Rates



USD : SGD 1.3684 / MYR : SGD 3.1113

Source: Bloomberg

Interest Rates

3-mth Sibor	1.126%
SGS (10 yr)	2.246%

Market Colour

U.S. equities rebounded on the back of stronger-than-expected earnings from Twitter and Ford Motor Co. The latest batch of corporate results underscored the strength in the U.S. economy a day before investors get the first reading on GDP for the third quarter. The euro fell and German bunds rose after the ECB said it will extend bond-buying program at half the previous pace at 30 billion euros per month between January and September 2018.

Company Update

➤ **China Sunshin Chemical Holdings (CSSC SP; BUY; TP: S\$1.390):** Deep-Value; Robust Growth; Solid-Moat - Page 2

News

Samudera Shipping: 3Q17 net profit came in at US\$0.5m compared to losses of US\$3.8m in the year-ago period. Revenue in the quarter rose 14% YoY to US\$70m driven by an increase in container volumes handled along with higher freight rates. The company added that the outlook remains challenging as main customers, specifically the main liners in the container shipping, continue to consolidate. The challenging environment was further exacerbated by the uptrend in oil prices. **KGI: Results came in below our expectations for this quarter. However, we remain optimistic on Samudera and reiterate our BUY recommendation and fair value of S\$0.38. The company is riding on the positive industry tailwinds of improving freight rates this year and continues to generate strong positive free cash flows (FCF 2Q17: +US\$5m). Furthermore, it is trading at a 60% discount to its net book value despite the recent sale of two of its vessels above book value.**

CDL Hospitality Trust: DPS declined 3% YoY to 2.29 Singapore cents due mainly to the rights issue completed in August. Excluding the effect of the rights issue, DPS would have increased 12% YoY to 2.74 Singapore cents. NPI rose 16% YoY to S\$40.4m, thanks to growth from The Lowry Hotel in Manchester, UK and Pullman Hotel Munich in Germany, alongside stronger operating performance from the New Zealand Hotel. **The trust currently offers an attractive dividend yield of 5.6/5.9/6.1% in FY17/18/19F.**

Japfa: 3Q17 net profit declined 94% YoY to US\$3m even as revenue grew 3% YoY to US\$814. Despite a pick-up in swine prices, Vietnam operations continued to make losses as continued China import restrictions bit. The dairy business made losses due to a fair value loss from lower market price of raw milk, heifers and calves. Meanwhile, the core Indonesia business suffered a sharp drop in net profit as poultry and beef margins shrank.

Business Times / Bloomberg / Straits Times / The Edge Markets / SGX

Commentaries From The Trading Desk

23/10	Hang Seng is having a "Minsky Moment" while the SET may be going through a "Blumont Impact"
4/10	This is why the Stock Market's rally may be about to end
21/9	3 stories that may come in-play along with Oil price latest move

Note: The comments and views in this section are those of the Trading Desk team and do not necessarily coincide with the views of the Fundamental Equities Research team.



China Sunsine Chemical Holdings

(CSSC SP/CHSN.SI)

BUY

Price as of 25 Oct 2017	0.965
12M target price (S\$)	1.390
Previous target price (S\$)	na
Upside, incl. div (%)	46.7

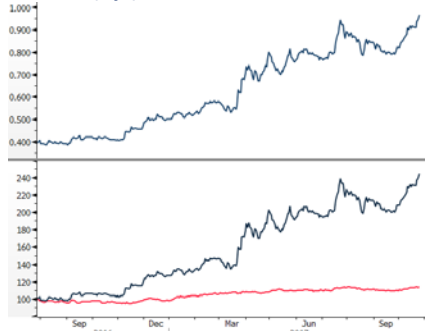
Trading data

Mkt Cap (S\$m) / (US\$m)	474 / 349
Issued Shares (m)	492
Ave Daily Traded (3-Month) Vol / Val	1.0m / \$0.9m
52 week lo / hi	\$0.39 / \$0.99
Free Float	38.7%

Major Shareholders

Success More Group	59.7%
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CSSC SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

Deep-Value; Robust Growth; Solid-Moat

Event

We were recently hosted by management on a site visit to China Sunsine's plants in Shanxian and Dingtao in Shandong Province, China. Sunsine is a leading producer of rubber accelerators and is riding on the uptrend in rubber tyre consumption.

