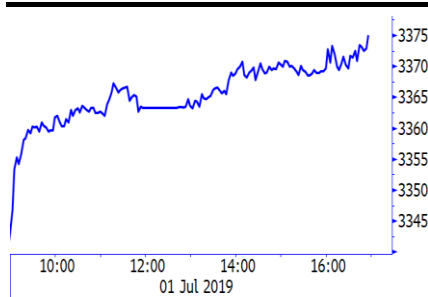


**Market Indicators**

	27-Jun	28-Jun	1-Jul
Mkt. T/O (\$\$ mil)	1,225.3	1,407.3	1,162.6
Stock Advances	241	159	303
Stock Declines	149	185	125

**Major Indices**

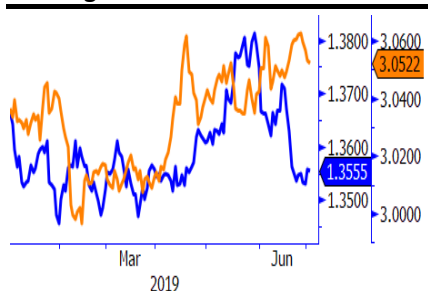
	27-Jun	28-Jun	1-Jul
DJ Ind Avg	26,526.6	26,600.0	26,717.4
S & P 500	2,924.9	2,941.8	2,964.3
Nasdaq Comp	7,967.8	8,006.2	8,091.2
Hang Seng	28,621.4	28,542.6	Close

**STI Index** 3,372.26 (+1.52%)


Source: Bloomberg

**Commodities**

	Current % Chge from Price	Close
Gold (SPOT) US\$ / oz	1,385.18	-0.24%
Oil (NYMEX CWT11) US\$ / bbl	58.74	-2.38%
Baltic Dry Index	1354	1.04%

**Exchange Rates**


USD : SGD 1.3560 / MYR : SGD 3.0550

Source: Bloomberg

**Interest Rates**

3-mth Sibor	2.002%
SGS (10 yr)	1.975%

**KGI Securities Research Team**
**KGI Market Ideas**

**July market view – Global optimism largely priced in; market consolidation is likely.** We think the significantly more dovish views from the US Fed and European Central Bank (ECB) were largely reflected in June's risk-on rally and higher valuation of stocks. Given that the current CME Fed Fund Futures are implying a 25bps cut on 31 July, the market has high expectations from the Fed.

With the trade truce between the US and China announced during the G20 summit over the weekend, investors are likely to focus on the US FOMC decision late in July. The release of US May economic data on manufacturing and employment this week, specifically the jobs data on 5th of July, could indicate if there is any urgency for the Fed to act.

As to how long this current risk-on sentiment may last, we think upside for equity markets may be limited at this point especially in light of weak economic data that could spur more market volatility. There was a broad-based decline in global manufacturing PMI in June, which confirms that the industrial slowdown worsened in the second quarter. In addition, the global new export orders index dropped back from 49.0 to 48.8, suggesting the underlying softness in global demand has weighed more on world trade growth, rather than the trade war between the US and China. As such, we would prefer to stick to quality high-dividend stocks.

**Xiaomi Corp (1810 HK).** Share price last traded at 10HKD, which is still heavily underwater compared to its IPO price at 17 HKD in July last year. From a technical perspective, Xiaomi's last trading range was between 10HKD and 12HKD. We think that it is very likely Xiaomi will rally to the upper bound of the range before testing resistance. This will represent a 20% capital gain upside.

Fundamentals wise, Xiaomi's latest 1Q19 results surpassed expectations. Top line growth was primarily led by Internet of Things (IoT) and lifestyle products, which grew 57% YoY. This was due to a mix of new product launches (e.g. wireless portable chargers) and increasing market share in selected products (Mi TV). We foresee a strategy shift from hardware to software where the gross margin of 68% is 11 times greater in comparison. The three new app launches in the last 12 months – Mi Music, Mi Video and Mi Pay will be a strong catalyst for the internet services revenue segment.

