

## Market Indicators

	4-Oct	5-Oct	6-Oct
Mkt. T/O (S\$ mil)	980.1	943.3	1,307.7
Stock Advances	238	261	277
Stock Declines	182	155	182

## Major Indices

	4-Oct	5-Oct	6-Oct
DJ Ind Avg	22,661.6	22,775.4	22,773.7
S & P 500	2,537.7	2,552.1	2,549.3
Nasdaq Comp	6,534.6	6,585.4	6,590.2
Hang Seng	28,379.2	Closed	28,458.0

**STI Index** 3,291.29 (+0.90%)



Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,276.94	0.67%
Oil (NYMEX CWT1) US\$ / bbl	49.42	-2.33%
Baltic Dry Index	1405	1.66%

## Exchange Rates



USD : SGD 1.3648 / MYR : SGD 3.1008

Source: Bloomberg

## Interest Rates

3-mth Sibor	1.124%
SGS (10 yr)	2.121%

KGI Securities Research Team

## Market Colour

The Dow Jones Industrial Average logged its 46<sup>th</sup> record close of 2017 in last week's trade. The S&P 500 registered 43 all-time closing highs so far this year, and its longest streak of record closes, six in a row, in about 20 years. Meanwhile, the Nasdaq Composite Index has put in 55 record finishes so far this year. This week, markets will start to get a better sense of whether record levels are justified in the fundamentals, when third-quarter earnings season begins. U.S. banking stocks including J.P. Morgan Chase and Citigroup will kick off earnings season on Thursday. On Friday, Bank of America and Wells Fargo will report their quarterly results. The likelihood of a Fed hike in December has increased above 90% - higher rates are beneficial to the overall business model of banks.

## Company Update

➤ **China Sunshin Chemical Holdings (CSCC SP; Not Rated):** Riding high on favourable supply-demand dynamics - Page 2

## News

**Singapore property market:** Singapore's real estate sector continued to display signs of a turnaround last week. The URA released the Q3 2017 flash estimate of the private residential property price index, which showed a rebound for the first time in four years that some have described as a key inflection point marking the end of the Singapore housing bear market. Flash estimates for Q3 2017 showed that the private property index rose 0.5% in Q3, compared to a previous quarter which experienced a 0.1% drop. Broken down by region, the prices of private condominiums and apartments increased by 0.2% in Core Central Region (or city area), compared to the 0.5% fall in the previous quarter. The flash estimates are compiled based on transaction prices given in contracts submitted for stamp duty payment and data on units sold by developers up till mid-September. The statistics will be updated on Oct 27, when the URA releases its full set of real estate statistics for the third quarter.

Among the most active movers in the market last week were property developer stocks. City Developments Limited (CDL) and UOL Group enjoyed a bump in share price and trading activity on Friday, driven by a buoyant en bloc market. On Friday, CDL hit a high of S\$11.68 before closing at S\$11.60, up 1.67% from Thursday, with about 5.6 million shares worth S\$65.3 million changing hands. UOL rose as much as 4.3% to close at S\$8.55 on Friday.

**GLP:** The offeror is aiming to take the company private by April 14, 2018 after receiving in-principle approval from SGX. Both companies intend to dispatch the scheme document by Dec 1, 2017. If the scheme is successful, shareholders will receive S\$3.38 in cash per share and GLP will be delisted from the SGX. Potential replacement for GLP in the STI index includes Suntec REIT, Mapletree Commercial, Venture, SIA Engineering and Keppel REIT.

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

## Commentaries From The Trading Desk

4/10	<a href="#">This is why the Stock Market's rally may be about to end</a>
21/9	<a href="#">3 stories that may come in-play along with Oil price latest move</a>
21/9	<a href="#">Beginnings of Normalisation</a>

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 Sunshin Chemical Holdings

## (CSSC SP/CHSN.SI)

### Not Rated

Price as of 5 Oct 2017	0.850
12M target price (S\$)	na
Previous target price (S\$)	na
Upside, incl. div (%)	na

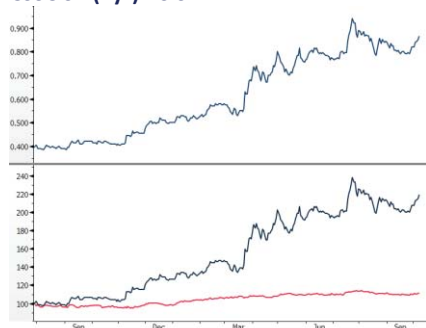
### Trading data

Mkt Cap (S\$m) / (US\$m)	418 / 307
Issued Shares (m)	492
Ave Daily Traded (3-Month) Vol / Val	1.3m / \$1.1m
52 week lo / hi	\$0.39 / \$0.95
Free Float	38.7%

### Major Shareholders

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



Source: Bloomberg

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See the last page for important disclosures.

