

Market Indicators

	11-Oct	12-Oct	15-Oct
Mkt. T/O (S\$ mil)	1,644.0	1,338.5	984.9
Stock Advances	74	286	142
Stock Declines	427	127	271

Major Indices

	11-Oct	12-Oct	15-Oct
DJ Ind Avg	25,052.8	25,340.0	25,250.6
S & P 500	2,728.4	2,767.1	2,750.8
Nasdaq Comp	7,329.1	7,496.9	7,430.7
Hang Seng	25,266.4	25,801.5	25,445.1

STI Index 3,045.97 (-0.76%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,227.91	-0.20%
Oil (NYMEX CWT1) US\$ / bbl	71.84	0.13%
Baltic Dry Index	1579	4.22%

Exchange Rates



Source: Bloomberg

Interest Rates

3-mth Sibor	1.643%
SGS (10 yr)	2.546%

KGI Securities Research Team

KGI Market Ideas

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

ComfortDelGro: ComfortDelGro's share price dropped as much as 6% on heavy volume on 10 October following media reports that Indonesia's ride-hailing company, Go-Jek, has decided to enter the Singapore market by itself, and will not be partnering with ComfortDelGro as was initially expected. However, we believe the impact on ComfortDelGro's taxi business will not be as severe as during the Uber/Grab's fight for market dominance that was simply not sustainable. As we had mentioned in January in our key investment thesis, ComfortDelGro has strong cash flows to outlast competitors in the transport business given its diversified geographical base. Therefore, Go-Jek will be more measured in terms of the discounts and incentives to both drivers and customers. We are of the view that the sell-off is overdone and presents an attractive entry point for a defensive business offering 5% dividend yield, sustained by strong free cash flows from its stable operations. We re-iterate our **BUY** recommendation and maintain our fair value of S\$2.72, based on 19x 2018F EPS.

REITs portfolio. We highlight seven of our favourite REITs in the table below. They offer an average 6.0% dividend yield for 2018F and are diversified across logistics, industrials and retail malls. All these REITs (with the exception of SPH REIT) are rated by the major rating agencies. In the short-term, we still expect weakness among REITs, which would then present a more attractive entry opportunity to accumulate.

Company Name	Last Price (local \$)	Currency Adj. Market Cap (\$\$ mn)	Yield (%)	Gearing (%)	P/B (x)	6M Average daily trading volume (\$\$ '000)	(YTD) Price Performance
KGI REIT PORTFOLIO							
MAPLETREE LOGISTICS TRUST	SGD 1.21	4,312	6.5	39.7	1.1	9,078	-8.3
ASCENDAS REAL ESTATE INV TRT	SGD 2.49	7,740	6.6	35.1	1.2	24,419	-8.5
MAPLETREE INDUSTRIAL TRUST	SGD 1.93	3,641	6.4	30.5	1.3	6,322	-4.9
MAPLETREE COMMERCIAL TRUST	SGD 1.58	4,562	5.7	35.2	1.1	8,447	-2.5
FRASERS CENTREPOINT TRUST	SGD 2.22	2,057	5.5	29.9	1.1	2,070	-0.9
CAPITALAND MALL TRUST	SGD 2.10	7,453	5.3	31.5	1.0	22,110	-1.4
SPH REIT	SGD 0.99	2,572	5.6	26.8	1.1	820	-4.8
KGI REIT PORTFOLIO			5.9	33.6	1.1	12,074.3	(4.4)
FTSE ST RE INVEST TRUST	769.31		6.3		1.0		(10.1)

Company Update

➤ **ComfortDelGro Corporation (CD SP; BUY; S\$2.72):** Overreaction to Go-Jek's entry into Singapore - Page 3

