

SEPTEMBER 2020 CALENDAR

AUGUST

SEPTEMBER

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31 AGT Ex-Div	September 1 Jardine C&C Ex-Div	2	3 KGI Corporate Access - Hyphens	4 Venture Ex-Div	5
6	7 US HOLIDAY Fu Yu Ex-Div Singpost Ex-Div FCT Ex-Div	8 Hour Glass Ex-Div	9 2pm KGI CORP ACCESS-UG HEALTHCARE	10 Medtecs Ex-div SCI Ex-Distribution	11 EC-World Ex-div SMM-Crediting of shares to SCI	12
13	14 Metro Ex-div	15	16 APTT Ex-div	17	18 Riverstone Ex-div	19
20	21	22	23	24	25	26
27	28	29	30			

*PM – After market close, AM – Before market opens

M&A HEATING UP

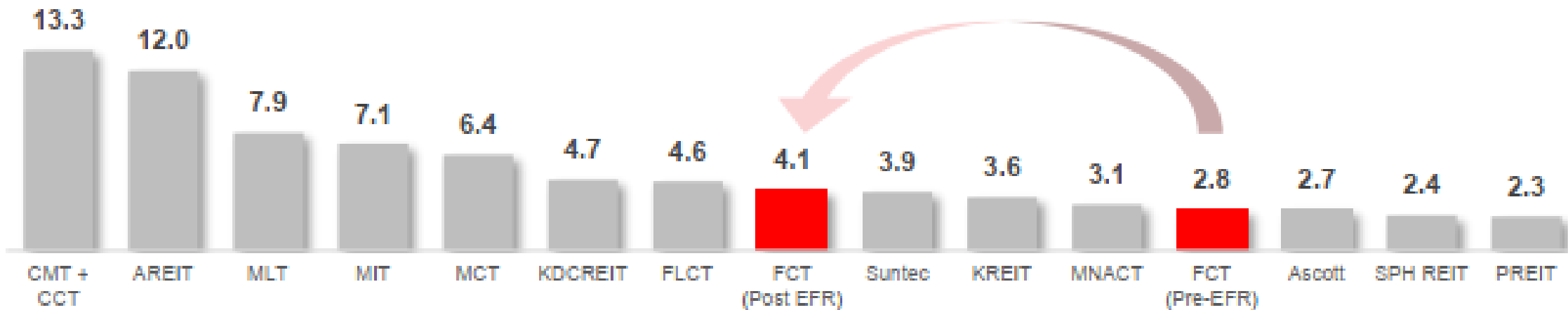
- **CMT + CCT**

- Long-stop date for merger extended to 30 Nov from 30 Sep.

