

## Market Indicators

	28-Jun	29-Jun	2-Jul
Mkt. T/O (S\$ mil)	1,115.5	1,395.4	816.5
Stock Advances	177	244	118
Stock Declines	183	158	281

## Major Indices

	28-Jun	29-Jun	2-Jul
DJ Ind Avg	24,216.1	24,271.4	24,307.2
S & P 500	2,716.3	2,718.4	2,726.7
Nasdaq Comp	7,503.7	7,510.3	7,567.7
Hang Seng	28,497.3	28,955.1	Closed

**STI Index** 3,238.94 (-0.91%)

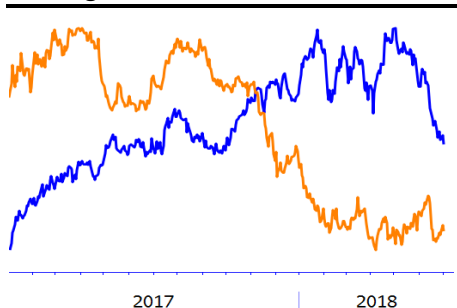


Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,242.51	-0.50%
Oil (NYMEX CWT1) US\$ / bbl	73.95	0.01%
Baltic Dry Index	1385	4.21%

## Exchange Rates



USD : SGD 1.3690 / MYR : SGD 2.9560

Source: Bloomberg

## Interest Rates

3-mth Sibor	1.522%
SGS (10 yr)	2.469%

KGI Securities Research Team

## KGI Market Ideas

**CNMC:** Production and sales volume in 1Q18 was the highest since 3Q16. 1Q18 PATMI increased 8x YoY to US\$0.5m as gold production increased 23% YoY to 4,519 oz. The ramp-up in production was mainly due to the new carbon-in-leach (CIL) plant, which produced first gold bar in March 2018. The CIL plant officially opened on 2 May 2018.

We expect 2018/19F earnings to jump 52%/170% YoY to US\$4.2/11.4mn. Our two key assumptions are mainly gold price to average US\$1,285/oz (5% discount to Bloomberg consensus average) and all-in-costs to decline from US\$1,150/oz in 2018F to US\$850/oz by 2019F, which we believe is CNMC's sustainable rate. All-in-costs surged to US\$1,367/oz in 2017 due to lower ore grades and costs for the new CIL plant. In the prior 3-year period, all-in-costs averaged US\$717/oz and even dropped to a low of US\$608/oz in 2015. In perspective, global peers are averaging US\$800-900/oz for all-in-costs.

We re-initiate with a BUY on CNMC with TP of S\$0.38 based on 10x 2018F EPS. Global gold miners are trading at a 20-40% premium to our multiple-peg, which we believe lends enough margin of safety to our valuations. We also ran a DCF analysis on a set of fairly conservative assumptions to arrive at a fair value of S\$0.36. To add to the margin of safety, we have not factored any upside from its second new processing plant that can process base metals such as lead and zinc. CNMC took just 6 months to construct the first CIL facility, much faster than industry norms of 18-24 months. Hence, it is not unreasonable to expect contribution from this diversification plan to come as early as 2019.

**MOMO Inc (MOMO US):** Momo was attacked by a short report last week as tech stocks sold off alongside NASDAQ. The stock has since recovered from its bottom last week and in our view, we found no conclusive evidence of claims from the short-seller report from available market data. We continue to expect earnings to grow at a CAGR (2017 – 2020F) of 39.2% as it continues to ramp up its monetization strategy and leverage on its growing Monthly Average Users. With Millennials forming the bulk of its user base, we expect Momo's popularity to lead towards higher mobile marketing revenues as enterprises in China shift their focus towards engagement with the millennial generation. We maintain our buy on Momo Inc with a target price of US\$ 58.93.