Recent In depth Regional Reports

15/10	SG ComfortDelGro Corporation (CD SP; BUY; TP: S\$2.720): Overreaction to Go-Jek's entry into Singapore
12/10	US Market sell-off déjà vu: Target value stocks; unwind positions in 1H19
12/10	TW Telecom Sector (Neutral): 3Q18 earnings missed guidance
12/10	TW Teco (1504 TT; Neutral; TP: NT\$22.00): Business outlook below forecast
12/10	HK ANTA Sports (2020 HK; Outperform; TP: HK\$46.00): 3Q18 retail sales growth on track; 4Q18F outlook positive
12/10	HK Want Want China (151 HK; Neutral; TP: HK\$5.98): Sales consolidate after April price increase
12/10	HK Wisdom Education (6068 HK; Outperform; TP: HK\$4.10): Still room for growth; conservative on valuation
12/10	CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
12/10	CN/HK Economy: Trade war impact emerging, but 4Q18F export slowdown limited
12/10	TH Property Sector (Neutral): Point of no return
12/10	TH Krung Thai Card (KTC TB; Outperform; TP: Bt 44.00): 3Q18 earnings review: Credit card growth accelerated
12/10	TH Robinson Department Store (ROBINS TB; Outperform; TP: Bt 83.00): 3Q18 earnings preview: Fair performance during low season
12/10	TH Star Petroleum Refining (SPRC TB; Neutral; TP: Bt 15.20): 3Q18 earnings preview: Plunge in stock gains
12/10	TH Tisco Financial Group (TISCO TB; Outperform; TP: Bt 113.00): 3Q18 earnings review: Huge extra revenues
11/10	TW Strategy: Taiex corporate earnings may have peaked
11/10	TW Fusheng Precision (6670 TT; Not Rated): Benefiting from golf sector recovery
11/10	TW Merida (9914 TT; Outperform; TP: NT\$158.00): E-bike to sustain growth momentum into 2019F
11/10	HK Anacle (8353 HK; Outperform; TP: HK\$0.910): 1Q FY19 results beat; new products ramping up
10/10	TH Non-Bank Sector (Overweight): Is fear of newcomer overdone?
10/10	TH C.P. All (CPALL TB; Outperform; TP: Bt 87.00): 3Q18 earnings preview: Nothing exciting
10/10	TH Ekachai Hospital (EKH TB; Outperform; TP: Bt 7.85): 3Q18 earnings preview: Record high
9/10	TW Financial Sector (Overweight): September earnings slip on lower investment & brokerage income
9/10	TW Formosa Chemicals (1326 TT; Outperform; TP: NT\$135.00): 3Q18 earnings in line
9/10	TW Formosa Petrochemical (6505 TT; Neutral; TP: NT\$132.00): 3Q18 earnings below our forecast
9/10	TW Formosa Plastics (1301 TT; Outperform; TP: NT\$128.00): Earnings miss our estimate
9/10	TW Nan Ya Plastics (1303 TT; Outperform; TP: NT\$100.00): 3Q18 earnings in line with our forecast
9/10	TW TSMC (2330 TT; Outperform; TP: NT\$270.00): Near-term macro concerns
9/10	HK Dali Foods (3799 HK; Neutral; TP: HK\$6.62): Consolidation as income driver is taking shape
9/10	CN/HK Retail Sector: Holiday consumption on track; strong demand for quality & services is the future
9/10	TH Commodities Update: Intense pressure from US over its sanctions on Iran
9/10	TH Intouch Holdings (INTUCH TB; Outperform; TP: Bt 73.75): 3Q18 earnings preview: Down slightly QoQ but up YoY
9/10	TH Thaicom (THCOM TB; Underperform; TP: Bt 9.90): 3Q18 earnings preview: Lower costs to push growth YoY
8/10	SG CSE Global (CSE SP; BUY; S\$0.57): Turnaround as industry fundamentals improve; offering attractive 6% dividend yield
8/10	TW Strategy: National Financial Stabilization Fund – Background & impact of previous interventions on the Taiex
8/10	TW Strategy: Rally in 4Q18F with tech mainstream by mid-October
8/10	TW Petrochemicals Sector (Overweight): Iran economic sanctions to cap petrochemicals supply
8/10	HK Hengan International (1044 HK; Neutral; TP: HK\$76.00): Downgrade on limited upside
8/10	CH/HK A-share Weekly: A-shares to languish next two weeks on economic weakness & sell-off pressure; near-term bottom taking shape

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com



ComfortDelGro Corporation

(CD SP/CMDG.SI)

Overreaction to Go-Jek's entry into Singapore

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- CD's share price dropped as much as 5.5% on heavy volume on 10 October after media reports that Indonesia's ride-hailing Go-Jek has decided to enter the Singapore market by itself, and will not be partnering CD as was initially widely expected.
- Go-Jek is partnering with 6 car rental firms to supply vehicles, according to news reports.
- We believe the entrance of Go-Jek into the Singapore market will not bring about the same level of competition as Uber and Grab's fight for market dominance, which was simply not sustainable.
- Therefore, we are of the view that the sell-off is overdone and presents an attractive entry point for a defensive business offering 5% dividend yield, sustained by strong free cash flows from stable operations.
- **We re-iterate our BUY and target price of S\$2.72.**

