

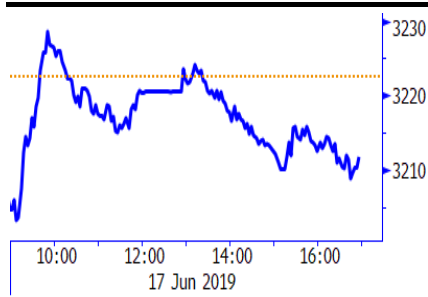
**Market Indicators**

	13-Jun	14-Jun	17-Jun
Mkt. T/O (\$\$ mil)	1,003.4	877.5	945.5
Stock Advances	218	166	159
Stock Declines	152	210	225

**Major Indices**

	13-Jun	14-Jun	17-Jun
DJ Ind Avg	26,106.8	26,089.6	26,112.5
S & P 500	2,891.6	2,887.0	2,889.7
Nasdaq Comp	7,837.1	7,796.7	7,845.0
Hang Seng	27,294.7	27,118.4	27,227.2

**STI Index** 3,207.99 (-0.45%)

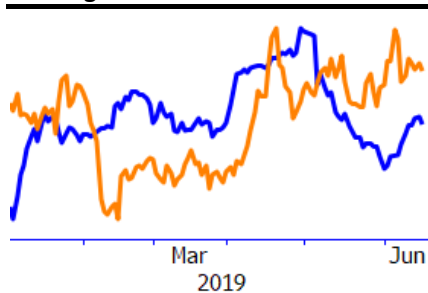


Source: Bloomberg

**Commodities**

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,339.43	0.38%
Oil (NYMEX CWT11) US\$ / bbl	51.9	-0.78%
Baltic Dry Index	1085	2.17%

**Exchange Rates**



USD : SGD 1.3706 / MYR : SGD 3.0478  
Source: Bloomberg

**Interest Rates**

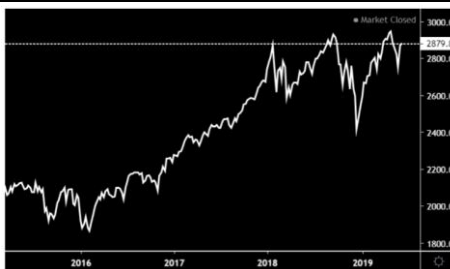
3-mth Sibar	2.002%
SGS (10 yr)	1.957%

**KGI Securities Research Team**

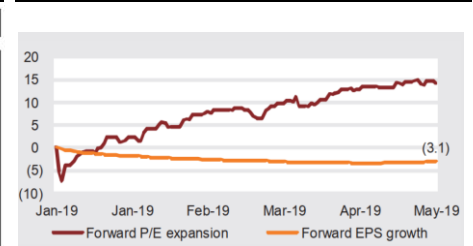
**KGI Market Ideas**

**US trading strategy: Sell into strength.** We see significant downside risks in US equity markets as the recent market rally has been driven mainly by valuation gains rather than corporate earnings growth. We note that the rally lasted until 6 May, when trade tensions flared up again between China and the US.

**S&P 500 looks vulnerable**



**Recent gains not supported by earnings growth**



**Dovish fed rate outlook.** Global economic growth is slowing and the bond market is pricing in rate cuts in the coming months. Cuts of between 3% and 5% are usually needed to restart economic activity, while three of the past US recessions were preceded by rate cuts during the tightening cycle.

**Negative rates.** Are negative rates in Japan and Germany a precursor of what we can expect in the US in the next 2-3 years? Around US\$10 trillion of bonds are trading at negative yields, mainly in Europe and Japan. A way to avoid losses in such an environment would be to hold cash and real assets (e.g., properties).

**Oil.** Oil prices are at their lowest levels in five months after US data showed a large increase in domestic crude inventories for the second straight week, raising concerns over demand in the global economy. Brent and WTI are now lower by 20-23% from their 2019 high in April.

**USDCNY.** The CNY breaking the psychologically important 7 per USD will continue to be an overhang on markets as the trade war drags on. PBoC will likely ensure that the currency does not breach this range as it would diminish confidence and trigger additional capital outflow.

