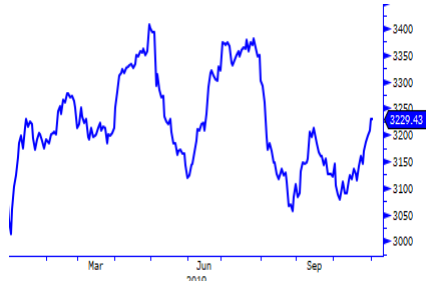


Market Indicators

	30-Oct	31-Oct	1-Nov
Mkt. T/O (S\$ mil)	1,099.6	1,457.1	1,004.2
Stock Advances	201	248	191
Stock Declines	195	172	171

Major Indices

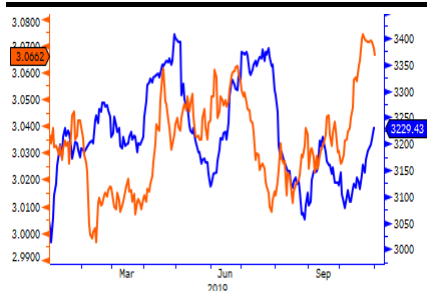
	30-Oct	31-Oct	1-Nov
DJ Ind Avg	27,186.7	27,046.2	27,347.4
S & P 500	3,046.8	3,037.6	3,066.9
Nasdaq Comp	8,304.0	8,292.4	8,386.4
Hang Seng	26,667.7	26,906.7	27,100.8

STI Index 3,229.43 (-0.01%)


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,512.66	-0.01%
Oil (NYMEX CWT1) US\$ / bbl	56.18	3.29%
Baltic Dry Index	1697	-1.96%

Exchange Rates


USD : SGD 1.3572 / MYR : SGD 3.0632

Source: Bloomberg

Interest Rates

3-mth Sibar	1.803%
SGS (10 yr)	1.708%

KGI Securities Research Team
KGI Market Ideas

AEM Holdings. AEM's 3Q19 results exceeded our expectations, with 9M19 PATMI forming 96% of our initial 2019 PATMI forecast. We amend our revenue forecast to include the potential sales of AEM's next generation of test handlers. Our new PATMI forecast is S\$44.6/41.2/45.3 mn for 2019/2020/2021F as we factor in the key customer's positive forecast and the potential wallet share that AEM can achieve. We also increase our PE peg to 12x 2020F EPS as AEM shrugs off the trade war and grows its margins. 12x PE brings AEM more in-line with top 10 SGX tech manufacturing peers' PE of 12.5x. We maintain OUTPERFORM, with an increased 12M Target Price of S\$1.80. Our 12x peg yields S\$1.95 and S\$1.98 TP, if applied to 2019F and 2021F results.

China Sunline Chemicals. China Sunline Chemical announced a profit warning on 31 October and stated that it was expecting a material YoY decrease in 3Q19 net profit. Subsequently, the sell-off resulted in a 10% drop in its share price the following trading day (1 November). The underperformance was expected as both the ASP and raw materials were still depressed during the third quarter period. Both the ASP and aniline prices plunged by 30% to 40% YoY in 3Q19. Furthermore, we noticed that the average aniline price recovered by 10.2% MoM to RMB6,930/tonne in September but the ASP of rubber chemicals did not increase accordingly. Generally, there is a three to four week lag for ASP adjustments. In our view, the temporary margin compression will be mitigated once the ASP of end products begin to recover. Therefore, we expect Sunline's 4Q19 performance to improve compared to 3Q19.

Next opportunities within Temasek's portfolio – SIA Engineering and Sembcorp Industries. Following the 21 October announcement that Temasek is seeking to increase its stake in Keppel Corp to 51% from its current holding of 20.5%, we focus on two other companies that would benefit from the ongoing restructuring of Temasek's portfolio. The first and most direct beneficiary of the ongoing developments would be **Sembcorp Industries (SCI SP)**; a partial or full divestment of its 61%-owned Sembcorp Marine would allow the group to channel its resources to its more profitable utilities business, and allow for a much-needed share price re-rating of its all-time low valuations of 0.7x P/B. **SIA Engineering (SIE SP)** is the second company that we like, given the huge margin of safety in its valuations. SIE's 2x P/B is the lowest since 2009, trading even below one standard deviation to its 10-year average. SIE has almost S\$500mn in net cash, making up around 15% of its market capitalisation. Its parent company, SIA, already owns 77.7% of SIE, making this a near self-funding privatisation exercise. In the meantime, we expect downside to be mitigated by its 4-5% forecasted dividend yield.

Commodities, Results Update and Company Update

- **Natural Gas:** Seasonal trade - Page 6
- **AEM Holdings (AEM SP; OUTPERFORM; TP: S\$ 1.80):** Blue Skies Ahead - Page 8
- **CapitaLand Retail China Trust (CRCT SP; Outperform; S\$ 1.740):** Earnings on a roll; Awaiting further portfolio rejuvenation - Page 9
- **Eagle Hospitality Trust (EAGLEHT SP; OUTPERFORM, TP: US\$ 0.72):** Rumour grows as it goes - Page 10
- **Sheng Siong Group (SSG SP; Outperform; TP: S\$ 1.35):** 3Q19 results update; Sustaining the growth momentum - Page 11