## Riding high on favourable supply-demand dynamics

### Event

Average selling prices (ASP) of rubber accelerators – a chemical essential for the production of rubber tyres – have reportedly escalated to high levels due to limited supply in Shandong area – one of the key provinces for major production of rubber chemicals in China.

China Sunshin, a leading producer of rubber accelerators in China, is expected to benefit from favourable demand-supply dynamics amid ongoing environmental scrutiny from authorities that have impacted production of rubber chemicals from other players that have not met stringent environmental regulations. Sunshin serves over 1,000 customers globally, of which many are among the top tyre makers including Bridgestone and Michelin.

### Impact

**Escalating rubber accelerator prices could lead to higher margins.** ASP of accelerator CBS (CZ) have rose from about RMB 20,000 – 20,500 per ton at the start of the year to RMB 28,000 – 29,000 per ton in September, representing an increase of over 40%. The price surge was due to supply shortage as competitors' productions were shut down as a result of the authorities enforcing strict environmental standards to curb pollution. Faced with the tight supply situation, Sunshin would benefit from higher ASP and greater demand for accelerators.

**Expanding production capacity to meet growing demand in rubber accelerators.** Since its listing on SGX, Sunshin has expanded its production capacity in accelerators from 32,000 tons in 2007 to 97,000 tons currently and could add another 20,000 tons with the completion of phase 2 of its new 30,000-ton capacity Shanxian plant in the near future. With increasing market share in accelerators, both domestically and internationally, Sunshin is expected to gain further traction in sales growth.

### Valuation & Action

Sunshin is trading at a FY17F P/E of 8.0x and operates in a net cash position with zero gearing. Compared to its Shenzhen-listed competitor, Yanggu Huatai (300121 CH), which is trading at 21x forward P/E, we opined that Sunshin is deeply undervalued and should trade closer to its peer's valuation.

### Risks

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

### Financials & Key Operating Statistics

YE Dec RMB mn	2014	2015	2016
Revenue	2,077	1,859	2,037
PATMI	220	195	222
Core PATMI	220	195	222
Core EPS (RMB cents)	47.31	41.92	47.66
Core EPS grth (%)	187.0	(11.4)	13.7
Core P/E (x)	8.8	9.9	8.7
DPS (SGD cents)	1.00	1.00	1.50
Div Yield (%)	1.2	1.2	1.8
Net Margin (%)	10.6	10.5	10.9
Gearing (%)	20.3	11.0	0.0
Price / Book (x)	1.9	1.6	1.4
ROE (%)	24.1	17.9	17.5

