

Market Indicators

	15-Nov	16-Nov	19-Nov
Mkt. T/O (S\$ mil)	1,037.1	838.1	692.6
Stock Advances	232	177	179
Stock Declines	161	197	210

Major Indices

	15-Nov	16-Nov	19-Nov
DJ Ind Avg	25,289.3	25,413.2	25,017.4
S & P 500	2,730.2	2,736.3	2,690.7
Nasdaq Comp	7,259.0	7,247.9	7,028.5
Hang Seng	26,103.3	26,183.5	26,372.0

STI Index 3,065.07 (-0.60%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,223.61	0.23%
Oil (NYMEX CWT1) US\$ / bbl	57.3	0.17%
Baltic Dry Index	1031	1.08%

Exchange Rates



Source: Bloomberg

Interest Rates

3-mth Sibor	1.759%
SGS (10 yr)	2.414%

KGI Securities Research Team

KGI Market Ideas

Singapore stocks saw significant fund outflows (-S\$266mn) in October on the back of heightened volatility in the US equity markets. Last month's drawdown caused many Singapore blue-chip stocks to drop below key technical support levels. From a fundamental perspective, the 20-40% decline in share price over the last six months offers an attractive opportunity to accumulate blue-chip names such as Thai Beverage, CapitaLand, CityDev, DBS, Genting Singapore and SingTel. We also highlight our favourite REITs in the table below.

Thai Beverage: Since 2016, beer consumption in Thailand has been affected by the mourning period and excise tax but we expect beer consumption to rebound soon due to improvements in wage growth and the steep rise in the Thailand's consumer confidence index to a 3-year high in July 2018. We expect beer consumption to rebound in the coming quarter and efficient marketing strategies to continue capturing market share for the company. Based on these trends, we continue to maintain a **BUY** with a SOTP derived target price of \$0.75.

Sembcorp Marine (SMM): We believe the risk-reward trade-off for SMM currently looks attractive. SMM is trading at 1.7x P/B, which is 1SD below its 15-year P/B average. The last time it traded at these valuations were when Brent Crude prices were at US\$30 per barrel. Fundamentally, management is optimistic of an earnings recovery in FY2019. In the short-term, we expect the recovery of oil prices to provide an uplift to its share price, just ahead of OPEC's meeting on 6 December 2018. According to news sources, OPEC is finalising plans to cut as much as 1mn barrels per day, which would remove 1% of the total global supply, and would balance the oil markets much faster than what most investors are expecting now.

REITs portfolio. We highlight seven of our favourite REITs in the table below. They offer an average 6.0% dividend yield for 2018F and are diversified across logistics, industrials and retail malls.

Company Name	Last Price (local \$)	Currency Adj. Market Cap (\$\$ mn)	Yield (%)	Gearing (%)	P/B (x)	6M Average daily trading volume (\$\$ '000)	(YTD) Price Performance
KGI REIT PORTFOLIO							
MAPLETREE LOGISTICS TRUST	SGD 1.21	4,340	6.5	39.7	1.1	8,985	-8.3
ASCENDAS REAL ESTATE INV TRT	SGD 2.55	7,927	6.4	35.1	1.2	24,855	-6.3
MAPLETREE INDUSTRIAL TRUST	SGD 1.85	3,491	6.6	30.5	1.3	5,787	-8.9
MAPLETREE COMMERCIAL TRUST	SGD 1.62	4,679	5.6	35.2	1.1	8,439	0.0
FRASERS CENTREPOINT TRUST	SGD 2.15	1,994	5.9	29.6	1.0	2,050	-4.0
CAPITALAND MALL TRUST	SGD 2.11	7,779	5.3	31.5	1.0	23,000	-0.9
SPH REIT	SGD 0.99	2,569	5.7	26.8	1.1	884	-5.2
KGI REIT PORTFOLIO			6.0	33.6	1.1	12,186.1	(3.0)
FTSE ST RE INVEST TRUST	763.70		6.4		1.0		(10.8)

Results Update & Company Visit

- **Accordia Golf Trust (AGT SP; HOLD; TP: S\$0.61):** Attractive valuations but lack of near-term re-rating catalysts; downgrade to HOLD - Page 5
- **Alliance Mineral Assets (AMS SP; Not Rated):** Australia site visit to Alliance and Pilbara Minerals; industry weakness an opportunity - Page 6
- **CNMC Goldmine Holdings (CNMC SP; Cease Coverage):** Operations improving but expenses expected to remain high - Page 7