Recent In depth Regional Reports	
1/11	TH Strategy: November model portfolio: Less defensive, more market plays
1/11	TH Power Sector (Neutral): 3Q19 earnings preview: Flat YoY, but down QoQ
1/11	TH Advanced Info Service (ADVANC TB; Outperform; TP: Bt 268.00): 3Q19 earnings review: In line result
1/11	TH CK Power (CKP TB; Underperform; TP: Bt 5.40): 3Q19 earnings preview: Low battery mode
1/11	TH Gulf Energy Development (GULF TB; Underperform; TP: Bt 131.25): 3Q19 earnings preview: Up YoY but down QoQ
31/10	SG CapitaLand Retail China Trust (CRCT SP; Outperform; S\$ 1.740): Earnings on a roll; Awaiting further portfolio rejuvenation
31/10	GLOBAL Economics: We prefer stocks over bonds on monetary easing & economic recovery expectations
31/10	TW Airtac (1590 TT; Outperform; TP: NT\$ 480.00): Better growth prospects on capex cycle/ 5G investments
31/10	TW EMC (2383 TT; Outperform; NT\$ 167.00): Record-high 3Q19 results; unseasonably strong 4Q19F outlook
31/10	TW Gemtek Technology (4906 TT; Not Rated): 4Q19F sales flattish; 2Q20F shipments to new clients up
31/10	TW Globaltek (4566 TT; Outperform; NT\$ 66.00): Rising star with multiple drivers & distinct growth strategy
31/10	TW Parade Technologies (4966 TT; Outperform; TP: NT\$ 690.00): Gearing toward data boom
31/10	TW Primax Electronics (4915 TT; Not Rated): Solid 3Q19 earnings; healthy 2020F sales & earnings growth
31/10	TW Wistron NeWeb (6285 TT; Outperform; NT\$ 91.00): New factory needs more time to ramp up; gross margin diluted by product mix
31/10	HK Ten Pao (1979 HK; Outperform; TP: HK\$ 1.050): Key takeaways from Huizhou site visit
31/10	CN/HK Economy: Stagflation risk still on the rise; risk-off sentiment to linger, but unlikely to exacerbate
31/10	TH Monthly Economic Tracker: Executive summary
31/10	TH PTT Exploration and Production (PTTEP TB; Outperform; TP: Bt 155.00): 3Q19 earnings review: In line with our estimate
31/10	TH Thaicom (THCOM TB; Underperform; TP: Bt 5.00): 3Q19 earnings review: Weak as expected
30/10	TW ASEH (3711 TT; Outperform; TP: NT\$ 89.00): Better visibility into 1Q20F
30/10	TW AUO (2409 TT; Neutral; TP: NT\$ 7.30): 3Q19 worse than expected; high inventory levels aggravate burden on industry
30/10	TW Chunghwa Telecom (2412 TT; Neutral; TP: NT\$ 99.00): High dividend won't be affected by 5G investment
30/10	TW Delta Electronics (2308 TT; Neutral; TP: NT\$ 147.00): 3Q19 gross margin gains mostly offset by record expense ratio
30/10	TW Flexium (6269 TT; Outperform; TP: NT\$ 145.00): High-frequency 5G materials to ramp up in 2020F
30/10	TW Johnson Health Tech (1736 TT; Outperform; NT\$ 115.00): Planned acquisition of Japan's top massage chair brand
30/10	TW MediaTek (2454 TT; Outperform; TP: NT\$ 480.00): 5G contribution to accelerate
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30/10	TH Economic: September MPI decreased 4.7% YoY and 2.3% MoM
30/10	TH Banpu Plc. (BANPU TB; Neutral; TP: Bt 12.50): 3Q19 earnings preview: Three-year low coal price
30/10	TH Supalai (SPALI TB; Under Review; TP: Under Review): 3Q19 earnings preview: Expect improvement QoQ
30/10	TH Thai Airways International (THAI TB; Underperform; TP: Bt 5.05): 3Q19 earnings preview: The poorest quarter
29/10	TW E.Sun FHC (2884 TT; Neutral; TP: NT\$ 26.00): 3Q19 profit boosted by fee income growth & lower credit costs; NIM weakens
29/10	TW Kinsus (3189 TT; Neutral; TP: NT\$ 50.70): Look for gradual recovery in 2020F
29/10	CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
29/10	TH Delta Electronics (Thailand) (DELTA TB; Outperform; TP: Bt 57.00): 3Q19 earnings review: Below estimate
29/10	TH Home Product Center (HMPRO TB; Neutral; TP: Bt 17.50): 3Q19 earnings review: In line
29/10	TH Siam Cement (SCC TB; Underperform; TP: Bt 366): 3Q19 earnings review: Below expectation
28/10	TW Wiwynn (6669 TT; Outperform; NT\$ 648.00): Strong 3Q19F margins; sales growth in 4Q19-2020F
28/10	TW Zhen Ding (4958 TT; Outperform; TP: NT\$ 180.00): Promising 5G rerating story
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25/10	GLOBAL Economics: Engage de-Americanization plays; defense & capex themes for longer-term investment
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25/10	HK Topsports International (6110 HK; Not Rated): Interim results reflect solid sportswear demand outlook
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24/10	TW TTY Biopharm (4105 TT; Outperform; TP: NT\$ 92.30): Growth momentum to continue in 2020F
24/10	HK L'Occitane (973 HK; Outperform; TP: HK\$ 23.00): First-half performance beats expectations
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22/10	TH Bank Sector (Overweight): 3Q19 earnings summary: Income picked up, but asset quality remains an overhang
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21/10	TH Kiatnakin Bank (KKP TB; Under Review; TP: Under Review): 3Q19 earnings review: Doesn't look good inside
21/10	TH Krung Thai Bank (KTB TB; Neutral; TP: Bt 21.30): 3Q19 earnings review: Manageable asset quality
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18/10	TH Thaifoods Group PCL (TFG TB; Outperform; TP: Bt 4.80): 3Q19 earnings preview: Margin boost
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17/10	SG Keppel DC REIT (KDCREIT SP; OUTPERFORM; TP: S\$ 2.110): More positives this quarter
17/10	TW Semiconductor Sector (Overweight): Semiconductor value upside on 5G ramp-up
17/10	TW ASEH (3711 TT; Outperform; TP: NT\$ 89.00): More SiP opportunities to come
17/10	TW MediaTek (2454 TT; Outperform; TP: NT\$ 480.00): Near-term sales on track; upside in 2020F
17/10	TW TSMC (2330 TT; Outperform; TP: NT\$ 320.00): Strong upside into 2020F
17/10	TW UMT (3491 TT; Not Rated): Ongoing engagement in 5G & satellite industries
17/10	HK ANTA Sports (2020 HK; Outperform; TP: HK\$ 80.00): 3Q19 retail sales growth on track; outlook remains bright
17/10	HK Inke (3700 HK; Not Rated): Cautious outlook on competition from short-video apps
17/10	TH Media Sector (Neutral): Advertising in September 2019 remained flat YoY
17/10	TH ESSO (Thailand) (ESSO TB; Neutral; TP: Bt 11.30): 3Q19 earnings preview: Second consecutive net loss
17/10	TH Osotspa PCL (OSP TB; Outperform; TP: Bt 45.00): 3Q19 earnings preview: Earnings bounce expected
17/10	TH Total Access Communication (DTAC TB; Neutral; TP: Bt 63.00): 3Q19 earnings review: Beat expectation
16/10	TW Networking Sector: FR1 key global frequency band; Huawei 2020F 5G base station market share 40%
16/10	TW Foresee (6576 TT; Outperform; TP: NT\$ 93.00): Revenue growth driven by new and existing licensing deals in 2020F
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16/10	TH C.P. All (CPALL TB; Outperform; TP: Bt 91.00): 3Q19 earnings preview: Up both YoY and QoQ
16/10	TH Siam Makro (MAKRO TB; Neutral; TP: Bt 36.25): 3Q19 earnings preview: Drop YoY, but up QoQ
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15/10	TH Sino-Thai Engineering & Construction (STEC TB; Outperform; Bt 20.40): BBS consortium to win U.Tapao airport city bid
15/10	TH Tisco Financial Group (TISCO TB; Outperform; TP: Bt 108.00): 3Q19 earnings review: Better asset quality

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14/10	TW Feng Tay (9910 TT; Neutral; TP: NT\$ 215.00): 3Q19 earnings in line; eyeing Indonesia plants' efficiency
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14/10	SG KGI Weekly Strategy: China Shipping and Ports
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11/10	SG First Real Estate Investment Trust (Not Rated): Site visit to First REIT's assets in Jakarta
11/10	SG First Real Estate Investment Trust (Not Rated): Site visit to First REIT's assets in Jakarta
<i>For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com</i>	

