STRATEGY – SINGAPORE

Alpha Picks: Double Happiness Again In Aug 25; Add BRC and YZJSGD; Remove CD, CICT, PROP

Our Alpha Picks portfolio delivered another month of strong performance, rising 11.4% mom in Aug 25 to overwhelm the STI's 2.3% gain. On a market cap-weighted basis, the portfolio gained 3.2% mom, also ahead of the benchmark by 0.9ppt. For Sep 25, we add BRC for its construction exposure and YZJSGD for its new order flow and inexpensive valuations, while locking in gains on CICT, CD and PROP.

WHAT'S NEW

- **Market review.** Singapore equities continued their ascent in Aug 25, with the STI gaining 2.3% mom led by strong sector performances in telecoms (+10.1% mom), technology (+5.1% mom) and plantation (+4.2% mom). Globally, macroeconomic data was mixed, as US job growth slowed while inflation remained sticky, though GDP revisions showed modest strength. Local sentiment stayed buoyant, supported by the MAS' S$5b Equity Market Development Programme (EQDP), which continued to draw investor interest to under-owned small- and mid-cap names.
- **Double happiness.** Our Alpha Picks portfolio surged 11.4% mom on an equal-weighted basis, outperforming the STI by 9.1ppt and recording a second month of double-digit outperformance. On a market cap-weighted basis, the portfolio gained 3.2% mom, beating the STI by 0.9ppt. With 11 out of 14 stocks outside the STI, our strategy continues to benefit from targeted exposure to structural growth themes and rotational fund flows toward EQDP-eligible names.
- **PropNex, HLA, MPM and DFI led gains.** The outperformance was again driven by small- and mid-cap names. PropNex (+77.5% mom) led the gains, lifted by strong earnings and property market optimism while Hong Leong Asia (+56.7% mom) and Marco Polo Marine (+22.4% mom) rallied on construction and offshore sector strength respectively. DFI Retail (+5.7% mom) benefitted from signs of a sustained turnaround, while CSE Global (+7.9% mom) and China Sunsine (+5.0% mom) contributed positively on robust fundamentals. Although Frencken (-13.9% mom) and UMS (-9.2% mom) saw pullbacks due to tariff-related uncertainties, both remain in positive territory ytd.

ACTION

- **Changes to our portfolio.** For Sep 25, we introduce BRC Asia (BRC), which is expected to benefit from firm construction demand amid increased infrastructure spending, and YZJSGD which has seen recent new order wins and remains inexpensive on valuation. We take profit on CapitaLand Integrated Commercial Trust (CICT), ComfortDelGro (CD) and PropNex (PROP), following their recent price strengths. The revised portfolio remains tilted toward high-conviction small- and mid-cap names with visible earnings drivers.
- Our current portfolio includes BRC, CLAR, CSSC, CSE, DFI, FEH, FRKN, HLA, MPM, OCBC, UMS, VALUE and YZJSGD.

ANALYSTS' ALPHA* PICKS

Analyst	Company	Rec	Performance#	Catalyst
Adrian Loh	DFI Retail	BUY	34.5	Earnings uplift from higher-margin businesses.
Adrian Loh	Hong Leong Asia	BUY	47.0	Stronger-than-expected earnings.
Adrian Loh	Yangzijiang Shipbldg	BUY	n.a.	New order wins & contract execution
Heidi Mo	BRC Asia	BUY	n.a.	Strong order wins from firm domestic construction demand.
Heidi Mo	China Sunsine	BUY	35.5	Attractive valuation (1.3x ex-cash PE), strong volume outlook.
Heidi Mo	Marco Polo Marine	BUY	21.4	Strong 4QFY25 results on robust charter rates.
John Cheong	CSE Global	BUY	7.0	Robust and growing orderbook.
John Cheong	Food Empire Holdings	BUY	31.6	Expanding footprint in key markets.
John Cheong	Frencken	BUY	22.8	Improving sequential outlook.
John Cheong	UMS Integration	BUY	0.0	New customer order ramp-up.
John Cheong	Valuetronics	BUY	10.1	Strong earnings from higher customer orders.
Jonathan Koh	CL Ascendas REIT	BUY	0.7	Prime beneficiary of preferential tariffs.
Jonathan Koh	OCBC	BUY	36.2	Attractive yield; lower NIM risk exposure.