**Dividend plays.** There is now a high probability of a rate cut at the Federal Reserve's meeting in July 2019. In the search for yield, REITs have mainly benefitted. We highlight selected high dividend stocks that may offer higher growth potential as compared to REITs but will generally trade with greater volatility given their cyclical nature.

KGI HIGH DIVIDEND WATCHLIST (EX-REITS)	Bloomberg Ticker	Price (Lcl curr)	Mkt Cap (\$\$m)	Dvd Yld (%) Forecast	KGI HIGH DIVIDEND WATCHLIST (EX-REITS)	Bloomberg Ticker	Price (Lcl curr)	Mkt Cap (\$\$m)	Dvd Yld (%) Forecast
<b>BLUE CHIPS</b>					<b>SMALL-MID CAPS</b>				
UOB	UOB SP	24.52	40,904	5.1	Fu Yu Corp	FUYU SP	0.20	151	9.0
DBS	DBS SP	24.55	62,729	5.0	Valuetronics	VALUE SP	0.64	277	6.8
NetLink NBN Trust	NETLINK SP	0.85	3,293	5.9	CSE Global	CSE SP	0.49	246	6.0
StarHub	STH SP	1.47	2,545	6.2	APAC Realty	APAC SP	0.53	186	6.9
SingTel	ST SP	3.30	53,886	5.5	Propnex	PROP SP	0.53	196	7.0
ComfortDelGro	CD SP	2.58	5,587	4.3	UMS Holdings	UMSH SP	0.63	335	6.4
ST Engineering	STE SP	4.08	12,732	3.8	Sunningdale Tech	SUNN SP	1.33	254	6.0

**Market Strategy**

➤ **KGI High Dividend Watchlist:** KGI Singapore High Dividend Watchlist (Ex-REITs)- Page 3

**Recent In depth Regional Reports**

17/6	<b>CN/HK</b> Economy: 2Q19 GDP under pressure; no clarity for stock market bottom before growth recovery outlook is secure
17/6	<b>TH</b> ICT Sector (Mobile) (Neutral): 5G The bittersweet spectrum
14/6	<b>TW</b> Airtac (1590 TT; Outperform; TP: NT\$ 480.00): Daily shipments on the mend despite limited visibility
14/6	<b>TW</b> QST (8349 TT; Not Rated): Earnings recovery in 2020F; decent cash yield of 6.7%
14/6	<b>TH</b> Osotspa PCL (OSP TB; Outperform; TP: Bt 42.00): A new path to awaken a titan
13/6	<b>SG</b> KGI High Dividend Watchlist: KGI Singapore High Dividend Watchlist (Ex-REITs)
13/6	<b>TW</b> Airline & Aerospace Sectors: Flying high against minor headwinds
13/6	<b>TW</b> Lululemon Supply Chain: Lululemon 1Q19 earnings beat consensus
13/6	<b>TW</b> Unimicron (3037 TT; Not Rated): ABF substrate is primary growth driver; progress is everything for 5G deployment business
13/6	<b>HK</b> New Higher Education (2001 HK; Outperform; TP: HK\$ 3.60): Growth via organic growth and M&As
13/6	<b>CN/HK</b> Economy: Adjustment to deleveraging policy led to surge in aggregate financing YoY, but policy direction unchanged
13/6	<b>TH</b> Media sector (Neutral): Advertising in May 2019 slowed 2% YoY
13/6	<b>TH</b> Bangchak Corporation (BCP TB; Neutral; TP: Bt 32.50): Waiting in the wings
12/6	<b>TW</b> Fusheng Precision (6670 TT; Not Rated): Golf head business boon on Tiger Woods effect
12/6	<b>TW</b> Global PMX (4551 TT; Outperform; TP: NT\$ 147.00): More solid GDI orders amid lukewarm automotive market
12/6	<b>TW</b> Merry (2439 TT; Not Rated): 2Q19F sales & margin to beat the street
12/6	<b>HK</b> Handset Optics: Impact of Huawei blacklisting to gradually emerge
12/6	<b>CN/HK</b> Economy: Stagnation-like risk re-emerges; minor adjustments to project-specific debt issuance policy indicates moderate overweighting of macro-level counter-cyclical measures
12/6	<b>TH</b> Srisawad Corporation (SAWAD TB; Neutral; TP: Bt 53.00): Time to reset platform again
11/6	<b>TW</b> Catcher Technology (2474 TT; Neutral; TP: NT\$ 230.00): Margin rebound & forex gains boosted May earnings
11/6	<b>TW</b> Feng Tay (9910 TT; Neutral; TP: NT\$ 235.00): Margin expansion factored in; limited valuation upside
11/6	<b>CN/HK</b> Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders
11/6	<b>TH</b> Commodities Update: All-time high for US crude production
11/6	<b>TH</b> IRPC (IRPC TB; Outperform; TP: Bt 5.70): Phoenix never dies
10/6	<b>TW</b> Financial Sector (Neutral): Insurers outperformed banks & brokerages on forex in May
10/6	<b>TW</b> Panel Sector: Pro Display XDR hints at Mini LED foray into high-end display
10/6	<b>TW</b> Lotes (3533 TT; Outperform; TP: NT\$ 283.00): Overseas NDR update – Server content dollar increase to drive earnings growth in 2019-21F
10/6	<b>CH/HK</b> A-share Weekly: A-shares likely to stabilize near term on global rate cuts & policies to stabilize domestic demand
10/6	<b>CN/HK</b> Economy: Export YoY growth turning positive a good sign, market risk appetite to improve near term
<b>For full reports, please contact Research Department at 6202 1190 or <a href="mailto:sqp.researchcom@kgi.com">sqp.researchcom@kgi.com</a></b>	