## Re-Initiation Report

- **CNMC Goldmine Holdings (CNMC SP; BUY; TP: S\$0.38):** Golden opportunity - Page 4

**Recent In depth Regional Reports**

1/7	<b>TH Strategy: July model portfolio: Stay domestic, as EM worry remains</b>
1/7	<b>TH Economic: Economy continued to gain traction in May</b>
1/7	<b>TH Bank Sector (Neutral): 2Q18 earnings preview: Weak as growth momentum</b>
1/7	<b>TH PTT Exploration and Production (PTTEP TB; Neutral; TP: Bt 142.00): 2Q18 earnings preview: Weaker baht hits</b>
29/6	<b>TW Merida (9914 TT; Outperform; TP: NT\$178.00): Into high gear</b>
29/6	<b>TW UMC (2303 TT; Neutral; TP: NT\$14.50): Acquisition of 12-inch fab; subsidiaries to list in China</b>
29/6	<b>CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive &amp; employee shareholding plans</b>
29/6	<b>TH Monthly Economic Tracker: Executive summary</b>
29/6	<b>TH Total Access Communication (DTAC TB; Outperform; TP: Bt 49.00): 2Q18 earnings preview: Bottom for this year</b>
28/6	<b>TW ITEQ (6213 TT; Not Rated): Gearing up for server ramp up in 2H18F</b>
28/6	<b>TW Ritek (2349 TT; Not Rated): Smooth mass production of archival discs; demand intact</b>
28/6	<b>TW Taiwan FamilyMart (5903 TT; Not Rated): Overlooked second-largest convenience store operator</b>
28/6	<b>HK Nissin Foods (1475 TT; Not Rated): Established branding underwrite income quality</b>
28/6	<b>TH BTS Group Holdings (BTS TB; Outperform; TP: Bt 11.20): Potential impact from disruption to SkyTrain service</b>
28/6	<b>TH Indorama Ventures (IVL TB; Outperform; TP: Bt 70.00): 2Q18 earnings preview: Incredible spike in PET spread</b>
27/6	<b>TW Asia Cement (1102 TT; Outperform; TP: NT\$ 42.00): 2Q18F earnings likely to surprise on the upside</b>
27/6	<b>TW Bizlink (3665 TT; Outperform; TP: NT\$277.00): Intact 2018F sales growth outlook</b>
27/6	<b>TW Career (6153 TT; Not Rated): Strong shift toward LCP FPCB</b>
27/6	<b>TW CHPT (6510 TT; Neutral; TP: NT\$880): Management is positive on 7nm/7nm+ ramp up</b>
27/6	<b>TW Global Unichip (3443 TT; Not Rated): Riding strong AI trend</b>
27/6	<b>TW Makalot (1477 TT; Not Rated): Positive outlook on continuous demand momentum</b>
27/6	<b>TW Merry (2439 TT; Not Rated): Undergoing transition this year</b>
27/6	<b>TW OUCC (1710 TT; Outperform; TP: NT\$38.00): MEG destocking going smoothly</b>
27/6	<b>TW Parade Technologies (4966 TT; Outperform; TP: NT\$685.00): Take-off of data volume to drive high-speed interface demand</b>
27/6	<b>TW Rafael Micro (6568 TT; Outperform; TP: NT\$270.00): Leadership in RF chipset market to continue</b>
27/6	<b>TW Realtek (2379 TT; Neutral; TP: NT\$108.0): Benefits from connectivity IC upgrade</b>
27/6	<b>TW SerComm (5388 TT; Neutral; TP: NT\$75.00): Margin improvement; sales to contract in 2018F</b>
27/6	<b>TW Sunonwealth (2421 TT; Outperform; TP: NT\$49.00): 2H18F margin recovery on better product mix</b>
27/6	<b>TW Synnex (2347 TT; Not Rated): Better margin drives decent earnings growth in 2018F</b>
27/6	<b>TW Tong Hsing Electronic (6271 TT; Not Rated): Expanded 3D sensing exposure to drive mid-term growth</b>
27/6	<b>TW Uni-President (1216 TT; Neutral; TP: NT\$67.00): Product upgrades to sustain margin &amp; earnings recovery</b>
27/6	<b>TW Wistron (3231 TT; Neutral; TP: NT\$25.00): Server outlook bright, smartphone lukewarm</b>
27/6	<b>HK New Higher Education (2001 HK; Outperform; TP: HK\$8.80): Takeaways from reverse roadshow in Beijing</b>
27/6	<b>CN HLA (600398 CH; Not Rated): Brand business recovery on track; convertible bond issuance to fuel expansion</b>
27/6	<b>TH Advanced Info Services (ADVANC TB; Outperform; TP: Bt 220.00): 2Q18 earnings preview: Growth in the low season</b>
26/6	<b>TW Shane Global (8482 TT; Not Rated): Best partner for upmarket furniture brands</b>
26/6	<b>TW TSMC (2330 TT; Outperform; TP: NT\$270.00): Short-term break before long-term journey in 7nm</b>
26/6	<b>CN/HK Stock Liquidity Monitor: Weekly data – Unlocked non-tradable shares &amp; shareholding changes involving major shareholders</b>
26/6	<b>CN Sunny Optical Technology (2382 HK; Outperform; TP: HK\$178.10): 1H18F CCM gross margin to disappoint; 2H18F rebound on high-end product launches</b>
26/6	<b>TH Bank Sector (Neutral): Big banks returned to fixed income market</b>
26/6	<b>TH ICT Sector (Neutral): A solution for the new auctions</b>
26/6	<b>TH C.P. All (CPALL TB; Outperform; TP: Bt 92.00): Good distribution delivers great value</b>
25/6	<b>GLOBAL What does Trump want?: More political than trade war; only short-term negative for stock markets; focus on US small-caps</b>
25/6	<b>TW Strategy: Increased speculative sentiment points to index peak</b>
25/6	<b>TW LCY Chemical (1704 TT; Outperform; TP: NT\$60.00): First verdicts in civil trial of Kaohsiung explosion announced</b>
25/6	<b>HK Food and Beverage: Good potential, but will face bottlenecks in FY1</b>
25/6	<b>HK Xiaomi (1810 HK): World's largest tech IPO since 2014</b>