** Denotes a timeframe of 1-3 months and not UOB Kay Hian's usual 12-month investment horizon for stock recommendation*
 # Share price change since stock was selected as Alpha Pick
Source: UOB Kay Hian

KEY RECOMMENDATIONS

Company	Rec*	------- Price (S$) ------- 2 Sep	Target	Up/(down) to TP (%)
BRC Asia	BUY	4.02	3.29	(18.2)
CL Ascendas Reit	BUY	2.75	4.02	46.2
ChinaSunsine	BUY	0.745	0.75	0.7
CSE Global	BUY	0.69	0.85	23.2
DFIRG USD	BUY	3.20	4.3	34.4
Food Empire	BUY	2.29	2.73	19.2
Frencken	BUY	1.40	2.08	48.6
Hong Leong Asia	BUY	2.47	2.63	6.5
MarcoPolo Marine	BUY	0.068	0.088	29.4
O C B C	BUY	16.85	20.15	19.6
UMS	BUY	1.36	1.73	27.2
Valuetronics	BUY	0.765	0.83	8.5
YZJ ShipBldg SGD	BUY	3.07	3.45	12.4

** Rating may differ from UOB Kay Hian's fundamental view*
Source: UOB Kay Hian

CHANGE IN SHARE PRICE

Company	Rec	Aug-25 (%)	To date (%)
CL Ascendas Reit *	BUY	(2.2)	0.7
CapLand IntCom T *	BUY	6.8	15.2
ChinaSunsine	BUY	5.0	35.5
ComfortDelGro *	BUY	(2.7)	5.0
CSE Global *	BUY	7.9	7.0
DFIRG USD *	BUY	5.7	34.5
Food Empire	BUY	1.7	31.6
Frencken	BUY	(13.9)	22.8
Hong Leong Asia *	BUY	56.7	47.0
MarcoPolo Marine	BUY	22.4	21.4
O C B C *	BUY	1.7	36.2
PropNex *	BUY	77.5	123.4
UMS	BUY	(9.2)	0.0
Valuetronics	BUY	1.5	10.1
FSSTI		**2.3**	
UOBKH Portfolio		**11.4**	

** Adjusted for DPS for the monthly performance*
Source: UOB Kay Hian

PORTFOLIO RETURNS (%)

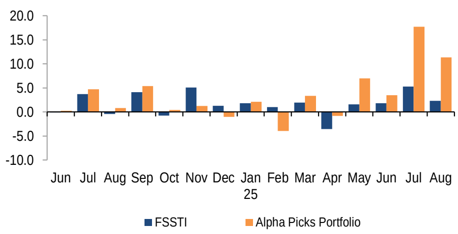
	4Q24	1Q25	2Q25	Jul-25	Aug-25
FSSTI return	5.6	4.9	-0.2	5.3	2.3
Alpha Picks Return					
- Price-weighted	4.3	-2.5	7.4	14.6	6.1
- Market cap-weighted	2.2	-0.3	0.4	6.0	3.2
- Equal-weighted	-0.1	-0.2	5.0	17.7	11.4

Assumptions for the 3 methodologies:
1) *Price-weighted: Assuming same number of shares for each stock; a higher share price will have a higher weighting.*
2) *Market cap-weighted: Weighting based on the market cap at inception date; higher market cap = higher weighting.*
3) *Equal-weighted: Assuming same investment amount for each stock; every stock will have the same weighting.*

Source: UOB Kay Hian

PORTFOLIO RETURNS IN THE PAST 15 MONTHS

(WE OUTPERFORMED THE FSSTI 12 OUT OF 15 MONTHS)



