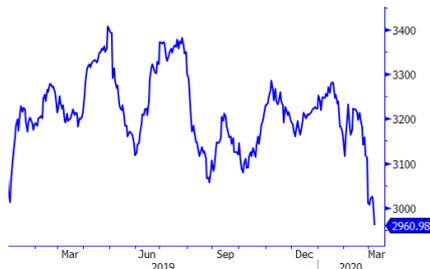


Market Indicators

| | 4-Mar | 5-Mar | 6-Mar |
|--------------------|---------|---------|---------|
| Mkt. T/O (S\$ mil) | 1,911.2 | 2,045.2 | 1,609.1 |
| Stock Advances | 212 | 237 | 135 |
| Stock Declines | 241 | 214 | 367 |

Major Indices

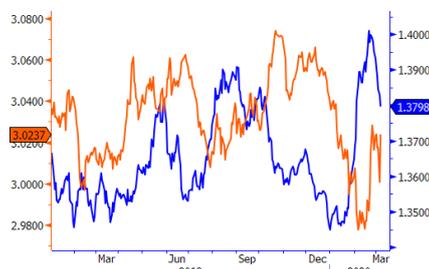
| | 4-Mar | 5-Mar | 6-Mar |
|-------------|----------|----------|----------|
| DJ Ind Avg | 27,090.9 | 26,121.3 | 25,864.8 |
| S & P 500 | 3,130.1 | 3,023.9 | 2,972.4 |
| Nasdaq Comp | 9,018.1 | 8,738.6 | 8,575.6 |
| Hang Seng | 26,222.1 | 26,767.9 | 26,146.7 |

STI Index 2,960.98 (-1.90%)


Source: Bloomberg

Commodities

| | Current % Chge from Price | Close |
|------------------------------|---------------------------|---------|
| Gold (SPOT) US\$ / oz | 1,700.07 | 1.57% |
| Oil (NYMEX CWT11) US\$ / bbl | 32.65 | -20.91% |
| Baltic Dry Index | 617 | 3.01% |

Exchange Rates


USD : SGD 1.3769 / MYR : SGD 3.0502

Source: Bloomberg

Interest Rates

| | |
|-------------|--------|
| 3-mth Sibar | 1.462% |
| SGS (10 yr) | 1.187% |

KGI Securities Research Team
KGI Market Ideas
KGI Market Strategy: Perfect Storm – Encountering black swans and grey rhinos (PART ONE)

Financial markets have finally realised the possibility of a much larger-than-expected impact of COVID-19 – the likelihood of a global recession will only increase in the coming weeks. With China's economy significantly disrupted in 1Q20, the coronavirus outbreak in the US has the potential to derail US economic growth in 2Q20.

Thus, with a potential synchronised slowdown in two of the world's largest economies, we believe risk-assets may face more downward pressure in March. Occasionally, there may be bouts of counter-trend rallies on news of fiscal and monetary stimulus.

We maintain our recommendations to be cautious and not chase rallies. Remain diversified with enough cash to deploy when opportunities arise. Precious metals remain one of our favourite asset class. We reiterate to buy gold and silver, with a target price of US\$1,700/oz and US\$25/oz, respectively (under review as we have not factored in the surprise rate cuts and potential for more cuts at the next FOMC meeting on 18 March 2020).

Our investment thesis over the next two months remains unchanged, as highlighted in the Market Strategy reports published below:

- 1) KGI Market Strategy – 22 Jan 2020
[Taking some risk off before the holidays](#) (Chinese version [here](#))
- 2) KGI Market Strategy – 7 Feb 2020
[Two different worlds: Part One](#) (Chinese version [here](#))
- 3) KGI Market Strategy – 14 Feb 2020
[Two different worlds: Part Two](#) (Chinese version [here](#))
- 4) KGI Market Strategy – 21 Feb 2020
[Collateral damage: Japan and South Korea](#) (Chinese version [here](#))

KGI Trading Ideas – Is the ETF bubble finally going to burst?

If the massive capital inflows into index funds were the key driver of stock and bond performance over the past decade, the reverse will exacerbate the current sell-off. Bloomberg data that tracks ETF flows show that there is still significant room for more ETF outflows from equities.

KGI Market Strategy, KGI Trading Ideas, Monthly Recap and Results Update

- **KGI Market Strategy:** Perfect storm: Encountering black swans and grey rhinos (Part One) - Page 3
- **KGI Trading Ideas:** Is the ETF bubble finally going to burst? - Page 6
- **Our February Flashback:** KGI Securities February 2020 Monthly Recap - Page 7
- **Sunpower Group (SPWG SP; Maintain OUTPERFORM, TP: S\$ 0.91):** Expecting a quick China recovery in 2Q20 - Page 12

