

Daily Review  
 19 November 2008

## NOL

*Actual Red Ink To Signal Bottom?*

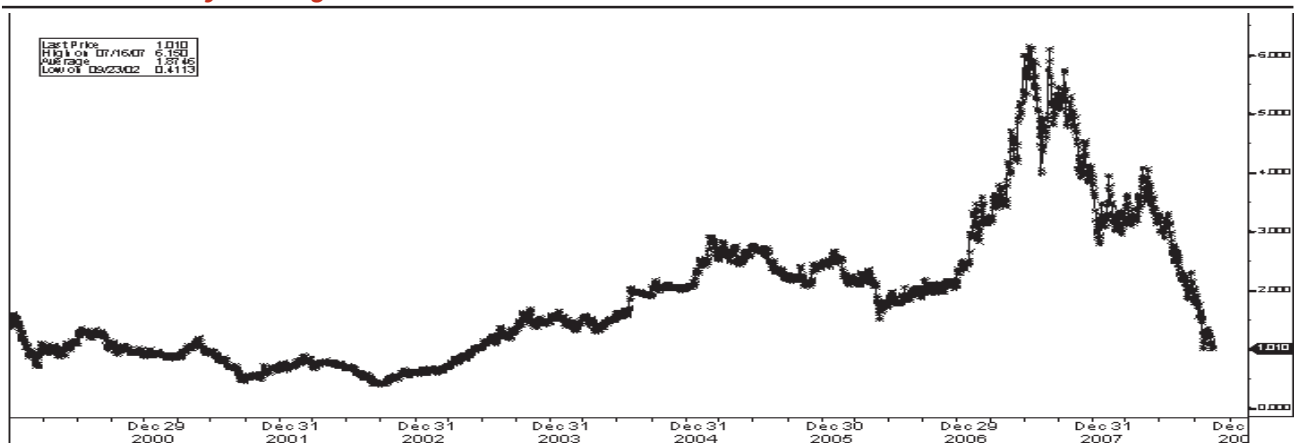
*S\$1.03 - NOL.SI*

- **NOL** has warned of the following:
    - *an expected severe and prolonged downturn in global container shipping;*
    - *potential exists for the challenging conditions to persist for the next few years;*
    - *outlook for profitability in 2009 is grim.*
  - It has, as a result, announced a series of initiatives, including cutting 1000 jobs, primarily in the US, where its cost base is the highest. In Singapore, 50 positions will be made redundant.
3. What is however interesting to note is that NOL last bottomed in Sept'02 (at 41 cents) well after *red ink* had started to flow: US\$56.6 mln in 2001, worsening to US\$330 mln in 2002.
  4. Equally noteworthy is that unlike the last cycle, NOL's financial position is healthy today. Recall borrowings totaled \$2,814 mln or 4x *Shareholders Funds*, vs borrowings of US\$994 mln as at end Sept'08 on *Shareholders Funds* of \$2,604.8 mln.
  5. *The lesson, simplistic it may seem, is that NOL will likely bottom only after actual red ink starts to flow.*
  6. *At \$1 this morning, NOL is trading on 63% discount to book NTA of US\$1.77 per share. It is also significantly below Temasek's S\$2.80 takeover offer in 2004, before adjusting for the special distribution of 92 cents in 2005. (NOL has been generous with dividends in the last 4 years, paying 8 cents in 2006 and 14 cents in 2007. 2008 interim was maintained at 4 cents per share. The final for 2008 is however unlikely to be maintained at last year's 10 cents.)*

### Comments

1. The warning, while grim, is no great surprise especially after the Oct 21<sup>st</sup> announcement of a 25% cut in capacity on the *Asia-Europe* route, and suspension of the *China Europe Express* service. Besides, competitors like **Maersk** have already issued warnings, and, NOL's share price has fallen 84% from its July'07 peak, a lot worse than *Straits Times Index's* 59% decline peak to recent trough
2. Sinking into a loss is nothing new to highly cyclical businesses like NOL's.

### Exhibit 1: Daily Closing Since In Jan'00



## SHARE TRANSACTIONS

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*Nov 17-18*

### BUY

1. Koh Gim Hoe bought 150,000 **ARMSTRONG** shares at 11 cents each, raising holding to 4.86 mln shares.
2. Anthony Lim's wife bought 1,100,000 **AUSSINO** shares at 15.5 cents each, raising their combined holdings to 136.17 mln shares.
3. Koh Wee Meng bought 185,000 **FRAGRANCE** shares at 21 cents each, raising holding to 612.42 mln shares.
4. Hong Qing Liang bought 2 mln **FUXING** shares at 6 cents each, raising holding to 23.43 mln shares.
5. William Chong bought 200,000 **PACIFIC HEALTHCARE** shares at 8.8 cents each, raising holding to 61.74 mln shares.
6. Lam Choon Seng bought 587,000 **PORTEK** shares at 16.5 cents each, raising holding to 35.38 mln shares.
7. Teo Kee Bock bought 261,000 **SUPERCOFFEE** shares at 40 cents each, raising direct holding to 32.64 mln shares.
8. Charoen S bought 10 mln **THAI BEV** shares at 19.5 cents each, raising holding to 9.81 bln shares.
9. Wee Ee Chao bought 106,000 **UOB KAY HIAN** shares at 94.7 cents each, raising holding to 120.54 mln shares.