Source: Bloomberg, UOB Kay Hian

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DFI Retail – BUY (Adrian Loh)

- **Major turnaround in fortunes.** Indicative of the new management's focus on its strategy reset, DFI saw a huge turnaround in its 1H25 results as well as its balance sheet (reported late-Jul 25) with the company going from net debt of US$549m in 1H24 to net cash of US$443m. This was due to the sale of Yonghui (China) and Robinsons Retail (Philippines) with the company rewarding shareholders with a special DPS of US$0.443 plus an interim DPS of US$0.035.
- **Still positioned for growth in 2025.** After announcing its 1H25 results, DFI's management raised its underlying profit guidance to US$250m-270m (previously US$230m-270m), implying a yoy earnings growth of 19% to 34%.
- **We maintain our BUY rating with a PE-based target price of US$4.30** using a target PE multiple of 22.7x which is 0.5SD below DFI’s average 10-year PE multiple excluding the COVID-19 years of 2021-23 (previously 1SD below average). We highlight that DFI’s 2025F PE of 18.6x has narrowed vs its regional peers and is now closer to its Australian comparable companies yet delivers a higher ROE and normalised yield.

SHARE PRICE CATALYSTS

- **Events:** a) Maintenance of sales momentum for the convenience segment and introduction of higher-margin ready-to-eat products; b) acquisitions that are accretive to ROCE; and c) monetising its in-house media platform and data from its “yuu” platform.
- **Timeline:** 6 months.

Hong Leong Asia – BUY (Adrian Loh)

- **Building on a solid foundation.** Hong Leong Asia (HLA) reported 1H25 revenue of S$2.83b (+26% yoy), translating to a 13% yoy increase in PATMI to S$56m with the latter making up exactly 50% of our full-year estimates, but beating consensus forecasts by 10%. The delivery of the strong results was on the back of very strong performance from China Yuchai which saw its shipments of diesel engines increase by nearly 30% yoy to over 250,000 units, thus leading to a 56% yoy increase in net profit after tax. The company declared an interim DPS of S$0.02 which is double that seen in 1H24.
- **Balance sheet remains undergeared.** The company's net cash position expanded during 1H25, ending at S$749m vs $478m at end-24. Notably, its cash rose 14% over the past six months to end-Jun 25 at S$1.54b. We also highlight HLA's very strong free cash flow in 1H25 which rose nearly fivefold yoy to S$397m. Without annualising, this implies a 29% free cash flow yield and may point to a much higher final dividend which would be announced at the company's annual results in Feb 26.
- **Powertrain solutions powered on, building materials dragged.** On the back of a 30% increase in volume shipped, the powertrain solutions segment saw a 56% increase in net profit to S$97m while the building materials (BM) segment's net profit fell 11% to S$37m.
- **Maintain BUY with a SOTP-based target price of S$2.63**. We value the BM and powertrain segments at 8.3x and 8.4x 2026F EBITDA multiple respectively and in line with the company’s global comparable companies.

SHARE PRICE CATALYSTS

- **Events:** a) Earnings surprise from better-than-expected engine and building materials sales; and b) better-than-expected dividend payout.
- **Timeline:** 6 months.

Yangzijiang Shipbuilding – BUY (Adrian Loh)

- **Incrementally bullish orderbook update.** Yangzijiang (YZJ) recently announced that it had won new orders for 22 vessels with a total contract value of US$0.92b which we view as incrementally bullish given that the company only won US$537m worth of orders in 1H25.

These new contracts will not add to the company's 2025 earnings but instead will add to its 2026-28 earnings given that delivery will be between 2027-28. Combined with the order wins in 1H25, ytd order wins total just under US$1.5b.