**KGI Trading Ideas**

➤ **TEE International (TEE SP)** - Page 3

**Recent In depth Regional Reports**

1/7	<b>TH Strategy:</b> July model portfolio: Position for slowing market momentum
1/7	<b>TH Economic:</b> Economy in May moderate from the previous month
1/7	<b>TH Advanced Info Service (ADVANC TB; Neutral; TP: Bt 210.00):</b> Rating cut due to limited upside
28/6	<b>TW Nike Supply Chain:</b> Nike 4Q FY19 sales in line, earnings slightly miss
28/6	<b>TW TTY Biopharm (4105 TT; Outperform; TP: NT\$ 91.80):</b> New revenue stream from co-development deal
28/6	<b>TH Monthly Economic Tracker:</b> Executive summary
28/6	<b>TH Minor International (MINT TB; Neutral; TP: Bt 42.00):</b> Asset divestment came as planned
28/6	<b>TH PTT Exploration and Production (PTTEP TB; Outperform; TP: Bt 145.00):</b> 2Q19 earnings preview: Better FX gains on tax item
28/6	<b>TH Seafco (SEAFCO TB; Outperform; TP: Bt 11.70):</b> 2Q19 earnings preview: Giant is giant
27/6	<b>SG KGI Trading Ideas:</b> TEE INTERNATIONAL (TEE SP)
27/6	<b>TW Petrochemicals Sector (Underweight):</b> PES shutdown to hit supply of refinery products & cumene
27/6	<b>TW Semi Wafer Sector:</b> Excess inventory weighs on demand & ASP; differing performance among vendors
27/6	<b>TW Sino-American Silicon (5483 TT; Not Rated):</b> Turnaround of non-semi operations promising
27/6	<b>HK China Education (839 HK; Outperform; HK\$ 13.60):</b> Acquisition of university in Chongqing
27/6	<b>HK Nissin Foods (1475 TT; Neutral; HK\$ 5.36):</b> Shares will consolidate after recent strong run
27/6	<b>HK PC Partner (1263 HK; Underperform; TP: HK\$ 1.360):</b> Price pressure to hurt profit growth, despite 1H19 trough
27/6	<b>TH Kiatnakin Bank (KKP TB; Outperform; TP: Bt 79.25):</b> Positive newsflow lining up
26/6	<b>TW Boardtek (5349 TT; Not Rated):</b> 2Q19F auto radar PCB demand slows; trade war hits 5G deployment
26/6	<b>HK Man Wah (1999 HK; Neutral; HK\$ 3.80):</b> Conference call takeaways
26/6	<b>TH Airports of Thailand (AOT TB; Outperform; TP: Bt 88.00):</b> Growing non aeronautical business segment
26/6	<b>TH Ladprao General Hospital (LPH TB; Neutral; TP: Bt 6.80):</b> Unexciting period
25/6	<b>TW TTFB Company (2729 TT; Not Rated):</b> Further upside on accelerating growth momentum
25/6	<b>CN/HK Stock Liquidity Monitor:</b> Weekly data – Stock incentive & shareholding changes involving major shareholders
25/6	<b>TH Bank Sector (Neutral):</b> Balance sheets – Most banks turned active
25/6	<b>TH Commodities Update:</b> US Iran tension heating up
24/6	<b>SG Frasers Centrepoint Trust (FCT SP; Neutral; S\$ 2.33):</b> Defensive suburban retail player with a clear growth strategy
24/6	<b>TW Delta Electronics (2308 TT; Outperform; TP: NT\$ 175.00):</b> Singapore & Hong Kong roadshow takeaways
24/6	<b>TW ICARES Medicus (6612 TT; Outperform; NT\$ 81.75):</b> New client gain supports profit growth
24/6	<b>TW SerComm (5388 TT; Neutral; TP: NT\$ 70.00):</b> New plant ramp up delayed; 2H19F revenue is promising
24/6	<b>CH/HK A-share Weekly:</b> World's central banks converge against economic risk, supporting A-shares; Trump-Xi meeting outcome pivotal
<b><i>For full reports, please contact Research Department at 6202 1190 or <a href="mailto:sgp.researchcom@kgi.com">sgp.researchcom@kgi.com</a></i></b>	

## TEE INTERNATIONAL (TEE SP)

Shares are up a total of 39% since we highlighted the stock on 28 May 2019. Back then, we had highlighted that at its share price of S\$0.062, its Mechanical and Electrical (M&E) business came free given that its 52% stake in Tee Land was already equivalent to its market cap.

It recently announced that it sold 15 out of 48 units (31%) of its Lattice One development during the preview period on 15 and 16 June 2019, with an average price of S\$1,800 psf. Buyers were all Singaporeans. Lattice One is a freehold five-story residential development at Seraya Crescent, which is opposite Sembawang Hills Food Centre and Jalan Leban eateries. We believe TEE should have no problem selling the rest of its development properties (Figure 2), as all of them are on freehold tenure, with only between 24-70 units per development. Its 701-unit residential and 31-unit commercial properties in Malaysia are almost fully sold.

**Strong order book.** TEE had an order book of S\$425mn as at end-February 2019. The sale of the 28% stake in Tee Land would allow the group to raise S\$18.7mn and strengthen its balance sheet to take on more M&E projects. The group expects to complete the sale of the 28% stake in Tee Land no later than 14 July.

