

STRATEGY – SINGAPORE

Small-Mid Cap

Small Mid Cap Stocks Are The Biggest Winners Of MAS' S\$1.1b Distribution

On 21 Jul 25, the MAS announced that it has appointed the first three asset managers under the EQDP and will place S\$1.1b with them. The funds were selected because they have committed significant allocation to small mid cap stocks. As a result, small mid cap stocks appear to be the biggest winners of this programme. Our top picks include Food Empire, UMS, Frencken, Valuetronics, Oiltek, Propnex, Marco Polo Marine, Lum Chang Creations, CSE and Sheng Siong.

WHAT'S NEW

- MAS appoints first batch of EQDP managers with S\$1.1b initial investment sum; small mid cap stocks are the biggest beneficiaries.** On 21 July 25, the Monetary Authority of Singapore (MAS) announced the appointment of the first batch of asset managers under the S\$5 billion Equity Market Development Programme (EQDP). MAS will place an initial amount of S\$1.1b for management with these appointed managers. The key selection criteria of the fund managers are their strategies that focus on improving liquidity and broadening participation in Singapore equities, with significant allocation to small mid cap stocks. As a result, we think small mid cap stocks in Singapore will be the biggest beneficiaries of this measure.
- Expect more positive measures that could drive further valuation re-ratings.** The Review Group continues to review other initiatives to enhance Singapore's equities market. These include measures to uplift companies' shareholder engagement capabilities, strengthen the value proposition and attractiveness of Catalist board, enhance market-making mechanisms to promote deeper liquidity and price discovery, reduce board lot sizes to facilitate wider retail investor access, enhance efficiency of post-trade custody arrangements, and develop cross-border partnerships.
- Our top picks in the small mid cap space include:** a) **Food Empire** (strong earnings growth for 2025 from passing on of higher coffee prices and more strategic initiatives from Ikhlas Capital, b) **UMS** (healthy 2025 earnings growth driven by ramping up of new customer orders and valuation re-rating from dual listing exercise), c) **Frencken** (healthy earnings growth from higher demand semiconductor segment and laggard valuation vs peers), d) **Valuetronics** (new customers' contributions, attractive dividend yield of around 5.9%, net cash of around 53% of market cap), e) **Oiltek** (strong earnings growth from huge contract wins and valuation re-rating from dual listing exercise), f) **Propnex** (beneficiary of tailwinds in the residential property industry), g) **Marco Polo Marine** (earnings boost from its new fleet of vessels and shipyard expansion), h) **Lum Chang Creations** (strong earnings growth for 2025 from robust orderbook and more contract wins for conservation works), i) **CSE** (strong earnings growth for 2025 and more contract wins in the data centre space), and j) **Sheng Siong** (more revenue contribution from record-high levels of store expansions in 2025).

TOP SMALL MID CAP PICKS

Company	Rec	Target Price (\$)	Share Price (\$)	% Upside
Food Empire	BUY	2.4	2.29	4.8
UMS	BUY	1.73	1.47	17.7
Frencken	BUY	1.40	1.59	(11.9)
Valuetronics	BUY	0.83	0.785	5.7
Oiltek	BUY	0.86	0.805	6.8
Propnex	BUY	1.35	1.38	(2.2)
Marco Polo Marine	BUY	0.066	0.055	20.0
Lum Chang Creations	BUY	0.39	0.36	8.3
CSE Global	BUY	0.61	0.625	(2.4)
Sheng Siong	BUY	1.97	2.12	(7.1)

Source: Bloomberg, UOB Kay Hian

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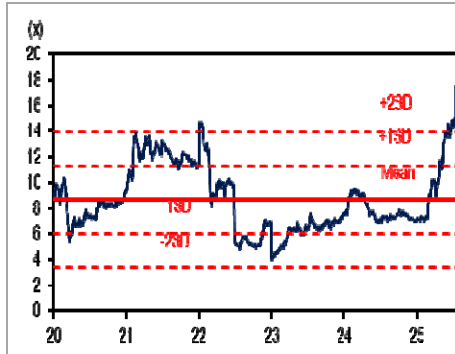
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VALUATION OVERVIEW