- **In 1H25, shipbuilding margins were the highlight.** YZJ reported shipbuilding margins of 35.2% for 1H25, a 9.3ppt yoy increase which was due to lower steel costs, successful execution of secured contracts with improved priving and smooth delivery of 23 vessels (or 41% of its planned 56 deliveries in 2025). On the earnings call, management guided that current margin levels are sustainable in the near to medium term.
- **Balance sheet remains strong.** As at end-1H25, YZJ had a net cash position of Rmb18.3b translating to S$3.28b or around one-third of its market capitalisation. Reflecting its strong cashflow generation, gross gearing improved to 21.7% from 25.8% at year-end 2024. YZJ's management stated that this balance sheet strength provides flexibility for further strategic investments, capacity expansion and shareholder returns though we would highlight that we would much prefer a more generous payout of dividends.
- **Maintain BUY with a PE-based target price of S$3.45**. Our target PE multiple of 8.6x is 1SD above the company's 10-year average of 6.4x which we believe is justified given the company's earnings visibility into 2028 as well as its strong track record of safe and efficient shipbuilding for its international customer base.

SHARE PRICE CATALYSTS

- **Events:** a) Safe and efficient execution of orderbook; b) evidence that the company can maintain its high shipbuilding margins in excess of 30%, and c) new order wins for higher-margin vessels, eg dual-fuel containerships, oil and/or LPG tankers, to underline the shipping industry's confidence in the Chinese shipyards.
- **Timeline**: 6 months.

BRC Asia – HOLD (Heidi Mo)

- **Record S$2b orderbook, underpinned by Changi T5.** In Jul 25, BRC Asia (BRC) secured S$570m worth of contracts to supply steel reinforcement for the Changi Airport Terminal 5 (T5) substructure, boosting its orderbook to a record S$2b. While the orderbook stretches up to five years, management expects most contracts to be completed within three years, supported by the construction cycle.
- **Construction pipeline to drive steel demand.** With around 60% share of Singapore's steel rebar market, we believe that BRC is well-positioned to benefit from major projects, including Changi T5, MRT extensions, Tengah Hospital and the steady HDB BTO pipeline. Since 2023, 58,000 BTO units have been launched, with another 35,000 planned for FY26-27, sustaining rebar demand. Trailing-12-month contracts awarded rose 38% yoy in Jun 25, reinforcing demand momentum.
- **Maintain HOLD with a target price of S$3.29,** pegged to a PE multiple of 9x FY25F earnings, or 1SD above its five-year historical mean. We remain constructive on BRC's fundamentals, underpinned by its record orderbook, strong market share and resilient construction demand. Margin expansion or additional large-scale contract wins serve as potential re-rating catalysts.

SHARE PRICE CATALYSTS

- **Events:** a) Stronger-than-expected offtake and delivery volumes, and b) steel rebar price recovery.
- **Timeline:** 6-12 months.

China Sunsine Chemical – BUY (Heidi Mo & John Cheong)

- **Sustained automotive growth drives rubber accelerator demand.** According to the China Association of Automobile Manufacturers (CAAM), 1H25 auto sales rose 11.4% yoy, with the strong momentum in vehicle production and electrification continuing to drive demand for rubber accelerators used in tyre manufacturing. Replacement tyre demand remains high at 70% of total consumption. CAAM projects 2025 total vehicle sales of 32.9m, up 4.7% yoy following a 4.5% increase in 2024, reinforcing a robust outlook for downstream materials.

- **Global leader with scale advantage.** Sunsine remains the world's largest rubber accelerator producer, with an annual capacity of 117,000 tonnes and thus well ahead of Tianjin Kemai (~70,000 tonnes) and Yanggu Huatai (~60,000 tonnes), neither of which have expanded recently. In our view, its scale advantage enables greater pricing flexibility and cost efficiency, supporting a 35% market share in China and 23% globally as of 2024. Sunsine operates on a "sales and production equilibrium" model, expanding volume to maintain competitiveness.
- **Strong balance sheet and decent 4.4% yield**. Sunsine remains debt-free with Rmb2,234m (approximately S$0.43/share) in cash as at 30 Jun 25, providing ample room for future dividends and potential share buybacks. Net assets per share stood at 451.3 Rmb cents (approximately S$0.80), with net cash per share at S$0.42. Current ratio remains robust at 7.5x, highlighting solid financial flexibility.
- **Maintain BUY with a target price of S$0.75,** pegged to a PE multiple of 9.4x 2026F earnings, or 1.5SD above the mean PE. The stock trades at an attractive valuation of 3x ex-cash 2026F PE.

