UOBKayHian

Strategy | Singapore

Tuesday, 01 September 2026

Strategy

Chasing The Laggards

Analyst(s)

Jonathan Koh, CFA, MSc Econ
jonathankoh@uobkh.com
+65 6590 6620

Singapore Research Team
+65 6535 6868
research@uobkh.com

Highlights

- We screened the 30 STI component stocks for companies with sound fundamentals but are trading at a significant discount in terms of PE or P/B.
- YZJ's 2026F PE of 9.5x is the lowest among the 30 STI component stocks. It has the potential to re-rate towards peers' average 2028F PE of 11.3x. CityDev's P/B 0.77x is the fifth lowest. The unveiling of CityDev's strategic review by Sep 26 could be a catalyst for re-rating. MPACT's P/B of 0.73x is the fourth lowest. A recovery for Festival Walk in Hong Kong and three office buildings at the Makuhari sub-market in Chiba City could generate a turnaround.

What's New

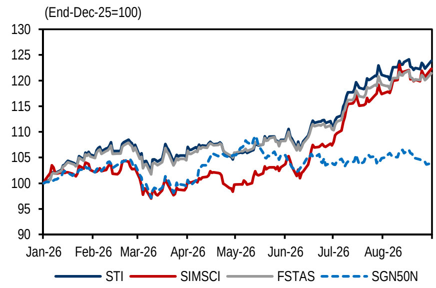
- **Screening for the underappreciated gems.** We screened the 30 STI component stocks for companies with sound fundamentals but are trading at a significant discount in terms of PE or P/B. We identified Yangzijiang Shipbuilding (YZJ), City Developments (CityDev) and Mapletree Pan Asia Commercial Trust (MPACT) as laggards that have the potential to be re-rated and catch up with the rally in the broader market.
- **Yangzijiang Shipbuilding (YZJSGD SP/BUY/Target: S$5.30)**
- We like YZJ for its strong earnings visibility and resilient margins. Its US$22.4b orderbook provides visibility through 2029, with 2029 delivery slots nearly full. Contract pricing also remains strong, allowing YZJ to avoid price competition and largely secure profitability through 2029.
- We also see earnings upside from strong execution and capacity expansion. 1H26 net profit rose 28% yoy to Rmb5.37b, while shipbuilding gross profit margin reached 37.1% on higher-priced contracts and favourable vessel mix. The new Hongyuan yard should provide another growth leg, potentially contributing around 20% of group revenue from 2027.
- Finally, its valuation remains attractive. YZJ trades at 9.5x/8.3x 2026F/27F PE with 5.3-6.0% prospective dividend yields, backed by a strong net-cash balance sheet and ~30% ROE. Its 2026F PE is the lowest among the 30 STI component stocks. Our S$5.30 target price implies 9.1x 2028F PE, or 1.5SD above YZJ's historical mean PE of 6.2x. Our target 2028F PE is still conservative, at a 20% discount to peers' average 2028F PE of 11.3x.
- **City Developments (CIT SP/BUY/Target: S$11.50)**
- CityDev's strategic review is aimed at accelerating the transformation into an asset-light real estate platform. The review is expected to assess options, such as increased capital recycling, expansion of its fund management business, and potential divestment of lower-yielding assets. Management could unlock the value embedded within CityDev's substantial global portfolio of development projects, commercial properties and hotels, while improving ROE. The review could lead to a more aggressive asset monetisation programme and a larger recurring income base. The strategic review is expected to be unveiled by Sep 26.
- CityDev trades at P/B 0.77x, which is the fifth lowest among the 30 STI component stocks and 1SD below the long-term mean.
- Maintain our BUY rating with a target price of S$11.50, pegged to a 15% discount to RNAV of S$13.54. Further narrowing of this discount could be possible if CityDev demonstrates material progress in its capital recycling programme and unlocking of value for its non-core assets.