Financials & Key Operating Statistics

YE Dec (\$m)	2016	2017	2018F	2019F	2020F
Revenue	4059.5	3970.9	4031.8	4092.8	4154.9
PATMI	317.1	301.5	310.2	315.9	321.4
Core PATMI	303.2	279.1	310.2	315.9	321.4
Core EPS	14.0	12.9	14.3	14.6	14.9
Core EPS grth (%)	0.4	-7.9	11.2	1.8	1.8
Core P/E (x)	15.8	17.2	15.5	15.2	14.9
DPS (SGCents)	10.3	10.4	11.2	11.2	11.2
Div Yield (%)	4.6	4.7	5.0	5.0	5.0
Net Margin (%)	7.8	7.6	7.7	7.7	7.7
Gearing (%)	-4.8	-0.1	14.7	22.6	28.8
Price / Book (x)	1.9	1.8	1.8	1.7	1.7
ROE (%)	9.9	9.9	9.8	9.6	9.4

Source: Company Data, KGI Research

Go-Jek is coming. Indonesia ride-hailing Go-Jek will be entering the Singapore market in November 2018 and has roped in 6 rental firms to sign-up private-hire drivers and to supply vehicles to those who do not own one. Go-Jek – whose investors include Temasek and Google – was previously in talks with CD to explore a tie-up, according to news reports.

Not a concern for us. We believe the impact on CD's taxi business will not be as severe as during the Uber/Grab's fight for market dominance that was simply not sustainable. As we had mentioned in January in our key investment thesis, CD has strong cash flows to outlast competitors in the transport business given its diversified geographical base. Therefore, Go-Jek will be more measured in terms of the discounts and incentives to both drivers and customers.

Actually good for customers. The Competition and Consumer Commission of Singapore (CCCS) fined Grab and Uber a total of S\$13mn following their merger, after finding that Grab trip fares increased by 10-15%, and complaints from drivers on Grab's fare and commission. With Grab currently controlling 80% of the ride-hailing market, the entry of Go-Jek would be a much needed alternative for drivers and consumers.

BUY - Maintain		Performance (Absolute)	
Price as of 12 Oct 18 (SGD)	2.19	1 Month (%)	-3.9
12M TP (\$)	2.72	3 Month (%)	-7.6
Previous TP (\$)	2.72	12 Month (%)	12.9
Upside, incl div (%)	27.8		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	4,741		
Issued Shares (mn)	2,165		
Vol - 3M Daily avg (mn)	6.6		
Val - 3M Daily avg (\$mn)	15.3		
Free Float (%)	93.6%		
Major Shareholders		Previous Recommendations	
Blackrock	6.0%	15-May-18	BUY \$2.72
Schroders	5.0%	30-Apr-18	BUY \$2.72
		2-Jan-18	BUY \$2.24

CD not standing still. With the tie-up of CD and Go-Jek now off the cards, CD has been actively exploring partnerships with new players to enhance its service offerings to customers. On 8 October 2018, CD announced that it was partnering MaaS Global – which stands for Mobility as a Service - from Finland in a new service that will bring all means of transport (taxi, bus, train, car rental and even bicycles) into a seamless digital offering for customers. The soon-to-be-launched app, called "WHIM", has already been implemented in Finland, Belgium, Netherlands and the UK. WHIM users will have the option of pay-as-you-go option or opt for a subscription plan where customers will not have to worry about ticketing and payments. The WHIM service is expected to go on trial in Singapore soon with a commercial launch expected in 1Q19.

Valuation & Action: We re-iterate our **BUY recommendation** and maintain our target price to S\$2.72, pegged to 19x 2018F EPS, based on 1SD above the 10-year mean. We believe the following catalysts would lead to an expansion in valuation multiples as earnings begin recovering over the next few quarters: (1) better-than-expected recovery of its taxi business following the exit of Uber in SEA; (2) potential upside from the breakeven of Downtown Line (DTL); and (3) EPS-accretive acquisitions given its strong balance sheet and healthy cash flows.

Risks: Slower-than-expected recovery of taxi business if Go-Jek decides to aggressively grab market share; slower-than-expected breakeven of DTL; forex risks given its exposure to UK and Australia.