Impact

Early investments towards environmental protection helped placed Sunsine ahead of the competition. Increasing environmental pressures by authorities have impacted total production of rubber chemicals in China, leading to declines in total output of rubber accelerators and anti-oxidants as productions from non-compliant firms were stopped or shut down. Sunsine, on the other hand, has **seen minimal impact to its production output** due to early infrastructure investment to adhere to stringent environmental standards.

Building a solid moat through its competitive strengths. Sunsine has several competitive advantages that would help sustain its leading position in its competitive market from our observations. These include **large untapped land** which could facilitate further expansion in production capacity and **strong engineering capabilities** needed not only to boost productivity yield but also necessary to minimise safety incident risks in the rubber chemical facilities. Given its large land use that it has, Sunsine could ramp up production capacity in rubber accelerators and insoluble sulphur to 150,000 tons (72% increase from current capacity) and 70,000 tons (250% increase from current), according to the management.

Valuation & Action

We like Sunsine for its robust growth potential and its competitive strengths that could sustain its long-term growth potential. We recommend a BUY on the stock and ascribe a fair value of S\$1.39, pegged to 10x FY18F P/E. Note that the implied P/E multiple is still well below that of its peer, Yanggu Huatai (300121 CH), which is trading at 18x forward P/E, as well as that of other tire manufacturers on a simple average basis.

Risks

Mainly regulatory risks in China; slowdown in rubber tyre consumption.

Financials & Key Operating Statistics

YE Dec RMB mn	2015	2016	2017F	2018F	2019F
Revenue	1,859	2,037	2,606	2,868	3,108
PATMI	195	222	299	329	358
Core PATMI	190	222	299	329	358
Core EPS (RMB cents)	40.88	47.66	62.95	68.15	74.10
Core EPS grth (%)	(13.6)	16.6	32.1	8.3	8.7
Core P/E (x)	11.6	9.9	7.5	6.9	6.4
DPS (SGD cents)	1.00	1.50	2.60	2.80	3.00
Div Yield (%)	1.0	1.6	2.7	2.9	3.1
Net Margin (%)	10.5	10.9	11.5	11.5	11.5
Price / Book (x)	1.9	1.6	1.3	1.2	1.0
ROE (%)	17.9	17.5	19.5	18.0	17.0

Source: Company Data, KGI Research

Production facilities

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
FINANCIALS								
DBS SP	DBS	22.35	57,163	0.7%	32.9%	3.0%	2.9%	3.1%
OCBC SP	OCBC	11.57	48,469	0.2%	34.1%	1.1%	3.2%	3.4%
UOB SP	UOB	24.80	41,238	0.8%	25.3%	1.9%	2.9%	3.1%
SGX SP	SGX	7.61	8,151	0.5%	9.6%	(0.9%)	4.0%	4.2%
PROPERTIES								
AREIT SP	Ascendas REIT	2.74	7,907	0.4%	24.6%	0.7%	5.8%	6.0%
CAPL SP	CapitaLand	3.73	15,842	0.3%	26.9%	0.3%	2.7%	2.8%
CCT SP	CapitaLand Comm Trust	1.69	5,367	0.9%	24.4%	1.8%	5.2%	5.2%
CT SP	CapitaLand Mall Trust	2.02	7,163	0.9%	13.3%	(0.1%)	5.4%	5.4%
CIT SP	City Development	12.82	11,657	1.2%	57.1%	(1.4%)	1.2%	1.2%
GLP SP	Global Logistic	3.29	15,454	0.0%	52.3%	0.0%	1.9%	2.0%
HKL SP	Hongkong Land USD	7.36	23,559	(1.5%)	19.4%	(3.5%)	2.7%	2.8%
UOL SP	UOL	8.90	7,489	0.3%	51.7%	(0.9%)	1.7%	1.7%
TELECOMMUNICATIONS								
ST SP	SingTel	3.76	61,398	0.8%	5.9%	0.0%	5.3%	4.9%
STH SP	StarHub	2.66	4,599	0.0%	(0.7%)	(0.7%)	6.0%	5.9%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	39.55	15,632	(0.2%)	(1.8%)	(2.1%)	2.8%	2.9%
JM SP	Jardine Matheson USD	65.00	64,220	0.7%	20.4%	(3.0%)	2.4%	2.5%
GENS SP	Genting Singapore	1.25	15,032	4.2%	41.8%	4.6%	2.4%	2.5%
SPH SP	SPH	2.69	4,300	(0.4%)	(22.4%)	0.0%	5.5%	5.4%
THBEV SP	ThaiBev	0.97	24,357	0.5%	17.3%	1.0%	3.0%	3.2%
TRANSPORT								
SIA SP	Singapore Airlines	10.22	12,085	0.1%	6.8%	0.2%	2.4%	2.3%
CD SP	ComfortDelGro	2.00	4,327	0.0%	(15.6%)	(1.0%)	5.3%	5.5%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,967	(1.3%)	(7.7%)	1.3%	1.7%	2.4%
WIL SP	Wilmar	3.34	21,126	0.3%	(5.0%)	0.3%	2.2%	2.8%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.40	13,415	(0.7%)	31.7%	5.4%	2.7%	3.2%
SCI SP	Sembcorp Industries	3.27	5,835	0.0%	17.4%	2.8%	2.4%	3.0%
YZJSGD SP	Yangzijiang SGD	1.53	6,052	(0.3%)	93.3%	(0.3%)	3.0%	2.8%
SATS SP	SATS	4.68	5,238	1.1%	(1.4%)	1.5%	3.7%	3.9%
SIE SP	SIA Engineering	3.23	3,612	0.0%	(0.7%)	0.6%	4.1%	4.3%
STE SP	ST Engineering	3.46	10,781	0.9%	11.5%	3.0%	4.3%	4.5%
HPHT SP	HPH Trust USD	0.44	5,215	0.0%	9.6%	(2.2%)	6.3%	6.5%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: 30 November 2017