Key Recommendations

Company	Ticker	Rec	Share Price (S$)	Target Price (S$)
OCBC	OCBC SP	BUY	31.52	32.50
Keppel	KEP SP	BUY	11.60	13.26
SingTel	ST SP	BUY	4.54	5.50
CityDev	CIT SP	BUY	8.32	11.50
SATS	SATS SP	BUY	3.92	5.00
SIA Engr	SIE SP	BUY	3.11	3.75
NTT DC REIT	NTTDCR SP	BUY	0.955	1.31
UI Boustead	UIBREIT SP	BUY	0.80	1.16
Venture Corp	VMS SP	BUY	16.88	21.10
Valuetronics	VALUE SP	BUY	1.01	1.88
YZJ Ship Bldg	YZJSGD SP	BUY	4.84	5.30
Beng Kuang	BKM SP	BUY	0.415	0.75
BRC Asia	BRC SP	BUY	4.24	5.30
Riverstone	RSTON SP	BUY	0.795	1.21

Source: Bloomberg

Singapore Indices



Source: Bloomberg

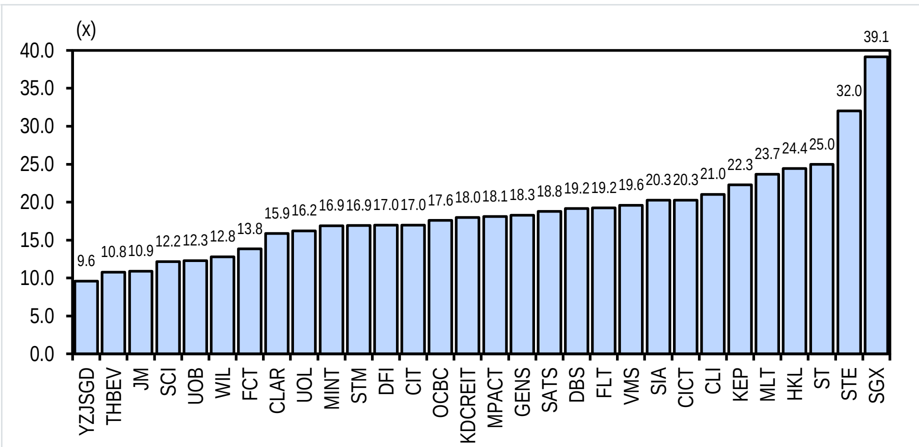
Peer Comparison

Company	Ticker	Rec	Price 28 Aug 26 (S$)	Target Price (S$)	Upside To TP (%)	Last Year End	PE 2025 (x)	PE 2026F (x)	PE 2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (S$m)	Price/ NAV (x)	Net Cash / (Debt) (S$m)	Total Debt To Assets (%)
YZJ Ship Bldg SGD	YZJSGD SP	BUY	4.84	5.30	9.5	12/25	12.1	9.5	8.3	5.3	30.1	19,048	3.04	2,392	7.3
CityDev	CIT SP	BUY	8.32	11.50	38.2	12/25	12.0	16.9	14.9	2.4	4.7	7,433	0.77	-11,851	50.7
Mapletree Pan Asia	MPACT SP	BUY	1.27	1.75	37.8	3/26	15.5	18.2	17.9	6.3	3.9	6,716	0.73	-5,710	37.7