Figure 1: TEE INTERNATIONAL SHARE PRICE



Source: KGI Research

**Valuation of between S\$0.079 and S\$0.11.** We arrived at minimum fair value of S\$0.079 based on the worst-case scenario (Figure 3) where we valued all its development and investment properties at a 10% discount to their book values. Furthermore, to be on the conservative side, we applied a 10% discount to the amount due from customers for contract work under its M&E business. On the other hand, if we were to use the sale price of S\$0.0186 for TEE's entire stake in Tee Land, then we arrive at a fair value of S\$0.11. However, given the almost 40% gains in its price from a month ago, we think that risk-reward may not be that attractive anymore.

Figure 2: Valuation based on sale price of TEE Land

Losses from sale of Tee land and revaluation		
Accounting loss from disposal of 28% stake	\$17,620	
Revaluation losses for remaining stake	\$7,030	S\$0.186/sh for remaining Tee Land shares
Total loss	\$24,650	
NAV post-losses	\$72,181	
NAV post-losses/share	\$0.11	

Source: KGI Research

**Figure 3: Valuation based on worst-case scenario**

Tee Int'l (S\$'000), YE May	Worst-case Scenario	
	3Q FY19	Discount Value
Cash and equivalent	37,517	37,517
Bank balance pledged	2,887	2,887
Trade Receivable	96,180	96,180
Other Receivables	21,153	21,153
Loan receivables	11,417	11,417
Financial assets - HTM	–	–
Financial assets - Trading	700	700
Inventories	241	241
Amt due from customers for contract work	113,567	10% 102,210
Development properties	209,902	10% 188,912
Completed properties for sale	44,100	10% 39,690
Non-current assets for sale	45,076	10% 40,568
<b>Total current assets</b>	<b>582,740</b>	<b>541,476</b>
Bank balances pledged	482	482
Other receivables	1,516	1,516
Investment in Associates	17,020	17,020
Investment in JV	118	118
Investment in Subsidiaries	–	–
Club membership	5	5
Intangible asset	1,241	100% –
PPE	30,908	30,908
Investment properties	32,276	10% 29,048
Deferred tax assets	4,318	4,318
<b>Total non-current assets</b>	<b>87,884</b>	<b>83,415</b>
<b>Total short-term liabilities</b>	<b>317,710</b>	<b>317,710</b>
<b>Total long-term liabilities</b>	<b>193,027</b>	<b>193,027</b>
<b>Total liabilities</b>	<b>510,737</b>	<b>510,737</b>
NAV	159,887	114,154
Minority Interest	63,056	63,056
NAV (less minority interest)	96,831	51,098
Shares outstanding ('000)	646,882	646,882
NAV/share	\$0.150	\$0.079

Source: KGI Research

**Figure 4: TEE's development properties. Note that all its development properties are on freehold.**

Development	Status	Country	Type	Tenure	Units	Land Area (sqm)	TOP	Ownership
Rezi 35	Ongoing	Singapore	Residential	Freehold	44	1,115	Dec-19	51.0%
24One Residences	Ongoing	Singapore	Residential	Freehold	24	1,202	Mar-19	100.0%
Lattice One	Upcoming	Singapore	Residential	Freehold	48	2,236	Sep-20	100.0%
35 Gilstead	Upcoming	Singapore	Residential	Freehold	70	3,528	Dec-21	60.0%
183 Longhaus	Ongoing	Singapore	Residential	Freehold	40	1,576	Dec-18	100.0%
183 Longhaus	Ongoing	Singapore	Commercial	Freehold	10		Dec-18	100.0%
Third Avenue	Ongoing	Malaysia	Residential	Freehold	701		Nov-18	100.0%
Third Avenue	Ongoing	Malaysia	Commercial	Freehold	31	24,085	Nov-18	100.0%
Third Avenue	Ongoing	Malaysia	1 Office Building	Freehold			Nov-18	100.0%

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Income generating				Rooms
Tee Building		Singapore	Office	100.0%
Workotel		New Zealand	Residential	107 75.1%
Thistle Guest House		New Zealand	Residential	10 75.1%
Larmont Hotel Sydney		Australia	Hotel	103 55.0%

Source: Company data, KGI Research

**Key risks.** TEE's leverage is on the high side with its net debt to equity at 166% as at end 3Q FY 2019 (May year-end), although around 70% of its total debt is related to its property developments. Thus, TEE may face short-term liquidity issues until it is able to complete the sale of the 28% stake in Tee Land.