### BUY-BACK

- a. **AZTECH** bought 290,000 shares at 10.5 cents each.
- b. **CHINA SUNSINE** bought 500,000 shares at 19 cents each.
- c. **CHUNG HONG** bought 805,000 shares at 10 cents each, first purchase under the mandate to buy up to 21.99 mln shares.
- d. **GK GOH** bought 413,000 shares at 53.3 cents each.
- e. **GLOBAL TESTING** bought 1mln shares at 4 cents each.
- f. **INDOFOOD** bought 3 mln shares at 43.7 cents each.
- g. **LONGCHEER** bought 709,000 shares at 28 cents each.
- h. **SUPERCOFFEE** bought 500,000 shares at 40 cents each.
- i. **WING TAI** bought 250,000 shares at 72.2 cents each.
- j. **YANGZIJIANG** bought 13,544,000 shares at 45.5 cents each.

## WHAT'S AHEAD

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### US

Dec 16 : FOMC

### DIVIDEND (LIST IS NOT EXHAUSTIVE)

Company	Amount	Last Day Cum-D	EX-D Commences
Datapulse	2¢ 1 <sup>st</sup> + final	Dec 1	Dec 2
SPH	9¢ final / 10¢ special	Dec 5	Dec 9

\* *Just announced by respective companies in bold*

## TAKEOVERS / DELISTINGS

Company	Offeror	Offer	Nature Of Offer	Offeror's Stake (%)	Latest Price Of Offeree (\$)	Value Of Cash-Share Offer (¢)	Closing Date																														
1. CITYNEON	Star	61¢	Unconditional	98.12	0.61	NA	20 Nov '08																														
<p><b>A. Acceptance By Minorities</b></p> <table> <tr><td>As at 31 October</td><td>46,471,664</td></tr> <tr><td>3 November</td><td>751,000</td></tr> <tr><td>4 November</td><td>187,000</td></tr> <tr><td>5 November</td><td>3,817,000</td></tr> <tr><td>6-11 November</td><td>1,588,497</td></tr> <tr><td>12 November</td><td>288,375</td></tr> <tr><td>13-14 November</td><td>783,429</td></tr> <tr><td>17-18 November</td><td>1,947,000</td></tr> </table> <p><b>B. Acceptance By Insiders</b></p> <table> <tr><td>Ko Chee Wah</td><td>15,194,535</td></tr> <tr><td>Lim Poh Hock</td><td>15,593,438</td></tr> <tr><td>Sub-Total</td><td>30,787,973</td></tr> </table> <p><b>C. Market Purchases</b></p> <table> <tr><td>• 2 October 2008</td><td>86,000</td></tr> <tr><td>• 15 October 2008</td><td>154,000</td></tr> <tr><td>Sub-Total</td><td>240,000</td></tr> <tr><td><b>Total</b></td><td><b>86,862,728</b></td></tr> </table>								As at 31 October	46,471,664	3 November	751,000	4 November	187,000	5 November	3,817,000	6-11 November	1,588,497	12 November	288,375	13-14 November	783,429	17-18 November	1,947,000	Ko Chee Wah	15,194,535	Lim Poh Hock	15,593,438	Sub-Total	30,787,973	• 2 October 2008	86,000	• 15 October 2008	154,000	Sub-Total	240,000	<b>Total</b>	<b>86,862,728</b>
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3. DELONG	Evrz Group <sup>#</sup>	\$3.9459 per share in cash	Possible Mandatory Conditional Offer	10.01	0.91	NA	NA																														
<p><sup>#</sup> Evraz has to obtain by 18 Feb '09 from China's Ministry of Commerce and The State Administration of Industry and Commerce the requisited anti trust approval or clearance that they do not create any anti trust concern under relevant legislation for them to be able to exercise the call option to acquire another 41.05% of Delong, thereby triggering a General Offer at \$3.9459 a share.</p>																																					
4. SP CHEMICAL	SPCHL	73¢	Voluntary Delisting <sup>+</sup>	74.778	0.69	NA	NA																														
<p><sup>+</sup> An EGM will need to be held for shareholders to vote. The deal will go through if at least 75% vote in favour of the deal and not more than 10% vote against the deal.</p>																																					

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