SHARE PRICE CATALYSTS

- **Events:** a) Production commencement for new capacities, b) higher ASPs for rubber chemicals, and c) higher-than-expected utilisation rates.
- **Timeline:** 6-12 months.

Marco Polo Marine – BUY (Heidi Mo & John Cheong)

- **Dry Dock 4 off to a strong start.** MPM's newly completed fourth dry dock has secured its first repair contract worth S$5m, with works starting in Aug 25. The swift win underscores strong demand for ship repair services, which should drive incremental revenue and cash flow from 4QFY25 onwards. With muted ship recycling activity and an ageing global fleet, long-term repair demand remains favourable.
- **Renewables exposure deepened via Cyan Renewables MSA.** A three-year Master Service Agreement (MSA) with Cyan Renewables will provide recurring repair and conversion work for its offshore wind fleet. This strengthens MPM's positioning in Asia's energy transition and enhances income visibility. Stable offshore support vessel charter rates in the region further support the positive market backdrop.
- **Value unlocking from PKRO's Taiwan listing.** MPM's 49%-owned subsidiary, PKRO, plans to list in Taiwan by 3Q26 to raise funds for fleet expansion, including new Commissioning Service Operation Vessels (CSOVs), to capture demand in Taiwan, South Korea and Japan. The timing is favourable as global offshore wind capacity growth accelerates (83GW installed, 48GW under construction, and another 100GW expected within two years). Taiwan remains at the epicentre of Asia's offshore wind buildout.
- **Dual growth engines drive upside.** Growth visibility is underpinned by recurring ship repair revenues from Batam yard expansion and structural upside from offshore wind logistics. Near-term catalysts include the ramp-up of MP Wind Archer and three new Crew Transfer Vessels (CTVs) in 4QFY25, while shipyard expansion boosts contributions in FY26.
- **Maintain BUY with a target price of S$0.088,** pegged to 11.3x FY26F PE (2SD above historical mean). With strong sector tailwinds, a robust balance sheet (NAV S$210m or S$0.056/share) and clear growth catalysts, we see sustained earnings growth and re-rating potential.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected ship charter rates and vessel utilisation, b) award of new ship chartering contracts, and c) higher value of repair projects during the year.
- **Timeline:** 3-6 months.

CSE Global – BUY (John Cheong and Heidi Mo)

- **Order book contracts from strategic shift…** CSE's orderbook stood at S$573.8m as at 30 Jun 25, down 17% yoy (1H24: S$692.3m), with order intake easing 3% yoy to S$366.7m. The decline was largely due to a 21% yoy drop in electrification orders to S$130.9m, following a strategic shift away from lower-value municipal projects and toward larger-scale data centre and infrastructure opportunities in the US. This led to a 4% yoy moderation in the flow business revenue – which typically comprises municipal projects and smaller greenfield and brownfield jobs – to S$294.9m.
- **…but communications segment and data centre focus support healthier mix ahead.** Communications order intake grew 9% yoy to S$160.5m, supported by robust demand in the Americas and contributions from recent acquisitions. While the near-term order intake has softened, CSE's strategic repositioning toward data centre and infrastructure projects is expected to yield a more profitable order mix moving forward.
- **Expanding US footprint through earnings-accretive M&A.** On 30 Apr 25, CSE acquired Chicago Communications for US$8.5m (~S$11.1m), a critical communications systems provider in Illinois and Indiana. The deal is expected to contribute around S$1.2m in net profit on a pro-rated basis from May 25, and strengthens CSE's presence in the Americas and supports orderbook replenishment.
- **Maintain BUY with a target price of S$0.85,** pegged to 15.6x 2025F PE (+2SD to mean) and implying a decent 2025 dividend yield of 3.7%. We remain positive on CSE's resilient order momentum, strategic M&A execution, and growing exposure to the high-growth data centre market.