- **FCT**

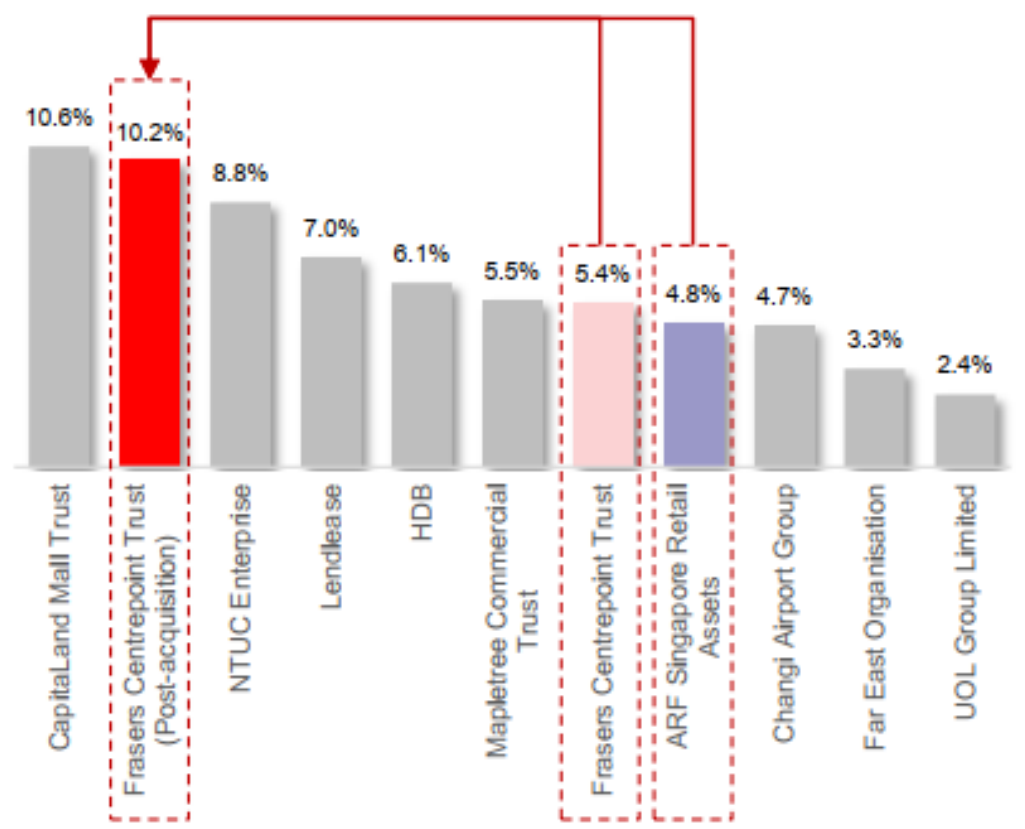
- Raising S\$1.3 billion via private placement of new FCT units and non-renounceable preferential offering to current unitholders
- Acquiring 63.11% remaining interest in 5 retail malls and 1 office property; 8.59% DPU Accretion
- 8th largest REIT by market cap

S-REIT by Market Capitalisation (S\$ billion)

