

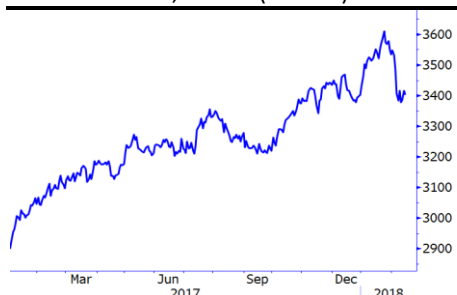
## Market Indicators

	12-Feb	13-Feb	14-Feb
Mkt. T/O (S\$ mil)	1,601.1	1,733.4	1,582.7
Stock Advances	216	279	212
Stock Declines	259	193	241

## Major Indices

	12-Feb	13-Feb	14-Feb
DJ Ind Avg	24,601.3	24,640.5	24,893.5
S & P 500	2,656.0	2,662.9	2,698.6
Nasdaq Comp	6,982.0	7,013.5	7,143.6
Hang Seng	29,459.6	29,839.5	30,515.6

**STI Index** 3,402.86 (-0.36%)



Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,354.24	1.68%
Oil (NYMEX CWT1) US\$ / bbl	60.79	3.24%
Baltic Dry Index	1114	-0.80%

## Exchange Rates



USD : SGD 1.3135 / MYR : SGD 2.9744  
Source: Bloomberg

## Interest Rates

3-mth Sibor	1.130%
SGS (10 yr)	2.221%

KGI Securities Research Team

## Market Colour

US CPI data came in at 0.5% for the month of January, above consensus estimates of 0.3%. A report revealing lower than expected retail sales, suggesting weaker consumer demand, allayed concerns of a more hawkish stance towards monetary tightening. US stocks extended this week's gains to finish 1.4% higher on average with the Nasdaq leading the pack, gaining 1.9%.

In Singapore, the STI fell 0.4% yesterday and was mainly led by OCBC (-2.5%), UOB (-2.2%), SembCorp Industries (-1.6%), UOL (-1.4%) and City Developments (-1.1%). Singapore's economy expanded 3.6% in FY17, well above 2.4% in FY16. This could set the stage for higher consumption taxes. Key event for Singapore would be the Budget 2018, which will be delivered next Monday 3:30PM Singapore time.

## Company Visit

➤ **Creative Technology (CREAF SP; Not Rated):** X-Fi technology could open new markets - Page 3

## News

**Far East Hospitality Trust:** 4Q17 distribution per unit slipped to 0.97 SG cents from 1.12 SG cents a year ago amid a slight decline in occupancy rates and revenue per available room (RevPAR). Income available for distribution fell 9.7% to S\$18.2m for the fourth quarter. Full year net property income fell 5.3% to S\$93.2m, while gross revenue decreased 4.8% to \$103.8m and income available for distribution shrank 7.8% to S\$72m. Distribution per unit for FY17 totalled 3.90 SG cents. **The REIT currently offers a dividend yield of 5.9% for FY18 and has a fair value estimate of S\$0.76, implying a 5.6% upside.**

**Thai Beverage:** Posted a first quarter net profit of THB2.9b (S\$122m), down 62.3% YoY. This was mainly due to non-recurring business acquisition costs of THB2.4b from the four acquisitions it completed in the first quarter. Net profit excluding the finance costs for Sabeco and other non-recurring expenses was 29.3% lower at THB5.48b. This translated to a 32% YoY dip in EPS to THB0.21. **Thai Beverage currently offers a dividend yield of 3.2% for FY18 and has a fair value estimate of S\$0.91, implying a 13.2% upside.**

**Jumbo:** 1Q18 net profit dropped almost 20% YoY to S\$2.1m, mainly due to increased expenses. Revenue rose 9.3% to S\$35.8m on the back of higher contributions from its outlets in Singapore and China, while EPS dipped from 0.4 SG cents to 0.3 SG cents. **Jumbo currently offers a dividend yield of 3.0% for FY18 and has a fair value estimate of S\$0.64, implying a 12.3% upside.**