Seasonal trade

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- China's national strategy is to promote natural gas, thus leading to long-term demand growth
- Natural gas is gaining momentum with the upcoming winter season
- The substitute effect between LNG and coal is increasing
- China recently launched a new LNG price index

More room for the gas sector to grow

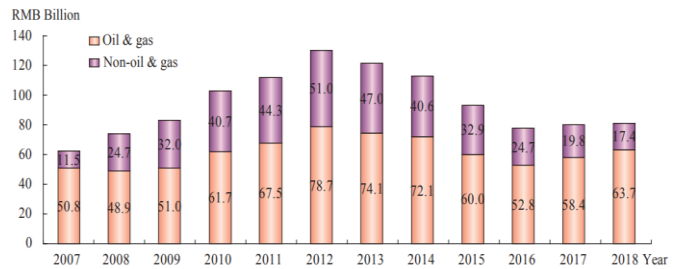
China has embarked on an aggressive campaign to boost natural gas demand as a substitute for coal consumption since 2016, in accordance with the 13th-Five-Year Plan for Natural Gas Development (2016-2020). The stated target and the current progress are shown below:

Area	Target	Progress
Reserve (tn cubic meter)	Newly-discovered	Accumulated
Natural gas	3	16
Shale gas	1	>1.5
Coal bed gas	0.42	>1
	Accu as of 2018	
	2.11	0.83
	0.83	0.50
Supply	Security capacity	
Domestic comprehensive natural gas (tn cubic meter)	>0.36	
Infrastructure	Length	Accumulated
Gathering pipeline network (km)	40k	104k
Transmission capacity of the main pipelines (tn cubic meter/year)	0.4	>0.31
Underground gas storage capacity (mn cubic meter)		148
		93

In general, the planned developments have been on track as of 2018. Driven by strong growth of natural gas consumption led by the transformation of China's energy development strategy, the related capital expenditure on exploration and exploitation lagged relatively after the oil market crash in 2015. From 2009 to 2018, the 12% CAGR of natural gas consumption dwarfed the 7% CAGR of domestic supply. Accordingly, the reliance on gas imports rose from 5% to 43%. It is worth noting that natural gas demand only accounted for 7.8% of non-renewable energy as of 2018. The long-term goal of the transformation of the energy consumption structure aims to lift the percentage to 15% by 2030. In 2018, the total mining fixed asset investment reached RMB959bn, 27% of which was spent on oil and gas development.

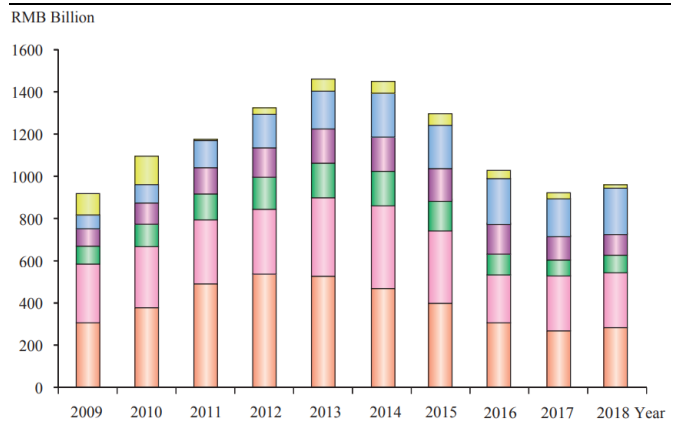
There is significant room for growth for the natural gas market. China will continue to ramp up infrastructure development such as pipeline network, transportation, and storage to expand the nationwide natural gas coverage and lower the cost of consumption.

Figure 1: Investments in geological exploration in China



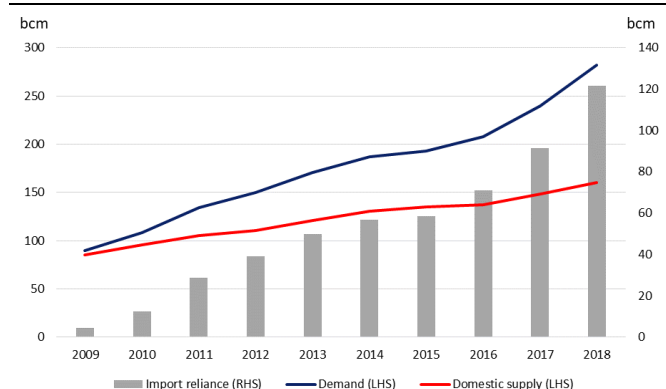
Source: China Mineral Resources 2019

Figure 2: Mining fixed assets investment in China



Source: China Mineral Resources 2019

Figure 3: Growth of natural gas demand outpaces domestic supply



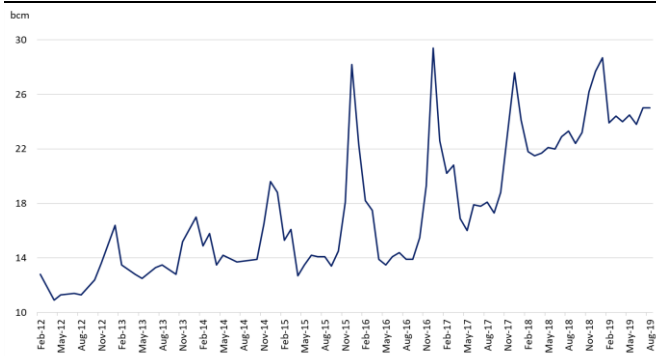
Source: CEIC, KGI Research

Seasonality effect

Domestic natural gas consumption shows a strong seasonality. Residents consume heating in the northern part of China during the cold winter season, and heating is mainly generated by coal or natural gas. However, coal usage causes serious haze problems, a long-standing concern for authorities. Over the past few years, the government has been clamping down on coal consumption, especially during

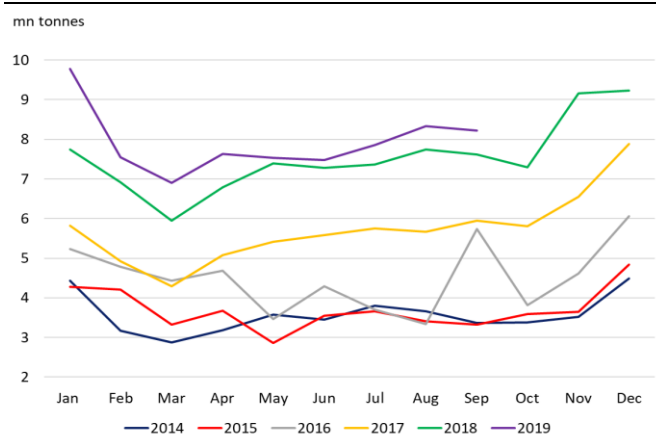
the winter season. One of the solutions is to switch from coal to gas or electricity. Thermal power, the major form of electricity supply in winter, still consumes coal. As a result, the authorities have been aggressively promoting natural gas as the preferred choice. Demand for natural gas has been increasing YoY since the initiation of the 13th-Five-Year Plan in 2016. Generally, the peak season of natural gas consumption starts in October and ends the following March. In August and September, the authorities normally releases guidelines to plan the heating supply, which could then provide visibility of natural gas demand to some extent.

