



ANALYSING THE ANALYSTS

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SOUTH CHINA RESEARCH PROFITS FROM STRONG PROPERTY CALLS; UBS BEST ALL-ROUNDER

- INDONESIA AND PHILIPPINES MOST REWARDING MARKETS; FEW
ANALYSTS CALLED THE TURN IN MARCH-

(Embargoed: 22.00 GMT 15 June, 2005)

Hong Kong and London, 15 June, 2005 — AQ Research, the independent research analysis firm, publishes its latest analysis of the accuracy of brokers' buy/hold/sell recommendations on the top 300 Asian stocks and the top 100 companies in Japan. The report evaluates the performance of absolute and relative recommendations from over 40 research houses over the 12 months ending May 6, 2005. (The complete report and country and sector tables are available to the media on request.)

"Markets in the region generally performed well over the 12-month review period," says AQ Research managing director Graham Field. "There were big gains in Indonesia and the Philippines, in Singaporean and Korean industrials and in Hong Kong property. All that contributed to higher average scores. Analysts could have done better if they had called the turn in Indonesia and the Philippines in March, though there were a handful of notable exceptions who pinpointed individual stocks that peaked and fell back".

Highlights of the RQ Asia analysis are as follows:-

- The highest average overall score in Asia (ex-Japan) this quarter went to **South China Research**, which was also the highest scoring on average in **Hong Kong** and in the **property** sector. The analysts from South China were positive on key retail and property plays in the Hang Seng. Jeff Yau (who has since left the company) was the second highest ranked individual analyst in Hong Kong.
- **UBS** ranked second for its average score, and was the best all-round performer. UBS was top in four countries (**China, South Korea, Malaysia and Thailand**) as well as three sectors (**banks, construction and financial services**). UBS analysts finished in first place on 54 individual companies and had positive scores on 162 of the 255 stocks on which they were analysed. **Heather Lee** again ranked as the second highest individual analyst thanks to her uniquely good grasp of the behaviour of Korean consumer goods stocks.

- **DBS Vickers** ranked third overall on average and finished top both in **Indonesia** (where it had the right calls on stellar performers) and in the industrial goods sector (where Korean and Singaporean stocks surged higher). **Deutsche Bank Asia** finished fourth this quarter, having come top in **Taiwan** (where stockpicking was at a premium as the market slipped) and in both the **utilities** sector and the **airlines** sector, where Stacy Shi was again the star analyst.
- **Macquarie Equities** remained **fifth overall** and ranked top in the **chemicals** sector. **JP Morgan Asia**, which finished **eighth** in the overall table, was the highest placed of the **index-relative** houses in the analysis. JP Morgan was top on 12 individual stocks and Joe Liew was the best analyst both in Malaysia and in the utilities sector.
- The highest ranked house in Japan this quarter was **Goldman Sachs**, though the scores of the top four houses on Japanese stocks were very similar: Goldmans, CSFB, UBS and Deutsche Bank had overall average RQ scores of between 2.51 and 1.36 as analysts struggled to extract outperformance from a market that moved sideways. **CSFB** topped the sector rankings in autos, financials and chemicals in Japan.
- Local houses made less impact on the other tables this quarter. Apart from South China in Hong Kong, the only other local to finish top at country level was **UOB Kay Hian** in **Singapore**. But **Dongwon** of Korea was top-rated in **basic resources** and Thailand's **Phatra Securities** finished with the best average score on **oil and gas** stocks. Regional broker **Kim Eng** was again top in both **telecoms** and **autos** and also claimed first place in **travel & leisure**.
- Several of the best overall analysts in the report were those following industrial stocks. The top-rated individual analyst - Kevin Chong at **Smith Barney** - was one of those who spotted Sembcorp Marine as a buy.

TOP 10 ASIAN OVERALL RESULTS (17 houses eligible by virtue of being analysed on at least 20% of the top 300 stocks)

Broker	Av RQ*	No of Recs**	No top RQs***	Methodology
South China Research	14.97	60	6	Absolute
UBS	12.23	255	54	Absolute
DBS Vickers	8.98	208	28	Absolute
Deutsche Bank Asia	8.80	230	30	Absolute
Macquarie	7.62	229	23	Absolute
Kim Eng	6.94	166	22	Absolute
ABN AMRO	4.98	191	39	Absolute
JP Morgan Asia	4.33	222	12	Index Relative
Daiwa Institute Of Research	3.50	93	1	Index Relative
Smith Barney	3.48	232	30	Absolute

Source: AQ Research (www.aqresearch.com)

* Average RQ: the average score achieved by analysts across all the companies on which a broker is analysed. The 10 best positive overall scores are included here. The score is an indication of the degree of outperformance which a house's recommendations have achieved against its relevant benchmark(s).

** No of Recommendations: the number of stocks on which a house has been analysed. Research houses need to cover a minimum of 20% of the top 300 stocks to qualify for inclusion in this table.

*** Top RQs: the number of companies on which that firm's analysts had the highest scores.

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Notes to Editor:

About AQ Research

AQ Research provides quantitative analysis of analysts' recommendations and eps forecasts in Europe and Asia, using data obtained from the broking houses involved. AQ's online product has been launched in conjunction with Bureau van Dijk Electronic Publishing, the specialist electronic financial information provider. AQ has been analysing the accuracy of eps forecasts since 1998 and began publishing its RQ series of reports in 2003. In addition, it provides detailed analysis of the accuracy of research in specific national markets in a series of dedicated country reports.

'RQ' Methodology

AQ scores research houses differently, depending on whether they have absolute or relative recommendations. The period over which we are examining recommendations in this report is the 12 months ending May 6, 2005. Each recommendation made during this period is assessed over its "lifetime" (i.e. until it is changed).

Analysts are scored on the basis of the percentage share price movement (+ or -) during the lifetime of a particular recommendation. Those with absolute recommendations are measured on the basis of the percentage change in the share price during the lifetime of the recommendation, while those with relative recommendations are measured on the price movement relative to the price of the relevant index. This is a country index (e.g. KOSPI or SET) for those houses which make recommendations on a local index basis. Alternatively, it is a sector index for those which make sector relative recommendations.

Scores have been calculated as follows:

- **A Strong Buy recommendation receives the percentage share price movement x 1.25.**
- **A Buy recommendation receives the percentage share price movement times x 1.**
- **A Hold has no score.**
- **A Reduce recommendation receives the percentage share price movement x -1.**
- **A Sell recommendation receives the percentage share price movement x -1.25.**