Source: Bloomberg, UOB Kay Hian

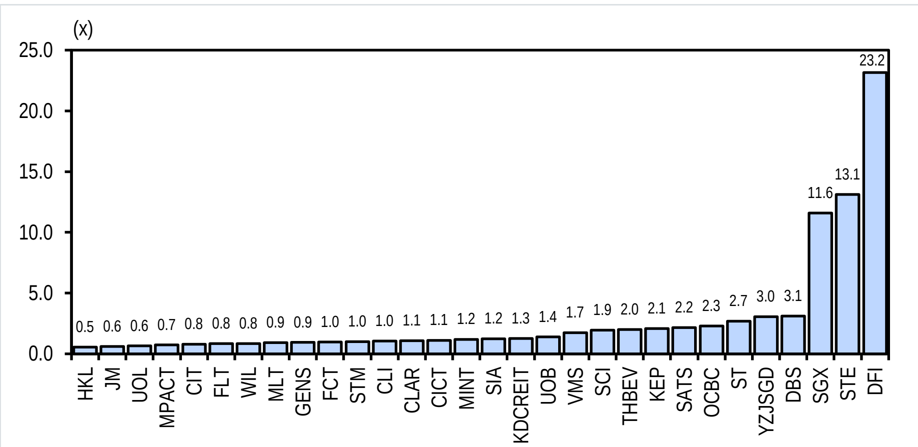
- **Mapletree Pan Asia Commercial Trust (MPACT SP/BUY/Target: S$1.75)**
- MPACT saw NPI from VivoCity grow 8.9% yoy in 1QFY27, supported by a positive rental reversion of 13.5% and high occupancy of 99.7%. Several leases for new IT tenants are progressively commencing at Mapletree Business City (MBC) in 2QFY27 and 3QFY27.
- Festival Walk recorded the second consecutive quarter of healthy tenant sales growth at 4% yoy with sustained spending on luxury goods in 1QFY27. MPACT completed the reconfiguration of 18,800sf of space across three floors into a curated mix of F&B, lifestyle, beauty and health concepts. The enhancement has been operational since Jul 26 and generated an ROI of 50%.
- Tenants are finding rents within central Tokyo expensive and have started to look at alternatives outside central Tokyo, including the Makuhari sub-market. MPACT has received enquiries and has initiated discussions with several potential tenants. MPACT's three office buildings at the Makuhari sub-market in Chiba City, which is near Narita International Airport, accounted for 49% of valuation for its Japan portfolio.
- Maintain BUY with a target price of S$1.75 due to resiliency from Singapore and an attractive FY27 DPU yield of 6.4%. Singapore contributed 68% of portfolio NPI in 1QFY27. MPACT trades at P/B 0.73x, the fourth lowest among the 30 STI component stocks and 1.5SD below the long-term mean.