SHARE PRICE CATALYSTS

- **Events:** a) Large infrastructure project wins, and b) accretive acquisitions.
- **Timeline:** 6-12 months.

Food Empire Holdings – BUY (John Cheong & Heidi Mo)

- **Expect positive outlook from strong brand equity and rising instant coffee demand.** Food Empire Holdings' (FEH) revenue rose 22% yoy to US$274m in 1H25, following its fourth straight year of growth (FY24: +16% yoy). This was led by Vietnam (+37% yoy, >60% of Southeast Asia sales), South Asia (+25% yoy) and CIS markets (+19% yoy), supported by price gains, volume expansion, and resilient execution. Looking ahead, we remain positive on FEH's prospects, underpinned by its strong brand equity (market leader in Russia and Kazakhstan, top three in Vietnam), lower coffee prices, a stronger Ruble, and rising demand for instant coffee among younger, time-pressed consumers seeking affordability.
- **Expansion momentum accelerating.** FEH is ramping up capacity with new facilities in Vietnam, Kazakhstan, Malaysia and India. These include a snack facility expansion in Malaysia (50% output increase by 3Q25), a new Kazakhstan coffee-mix plant (15% capacity boost by end-25), a spray-dried coffee plant in India (60% output increase by end-27) and a freeze-dried coffee plant in Vietnam (completion by 2028).
- **Maintain BUY with a target price of S$2.73,** pegged to 17x 2026F PE (+2SD to mean). FEH currently trades at 14.5x 2026F PE, a deep 40% discount to its regional peers' average of 24.7x.

SHARE PRICE CATALYSTS

- **Events:** a) Dividend surprise from robust financials, b) better-than-expected sales volumes across all business segments, and c) improving net margin from higher ASPs and effective cost management.
- **Timeline:** 3-6 months.

Frencken – BUY (John Cheong)

- **Stable 2H25 outlook across segments.** Management guides for broadly stable revenue hoh in 2H25, with the semiconductor and medical segments expected to remain steady, industrial automation stronger, life sciences softer, and automotive stable. Semiconductor outlook remains sensitive to US tariff developments, though Frencken's diversified footprint provides resilience.
- **Long-term growth supported by capacity expansion.** Frencken is building larger manufacturing facilities in the US and Singapore (target completion: 1Q27) to support semiconductor and technology sector growth. These investments strengthen competitiveness and align with customer demand for local-for-local manufacturing.
- **Limited tariff impact; well-positioned through global footprint.** Only around 9% of Frencken's 2024 revenue was from US shipments, mostly from Singapore, with tariffs largely borne by customers. The group's global manufacturing presence across Asia, Europe, and the US supports local-for-local production and supply chain diversification. Management has not observed any major programme shifts and is proactively managing tariff risks via supply chain adjustments and cost pass-through.
- **Maintain BUY with a target price of S$2.08,** pegged to 21x 2026F PE, based on 2SD above mean PE. The +2SD in our PE multiple peg is to capture the recovery of the semiconductor cycle and to account for Frencken's ability to outperform its peers due to its local-for-local manufacturing capabilities and diversified geographical manufacturing facilities.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected factory utilisation, and b) better cost management.
- **Timeline:** 3-6 months.