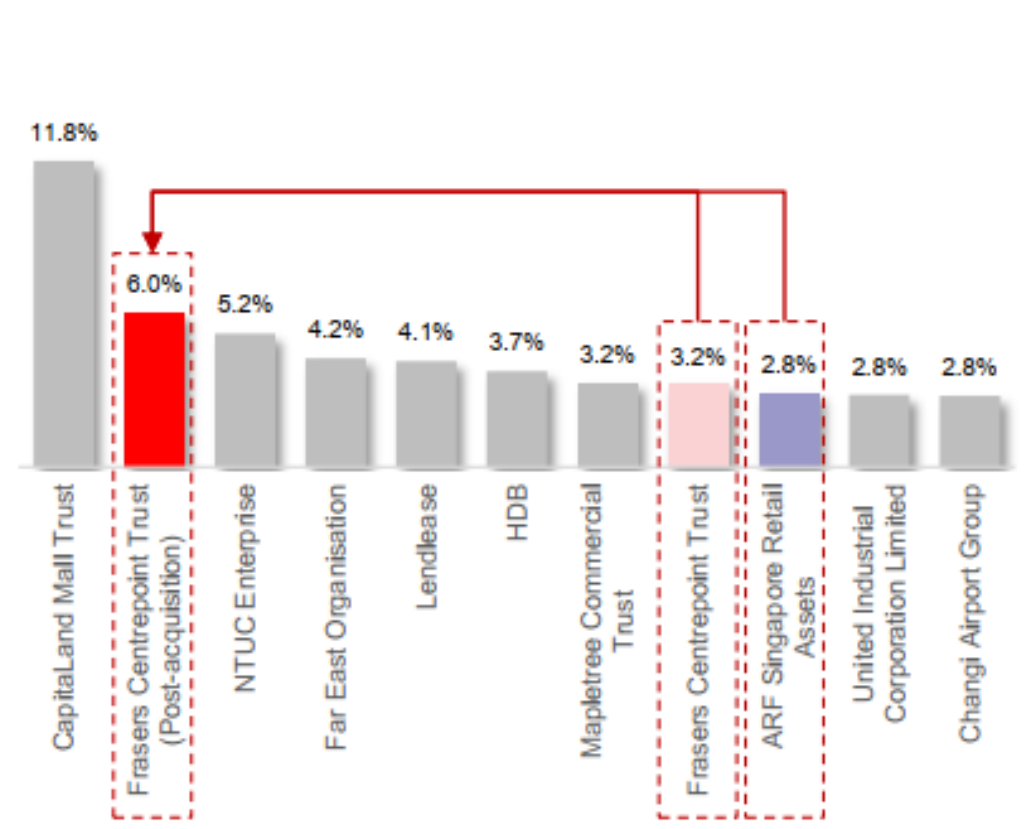


BIG GETTING BIGGER

Share of Retail Floor Space by Owner (Suburban)¹



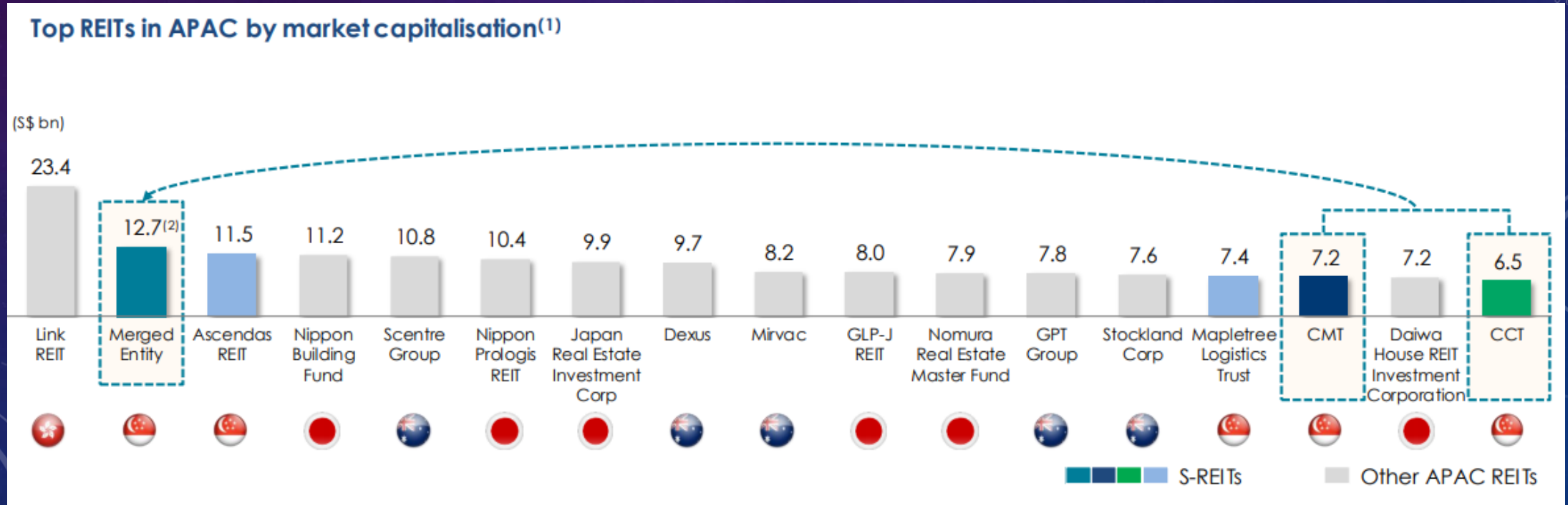
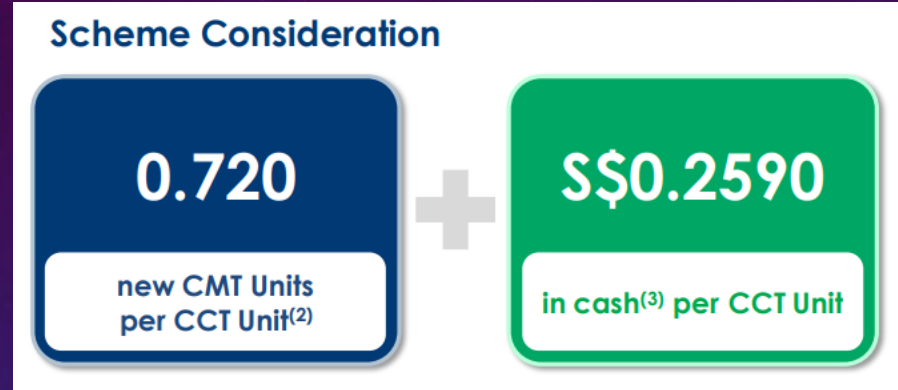
Share of Retail Floor Space by Owner (Island-wide)¹



