

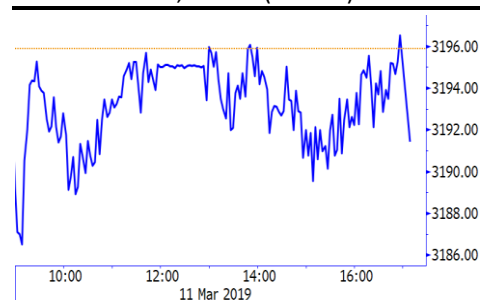
Market Indicators

	7-Mar	8-Mar	11-Mar
Mkt. T/O (\$\$ mil)	931.3	1,020.4	781.7
Stock Advances	180	140	176
Stock Declines	221	271	227

Major Indices

	7-Mar	8-Mar	11-Mar
DJ Ind Avg	25,473.2	25,450.2	25,650.9
S & P 500	2,748.9	2,743.1	2,783.3
Nasdaq Comp	7,421.5	7,408.1	7,558.1
Hang Seng	28,779.5	28,228.4	28,503.3

STI Index 3,191.42 (-0.14%)

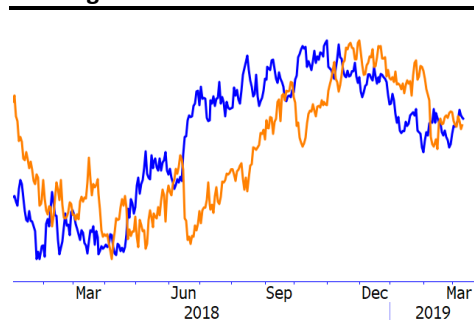


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,292.52	-0.28%
Oil (NYMEX CWT1) US\$ / bbl	57	0.65%
Baltic Dry Index	645	-0.62%

Exchange Rates



USD : SGD 1.3574 / MYR : SGD 3.0102

Source: Bloomberg

Interest Rates

3-mth Sibor	1.944%
SGS (10 yr)	2.166%

KGI Market Ideas

KGI Global Equity Strategy 2Q 2019

We suggest investors turn more cautious on US stocks, and focus more on defensive plays in the next quarter as previously overweight cyclical stocks may have reached the point for profit-taking in the near term. We remain conservative about European stocks given weaker-than-expected real economy and more frequent political risks. As for emerging markets, we believe narrowing demand from China will batter exports from emerging Asian countries this year, and given deteriorating exports, the emerging Asian markets will face more headwinds ahead.

To a large extent, we believe the current rally is being sustained by positive non-fundamentals, mainly a more dovish stance from the US Fed and optimism towards the Sino-US trade talks, versus previous concerns over unsuccessful trade talks and hawkish Fed policy, which led to an overdone correction. When US companies release 1Q19 results, we believe fundamentals will once again become the primary market swing factor. As such, we think the current tactical rebound will end in March, and any subsequent global political and economic risk events will result in higher market volatility.

Company Update, Results Update & Credit Note

- **China Sunshine Chemical Holdings (CSSC SP; Not Rated):** Taking advantage of opportunities amid short-term challenges - Page 3
- **Frencken Group (FRKN SP; BUY; S\$ 0.67):** Highest quarterly profit in eight years - Page 4
- **Kingsmen Creatives (KMEN SP; Not Rated):** First of its kind – NERF family entertainment centres - Page 5
- **Raffles Medical Group (RFMD SP; Not Rated):** In good health as it grows from one to three - Page 6
- **Momo Inc (MOMO US):** Cease Coverage - Page 7
- **COGARD 4.75% 09/28/23 (COGARD):** High Yield Debt (USD) - Page 8
- **Tesla 5.3% 08/15/25 (TSLA):** Electric Cars Revolution - Page 9

KGI Securities Research Team

Recent In depth Regional Reports

8/3	SG COGARD 4.75% 09/28/23 (COGARD): High Yield Debt (USD)
8/3	SG Tesla 5.3% 08/15/25 (TSLA): Electric Cars Revolution
8/3	US Momo Inc (MOMO US): Cease Coverage
8/3	GLOBAL Economics: China policy stimuli is working: High Yield Debt (USD)
8/3	TW Hu Lane (6279 TT; Underperform; TP: NT\$ 62.00): Silver lining yet to emerge in 1H19
8/3	TH Non-Bank Sector (Neutral): Not a good start
8/3	TH Muang Thai Capital (MTC TB; Neutral; Bt 52.00): Yield pressure and slower growth
8/3	TH Srisawad Corporation (SAWAD TB; Neutral; TP: Bt 48.00): Changing platform again
7/3	US US Technology: 1Q19F marks trough; strong 2H19F to come
7/3	TW Aerospace Industrial Development (2634 TT; Not Rated): Civil business to brighten operating outlook
7/3	TW Catcher Technology (2474 TT; Underperform; TP: NT\$ 191.00): Earnings disappoint on weak margin
7/3	TW CGPC (1305 TT; Neutral; TP: NT\$ 22.00): 4Q18 earnings miss
7/3	TW Chicony (2385 TT; Outperform; TP: NT\$ 80.00): Margin expansion to drive earnings growth in 2019F
7/3	TW Gourmet Master (2723 TT; Outperform; NT\$ 260.00): 4Q18 a miss on non-op loss; margin recovery on track
7/3	TW SZS (3376 TT; Neutral; TP: NT\$ 98.00): 4Q18 & 2018 earnings in line; healthy 2019F EPS growth
7/3	HK Dali Foods (3799 HK; Outperform; TP: HK\$ 6.97): Undervalued stock is ready to rebound
7/3	SG China Sunshine Chemical Holdings (CSSC SP; Not Rated): Taking advantage of opportunities amid short-term challenges
7/3	TH MK Restaurant Group (M TB; Neutral; TP: Bt 78.50): Rosy road lies ahead
6/3	SG Kingsmen Creatives (KMEN SP; Not Rated): First of its kind – NERF family entertainment centres
6/3	TW Industrial Automation: Emerging signs of order recovery
6/3	TW E.Sun FHC (2884 TT; Neutral; TP: NT\$ 23.20): 2018 net profit in line; YTD core earnings growth weak
6/3	TW Posiflex (8114 TT; Outperform; NT\$ 141.00): Operating margin rebound & high yield story
6/3	HK Minsheng Education (1569 HK; Outperform; TP: HK\$ 2.35): 2018 results preview
6/3	HK Xtep (1368 HK; Neutral; TP: HK\$ 5.27): Exploring high-end running & outdoor markets via new JV
6/3	TH Mono Technology (MONO TB; Neutral; TP: Bt 1.88): Gradual improvement expected
5/3	TW Electric Vehicle Sector: Tesla launches base Model 3 & cuts prices of all EV models
5/3	TW Catcher Technology (2474 TT; Neutral; TP: NT\$ 220.00): More 2019F earnings cuts to come
5/3	TW EMC (2383 TT; Outperform; NT\$ 102.00): February a miss on deferred networking shipments; full-year outlook intact
5/3	CH/HK Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
5/3	TH Commodities Update: Highest US crude production
5/3	TH Minor International (MINT TB; Neutral; TP: Bt 42.00): Slowdown on food operation raises concern
5/3	TH WHA Corporation PCL (WHA TB; Neutral; TP: Bt 4.60): Keep waiting
5/3	TH WHA Utility & Power (WHAUP TB; Outperform; TP: Bt 9.00): Only small upside on stage
4/3	SG CSE Global (CSE SP; BUY; S\$0.58): Positive trends; attractive 5.5% dividend yield
4/3	TW Strategy: Higher A-share weighting in MSCI to trigger US\$10.2bn capital outflow from Taix
4/3	TW Petrochemical Sector (Overweight): Worst is passed for MEG
4/3	TW Chipbond (6147 TT; Outperform; TP: NT\$ 90.00): Potential price hike again in 2H19
4/3	TW OUCC (1710 TT; Outperform; TP: NT\$ 32.00): MEG spread downtrend to reverse
4/3	HK Bosideng (3998 HK; Outperform; TP: HK\$ 2.00): Driven by improving ASP mix & mark-up rates
4/3	CH/HK A-share Weekly: Spring jitters enter home stretch; fundamentals will steer index above 3,000 points
4/3	CN Semiconductor Sector: Near-term upside on Huawei's aggressive pull-in orders for smartphone