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 (%)
FINANCIALS								
DBS SP	DBS	24.48	62,517	0.2%	4.6%	(3.9%)	4.8%	5.1%
OCBC SP	OCBC	10.66	45,328	(0.8%)	(11.2%)	(4.1%)	4.0%	4.3%
UOB SP	UOB	25.18	41,987	(0.5%)	(0.9%)	(3.6%)	4.8%	5.0%
SGX SP	SGX	6.86	7,345	(0.6%)	(4.7%)	(5.2%)	4.5%	4.7%
PROPERTIES								
HKL SP	Hongkong Land USD	6.03	19,533	(1.8%)	(11.8%)	(5.0%)	3.5%	3.6%
CAPL SP	CapitaLand	3.07	12,780	(1.3%)	(10.2%)	(5.2%)	4.0%	4.1%
AREIT SP	Ascendas REIT	2.50	7,771	0.4%	(2.7%)	(2.0%)	6.6%	6.8%
CIT SP	City Development	8.22	7,458	0.4%	(33.0%)	(5.1%)	2.2%	2.2%
CT SP	CapitaLand Mall Trust	2.09	7,417	0.5%	2.2%	(2.3%)	5.3%	5.5%
CCT SP	CapitaLand Comm Trust	1.69	6,327	(1.7%)	(8.3%)	(2.3%)	5.3%	5.3%
UOL SP	UOL	6.21	5,233	(1.0%)	(28.6%)	(6.2%)	2.8%	2.8%
TELECOMMUNICATIONS								
ST SP	SingTel	3.11	50,784	(2.2%)	(10.0%)	(2.8%)	5.8%	5.8%
CONSUMER SERVICES AND GOODS								
JM SP	Jardine Matheson USD	58.63	59,468	(0.1%)	(1.0%)	(3.3%)	2.8%	3.0%
JS SP	Jardine Strategic Holdings	33.83	51,605	(0.7%)	(13.8%)	(3.3%)	1.0%	1.0%
THBEV SP	ThaiBev	0.65	16,197	0.0%	(27.8%)	(5.1%)	3.1%	3.5%
DFI SP	Dairy Farm Internationl	8.57	15,960	(0.3%)	11.8%	(4.2%)	2.8%	3.0%
GENS SP	Genting Singapore	0.95	11,383	(1.0%)	(25.6%)	(7.4%)	3.7%	3.8%
JCNC SP	Jardine C&C	28.52	11,272	(0.7%)	(27.4%)	(4.8%)	4.1%	4.3%
VMS SP	Venture Corp	15.99	4,608	(2.4%)	(18.7%)	(8.0%)	4.1%	4.3%
SPH SP	SPH	2.62	4,188	(0.4%)	1.0%	(8.4%)	5.5%	5.5%
TRANSPORT								
SIA SP	Singapore Airlines	9.20	10,890	(0.6%)	(11.2%)	(3.6%)	4.2%	4.3%
CD SP	ComfortDelGro	2.12	4,590	(3.2%)	12.1%	(10.2%)	5.0%	5.4%
COMMODITIES								
WIL SP	Wilmar	3.00	18,980	(2.0%)	0.3%	(5.4%)	3.6%	3.6%
GGR SP	Golden Agri	0.24	2,993	(2.1%)	(36.3%)	(6.0%)	2.9%	3.5%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.72	12,179	(1.2%)	(5.0%)	(5.4%)	4.2%	4.0%
STE SP	ST Engineering	3.40	10,606	(0.9%)	8.9%	(4.0%)	4.5%	4.6%
SATS SP	SATS	4.83	5,391	0.0%	(5.0%)	(2.6%)	3.9%	4.1%
SCI SP	Sembcorp Industries	2.93	5,231	(0.3%)	(2.0%)	(1.0%)	1.8%	2.5%
YZJSGD SP	Yangzijiang SGD	1.24	4,893	(2.4%)	(12.1%)	1.6%	3.4%	3.4%
HPHT SP	HPH Trust USD	0.25	2,938	0.0%	(35.9%)	(5.8%)	9.6%	9.5%

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

STI Reserve List (by market cap) - STI next review date: December 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	1.78	4,748	0.0%	(14.0%)	(3.3%)	5.6%	5.6%
MCT SP	Mapletree Commercial	1.58	4,562	(0.6%)	1.6%	0.0%	5.7%	5.8%
MLT SP	Mapletree Logistics Trust	1.22	4,348	0.8%	(1.7%)	0.0%	6.5%	6.6%
KREIT SP	Keppel REIT	1.14	3,884	1.8%	(6.3%)	(3.4%)	5.2%	5.2%
MINT SP	Mapletree Industrial Trust	1.93	3,641	0.5%	(1.2%)	0.0%	6.4%	6.7%