Ranking By PE (Forward) – STI Component Stocks



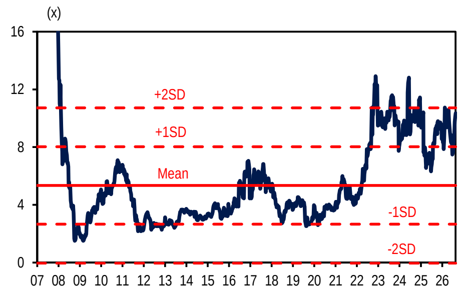
Source: Bloomberg, UOB Kay Hian

Ranking By P/B (Current) - STI Component Stocks



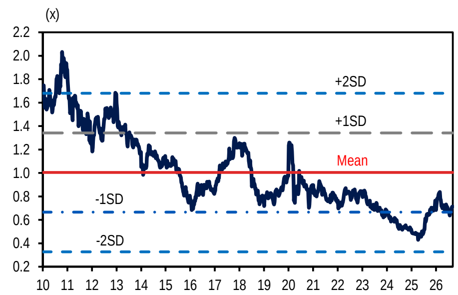
Source: Bloomberg, UOB Kay Hian

Forward PE – YZJ Shipbuilding



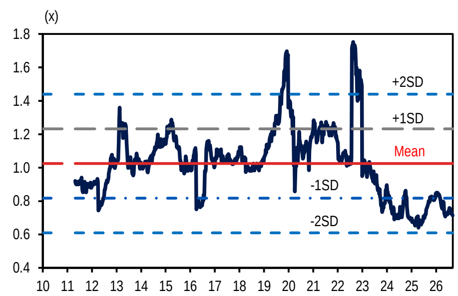
Source: UOB Kay Hian

P/B - CityDev



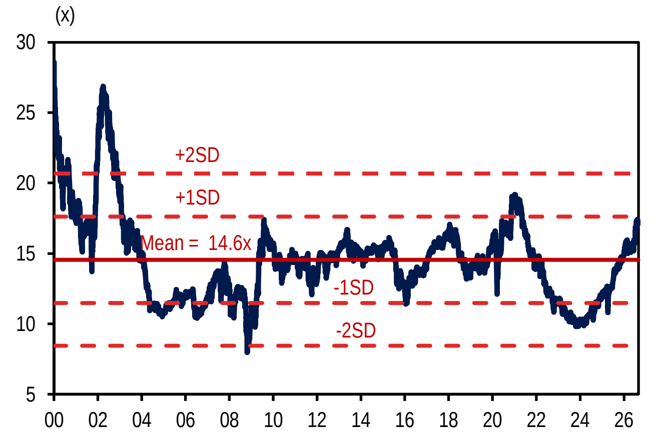
Source: UOB Kay Hian

P/B – Mapletree Pan Asia



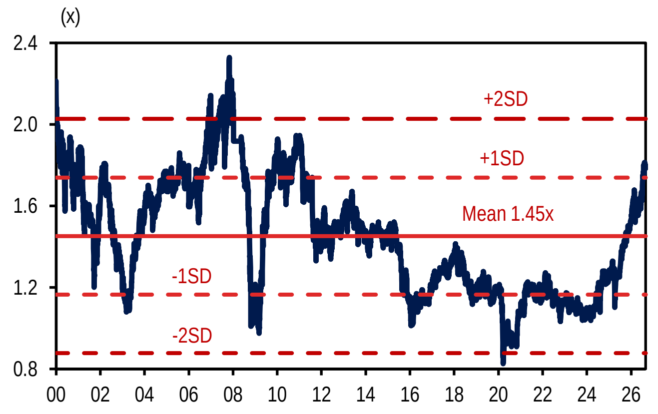
Source: UOB Kay Hian

Straits Times Index – PE



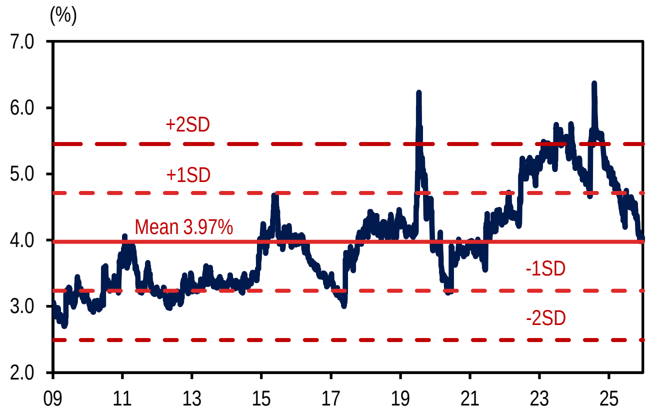
Source: Bloomberg, UOB Kay Hian

Straits Times Index - P/B



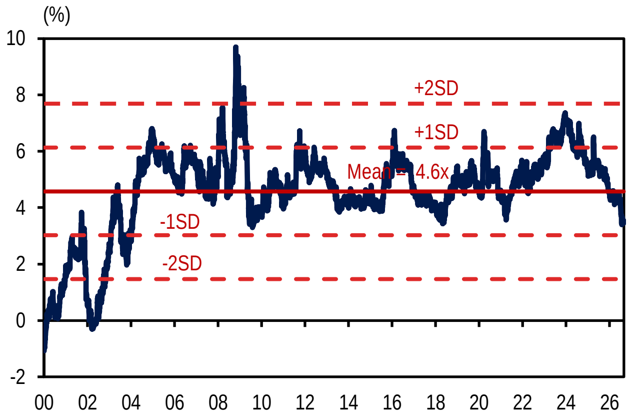
Source: Bloomberg, UOB Kay Hian

Straits Times Index – Dividend Yield



Source: Bloomberg, UOB Kay Hian

Equity Risk Premium (Gap Between Earnings Yield And 10Y SG Government Bond Yield)