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

CHINA
DEVELOPMENT
FINANCIAL

China Sunshin Chemical Holdings

(CSSC SP/CHSN.SI)

Taking advantage of opportunities amid short-term challenges

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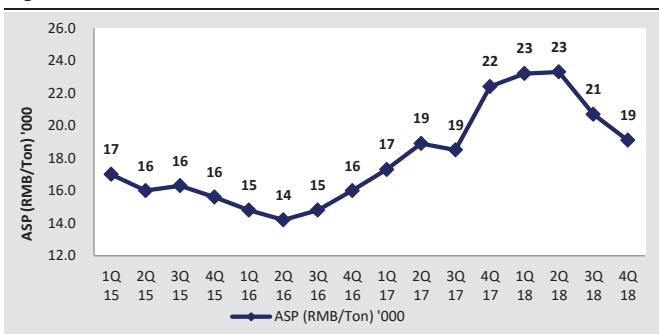
- 4Q18 net profit declined 18% YoY to RMB 109mn mainly due to lower average selling price (ASP). Sales volume was at an all-time of 39,957 tons.
- Sunshin increased final dividends to 5.5 Sing cents from 2.5 Sing cents in 2017.
- Share price has declined by more than 10% following the results announcement. We attribute the sell-off to the weak outlook statement by management.
- This could be an attractive opportunity as we think the sell-off is overdone. Sunshin's valuations are cheap and its long-term prospects have never looked better.

Financials & Key Operating Statistics					
YE Dec (RMB m)	2014	2015	2016	2017	2018
Revenue	2077.3	1859.1	2036.9	2738.4	3283.3
PATMI	220.2	195.2	221.7	341.3	641.3
EPS (Sing cents)	10.2	9.8	9.9	14.5	26.1
P/E (x)	11.9	12.4	12.2	8.1	4.4
DPS (Sing Cents)	1.5	1.5	1.5	3	5.5
Div Yield (Y%)	1.3%	1.3%	1.3%	2.6%	4.8%
Net Margin (%)	10.6%	10.5%	10.9%	12.5%	19.5%
Net Gearing (%)	13	NC	NC	NC	NC
ROE (%)	21.8%	16.6%	16.3%	19.6%	27.6%

Source: Company data, KGI Research

4Q18 summary. 4Q18 net profit declined 18% YoY to RMB 109mn mainly due to lower ASP. ASP in the quarter declined 15% YoY to 19,110 per ton, caused by lower raw material prices. This was offset by an increase in sales volume in 4Q18 by 3% YoY. Gross margins in 4Q18 declined 0.9% pts YoY to 32.4%, but we note this is still significantly higher than the 27.3% average in the prior four years and simply represents a normalising of margins from a very strong 9M2018.

Figure 1: ASP trend since 1Q 2015



Source: Company data, KGI Research

Negative outlook in short-term. Following the release of its FY18 results, Sunshin's share price dropped more than 10%. This can partly be attributed to the negative short-term outlook provided by management. Management has guided for lower ASP in the short-term due to declining raw material prices (mainly Aniline) and increased competition. Competitors who were previously hit by environmental regulations are now resuming operations after upgrading

Not Rated			
Price as of 7 Mar 19 (SGD)	1.14	Performance (Absolute)	
12M TP (\$)	-	1 Month (%)	-13.0
Previous TP (\$)	-	3 Month (%)	-12.5
Upside (%)	-	12 Month (%)	-17.8
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	560		
Issued Shares (mn)	491		
Vol - 3M Daily avg (mn)	1.1		
Val - 3M Daily avg (\$mn)	1.4		
Free Float (%)	38.6%		
Major Shareholders		Previous Recommendations	
Xu Cheng Qiu	63.3%		

their equipment and technologies to meet government requirements. We also think that management's lack of confidence in maintaining the absolute dividend amount of 5.5 Sing cents for 2019 was a final deal breaker, despite the group's strong balance sheet and free cash flows.

Long-term positive. Sunshin enjoys a dominant position in a niche market, where it commands a 20% global market share and 33% market share in China for rubber accelerators. Sunshin's 87,000 tons annual capacity for accelerators is 70-90% more than the next two largest producers in the world. Sunshin's accelerator capacity is expected to increase up to 117,000 tons in the next 12 months. Furthermore, it is still in talks to purchase more land to expand capacity. It had a net cash position of RMB 1.0 bn to sufficiently fund all capex and land purchases for expansion, in addition to sustaining the 5.5 Sing cents dividends.

Valuation Analysis - Lower profits YoY vs. 2018			
YoY Decline from 2018 (%)	20%	30%	40%
Net Profit (RMB'm)	513.0	448.9	384.8
Implied P/E	5.4x	6.1x	7.2x

Valuation & Action: Never looked better. Sunshin is currently trading at 4.3x 2018 P/E. Even if 2019 net profits were to decline between 20% and 30% YoY due to lower ASPs, Sunshin would still be trading at attractive valuations of between 5.4x and 6.1x P/E. This is not even taking into account its net cash position of S\$0.42 per share, which makes up 37% of Sunshin's current market capitalisation. As such, the current sell-off presents an attractive opportunity to invest into the world's largest rubber accelerator company, a company which counts two-thirds of the top 75 tire manufacturers in the world as its customers.