**Recent In depth Regional Reports**

25/6	<b>CN/HK</b> A-share Weekly: Xiaomi halts CDRs; RRR cut provides steam; blue-chips remain medium & long term top picks
25/6	<b>CN/HK</b> Economy: Latest reserve ratio cut to improve liquidity & fundamentals, boosting A-shares

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



# CNMC Goldmine Holdings

(CNMC SP/CNMC.SI)

## Golden opportunity

Joel Ng / 65 6202 1192 / joel.ng@kgi.com

- We re-initiate with a **BUY** and TP of S\$0.38, based on 10x 2019F EPS, a 30% discount to global gold miners.
- Production and sales volume recovered in 1Q18 and was the highest since 3Q16.
- 1Q18 PATMI increased 8x YoY to US\$0.5m as gold production increased 23% YoY to 4,519 oz.
- The ramp-up in production was mainly due to the new carbon-in-leach (CIL) plant, which produced first gold bar in March 2018. The CIL plant officially opened on 2 May 2018.

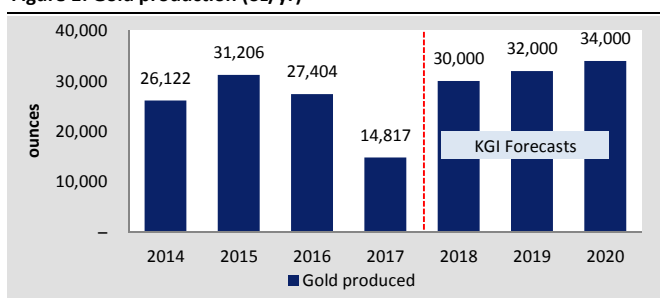
Financials & Key Operating Statistics					
YE Dec (US\$m)	2016	2017	2018F	2019F	2020F
Revenue	34.7	19.2	37.5	40.3	44.3
PATMI	9.1	2.8	4.2	11.4	13.4
Core PATMI	9.1	2.8	4.2	11.4	13.4
Core EPS	2.2	0.7	1.0	2.8	3.3
Core EPS grth (%)	-14.8	-69.4	51.8	170.1	17.3
Core P/E (x)	9.0	29.3	19.3	7.2	6.1
DPS (SGCents)	1.1	0.2	0.2	1.0	1.0
Div Yield (%)	4.2	0.7	0.7	3.7	3.7
Net Margin (%)	26.2	14.5	11.3	28.3	30.2
Gearing (%)	NC	NC	NC	NC	NC
Price / Book (x)	2.1	2.0	1.9	1.7	1.4
ROE (%)	20.0	5.9	8.4	19.9	20.2