Recent In depth Regional Reports

19/11	TH Bangkok Airways (BA TB; Neutral; TP: Bt 18.60): Enhancing its value chain
19/11	TH BTS Group Holdings (BTS TB; Outperform; TP: Bt 11.29): Riding growth in mass transit
19/11	TH Central Pattana (CPN TB; Outperform; TP: Bt 87.00): Short term hiccup
19/11	TH Minor International (MINT TB; Neutral; TP: Bt 37.50): S-T negative factors outweigh
19/11	TW Formosa Lab (4746 TT; Neutral; TP: NT\$40.10): Short-term headwinds
16/11	TW Gourmet Master (2723 TT; Neutral; TP: NT\$212.00): Pace of China recovery uncertain
16/11	TH Strategy: 3Q18 results snapshot Big caps saved the days
16/11	TH Hotel Sector (Neutral): 3Q18 earnings summary: Weaker operation
16/11	TH C.P. All (CPALL TB; Outperform; TP: Bt 90.00): Solid ground from domestic market
16/11	TH Mono Technology (MONO TB; Neutral; TP: Bt 2.12): Return to net profit expected in 2019
16/11	TH Sansiri (SIRI TB; Neutral; TP: Bt 1.53): Outlook remains vague
16/11	TH WHA Corporation PCL (WHA TB; Neutral; TP: Bt 4.50): Slower pace of acceleration
16/11	TH WHA Utility & Power (WHAUP TB; Outperform; TP: Bt 9.00): Power business makes this year strong
15/11	SG Accordia Golf Trust (AGT SP; HOLD; TP: S\$0.610): Attractive valuations but lack of near-term re-rating catalysts; downgrade to HOLD
15/11	SG CNMC Goldmine Holdings (CNMC SP; Cease Coverage): Operations improving but expenses expected to remain high
15/11	TW VHQ Media (4803 TT; Not Rated): 3Q18 earnings a record high
15/11	CN/HK Economy: Infrastructure investment up in October; brief, modest economic rebound likely
15/11	TH Economic: 3Q18 GDP expected to grow 4.3% YoY
15/11	TH Ananda Development (ANAN TB; Outperform; TP: Bt 5.80): Cheap chips
15/11	TH Bangkok Dusit Medical Services (BDMS TB; Outperform; TP: Bt 31.00): 3Q18 earnings review: 6.9% above our forecast
15/11	TH Banpu (BANPU TB; Outperform; TP: Bt 26.00): Focus on Vietnam
15/11	TH BTS Group Holdings (BTS TB; Outperform; TP: Bt 11.20): 2Q19 earnings review: 19.2% above the consensus
15/11	TH Bumrungrad Hospital (BH TB; Outperform; TP: Bt 236.00): Still looks strong
15/11	TH CH. Karnchang (CK TB; Outperform; TP: Bt 30.00): 3Q18 earnings review: In line
15/11	TH Hana Microelectronics PCL (HANA TB; Outperform; TP: Bt 45.00): 3Q18 earnings review: Beat forecast
15/11	TH Mono Technology (MONO TB; Under Review; TP: NA): 3Q18 earnings review: Turned to loss again
15/11	TH Nok Airlines (NOK TB; Neutral; TP: Bt 3.49): 3Q18 earnings review: The poorest quarter
15/11	TH RS (RS TB; Outperform; TP: Bt 20.70): 3Q18 earnings review: Pressured by lower TV segment
15/11	TH Scan Inter (SCN TB; Under Review; TP: Under Review): 3Q18 earnings review: Lower than expected
15/11	TH Siam Makro (MAKRO TB; Neutral; TP: Bt 36.00): Carry cost from international expansion
15/11	TH Sino-Thai Engineering & Construction (STEC TB; Outperform; Bt 26.75): 3Q18 earnings review: Back on track
15/11	TH Srisawad Corporation (SAWAD TB; Outperform; TP: Bt 50.25): 3Q18 earnings review: Solid growth on track
15/11	TH True Corporation (TRUE TB; Outperform; TP: Bt 9.00): 3Q18 earnings review: In line results
14/11	TW Strategy: Downturn of earnings revisions has barely begun
14/11	TW Asia Cement (1102 TT; Outperform; TP: NT\$51.00): 3Q18 results miss; China cement price uptrend intact
14/11	TW Cathay FHC (2882 TT; Neutral; TP: NT\$52.00): 3Q18 bank earnings offset lower insurer investment income
14/11	TW Chin Poon (2355 TT; Neutral; TP: NT\$36.00): Recovery period in 3Q18; adjustment efforts require time
14/11	TW CSRC (2104 TT; Outperform; TP: NT\$44.00): 3Q18 earnings beat
14/11	TW FENC (1402 TT; Outperform; TP: NT\$41.00): 3Q18 earnings significantly above expectations
14/11	TW Lealea (1444 TT; Outperform; TP: NT\$12.80): 3Q18 earnings miss; risk-reward profile improving
14/11	TW TPCC (4725 TT; Outperform; TP: NT\$38.00): 3Q18 earnings missed
14/11	HK Man Wah (1999 HK; Underperform; TP: HK\$3.20): Uncertainties ahead
14/11	HK Want Want China (151 HK; Neutral; TP: HK\$5.80): Consolidation as weak 1H FY19 results were discounted
14/11	CN/HK Economy: Sluggish October loan growth won't have big impact on stocks
14/11	TH Commodities Update: US takes top spot in global crude production
14/11	TH AMATA Corporation PCL (AMATA TB; Outperform; TP: Bt 30.00): 3Q18 earnings review: In-line
14/11	TH Ananda Development (ANAN TB; Outperform; TP: Bt 6.00): 3Q18 earnings review: Beat all estimates