Risks: Margin pressure due to lower ASP, especially in 1H 2019.



Frencken Group Limited

(FRKN SP/FREN.SI)

Highest quarterly profit in eight years

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- 4Q18 PATMI doubled YoY to S\$11mn due to higher revenues (+40% YoY) and better gross profit margins (+2.1% pts to 16.7%). This was the highest quarterly profits in eight years.
- Frencken's industrial automation sales rose 548% YoY to S\$53.5mn, boosted by increased orders for storage drive production equipment from a key customer.
- It declared a 2.14 Sing cents final dividend for FY18, which represents a decent 4.2% dividend yield.
- We maintain our BUY recommendation. It is only trading at 6-8x forward EPS, which is a 30-50% discount to peers.

Financials & Key Operating Statistics					
YE Dec (\$m)	2017	2018	2019F	2020F	2021F
Revenue	515.1	625.8	657.1	683.4	710.7
PATMI	33.1	30.0	27.4	31.8	34.3
Core PATMI	23.0	33.9	27.4	31.8	34.3
Core EPS	5.6	8.3	6.7	7.8	8.4
Core EPS grth (%)	44.5	47.7	-19.2	16.0	7.8
Core P/E (x)	9.2	6.2	7.7	6.6	6.2
DPS (\$Gcents)	2.4	2.1	2.2	2.3	2.4
Div Yield (%)	4.6	4.2	4.3	4.5	4.7
Net Margin (%)	6.4	4.8	4.2	4.7	4.8
Gearing (%)	-1.8	0.6	-12.9	-20.3	-27.1
Price / Book (x)	0.9	0.8	0.7	0.6	0.6
ROE (%)	13.3	11.2	8.8	9.6	9.6

Source: Company Data, KGI Research

Results summary. 4Q18 revenue rose 40% YoY, boosted mainly by a 548% YoY increase in its Industrial Automation segment. Industrial Automation was driven by increased orders for storage drive production equipment from a key customer. All other business segments under its higher-margin Mechatronics division rose between 4.2% and 16.2% YoY. However, total sales under its IMS division declined 6.3% YoY and 4.5% QoQ. 4Q18 gross profit margin improved 2.1% pts to 16.7% due to the higher utilisation of production capacity.

As a result of the higher sales and margins, 4Q18 net profits doubled YoY to S\$11mn, bringing the full-year profits to S\$34mn, a 48% YoY increase. Its Mechatronics division (excluding exceptional items) reported a S\$36mn profit, which was offset by weakness in its IMS division.

Figure 1: Revenue breakdown (YoY comparison)

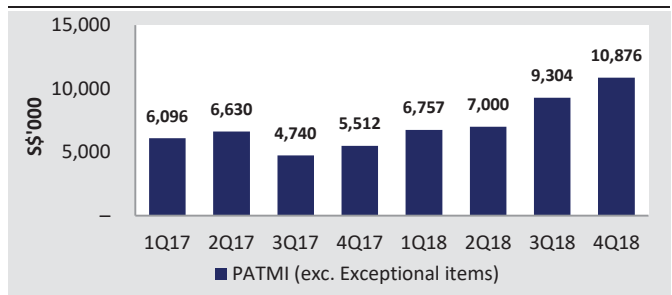
Sales (\$'000)	4Q18	4Q17	YoY (%)
Semiconductor	27,686	26,570	4.2%
Medical	22,055	21,424	2.9%
Analytical	36,519	31,429	16.2%
Industrial Automation	53,499	8,251	548.4%
Others	4,806	4,569	5.2%
Mechatronics Total	144,565	92,243	56.7%
Automotive	24,029	24,425	(1.6%)
Consumer & Industrial Elect.	4,657	5,183	(10.1%)
Others	559	1,001	(44.2%)
Tooling	1,828	2,547	(28.2%)
IMS Total	31,073	33,156	(6.3%)

Source: Company data, KGI Research

BUY - Maintain		Performance (Absolute)	
Price as of 11 Mar 19 (SGD)	0.51	1 Month (%)	25.9
12M TP (\$)	0.67	3 Month (%)	25.3
Previous TP (\$)	0.72	12 Month (%)	-17.5
Upside (%)	31.2		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	215		
Issued Shares (mn)	422		
Vol - 3M Daily avg (mn)	0.3		
Val - 3M Daily avg (\$mn)	0.1		
Free Float (%)	62.0%		
Major Shareholders		Previous Recommendations	
Gooi Soon Chai	23.4%	7-Mar-18	BUY \$0.72
		26-Feb-18	HOLD \$0.72
		15-Nov-17	BUY \$0.66

Strong momentum. PATMI excluding exceptional items has increased for five consecutive quarters since 3Q17, even as its IMS division underperformed in terms of revenues and margins. Frencken's IMS division was barely profitable (excluding one-off items) in FY18. Looking forward, its IMS segment is expected to improve as utilisation improves at its new manufacturing facility in Chuzhou, Anhui Province, China.

Figure 2: PATMI trend (excluding exceptional items)



Source: Company data, KGI Research

Valuation & Action: We reiterate our BUY recommendation on Frencken and peg a fair value of S\$0.67, based on 10x FY19F earnings (previously based on 12x FY19F EPS). At 10x P/E, it would mean an implied 1.0x FY18F P/B. Frencken is trading at an attractive 8/7/6x FY19/20/21F EPS (30-50% discount to peer average), and is backed by a healthy balance sheet and diversified business model.

Risks: Frencken's main business segments are cyclical in nature. A spending slowdown in its key business segments, namely semiconductor, automotive and analytical machines may impact margins and new orders. However, its track record has shown revenue resilience which may be due to the well-diversified mix of its business.



Kingsmen Creatives Ltd

(KMEN SP)

First of its kind – NERF family entertainment centres

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- New IP licensing business segment could be a mid-term growth catalyst.
- First NERF family entertainment centre in the world to open at Marina Square by end 2019. With a history of 49 years, guns by NERF were revealed to be one of Amazon’s best-selling toys over the holiday season last year.
- Current price at a 6 year historical low looks attractive from a risk to reward perspective. Dividend yield of 4.7% may be the cherry on the cake.