Source: Company Data, KGI Research

**Worst is over.** 2017 was a very challenging year for CNMC. Gold production fell to 14,817 oz in 2017 from 27,404 oz in 2016. The key reason was a setback to the group's plan to add a new facility to process high-grade ore at its Sokor gold mine, which was delayed until 2Q17 and did not contribute for the year. The group had wanted to obtain the extension of the Sokor gold mine for another 21 years before spending on capex.

**Increasing production and expanding to base metals.** The group completed the new ore processing facility – capable of processing 500 tonnes of ore per day - in November 2017 and began trial operation in March 2018. Also, CNMC's board has further approved a new facility capable of processing another 500 tonnes of raw materials per day, which would allow the group to diversify to base metals.

Figure 1: Gold production (oz/yr)



Source: Company data, KGI Research

Buy (Re-initiation)		Performance (Absolute)	
Price as of 2 Jul 18 (SGD)	0.27	1 Month (%)	-1.8
12M TP (\$)	0.38	3 Month (%)	6.7
Previous TP (\$)	na	12 Month (%)	-2.9
Upside (%)	39.8		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	110		
Issued Shares (mn)	407		
Vol - 3M Daily avg (mn)	0.4		
Val - 3M Daily avg (\$mn)	0.1		
Free Float (%)	54.2%		
Major Shareholders		Previous Recommendations	
Prof. Lin Xiang Xiong	26.3%		
Choo Kee Kong	12.5%		

**Hong Kong dual-listing.** The group is seeking a dual primary listing on the Hong Kong stock exchange to unlock value for shareholders by increasing market visibility and widening its investor base.

**Forecasts.** We expect 2018/19 earnings to jump 52%/170% YoY to US\$4.2/11.4mn. Our two key assumptions are mainly gold price to average US\$1,285/oz (5% discount to Bloomberg consensus average) and all-in-costs to decline from US\$1,150/oz in 2018F to US\$850/oz by 2019F, which we believe is CNMC's sustainable rate. All-in-costs surged to US\$1,367/oz in 2017 due to lower ore grades and costs for the new CIL plant. In the prior 3-year period, all-in-costs averaged US\$717/oz and even dropped to a low of US\$608/oz in 2015. In perspective, global peers are averaging US\$800-900/oz for all-in-costs.

**Valuation & Action:** We re-initiate with a BUY and TP of S\$0.38 based on 10x 2018F EPS. Global gold miners are trading at a 20-40% premium to our multiple-peg, which we believe lends enough margin of safety to our valuations. We also ran a DCF analysis on a set of fairly conservative assumptions to arrive at a fair value of S\$0.36.

To add to the margin of safety, we have not factored any upside from its second new processing plant that can process base metals such as lead and zinc. CNMC took just 6 months to construct the first CIL facility, much faster than industry norms of 18-24 months. Hence, it is not unreasonable to expect contribution from this diversification plan to come as early as 2019.