**SIA:** Share price has surged following 3Q18 earnings beat. **We may potentially see the upward momentum sustain over the next few weeks on consensus upgrades following the earnings beat. SIA is riding on positive tailwinds in air travel growth.**

**Recent In depth Regional Reports**

14/2	<b>TH</b> Ratchaburi Electricity (RATCH TB; Outperform; TP: Bt 66.00): 4Q17 earnings review: Below expectation
14/2	<b>TH</b> Media Sector (Overweight): Ad spending was still weak in January
14/2	<b>TH</b> IRPC (IRPC TB; Outperform; TP: Bt 8.00): 4Q17 earnings review: The new thriving episode
14/2	<b>TH</b> KCE Electronics (KCE TB; Underperform: Bt 75.00): 4Q17 earnings review: Beat our forecast
14/2	<b>TH</b> Star Petroleum Refining (SPRC TB; Neutral; TP: Bt 16.50): 4Q17 earnings review: In line with our expectation
14/2	<b>TH</b> SVI PCL. (SVI TB; Neutral; TP: Bt 4.90): 4Q17 earnings preview: Touching up
13/2	<b>TH</b> Commodities Update: All-time record high for US production
13/2	<b>TH</b> Carabao Group (CBG TB; Neutral; TP: Bt 82.50): Risk of opex surging in 4Q17F
13/2	<b>TH</b> Global Power Synergy (GPSC TB; Under Review; TP: Under Review): 4Q17 earnings review: Better than expected
12/2	<b>GLOBAL</b> US market correction: Mind volatility, not fundamentals
12/2	<b>CN/HK</b> A-share Weekly: Index may stabilize near term; cash is king pre-CNY, buy blue chips on dips post-CNY
12/2	<b>CH</b> Gree Electric (000651 CH; Not Rated): Double-digit growth & net margin on track
12/2	<b>SG</b> Singapore Strategy: Shopping list of generous blue chips

*For full reports, please contact Research Department at 6202 1190 or [sgp.researchcom@kgi.com](mailto:sgp.researchcom@kgi.com)*



# Creative Technology

## (CREAF SP/CREAF.SI)

### Not Rated

Price as of 14 Feb 2018	1.220
12M target price (S\$)	NA
Previous target price (S\$)	NA
Upside, incl div (%)	NA

### Trading data

Market Cap (S\$m)	91.8
Issued Shares (m)	75.2
Ave Daily Traded (3-Month) Vol / Val	0.0m / \$0.0m
52 week lo / hi	\$0.93 / \$1.44
Free Float	65.8%

### Major Shareholders

Sim Wong Hoo	30.9%
Ng Kai Wa	3.1%

### Super X-Fi Chip



Source: KGI Research, Creative Technology

### Super X-Fi Dongle with Headphones



Source: KGI Research, Creative Technology

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See the last page for important disclosures.

## X-Fi technology could open new markets

### Event

We recently visited Creative Technology's headquarters for a demo on their latest award-winning products, the X-Fi Sonic Carrier and Super X-Fi technology for headphones.

### Impact

**Input agnostic technology creating high-end audio experience.** Both of Creative's new products are built around an ability to transform sounds from common sources of input into multi-dimensional audio. We think that such technology could have wide-ranging applications in fields such as consumer electronics and gaming.

**Best-in-class high-end soundbar solution.** Priced at US\$ 5,799 a unit, the X-Fi Sonic Carrier combines the latest Dolby Atmos technology with Creative's X-Fi technology to deliver a 15.2-channel system with 24-bit/192kHz resolution. This combination of high-end home theatre and high-end audio systems won the Best of CEDIA 2017 award by AVS Forum, the world's largest AV-enthusiast forum site and received more than 500 pre-orders after displaying a prototype at Las Vegas in January 2016. During the demo, we were impressed by the cinematic audio that flowed around and above us, as well as the elegant look of its one-piece wireless system. When it came to music, songs that were played with the X-Fi technology, sounded just like a real stereo system.