Proven track record in the business of experiences. KidZania, an indoor theme park educating kids through realistic role-play, had seen huge success since their opening in 2017. It is now one of the fastest growing kid’s hands-on entertainment brands in the world. The mastermind behind KidZania is Kingsmen Creatives (KMEN SP), a mainboard listed communication design and production group established in 1976. Other notable projects include Avengers S.T.A.T.I.O.N. in Korea, USS’s landmark castle and LEGOLAND, Malaysia.

First of its kind. KMEN secured a licensing agreement with Hasbro in 2018 to create, build and operate NERF brand entertainment centres across APAC. NERF is a champion in toy guns. Although the brand had been around since 1970, its popularity remains prevalent today. NERF was named the top selling toys brand in 2017 by NPD Group and a best seller by Amazon during festive season last year.

Figure 1: Nerf gun models, a best seller on Amazon.com



Source: NERF, KGI Research

The first NERF entertainment centre will open by end 2019 at Marina Square (Singapore), spanning a floor area of 18,000 sqft and featuring a futuristic themed battle arena. The new project could potentially command higher margins. KMEN would be in charge of marketing and operations, with a percentage based royalty fee paid to Hasbro based on ticket revenue.

Other segments to remain stable. We remain neutral on KMEN’s retail & corporate interiors segment (48% of FY 18 rev) on the grounds of flattish retail landscape, tightened competition and less competitive gross margins. We are

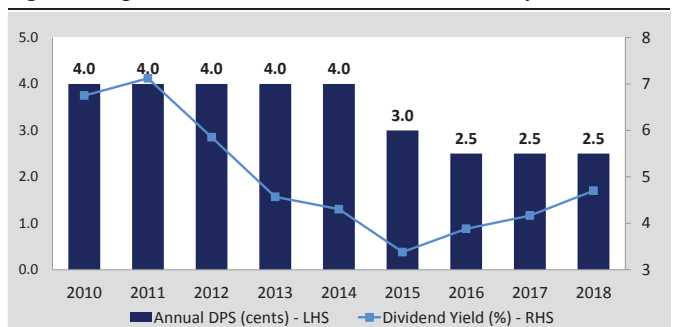
Not Rated		Performance (Absolute)	
Price as of 5 Mar 19 (SGD)	0.53	1 Month (%)	1.9
12M TP (\$)	-	3 Month (%)	6.9
Previous TP (\$)	-	12 Month (%)	-8.5
Upside (%)	-		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	107		
Issued Shares (mn)	201		
Vol - 3M Daily avg (mn)	0		
Val - 3M Daily avg (\$mn)	0		
Free Float (%)	51.5%		
Major Shareholders		Previous Recommendations	
Islanda Pte Ltd	18.9%	-	-
Ovest Pte Ltd	18.9%		
Soh Siak Poh	4.2%		

however, more positive on the exhibitions & alternative marketing segment (51% of FY 18 rev) due to a growing emphasis on brand experience focused marketing.

The global exhibition market is forecasted to grow at a 6 year CAGR of 4.97% until 2023. Roadshows, pop up stores and exhibition launches are categorized under this segment. Such projects aim to curate superior brand experience, an intangible asset that could warrant a 16% price premium on products, according to Gartner’s CMO expenditure survey conducted last year.

Valuation & Action: KMEN currently trades near a 6 year historical low price at S\$0.53, translating to a historical P/E and P/B ratio of 13.0x and 0.87x. Share price peaked at \$1.02 in 2015, while the lacklustre share price performance in the past few years could be attributed to declining net profit margins. The management aims to bring net profit margin back up to 5% - 6% from a low of 2.3% in FY18. On a side note, KMEN’s current dividend yield of 4.7% is decent enough while waiting for a potential rerating from its IP licensing business.

Figure 2: Kingsmen Creatives’ historical DPS and dividend yield



Source: Bloomberg, KGI Research



Raffles Medical Group

(RFMD SP/RAFG.SI)

In good health as it grows from one to three

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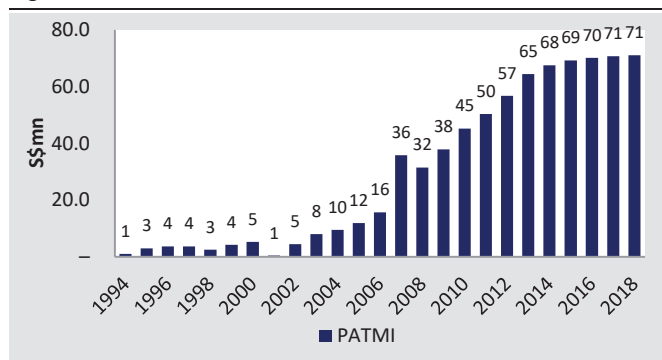
- RFMD annual earnings have stabilised at around S\$71mn in the past two years, after growing at 19% CAGR from 1994 to 2018.
- The group is now at an inflexion point as it opens the door to first major overseas expansion. It opened Raffles Hospital (RH) Chongqing in January 2019, while RH Shanghai is expected to complete construction by 4Q19.
- Current valuations have not factored in the growth potential from the two China hospitals, but start-up expenses is expected to weigh on earnings in FY19 and FY20.
- As much as we are excited about RFMD's expansion into the world's second largest healthcare market, investors may need a 2 year investment horizon. There is a 12-month upside catalyst if RH Chongqing is able to perform better-than-expected in the next few quarters.

Financials & Key Operating Statistics					
YE Dec (\$ m)	2014	2015	2016	2017	2018
Revenue	374.6	410.5	473.6	477.6	489.1
PATMI	67.6	69.3	70.2	70.8	71.1
Core P/E (x)	29.5	28.8	28.4	28.2	28.1
DPS (\$ Cents)*	5.5	6.0	2.0	2.3	2.5
Div Yield (Y%)	1.6%	1.7%	1.8%	2.0%	2.3%
Net Margin (%)	18.1%	16.8%	14.3%	14.4%	14.5%
ROE (%)	12.6%	11.5%	10.5%	9.6%	8.9%

Source: Company data, KGI Research *not adjusted for share split

Stable base after 25 years. PATMI for the group has stabilised at S\$71mn in the past two years, after growing at a 19% CAGR since 1994. We think upside for RFMD's Singapore operations are limited, even with the addition of the new Specialist Centre building in early 2018. Increasing costs has been a challenge in Singapore as other countries are now offering viable alternatives at a lower price point. This is further exacerbated by a stronger Sing dollar against regional currencies, in particular the Indonesian Rupiah.