Source: Company Presentation

1. As at the first quarter of 2020 ended 31 March 2020. Excluding Bedok Point

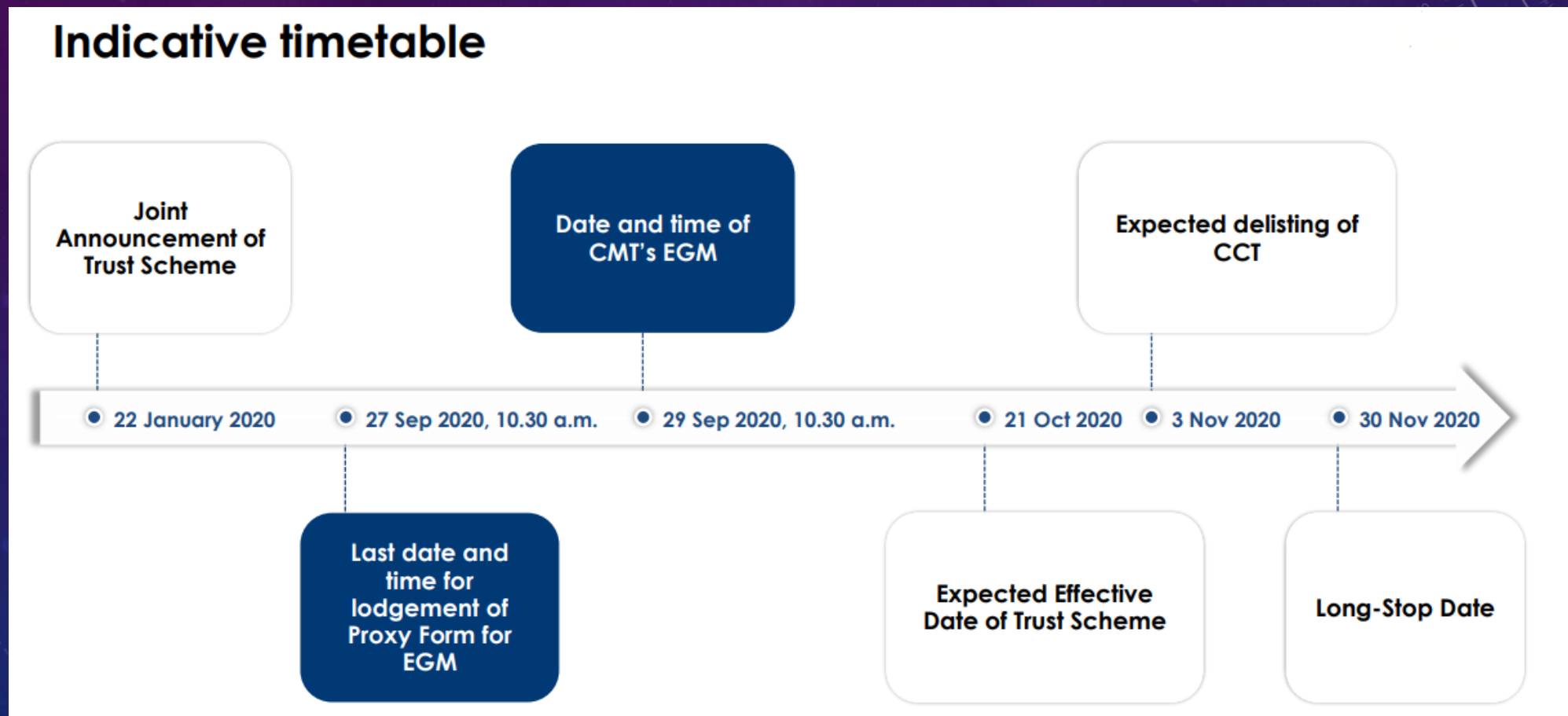
CMT/CCT MERGER



Source: Company Presentation

CMT/CCT MERGER

- CMT trading at attractive 0.9x P/B, 20% discount to 10-year average despite growth outlook being intact
- Long-stop date extended to 30 Nov 2020



The background features several circular gauges and arrows. One large gauge on the left has a scale from 140 to 260. Other gauges are partially visible, some with arrows indicating clockwise or counter-clockwise movement. The overall aesthetic is technical and analytical.