Company	Ticker	Rec	Price @ 22 Jul 25 (lcy)	Target Price (lcy)	Upside/ (Downside) to TP (%)	Market Cap (US\$m)	PE 2024 (x)	PE 2025 (x)	PE 2026 (x)	P/B 2025 (x)	P/B 2026 (x)	ROE 2025 (%)	Yield 2025 (%)
Food Empire	FEH SP	BUY	2.29	2.4	4.8	944	17.9	17.4	16.2	3.0	2.7	17.2	3.3
UMS	UMSH SP	BUY	1.47	1.73	17.7	815	25.6	22.1	19.5	2.4	2.3	11.2	3.4
Frencken	FRKN SP	BUY	1.59	1.40	(11.9)	530	18.3	17.1	16.1	1.5	1.4	8.9	1.8
Valuetronics	VALUE SP	BUY	0.785	0.83	5.7	248	11.6	11.0	10.5	1.3	1.2	11.7	5.9
Oiltek	OTEK SP	BUY	0.805	0.86	6.8	269	38.5	33.5	27.2	14.5	15.3	41.7	3.9
Propnex	PROP SP	BUY	1.38	1.35	(2.2)	797	25.0	19.1	18.1	7.6	7.0	41.4	4.3
Marco Polo Marine	MPM SP	BUY	0.055	0.066	20.0	161	9.2	7.9	6.5	1.0	0.9	13.4	3.6
Lum Chang Creations	LUCC SP	BUY	0.36	0.39	8.3	88	n.a.	9.8	8.8	6.9	4.5	77.4	3.0
CSE Global	CSE SP	BUY	0.625	0.61	(2.4)	349	16.0	11.2	10.8	1.6	1.5	14.1	3.8
Sheng Siong	SSG SP	BUY	2.12	1.97	(7.1)	2,487	23.2	21.2	20.4	5.5	5.1	27.0	3.3

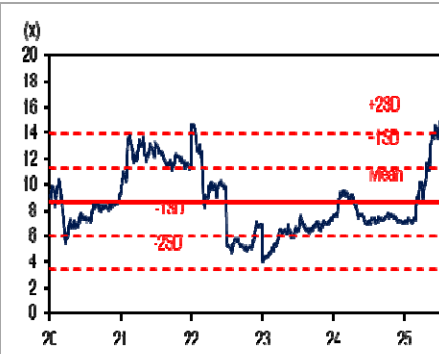
Source: Bloomberg, UOB Kay Hian

FOOD EMPIRE HOLDINGS



Source: FEH, UOB Kay Hian

UMS INTEGRATION



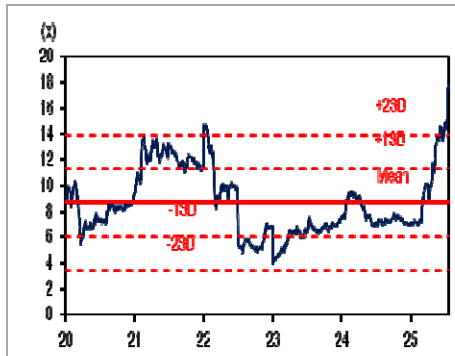
Source: UMS, UOB Kay Hian

FRENCKEN GROUP



Source: Frencken, UOB Kay Hian

VALUETRONICS HOLDINGS



Source: Valuetronics, UOB Kay Hian

OILTEK INTERNATIONAL



Source: Oiltek, UOB Kay Hian

PROPNECX



Source: Propnex, UOB Kay Hian

MARCO POLO MARINE



Source: MPM, UOB Kay Hian

CSE GLOBAL



Source: CSE, UOB Kay Hian

SHENG SIONG GROUP



Source: SSG, UOB Kay Hian

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