**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	26.60	67,968	2.5%	16.1%	3.2%	4.6%	4.6%
OCBC SP	OCBC	11.59	49,999	1.7%	4.9%	2.7%	4.0%	4.0%
UOB SP	UOB	26.61	44,391	1.8%	11.2%	2.9%	4.6%	4.6%
SGX SP	SGX	7.88	8,430	(0.5%)	12.4%	0.0%	3.9%	3.9%
<b>PROPERTIES</b>								
HKL SP	Hongkong Land USD	6.65	21,197	3.3%	7.8%	(0.6%)	3.4%	3.4%
CAPL SP	CapitaLand	3.65	15,240	3.4%	21.3%	3.1%	3.4%	3.4%
CT SP	CapitaLand Mall Trust	2.67	9,848	1.5%	20.3%	2.7%	4.5%	4.5%
AREIT SP	Ascendas REIT	3.12	9,712	0.0%	24.7%	3.7%	5.2%	5.2%
CIT SP	City Development	9.66	8,761	2.0%	20.8%	2.1%	2.0%	2.0%
CCT SP	CapitaLand Comm Trust	2.18	8,175	0.5%	27.5%	1.9%	4.1%	4.1%
UOL SP	UOL	7.73	6,518	2.4%	27.8%	3.9%	2.3%	2.3%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.49	56,989	(0.3%)	19.1%	1.2%	5.2%	5.2%
<b>CONSUMER SERVICES AND GOODS</b>								
JM SP	Jardine Matheson USD	63.17	63,097	0.2%	(7.4%)	(0.8%)	2.9%	2.9%
JS SP	Jardine Strategic Holdings	38.45	57,722	0.8%	5.4%	0.8%	0.9%	0.9%
DFI SP	Dairy Farm International	7.27	13,323	1.7%	(18.1%)	(3.8%)	3.1%	3.1%
THBEV SP	ThaiBev	0.84	20,970	0.6%	40.0%	(1.2%)	2.7%	2.7%
JCNC SP	Jardine C&C	36.60	14,466	1.0%	6.4%	1.2%	3.5%	3.5%
GENS SP	Genting Singapore	0.94	11,274	1.6%	(2.1%)	1.6%	4.0%	4.0%
VMS SP	Venture Corp	17.00	4,898	4.4%	25.7%	(1.7%)	4.2%	4.2%
SPH SP	SPH	2.47	3,947	1.2%	7.5%	0.8%	4.9%	4.9%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	9.37	11,091	1.1%	(0.5%)	0.8%	3.9%	3.9%
CD SP	ComfortDelGro	2.70	5,848	1.5%	28.6%	1.1%	4.1%	4.1%
<b>COMMODITIES</b>								
WIL SP	Wilmar	3.74	23,675	1.1%	22.3%	3.9%	2.9%	2.9%
GGR SP	Golden Agri	0.31	3,884	5.2%	27.0%	0.0%	2.2%	2.2%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	6.80	12,356	2.1%	17.6%	3.2%	3.6%	3.6%
STE SP	ST Engineering	4.20	13,107	1.4%	23.5%	1.0%	3.7%	3.7%
SATS SP	SATS	5.28	5,884	1.1%	13.3%	0.2%	3.7%	3.7%
YZJSGD SP	Yangzijiang SGD	1.53	6,037	0.0%	26.7%	0.7%	3.1%	3.1%
SCI SP	Sembcorp Industries	2.48	4,432	2.9%	(1.7%)	2.9%	2.2%	2.2%
HPHT SP	HPH Trust USD	0.23	2,714	0.0%	(1.9%)	4.5%	8.4%	8.4%

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	1.95	5,450	0.5%	13.0%	0.5%	5.1%	5.1%
MCT SP	Mapletree Commercial Trust	2.08	6,021	(0.5%)	29.3%	1.0%	4.5%	4.5%
MLT SP	Mapletree Logistics Trust	1.62	5,888	1.9%	32.3%	3.2%	5.0%	5.0%
KREIT SP	Keppel REIT	1.27	4,321	0.8%	14.0%	0.0%	4.5%	4.5%
MINT SP	Maple Industries Trust	2.23	4,513	(0.4%)	20.3%	2.3%	5.6%	5.6%