Source: Bloomberg, UOB Kay Hian

Peer Comparison – Singapore Large Cap

Company	Ticker	Rec	--------- Price --------- 31 Aug 26 (S$)	Target (S$)	+/- TP % (%)	Last Year End	---------------- PE ---------------- 2025 (x)	2026F (x)	2027F (x)	Yield 2026F (%)	ROE 2026F (%)	Market Cap (S$m)	Price/ NAV (x)	Net Cash / (Debt) (S$m)	Total Debt to Assets (%)
AVIATION															
SIA	SIA SP	HOLD	6.79	6.71	(1.2)	3/26	17.7	20.2	21.2	4.9	6.3	21,413	1.24	287	17.7
SIA Engineering	SIE SP	BUY	3.11	3.75	20.6	3/26	20.6	20.7	17.6	3.7	9.5	3,486	1.99	559	0.2
SATS	SATS SP	BUY	3.92	5.00	27.6	3/26	20.4	18.5	15.5	2.2	11.3	5,827	2.13	-1,623	26.2
ST Engineering	STE SP	BUY	10.79	11.75	8.9	12/25	72.7	32.5	28.3	1.9	38.0	33,647	13.33	-4,433	28.5
FINANCE															
DBS	DBS SP	HOLD	77.40	74.70	(3.5)	12/25	19.9	19.3	18.7	4.3	16.3	220,115	3.13	n.a.	n.a.
OCBC	OCBC SP	BUY	31.52	32.50	3.1	12/25	19.3	17.7	17.0	3.0	12.6	141,547	2.30	n.a.	n.a.
SGX	SGX SP	HOLD	25.50	23.40	(8.2)	6/26	42.1	39.1	31.9	2.2	30.6	27,250	11.56	1,178	13.8
UOB	UOB SP	NR	41.56	n.a.	n.a.	12/25	15.1	12.3	11.6	4.2	10.9	68,547	1.39	n.a.	n.a.
HEALTHCARE															
Raffles Medical	RFMD SP	HOLD	0.865	0.94	8.7	12/25	22.7	21.8	20.7	3.5	5.4	1,587	1.53	262	0.0
LAND TRANSPORT															
ComfortDelGro	CD SP	HOLD	1.29	1.41	9.3	12/25	12.1	15.6	15.5	5.6	6.9	2,794	1.07	-872	26.5
PLANTATION															
Bumitama	BAL SP	BUY	2.21	2.15	(2.7)	12/25	17.2	14.1	14.6	5.0	23.7	3,832	3.41	-3	14.1
First Res	FR SP	BUY	4.57	4.57	0.0	12/25	15.3	13.1	14.3	4.5	26.8	7,075	3.58	-852	32.1
Wilmar	WIL SP	HOLD	3.84	3.50	(8.9)	12/25	13.0	12.7	11.2	3.5	6.8	23,973	0.83	-31,155	48.1
PROPERTY															
CapitaLand Invest	CLI SP	BUY	2.65	3.93	48.3	12/25	91.4	21.2	19.4	4.5	5.0	13,233	1.06	-4,227	24.4
CityDev	CIT SP	BUY	8.32	11.50	38.2	12/25	12.0	16.9	14.9	2.4	4.7	7,433	0.77	-11,851	50.7
SHIPYARD															
Keppel	KEP SP	BUY	11.60	13.26	14.3	12/25	26.7	22.3	20.4	4.1	9.1	20,827	2.07	-9,122	42.7
Sembcorp Ind	SCI SP	BUY	5.92	8.06	36.1	12/25	10.7	12.2	8.8	4.2	15.4	10,540	1.94	-13,856	59.1
Seatrium	STM SP	HOLD	2.15	2.30	7.0	12/25	22.5	16.7	17.0	1.9	6.1	7,267	0.99	-678	12.5
YZJ Ship Bldg SGD	YZJSGD SP	BUY	4.84	5.30	9.5	12/25	12.1	9.5	8.3	5.3	30.1	19,048	3.04	2,392	7.3
TECHNOLOGY															
Sea Ltd USD	SE US	BUY	119.36	181.18	51.8	12/25	45.0	43.1	35.5	0.0	12.6	67,672	5.21	4,576	6.3
Venture Corp	VMS SP	BUY	16.88	21.10	25.0	12/25	21.4	19.9	19.0	4.7	8.7	4,851	1.75	1,108	0.0
TELECOMS															