Figure 1: PATMI since 1994



Source: Company data, KGI Research

Replicating success. RFMD will be the only other SGX-listed hospital group other than IHH Healthcare (IHH SP) with

Not Rated		Performance (Absolute)	
Price as of 11 Mar 19 (SGD)	1.07	1 Month (%)	-3.6
12M TP (\$)	-	3 Month (%)	-5.2
Previous TP (\$)	-	12 Month (%)	-5.9
Upside (%)	-		
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	1,923		
Issued Shares (mn)	1,798		
Vol - 3M Daily avg (mn)	1.0		
Val - 3M Daily avg (\$mn)	1.2		
Free Float (%)	47.9%		
Major Shareholders		Previous Recommendations	
Dr Loo Choon Yong	51.3%		

hospitals in China. Coincidentally, RFMD's two hospitals are opening in the same year as IHH's Gleneagles hospitals in Chengdu (2019) and Shanghai (2020). China's private healthcare sector has tremendous opportunities given the country's aging population and over-burdened public healthcare system. However, historical track records of private hospitals in China have been less than promising, with many faring below expectations. Hence, RFMD's Chongqing hospital will be a litmus test on RFMD's management team's ability to grow a greenfield private hospital in the world's second largest healthcare market.

Valuation & Action: RFMD is currently at an inflexion point and we believe that it has the track record to successfully operate hospitals in China. It maintains a majority control (70-100%) of the two hospitals, thus giving it more control of the growth strategy and quality of healthcare given to patients.

Call option. Investors would be buying the Singapore hospital and medical services at around 25-30x 2018 P/E, which is in line with industry averages. Meanwhile, its China hospitals are akin to two call options, where you would recognise upside gains when the hospitals succeed, and where we see limited downside risk to the group given that it could always divest these assets in the worst-case scenario.

Patience. As much as we like RFMD's growth prospects, investors may need a 2 year investment horizon before seeing earnings growth. In the next 12 months, a better-than-expected operating performance from its Chongqing hospital could provide a potential re-rating catalyst.

Risks: Execution risks for its China hospitals.



Momo Inc

(MOMO US/MOMO.OQ)

Cease Coverage

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- **Cease Coverage.** Given our defensive positioning on equity markets, we have decided to cease coverage on MOMO to focus on stocks that are more defensive in nature.

Financials & Key Operating Statistics					
YE Dec USD mn	2016A	2017A	2018F	2019F	2020F
Revenue	553.1	1,318.3	2,160.0	2,849.0	3,621.4
PATMI (GAAP)	145.3	317.5	507.1	663.1	853.4
PATMI (Non-GAAP)	177.0	367.1	557.1	713.1	903.4
Core EPS (US\$)	38.5	80.5	126.8	165.8	213.4
Core EPS growth (%)	945.7	114.2	57.7	30.8	28.7
P/E (x)	47.7	29.6	18.8	14.4	11.2
P/B (x)	10.9	9.1	5.8	4.0	2.8
P/S (x)	12.5	7.1	4.4	3.3	2.6
EV/EBITDA (x)	43.7	23.3	14.8	8.0	5.9
Debt/Equity	Net cash	Net cash	Net cash	Net cash	Net cash
Net Margin (%)	26.3	24.1	23.5	23.3	23.6
ROE (%)	26.4	38.0	37.9	32.8	29.6

Source: Company Data, KGI Research

Operating expenses outpacing revenue growth as competition in live streaming space intensifies. Looking at recent developments in the Chinese live-streaming market, we believe competition in the live-streaming space could become a major headwind as live-streaming is now common form of revenue generator for many Chinese internet companies, including Tencent, Alibaba and Weibo.

While Momo might own the top 2 platforms (Momo & Tantan) to meet people in China, its ability to grow MAU depends on its ability to create new functions for consumers or its performers. Looking at the MAU growth for the latest quarter, Momo's 2.3% QoQ MAU growth was weak as compared to other platforms such as YY.com (+9.9%).

Monetisation of Tantan continues. During the conference call, management reiterated that Tantan can become a more important revenue driver next year as monetization on the platform only begun in January. Given that net losses for Tantan has narrowed down, margins could potentially improve in the coming quarters as the integration between Momo and Tantan starts taking shape. That is however, not a strong catalyst for us to maintain our BUY call.

Cease Coverage			
Price as of 8 Mar 19 (USD)	32.72	Performance (Absolute)	
12MTP (\$)	-	1 Month (%)	14.0
Previous TP (\$)	58.93	3 Month (%)	30.4
Upside (%)	-	12 Month (%)	-11.6
Trading data		Perf. vs NDXT Index (Red)	
Mkt Cap (\$mn)	6,760		
Issued Shares (mn)	166		
Vol - 3M Daily avg (mn)	3.5		
Val - 3M Daily avg (\$mn)	98.9		
Free Float (%)	-		
Major Shareholders		Previous Recommendations	
Pendel Group	5.2%	6-Jun-18	BUY \$58.93
Blackrock	4.1%	-	-
Prime Capital	3.9%	-	-

Valuation & Action: Given our defensive positioning on equity markets, we have decided to cease coverage on MOMO to focus on stocks that are more defensive in nature.

Risks: Penalties (monetary and non-monetary) relating to legal and regulatory measures could rise if there are violations on the platform, such as illicit video content and misuse of platform. A decline in MAU due to increased competition from its peers.



COGARD 4.75% 09/28/23 (COGARD)

High Yield Debt (USD)

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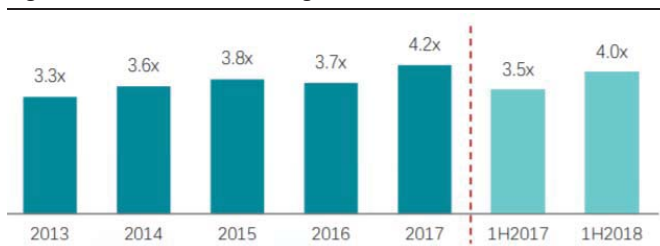
Company Background: Country garden is China's largest real estate developer with contracted property sales of RMB 550.8 bn in 2017. The company is listed on the main board of the Hong Kong Stock Exchange and has projects covering 768 counties/towns, 220 cities and 30 provinces in Mainland China at the end of 2017, making them the largest residential property developer in the world with a market cap of 31 billion USD.

Credit Considerations:

Diversification efforts continues with stronger 1H18. The group's profits increased 72.5% YoY to RMB 12.9bn, driven by higher margins and an increase in the average selling price. ASP of property delivered rose to RMB 8,846 per sqm from RMB 6,900 per sqm in 1H17. Momentum on contracted sales continued, increasing by 42.8% to RMB 412.5bn with contracted gross floor area of 43.89 mn sqm. Efforts to diversify geographical continued with sales outside Guangdong Province making up 76% of 1H2018 contracted sales as compared to 70% in FY2017.