## KGI High Dividend Watchlist

## KGI Singapore High Dividend Watchlist (Ex-REITs)

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- Global growth is slowing down sufficiently enough that there is now a high probability of a rate cut at the Federal Reserve's meeting in July 2019. In the search for yield, REITs have mainly benefitted.
- In this report, we highlight our favourite high-dividend stocks in Singapore outside the REITs universe. For REITs, please see our separate watchlist.
- These stocks offer higher growth compared to REITs but generally trade with greater volatility given their cyclical nature.

**Financials.** Both UOB and DBS offer around 5.0% forward dividend yields, almost 0.5% point above OCBC. Banks are still offering earnings growth in 2019 and are trading at attractive price-to-book valuations after their price correction in May. **KGI's favourites: DBS and UOB**

**Telcos.** StarHub offers a 6.2% forward dividend yield but growth is uncertain given the disruption to both its mobile and cable TV businesses. SingTel offers a better diversified business across multiple geographies, and its 5.5% dividend yield may be more stable than StarHub's. SingTel shares may also benefit from fund inflows from institutional investors seeking safety and yield in defensive names. NetLink NBN Trust is perhaps the most defensive among the three while still offering growth potential from StarHub's migration to fibre and participation in Singapore's Smart Nation initiatives. **KGI's favourites: NetLink NBN Trust and SingTel**

**Transport.** ComfortDelGro remains our favourite given its strong balance sheet and healthy recurring cash flows. Meanwhile, SATS has consistently increased its dividends every year since 2014 and is riding on long-term growth in air travel and cargo volumes, but share price at this level only offers a 3.8% yield. We would avoid SIA Engineering for now given the intense competition and margin pressure on its business, even as it offers the highest yield in the transport sector. **KGI's favourite: ComfortDelGro**

**Industrials.** We like ST Engineering for its diverse business segments spanning defence, aerospace, marine and electronics. However, its share price at this point does not offer an attractive entry level and we would wait for a better opportunity to accumulate.

**Small-Mid caps.** There are attractive opportunities among small-mid caps but expect higher volatility in their share price compared to blue-chips.

