

RHB lists '25 jewels' in small-cap stocks

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UNDER-RESEARCHED stocks from various sectors including those from the real estate investment trust (Reit) and consumer segments have made their way into the list of top 25 small-cap companies compiled by RHB Research.

The small caps, defined as those with market caps of up to about S\$2 billion, are listed in RHB's 2016 edition of "Top Singapore Small Cap Companies (25 Jewels)." They include China Aviation Oil Singapore (CAO), Fu Yu, IPS Securex and Sinarmas Land. CAO, the largest physical jet fuel trader and the sole supplier of imported jet fuel for China's civil aviation industry, was cited for its "excellent proxy to China's global aviation traffic boom".

More than half of the stock picks are new companies that have never been featured by RHB before.

New entrants include Cambridge Industrial Trust, China Everbright, Global Invacom, Memtech International, United Engineers and Yoma Strategic. Another one is Spackman Entertainment Group, "whose business hinges on the Korean wave and had also produced several high-grossing movies such as *The Priests*".

Ong Kian Lin, head of RHB Research Singapore, said he hopes that the selected companies graduate into mid-sized corporates or even large caps in the near future. "The purpose behind our efforts to compile this book year after year is to unearth previously undiscovered, lesser known or under-researched companies, and

RHB's top 25 small cap picks

COMPANY NAME	TP (\$S)	MKT CAP (\$SM)	P/E (x)		P/B (x)		DIV YIELD (%)		ROE (%)	
			FY15	FY16F	FY15	FY16F	FY15	FY16F	FY15	FY16F
Cambridge Industrial Trust	NA	737.0	13.8	NA	0.8	NA	7.7	NA	6.0	NA
China Aviation Oil	1.28	688.0	8.2	7.6	0.8	0.8	3.6	3.9	10.7	10.6
China Everbright Water	0.82	1,248.0	17.2	14.1	1.0	0.9	0.0	0.0	6.1	6.9
First Sponsor	2.00	720.0	NA	NA	NA	NA	NA	NA	NA	NA
Frasers Commercial Trust	1.40	1,023.0	12.8	6.5	0.8	0.9	7.4	7.7	6.1	12.9
Fuyu Corporation	0.29	148.0	8.9	8.7	0.8	0.8	10.2	11.4	9.5	9.6
Global Invacom	0.28	28.7	NA	5.3	0.4	0.3	0.0	5.6	-1.9	6.5
GL Limited	1.48	1,190.0	17.2	NA	0.7	NA	2.2	NA	4.0	NA
Haw Par	NA	1,797.0	9.8	NA	0.7	NA	4.2	NA	6.9	NA
Ho Bee Land	2.75	1,419.0	5.9	NA	0.6	NA	2.3	NA	9.3	NA
IPS Securex	0.40	107.0	47.4	9.8	9.1	5.5	6.8	3.1	22.5	70.0
iREIT Global	0.81	429.0	9.2	11.9	1.1	1.1	7.2	8.7	5.2	9.4
ISOTeam	0.41	88.3	9.4	7.4	1.1	0.9	0.0	0.0	29.8	27.6
Memtech International	NA	90.2	8.1	NA	0.6	NA	5.1	NA	7.3	NA
OUE Hospitality Trust	0.86	1,140.0	12.8	10.6	0.7	0.7	10.2	10.9	5.6	6.6
Oxley Holdings	0.91	1,289.4	24.5	6.7	2.8	1.7	0.0	0.0	13.8	32.3
Sheng Siong	1.00	1,263.0	22.2	20.9	5.2	5.1	4.1	4.3	23.6	24.5
Singapore Shipping	0.67	130.9	10.3	6.2	1.4	1.2	3.2	3.2	14.4	21.0
SingHaiyi Group	0.14	326.4	15.4	6.2	0.7	0.7	0.0	1.8	4.9	11.8
SIIC Environment Holdings	1.26	1,534.0	19.0	15.1	1.3	1.2	0.0	0.0	7.9	8.4
Spackman	NA	53.0	NA	NA	2.6	NA	0.0	NA	-9.7	NA
Sinarmas Land	1.01	2,170.5	17.6	13.3	4.4	3.5	1.2	1.9	8.4	10.0
United Engineers	NA	1,504.0	5.6	NA	0.8	NA	0.0	0.0	5.6	NA
Triyards Holdings	0.94	131.4	3.5	2.9	0.5	0.4	2.4	3.7	14.4	15.0
Yoma Strategic	NA	919.0	25.4	NA	1.4	NA	0.0	NA	5.4	NA

Notes: All prices as at March 25, 2016. NA = not available

Source: Bloomberg, RHB

push for their hidden potential to be unleashed so they turn from gems to glittering jewels. We also hope the book is able to help introduce more excitement into Singapore's stock trading scene."

Still, some of the 25 picks from sectors such as technology, manufacturing and environment are not rated.

Mr Ong said his team has not had

the chance to initiate research reports on all the companies at this stage. Its research coverage will progressively stretch to more of them if the companies' earnings "are reported in line with their estimates".

The research team considered several factors in its evaluation, including managerial effectiveness, business model, financials and industry

competitiveness. A key consideration was the strength of the companies' management. The compilation took more than six months, during which RHB researchers visited various companies around the country, conducted in-depth interviews to understand their business models and analyse the companies' potential based on global trends.