NetLink NBN Trust	NETLINK SP	HOLD	0.975	1.01	3.6	3/26	45.6	38.8	37.2	5.5	4.4	3,800	1.68	-740	25.7
SingTel	ST SP	BUY	4.54	5.50	21.1	3/26	13.4	25.1	23.9	4.3	10.5	74,033	2.71	-8,208	23.0
StarHub	STH SP	HOLD	1.13	1.26	11.5	12/25	25.1	11.5	10.6	6.9	28.8	1,951	3.88	-847	44.4
OTHERS															
DFIRG USD	DFI SP	BUY	3.71	5.20	40.2	12/25	20.8	17.7	17.1	4.0	76.4	6,392	24.12	-29	4.1
Genting SP	GENS SP	HOLD	0.63	0.70	11.1	12/25	19.5	18.4	16.7	6.3	5.0	7,600	0.94	2,949	0.0
ThaiBev	THBEV SP	HOLD	0.465	0.475	2.2	9/25	11.7	10.8	10.6	4.6	18.8	11,686	1.99	-7,239	44.1
REITS															
CapLand Ascendas	CLAR SP	BUY	2.45	3.78	54.3	12/25	16.5	16.0	14.6	6.1	6.8	12,238	1.08	-8,011	39.7
CapLand Ascott	CLAS SP	BUY	0.855	1.42	66.1	12/25	28.8	18.4	17.9	7.2	3.7	3,297	0.75	-2,693	37.7
CapLand Int Comm Trust	CICT SP	BUY	2.37	3.06	29.1	12/25	20.2	20.3	18.7	4.9	5.5	18,852	1.10	-9,795	37.4
CDL Htrust	CDREIT SP	BUY	0.76	1.11	46.1	12/25	123.7	21.6	21.9	7.3	2.4	975	0.55	-1,081	35.3
Cent Accom REIT	CAREIT SP	BUY	1.14	1.55	36.0	12/25	25.1	18.7	16.5	5.9	7.0	1,970	1.30	-639	29.9
Digi Core REIT USD	DCREIT SP	BUY	0.505	0.93	84.2	12/25	21.9	20.7	16.5	6.8	3.0	824	0.63	-874	39.2
Far East HTrust	FEHT SP	BUY	0.56	0.81	44.6	12/25	19.0	16.3	15.9	6.6	3.9	1,154	0.64	-763	32.8
Frasers Centrepoint	FCT SP	BUY	2.17	2.99	37.8	9/25	19.7	13.9	11.6	5.8	6.7	4,425	0.96	-2,523	40.0
Frasers L&C Trust	FLT SP	BUY	0.935	1.33	42.2	9/25	20.7	19.3	18.9	6.4	4.4	3,561	0.83	-2,234	33.7
Keppel REIT	KREIT SP	BUY	0.875	1.13	29.1	12/25	29.3	20.1	19.7	6.2	3.6	4,357	0.70	-4,685	40.0
KORE REIT USD	KORE SP	BUY	0.171	0.25	46.2	12/25	4.1	4.8	5.0	4.2	5.1	227	0.31	-732	43.3
Lendlease REIT	LREIT SP	BUY	0.565	0.79	38.1	6/26	26.0	18.7	20.8	6.5	3.7	1,880	0.80	-1,637	38.9
Mapletree Pan Asia	MPACT SP	BUY	1.27	1.75	37.8	3/26	15.5	18.2	17.9	6.3	3.9	6,716	0.73	-5,710	37.7
Mapletree Ind Trust	MINT SP	HOLD	1.94	2.07	6.7	3/26	16.4	17.0	16.6	5.9	6.4	5,540	1.19	-2,989	37.5
Mapletree Log Trust	MLT SP	HOLD	1.17	1.29	10.3	3/26	25.0	23.7	23.9	5.9	3.6	6,013	0.93	-5,189	40.5
NTT DC REIT USD	NTTDCR SP	BUY	0.955	1.31	37.2	3/26	499.4	n.a.	n.a.	8.3	(0.3)	1,257	0.83	-597	29.2
PLife REIT	PREIT SP	BUY	4.16	5.45	31.0	12/25	25.8	24.2	23.7	4.3	6.6	2,715	1.62	-838	33.7
Suntec REIT	SUN SP	BUY	1.46	1.75	19.9	12/25	20.1	22.1	21.2	5.5	3.1	4,324	0.72	-4,065	43.0
UIBREIT	UIBREIT SP	BUY	0.80	1.16	45.0	3/25	n.a.	14.3	13.0	8.8	6.6	1,094	0.94	-753	37.9
Utd Hampshire REIT USD	UHU SP	BUY	0.49	0.69	40.8	12/25	13.7	12.6	11.6	9.4	5.3	379	0.66	-409	40.4