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Recent In depth Regional Reports

14/11	TH AP (Thailand) (AP TB; Neutral; TP: Bt 9.40): 3Q18 earnings review: In line with our forecast
14/11	TH Bangkok Airways (BA TB; Neutral; TP: Bt 18.50): 3Q18 earnings review: Improved performance
14/11	TH BCPG Pcl. (BCPG TB; Neutral; TP: Bt 18.00): Earnings should be bottoming this year
14/11	TH C.P. All (CPALL TB; Outperform; TP: Bt 87.00): 3Q18 earnings review: Beat our forecast
14/11	TH Dynasty Ceramic (DCC TB; Neutral; TP: Bt 2.460): 3Q18 earnings review : Low season
14/11	TH Gulf Energy Development (GULF TB; Neutral; TP: Bt 71.50): 3Q18 earnings review: Below forecast
14/11	TH Ladprao General Hospital (LPH TB; Neutral; TP: Bt 7.36): 3Q18 earnings review: In line with our forecast
14/11	TH Minor International (MINT TB; Neutral; TP: Bt 39.00): 3Q18 earnings review: Improved in hotel
14/11	TH Central Pattana (CPN TB; Outperform; TP: Bt 90.50): 3Q18 earnings review: A quarter of change
14/11	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 23.10): Unfavorable outlook already in the price
14/11	TH Quality Houses (QH TB; Neutral; TP: Bt 3.50): Die hard
14/11	TH Sansiri (SIRI TB; Neutral; TP: Bt 1.60): 3Q18 earnings review: Weak, but in line with forecast
14/11	TH The Erawan Group (ERW TB; Outperform; TP: Bt 8.00): 3Q18 earnings review: Lower than expected
13/11	SG Alliance Mineral Assets (AMS SP; Not Rated): Australia site visit to Alliance and Pilbara Minerals; industry weakness an opportunity
13/11	TW Addcn Technology (5287 TT; Outperform; TP: NT\$336.00): 3Q18 earnings in line
13/11	TW Asustek (2357 TT; Underperform TP: NT\$188.00): 3Q18 margin & EPS miss; outlook lukewarm
13/11	TW CGPC (1305 TT; Outperform; TP: NT\$28.00): 3Q18 earnings miss expectations
13/11	TW Merida (9914 TT; Outperform; TP: NT\$158.00): Riding on growing popularity of e-bikes
13/11	TW Quanta Computer Inc. (2382 TT; Neutral; TP: NT\$54.00): 3Q18 EPS beats; data center server to drive 2019F growth
13/11	TW Shanghai Commercial & Saving Bank (5876 TT; Outperform; TP: NT\$44.50): 3Q18 net interest income growth offset investment income decline
13/11	TW Taimide Tech. (3645 TT; Neutral; TP: NT\$57.00): 3Q18 in line; muted 4Q18F outlook on soft terminal sales
13/11	TW Win Semiconductors (3105 TT; Underperform; TP: NT\$80.00): Further revenue downward revision coming
13/11	HK Kingsoft (3888 HK; Outperform; TP: HK\$16.50): 3Q18 results in line; online games to rebound in 1H19F
13/11	CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
13/11	CN Internal & External challenges facing China's Economy: Too late to look for swift remedies for long-term ailments
13/11	TH Asia Aviation (AAV TB; Outperform; TP: Bt 4.77): Worsening outlook
13/11	TH Bangkok Chain Hospital (BCH TB; Outperform; TP: Bt 21.50): 3Q18 earnings review: New high, as anticipated
13/11	TH Central Plaza Hotel (CENTEL TB; Neutral; TP: Bt 45.50): 3Q18 earnings review: Improved slightly
13/11	TH Chememan (CMAN TB; Outperform; TP: Bt 4.00): 3Q18 earnings review: Missed
13/11	TH COM7 (COM7 TB; Outperform; TP: Bt 26.00): 3Q18 earnings review: A quality beat
13/11	TH Eastern Polymer Group (EPG TB; Outperform; TP: Bt 9.10): 2QFY18/19 earnings review: In line
13/11	TH Ekachai Hospital (EKH TB; Outperform; TP: Bt 7.85): 3Q18 earnings review: 8.3% above our estimate
13/11	TH Electricity Generating (EGCO TB; Outperform; TP: Bt 280.00): 3Q18 earnings review: In line with our forecast
13/11	TH Gunkul Engineering (GUNKUL TB; Outperform; TP: Bt 4.90): 3Q18 earnings review: Beat our forecast
13/11	TH Major Cineplex Group (MAJOR TB; Outperform; TP: Bt 28.00): Bottomed out, earnings expected to resume in 4Q18
13/11	TH MK Restaurant Group (M TB; Neutral; Bt 76.00): 3Q18 earnings review: Superior operational efficiency
13/11	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 23.90): 3Q18 earnings review: In line with our forecast
13/11	TH PTT (PTT TB; Neutral; TP: Bt 52.50): 3Q18 earnings review: Missed on extra tax expenses
13/11	TH Quality Houses (QH TB; Neutral; TP: Bt 3.00): 3Q18 earnings review: Transfers beat our forecast
13/11	TH Sahakol Equipment (SQ TB; Under Review; TP: Under Review): 3Q18 earnings review: Disappointing
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Recent In depth Regional Reports