**Super X-Fi could be a game changer.** The Super X-Fi technology has been touted as the Holy Grail of audio due to its ability to make headphone audio sound as good as audio from a high-end multi-speaker system. During the demo session, we were asked to switch between Super X-Fi headphones and a multi-channel speaker system but we were barely able to differentiate the difference between the 2. In fact, when we tried the headphones for the first time, we thought the songs were played from the speakers rather than the headphones. According to Creative, Super X-Fi could come in various offerings, including a Super X-Fi Dongle (US\$150) that can be attached to headphones/earphones or premium headphones with built-in Super X-Fi.

In our view, we left the demo session feeling awed by the new products. We are excited about the potential of Super X-Fi and will be keeping a close watch on how this affects Creative's revenues going forward.

### Valuation & Action

Creative posted a net loss of US\$4.2m for 2Q18, as compared to US\$6.5m a year ago. Revenue dropped 6% YoY to US\$ 20.9m while cash rose to US\$ 118.4m from US\$ 75.3m in the 1H of 2017, boosted by payments received from settlement of patent lawsuits and judgement sums. We note that Creative is a net cash company and its cash/market cap ratio currently stands at 1.7x. Such stability and liquidity gives us confidence that firm's stock price could greatly benefit from a game changer such as the Super X-Fi technology.

### Risks

Key risks include lack of demand in the new products, manufacturing shortages and competitors replicating similar technology.

**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 FY18 (%)	Div Yield FY19 (%)
<b>FINANCIALS</b>								
DBS SP	DBS	28.03	71,865	1.4%	12.8%	10.5%	4.0%	4.2%
OCBC SP	OCBC	12.26	51,318	(2.5%)	(1.0%)	1.0%	3.3%	3.5%
UOB SP	UOB	26.24	43,639	(2.2%)	(0.8%)	0.0%	3.2%	3.3%
SGX SP	SGX	7.39	7,913	1.2%	(0.1%)	(7.7%)	4.1%	4.3%
<b>PROPERTIES</b>								
AREIT SP	Ascendas REIT	2.57	7,421	(0.8%)	(5.5%)	(3.0%)	6.2%	6.5%
CAPL SP	CapitaLand	3.53	14,992	0.3%	0.0%	0.3%	3.2%	3.3%
CCT SP	CapitaLand Comm Trust	1.74	6,278	1.2%	(7.9%)	(1.7%)	5.1%	5.2%
CT SP	CapitaLand Mall Trust	1.96	6,951	(0.5%)	(6.7%)	(3.4%)	5.6%	5.7%
CIT SP	City Development	12.36	11,239	(1.1%)	(1.0%)	(1.9%)	1.3%	1.2%
HKL SP	Hongkong Land USD	6.86	21,312	(0.6%)	(2.6%)	(3.0%)	2.9%	3.0%
UOL SP	UOL	8.21	6,913	(1.4%)	(7.4%)	(5.5%)	1.8%	1.8%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.35	54,702	0.6%	(6.2%)	(2.6%)	6.1%	5.4%
STH SP	StarHub	2.86	4,946	4.4%	0.4%	2.9%	5.6%	5.5%
<b>CONSUMER SERVICES AND GOODS</b>								
JCNC SP	Jardine C&C	37.14	14,679	(0.8%)	(8.7%)	(2.3%)	2.9%	3.2%
JM SP	Jardine Matheson USD	61.67	59,138	(0.5%)	1.5%	(0.2%)	2.6%	2.7%
JS SP	Jardine Strategic Holding	38.35	56,092	(0.8%)	(3.1%)	0.8%	0.8%	0.9%
GENS SP	Genting Singapore	1.22	14,688	0.0%	(6.9%)	(3.2%)	2.5%	2.5%
SPH SP	SPH	2.64	4,223	0.4%	(0.4%)	2.3%	5.2%	5.0%
THBEV SP	ThaiBev	0.91	22,851	0.0%	1.1%	2.8%	3.2%	3.5%
VMS SP	Venture Corp	22.17	6,334	(0.7%)	8.3%	(0.5%)	3.0%	2.9%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	11.15	13,185	5.0%	4.5%	3.6%	2.5%	2.3%
CD SP	ComfortDelGro	2.02	4,370	0.5%	2.0%	(0.5%)	5.2%	5.3%
<b>COMMODITIES</b>								
GGR SP	Golden Agri	0.36	4,521	1.4%	(4.1%)	(2.7%)	1.9%	1.9%
WIL SP	Wilmar	2.98	18,851	(1.0%)	(3.6%)	(1.3%)	2.4%	3.0%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	7.80	14,129	(0.4%)	6.1%	(5.0%)	3.4%	3.6%
SCI SP	Sembcorp Industries	3.18	5,675	(1.5%)	5.0%	(4.8%)	2.4%	3.1%
YZJSGD SP	Yangzijiang SGD	1.34	5,318	(0.7%)	(8.8%)	(10.1%)	3.6%	3.5%
SATS SP	SATS	5.20	5,820	(1.0%)	0.0%	(1.1%)	3.4%	3.5%
STE SP	ST Engineering	3.27	10,189	0.6%	0.3%	(0.3%)	4.5%	4.7%
HPHT SP	HPH Trust USD	0.35	4,026	0.0%	(12.1%)	(1.5%)	7.6%	7.7%