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

**Appendix 1: Corporate Action**

## Latest Dividend Entitlements Announcement

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 1 Jul 19	Yield (%)
Kimly	7-May-19	2Q19	SGD 0.0056	<b>2-Jul-19</b>	3-Jul-19	15-Jul-19	SGD 0.245	2.8
Chemical Industries Far East Ltd	22-May-19	FY19	SGD 0.0150	<b>9-Jul-19</b>	10-Jul-19	18-Jul-19	SGD 0.725	2.1
ISDN Holdings Ltd	26-Feb-19	FY18	SGD 0.0070	<b>9-Jul-19</b>	10-Jul-19	28-Aug-19	SGD 0.240	-
UMS Holdings	15-May-19	1Q19	SGD 0.005000	<b>10-Jul-19</b>	11-Jul-19	26-Jul-19	SGD 0.655	6.9
Del Monte Pacific Ltd	20-Jun-19	FY19	<b>USD</b> 0.0052	<b>11-Jul-19</b>	12-Jul-19	19-Jul-19	SGD 0.150	-
SIA Engrg Co	10-May-19	FY19	SGD 0.0800	<b>24-Jul-19</b>	25-Jul-19	8-Aug-19	SGD 2.510	4.8
Singapore Post	7-May-19	FY19	SGD 0.0200	<b>24-Jul-19</b>	25-Jul-19	7-Aug-19	SGD 0.965	3.6
STI Singapore Telecoms	15-May-19	FY19	SGD 0.10700	<b>26-Jul-19</b>	29-Jul-19	15-Aug-19	SGD 3.490	5.0
STI SATS	17-May-19	FY19	SGD 0.1300	<b>29-Jul-19</b>	30-Jul-19	8-Aug-19	SGD 5.280	3.4
Japan Foods	14-May-19	FY19	SGD 0.0110	<b>30-Jul-19</b>	31-Jul-19	16-Aug-19	SGD 0.490	4.3
Samurai 2K Aerosol	31-May-19	FY19	SGD 0.0050	<b>30-Jul-19</b>	31-Jul-19	8-Aug-19	SGD 0.880	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 0.950	1.6
Boustead Projects - Special	23-May-19	FY19	SGD 0.00500	<b>1-Aug-19</b>	2-Aug-19	16-Aug-19	SGD 0.950	1.6
Boustead Singapore Ltd	27-May-19	FY19	SGD 0.02000	<b>1-Aug-19</b>	2-Aug-19	19-Sep-19	SGD 0.785	3.8
STI Singapore Airlines	17-May-19	FY19	SGD 0.2200	<b>1-Aug-19</b>	2-Aug-19	16-Aug-19	SGD 9.370	4.1
Metro Holdings	28-May-19	FY19	SGD 0.0200	<b>3-Aug-19</b>	7-Aug-19	17-Aug-19	SGD 1.020	4.9
Metro Holdings - Special	28-May-19	FY19	SGD 0.0250	<b>3-Aug-19</b>	7-Aug-19	17-Aug-19	SGD 1.020	4.9
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 0.610	10.9

Source: SGX Announcement / Bloomberg

## Latest Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
<b>Boardroom Ltd</b>	SGD 0.880 Cash	5.30 p.m. on 12 Jul 2019	Salacca Pte. Ltd.
<b>Memtech Int'l Ltd.</b>	SGD 1.35 Cash	5.30 p.m. on 12 Jul 2019	M-Universe Investments Pte. Ltd.

Source: SGX Announcement

**Appendix 2: Financial Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
1-Jul	2-Jul	3-Jul	4-Jul	5-Jul *Q3 Miyoshi
8-Jul	9-Jul	10-Jul *Q4 Yorkshire Hldgs	11-Jul Q3 SPH REIT	12-Jul SG 2Q19 Advance GDP Estimates <i>(Not later than 12 Apr)</i>  Q3 Spore Press Hldgs  *Q4 Spore Exchange (Release on Sat, 13-Jul-19)
15-Jul Q2 Keppel Infrastructure Trust > Keppel REIT	16-Jul Q2 Keppel DC REIT > Keppel-KBS US REIT	17-Jul *Q2 Qian Hu Corp	18-Jul Q2 Keppel Corporation	19-Jul
22-Jul *Q2 SP Corp	23-Jul SG (Jun 2019) CPI  Q1 Mapletree Industrial Trust	24-Jul *Q2 Lonza Grp AG	25-Jul SG 2Q19 Industrial Properties  Q1 Mapletree Commercial Trust	26-Jul SG (Jun 2019) Index of Industrial Production SG (Feb 2019) Unemployment Rate & Employment SG 2Q19 Private Residential, Retail and Office Properties  *Q1 SIA Engrg Co
29-Jul *Q2 DBS Grp Hldgs	30-Jul	31-Jul *Q4 Spore Exchange	1-Aug *Q2 Ayondo > Dairy Farm Int'l > Mandarin Oriental Int'l *Q3 Frasers Logistics & Industrial Trust	2-Aug *Q2 Jardine Matheson Hldgs > Jardine Strategic Hldgs > OCBC > UOB

\* Tentative

Source: Bloomberg

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