Recent In depth Regional Reports

| | |
|-----|---|
| 6/3 | HK Kingsoft (3888 HK; Neutral; HK\$ 29.90): WPS Office results beat; near-term positives priced in |
| 6/3 | TH Economic: February headline CPI increased +0.74% YoY |
| 6/3 | TH BCPG Pcl. (BCPG TB; Outperform; TP: Bt 22.00): Laos Battery of BCPG |
| 6/3 | TH Chularat Hospital (CHG TB; Outperform; TP: Bt 3.10): Less revenue contribution from international patients |
| 6/3 | TH Minor International (MINT TB; Under Review; TP: Under Review): Key takeaways from the analyst meeting |
| 5/3 | SG Our February Flashback: KGI Securities February 2020 Monthly Recap |
| 5/3 | TW Industrial Automation: Clear signs of fundamental recovery |
| 5/3 | TW Argosy (3217 TT; Not Rated): Server & smartphone applications to boost growth |
| 5/3 | TW Taiwan Mobile (3045 TT; Neutral; TP: NT\$ 101.00): Earnings to keep falling in 2020F on 5G costs |
| 5/3 | TW PCL Technologies (4977 TT; Outperform; NT\$ 174.00): To benefit from Broadcom business & 5G build-out in Japan |
| 5/3 | CN/HK Retail Sector: Channel checks in Shanghai under COVID-19 |
| 5/3 | TH Non-Bank Sector (Underweight): Too good of asset quality |
| 5/3 | TH Bumrungrad Hospital (BH TB; Neutral; TP: Bt 140.00): Looks worse in 2020 |
| 4/3 | SG Sunpower Group (SPWG SP; Maintain OUTPERFORM, TP: S\$ 0.91): Expecting a quick China recovery in 2Q20 |
| 4/3 | US Economics: US stocks to consolidate at low levels before mid-April; moderate investors should overweight then |
| 4/3 | TW Passive Component Sector: 5G smartphone & automotive applications to drive MLCC demand from 2H20 |
| 4/3 | TW Petrochemicals Sector (Underweight): Factors positive to inventory cycle bottoming are gradually becoming a reality |
| 4/3 | TW Chilisun (2456 TT; Outperform; NT\$ 128.00): Well-positioned for earnings growth going forward |
| 4/3 | TW Dynapack (3211 TT; Not Rated): Margin improves on product mix; 2020F outlook conservative on COVID-19 impact |
| 4/3 | TW Medigen Vaccine (6547 TT; Not Rated): COVID-19 vaccine a potential sales catalyst; optimistic on development progress of other products |
| 4/3 | TW USI (1304 TT; Outperform; NT\$ 16.00): EVA upcycle on the horizon |
| 4/3 | TW Yageo (2327 TT; Outperform; NT\$ 570.00): Sharp earnings recovery in 2020-21F |
| 4/3 | HK Dairy Sector: Update about COVID-19 impact on dairy sector |
| 4/3 | TH B.Grimm Power (BGRIM TB; Neutral; TP: Bt 51.50): Resilient against headwinds |
| 4/3 | TH Home Product Center (HMPRO TB; Neutral; TP: Bt 15.40): Hold on |
| 4/3 | TH Siam Global House (GLOBAL TB; Neutral; TP: Bt 15.10): Keep waiting |
| 4/3 | TH Thai Airways International (THAI TB; Underperform; TP: Bt 4.70): Negative outlook for 1H20 |
| 4/3 | TH Zen Corporation Group (ZEN TB; Outperform; TP: Bt 12.00): Only time will tell |
| 3/3 | TW Hon Hai (2317 TT; Outperform; TP: NT\$ 105.00): Near-term margin pressure under COVID-19 outbreak |
| 3/3 | TW Taishin FHC (2887 TT; Neutral; TP: NT\$ 15.00): COVID-19 impact now limited; neutral outlook for 2020 |
| 3/3 | HK Personal Care: Updates amid the COVID-19 outbreak |
| 3/3 | CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & shareholding changes involving major shareholders |
| 3/3 | TH Commodities Update: COVID-19 spreading outside China |
| 3/3 | TH Bangkok Chain Hospital (BCH TB; Outperform; TP: Bt 22.30): Less positive for 2020 |
| 3/3 | TH Plan B Media (PLANB TB; Outperform; TP: Bt 7.15): Growth is still expected despite rough road ahead in 2020 |
| 3/3 | TH Srisawad Corporation (SAWAD TB; Underperform; TP: Bt 61.00): Less bullish on growth |
| 3/3 | TH True Corporation (TRUE TB; Underperform; TP: Bt 3.50): Weak financial status expected to continue in 2020 |
| 2/3 | SG AEM Holdings (AEM SP; OUTPERFORM; TP: S\$ 2.60): Roaring into the Twenties |
| 2/3 | SG EC World REIT (ECWREIT SP; OUTPERFORM; S\$ 0.82): Somewhat immune, but some sniffles expected |
| 2/3 | USA Economics: Aggressive investors should overweight now & moderate investors should significantly overweight after mid-April |
| 2/3 | USA US Technology: Expect better demand visibility heading into April |
| 2/3 | TW Cement Sector: Price cuts underway |
| 2/3 | TW Merry (2439 TT; Not Rated): 4Q19 EPS missed; low 1Q20 visibility on COVID-19 impact |

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

Perfect storm: Encountering black swans and grey rhinos (Part One)

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

Chen Guangzhi, CFA/ 65 6202 1191 / guangzhi.chen@kgi.com

- **Where are we now?** At the moment, we are at the intersection of a black swan (extremely rare but severe impact) and grey rhinos (highly probable, high impact yet neglected).
- Financial markets have finally realised the possibility of a much larger-than-expected impact of COVID-19 – the likelihood of a global recession will only increase in the coming weeks. With China's economy significantly disrupted in 1Q20, the coronavirus outbreak in the US has the potential to derail US economic growth in 2Q20.
- Thus, with a potential synchronised slowdown in two of the world's largest economies, we believe risk-assets may face more downward pressure in March. Occasionally, there may be bouts of counter-trend rallies on news of fiscal and monetary stimulus.
- We maintain our recommendations to be cautious and not chase rallies. Remain diversified with enough cash to deploy when opportunities arise. Precious metals remain one of our favourite asset class. We reiterate to buy gold and silver, with a target price of US\$1,700/oz and US\$25/oz, respectively (under review as we have not factored in the surprise rate cuts and potential for more cuts at the next FOMC meeting on 18 March 2020).

Black swan. COVID-19 is deemed a black swan event as it was completely unforeseen, and financial markets had initially shrugged off its potential economic impact. It has been more than two months since the COVID-19 outbreak, yet the number of infected cases continues to surge globally. Although China seems to have contained the spread outside Hubei province, countries such as South Korea, Japan, Iran, and Italy have yet to control the outbreak; the likelihood of COVID-19 becoming a global pandemic is increasing. And just as in 2008's global financial crisis, the consequences will most likely catch people off-guard due to the abrupt downturn of the economy.

Naughty rats! The last time a black swan occurred was in 2008, which coincidentally was also the year of the rat in the Chinese calendar. However, there are fundamental differences in how the 2008 and 2020 events have played out and are currently playing out. The crisis in 2008 was due to over-leveraging which resulted in a liquidity crunch that brought down the global financial system. This subsequently had an impact on the economy and businesses. The reverse is now happening with the COVID-19 outbreak, where a disruption to businesses and supply chains due to the implementation of far-reaching quarantine measures has resulted in trembling financial markets.