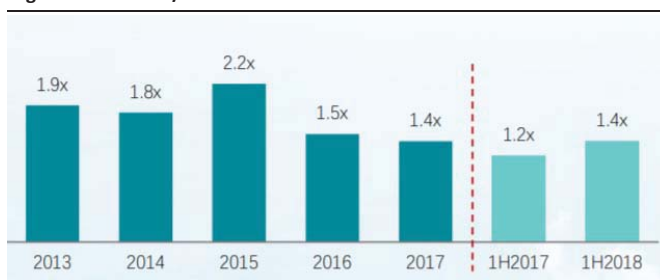
Rising debt levels but manageable at current levels. For 1H18, the group reported net gearing ratio of 59% from 56.9% as at the end of 2017 but current capital structure remains manageable in our view, with EBITDA/Interest Coverage of 4.0x, Net Debt/EBITDA of 1.4x and undrawn bank facilities that totaled RMB 281.39bn. Operating cash flows also remained positive with RMB 3.17bn as of 1H18.

Figure 1: EBITDA/Interest Coverage



Source: Company Data, KGI Research

Figure 1: Net Debt/EBITDA



Source: Company Data, KGI Research

Weaker operating cash flows but sales outlook is positive with stable average selling prices. Land acquisitions to slow as company focuses on stability. While the group's cash collection remains strong with cash from property sales growing 52% YoY to RMB 336.02 bn, operating cash flows as % of property sales dropped to ~1% dragged by higher construction payments and taxes.

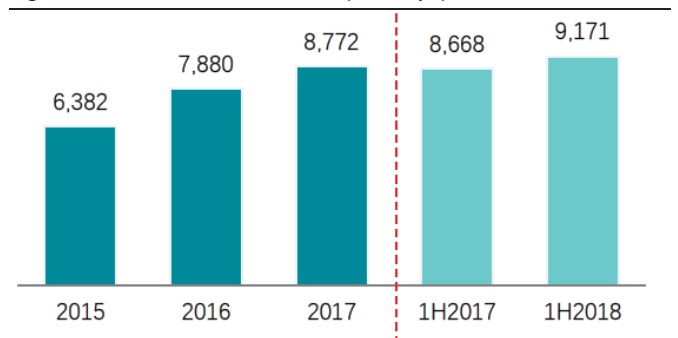
Figure 1: Operating Cash Flows

(RMB bn)	2016	2017	1H17	1H18
Property Sales	284.08	500.33	220.52	336.02
Cash inflow from other segments	3.77	5.58	2.31	8.76
Construction payments	-85.15	-112.39	(47.62)	(90.71)
Land acquisition	-126.58	-318.68	(135.22)	(196.38)
Interest paid	-6.12	-10.8	(3.89)	(7.44)
Salary payments	-11.65	-20.41	(9.04)	(15.97)
Taxes	-17.49	-25.7	(12.07)	(32.40)
Others	0.4	6.15	1.43	1.29
Net cash generated from operating activities	41.26	24.08	16.42	3.17
CFO % of Property Sales	14.52%	4.81%	7.45%	0.94%

Source: Company Data, KGI Research

Sales outlook however, remains positive with locked-in presales estimated at RMB 783bn, according to the latest contracted sales ASP of 9,171 RMB/sqm. Going forward, we expect CG's credit outlook to remain well-supported given an estimated saleable resource of RMB 750bn and land bank reserve that's estimated to be worth RMB 1,402 bn.

Figure 1: Attributed Contracted Sales (RMB/sqm)



Source: Company Data, KGI Research

While Country Garden's topped its competitors in contracted sales and land acquisition spending for 2018, management has guided for more prudence with its land acquisitions and more selective expansion plans.

Figure 3: Country Garden Topped Sales and Land Acquisitions in 2018

Company	Contracted Sales (RMB Bn)	Land Acquisition Spending (RMB Bn)
Country Garden Holdings	728.69	314.95
China Vanke	606.92	268.66
Sunac China Holdings	460	203.31
Poly Real Estate Group	405	183.48
China Resources Land	210.6	126.24

Source: CRIC, Mingtiandi.com, KGI Research



Tesla 5.3% 08/15/25 (TSLA)

Electric Cars Revolution

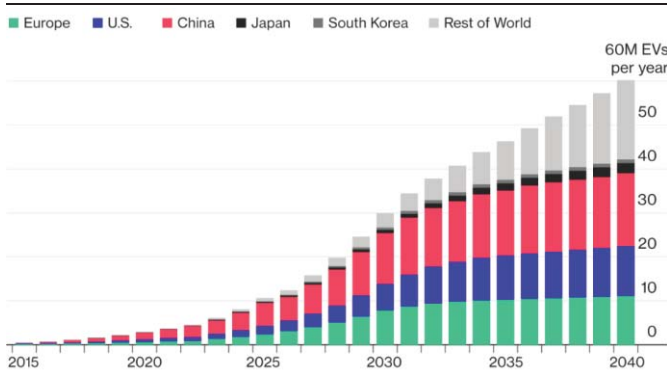
Marc Tan / 65 6202 1195 / marc.tan@kgi.com

Company Background: Tesla is the first US automotive company to go public in more than 50 years. The company manufactures and sells Model S, X and 3 series of electric vehicles and has a market cap of US\$52 bn with production facilities in the United States and China (under construction).

Credit Considerations:

Tesla is a market leader in the EV car market, which is growing quickly across the world. Tesla's main revenue driver comes from automotive sales, which accounted for 84% of 4Q18's revenue. According to Bloomberg's Electric Vehicles Outlook 2018, EV sales across the world are set to grow to 11 million by 2025. In China, Europe and US, EVs will account for 19%, 14% and 11% of all passenger vehicle sales respectively.

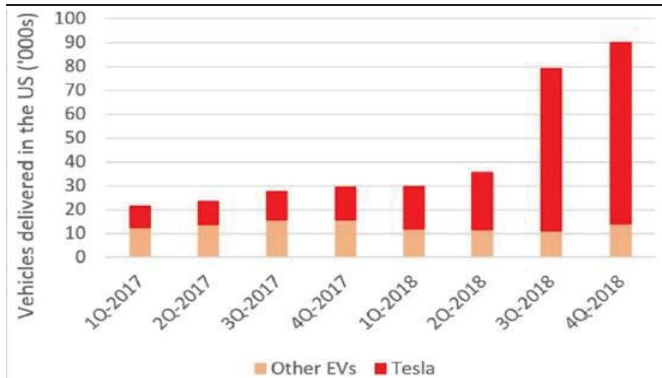
Figure 1: Global EV market by geography breakdown



Source: Bloomberg, KGI Research

In the past 2 years, Tesla has accounted for all of the electric vehicle (EV) volume growth in the US. As of 2018, EVs account for 2% of the total US market with EVs outselling hybrid electric vehicles (HEV) in 4Q18, the first time in US history.