Note: NR – Not Rated
Source: Bloomberg, UOB Kay Hian

Peer Comparison – Singapore Small / Mid Cap

Company	Ticker	Rec	--------- Price ---------		+/-	Last	----------------- PE -----------------			Yield	ROE	Market	Price/	Net Cash	Total Debt
			31 Aug 26	Target	TP %	Year End	2025	2026F	2027F	2026F	2026F	Cap	NAV	/ (Debt)	to Assets
			(S$)	(S$)	(%)		(x)	(x)	(x)	(%)	(%)	(S$m)	(x)	(S$m)	(%)
AEM	AEM SP	BUY	8.86	12.99	46.6	12/25	164.1	32.2	28.3	0.8	16.7	2,831.2	5.3	57	3.7
Aoxin Q & M	AOXIN SP	BUY	0.21	0.36	71.4	12/25	88.7	155.6	32.4	0.4	2.1	243.4	2.8	43	0.0
ASL Marine	ASL SP	BUY	0.3	0.43	43.3	6/26	20.3	9.3	8.4	1.0	25.6	308.7	2.1	-88	28.8
Aztech Gbl	AZTECH SP	HOLD	0.58	0.73	25.9	12/25	11.2	22.4	15.2	3.4	7.5	447.6	2.0	50	2.4
Beng Kuang	BKM SP	BUY	0.415	0.75	80.7	12/25	15.9	13.9	7.8	1.4	29.3	124.5	11.2	-0	30.6
BRC Asia	BRC SP	BUY	4.24	5.30	25.0	9/25	12.3	11.2	10.5	5.2	19.5	1,163.2	2.2	52	15.3
Centurian	CENT SP	BUY	1.59	2.10	32.1	12/25	11.6	12.0	10.4	2.5	8.8	1,336.8	1.1	-774	29.6
China Aviation Oil	CAO SP	BUY	1.46	1.88	28.8	12/25	8.7	11.1	8.9	4.9	8.1	1,255.9	0.9	757	0.0
ChinaSunsine	CSSC SP	HOLD	0.66	0.70	6.1	12/25	8.5	8.2	7.9	4.2	9.0	629.2	0.7	423	0.0
Civmec	CIVMEC SP	HOLD	1.64	0.80	(51.2)	6/26	22.8	18.2	19.8	3.3	9.4	835.8	1.6	-5	4.9
CSE Global	CSE SP	BUY	1.19	1.79	50.4	12/25	22.6	20.8	18.9	2.4	14.3	867.8	3.0	-171	28.6
Delfi	DELFI SP	BUY	0.78	1.68	115.4	12/25	11.0	12.9	11.9	3.9	10.1	476.7	1.4	56	5.0
Dezign Format	DFG SP	BUY	0.181	0.37	104.4	12/25	31.2	5.1	4.6	5.8	49.6	36.1	3.1	6	8.2
Food Empire	FEH SP	BUY	2.31	3.49	51.1	12/25	32.2	16.3	14.8	4.3	19.2	1,523.4	3.2	66	3.6
Frencken	FRKN SP	BUY	2.34	3.30	41.0	12/25	25.5	22.1	20.6	1.4	9.1	1,005.0	2.1	69	6.9
Hong Leong Asia	HLA SP	BUY	2.93	4.70	60.4	12/25	19.4	14.2	13.6	2.5	14.4	2,338.6	1.7	1,081	9.7