Macro

RESEARCH

GUANGZHI, CFA

MARKET CORRECTION

- S&P500: dropped 6.6% from Wednesday high to Friday low
- Nasdaq: dropped 9.9% from Wednesday high to Friday low
- Dow Jones: dropped 5.3% from Wednesday high to Friday low
- Reasons: option-driven market embraces profit-taking moves
 - Market makers have been stuck in “short gamma” (Accumulations of call options forces hedging by buying underlings such as equity futures or individual equities)
 - Since August, VIX has been staying below 20, a level when March crash just began
 - Melt-up resulted in put/call ratio averaging at 0.6 in August; the low reached 0.4 (July 2019 level)



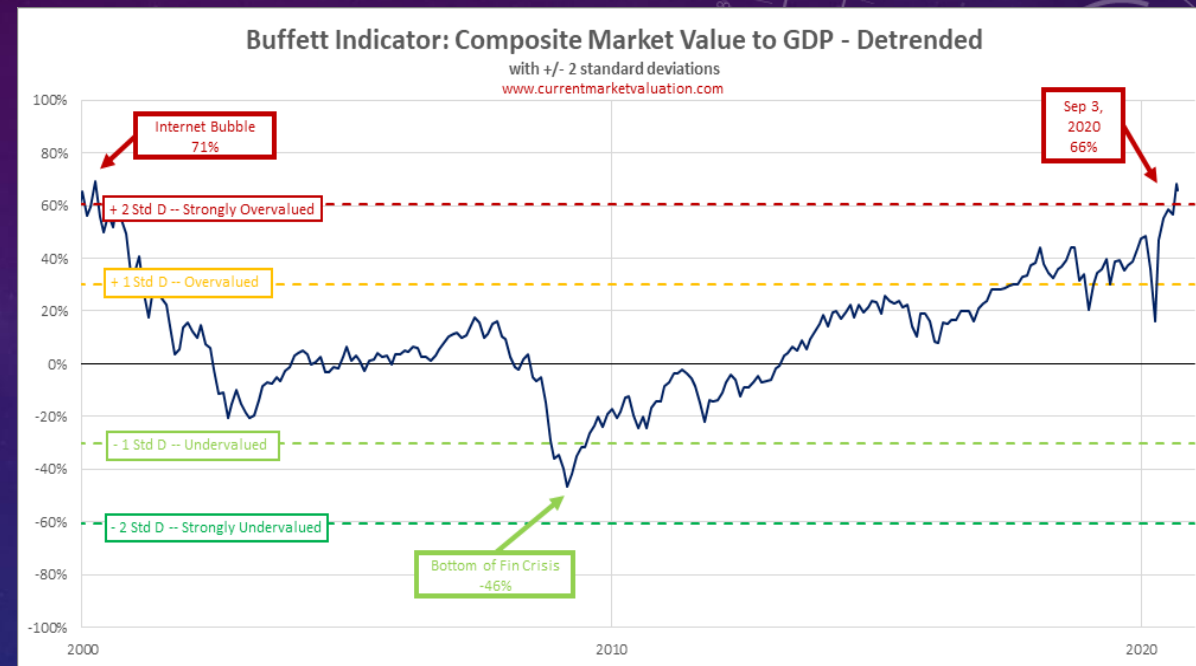
WHAT'S NEXT?

- **Frothy market**

- Narrow market breath: "FAANMG" accounts for more than 20% of SPX500 market cap, Tesla almost hit US\$500bn market cap
 - Amazon P/C ratio: 0.607
 - Apple P/C ratio: 0.514
 - FB P/C ratio: 0.561
 - Google P/C ratio: 0.801
 - Microsoft P/C ratio: 0.506
 - Netflix P/C ratio: 0.685
 - Telsa P/C ratio: 0.647
- Buffet indicator surpassed tech bubble level

- **Less likely market crash**

- Abundant liquidity
- Fed is ready to launch new round of stimulus in coming months
- Fed has intention to protect market before election
- Buy the dip sentiment is still strong