UMS Integration – BUY (John Cheong)

- **Strong order momentum from new customer, while existing customers continue to grow.** UMS continues to receive healthy orders from its new key customer, alongside stable demand from its first key customer. In the recent 2Q25 results, UMS highlighted that it will be winning order for a second product from its first key customer, which could be as big as 20% of the first product.
- **Positive 2025 industry outlook across core segments.** The global semiconductor market hit a record high of US$600b in 2024 and is expected to grow at a double-digit pace in 2025, supported by AI, high-performance computers, and edge device demand. SEMI projects global front-end fab equipment spending to rise 2% yoy to US$110b in 2025, and 18% yoy to US$130b in 2026, with around 50 new fabs expected across the two years.
- **Dual listing on Bursa Malaysia to unlock valuation re-rating.** As of 1 August, UMS is now dual listed on Bursa Malaysia, following strong investor interest at roadshows. The company aims to narrow its approximately 20% valuation gap vs Malaysian peers such as UWC and Sam Engineering (2026F PE: 25x) by trading at a more comparable multiple. UMS also offers a more attractive dividend yield (~4%) and stronger net margins.
- **Maintain BUY with a target price of S$1.73,** based on 23x 2026F EPS or to 2SD above UMS's historical mean. This reflects stronger earnings quality from its new customer and expected valuation uplift post-dual listing. Our target PE of 23x is still at an 8% discount to Malaysian peers, despite UMS' better yield and profitability profile.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected factory utilisation rates, and b) return of orders for aircraft components to benefit subsidiary, JEP Holdings.
- **Timeline:** 3-6 months.

Valuetronics – BUY (John Cheong & Heidi Mo)

- **FY26 outlook remains resilient.** VALUE expects to stay profitable in FY26 (12 months to Mar 26) despite global trade uncertainties. Its Vietnam manufacturing base and China operations offer strong operational flexibility. Consumer electronics (CE) revenue may decline further with the phase-out of a legacy customer, though growth from the entertainment-focused customer is expected to partially offset this. Industrial and commercial electronics (ICE) outlook remains mixed with steady demand from a key Canadian customer, while others take a cautious stance amid tariff uncertainty.
- **Vietnam expansion signals strong demand.** VALUE is expanding its Vietnam facility by adding a fourth floor, increasing capacity by around 30% to support future growth. This reflects strong demand and rising contributions from new customers.
- **Robust cash position supports shareholder returns.** VALUE maintains a strong net cash position of HK$1.1b (~S$180m), or about 65% of its market cap, with no debt. Despite a formal dividend policy of 30–50%, actual payouts have been consistently higher at 68%/64%/65% for FY23-FY25 respectively.
- **Maintain BUY with a PE-based target price of S$0.83,** pegged to 11x FY26 PE, which reflects 1SD above the historical mean. This accounts for stronger demand from four new customers and upcoming JV contributions. Management also plans to continue its HK$250m share buyback programme in FY26 (HK$107.1m utilised to date). VALUE trades at only 3x FY26 ex-cash PE and offers an attractive 6.8% FY26 dividend yield.

SHARE PRICE CATALYSTS

- **Events:** a) Higher-than-expected dividends and potential M&As, and b) proactive management amid market challenges.
- **Timeline:** 6-12 months.

Capitaland Ascendas REIT – BUY (Jonathan Koh)

- **Prime beneficiary of preferential tariffs.** CLAR is a prime beneficiary of preferential tariffs with the largest exposure to business park and hi-tech buildings in Singapore at 53% of portfolio valuation. Technology, logistics and life sciences industries accounted for 65.1% of CLAR's monthly rental income.
- **Acquiring Tier III colocation data centre in Singapore.** We like the acquisition of 9 Tai Seng Drive (9TSD) due to its attractive NPI yield of 7.1% after transaction costs. 9TSD improves pro forma 2024 DPU by 1.24%. The data centre market in Singapore is supply constrained and has a tight vacancy of 2%. There is potential for rental uplift as 9TSD is 30% under-rented compared with the current market rent of S$390-520 per kW. The data centre can also be enhanced by securing higher power capacity.
- **Maintain BUY.** Our target price of S$4.02 is based on DDM (cost of equity: 6.5%, terminal growth: 2.5%).

SHARE PRICE CATALYSTS

- **Events:** a) Resilient growth across the business parks, hi-tech buildings, life sciences, logistics and data centre segments, and b) contributions from development projects, redevelopment projects and AEIs.
- **Timeline:** 6-12 months.