Vaccine for the global economy. With more macro data being released, the global economy in 1Q20, especially the economic performances of countries near the epicentre of the outbreak such as China, South Korea, and Japan, will (almost certainly) be underwhelming. Although an effective treatment or vaccine for COVID-19 have not yet been developed, the treatment for an economic downturn has already been established long before. Central banks are now implementing the traditional methods to bring relief to the economy, which mainly include interest rate cuts and liquidity injections. The Chinese government has implemented a series of tax cuts, and expanding public spending on infrastructure projects seems to be simply a matter of time. However, we would like to point out a few grey rhinos that we see.

What are these raging grey rhinos we speak of? Grey rhinos, as described in Michele Wucker's "The Gray Rhino", describe events that are not complete surprises, but occur amid a series of visible warning signals. The global economy prior to the COVID-19 outbreak was widely expected to recover against the backdrop of the trade war 'truce' between China and the US. Earlier in the year, the IMF had projected global growth of 3.4% with the key assumption that China and the US collaborate to resolve the trade dispute, helped as well by the reduction of other uncertainties such as Brexit.

There is still a significant amount of uncertainty of how the current outbreak will play out or when it will eventually taper off, but a key effect is almost certain: this event is a potential catalyst for further de-coupling between China and the US. With the US presidential elections heating up, President Trump may use the opportunity to direct domestic concerns over the slowing economy and the handling of the virus outbreak in the US, towards China.

On the other hand, China seems to be faced with problems both internally and externally. We have been reiterating that China is facing stagflation headwinds, and the authorities are now facing a dilemma of whether to use credit stimulus to boost the economy. Since the global financial crisis in 2008, China significantly increased its debt-to-GDP levels. China's economy over the last decade has been characterised by infrastructure and real estate developments. However, the negative consequences have emerged over the past two years. Provincial government deficits have **skyrocketed**, together with the rise in household debt (mainly in house mortgage).

The increasing indebtedness in China has put a cap on the authorities' ability for huge credit stimulus to revive growth. Furthermore, there are rising public concerns on rising food prices (adding on to the already unaffordable property prices), which also limits the willingness for more credit expansion. Another point to note is the nationalisation of China's economy since 2014, where a larger share of bank loans and subsidies are tilted towards state-owned enterprises (SOE), whose return on equity (ROE) are seldom insufficient to cover their cost of capital. We have already seen a few top SOEs such as Tewoo and Founder default on multibillion RMB worth of bonds.

Here, we highlight several grey rhinos that investors should pay attention to:

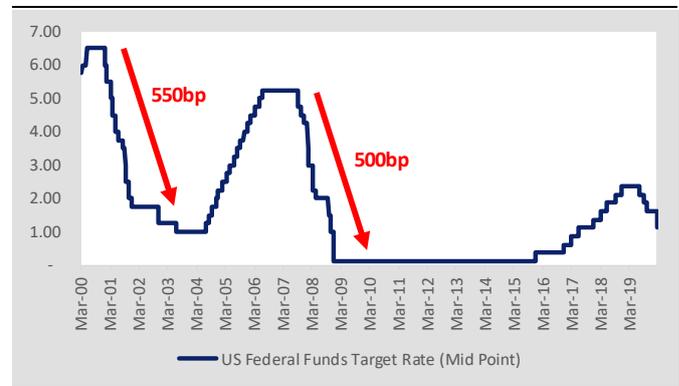
1. **Zero interest rate policy with little ammunition left amid rising recession risk in the US (We talk about this in the section below).**
2. **Debt issues in China amid the disruption to the economy.**
3. **Second round of trade dispute between China and the US in the election year.**
4. **Supply chain reallocation in Asia, which in the long-term will benefit Southeast-Asian countries.**
5. **Brexit risks still haunting the EU.**

In the next few weeks, we will give detailed analysis of each issue in subsequent reports.

Historical precedence for US Federal Reserve's emergency 50bp cut. The US Federal Reserve announced an emergency 50bp cuts on 3 March 2020, citing downside risks from the coronavirus outbreak. However, monetary policies such as rate cuts may not be sufficient to prevent a recession if the outbreak affect consumer behaviour and continue to disrupt global supply-chains.

Our analysis of the two previous instances of 50bp rate cuts in January 2001 and September 2007 showed that a recession in the US still followed after around a lag of around 3 months (see Figure 1). Making matters worse, the US Federal Reserve now has less room to cut rates compared to 2001 and 2007, when it slashed rates by 550bp and 500bp respectively. Therefore, recession risks are clearly rising to the highest level since the global financial crisis in 2008.