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
SUN SP	Suntec REIT	1.93	5,113	0.0%	22.0%	1.0%	5.1%	5.1%
MCT SP	Mapletree Commercial	1.58	4,547	(0.6%)	18.3%	1.9%	5.6%	5.6%
VMS SP	Venture Corp	18.58	5,281	0.4%	95.5%	1.6%	2.9%	2.9%
SIE SP	SIA Engineering	3.23	3,612	0.0%	(0.7%)	0.6%	4.1%	4.3%
KREIT SP	Keppel REIT	1.19	3,976	0.0%	22.4%	1.6%	5.1%	5.1%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 26 Oct 17	Yield (%)
Frasers Commercial Trust	20-Oct-17	FY17	SGD 0.02407	27-Oct-17	31-Oct-17	29-Nov-17	SGD 1.425	1.7
Sabana Shari'ah Compliant Industrial	23-Oct-17	3Q17	SGD 0.0079	27-Oct-17	31-Oct-17	28-Nov-17	SGD 0.470	1.7
800 Super Hldgs	24-Aug-17	FY17	SGD 0.0300	30-Oct-17	1-Nov-17	10-Nov-17	SGD 1.235	2.4
Cache Logistics Trust	24-Oct-17	3Q17	SGD 0.01541	30-Oct-17	1-Nov-17	28-Nov-17	SGD 0.840	1.8
Mapletree Industrial Trust	24-Oct-17	2Q18	SGD 0.03000	30-Oct-17	1-Nov-17	28-Nov-17	SGD 1.970	1.5
Cordlife Group	29-Aug-17	FY17	SGD 0.0050	31-Oct-17	2-Nov-17	17-Nov-17	SGD 0.805	0.6
Frasers Centrepoint Trust	25-Oct-16	FY17	SGD 0.02970	31-Oct-17	2-Nov-17	29-Nov-17	SGD 2.190	1.4
Koda Ltd	29-Aug-17	FY17	SGD 0.0100	31-Oct-17	2-Nov-17	22-Nov-17	SGD 1.750	0.6
Koda Ltd - Special	29-Aug-17	FY17	SGD 0.0200	31-Oct-17	2-Nov-17	22-Nov-17	SGD 1.750	1.1
PCI	28-Aug-17	FY17	SGD 0.0300	31-Oct-17	2-Nov-17	13-Nov-17	SGD 0.770	3.9
PCI - Special	28-Aug-17	FY17	SGD 0.0050	31-Oct-17	2-Nov-17	13-Nov-17	SGD 0.770	0.6
Spindex Industries	21-Aug-17	FY17	SGD 0.0300	31-Oct-17	2-Nov-17	16-Nov-17	SGD 1.105	2.7

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
Z-Obee Holdings	2 offer shares @ US\$0.16 (equivalent to approximately HK\$1.248) per offer share for every 5 consolidated shares held		27-Oct-17 at 5.00 p.m.	Delisting from SGX: 28-Nov-17	