13/11	TH SCI Electric (Thailand) (SCI TB; Under Review; TP: Under Review): 3Q18 earnings review: No light at the end of tunnel
13/11	TH Seafco (SEAFSCO TB; Outperform; TP: Bt 12.00): 3Q18 earnings preview: All time high quarter
13/11	TH Siam Makro (MAKRO TB; Neutral; TP: Bt 39.00): 3Q18 earnings review: In line with our forecast
13/11	TH Taokeanoi Food & Marketing (TKN TB; Underperform; TP: Bt 10.10): 3Q18 earnings review: Serious problems inside operation
13/11	TH Thaifoods Group PCL (TFG TB; Outperform; TP: Bt 4.80): 3Q18 earnings review: Beat forecast
13/11	TH TOA Paint (Thailand) (TOA TB; Underperform; TP: Bt 32.25): 3Q18 earnings review: 10% above our expectation
13/11	TH Workpoint Entertainment (WORK TB; Neutral; TP: Bt 34.25): 3Q18 earnings review: Better than expected
12/11	SG ComfortDelGro Corporation (CD SP; BUY; TP: S\$2.720): Improving performance; overall outlook positive
12/11	SG Japan Foods Holding (JFOOD SP; HOLD; TP: S\$0.560): Rising competition; downgrade to HOLD
12/11	TW CTBC FHC (2891 TT; Outperform; TP: NT\$23.60): Higher insurance hedging costs offset core earnings growth at insurance & bank
12/11	TW Feng Tay (9910 TT; Outperform; TP: NT\$230.0): Operating margin sustained at high-end in October
12/11	TW Global PMX (4551 TT; Outperform; TP: NT\$126.00): Core earnings beat; strong EPS growth in 2019F
12/11	TW GPPC (1312 TT; Outperform; TP: NT\$31.00): 3Q18 earnings beat
12/11	TW Inventec (2356 TT; Neutral; TP: NT\$28.00): 3Q18 EPS missed; sales slowdown in 4Q18-1Q19F
12/11	TW MSI (2377 TT; Outperform; NT\$93.00): 3Q18 earnings missed; 4Q18F sales growth intact
12/11	TW Zhen Ding (4958 TT; Outperform; TP: NT\$99.00): Record-high 3Q18 results; valuation appealing

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Accordia Golf Trust

(AGT SP/ACCO.SI)

Attractive valuations but lack of near-term re-rating catalysts; downgrade to HOLD

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- AGT maintained its 1.64 SG cents dividend for 1H19, similar to the prior year period, even as it experienced its worst quarter in its operating history due to a series of natural disasters.
- We expect FY2019E (YE March) DPU to decline to 4.0 SG cents (8.1% div yield) due to the one-off expenses. Thereafter, we expect DPU to recover to at least 5.2 SG cents, which would offer an attractive normalised 10.7% div yield.
- Although valuations are attractive, we **downgrade our recommendation to HOLD** due to the lack of near-term re-rating catalysts and a more cautious macro outlook.
- Investors with a longer investment horizon may wish to keep this in their portfolios as we believe all the bad news have been priced into the current depressed share price.

Financials & Key Operating Statistics					
YE Mar JPY bn	2017	2018	2019F	2020F	2021F
Revenue	51.9	51.5	50.7	50.5	50.3
PATMI	4.0	4.1	5.3	5.3	5.3
Core PATMI	5.5	5.8	5.3	5.3	5.3
Core EPS (JPY)	0.5	0.5	0.5	0.5	0.5
Core EPS grth (%)	-15.6	5.7	-8.6	-0.5	-0.5
DPS (SG Cents)	6.0	3.9	4.0	5.3	5.2
Div Yield (%)	12.3	7.9	8.1	10.7	10.7
Net Margin (%)	7.7	8.0	10.5	10.5	10.5
Loan-to-Value (%)	31.3	29.4	29.3	29.5	29.6
ROE (%)	5.0	5.1	6.5	6.5	6.4

Source: Company Data, KGI Research

Weather gone wild. In what would have been a peak season for golf in Japan, the country experienced earthquakes, a heat wave, flooding and the worst typhoon (Typhoon Jebi) to hit in 25 years. Even the positive trend of increasing revenue per player was not enough to offset the 4.3% points decline in 2Q19 utilisation rate to 78% (-190,000 players YoY).