HONG KONG MARKET OUTLOOK

- **Remain bullish**

- China is on track recovering (manufacturing and service PMI: 53.1 and 54)
- Tech stocks with focus on domestic market are benefitting under the promotion of internal circulation
- Infrastructure expansion continues (post flood rebuilding, domestic whole supply chain construction, 5G development)
- Hong Kong is the only window for China to raise foreign capital
 - Net foreign reserve reached a 10-year low (below US\$1tn) in 1Q20
 - China-US decoupling leads to US-listed tech companies to come back HK to dually list
 - MNCs have vested interest in HK
- Tech sector remains the best driver, and cyclical, consumer and staples stocks could catch up in the rest of 2020
 - Big tech: Alibaba (9988 HK), Tencent (700 HK), Meituan (3690 HK), JD (9618 HK), Xiaomi (1810 HK), Netease (9999 HK)
 - Cyclical and consumer staples: Anhui Conch Cement (914 HK), Haidilao(6862 HK), Anta Sports (2020 HK), Mengjiu Dairy (2319 HK)

The background features a dark blue gradient with faint, light blue circular patterns and a scale. The scale is a semi-circular arc with numerical markings from 140 to 260 in increments of 10. Several circular elements, some solid and some dashed, are scattered across the background, some containing arrows indicating a clockwise direction.