Source: SGX Announcement

Latest Bonus & Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Koda	1 Bonus share for every 1 existing shares held	31-Oct-17	2-Nov-17		
UMS Holdings	1 Bonus share for every 4 existing shares held	24-Oct-17	26-Oct-17	-	-

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
BRC Asia	SGD 0.925 Cash	5.30 p.m. on 30 Oct 2017	Estee Enterprise Pte. Ltd.
CWT	SGD 2.33 Cash	5.30 p.m. on 2 Nov 2017	HNA Belt and Road Invts (Spore) Pte. Ltd.
GP Batteries International	SGD 1.30 Cash	5.30 p.m. on 3 Nov 2017	GP Industries Limited
Lafe Corporation	SGD 0.90 Cash	5.30 p.m. on 30 Oct 2017	Sino Capital Resources Ltd
Poh Tiong Choon Logistics	SGD 1.30 Cash	5.30 p.m. on 20 Nov 2017	Respond Logistics Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday		Tuesday		Wednesday		Thursday		Friday	
	23-Oct		24-Oct		25-Oct		26-Oct		27-Oct
SG (Sep 2017): CPI Q2: Mapletree Logistics Trust Q3: CapitaLand Retail China Trust / First REIT / Sabana Shari'ah Compliant		Q2: Mapletree Industrial Trust Q3: Ascott Residence Trust / Cache Logistics Trust / Great Eastern Hldgs		Q1: Spore Exchange Q2: Ascendas India Trust / Mapletree Commercial Trust Q4: Frasers Centrepoint Trust		SG (3Q17): Industrial Properties Q2: AIMS AMP Capital Industrial REIT Q3: OCBC (Before mkt open) / Tuan Sing Hldgs		SG (Sep 2017): Unemployment Rate & Employment SG: 3Q17 Qtrly Property Mkt Updates Q1: Starhill Global REIT Q2: Yoma Strategic Hldgs Q3: CDL Hospitality Trusts / iFAST Corp (Release on Sat, 28-Oct) / Suntec REIT / Viva Industrial Trust Q4: Frasers Hospitality Trust *Q4: Falcon Energy (Release on Sun, 29-Oct)	
	30-Oct		31-Oct		1-Nov		2-Nov	3-Nov-17	
Q1: Micro-Mechanics Hldgs Q2: Ascendas REIT Q3: Hutchison Port Hldgs Trust / Raffles Medical Grp / Roxy-Pacific Q4: Second Chance Properties		Q3: Sembcorp Marine Q4: Yorkshire Hldgs *Q3: Tianjin ZhongXin Pharmaceutical Grp		Q3: OUE Hospitality Trust		Q3: China Aviation Oil / Far East Hospitality Trust / Lippo Malls Indonesia Retail Trust / OUE Commercial REIT / Sembcorp Industries / StarHub Q4: Frasers Logistics & Industrial Trust		Q2: SIA Engrg Co Q3: Challenger Technologies / Manulife US REIT / UOB (Before mkt) *Q3: Venture Corp	
	6-Nov		7-Nov		8-Nov		9-Nov		10-Nov
Q2: Ascendas Hospitality Trust Q3: BreadTalk Grp / DBS (Before mkt open) / Genting Spore PLC		Q2: Hi-P Int'l / RHT Health Trust / Spore Airlines Q3: BHG Retail REIT / Perennial Real Estate Hldgs		Q3: CapitaLand / Vicom *Q2: Meghmani Organics		Q2: SATS Q3: City Devpts / Ho Bee Land / Parkway Life REIT / SBS Transit / Thakral Corp / Trendlines Grp		Q2: Global Logistic Properties Q3: ComfortDelGro Corp / IFS Capital / Mewah Int'l Inc / Vard Hldgs Q4: Frasers Centrepoint *Q3: Sarine Technologies (Release on Sun, 12-Nov)	
	13-Nov		14-Nov		15-Nov		16-Nov		17-Nov
Q2: Accordia Golf Trust / Foreland Fabrictech Hldgs Q3: Amara Hldgs / Asian Pay Television Trust / Wilmar Int'l		Q1: ASL Marine Hldgs Q2: Serrano / Shanghai Turbo Enterprise Q3: Straco Corp *Q3: China Sports Int'l							
	20-Nov		21-Nov		22-Nov		23-Nov		24-Nov
						SG (Oct 2017): CPI		SG: 3Q17 GDP (Not later than 24 Nov)	

* Tentative

Source: Bloomberg

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