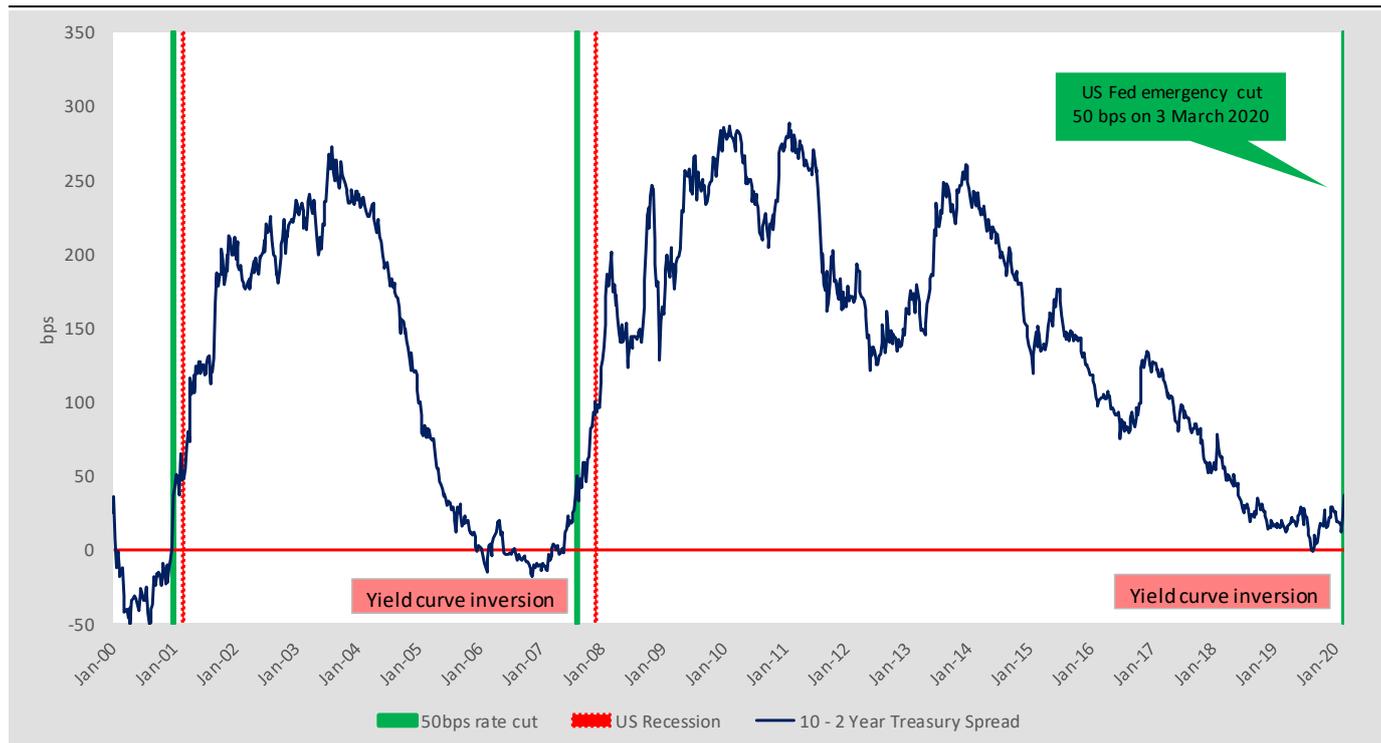
Figure 2: US Federal Funds Target Rate (Mid-point). Interest rates are already near historical lows going into the current economic slowdown.



Source: Bloomberg, KGI Research

US recession risk

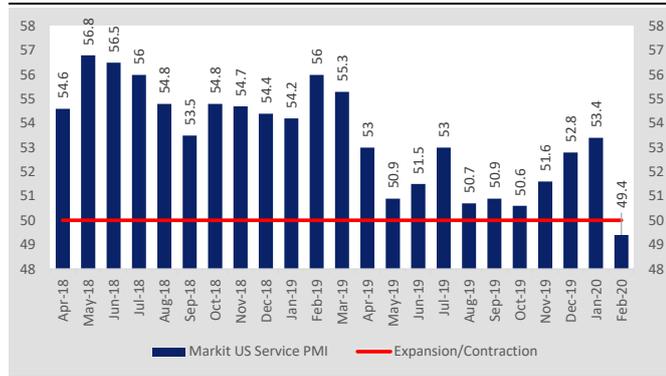
Figure 1: US 10-2 Year Treasury Spread, 50 bps cuts and subsequent recessions (20 Years)



Source: Bloomberg, KGI Research

Fragile economic support; Covid-19’s final blow. Early signals such as the US Service PMI, which dropped to the lowest level since October 2013, indicate the growing concerns about the coronavirus outbreak. Given that the US manufacturing sector was already slowing down in 2019 and that the only area holding up the US economy were the consumers, a negative unforeseen and external shock such as the coronavirus outbreak has the potential to deal the final blow.

Figure 3: IHS Markit US Services PMI. The Service PMI surprised with a reading of 49.4 in February 2020, the lowest level since October 2013.



Source: Bloomberg, KGI Research

Watch for US employment and services sector. Over the coming weeks, important economic data tracking employment in the US, specifically jobless claims, and the service sector will be critical. This is mainly because the month of March will be a vulnerable window where we may see a synchronised slowdown of the two largest economies in the world, which would be negative for risk assets in the next few months.

Is the ETF bubble finally going to burst?

- The ETF industry has yet to undergo its first major test in a bear market. What happens when everyone exits through the same door at the same time?

- Michael Burry of the “The Big Short” says index funds are a massive bubble, likening them to the collateralised debt obligations (CDO) that he shorted before the global financial crisis in 2008.

- If massive capital inflows into index funds were the key driver of stock and bond performance over the past decade, the reverse will exacerbate the current sell-off. Bloomberg data which tracks ETF flows show that there is still significant room for more ETF outflows from equities.

US-focused equities ETF outflow still minimal. According to Bloomberg data tracking ETF fund flows, there has only been US\$2.5bn net outflow from US-focused equity ETFs over the past month. This only represents less than 5% of the total net inflows over the last three months.

Still more room for downside when fund redemption accelerates. With the ongoing COVID-19 and renewed oil price war, fund outflows could exacerbate and trigger further selling pressure, which would lead to indiscriminate selling of index stocks.