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

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 15 Oct 18	Yield (%)
SPH REIT	11-Oct-18	FY18	SGD 0.0143	17-Oct-18	19-Oct-18	21-Nov-18	SGD 1.000	1.4
Ellipsiz	20-Aug-18	FY18	SGD 0.020000	25-Oct-18	29-Oct-18	20-Nov-18	SGD 0.510	3.9
Ellipsiz - Special	20-Aug-18	FY18	SGD 0.010000	25-Oct-18	29-Oct-18	20-Nov-18	SGD 0.510	2.0
PCI	28-Aug-18	FY18	SGD 0.0300	25-Oct-18	29-Oct-18	7-Nov-18	SGD 1.040	2.9
PCI - Special	28-Aug-18	FY18	SGD 0.0200	25-Oct-18	29-Oct-18	7-Nov-18	SGD 1.040	1.9
Chuan Hup Hldgs	28-Aug-18	FY18	SGD 0.0100	29-Oct-18	31-Oct-18	13-Nov-18	SGD 0.320	3.1
RE&S Holdings	20-Aug-18	4Q18	SGD 0.0040	29-Oct-18	31-Oct-18	8-Nov-18	SGD 0.190	2.1
Sin Ghee Huat Corp Ltd	23-Aug-18	FY18	SGD 0.0030	29-Oct-18	31-Oct-18	14-Nov-18	SGD 0.255	1.2
GuocoLand	27-Aug-18	FY18	SGD 0.07000	30-Oct-18	1-Nov-18	22-Nov-18	SGD 1.830	3.8
Karin Technology Hldgs	28-Aug-18	FY18	HKD 0.1180	30-Oct-18	1-Nov-18	22-Nov-18	SGD 0.325	2.1
UG Healthcare Corp Ltd	23-Aug-18	FY18	SGD 0.002350	30-Oct-18	1-Nov-18	17-Dec-18	SGD 0.215	1.1
British & Malayan Trustees Ltd	17-Aug-18	FY18	SGD 0.02700	31-Oct-18	2-Nov-18	20-Nov-18	-	0.0

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
MS Hldgs	4 Rts Shares @ S\$0.062 for each Rts share for every 5 existing ord share held, 1 free detachable warrant (exercise price S\$0.13) for every 4 Rts Share subscribed	1-Oct-18	3-Oct-18	8-Oct-18	16-Oct-18
OUE Commercial REIT	83 Rights Units for every 100 Existing Units @ S\$0.456 for each rights unit	2-Oct-18	4-Oct-18	9-Oct-18	17-Oct-18

Source: SGX Announcement

MS Hldgs: Expected date for listing and commencement of trading of warrants: 9.00 a.m., Wednesday, 31 October 2018

Appendix 2: Financial Calendar

Monday		Tuesday		Wednesday		Thursday		Friday	
	8-Oct		9-Oct		10-Oct	Q4: SPH REIT	11-Oct		12-Oct
Q3: Keppel REIT Q4: Spore Press Hldgs	15-Oct	Q3: First REIT / Keppel DC REIT / Keppel Infrastructure Trust / Qian Hu Corp	16-Oct	Q3: Keppel Telecoms & Tpt / Keppel- KBS US REIT / Soilbuild Business Space REIT *Q3: First REIT	17-Oct	Q3: Keppel Corporation	18-Oct	*Q1: Spore Exchange *Q4: Frasers Commercial Trust	19-Oct
	22-Oct	Q2: Mapletree Industrial Trust Q3: Utd Overseas Insurance	23-Oct	Q2: Mapletree Commercial Trust Q3: Suntec REIT Q4: Frasers Centrepoint Trust	24-Oct	Q3: Sembcorp Marine	25-Oct	Q2: Mapletree North Asia Commercial Trust Q3: Cache Logistics Trust / UOB (Before mkt open) Q4: Frasers Hospitality Trust *Q3: Indofood Agri Resources (Release on Sat, 27-Oct)	26-Oct
Q3: Great Eastern Hldgs *Q2: Meghmani Organics	29-Oct	Q4: Second Chance Properties *Q1: Micro-Mechanics Hldgs	30-Oct	31-Oct	1-Nov-18	Q3: OCBC (Before mkt open) *Q1: Oxley Hldgs	2-Nov	Q3: Sembcorp Industries *Q3: CITIC Envirotech / Venture Corp	
Q4: Frasers Logistics & Industrial Trust *Q3: DBS	5-Nov	6-Nov	7-Nov	8-Nov	9-Nov	Q3: Emerging Towns & Cities *Q3: Best World Int'l	*Q3: ComfortDelgro Corp / UMS Hldgs *Q4: Frasers Property		

* Tentative

Source: Bloomberg

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