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 FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.91	5,082	0.5%	(10.1%)	(1.5%)	5.2%	5.2%
MCT SP	Mapletree Commercial	1.53	4,407	(1.3%)	(4.3%)	(2.5%)	5.8%	5.8%
KREIT SP	Keppel REIT	1.19	4,030	0.8%	(4.5%)	(1.7%)	5.0%	5.0%
SMM SP	Semcorp Marine	2.45	5,115	(1.6%)	33.2%	(9.6%)	0.7%	0.9%

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 14 Feb 18	Yield (%)
RHT Health Trust	8-Feb-18	3Q18	SGD 0.0122	<b>19-Feb-18</b>	21-Feb-18	1-Mar-18	SGD 0.805	1.5
Qian Hu Corp Ltd	12-Jan-18	FY17	SGD 0.0020	<b>10-Apr-18</b>	12-Apr-18	25-Apr-18	SGD 0.200	1.0
M1	23-Jan-18	FY17	SGD 0.06200	<b>18-Apr-18</b>	20-Apr-18	27-Apr-18	SGD 1.780	3.5
United Overseas Insurance	5-Feb-18	FY17	SGD 0.1400	<b>19-Apr-18</b>	23-Apr-18	3-May-18	SGD 7.200	1.9
United Overseas Insurance - Special	5-Feb-18	FY17	SGD 0.0500	<b>19-Apr-18</b>	23-Apr-18	3-May-18	SGD 7.200	0.7
Keppel Corp	25-Jan-18	FY17	SGD 0.1400	<b>25-Apr-18</b>	27-Apr-18	10-May-18	SGD 7.800	1.8
Keppel Telecoms & Tpt	24-Jan-18	FY17	SGD 0.0350	<b>25-Apr-18</b>	27-Apr-18	9-May-18	SGD 1.550	2.3
Hwa Hong Corp Ltd	2-Feb-18	FY17	SGD 0.01000	<b>30-Apr-18</b>	3-May-18	18-May-18	SGD 0.325	3.1
Hwa Hong Corp Ltd - Special	2-Feb-18	FY17	SGD 0.00100	<b>30-Apr-18</b>	3-May-18	18-May-18	SGD 0.325	0.3
Perennial Real Estate Holdings Ltd	8-Feb-18	FY17	SGD 0.0100	<b>2-May-18</b>	4-May-18	18-May-18	SGD 0.835	1.2
Tuan Sing Holdings Ltd	26-Jan-18	FY17	SGD 0.0060	<b>2-May-18</b>	4-May-18	26-Jun-18	SGD 0.435	1.4
DBS Grp Hldgs	8-Feb-18	FY17	SGD 0.6000	<b>3-May-18</b>	7-May-18	15-May-18	SGD 28.030	2.1
DBS Grp Hldgs - Special	8-Feb-18	FY17	SGD 0.5000	<b>3-May-18</b>	7-May-18	15-May-18	SGD 28.030	1.8
Lonza Group AG	31-Jan-18	FY17	<b>CHF</b> 0.0275	<b>7-May-18</b>	9-May-18	11-May-18	-	0.0