Share price weakness also due to selling from a major shareholder. The recent share price weakness has also been due to non-fundamental reasons – mainly from a major shareholder selling its shares in the market. We have to point out that the Goldman Sach's fund, being the second largest shareholder of AGT, has been paring down its stake over the last two weeks. We are neutral on this news as the share sales may possibly be due to a change in investment mandate or fund redemptions, and unless we can confirm the reason, we would prefer not to speculate.

Bad news priced in. AGT is currently trading at 0.55x P/B, which is -1SD below its historical average. Thus, at these valuations, we believe downside risks are limited. This year is a year to forget given the confluence of negative factors. On the bright side, barring further bad weather, we can't think of any other negative news that may derail its operational recovery next year.

HOLD - Downgrade

Price as of 14 Nov 18 (SGD)	0.49	Performance (Absolute)	
12M TP (\$)	0.61	1 Month (%)	-5.8
Previous TP (\$)	0.70	3 Month (%)	-13.3
Upside, incl div (%)	33.1	12 Month (%)	-26.7
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	539		
Issued Shares (mn)	1,099		
Vol - 3M Daily avg (mn)	1.0		
Val - 3M Daily avg (\$mn)	0.5		
Free Float (%)	71.1%		
Major Shareholders		Previous Recommendations	
MBK Partners	28.9%	17-Aug-18	BUY \$0.70
Goldman sachs	14.0%	31-May-18	BUY \$0.70
Daiwa Securities	6.0%	24-Apr-18	BUY \$0.78

Recovery under way. Although this year's DPU is expected to drop to 4.0 SG cents due to the reasons stated earlier and one-off expenses related to refinancing, we expect DPU to recover to 5.2 SG cents in FY2019, which would offer an attractive dividend yield of 11% at its current price.

Valuation & Action: We adjust our DDM-backed valuation of AGT, mainly by raising the discount rate to 8.0% from 7.0% previously. As a result, our fair value declines to 61 cents, or an implied 0.7x P/B.

Despite the 33% upside potential, we downgrade our recommendation to HOLD given the lack of near-term re-rating catalysts and our more cautious macro outlook. Japan's economy contracted by an annualised 1.2% in 3Q due to the natural disasters and a decline in exports as trade protectionism starts to take its toll on global demand.

What would excite us. We would turn more positive when AGT begins to acquire golf courses. It has the debt headroom to conservatively acquire 10 golf courses at an average price of JPY 2bn each. Doing so would only increase its loan-to-value (LTV) ratio by 5% points to 35% but raise DPU by 10%.

Risks: Forex risk to DPU as earnings are mostly in JPY while distributions are in SGD. Macroeconomic environment and adverse weather conditions also affect visitor numbers to golf courses.

This report is prepared by KGI Securities (Singapore) under the SGX StockFacts Research Programme. See the last page for important disclosures.



Alliance Mineral Assets Ltd

(AMS SP/ALLI.SI)

Australia site visit to Alliance and Pilbara Minerals; industry weakness an opportunity

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- We visited Alliance's Bald Hill mine in Australia and met up with the management of ASX-listed Pilbara Minerals (PLS). These companies have huge potential as key lithium suppliers.
- Share prices of lithium companies have declined 35-50% after peaking in Jan-2018 due to weak lithium prices in China. However, long-term demand remains stable, and the current downturn offers an opportunity for investors to position for the industry recovery.
- Alliance is set to join as one of the top 3 pure-play lithium producers in Australia, after Galaxy Resources (GXY ASX) and PLS.
- Valuations are attractive. Alliance is trading at only 5.8/4.4x FY2019/20F EV/EBITDA against peers' 5-13x. However, we would wait for the merger to complete in December 2018 before assigning a target price and recommendation on the stock.

Visit down under – Lithium is the new gold. We visited Western Australia recently and were pleasantly surprised by the positive sentiment from all the companies we met. All the nine mining and engineering companies we talked to were expanding operations and cited the recovery in key sectors such as O&G, mining and infrastructure. Perth, Australia is an important operating base for many global resource companies including BHP Billiton, Rio Tinto, ConocoPhillips, Newmont Mining and Barrick Gold.