**Risks:** Its 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 and lead to higher production costs per unit.

**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	26.38	67,635	(0.9%)	10.1%	(1.1%)	4.4%	4.7%
OCBC SP	OCBC	11.51	48,170	(1.1%)	(5.7%)	(0.8%)	3.7%	4.0%
UOB SP	UOB	26.63	44,466	(0.5%)	2.9%	1.6%	4.3%	4.6%
SGX SP	SGX	7.14	7,641	(0.4%)	(2.8%)	0.6%	4.2%	4.5%
<b>PROPERTIES</b>								
AREIT SP	Ascendas REIT	2.61	7,648	(1.1%)	(1.2%)	1.2%	6.2%	6.5%
CAPL SP	CapitaLand	3.14	13,099	(0.6%)	(8.1%)	(1.3%)	3.8%	3.9%
CCT SP	CapitaLand Comm Trust	1.63	6,101	(1.8%)	(11.9%)	(0.6%)	5.5%	5.5%
CT SP	CapitaLand Mall Trust	2.02	7,168	(2.4%)	(2.6%)	0.0%	5.4%	5.6%
CIT SP	City Development	10.88	9,893	(0.5%)	(11.9%)	(1.1%)	1.6%	1.6%
HKL SP	Hongkong Land USD	7.13	22,935	(0.3%)	3.3%	(1.7%)	3.0%	3.1%
UOL SP	UOL	7.50	6,319	(1.6%)	(13.7%)	0.7%	2.3%	2.3%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.05	49,804	(1.0%)	(14.6%)	(1.9%)	6.0%	6.0%
STH SP	StarHub	1.64	2,838	(1.2%)	(40.4%)	0.6%	9.6%	8.2%
<b>CONSUMER SERVICES AND GOODS</b>								
JCNC SP	Jardine C&C	30.77	12,161	(3.3%)	(22.2%)	(4.3%)	3.9%	4.2%
JM SP	Jardine Matheson USD	63.20	63,625	0.2%	6.1%	1.0%	2.6%	2.9%
JS SP	Jardine Strategic Holding	36.65	55,512	0.5%	(6.9%)	(0.2%)	0.9%	1.0%
GENS SP	Genting Singapore	1.21	14,574	(0.8%)	(6.1%)	0.8%	2.9%	3.1%
SPH SP	SPH	2.59	4,140	(0.4%)	(0.1%)	(0.4%)	5.3%	5.1%
THBEV SP	ThaiBev	0.70	17,578	(2.8%)	(21.6%)	(6.7%)	3.2%	3.6%
VMS SP	Venture Corp	17.66	5,075	(1.0%)	(11.2%)	(0.2%)	3.8%	4.0%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	10.42	12,322	(2.5%)	(2.3%)	(3.1%)	3.9%	3.9%
CD SP	ComfortDelGro	2.26	4,893	(3.8%)	17.3%	2.3%	4.7%	5.0%
<b>COMMODITIES</b>								
GGR SP	Golden Agri	0.31	3,884	0.0%	(17.3%)	(4.7%)	2.2%	2.2%
WIL SP	Wilmar	3.04	19,233	(0.7%)	0.5%	(1.0%)	3.5%	3.7%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	7.01	12,712	(2.0%)	(3.0%)	(2.0%)	3.7%	3.8%
SCI SP	Sembcorp Industries	2.72	4,861	(1.1%)	(9.7%)	(2.2%)	2.9%	3.5%
YZJSGD SP	Yangzijiang SGD	0.89	3,501	(2.2%)	(37.2%)	(4.3%)	5.0%	4.8%
SATS SP	SATS	4.91	5,467	(1.8%)	(5.6%)	0.2%	3.8%	4.0%
STE SP	ST Engineering	3.27	10,203	(0.6%)	3.2%	(2.4%)	4.7%	4.9%
HPHT SP	HPH Trust USD	0.28	3,335	0.0%	(29.7%)	0.0%	9.2%	9.4%

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	1.72	4,582	(0.6%)	(18.0%)	3.0%	5.8%	5.8%
MCT SP	Mapletree Commercial	1.56	4,502	(0.6%)	(1.0%)	0.6%	5.8%	5.9%
KREIT SP	Keppel REIT	1.10	3,749	0.0%	(10.7%)	0.0%	5.4%	5.4%
SMM SP	Sembcorp Marine	1.99	4,155	(2.5%)	8.6%	(1.5%)	1.0%	1.3%