Source: Company Data, KGI Research

**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 (%)
<b>FINANCIALS</b>								
DBS SP	DBS	21.50	54,989	0.8%	27.8%	3.3%	3.0%	3.2%
OCBC SP	OCBC	11.37	47,631	1.1%	31.8%	1.9%	3.2%	3.4%
UOB SP	UOB	24.36	40,502	1.5%	23.1%	3.7%	3.0%	3.1%
SGX SP	SGX	7.62	8,162	1.7%	9.7%	3.1%	4.0%	4.2%
<b>PROPERTIES</b>								
AREIT SP	Ascendas REIT	2.69	7,763	0.7%	22.3%	1.1%	5.9%	6.1%
CAPL SP	CapitaLand	3.69	15,672	(0.3%)	25.5%	3.1%	2.8%	2.9%
CCT SP	CapitaLand Comm Trust	1.64	5,210	(0.9%)	20.8%	(0.9%)	5.3%	5.3%
CT SP	CapitaLand Mall Trust	2.02	7,163	(0.5%)	11.7%	1.0%	5.5%	5.5%
CIT SP	City Development	11.60	10,548	1.7%	42.2%	2.4%	1.3%	1.3%
GLP SP	Global Logistic	3.30	15,501	(0.3%)	52.8%	0.0%	1.9%	2.0%
HKL SP	Hongkong Land USD	7.36	23,663	0.8%	19.4%	2.2%	2.7%	2.8%
UOL SP	UOL	8.55	7,190	4.3%	45.7%	5.3%	1.8%	1.8%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.68	60,091	0.0%	3.6%	0.0%	5.4%	5.0%
STH SP	StarHub	2.63	4,547	0.0%	(1.9%)	1.2%	6.1%	5.9%
<b>CONSUMER SERVICES AND GOODS</b>								
JCNC SP	Jardine C&C	40.82	16,134	0.9%	1.3%	3.8%	2.7%	3.0%
JM SP	Jardine Matheson USD	65.67	64,888	2.3%	21.7%	3.6%	2.4%	2.5%
GENS SP	Genting Singapore	1.21	14,551	0.4%	37.3%	3.4%	2.5%	2.6%
SPH SP	SPH	2.72	4,348	1.5%	(21.6%)	0.0%	6.0%	5.8%
THBEV SP	ThaiBev	0.92	22,976	0.0%	10.7%	1.7%	3.2%	3.4%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	10.28	12,156	0.9%	7.4%	2.4%	2.4%	2.3%
CD SP	ComfortDelGro	2.00	4,326	0.8%	(15.6%)	(3.8%)	5.3%	5.5%
<b>COMMODITIES</b>								
GGR SP	Golden Agri	0.38	4,776	(1.3%)	(11.3%)	0.0%	1.8%	2.6%
WIL SP	Wilmar	3.32	20,999	0.9%	(5.6%)	4.4%	2.3%	2.8%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	6.68	12,110	1.4%	18.9%	2.9%	3.1%	3.6%
SCI SP	Sembcorp Industries	3.02	5,389	1.3%	8.4%	2.0%	2.6%	3.2%
YZJSGD SP	Yangzijiang SGD	1.49	5,914	2.1%	88.9%	4.2%	3.0%	2.9%
SATS SP	SATS	4.67	5,227	0.6%	(1.6%)	1.3%	3.7%	3.9%
SIE SP	SIA Engineering	3.19	3,569	(0.9%)	(1.9%)	(8.6%)	4.4%	4.4%
STE SP	ST Engineering	3.39	10,562	(0.3%)	9.2%	(1.5%)	4.4%	4.6%
HPHT SP	HPH Trust USD	0.44	5,178	0.0%	8.4%	1.2%	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	1.89	4,994	0.3%	19.1%	1.1%	5.3%	5.2%
MCT SP	Mapletree Commercial	1.54	4,431	0.0%	15.3%	1.3%	5.8%	5.8%
VMS SP	Venture Corp	18.45	5,229	(0.8%)	94.2%	4.6%	2.9%	2.9%
SIE SP	SIA Engineering	3.19	3,569	(0.9%)	(1.9%)	(8.6%)	4.4%	4.4%
KREIT SP	Keppel REIT	1.18	3,959	0.4%	20.4%	0.0%	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 6-Oct-17	Yield (%)
HC Surgical Specialists Ltd	20-Jul-17	FY17	SGD 0.0070	<b>2-Oct-17</b>	4-Oct-17	17-Oct-17	SGD 0.670	1.0
Lian Beng Group Ltd	26-Jul-17	FY17	SGD 0.0125	<b>3-Oct-17</b>	5-Oct-17	13-Oct-17	SGD 0.660	1.9
shopper360	27-Jul-17	FY17	SGD 0.0030	<b>3-Oct-17</b>	5-Oct-17	13-Oct-17	SGD 0.275	1.1
TLV Holdings Ltd	26-May-17	FY17	SGD 0.00155	<b>3-Oct-17</b>	5-Oct-17	17-Oct-17	SGD 0.091	1.7
New Toyo International Holdings Ltd	10-Aug-17	2Q17	SGD 0.0060	<b>6-Oct-17</b>	10-Oct-17	19-Oct-17	SGD 0.265	2.3
United Overseas Australia	29-Aug-17	1H17	<b>AUD</b> 0.0050	<b>10-Oct-17</b>	11-Oct-17	6-Nov-17	SGD 0.660	0.8
Cordlife Group	29-Aug-17	FY17	SGD 0.0050	<b>24-Oct-17</b>	26-Oct-17	10-Nov-17	SGD 0.825	0.6
Karin Technology Hldgs	25-Aug-17	FY17	<b>HKD</b> 0.0980	<b>24-Oct-17</b>	26-Oct-17	16-Nov-17	SGD 0.315	1.7
Ryobi Kiso Hldgs	23-Aug-17	FY17	SGD 0.0040	<b>24-Oct-17</b>	26-Oct-17	8-Nov-17	SGD 0.190	2.1
k1 Ventures Ltd	1-Aug-17	FY17	SGD 0.0650	<b>25-Oct-17</b>	27-Oct-17	8-Nov-17	SGD 0.820	7.9
Ellipsiz	21-Aug-17	FY17	SGD 0.0200	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.830	2.4
Ellipsiz - Special	21-Aug-17	FY17	SGD 0.0450	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.830	5.4
GL	25-Aug-17	FY17	SGD 0.0220	<b>26-Oct-17</b>	30-Oct-17	20-Nov-17	SGD 0.850	2.6
GuocoLand	27-Aug-17	FY17	SGD 0.0700	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 2.310	3.0
Sin Ghee Huat Corp Ltd	18-Aug-17	FY17	SGD 0.0020	<b>26-Oct-17</b>	30-Oct-17	15-Nov-17	SGD 0.210	1.0
PCI	28-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.675	4.4
PCI - Special	28-Aug-17	FY17	SGD 0.0050	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.675	0.7
Spindex Industries	21-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	16-Nov-17	SGD 1.110	2.7