Figure 4: China's LNG consumption



Source: Bloomberg, KGI Research

Figure 5: Yearly comparison of China's LNG demand

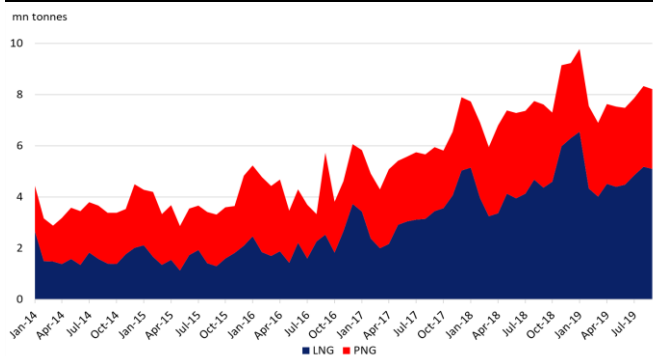


Source: Bloomberg, KGI Research

Relative inverse relation between LNG and thermal coal imports

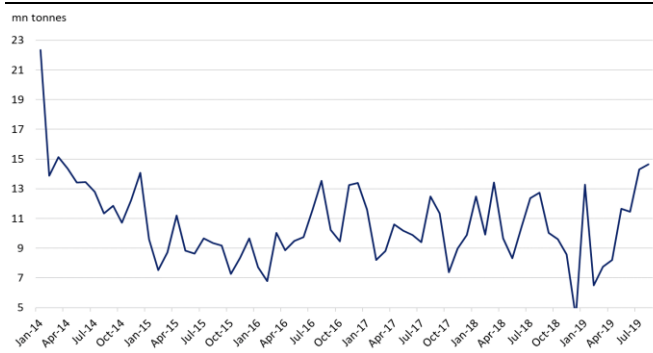
Coal, mainly used to generate power and heating, has two peak seasons in the year: summer and winter. With the acceleration of natural gas consumption, the substitute effect has recently been amplified. Based on our analysis, the import volumes of these two fossil fuels have moved against each other in recent years. This could be the result of a flexible energy supply policy between peak and low season. The government prioritise power and heating supply while balancing the demand for feedstock amid the long-term strategy of growing natural gas share.

Figure 6: China LNG and PNG import



Source: Bloomberg, KGI Research

Figure 7: China thermal coal import

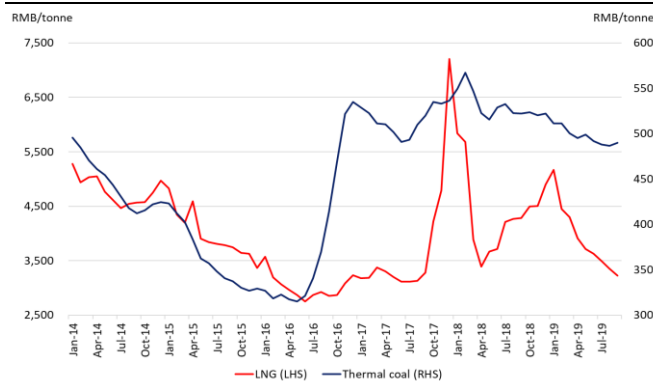


Source: Bloomberg, KGI Research

Recent development

In October, China launched the LNG comprehensive import price index, a new weekly price index for LNG imports into China. It is jointly developed by the General Administration of Customs and Shanghai Petroleum and Natural Gas Exchange. Together with the LNG producer price, we believe it will provide increased visibility of LNG prices for trading companies.

Figure 8: China LNG and thermal coal price movement



Source: Bloomberg, KGI Research

AEM Holdings Ltd

(AEM SP/AWX.SI)

Blue Skies Ahead

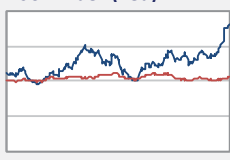
Tan Jiunn Chyuan (Kenny) / 65 6202 1196 / kenny.tan@kgi.com

- **AEM's 3Q19 results exceeded expectations.** 9M19 results now form 79% of our initial 2019 sales forecast, and 96% of our initial 2019 PATMI forecast. AEM has also increased revenue guidance to S\$305-315mn for FY2019
- **We researched key customer wallet share** amongst test equipment peers to better understand AEM's revenue sustainability with the key customer
- **We amend our revenue forecast** to include the potential sales of AEM's next generation of test handlers. Our new PATMI forecast is S\$44.6/41.2/45.3 mn for 2019/2020/2021F
- **Maintain OUTPERFORM.** We increase our 12M Target Price to S\$1.80, from S\$1.34. We look forward to 6 November for management's presentation for potential insights

Keep the beat on. Results season are underway for the semiconductor sector, with most companies beating analyst estimates. Amongst chipmakers, Intel and AMD both performed well, albeit leading to different investor reactions as forecasts were interpreted as "bright" for Intel and "less bright" for AMD. Meanwhile, Texas Instruments' poor 4Q19 forecast casts a shadow on the sector, signalling that the industry may not be fully out of the trough yet. Amongst equipment makers, front-end players such as Lam Research and ASM International outperformed, while midstream assembly & packaging equipment makers had mixed results (ASM Pacific – miss, BE Semiconductor – beat). Amongst downstream test equipment makers, results were well-received at Teradyne and Advantest, while Cohu's share price has seen positive momentum ahead of earnings.

AEM's 3Q19 results exceeded expectations. While core revenue was flat at S\$83.8mn (-1% yoy), margins were strong, resulting in S\$13.7mn PATMI (+20.4% yoy). 9M19 core revenue of S\$234.5mn now forms 79% of our initial 2019 sales forecast, and 96% of our initial 2019 PATMI forecast. Revenue growth was largely driven by orders from the key customer, with Test and Measurement Solutions (TMS, +187% yoy) and System Level Test & Inspection (SLT-i, +12.9% yoy) segments also showing promise.