Figure 1: Fund inflows into US ETFs are still positive year-to-date, which means more room for stocks to fall when fund redemption increases.

| Asset Class | 1D | 1W | 1M | 3M | YTD | 1Y | 3Y |
|------------------------|--------|--------|---------|----------|---------|----------|------------|
| 1) Equity | -9,712 | -6,383 | -13,200 | +128,237 | +53,520 | +330,569 | +1,254,348 |
| 10) United States | -394 | +5,414 | -2,487 | +52,197 | +24,130 | +184,927 | +476,816 |
| 11) International* | -245 | -1,193 | +469 | +27,912 | +13,869 | +49,839 | +242,255 |
| 12) Developed Markets* | -4,102 | -4,666 | -67 | +13,263 | +7,654 | +29,473 | +139,538 |
| 13) Japan | -113 | +659 | -1,398 | +4,905 | +4,836 | +26,972 | +121,088 |
| 2) Fixed Income | +1,234 | +7,662 | +23,495 | +77,036 | +55,147 | +282,626 | +617,810 |
| 20) United States | -356 | +7,908 | +15,882 | +51,896 | +36,688 | +178,904 | +383,810 |
| 21) Global* | +274 | +426 | +3,621 | +10,473 | +8,869 | +41,512 | +84,559 |
| 22) International* | +116 | +139 | +1,456 | +5,173 | +3,108 | +12,083 | +40,632 |
| 23) Emerging Markets* | +18 | -396 | +1,050 | +4,353 | +2,803 | +7,938 | +24,790 |

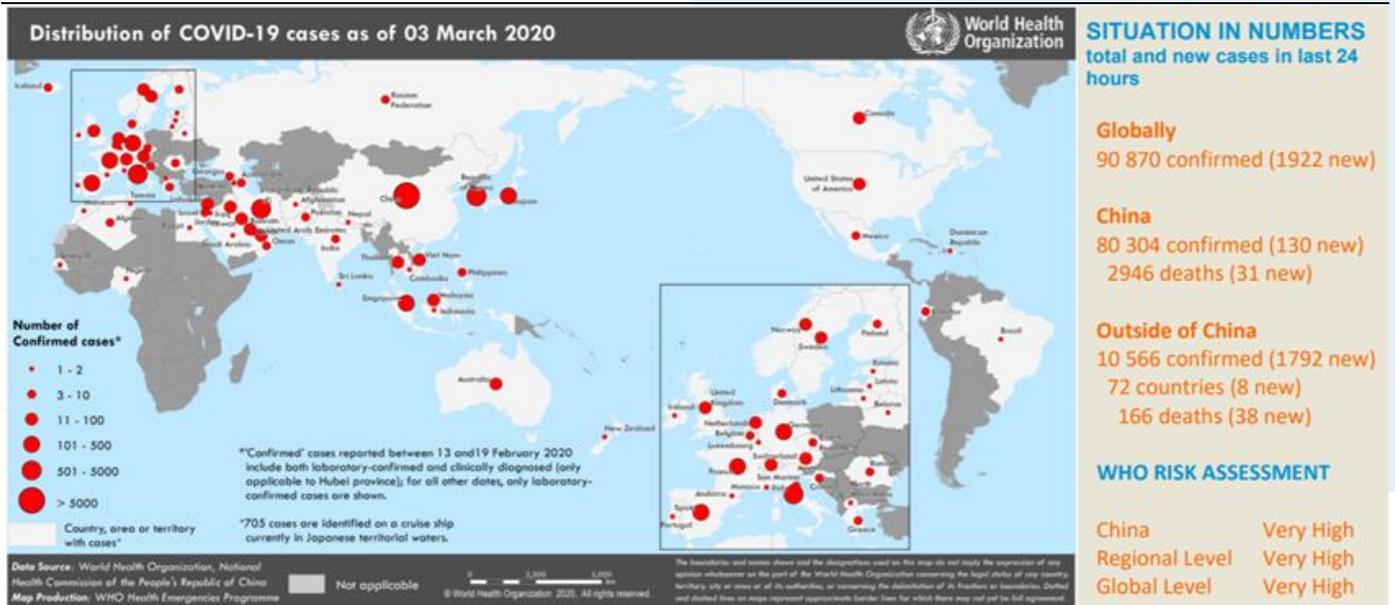
Source: Bloomberg, KGI Research

IN CASE YOU MISSED IT...

FEBRUARY HIGHLIGHTS

The World Health Organisation (WHO) raised the coronavirus risk to its maximum level on Friday, 28 February, after the virus emerged on every continent except Antarctica. **Covid-19 spread fervently over the last week of February**, with the number of cases surging in South Korea, across Western Europe in Italy and France, and the Middle Eastern Region in Iran. Our thoughts go to the victims, their families, and all health-care workers battling the outbreak.

Figure 1: Countries, territories or areas with reported confirmed cases of Covid-19 and Situational assessment of Covid, 3 Mar 2020



Source: [World Health Organisation \(WHO\) Situation Reports](#), KGI Research

Financial markets saw violent sell-downs in the last few days of February – with a most equity indices falling by leaps and bounds, wiping out more than a quarter of gains for some. U.S. and European equity markets which had been mostly resilient since the outbreak, are now starting to price in greater downside risks, with the Dow Jones falling more than 1,000 basis points (bps) on February 24th and 27th, and the S&P 500 Index seeing its fastest correction in history.

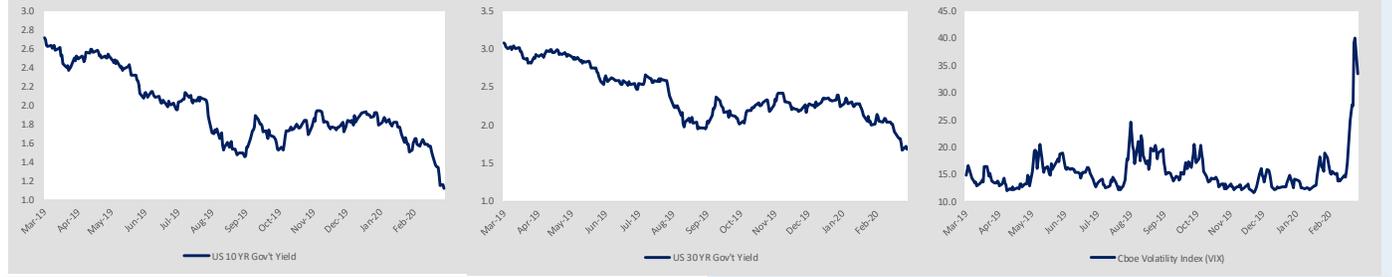
Figure 2: Dow Jones Industrial Average, S&P 500 Index, and NASDAQ Composite Index; 6 months performance



Source: Bloomberg, KGI Research

Ten-year and thirty-year government bond yields in the U.S. have slid more than 50 bps since the start of the year, hitting a new record low, as investors flee equities. The CBOE volatility index (VIX) nearly tripled in the last week of February, given all that went down, to the highest level since 2015.