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Hyflux	Entitled shareholders will receive 1 Hyfluxshop Hldgs Pte Ltd share for every 10 Hyflux shares held	<b>5-Feb-18</b>	7-Feb-18	15-Feb-18	-

Source: SGX Announcement

**Hyflux:** Expected Date of Completion, being the date the HyfluxShop Shares are credited into the Securities Accounts of Entitled Shareholders who are Depositors - Thursday, 15 February 2018

Company	Offer Price	Closing Date	Offeror
CWG Int'l	SGD 0.195 Cash	5.30 p.m. on 5 Mar 2018	Elidom Investment Co., Ltd
TIH	SGD 0.125 cash and SGD 0.445 will be paid by the issue of an up to SGD49.3mil 2.25% Offeror Notes due 3 years from the close of the offer	5.30 p.m. on 19 Feb 2018	

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday		Tuesday		Wednesday		Thursday		Friday	
	<b>12-Feb</b>		<b>13-Feb</b>		<b>14-Feb</b>		<b>15-Feb</b>		<b>16-Feb</b>
Q2: Health Mgt Int'l / Karin Technology Hldgs / UG Healthcare Q3: Vallianz Hldgs Q4: OKP Hldgs / SBS Transit *Q3: Meghmani Orgaincs		Q3: Accordia Golf Trust / SATS / Spore Airlines Q4: CapitaLand / ComfortDelGro / Great Eastern Hldgs / Lippo Malls Indonesia Retail Trust / Roxy-Pacific Hldgs / World Class Global *Q3: Karuturi Global		Q1: TT Int'l Q2: ASL Marine Hldgs Q4: Hi-P Int'l / iFAST Corp / IREIT Global / OCBC & UOB (Before mkt open) / StarHub Interim Results for FY2018: MSM Int'l 3-month period & Year-to-date: Sakae Hldgs *Q1: Thai Beverage PCL *Q3: China Kunda Technology Hldg *Q4: Utd Overseas Australia		Q4: Far East Hospitality Trust *Q1: No Signboards Hldgs			
	<b>19-Feb</b>		<b>20-Feb</b>		<b>21-Feb</b>		<b>22-Feb</b>		<b>23-Feb</b>
SG: 2018 Budget				Q4: Sembcorp Marine		Q4: Amara Hldgs / BreadTalk Grp / Frencken Grp / Sembcorp Industries / Utd Engineers / Wilmar Int'l		SG: 4Q17 GDP (Not later than 23 Feb) SG (Jan 2018): CPI Overall index and sub-indices Q4: BHG Retail REIT / CSE Global / Genting Spore PLC / IFS Capital / Spore Technologies Engrg	
	<b>26-Feb</b>		<b>27-Feb</b>		<b>28-Feb</b>	<b>1-Mar-18</b>			<b>2-Mar</b>
SG (Jan 2018): Index of Industrial Production Q4: AP Oil Int'l / Asian Pay Television Trust / Aspiat Corp / Best World Int'l / Maxi-Cash Financial Services / Raffles Medical Grp		Q4: Fragrance Grp / Htl Royal / Thakral Corp / UOL Grp		Q2: Serrano Q4: China Aviation Oil Spore / China Everbright Water / City Developments / Hiap Hoe / Ho Bee Land / LHT Hldgs / Mewah Int'l Inc / Spore Reinsurance Corp		STI Review Q4: COSCO Shipping Int'l / Elec & Eltek Int'l / KrisEnergy			
	<b>5-Mar</b>		<b>6-Mar</b>		<b>7-Mar</b>		<b>8-Mar</b>		<b>9-Mar</b>
	<b>12-Mar</b>		<b>13-Mar</b>		<b>14-Mar</b>		<b>15-Mar</b>		<b>16-Mar</b>

\* Tentative

Source: Bloomberg

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