Huationg Global	HUAGL SP	BUY	0.555	0.88	58.6	12/25	5.1	6.3	5.3	2.9	11.8	104.5	0.7	-14	24.1
iFAST	IFAST SP	BUY	8.88	12.18	37.2	12/25	26.8	23.9	20.3	1.1	25.7	2,722.3	6.1	119	8.1
Kimly	KMLY SP	HOLD	0.41	0.34	(17.1)	9/25	15.3	14.0	13.3	4.3	17.8	510.4	2.7	63	1.3
LHN	LHN SP	BUY	0.55	0.71	29.1	9/25	11.6	9.5	7.8	6.4	8.9	239.6	0.8	-189	36.9
Lum Chang Creations	LUCC SP	BUY	0.32	0.46	43.8	6/26	13.9	9.0	9.0	7.0	64.2	211.2	2.2	32	1.9
MarcoPolo Marine	MPM SP	BUY	0.132	0.173	31.1	9/25	8.5	15.3	12.2	1.5	12.8	516.7	1.9	52	19.0
Nanofilm	NANO SP	BUY	0.94	1.68	78.7	12/25	52.2	30.4	20.7	0.7	4.5	610.0	1.4	-0	13.9
Oiltek	OTEK SP	BUY	1.36	2.78	104.4	12/25	59.8	52.5	14.0	0.8	32.9	583.4	17.9	30	0.0
PanUnited	PAN SP	BUY	1.57	1.88	19.7	12/25	21.7	17.0	14.5	3.2	21.0	1,098.3	3.7	65	3.6
PropNex	PROP SP	BUY	1.79	2.55	42.5	12/25	18.8	17.1	16.9	5.6	64.7	1,324.6	10.7	130	0.0
Reclaims Global	RGL SP	BUY	0.21	0.27	28.6	1/26	8.3	4.5	3.9	10.5	15.6	62.5	1.3	28	0.0
RH PetroGas	RHP SP	BUY	0.164	0.263	60.4	12/25	41.8	12.3	14.9	0.0	14.7	137.4	1.6	96	0.0
Riverstone	RSTON SP	BUY	0.795	1.21	52.2	12/25	18.6	17.1	16.2	7.0	14.9	1,178.3	2.6	183	0.0
Sheng Siong	SSG SP	BUY	3.22	3.71	15.2	12/25	32.4	30.7	29.2	2.3	25.8	4,841.4	7.9	402	0.0
Soon Hock	SHOCK SP	BUY	0.60	0.71	18.3	12/25	4.1	3.3	3.2	6.3	29.9	186.4	1.1	-152	43.0
Tiong Woon	TWC SP	BUY	0.965	1.11	15.0	6/25	11.6	9.4	8.4	2.2	7.1	223.7	0.7	-38	21.4
UltraGreen.ai USD	UGAI SP	BUY	0.685	1.95	184.7	12/25	8.9	9.1	8.0	0.0	23.4	959.3	2.1	78	1.3
UMS	UMSH SP	BUY	2.66	3.27	22.9	12/25	45.5	32.8	28.0	1.9	16.2	2,362.5	5.3	39	0.0
Valuetronics	VALUE SP	BUY	1.01	1.88	86.1	3/26	21.3	15.9	14.7	6.3	10.8	414.6	1.7	239	0.0
Winking Studios	WKS SP	BUY	0.215	0.38	76.7	12/24	13.2	11.2	n.a.	5.3	14.4	94.6	1.4	25	5.7

Source: Bloomberg, UOB Kay Hian