Figure 3: US 10-year Treasury, US 30-year Treasury, CBOE VIX Index; 1 year performance



Source: Bloomberg, KGI Research

Technology stocks were the biggest losers in February as shutdowns in China disrupt supply chains and worries of a Covid-19 spread in the US heightened, despite having rallied earlier in the month due to better-than-expected earnings. Microsoft and Apple have both warned of missing 1Q20 forecasts due to supply chain disruptions and curtailed demand in China.

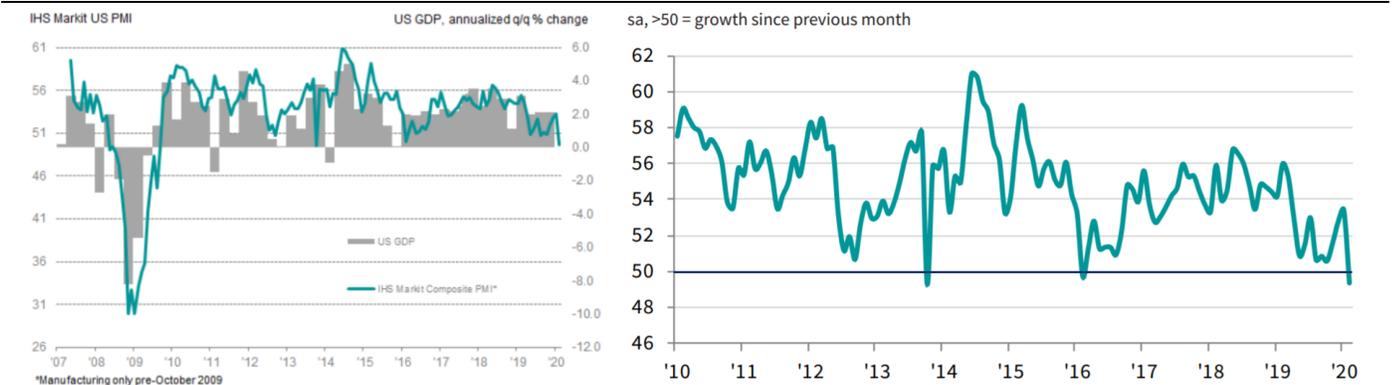
Figure 4: Apple Inc, Amazon Inc, Microsoft Corporation; 1 year performance



Source: Bloomberg, KGI Research

IHS Markit Flash U.S. Composite PMI for February declined steeply into contraction territory, signifying the first slump in U.S. private-sector activity since 2013. At 49.6 in February (January 2020: 53.3), it hit a 76-month low, dragged down mainly by a worsening in the service sector, where output fell for the first time in four years. (The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.)

Figure 5: IHS Markit US Composite PMI and U.S. GDP; IHS Markit US Services PMI



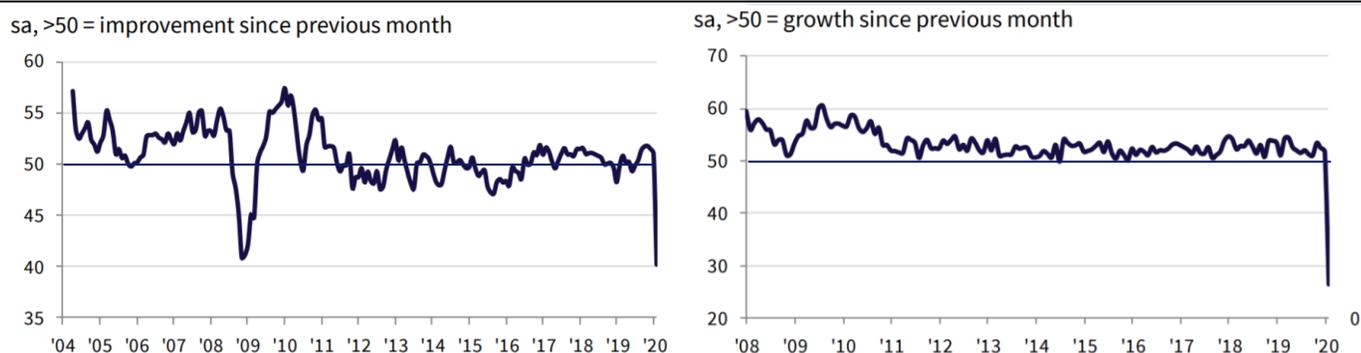
Source: IHS Markit, US Bureau of Economic Analysis, KGI Research

Commenting on the PMI data, Chris Williamson, Chief Business Economist at IHS Market said: “With the exception of the government-shutdown of 2013, US business activity contracted for the first time since the global financial crisis in February... “Total new orders fell for the first time in over a decade. The deterioration in was in part linked to the coronavirus outbreak, manifesting itself in weakened demand across sectors such as travel and tourism, as well as via falling exports and supply chain disruptions. However, companies also reported increased caution in respect to spending due to worries about a wider economic slowdown and uncertainty ahead of the presidential election later this year”.

Over in China, Chinese equities rallied to a 1-month high on 20 Feb, supported by a rate cut and promises of additional support from the central bank, decreasing numbers of new COVID-19 cases, and a few encouraging surveys pointing to earlier-than-expected factory openings in some provinces.

However, on Friday 28th February, the CSI 300 large-cap index and the Shanghai Composite Index both fell by around 3.7%, reacting to sharp falls in developed markets on Thursday 27th February. Efforts to contain the recent outbreak of the coronavirus in mainland China weighed heavily on manufacturing sector performance in February. Since the survey began in 2004, production, new work and staffing levels all fell at the quickest rates as companies extended their usual Lunar New Year shutdowns. February General Services PMI data also signalled the first reduction in business activity across China's service sector on record.