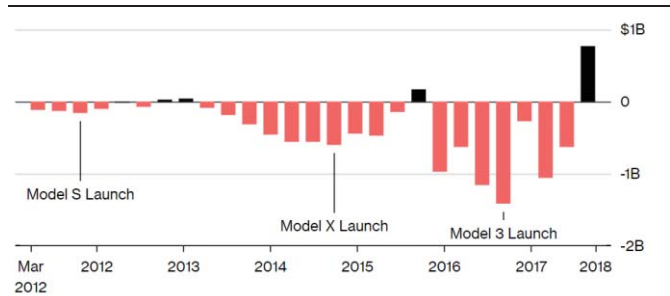
Figure 2: Electric Vehicle Volume Growth in the US



Source: Company Data, KGI Research

Tesla is cash flow positive but concerns about Model 3's demand and production rate remain. For the first time in 2 years, Tesla reported positive operating cash flows of US\$2.1 bn in 2018, boosted by sales of Model 3 in the US. For FY19, Elon Musk has guided 420,000 to 600,000 vehicles delivery, alongside positive free cash flows in every quarter with capital expenditure of US\$2.5 bn. Additionally, Mr Musk also expects Gigafactory Shanghai to start producing cars by the end of 2019 and Model 3 to be the last "bet-the-company" situation which could put the company at risk running into cash flow problems.

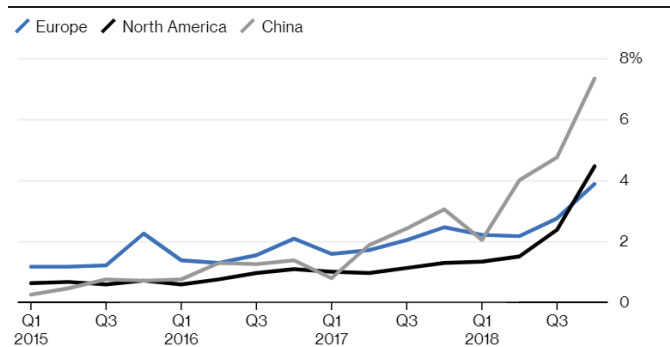
Figure 3: Tesla's Free Cash Flows



Source: Bloomberg, KGI Research

EV sales in China are critical to Tesla. EV sales in China has seen the strongest growth among the Top 3 largest auto market in the world. As of 2018, electric vehicles grew to 7% of new vehicle sales from 1% in 2016 with a CAGR of 118% since 2011. To tap on this growth, Tesla will build a production plant in Lingang, Shanghai with an initial production rate of 3,000 Model 3 vehicles/week, making the factory Tesla's first car plant outside the United States and the first wholly foreign-owned electric auto project in China.

Figure 4: Volume growth in the largest automobile markets



Source: Bloomberg, KGI Research

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	25.12	64,264	0.2%	6.0%	(1.2%)	4.9%	5.2%
OCBC SP	OCBC	11.03	46,855	(0.2%)	(2.0%)	(1.5%)	4.3%	4.5%
UOB SP	UOB	24.80	41,310	(0.4%)	0.9%	(1.4%)	5.1%	5.4%
SGX SP	SGX	7.47	7,994	(3.7%)	5.5%	(6.6%)	4.1%	4.4%
PROPERTIES								
HKL SP	Hongkong Land USD	7.45	23,793	(0.8%)	18.3%	1.4%	3.0%	3.2%
CAPL SP	CapitaLand	3.44	14,362	0.3%	10.6%	(1.1%)	3.7%	3.8%
CT SP	CapitaLand Mall Trust	2.37	8,741	0.0%	5.6%	(0.4%)	5.1%	5.2%
AREIT SP	Ascendas REIT	2.81	8,741	0.4%	9.3%	0.0%	5.7%	5.9%
CIT SP	City Development	8.81	7,990	(0.1%)	8.5%	0.1%	2.2%	2.2%
CCT SP	CapitaLand Comm Trust	1.94	7,273	0.0%	13.5%	0.5%	4.6%	4.6%
UOL SP	UOL	6.44	5,430	0.0%	4.0%	(2.1%)	2.8%	2.8%
TELECOMMUNICATIONS								
ST SP	SingTel	2.93	47,843	(0.3%)	0.0%	(2.0%)	6.1%	6.0%
CONSUMER SERVICES AND GOODS								
JM SP	Jardine Matheson USD	66.42	66,422	0.2%	(4.5%)	(1.9%)	2.6%	2.7%
JS SP	Jardine Strategic Holdings	39.30	59,105	0.7%	7.1%	(1.8%)	0.9%	0.9%
DFI SP	Dairy Farm International	7.75	14,230	(1.5%)	(14.4%)	(7.0%)	3.0%	3.2%
THBEV SP	ThaiBev	0.80	20,091	0.6%	33.0%	0.6%	2.7%	3.0%
JCNC SP	Jardine C&C	33.50	13,240	0.9%	(5.2%)	0.7%	4.0%	4.2%
GENS SP	Genting Singapore	1.01	12,165	0.0%	3.6%	(1.0%)	3.8%	3.8%
VMS SP	Venture Corp	18.26	5,255	(0.8%)	30.9%	(2.5%)	3.8%	3.9%
SPH SP	SPH	2.43	3,883	(0.4%)	3.4%	(2.4%)	5.3%	5.3%
TRANSPORT								
SIA SP	Singapore Airlines	9.71	11,493	(0.3%)	3.1%	(1.5%)	3.5%	3.8%
CD SP	ComfortDelGro	2.42	5,240	0.4%	12.6%	0.0%	4.6%	4.8%
COMMODITIES								
WIL SP	Wilmar	3.20	20,247	0.3%	2.6%	(0.3%)	3.5%	3.6%
GGR SP	Golden Agri	0.27	3,438	(1.8%)	10.2%	(1.8%)	3.0%	3.0%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	6.10	11,056	0.0%	3.2%	(2.1%)	4.2%	4.6%
STE SP	ST Engineering	3.69	11,495	0.0%	5.7%	(1.6%)	4.3%	4.7%
SATS SP	SATS	5.07	5,650	(0.4%)	8.8%	(0.8%)	3.7%	3.9%
YZJSGD SP	Yangzijiang SGD	1.38	5,445	(0.7%)	10.4%	(1.4%)	3.3%	3.4%
SCI SP	Sembcorp Industries	2.56	4,568	(0.4%)	0.8%	(2.3%)	2.5%	3.2%
HPHT SP	HPH Trust USD	0.24	2,779	4.4%	0.2%	0.0%	8.1%	8.4%