OUTPERFORM - Maintain

Price as of 1 Nov 19 (SGD)	1.53	Performance (Absolute)	
12M TP (S\$)	1.80	1 Month (%)	34.2
Previous TP (S\$)	1.34	3 Month (%)	31.0
Upside (%)	17.8	12 Month (%)	81.6
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (S\$m)	413		
Issued Shares (mn)	270		
Vol - 3M Daily avg (mn)	7.6		
Val - 3M Daily avg (\$mn)	9.2		
Free Float (%)	83.1%		
Major Shareholders		Previous Recommendations	
Standard Life Aberdeen	8.1%	11-Oct-19	OP S\$1.34
James Toh Ban Leng	7.8%		
UBS AG	5.4%		

Financials & Key Operating Statistics

YE Dec (S\$m)	2017A	2018A	2019F	2020F	2021F
Revenue	221.8	262.7	312.0	293.6	318.1
PATMI	32.2	33.5	44.6	41.2	45.3
Core PATMI	32.0	33.2	44.3	40.9	44.9
Core EPS	0.123	0.122	0.163	0.150	0.165
Core EPS grth (%)	0.0	-0.9	33.4	-7.7	9.9
Core P/E (x)	12.1	12.2	9.1	9.9	9.0
DPS (SGCents)	1.2	3.4	4.1	3.8	4.2
Div Yield (%)	0.8	2.3	2.7	2.5	2.8
Net Margin (%)	14.5	12.7	14.3	14.0	14.2
Gearing (%)	-79.7	-65.5	-70.9	-77.3	-80.4
Price / Book (x)	6.8	4.6	3.3	2.7	2.2
ROE (%)	55.7	37.4	36.3	26.8	24.1

Source: Company Data, KGI Research

Forecasts: We adjust our test handlers' forecasts after gaining a better appreciation of the use case of the next generation's test handler. Our TH forecast is now 54/38/27 units for 2019/2020/2021F, with an increasing ASP as we think orders for legacy test handlers will eventually stop. Our updated revenue forecast is +5%/15%/6% from our forecast at initiation. Our updated PATMI forecast is +19%/23%/18% from previous forecast.

Valuation & Action: Maintain OUTPERFORM, with a TP of S\$1.80. We factor in the key customer's positive forecast and the potential wallet share that AEM can achieve. We also increase our PE peg to 12x 2020F EPS as AEM shrugs off the trade war and grows its margins. 12x PE brings AEM more in-line with top 10 SGX tech manufacturing peers' PE of 12.5x. Our 12x peg yields S\$1.95 and S\$1.98 TP, if applied to 2019F and 2021F results.

Risks: Lack of 2020 order wins, trade war affecting customers' willingness to spend on Capex.

CapitaLand Retail China Trust (CRCT SP)

Earnings on a roll; Awaiting further portfolio rejuvenation

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- **Positive 3Q19 results.** 3Q19 results in line with forecast, fuelled by new acquisitions; rental reversions of +7.4% at a portfolio level, but came in mixed for individual malls.
- **Pick up in shopper traffic.** 3Q19's shopper traffic and tenants' sales rose 8.3% and 11.8% YoY following the portfolio reconstitution.
- **Low hanging fruits remain on the radar.** Divestment of underperforming malls still stands as one of CRCT's top priorities.
- **Maintain Outperform.** 12M TP increased from S\$1.68 to S\$1.74.

Financials & Key Operating Statistics

YE Dec (S\$m)	2017	2018	2019F	2020F	2021F
Gross revenue	229.2	222.7	234.8	272.3	290.5
Net property income	149.2	147.4	159.7	185.2	197.5
Distributable income	91.1	99.7	113.6	133.6	144.3
DPU (SGD cents)	10.1	10.2	10.0	10.5	11.4
DPU growth (%)	0.5	1.2	(2.2)	5.4	8.0
Div Yield (%)	6.2	7.5	6.5	6.9	7.4
NAV per unit (SGD)	1.6	1.6	1.6	1.6	1.7
Price / Book (x)	1.0	0.9	1.0	0.9	0.9
NPI Margin (%)	65.1	66.2	68.0	68.0	68.0
Net Margin (%)	62.4	57.2	32.6	35.3	36.7
Gearing (%)	28.0	34.8	36.5	36.1	35.6
ROE (%)	6.5	3.8	4.0	4.8	5.2

Source: Company Data, KGI Research

*FY19 DPU includes enlarged units base after equity fund raising

Positive 3Q19 results. CapitaLand Retail China Trust (CRCT) delivered several positive developments this quarter. 9M19 revenue (S\$170.6mn) and NPI (S\$121.3mn) made up 73.6% and 79.0% of our previous forecast. DPU of 2.43 Scts in 3Q19 brings 9M19 DPU to 7.46 Scts, in line (74.6%) with our forward expectations of 10.0 Scts for FY19. This follows the maiden contributions from CapitaMall Xuefu, Yuhuating and Aidemengdun, acquired on 30 Aug, following the divestment of CapitaMall Wuhu and Saihan.

Pick up in shopper traffic. Tenant sales and shopper traffic continued to show resilience, with an uplift following CRCT's portfolio reconstitution. 3Q19's shopper traffic and tenants' sales rose 8.3% and 11.8% YoY respectively. Excluding the acquisition of Xuefu, Yuhuating and Aidemengdun, comparable 3Q19 sales figure for the original portfolio would have only risen 2.0% YoY. We expect 4Q19 results to remain favourable in anticipation of several upcoming sales events including Singles' Day sales, Double 12 sales and Christmas.

Performance mixed in individual malls. Rental reversions was a positive 7.4% for 3Q19, led by mixed reversions across the portfolio. Outperforming malls included Xizhimen (+10.8%) and Rock Square (+54.0%), while laggards were Qibao (-10.9%) and Minzhongleyuan (-2.9%). Overall occupancy was flattish this quarter at 97.1% (2Q19: 97.0%), with Minzhongleyuan remaining a low hanging fruit at 58.4% occupancy. Rental income from Qibao took a toll due to competition from new

Outperform (Maintain)

Price as of 31 Oct 19 (SGD)	1.53	Performance (Absolute)	
12M TP (S\$)	1.74	1 Month (%)	0.0
Previous TP (S\$)	1.68	3 Month (%)	-0.9
Upside, incl div (%)	21.1%	12 Month (%)	20.5

Trading data

Mkt Cap (\$mn)	1,844
Issued Shares (mn)	1,205
Vol - 3M Daily avg (mn)	2.3
Val - 3M Daily avg (\$mn)	3.5
Free Float (%)	65.17

Perf. vs STI Index (Red)



Major Shareholders

CapitaLand Ltd	23.8%
CapitaLand Mall Trust	10.9%
Prudential PLC	6.0%

Previous Recommendations

2-Aug-19	OP S\$1.68
20-Mar-19	OP S\$1.61

supply within the same precinct. Qibao continues to be repositioned as a family mall, after experiencing negative reversions this quarter due to a shift in tenant mix away from the higher yielding fashion segment.

Low hanging fruits remain on the radar for divestments.

Underperforming malls and master-leased malls remain on the radar for potential divestments as CRCT may look to further rejuvenate its portfolio. As a recap, the S\$26mn (2.2 Scts/unit on enlarged units base) remaining in divestment reserve from Anzhen mall will help to supplement future DPU should there be timing discrepancies in rental income. WALE stood at 2.5 years by gross rental income, with 10.6% and 30.9% of total leases up for renewal in 4Q19 and FY20.

Conservative stance in capital management.

Loan refinancing risk remains low with only 10.8% of total borrowings due for refinancing in 2020. Foreign exchange remains a key risk, following SGD's 3.2% appreciation against the RMB year to date. Further DPU outperformance may be anticipated should the RMB strengthen as 50% of distributable income is hedged to SGD. All in cost of debt (82.6% fixed) was flattish quarter-on-quarter at 3.0%, while gearing remains at a comfortable 37.2%.

Valuation & Action: Maintain Outperform, TP of S\$1.74.

