

Daily Review
21 November 2008

FINANCIAL MARKETS

DBS May Have No Choice

- **Citigroup's** share price continued to plummet yesterday, by 26% (!) to US\$4.71, despite **Prince Al-Waleed's** intention to raise his stake back to 5%, and leading another sharp fall on *Wall Street*, including other financial stocks like **JP Morgan** and **Morgan Stanley** (MS), down 18% and 10% to US\$23.38 and US\$9.20 respectively.
- (Citigroup's share price has halved in less than a week, as investors reacted to a series of negative developments – the 52,000 job cuts in 2009, and especially, the Bank's decision to bring into its own books US\$17 bln of toxic assets .And in the case of MS, the conversion price for the convertible paper to be subscribed by **Mitsubishi UFJ** has already been revised downwards to US\$25.25 from US\$31.25.)
- The drop in crude oil price below US\$50 per barrel aggravated the situation.
- **Dow** fell 445 points or 5.6% to 7552, while **S&P500** lost 6.7%. (Skepticism towards the Saudi Prince's "support" is likely due to the growing financial problems in Dubai, where he has been behind many mega projects.)
- In Singapore, **DBS** has been named by Morgan Stanley's analyst as one of 39 banks in Asia that need to raise capital to prop up their capital ratios. This is in line with our recent view that DBS' capital ratio no longer looked as strong after the recent US\$125 bln capital infusion by the US Treasury into 9 major financial institutions in the US.
- DBS' reported **Tier 1** of 9.7% differs from MS' estimate of 7.5%, which excludes preference capital. To bring it up to 9%, DBS is estimated to need to raise US\$1.9 bln / S\$2.9 bln (of which about S\$810 mln would come from **Temasek Holdings**), representing just over 20% of its latest market cap of S\$13.932 bln (simplistically 1-for-5 rights).
- **OCBC's** and **UOB's Tier 1** based on MS' formula are 10.4% and 9.3% respectively, vs their reported 14.4% and 11.2%. (In 2008, the 3 local banks issued pref shares worth S\$5 bln: DBS \$1.5 bln, OCBC \$2.5 bln and UOB S\$1.0 bln.)

SHARE TRANSACTIONS - Hyflux

Nov 20

BUY

1. Koh Kian Kiong bought 400,000 **FEDERAL** shares at 12 cents each, raising holding to 25.85 mln shares.
2. Quek Leng Chan bought 229,000 **GUOCOLAND** shares at \$1.03 each, raising holding to 578.60 mln shares.
3. 3rd Avenue bought 10,418,000 **HOTUNG** shares, raising holding to 122.2 mln shares.
4. Tay Kheng Hee bought 240,000 **HTL** shares at 8.5 cents each, raising holding to 1.14 mln shares.
5. Lee Suet Fern bought 150,000 **MAC INT'L INFRASTRUCTURE** shares at 34 cents each, doubling her holding to 300,000 shares.
6. William Chong bought 200,000 **PACIFIC HEALTHCARE** shares at 8.5 cents each, raising holding to 61.94 mln shares.
7. Bank Of NY Mellon bought 6,362,775 **PARKWAY** shares, raising holding to 67.84 mln shares.
8. Chew Hua Seng bought 1 mln **RAFFLES EDUCATION** shares at 43.3 cents each, raising holding to 223.86 mln shares.
9. Sim Yong Teng bought 493,000 **SINWA** shares at 10 cents each, raising holding to 2.49 mln shares.
10. Ang Kong Meng bought 797,000 **SWING MEDIA** shares, raising holding to 52.34 mln shares.
11. Chwee Cheng & Sons bought 1.4 mln **TAT HONG** shares at 53 cents each, raising holding to 220.63 mln shares.
12. John Gokongwei bought 621,000 **UIC** shares at \$1.08 each, raising holding to 480.55 mln shares.

SELL

- i. Tan Khee Liang sold 9,520,000 **ASTI** shares, reducing holding to 36 mln shares.
- ii. **Mathews Int'l ceased to be substantial shareholder of HYFLUX with the sale of 1,261,000 shares on Nov 18, reducing holding to 25.68 mln shares.**

BUY-BACK

- a. **ASIATRavel** bought 318,000 shares at 26.5 cents each.
- b. **ASPIAL** bought 100,000 shares at 22.5 cents each.
- c. **CHINA SUNSINE** bought 167,000 shares at 19 cents each.
- d. **CSC** bought 150,000 shares at 8.5 cents each.
- e. **HOTUNG** bought 3 mln shares at 7.5 cents each.
- f. **INDOFOOD** bought 2 mln shares at 39.5 cents each.
- g. **LC DEV** bought 145,000 shares at 8 cents each.
- h. **LEEDEN** bought 70,000 shares at 36 cents each.
- i. **WING TAI** bought 103,000 shares at 70.8 cents each.
- j. **YANGZIJIANG** bought 2 mln shares at 40 cents each.

WHAT'S AHEAD

US

Dec 16 : FOMC

DIVIDEND (LIST IS NOT EXHAUSTIVE)

| Company | Amount | Last Day Cum-D | EX-D Commences |
|-----------|----------------------------|-------------------|-------------------|
| Datapulse | 2¢ 1 st + 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>A. Acceptance By Minorities</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. Acceptance By Insiders</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>C. Market Purchases</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>Total</td><td>86,862,728</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 | Total | 86,862,728 |
| As at 31 October | 46,471,664 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 November | 751,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Ko Chee Wah | 15,194,535 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lim Poh Hock | 15,593,438 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sub-Total | 30,787,973 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| ● 15 October 2008 | 154,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sub-Total | 240,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 86,862,728 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. DELONG | Evrz Group [#] | \$3.9459 per share in cash | Possible Mandatory Conditional Offer | 10.01 | 0.91 | NA | NA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>[#] 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 ⁺ | 74.778 | 0.69 | NA | NA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>⁺ 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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