Figure 6: IHS Markit Caixin China General Manufacturing PMI; IHS Markit Caixin China General Services PMI



Source: IHS Markit, Caixin, KGI Research

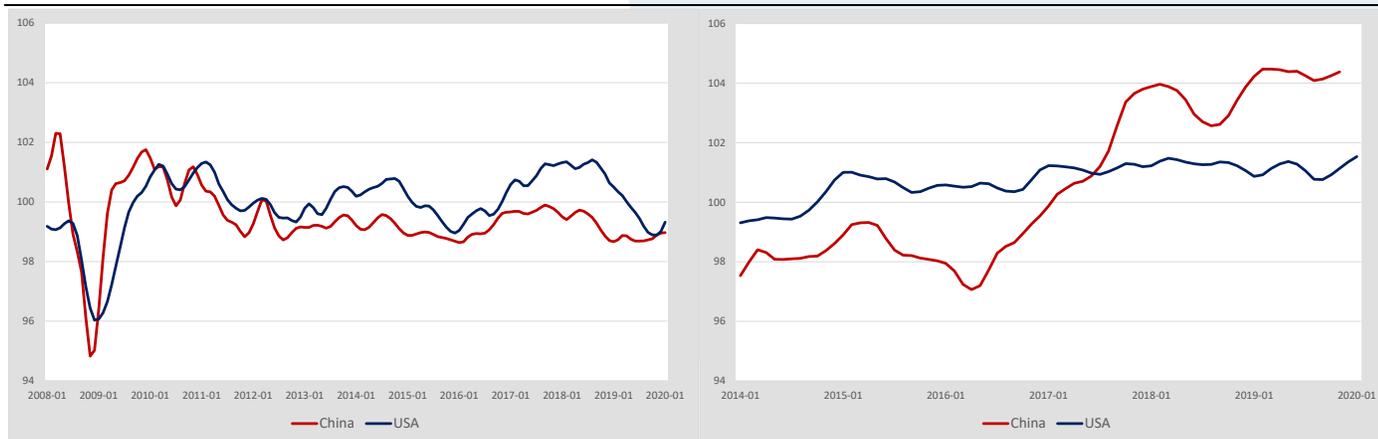
In both US & China though, business and consumer confidence remains somewhat buoyant as central banks respond aggressively.

The People’s Bank of China (PBOC) has deployed many new stimulus measures, in addition to injecting US\$174bn of liquidity into financial markets under a “reverse repo” scheme. The PBoC will purchase a range of securities from investors seeking ready cash to avoid forced selling in the equity markets. Business confidence in China’s services industry though, fell to a record low in February. Despite the Chinese government providing tax and financing support for the industry and small businesses heavily impacted by the epidemic, service companies were still concerned about uncertainties resulting from the epidemic.

Odds are increasing that the Federal Open Market Committee (FOMC) will also vote to cut the federal funds rate. Federal Reserve Chair Jerome Powell published a statement acknowledging that the outbreak was "posing evolving risks," while promising that the Fed would "use our tools and act as appropriate to support the economy."

P.S. On March 3rd, the Fed has cut interest rates by half a percentage point, its biggest single cut in more than a decade.

Figure 7: Business confidence index (BCI), Consumer confidence index (CCI); Long-term average = 100



Source: OECD (2020), KGI Research

China has also been using some of the country's advances in high tech in its battle against the coronavirus. Huawei and China Telecom jointly set up a [5G-enabled remote video diagnostic centre](#), which enables medical staff to conduct remote online consultations with potential patients, while Infervision's Coronavirus AI is improving the CT diagnosis speed for each case by immediately screening out suspected infected patients for further diagnosis and treatment; Alibaba Cloud has offered [AI computing capabilities](#) to public research institutions **for free** to support virus gene sequencing, new drug R&D and protein screenings while Baidu has opened up [LinearFold](#), its RNA prediction algorithm, to genetic testing agencies, epidemic prevention centres and research institutes around the world; and JD Logistics deployed [autonomous ground robots](#) for last-mile delivery of supplies in Wuhan hospitals. These are just a few among the umpteen initiatives and developments by Chinese companies who have been contributing tirelessly to China's Covid-19 response – and we think it just might be what's holding up confidence despite the mounting number of cases and deaths.

WHAT WE'VE BEEN UP TO

Figure 8: February company updates

| BBG Ticker | Company Name | Industry | Currency | Last Traded | Target Price | Potential Upside (ex.div) |
|------------|------------------------------|------------------------|----------|-------------|--------------|---------------------------|
| AEM SP | AEM HOLDINGS LTD | Information Technology | SGD | 2.17 | 2.60 | 19.8% |
| ARAUS SP | ARA US HOSPITALITY TRUST | Real Estate | USD | 0.71 | 0.95 | 34.8% |
| CRCT SP | CAPITALAND RETAIL CHINA TRUS | Real Estate | SGD | 1.45 | 1.66 | 14.5% |
| CD SP | COMFORTDELGRO CORP LTD | Industrials | SGD | 1.97 | 2.28 | 15.7% |
| EAGLEHT SP | EAGLE HOSPITALITY TRUST | Real Estate | USD | 0.37 | 0.51 | 37.8% |
| ECWREIT SP | EC WORLD REIT | Real Estate | SGD | 0.72 | 0.82 | 13.9% |
| FRKN SP | FRENCKEN GROUP LTD | Industrials | SGD | 0.84 | 1.01 | 21.0% |
| MUST SP | MANULIFE US REAL ESTATE INV | Real Estate | USD | 1.00 | 1.11 | 11.0% |
| SMM SP | SEMBCORP MARINE LTD | Industrials | SGD | 1.08 | 1.19 | 10.2% |
| SSG SP | SHENG SIONG GROUP LTD | Consumer Staples | SGD | 1.25 | 1.40 | 12.0% |
| THBEV SP | THAI BEVERAGE PCL | Consumer Staples | SGD | 0.79 | 0.96 | 22.3% |

Source: Bloomberg, KGI Research

AEM HOLDINGS

Maintain OUTPERFORM, with increased TP to S\$2.60, based on 2020F diluted EPS. Our new 12M TP is based on a lower PE multiple of 12x, to account for the current COVID-19 situation. We increase FY2020F forecasts, and introduce our estimates for 2022. Key estimate revisions include: increased revenue contribution from all divisions, higher gross margins, and higher staff costs.