We reiterate that the bump up in DPU will likely flow through in FY20/FY21. We remain positive on CRCT's portfolio rejuvenation efforts and maintain our outperform recommendation, following a 25 bps decrease in our risk free rate. CRCT continues to trade at a conservative P/B ratio of 1.0x, accompanied by a decent FY20 dividend yield 6.9%

Risks: Forex risk; Future retail index signalling signs of cautiousness.



Eagle Hospitality Trust

(EAGLEHT SP)

Rumour grows as it goes

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- The Queen Mary remains safe and structurally sound.** Urban Commons, LLC, (UC) has confirmed that they are not in default on The Queen Mary ground lease. Reserves are sufficient and have been planned to ensure long-term preservation of the ship.
- US\$200+mn estimate in capital expenditure overstated.** Management has assured us that the repair costs estimated were quoted a few years back, and included many items that were non-essential to maintaining the actual structural integrity of The Queen Mary.
- Attractive dividend yield of c.7.8% even in worst case scenario.** We have also performed a worst case scenario analysis where we remove all rental income contributions from The Queen Mary (c.15% of NPI). Dividend yield still remains attractive at c.8.2% for FY20, with a reduced TP of US\$0.56. Based on current prices, we believe the market has priced in the worst case scenario, thus leaving limited downside.
- Maintain OUTPERFORM.** We maintain our OUTPERFORM recommendation with a reduced TP of US\$0.72, as we priced in a higher market risk premium and therefore cost of equity. Our TP now still represents a total upside of 40.5% (inclusive of FY20 dividend of 11.4%).

We refer to the article dated 23 October 2019 entitled “Eagle Hospitality Trust could get wings clipped as key asset The Queen Mary sinks into disrepair” by The Edge Singapore and related articles.

The Queen Mary remains safe and structurally sound. Shane Fitzgerald, SE, DBIA, partner at John A. Martin (“JAMA”) & Associates, Inc, the marine engineering company which UC had hired prior to Eagle’s IPO has reassured that “JAMA used a 3D finite element model (FEM) to accurately evaluate critical structural components of the ship which led to a nominal amount of steel plate reinforcements in the hull and tank tops, but overall and as a result of these structural upgrades, The Queen Mary remains in excellent structural condition.”.

UC has also disclosed that they are in partnership with the City of Long Beach to establish a perpetual funding mechanism that will ensure continued resources into the future to ensure The Queen Mary’s viability. In addition, UC’s Capital Improvement Fund Reserve commits 2% of revenues in 2019 and 3% of revenues thereafter for repairs and maintenance. Finally, the asset is also secured under a triple net master lease (i.e. the lessee has agreed to pay property expenses such as real estate taxes, building insurance, and maintenance, in addition to rent and utilities).

OUTPERFORM - Maintain			
Price as of 25 Oct 19 (USD)	0.56	Performance (Absolute)	
12M TP (USD)	0.72	1 Month (%)	-13.8
Previous TP (USD)	0.84	3 Month (%)	-10.4
Upside, incl div (%)	40.5%	12 Month (%)	-
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (USD mn)	486		
Issued Shares (mn)	869		
Vol - 3M Daily avg (mn)	2.8		
Val - 3M Daily avg (\$mn)	1.9		
Free Float (%)	16.2		
Major Shareholders		Previous Recommendations	
Claydon Hill Investments	15.1%	2-Oct-19	OP TP US\$0.84
Compass Cove Assets	12.4%		
Qian Jianrong	8.9%		

Financials & Key Operating Statistics					
YE Dec USD mn	2017	2018	2019F	2020F	2021F
Gross revenue			63.1	95.4	96.4
Net property income			51.1	81.3	81.9
Distributable income			37.2	57.6	58.3
DPU (US cents)			4.3	6.6	6.7
DPU growth (%)			-	54.7	1.3
Div Yield (%)			7.4	11.4	11.5
NAV (US cents)			102.6	107.9	112.5
Price / Book (x)			0.6	0.5	0.5
NPI Margin (%)			64.0	64.0	64.0
Net Margin (%)			252.8	53.0	55.7
Gearing (%)			34.1	33.0	32.2
ROE (%)			17.8	5.4	5.5

Source: Company Data, KGI Research

* FY19 DPS of 4.3 US cts is attributable to IPO listing date (23 May 2019)

US\$200+mn estimate in capital expenditure overstated. Management has confirmed that the estimated ship repair costs from 2-3 years ago took into account repairs needed to ensure that The Queen Mary is sea-worthy – that it is in a good enough condition to sail on the sea. It also included costs such as bringing in a team from the UK and housing them in the US for a year to assist with said repairs.

However, we note that as the ship will not be sailing on sea, it is only most imperative that the ship remains structurally sound – and UC has been “very responsive, and they intend to not only meet those deadlines, but they want to make sure they fulfil those obligations.” as quoted by the Long Beach Press Telegram in an article dated 19 October 2019.

Valuation & Action: Maintain OUTPERFORM with lower TP of US\$0.72. We raised our market risk premium, raising our cost of equity to c.10.5%, to account for the uncertainty as we await further updates and UC’s reply to the City’s letter. Our DPU forecasts remain status quo, at US 6.6cts for FY20, representing a yield of 11.4%.

Risks: Finalisation of U.S. tax regulation (Section 267A) anticipated at year end; recession worries and foreign exchange risk; declining RevPAR and occupancy numbers in line with macro forecasts.

Sheng Siong Group Ltd

(SSG SP/SHEN.SI)

3Q19 results update; Sustaining the growth momentum

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- **3Q19 results exceeded expectations.** 9M19 revenue of S\$732.4mn makes up 79.5% of our full year forecast.
- **Another 2 new stores anticipated for 4Q19.** 2 new stores are expected to open in mid-October, with another targeted to be in operations by 1Q20.
- **Room to improve annual revenue/sqft.** Revenue/sqft continues to be weighed down by new stores. Should these stores stabilise, revenue/sqft may improve to S\$2,000-S\$2,050/sqft from the current S\$1,960/sqft.
- **Maintain Outperform.** We increase our 12M target price from S\$1.27 to S\$1.35.

Financials & Key Operating Statistics

YE Dec SGD mn	2017	2018A	2019F	2020F	2021F
Revenue	829.9	890.9	988.1	1,096.3	1,123.1
Operating income	81.9	83.8	94.6	107.2	112.0
Net income	69.5	70.5	79.8	91.1	95.1
EPS (SG cents)	11.4	1.4	13.1	14.1	4.4
DPS (SG cents)	3.3	3.4	3.7	4.1	4.3
Div Yield (%)	3.6	3.1	3.5	3.8	4.0
NAV (SG cents)	18.0	19.3	20.9	22.8	24.5
Price / Book (x)	5.1	5.6	5.1	4.7	4.4
Gross Margin (%)	26.2	26.8	26.7	26.9	27.1
Net Margin (%)	8.4	7.9	8.1	8.3	8.5
ROE (%)	26.7	25.2	26.5	27.8	26.8
Net Debt/Equity					
	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company Data, KGI Research

3Q19 revenue exceeded expectations. Sheng Siong (SSG) reported revenue of \$253.8mn for 3Q19 (+11.4% YoY), and strong growth in comparable net profit of S\$20.6mn (+16.5% YoY). 9M19 revenue of S\$743.4mn made up 79.5% of our previous full year forecast. Revenue growth of 11.4% this quarter was supplemented by new store openings (10.4%) and SSG's two stores in Kunming, China (1.3%), offsetting the reduction in comparable same store sales (-0.3%). The marginal dip in same store sales was attributed to a decline in sales volume as opposed to basket size. We see effects of shopper cannibalism as SSG continues to increase new store count.