**Tech-manufacturers.** Fu Yu and Valuetronics stand out with their 7-9% dividend yields, the highest in our list. They are

Figure 1: KGI High Dividend Watchlist

KGI HIGH DIVIDEND WATCHLIST (EX - REITS)	Bloomberg Ticker	Price (Lcl curr)	Mkt Cap (\$m)	Dvd Yld (%) Forecast
<b>BLUE CHIPS</b>				
UOB	UOB SP	24.52	40,904	5.1
DBS	DBS SP	24.55	62,729	5.0
NetLink NBN Trust	NETLINK SP	0.85	3,293	5.9
StarHub	STH SP	1.47	2,545	6.2
SingTel	ST SP	3.30	53,886	5.5
ComfortDelGro	CD SP	2.58	5,587	4.3
SIA Engineering	SIE SP	2.49	2,787	4.7
SPH	SPH SP	2.36	3,771	5.1
ST Engineering	STE SP	4.08	12,732	3.8
SGX	SGX SP	7.50	8,024	4.1
Keppel Corp	KEP SP	6.24	11,339	3.9
SATS	SATS SP	5.07	5,650	3.8
OCBC	OCBC SP	10.72	45,558	4.4
<b>SMALL-MID CAPS</b>				
Fu Yu Corp	FUYU SP	0.20	151	9.0
Valuetronics	VALUE SP	0.64	277	6.8
Frencken	FRKN SP	0.63	265	4.2
Chip Eng Seng	CHIP SP	0.71	444	5.6
CSE Global	CSE SP	0.49	246	6.0
APAC Realty	APAC SP	0.53	186	6.9
Propnex	PROP SP	0.53	196	7.0
UMS Holdings	UMSH SP	0.63	335	6.4
Sunningdale Tech	SUNN SP	1.33	254	6.0
China Aviation Oil Singar	CAO SP	1.32	1,135	4.1
<b>SIMPLE AVERAGE</b>				<b>5.4</b>

Source: Bloomberg, KGI Research. Dividend forecast is based on consensus estimates for the companies' next financial year.

backed by solid balance sheets where net cash accounts for half of their current market capitalisation. We also added Frencken to our watchlist as it is among the cheapest in its sector in terms of P/E and P/B valuations, while offering a decent 4.1% dividend yield.

**Real Estate.** We added property-related services companies, APAC Realty and PropNex, as they offer attractive dividend yields of 6-6.9%, in addition to undemanding valuations of 7-9x forward P/E and strong balance sheets. In the case for PropNex, it is Singapore's largest real estate agency in terms of agents, while net cash made up 40% of its market cap.

**Oil & Gas.** CSE Global offers an attractive 6.0% dividend yield and is well diversified across its businesses in Singapore, Australia, and the US. China Aviation Oil (CAO) is a good opportunity to participate in the rapid growth of air travel in China and the region, being a key supplier of imported jet fuel in China. Its long-term story remains intact and the share price weakness offers a good entry point. Overall, CAO offers a good combination of growth and 4.1% yield.