Accidental lithium producer. Alliance initially listed on the SGX in July 2014 as a pure-play tantalum producer but transformed into a lithium producer through its JV with ASX-listed Tawana Resources in 2016 after the lithium minerals found on Alliance's Bald Hill mine were of high-quality spodumene concentrates that were economically viable to mine and export.

Merger and dual listing. Alliance would be acquiring 100% of the shares of Tawana, with the post-merger company 50.1% owned by Alliance shareholders and 49.9% by Tawana shareholders. The group expects the merger to be completed by 4 December 2018 and for trading on both ASX and SGX to commence trading on a normal settlement basis on 17 December 2018.

Bald Hill tantalum and lithium overview. The mine is located around 600km from Perth, Australia and is currently operated as part of the JV with Tawana. The Ball Hill mine had a total of 11.3mt of lithium reserves, which would support a mine life of 9 years at a processing rate of 1.2mtpa. There is still upside potential from the large quantity of

Not Rated		Performance (Absolute)	
Price as of 13 Nov 18 (SGI)	0.25	1 Month (%)	-7.5
12M TP (\$)	-	3 Month (%)	-24.2
Previous TP (\$)	-	12 Month (%)	-34.7
Upside (%)	-		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	162		
Issued Shares (mn)	659		
Vol - 3M Daily avg (mn)	1.9		
Val - 3M Daily avg (\$mn)	0.5		
Free Float (%)	60.6%		
Major Shareholders		Previous Recommendations	
Burwill Holdings	14.2%		
Grande Pacific	11.0%		
Regal Funds Mgt	10.0%		

inferred resources waiting exploration. Total production has been committed to a 5-year offtake agreement with HK-listed Burwill Holdings (24 HK) for a minimum price of US\$880/t FOB for 2018 and 2019.

Above and beyond. Alliance's processing plant was designed for 160 tonnes of ore per hour (tph) but has been processing an average throughput rate of 202tph in 3Q18, which is 17% higher QoQ and 25% above the original capacity. When it installs the fine circuit by the middle of 2019 with a minimal capex of A\$10mn (+/- 20% estimates), total production could potentially reach 300 tonnes per hour.

Valuation & Action: Based on a conservative set of assumptions, Alliance compares favourably against its peers, trading at only 5.8/4.4x FY2019/20F EV/EBITDA, vs peers at 5-13x. There is significant upside opportunities in 2019F to increase its lithium reserves from further exploration, all funded by operational cash flows. As a potential major lithium producer in Australia, the current downturn offers an attractive opportunity for investors to position for the industry recovery.

Risks: Lithium prices after 2019 and execution risks are key risks. Alliance has a fixed price of US\$880/t with offtake partner Burwill until 2019 but prices after that will be based on market conditions. Lithium prices, especially in China, are heavily influenced by government policies on Electric Vehicles (EV).



CNMC Goldmine Holdings

(CNMC SP/CNMC.SI)

Operations improving but expenses expected to remain high

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- 2Q18 sales surged 145% YoY to US\$11.5mn but net profits declined 42% YoY to US\$0.6mn.
- Excluding one-off items such as listing expenses and forex losses, profits would have increased 140% YoY to US\$1.9mn.
- We had expected 2018 to be the turning point but given the higher-than-expected expenses spilling over into 2019, we estimate a meaningful earnings rebound only by 2020.
- We cease coverage due to reallocation of resources; investors with a longer investment horizon may look forward to its improving operational performance as it continues to add new processing facilities.

3Q18 earnings overview. CNMC's 3Q18 earnings of US\$0.6mn was impacted by US\$0.4mn of forex losses, US\$0.8mn from HK listing expenses and US\$0.08 for the grant of performance shares. Excluding these costs, earnings would have increased to US\$1.9mn from US\$0.8mn in the prior year period.

Improving performance. The group sold 9,569 oz of gold in 3Q18, the highest since 2Q16, due mainly from increased processing from the CIL plant which began contributing meaningfully from 2Q18. All-in-costs continued to improve to US\$952/oz from US\$1,038/oz in 2Q18 and US\$1,546/oz in 3Q17.

Higher-than-expected expenses. In addition to the one-off expenses mainly from its HK listing, CNMC is planning several expansion to its current facilities which will lead to higher costs in the next 3-4 quarters. Although we note that these are long-term positive for the group, the variability and impact on efficiency makes it difficult to estimate the expenses and margins going forward.

Ambitious plans. CNMC is planning for:

- 1) Gold de-absorption and smelting facility next to its CIL plant.
- 2) Replace the three existing heap leach pads with two new ones in order to improve heap leaching capacity to an estimated 6m tonnes of ore from 2.8mn tonnes currently.
- 3) Underground mining in 2019, which would increase mining costs by 30% but should eventually be compensated by an increase in revenue as underground mining is expected to yield higher ore grades.