Supermarket sales holding up well. The latest figures published in August showed deepening signs of consumer cautiousness, with the retail index dipping 4.1% YoY led by a decline in big ticket item, motor vehicles (-20.3% YoY). The supermarkets and hypermarkets category continues to hold up well, increasing 1.8% YoY, and flat MoM. Consumer's preference for eating out persisted as the food & beverage index rose 3.6% YoY and 1.4% MoM, led by fast food outlets (10% YoY) and restaurants (4.9% YoY).

Another 2 new stores anticipated for 4Q19. An additional two stores is anticipated to open in mid-October. They include Woodlands Street 13 Blk 182 (+8,500 sqft) and Tampines Ave 9 Blk 602A (+9,000 sqft). A separate store at Marsiling Drive Blk 202 was announced to open in 1Q20, adding another 5,300 sqft to SSG's total retail area. Factoring in new store openings, SSG's local retail area will increase from 512,000

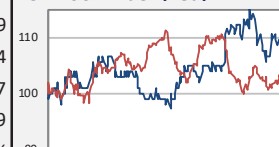
Outperform (Maintain)

Price as of 1 Nov 19 (SGD)	1.17	Performance (Absolute)	
12M TP (SGD)	1.35	1 Month (%)	3.5
Previous TP (SGD)	1.27	3 Month (%)	2.4
Upside, incl div (%)	18.4	12 Month (%)	15.0

Trading data

Mkt Cap (\$mn)	1,759
Issued Shares (mn)	1,504
Vol - 3M Daily avg (mn)	1.7
Val - 3M Daily avg (\$mn)	1.9
Free Float (%)	42.6%

Perf. vs STI Index (Red)



Major Shareholders

S & S Holdings Inc	29.9%	31-Jul-19	OP \$1.27
Lim Hock Chee	9.3%	29-Apr-19	OP \$1.24
Lim Hock Leng	9.1%	27-Feb-18	OP \$1.24

Previous Recommendations

sqft last quarter to 529,500 sqft by end 4Q19 and 534,800 sqft in the quarter after.

Productivity improvement projects. Other income picked up last quarter at S\$2.9mn (+61.3% YoY) due to additional government grants from productivity improvement projects. In addition to the grants, the automated checkout counters which were put in place across all stores since 2Q19 is estimated to shave 20% - 30% off labour expenses by year end.

Profitability margins in check. Operating profit margin improved 0.6 pp YoY to 27.1% primarily due to a higher sales mix of fresh over non-fresh produce and lower input cost. Revenue per sqft for 9M19 came in at S\$1,470, or S\$1,960 on a full year basis, as opposed to S\$2,053 for 9M18 (prorated). This is primarily due to the non-stabilisation of the 4 new stores that started operations in FY19. Management communicated that they expect annual revenue per sqft to be within the range of S\$2,000 – S\$2,050/sqft as new stores ramp up. SSG's growth strategy will remain the opening of new stores in areas SSG does not have a presence in.

Valuation & Action: Maintain OUTPERFORM, TP of \$1.35.

We factored in a higher annual revenue per sqft alongside the opening of three new stores in the coming two quarters. Labor cost savings from automation initiatives and economies of scale from the expansion of Mandai warehouse may flow through as cost savings in the coming quarters. SSG continues to trade within a comfortable range, near its 5 year historical average at 22.5 x P/E.

Risks: Disease outbreak associated with fresh product, competition from smaller supermarket players, longer than expected stabilisation period for new stores.

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 FY19F (%)	Div Yield FY20F (%)
FINANCIALS								
DBS SP	DBS	25.87	66,088	(0.5%)	14.2%	2.7%	4.7%	5.0%
OCBC SP	OCBC	11.02	48,533	0.5%	2.1%	2.4%	4.5%	4.7%
UOB SP	UOB	26.57	44,325	(1.0%)	13.5%	1.8%	4.7%	4.9%
SGX SP	SGX	9.00	9,638	0.7%	30.6%	2.5%	3.5%	3.7%
PROPERTIES								
HKL SP	Hongkong Land USD	5.52	17,645	0.4%	(9.5%)	2.2%	4.1%	4.3%
CAPL SP	CapitaLand	3.65	18,387	1.4%	21.3%	0.6%	3.4%	3.5%
CT SP	CapitaLand Mall Trust	2.55	9,406	0.4%	17.6%	(0.8%)	4.7%	5.0%
AREIT SP	Ascendas REIT	3.17	9,867	0.0%	26.7%	(0.6%)	5.1%	5.3%
CIT SP	City Development	10.86	9,849	0.6%	36.7%	1.1%	1.8%	1.8%
CCT SP	CapitaLand Comm Trust	2.05	7,907	0.0%	22.7%	0.0%	4.3%	4.3%
UOL SP	UOL	7.98	6,730	2.3%	31.9%	2.7%	2.3%	2.3%
TELECOMMUNICATIONS								
ST SP	SingTel	3.31	54,050	0.3%	16.6%	1.2%	5.4%	5.2%
CONSUMER SERVICES AND GOODS								
JM SP	Jardine Matheson USD	56.90	57,052	(0.4%)	(15.9%)	0.5%	3.0%	3.3%
JS SP	Jardine Strategic Holdings	31.90	48,025	(1.3%)	(12.3%)	3.2%	1.1%	1.2%
DFI SP	Dairy Farm International	6.00	11,027	(0.5%)	(31.8%)	2.9%	3.5%	3.7%
THBEV SP	ThaiBev	0.92	22,979	0.0%	53.4%	0.5%	2.5%	2.7%
JCNC SP	Jardine C&C	32.36	12,790	(1.1%)	(5.1%)	2.6%	3.7%	3.9%
GENS SP	Genting Singapore	0.94	11,334	0.0%	0.1%	1.6%	3.9%	3.9%
VMS SP	Venture Corp	15.77	4,549	(0.4%)	18.1%	3.1%	4.6%	4.7%
SPH SP	SPH	2.24	3,572	0.9%	(2.5%)	0.4%	5.4%	5.4%
TRANSPORT								
SIA SP	Singapore Airlines	9.41	11,152	0.0%	2.3%	3.1%	3.6%	3.5%
CD SP	ComfortDelGro	2.31	5,003	0.4%	12.0%	(4.5%)	4.7%	4.9%
COMMODITIES								
WIL SP	Wilmar	3.76	23,824	0.3%	23.9%	1.3%	2.6%	2.8%
GGR SP	Golden Agri	0.21	2,674	2.4%	(12.6%)	(4.5%)	1.3%	1.3%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.86	12,460	0.0%	20.1%	(0.7%)	3.2%	3.5%
STE SP	ST Engineering	4.01	12,505	0.5%	19.4%	1.0%	3.8%	4.0%
SATS SP	SATS	5.05	5,647	0.0%	11.3%	1.2%	3.7%	3.9%
YZJSGD SP	Yangzijiang SGD	0.95	3,723	(0.5%)	(21.4%)	0.0%	4.9%	4.8%
SCI SP	Sembcorp Industries	2.29	4,093	0.0%	(8.4%)	(1.3%)	2.3%	2.8%
HPHT SP	HPH Trust USD	0.16	1,834	0.0%	(31.6%)	(1.3%)	10.0%	10.4%