**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	24.67	63,036	(0.6%)	7.6%	0.6%	5.0%	5.0%
OCBC SP	OCBC	10.80	45,896	0.2%	(2.2%)	0.7%	4.4%	4.4%
UOB SP	UOB	25.11	41,888	0.5%	5.0%	3.0%	5.0%	5.0%
SGX SP	SGX	7.55	8,077	0.1%	7.7%	0.7%	4.1%	4.1%
<b>PROPERTIES</b>								
HKL SP	Hongkong Land USD	6.54	21,096	(1.2%)	6.0%	(4.4%)	3.5%	3.5%
CAPL SP	CapitaLand	3.42	14,279	(0.3%)	13.7%	3.3%	3.6%	3.6%
CT SP	CapitaLand Mall Trust	2.54	9,369	(2.3%)	14.5%	(1.2%)	4.7%	4.7%
AREIT SP	Ascendas REIT	2.96	9,208	(0.7%)	18.3%	0.7%	5.5%	5.5%
CIT SP	City Development	9.39	8,516	0.3%	17.5%	4.7%	2.1%	2.1%
CCT SP	CapitaLand Comm Trust	2.07	7,762	0.5%	21.1%	1.5%	4.3%	4.3%
UOL SP	UOL	7.15	6,029	(1.5%)	18.2%	0.1%	2.5%	2.5%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.34	54,539	0.3%	14.0%	2.1%	5.4%	5.4%
<b>CONSUMER SERVICES AND GOODS</b>								
JM SP	Jardine Matheson USD	62.75	63,427	(3.2%)	(8.0%)	(5.5%)	2.7%	2.7%
JS SP	Jardine Strategic Holdings	36.21	55,009	(2.4%)	(0.7%)	(4.6%)	1.0%	1.0%
DFI SP	Dairy Farm International	7.42	13,761	(2.4%)	(16.4%)	(3.5%)	3.1%	3.1%
THBEV SP	ThaiBev	0.84	20,970	0.0%	40.0%	0.6%	2.6%	2.6%
JCNC SP	Jardine C&C	35.87	14,177	(1.7%)	4.3%	2.3%	3.6%	3.6%
GENS SP	Genting Singapore	0.89	10,671	0.0%	(7.4%)	0.6%	4.2%	4.2%
VMS SP	Venture Corp	16.49	4,751	(0.8%)	21.9%	5.0%	4.3%	4.3%
SPH SP	SPH	2.37	3,787	0.0%	3.1%	2.2%	5.1%	5.1%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	9.16	10,842	0.3%	(2.8%)	0.4%	4.0%	4.0%
CD SP	ComfortDelGro	2.58	5,587	0.0%	22.9%	3.2%	4.3%	4.3%
<b>COMMODITIES</b>								
WIL SP	Wilmar	3.45	21,837	(0.9%)	12.8%	2.7%	3.3%	3.3%
GGR SP	Golden Agri	0.28	3,502	1.9%	14.5%	1.9%	2.0%	2.0%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	6.32	11,484	0.3%	9.3%	2.9%	3.9%	3.9%
STE SP	ST Engineering	4.07	12,701	(1.0%)	19.7%	0.2%	3.8%	3.8%
SATS SP	SATS	5.08	5,661	(1.2%)	9.0%	2.2%	3.8%	3.8%
YZJSGD SP	Yangzijiang SGD	1.47	5,800	0.0%	21.7%	5.0%	3.2%	3.2%
SCI SP	Sembcorp Industries	2.35	4,200	(0.8%)	(6.8%)	(1.3%)	2.4%	2.4%
HPHT SP	HPH Trust USD	0.22	2,627	(2.2%)	(6.2%)	(4.3%)	8.8%	8.8%

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

**STI Reserve List (by market cap)**

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.88	5,254	(0.5%)	9.0%	1.1%	5.3%	5.3%
MCT SP	Mapletree Commercial Trust	2.02	5,847	0.0%	25.5%	(0.5%)	4.6%	4.6%
MLT SP	Mapletree Logistics Trust	1.56	5,670	(1.3%)	27.4%	1.3%	5.2%	5.2%
KREIT SP	Keppel REIT	1.24	4,222	(1.6%)	11.3%	0.0%	4.6%	4.6%
MINT SP	Maple Industries Trust	2.13	4,310	(0.9%)	14.9%	(0.9%)	5.9%	5.9%