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 2 Jul 18	Yield (%)
Chemical Industries Far East Ltd	22-May-18	FY18	SGD 0.0150	<b>6-Jul-18</b>	10-Jul-18	18-Jul-18	SGD 0.775	1.9
UMS Holdings	11-May-18	1Q18	SGD 0.0100	<b>9-Jul-18</b>	11-Jul-18	27-Jul-18	SGD 0.805	1.2
TEE Land Ltd	12-Apr-18	3Q18	SGD 0.0025	<b>13-Jul-18</b>	17-Jul-18	31-Jul-18	SGD 0.188	1.3
Singapore Post	11-May-18	FY18	SGD 0.0200	<b>16-Jul-18</b>	18-Jul-18	31-Jul-18	SGD 1.270	1.6
SIA Engrg Co	15-May-18	FY18	SGD 0.0900	<b>23-Jul-18</b>	25-Jul-18	7-Aug-18	SGD 3.120	2.9
Singapore Telecoms	17-May-18	FY18	SGD 0.1070	<b>26-Jul-18</b>	30-Jul-18	13-Aug-18	SGD 3.050	3.5
Japan Foods	10-May-18	FY18	SGD 0.0130	<b>30-Jul-18</b>	1-Aug-18	17-Aug-18	SGD 0.480	2.7
Ban Leong Technologies Ltd	25-May-18	FY18	SGD 0.01250	<b>31-Jul-18</b>	2-Aug-18	15-Aug-18	SGD 0.240	5.2
SATS	30-May-18	FY18	SGD 0.1200	<b>31-Jul-18</b>	2-Aug-18	17-Aug-18	SGD 4.910	2.4
Singapore Airlines	17-May-18	FY18	SGD 0.3000	<b>31-Jul-18</b>	2-Aug-18	15-Aug-18	SGD 10.420	2.9

**Latest Rights Issue Announcement**

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
ESR-REIT	199 New Units @ S\$0.54 each Rts share for every 1,000 existing units in ESR-REIT	5-Mar-18	7-Mar-18		
Frasers Logistics & Industrial Trust	1 new unit @ S\$0.967 per new unit for 10 existing units in Frasers Logistics & Industrial Trust (FLT)	16-May-18	18-May-18		
Hotel Royal	1 Rights Share @ S\$3.00 for each Rights share for every 5 existing ord share held	21-Jun-18	25-Jun-18	<b>28-Jun-18</b>	<b>6-Jul-18</b>

Source: SGX Announcement

**Latest Bonus & Listing Issue Announcement**

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Willas-Array Elec (Hldgs)	1 Bonus share for every 10 existing ord share	<b>7-Aug-18</b>	10-Aug-18		

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
Vard Hldgs	SGD 0.25 Cash	5.30 p.m. on 7 Aug 2018	Fincantieri Oil & Gas S.p.A.

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
<b>2-Jul-18</b> IPO: PropNex (Main Board): Commence Trading @ 9.00 a.m.	3-Jul	4-Jul	5-Jul	6-Jul
9-Jul	Q3: SPH REIT 10-Jul	Q3: Spore Press Hldgs 11-Jul	12-Jul	13-Jul
Q2: Keppel REIT / Soilbuild Biz Space REIT 16-Jul	Q2: Keppel DC REIT / Keppel Infrastructure Trust / Keppel-KBS US *Q2: First REIT 17-Jul	Q2: Keppel Telecoms & Tpt / Utd Overseas Insurance 18-Jul	Q2: Keppel Corporation 19-Jul	Q2: Sembcorp Marine 20-Jul
23-Jul	Q1: Mapletree Industrial Trust 24-Jul	*Q2: Lonza Grp AG 25-Jul	Q2: Mapletree Commercial Trust / Dairy Farm Int'l Hldgs / Hongkong Land Hldgs / Mandarin Oriental Int'l 26-Jul	Q2: Jardine Matheson Hldgs / Jardine Strategy Hldgs *Q2: Indofood Agri Resources (Release on Sat, 28-Jul) *Q4: Spore Exchange 27-Jul
30-Jul	*Q1: Eurotronic Grp 31-Jul	Q2: China Aviation Oil Singapore Corp 1-Aug-18	2-Aug	Q2: UOB (Before mkt open) *Q2: Sembcorp Industries / Utd Overseas Australia / Venture Corp 3-Aug

\* Tentative

Source: Bloomberg

---

**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's total revenues, a portion of which are generated from KGI Securities's business of dealing in securities.

Copyright 2018. KGI Securities (Singapore) Pte. Ltd. All rights reserved.