Oversea-Chinese Banking Corp – BUY (Jonathan Koh)

- **Capital management.** OCBC has announced a comprehensive package to return S$2.5b of excess capital to shareholders over two years: a) special dividends amounting to 10% of net profit for 2024 and 2025 (total dividend payout for 2024 and 2025 would amount to 60% of net profit annually), and b) share buybacks over two years in 2025 and 2026. The board has proposed a final dividend of 41 S cents and a special dividend of 16 S cents for 2H24, bring total dividend to 101 S cents for 2024.
- **Strategic initiatives to deliver incremental S$3b revenue.** Management aims to deliver incremental revenue of S$3b cumulatively over 2023-25, driven by four growth pillars: a) cross-border trade and investment flows; b) Asian wealth; c) new economy; and d) sustainable financing.
- **Most well-capitalised bank in Singapore.** CET-1 CAR was 15.3% as of 2Q25 based on fully phased-in final Basel III reforms, the highest among Singapore banks. OCBC has the potential to deploy surplus capital to generate inorganic growth.
- **Maintain BUY.** Our target price of S$20.15 is based on 1.44x 2025F P/B, derived from the Gordon Growth Model (ROE: 12.3%, COE: 8.5%, growth: 0.0%).

SHARE PRICE CATALYSTS

- **Events:** a) Attractive 2025 dividend yield of 5.8%; and b) its share buyback programme that could support the bank's share price.
- **Timeline:** 6-12 months.

VALUATION

Company	Ticker	Rec*	Price 2 Sep 25 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2024A (x)	PE 2025E (x)	PE 2026E (x)	Yield 2025E (%)	ROE 2025E (%)	Market Cap. (S$m)	Price/ NAV ps (x)
BRC Asia	BRC SP	HOLD	4.02	3.29	(18.2)	9/24	11.8	11.6	10.9	5.0	19.4	1,102.9	2.3
CapLand Ascendas Reit	CLAR SP	BUY	2.75	4.02	46.2	12/24	18.0	18.7	17.4	5.6	6.3	12,667.3	1.3
ChinaSunsine	CSSC SP	BUY	0.745	0.75	0.7	12/24	9.0	9.0	8.6	4.7	9.9	710.3	0.9
CSE Global	CSE SP	BUY	0.69	0.85	23.2	12/24	17.6	12.6	11.9	3.5	24.1	493.8	2.0
DFIRG USD	DFI SP	BUY	3.20	4.3	34.4	12/24	n.a.	17.3	16.8	17.5	40.2	5,582.7	6.9
Food Empire	FEH SP	BUY	2.29	2.73	19.2	12/24	17.2	16.1	14.4	3.5	19.2	1,213.1	3.1
Frencken	FRKN SP	BUY	1.40	2.08	48.6	12/24	16.1	15.0	14.2	2.0	8.9	597.9	1.3
Hong Leong Asia	HLA SP	BUY	2.47	2.63	6.5	12/24	21.0	14.2	13.0	2.0	12.3	1,847.9	1.8
MarcoPolo Marine	MPM SP	BUY	0.068	0.088	29.4	9/24	11.7	10.2	8.7	2.9	12.9	255.2	1.3
O C B C	OCBC SP	BUY	16.85	20.15	19.6	12/24	10.1	10.6	10.1	5.8	11.9	75,691.0	1.3
UMS	UMSH SP	BUY	1.36	1.73	27.2	12/24	23.7	20.4	18.1	3.7	11.2	966.3	2.3
Valuetronics	VALUE SP	BUY	0.765	0.83	8.5	3/25	10.7	10.6	10.1	6.1	11.8	312.6	1.2
YZJ ShipBldg SGD	YZJSGD SP	BUY	3.07	3.45	12.4	12/24	9.8	8.1	7.6	3.6	26.9	12,082.3	2.5

** Fundamental rating and not related to the relatively shorter term Alpha Picks recommendation*
Source: UOB Kay Hian

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