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

Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2019

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	1.94	5,200	0.0%	10.5%	1.0%	5.1%	5.1%
MCT SP	Mapletree Commercial Trust	1.81	5,230	0.6%	11.2%	0.6%	5.0%	5.1%
MLT SP	Mapletree Logistics Trust	1.41	5,107	1.4%	13.6%	(0.7%)	5.6%	5.7%
KREIT SP	Keppel REIT	1.26	4,289	0.8%	11.8%	0.0%	4.5%	4.6%
MINT SP	Maple Industries Trust	2.04	4,118	0.0%	9.4%	0.5%	5.9%	6.3%

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 11 Mar 19	Yield (%)
Dasin Retail Trust	24-Feb-19	FY18	SGD	0.0363	14-Mar-19	15-Mar-19	28-Mar-19	SGD 0.895	4.1
EC World REIT	22-Feb-19	FY18	SGD	0.015700	18-Mar-19	19-Mar-19	29-Mar-19	SGD 0.760	2.1
Asian Pay Television Trust	25-Feb-19	FY18	SGD	0.00300	21-Mar-19	22-Mar-19	29-Mar-19	SGD 0.130	2.3
Qian Hu Corp Ltd	11-Jan-19	FY18	SGD	0.0020	10-Apr-19	11-Apr-19	25-Apr-19	SGD 0.143	1.4
Roxy-Pacific Holdings Ltd	22-Feb-19	FY18	SGD	0.0071	15-Apr-19	16-Apr-19	26-Apr-19	SGD 0.395	1.8
Straits Trading Co Ltd/Singapore	28-Feb-19	FY18	SGD	0.06000	16-Apr-19	17-Apr-19	3-May-19	SGD 2.140	2.8
Great Eastern Hldgs	20-Feb-19	FY18	SGD	0.50000	23-Apr-19	24-Apr-19	8-May-19	SGD 25.790	1.9
Singapore Technologies Engrg	21-Feb-19	FY18	SGD	0.10000	23-Apr-19	24-Apr-19	7-May-19	SGD 3.690	2.7
United Overseas Insurance	12-Feb-19	FY18	SGD	0.0850	23-Apr-19	24-Apr-19	6-May-19	SGD 7.030	1.2
United Overseas Insurance - Special	12-Feb-19	FY18	SGD	0.0500	23-Apr-19	24-Apr-19	6-May-19	SGD 7.030	0.7
iFAST Corporation	20-Feb-19	FY18	SGD	0.00900	24-Apr-19	25-Apr-19	9-May-19	SGD 1.100	0.8
Lonza Group AG	30-Jan-19	FY18	CHF	0.02750	24-Apr-19	25-Apr-19	26-Apr-19	-	0.0
Sembcorp Industries	21-Feb-19	FY18	SGD	0.0200	24-Apr-19	25-Apr-19	13-May-19	SGD 2.560	0.8
Propnex	25-Feb-19	FY18	SGD	0.0150	26-Apr-19	29-Apr-19	13-May-19	SGD 0.595	2.5
Propnex - Special	25-Feb-19	FY18	SGD	0.0200	26-Apr-19	30-Apr-19	13-May-19	SGD 0.595	3.4
Singapore Reinsurance Corp Ltd	1-Mar-19	FY18	SGD	0.0080	26-Apr-19	30-Apr-19	27-May-19	SGD 0.290	2.8
Bund Center Investment Ltd	27-Feb-19	FY18	SGD	0.02200	29-Apr-19	30-Apr-19	9-May-19	SGD 0.575	3.8
Golden Agri-Resources Ltd	27-Feb-19	FY18	SGD	0.00580	29-Apr-19	30-Apr-19	10-May-19	SGD 0.270	2.1
Keppel Corp	24-Jan-19	FY18	SGD	0.1500	29-Apr-19	30-Apr-19	10-May-19	SGD 6.100	2.5
CEI	22-Feb-19	FY18	SGD	0.00400	30-Apr-19	2-May-19	17-May-19	SGD 0.955	0.4
CEI - Special	22-Feb-19	FY18	SGD	0.03980	30-Apr-19	2-May-19	17-May-19	SGD 0.955	4.2
City Developments	21-Feb-19	FY18	SGD	0.0800	30-Apr-19	2-May-19	23-May-19	SGD 8.810	0.9
City Developments - Special	21-Feb-19	FY18	SGD	0.0600	30-Apr-19	2-May-19	23-May-19	SGD 8.810	0.7
Cordlife Group	28-Feb-19	FY18	SGD	0.0040	30-Apr-19	2-May-19	17-May-19	SGD 0.420	1.0
Food Empire Holdings Ltd	28-Feb-19	FY18	SGD	0.006800	30-Apr-19	2-May-19	17-May-19	SGD 0.555	1.2
Hwa Hong Corp	31-Jan-19	FY18	SGD	0.01000	30-Apr-19	2-May-19	17-May-19	SGD 0.285	3.5

Latest Listing Issue Announcement

Company	Offer Price		Closing Date	Offeror
Courts Asia Ltd	SGD 0.205	Cash	5.30 p.m. on 15 Mar 2019	Nojima Asia Pte. Ltd.
M1 Ltd	SGD 2.06	Cash	5.30 p.m. on 18 Mar 2019	Konnectivity Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<p>11-Mar</p> <p>IPO Reclaims Global (Catalist): Commence Trading @ 9.00 a.m.</p>	<p>12-Mar</p>	<p>13-Mar</p>	<p>14-Mar</p>	<p>15-Mar</p> <p>*Q4 TPV Technology</p>
<p>18-Mar</p>	<p>19-Mar</p>	<p>20-Mar</p> <p>*Q4 Shangri-La Asia</p>	<p>21-Mar</p>	<p>22-Mar</p>
<p>25-Mar</p> <p>SG (Feb 2019) CPI</p>	<p>26-Mar</p> <p>SG (Feb 2019) Index of Industrial Production</p>	<p>27-Mar</p>	<p>28-Mar</p>	<p>29-Mar</p>
<p>1-Apr-2019</p>	<p>2-Apr</p> <p>*Q2 Miyoshi</p>	<p>3-Apr</p>	<p>4-Apr</p>	<p>5-Apr</p> <p>*Q2 Miyoshi</p>
<p>8-Apr</p>	<p>9-Apr</p>	<p>10-Apr</p> <p>*Q2 SPH REIT</p>	<p>11-Apr</p>	<p>12-Apr</p> <p>SG 1Q19 Advance GDP Estimates (Not later than 12 Apr)</p>

* Tentative

Source: Bloomberg

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