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

STI Reserve List (by market cap)

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY19F (%)	Div Yield FY20F (%)
SUN SP	Suntec REIT	1.86	5,210	0.0%	10.1%	(0.9%)	5.2%	5.2%
MCT SP	Mapletree Commercial Trust	2.36	7,308	1.3%	50.7%	0.4%	3.9%	3.9%
MLT SP	Mapletree Logistics Trust	1.70	6,188	1.2%	42.9%	1.6%	4.8%	4.8%
KREIT SP	Keppel REIT	1.22	4,148	0.8%	12.0%	0.0%	4.6%	4.6%
MIINT SP	Maple Industries Trust	2.56	5,633	0.4%	41.7%	0.4%	4.9%	4.9%

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

Appendix 1: Corporate Action

Latest Dividend Entitlements Announcement

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 1 Nov 19	Yield (%)
United Overseas Australia	29-Aug-19	1H19	AUD 0.0050	14-Oct-19	15-Oct-19	6-Nov-19	SGD 0.750	3.1
Duty Free Int'l	9-Oct-19	1H20	SGD 0.005000	30-Oct-19	31-Oct-19	7-Nov-19	SGD 0.159	9.4
GRP Ltd	16-Aug-19	FY19	SGD 0.01000	30-Oct-19	31-Oct-19	7-Nov-19	SGD 0.190	8.1
ESR-REIT	25-Oct-19	3Q19	SGD 0.011450	10-Oct-19	11-Oct-19	8-Nov-19	SGD 0.530	5.9
RE&S Holdings	19-Aug-19	4Q19	SGD 0.0045	31-Oct-19	1-Nov-19	8-Nov-19	SGD 0.180	2.5
Noel Gifts Int'l	27-Aug-19	FY19	SGD 0.00100	1-Nov-19	4-Nov-19	11-Nov-19	SGD 0.255	8.2
Noel Gifts Int'l - Special	27-Aug-19	FY19	SGD 0.01900	1-Nov-19	4-Nov-19	11-Nov-19	SGD 0.255	8.2
STI Singapore Exchange	24-Oct-19	1Q20	SGD 0.0750	1-Nov-19	4-Nov-19	11-Nov-19	SGD 9.000	3.3
Serial System Ltd	7-Aug-19	1H19	SGD 0.0022	4-Nov-19	5-Nov-19	12-Nov-19	SGD 0.080	5.8
Hai Leck Holdings	26-Aug-19	FY19	SGD 0.01000	31-Oct-19	1-Nov-19	13-Nov-19	SGD 0.530	3.8
Hai Leck Holdings - Special	26-Aug-19	FY19	SGD 0.01000	31-Oct-19	1-Nov-19	13-Nov-19	SGD 0.530	3.8
Chuan Hup Hldgs	29-Aug-19	FY19	SGD 0.0100	1-Nov-19	4-Nov-19	13-Nov-19	SGD 0.255	39.2
Sin Ghee Huat Corp Ltd	27-Aug-19	FY19	SGD 0.0060	30-Oct-19	31-Oct-19	14-Nov-19	SGD 0.210	2.9
Keppel Infrastructure Trust	14-Oct-19	3Q19	SGD 0.0093	21-Oct-19	22-Oct-19	15-Nov-19	SGD 0.535	6.9
Silverlake Axis	26-Aug-19	FY19	SGD 0.0070	4-Nov-19	5-Nov-19	15-Nov-19	SGD 0.455	3.1

Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
DLF Hldgs Ltd	SGD 0.081 Cash	5.30 p.m. on 8 Nov 2019	QRC Pte. Ltd.
San Teh Ltd	SGD 0.28 Cash	5.30 p.m. on 7 Nov 2019	Singapore San Teh Real Estate Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
4-Nov Q3 OKP Hldgs > Manulife US REIT > Singapore Reinsurance Corp	5-Nov Q2 AIMS APAC REIT > Spore Airlines Q3 CapitaLand > OCBC (Before mkt open) > Perennial Real Estate Hldgs > StarHub > World Class Global	6-Nov Q3 ARA US Hospitality Trust > CSE Global > First Ship Lease Trust > First REIT > Frencken Grp Q4 Frasers Logistics & Industrial Trust	7-Nov Q3 Aspial Corp > China SunSine Chemical Hldgs > EC World REIT > Kingsmen Creatives > Genting Spore > Lippo Malls Indonesia Retail Trust > Maxi-Cash Financial Services Corp > Thakral Corp	8-Nov Q3 Best World Int'l > BHG Retail REIT > Elec & Eltek Int'l > Hiap Hoe > Htl Royal > IFS Capital > Mewah Int'l Inc > Venture *Q2 Meghmani Organics (Release on Sat, 9 Nov)
11-Nov Q2 KSH Hldgs Q3 Asian Pay Television Trust > DBS (Before mkt open) > Spore Technologies Engrg > Vicom	12-Nov Q2 SATS Q3 BreadTalk Grp > City Devpts > CNMC Goldmine Hldgs > Cromwell European REIT > Ho Bee Land > IREIT Global > KrisEnergy > mDR > Roxy-Pacific Hldgs > SBS Transit > UOL Grp > Wilmar Int'l	13-Nov Q2 Accordia Golf Trust > Valuetronics Hldgs Q3 Eagle Hospitality Trust > Emerging Towns & Cities Spore > Olam Int'l > OUE Commercial REIT > Sinarmas Land > Sembcorp Marine > Tuan Sing Hldgs *Q3 ComfortDelGro Corp > First Resources	14-Nov Q2 Spore Telecoms Q3 Golden Agri-Resources > Sasseur REIT > Sembcorp Industries > Straco Corp > Uni-Asia Grp *Q1 ASL Marine Hldgs	15-Nov Q4 Frasers Property
18-Nov	19-Nov	20-Nov	21-Nov	22-Nov
25-Nov SG 3Q19 GDP (Not later than 25 Nov) SG (Oct 2019) CPI For General Households	26-Nov SG (Oct 2019) Index of Industrial Production	27-Nov	28-Nov	29-Nov
2-Dec-2019	3-Dec	4-Dec	5-Dec	6-Dec

* Tentative

Source: Bloomberg

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