Cease Coverage

Price 15 Nov 18 (S\$)	0.22
12M TP (S\$)	na
Previous TP (S\$)	0.33
Upside (%)	na

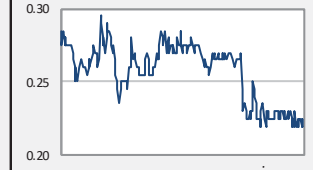
Performance (Absolute)

1M	-4.3
3M	-16.7
12M	-20.8

Trading data

Mkt Cap (S\$m)/(US\$m)	90 / 65
Issued Shares (m)	408m
Vol (3M Daily avg)	0.2
Val (3M Daily avg)	\$0.1
Free Float (%)	55.0%

Performance (1 YR)



Major Shareholders

Prof. Lin Xiang Xiong	26.3%
Choo Chee Kong	12.5%

Previous Recommendations

13-Nov-18	BUY TP \$0.33
14-Aug-18	BUY TP \$0.33
31-May-18	BUY TP \$0.33

4) Build a new floatation plant to process 500 tonnes of ore per day to monetise silver, lead and zinc. This would cost RM20mn and expected to start full commercial production in 2H19.

5) Laying a national grid power line to Sokor to reduce dependence on third-party suppliers of diesel, one of its main mining consumables that represent 19% of the group's overall purchases in 3Q18. Electricity at the mine site is currently provided by diesel generators onsite, so a connection to the national power grid would help reduce costs. This is estimated to cost RM10mn.

HK listing. Plans to list in HK are proceeding but there is still uncertainty on the timing. However, even if it does manage to list in the next two quarters, we are unsure of the benefits to shareholders in the short-term. Additional expenses are still expected in 4Q18.

Valuation & Action: We had expected an earnings recovery in 2018 but now estimate that the higher-than-expected expenses would continue to weigh on margins going into 2019.

Given the lack of near term catalysts and the reallocation of internal resources, we cease coverage. The expansion plans are positive for the long-term growth of the group and we would have a relook at its progress at a later date.

Risks: CNMC's revenue is based on two key components: production volumes and gold prices. Adverse weather conditions or low ore grades could affect CNMC's gold production volume.

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
FINANCIALS								
DBS SP	DBS	23.20	59,197	(0.5%)	(0.9%)	(1.4%)	5.1%	5.3%
OCBC SP	OCBC	11.09	47,152	(0.6%)	(7.6%)	(2.5%)	3.9%	4.2%
UOB SP	UOB	24.25	40,431	(0.6%)	(4.6%)	(1.0%)	5.0%	5.2%
SGX SP	SGX	7.25	7,759	(0.1%)	1.8%	0.4%	4.2%	4.5%
PROPERTIES								
HKL SP	Hongkong Land USD	6.42	20,729	0.8%	(6.1%)	3.9%	3.3%	3.4%
CAPL SP	CapitaLand	3.14	13,071	0.3%	(8.1%)	1.0%	3.9%	4.0%
AREIT SP	Ascendas REIT	2.56	7,958	(0.4%)	(0.1%)	0.0%	6.4%	6.5%
CIT SP	City Development	8.35	7,573	0.7%	(32.0%)	(1.6%)	2.2%	2.2%
CT SP	CapitaLand Mall Trust	2.19	8,074	0.5%	9.2%	2.8%	5.1%	5.3%
CCT SP	CapitaLand Comm Trust	1.70	6,366	(0.6%)	(7.7%)	1.2%	5.2%	5.3%
UOL SP	UOL	6.17	5,200	0.5%	(29.0%)	(1.1%)	2.8%	2.8%
TELECOMMUNICATIONS								
ST SP	SingTel	3.08	50,294	0.0%	(10.8%)	1.0%	5.8%	5.8%
CONSUMER SERVICES AND GOODS								
JM SP	Jardine Matheson USD	63.69	64,389	(2.9%)	7.6%	4.4%	2.6%	2.7%
JS SP	Jardine Strategic Holdings	35.72	54,310	(2.9%)	(9.0%)	2.1%	0.9%	1.0%
THBEV SP	ThaiBev	0.65	16,322	(0.8%)	(27.2%)	0.0%	3.1%	3.4%
DFI SP	Dairy Farm International	8.90	16,521	(0.1%)	16.1%	1.6%	2.7%	2.9%
GENS SP	Genting Singapore	0.94	11,322	0.0%	(26.0%)	0.0%	3.8%	3.9%
JCNC SP	Jardine C&C	34.98	13,825	(1.4%)	(11.0%)	3.6%	3.4%	3.6%
VMS SP	Venture Corp	14.95	4,309	0.3%	(24.0%)	(0.5%)	4.4%	4.5%
SPH SP	SPH	2.67	4,264	0.4%	3.0%	0.8%	5.2%	5.2%
TRANSPORT								
SIA SP	Singapore Airlines	9.40	11,126	0.1%	(9.2%)	(2.0%)	3.8%	4.2%
CD SP	ComfortDelGro	2.15	4,655	(0.5%)	13.7%	(2.7%)	4.8%	5.3%
COMMODITIES								
WIL SP	Wilmar	3.25	20,562	0.0%	8.7%	2.2%	3.4%	3.3%
GGR SP	Golden Agri	0.24	2,993	0.0%	(36.3%)	(4.1%)	1.8%	2.9%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.29	11,400	0.5%	(11.1%)	0.5%	4.5%	4.2%
STE SP	ST Engineering	3.50	10,919	(1.4%)	12.1%	0.0%	4.4%	4.5%
SATS SP	SATS	4.85	5,410	(0.8%)	(4.6%)	0.0%	3.9%	4.1%
YZJSGD SP	Yangzijiang SGD	1.27	5,011	(0.8%)	(9.9%)	0.0%	3.4%	3.4%
SCI SP	Sembcorp Industries	2.69	4,802	(0.4%)	(10.0%)	0.4%	2.0%	2.8%
SIE SP	SIA Engineering	2.56	2,865	(0.8%)	(14.9%)	(7.9%)	5.1%	5.3%
HPHT SP	HPH Trust USD	0.25	2,989	(2.0%)	(34.6%)	0.0%	9.1%	8.8%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2018