**Latest Rights Issue Announcement**

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
China Medical (Int'l) Grp	3 Rts Shares @ S\$0.001 for each Rights Share for every 1 existing ord share held, 1 free detachable warrant (exercise price S\$0.001) for 1 Rights shares subscribed	29-Sep-17	3-Oct-17	<b>6-Oct-17</b>	<b>16-Oct-17</b>
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.	<b>Delisting from SGX: 28-Nov-17</b>	

Source: SGX Announcement

China Medical (Int'l) Grp: Expected date for the listing and commencement of trading of Warrants: 1 November 2017 from 9.00 a.m.

**Latest Listing Issue Announcement**

Company	Offer Price	Closing Date	Offeror
Blumont Group	SGD 0.000182 Cash	5.30 p.m. on 12 Oct 2017	Ultimate Horizon Pte. Ltd.
BRC Asia	SGD 0.925 Cash	5.30 p.m. on 30 Oct 2017	Esteele Enterprise Pte. Ltd.
CWT	SGD 2.33 Cash	5.30 p.m. on 2 Nov 2017	HNA Belt and Road Invts (Spore) Pte. Ltd.
Lafe Corporation Ltd	SGD 0.90 Cash	5.30 p.m. on 16 Oct 2017	Sino Capital Resources Ltd
Mary Chia Holdings Ltd	SGD 0.111 Cash	5.30 p.m. on 6 Oct 2017	Suki Sushi Pte. Ltd.

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday		Tuesday		Wednesday		Thursday		Friday	
	9-Oct		10-Oct		11-Oct		12-Oct		13-Oct
Q4: SPH REIT				Q4: Spore Press Hldgs				SG: 3Q17 Advance GDP Estimates @ 8 a.m.  Q3: Soilbuild Business Space REIT	
	16-Oct		17-Oct		18-Oct		19-Oct		20-Oct
Q3: Keppel DC REIT / Keppel Infrastructure Trust / M1		Q3: Keppel REIT / Keppel Telecoms & Tpt / Qian Hu Corp				Q3: Keppel Corp		Q2: Mapletree Greater China Commercial Trust Q3: Utd Overseas Insurance Q4: EMAS Offshore / Frasers Commercial Trust	
	23-Oct		24-Oct		25-Oct		26-Oct		27-Oct
SG (Sep 2017): CPI		Q2: Mapletree Industrial Trust  Q3: Cache Logistics Trust		Q1: Spore Exchange Q2: Mapletree Commercial Trust Q4: Frasers Centrepoint Trust  *Q4: Frasers Centrepoint		SG (3Q17): Industrial Properties  Q3: OCBC (Before mkt open)		SG (Sep 2017): Unemployment Rate & Employment SG: 3Q17 Qtly Property Mkt Updates  Q3: CDL Hospitality Trusts Q4: Frasers Hospitality Trust  *Q3: Tuan Sing Hldgs *Q4: Falcon Energy (Release on Sun, 29-Oct)	
	30-Oct		31-Oct		1-Nov		2-Nov		3-Nov-17
		Q3: Sembcorp Marine  Q4: Yorkshire Hldgs				Q3: China Aviation Oil / Sembcorp Industries Q4: Frasers Logistics & Industrial Trust		Q3: Genting Spore PLC / UOB (Before mkt open)  *Q3: Venture Corp	
	6-Nov		7-Nov		8-Nov		9-Nov		10-Nov

\* Tentative

Source: Bloomberg

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