Jiutian Chemical

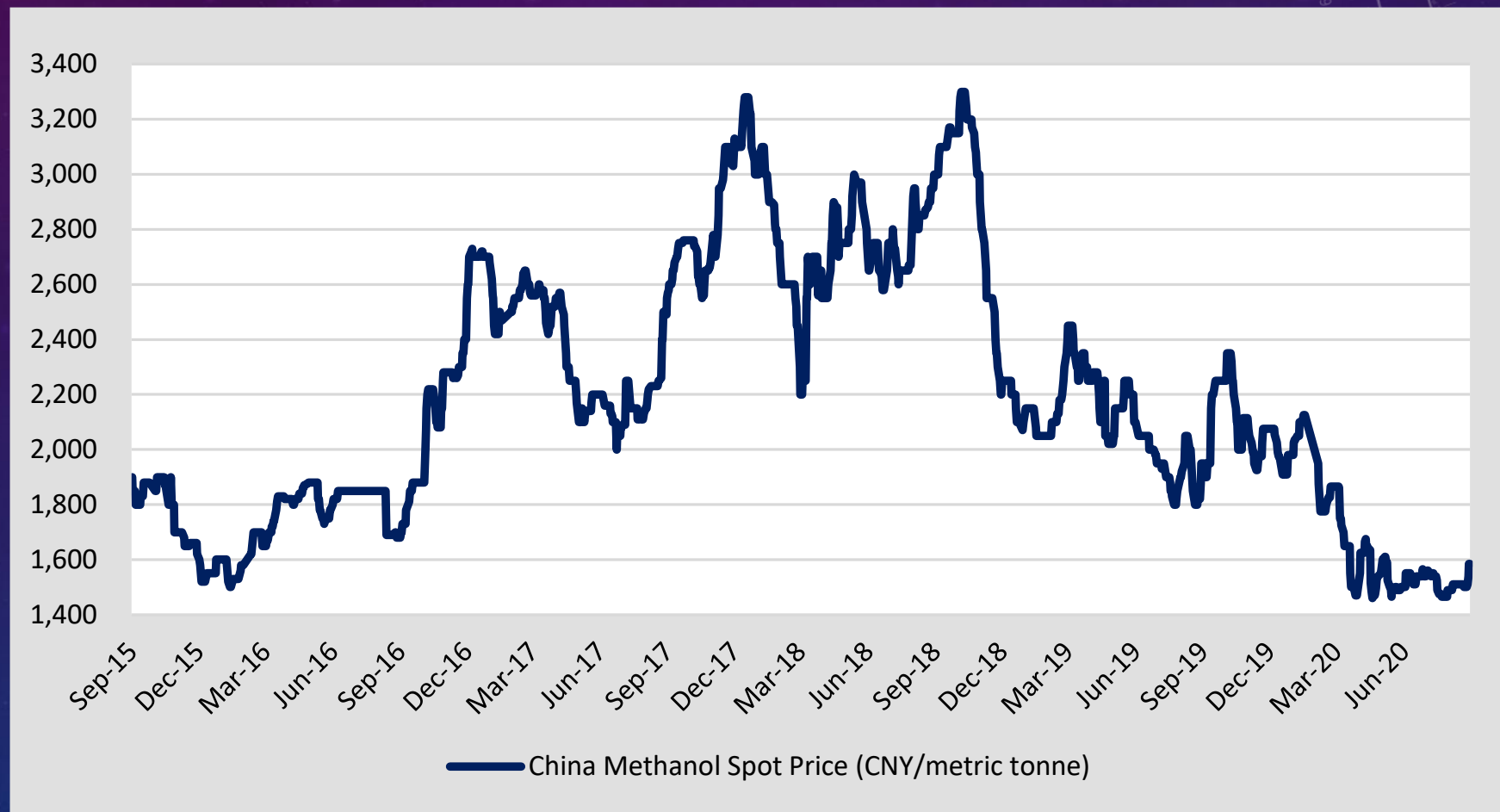
RESEARCH

JOEL

JIUTIAN CHEMICAL GROUP (JIUC SP)

ASP still holding up well between RMB 6500-7000/tonne

Raw material prices still low as oil and coal remains weak



Source: Bloomberg, KGI Research

JIUTIAN CHEMICAL GROUP (JIUC SP)

KGI Fair Value	S\$0.068
Current Price	S\$0.050
Upside potential	36%
Market capitalisation	S\$91 million
Price to book	1.4x
Upside catalyst	Higher ASP in 2H2020

The background features a dark blue gradient with a starry space pattern. On the left side, there are several circular gauges or dials with white markings and numbers, some of which are partially obscured by the text. The gauges have various scales and arrows, suggesting a technical or scientific theme.