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
SUN SP	Suntec REIT	1.78	4,754	1.1%	(12.8%)	2.3%	5.6%	5.6%
MCT SP	Mapletree Commercial	1.63	4,708	1.2%	6.3%	0.6%	5.5%	5.6%
SUN SP	Mapletree Logistics Trust	1.78	4,754	1.1%	(12.8%)	2.3%	5.6%	5.6%
KREIT SP	Keppel REIT	1.13	3,851	0.0%	(6.0%)	0.0%	5.1%	5.1%
SMM SP	Maple Industries Trust	1.63	3,404	0.0%	(11.0%)	(1.8%)	0.7%	0.7%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 19 Nov 18	Yield (%)
ASTI Holdings Ltd	14-Aug-18	2Q18	SGD 0.02000	20-Nov-18	22-Nov-18	7-Dec-18	SGD 0.080	25.0
Fragrance Group Ltd	14-Nov-18	3Q18	SGD 0.002	20-Nov-18	22-Nov-18	30-Nov-18	SGD 0.139	1.4
SATS	8-Nov-18	2Q19	SGD 0.0600	20-Nov-18	22-Nov-18	7-Dec-18	SGD 4.850	1.2
Sunright Ltd	25-Sep-18	FY18	SGD 0.00300	20-Nov-18	22-Nov-18	7-Dec-18	SGD 0.450	0.7
Thakral Corp	8-Nov-18	3Q18	SGD 0.0200	20-Nov-18	22-Nov-18	30-Nov-18	SGD 0.445	4.5
Boustead Singapore Ltd	12-Nov-18	2Q19	SGD 0.01000	21-Nov-18	23-Nov-18	6-Dec-18	SGD 0.800	1.3
Silverlake Axis	13-Nov-18	1Q19	SGD 0.0030	21-Nov-18	23-Nov-18	6-Dec-18	SGD 0.415	0.7
Silverlake Axis			SGD 0.0030	21-Nov-18	23-Nov-18	6-Dec-18	SGD 0.415	0.7
Singapore Airlines	13-Nov-18	2Q19	SGD 0.0800	21-Nov-18	23-Nov-18	4-Dec-18	SGD 9.400	0.9
Valuetronics Hldgs	12-Nov-18	2Q19	HKD 0.0500	21-Nov-18	23-Nov-18	10-Dec-18	SGD 0.660	0.9
Datapulse Technology	29-Sep-18	FY18	SGD 0.0100	22-Nov-18	26-Nov-18	5-Dec-18	SGD 0.265	3.8
Fu Yu Corp	14-Nov-18	3Q18	SGD 0.003000	22-Nov-18	26-Nov-18	5-Dec-18	SGD 0.182	1.6
GP Industries Ltd	5-Nov-18	2Q19	SGD 0.01250	22-Nov-18	26-Nov-18	6-Dec-18	SGD 0.685	1.8

Source: SGX Announcement / Bloomberg

Company	Offer Price	Closing Date	Offeror
LTC Corporation Limited	SGD 0.925 Cash	5.30 p.m. on 28 Nov 2018	Mountbatten Enterprises Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
19-Nov	20-Nov	21-Nov	22-Nov	23-Nov
26-Nov	27-Nov	*Q4: LHN 28-Nov	29-Nov	30-Nov
3-Dec	4-Dec	5-Dec	6-Dec	7-Dec
10-Dec	11-Dec	12-Dec	13-Dec	14-Dec
17-Dec	18-Dec	19-Dec	20-Dec	21-Dec

* Tentative

Source: Bloomberg

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