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 17 Jun 19	Yield (%)
Asian Pay Television Trust	14-May-19	1Q19	SGD 0.00300	<b>20-Jun-19</b>	21-Jun-19	28-Jun-19	SGD 0.171	30.3
IHH Healthcare Bhd	27-Feb-19	FY18	<b>MYR</b> 0.03000	<b>27-Jun-19</b>	28-Jun-19	18-Jul-19	SGD 1.830	0.6
Kimly	7-May-19	2Q19	SGD 0.0056	<b>2-Jul-19</b>	3-Jul-19	15-Jul-19	SGD 0.235	4.1
Chemical Industries Far East Ltd	22-May-19	FY19	SGD 0.0150	<b>9-Jul-19</b>	10-Jul-19	18-Jul-19	SGD 0.715	2.1
ISDN Holdings Ltd	26-Feb-19	FY18	SGD 0.0070	<b>9-Jul-19</b>	10-Jul-19	28-Aug-19	SGD 0.230	2.6
UMS Holdings	15-May-19	1Q19	SGD 0.005000	<b>10-Jul-19</b>	11-Jul-19	26-Jul-19	SGD 0.640	7.0
SIA Engrg Co	10-May-19	FY19	SGD 0.0800	<b>24-Jul-19</b>	25-Jul-19	8-Aug-19	SGD 2.490	4.8
Singapore Post	7-May-19	FY19	SGD 0.0200	<b>24-Jul-19</b>	25-Jul-19	7-Aug-19	SGD 0.950	3.7
STI Singapore Telecoms	15-May-19	FY19	SGD 0.10700	<b>26-Jul-19</b>	29-Jul-19	15-Aug-19	SGD 3.340	5.2
STI SATS	17-May-19	FY19	SGD 0.1300	<b>29-Jul-19</b>	30-Jul-19	8-Aug-19	SGD 5.080	3.5
Japan Foods	14-May-19	FY19	SGD 0.0110	<b>30-Jul-19</b>	31-Jul-19	16-Aug-19	SGD 0.440	4.8
Samurai 2K Aerosol	31-May-19	FY19	SGD 0.0050	<b>30-Jul-19</b>	31-Jul-19	8-Aug-19	SGD 0.895	0.7
Ban Leong Technologies Ltd	24-May-19	FY19	SGD 0.01000	<b>31-Jul-19</b>	1-Aug-19	15-Aug-19	SGD 0.250	7.0
Boustead Projects	23-May-19	FY19	SGD 0.01500	<b>1-Aug-19</b>	2-Aug-19	16-Aug-19	SGD 0.920	1.6
Boustead Projects - Special	23-May-19	FY19	SGD 0.00500	<b>1-Aug-19</b>	2-Aug-19	16-Aug-19	SGD 0.920	1.6
Boustead Singapore Ltd	27-May-19	FY19	SGD 0.02000	<b>1-Aug-19</b>	2-Aug-19	19-Sep-19	SGD 0.775	3.9
STI Singapore Airlines	17-May-19	FY19	SGD 0.2200	<b>1-Aug-19</b>	2-Aug-19	16-Aug-19	SGD 9.160	4.1
Metro Holdings	28-May-19	FY19	SGD 0.0200	<b>3-Aug-19</b>	7-Aug-19	17-Aug-19	SGD 1.000	5.0
Metro Holdings - Special	28-May-19	FY19	SGD 0.0250	<b>3-Aug-19</b>	7-Aug-19	17-Aug-19	SGD 1.000	5.0
Willas-Array Electronics Holdings Ltd	29-May-19	FY19	<b>HKD</b> 0.2000	<b>7-Aug-19</b>	8-Aug-19	26-Aug-19	SGD 0.615	10.8

Source: SGX Announcement / Bloomberg

## Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
<b>800 Super Hldgs Ltd</b>	SGD 0.90 Cash	5.30 p.m. on 24 Jun 2019	8S Capital Holdings Pte. Ltd.
<b>Boardroom Ltd</b>	SGD 0.880 Cash	5.30 p.m. on 28 Jun 2019	Salacca Pte. Ltd.
<b>Indofood Agri Resources</b>	SGD 0.2775 Cash	5.30 p.m. on 25 Jun 2019	PT Indofood Sukses Makmur Tbk
<b>JEP Hldgs Ltd.</b>	SGD 0.150 Cash	5.30 p.m. on 24 Jun 2019	UMS Hldgs Ltd
<b>JEP Hldgs Ltd. W191220</b>	SGD 0.074 Cash	5.30 p.m. on 24 Jun 2019	UMS Hldgs Ltd
<b>Memtech Int'l Ltd.</b>	SGD 1.35 Cash	5.30 p.m. on 28 Jun 2019	M-Universe Investments Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
17-Jun	18-Jun	19-Jun	20-Jun	21-Jun Q4 Del Monte Pacific
24-Jun SG (May 2019) CPI	25-Jun	26-Jun SG (May 2019) Index of Industrial Production	27-Jun Q3 Second Chance Properties	28-Jun
1-Jul	2-Jul	3-Jul	4-Jul	5-Jul *Q3 Miyoshi
8-Jul	9-Jul	10-Jul	11-Jul *Q3 SPH REIT	12-Jul SG 2Q19 Advance GDP Estimates (Not later than 12 Apr)  *Q4 Spore Exchange (Release on Sat, 13-Jul-19)
15-Jul	16-Jul	17-Jul *Q2 Qian Hu Corp	18-Jul	19-Jul

\* Tentative

Source: Bloomberg

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