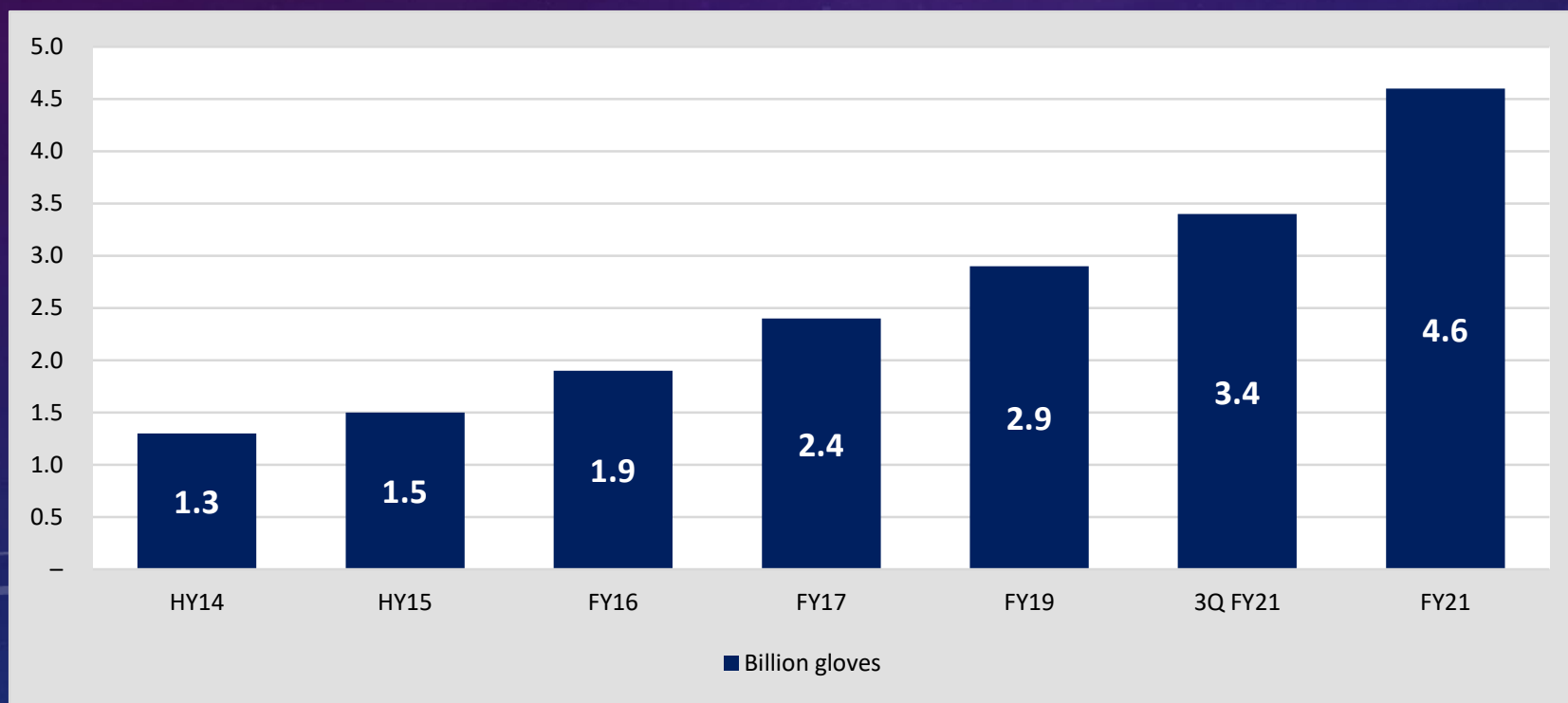
UG Healthcare

RESEARCH

JOEL

UG HEALTHCARE (UGHC SP)

Key markets (YE June)	1H FY19	2H FY19	1H FY20	2H FY20
REVENUE S\$'000				
Europe	20,140	22,467	20,714	31,084
North America	8,133	7,545	8,780	10,926
South America	4,718	11,583	14,200	33,269
Africa	1,743	2,092	2,536	4,486
Asia	4,103	4,455	4,184	8,835
Others	2,558	2,175	2,744	2,431
Total	41,395	50,317	53,158	91,031



- ASP has been increasing MoM since March 2020
- 85% of gloves are sold through its own brand

Sustainable business plan

- Currently operating at full utilisation, producing 2.9 billion gloves per year
- All new capacity will go to its own brand
- Will spend to build its marketing network in US and Europe

UG HEALTHCARE (UGHC SP)

- Smallest among Singapore and Malaysia listed glove makers
- Singapore listed glove makers trading at discount to Malaysia listed peers

Company	Bloomberg Ticker	Price (Lcl curr)	Mkt Cap (US\$m)	P/E (x) (hist)	P/E (x) (fwd)	P/B (x)	ROE (%)	ROE (%) (fwd)	EV/EBITDA (x) (ttm)	EV/EBITDA (x) (fwd)	EV/EBITDA (x) (fwd 2 yr)	Net Gearing (%)	Dvd Yld (%)
Singapore-listed Glove Makers													
Top Glove Corporation	TOPG SP	2.82	16,782	99.1	17.5	14.1	18	82	49.7	34.5	13.6	NC	0.5
Riverstone Holdings	RSTON SP	3.65	1,981	63.0	15.4	10.4	17	41	26.0	13.0	10.5	NC	0.9
UG Healthcare Corp	UGHC SP	2.35	353	34.4	17.2	8.8	28	23	23.9	11.1	15.2	87.1	0.3
Malaysia-listed Glove Makers													
Hartalega Holdings	HART MK	14.00	11,577	84.3	25.8	17.5	22	46	57.0	19.5	19.1	NC	0.5
Supermax Corp	SUCB MK	9.60	5,982	47.8	23.6	15.6	39	35	31.4	10.0	15.6	NC	-
Kossan Rubber	KRI MK	13.40	4,135	56.0	18.9	10.8	21	40	37.1	17.3	13.2	12.7	0.4
Average				64.1	19.7	12.9	24.3	44.6	37.5	17.6	14.5	49.9	0.5

Source: Bloomberg, KGI Research

DISCLAIMER

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the “Subject Business”.)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a “research analyst”), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities’ total revenues, a portion of which are generated from KGI Securities’ business of dealing in securities.

Copyright 2020. KGI Securities (Singapore) Pte. Ltd. All rights reserved