ARA US HOSPITALITY TRUST

Maintain OUTPERFORM based on fair value of US\$0.95. We believe that the contributions from its three new Marriott acquisitions will help soften the impact of supply headwinds, the transitional period for ARA hotels' new management, as well as any subdued demand due to the year-end elections. We remain optimistic but conservative, due to the less than optimal macro outlook.

CAPITALAND RETAIL CHINA TRUST

Maintain OUTPERFORM with a lower TP of US\$1.66. CRCT returned -6.2% year-to-date, significantly underperforming the FTSE ST REIT Index's +3.5% year-to-date total returns (inclusive of dividends), as concerns over the impact of the coronavirus weighed on its unit price. However, we believe this is an attractive opportunity to accumulate CRCT for its 6.6%-7.0% FY20-22F dividend yields.

COMFORTDELGRO CORPORATION

We maintain OUTPERFORM but lower our target price to S\$2.28, pegged to a more conservative 17.5x 2020F EPS (5-year average vs 1SD above mean in our prior report). The current 15% YTD share price sell-off is a buying opportunity, in our view. Despite the challenging environment over the next 12 months, CD remains in an enviable position to recover when the situation improves, with a strong balance sheet and cash flows to provide it with reserve fuel to turbo charge growth when the opportunity is right.

EAGLE HOSPITALITY TRUST

Downgrade NEUTRAL based on fair value of US\$0.51. We remain conservative, with 2020 RevPAR projections subdued due to a lack of near-term catalysts. DPU has dipped accordingly to 4.93 US cents for our FY20F forecasts, representing a total return of c.6.1% (incl. div).

EC WORLD REIT

Maintain OUTPERFORM based on fair value of US\$0.82. We remain optimistic but conservative, due to the less than optimal outlook for China. Risks to note are its high dependency on its sponsor for rental income; potential non-renewal of upcoming lease expiry with China Tobacco Zhejiang Industrial Co., Ltd. (Hengde Logistics – specialized logistics asset); and the defaulting of any tenants impacted by a drastic slowdown in business due to Covid-19.

FRENCKEN GROUP LIMITED

We upgrade to OUTPERFORM. Our fair value of S\$1.01 is based on a conservative 10x FY20F earnings and a 20-30% discount to peers' P/E and P/B valuations. FRNK trades at only 4x FY20F EV/EBITDA, making it an attractive takeover target for Asian-based companies looking to diversify to Europe and the US. Management has guided for both its semiconductor and medical segment to post YoY sales growth in 1Q20. However, there will be YoY top line declines under its analytical, industrial automation and automotive segments.

MANULIFE US REIT

Downgrade to NEUTRAL with TP of US\$1.11. While we continue to like MUST's excellent track record, where it has grown AUM to US\$2.1bn (as at end FY19), from US\$1.7bn and US\$1.3bn as at end FY18 and FY17 respectively, we expect the growth rate to slow down going forward. We would prefer to accumulate on price weakness as its FY20F yield has compressed to below 6.0%.

SEMBCORP MARINE LTD

We maintain our NEUTRAL recommendation and lower our fair value to S\$1.19, based on one standard deviation below its 5-year P/NTA average. The group is expected to remain loss-making in FY20F, but attention will likely focus on corporate actions.

SHENG SIONG GROUP LTD

Maintain OUTPERFORM, TP of \$1.40. We factored in a higher store count and total retail area in line with SSG's fairly aggressive expansion, especially given that the new Aljunied outlet that opened 1 Jan 2020 already takes up 18,000 sqft. SSG (23x FY20F P/E) continues to trade within a comfortable range, near its 5 year historical average of 22.5x.

THAI BEVERAGE

Upgrade to OUTPERFORM with a higher TP of US\$0.96. While we acknowledge the short-term impact from the coronavirus and Vietnam's drink driving laws, we remain positive on THBEV's long-term fundamentals and dominant market share in both Thailand and Vietnam. THBEV is well-positioned given that its key markets are ranked among the top alcohol consuming countries in Asia. The listing of its beer business remains a possibility and a key re-rating catalyst, although management has reiterated that it is only exploratory at this point.

For our reports, kindly approach your trading representative, or visit our website (delayed) at www.kgiworld.sg/securities/research/.

MARCH OUTLOOK

Keep an eye out for our strategy reports in the coming weeks! 😊



Sunpower Group

(SPWG SP/SUNP.SI)

Expecting a quick China recovery in 2Q20

Chen Guangzhi, CFA / 65 6202 1191 / guangzhi.chen@kgi.com

- 4Q19 results beat our expectations due to strong growth in the GI segment, offsetting a slight dip in M&S segment.
- The COVID-19 outbreak resulted in the extended shutdown of most plants under the GI segment, and the resumption of operation has been slow. Though the M&S segment remains status quo, we expect 1Q20 results to be lower YoY. However, 1Q performance is relatively weak seasonally, and we expect limited impact for the full year.
- We maintain OUTPERFORM with an unchanged TP of \$0.91 given that the fundamentals of each project are intact. Our valuation is based on sum-of-the-parts method, adding up each project's discounted cash flows over their 20-30 year concession periods. Therefore, lower than expected cash flows in one or two quarters would not have a significant impact on the overall valuation.

Outperform - Maintain

| | | | |
|----------------------------|-------|---------------------------------|-----------|
| Price as of 3 Mar 20 (SGD) | 0.52 | Performance (Absolute) | |
| 12M TP (\$) | 0.91 | 1 Month (%) | 9.5% |
| Previous TP (\$) | 0.91 | 3 Month (%) | -2.8% |
| Upside (%) | 75.0 | 12 Month (%) | -12.2% |
| Trading data | | Perf. vs STI Index (Red) | |
| Mkt Cap (\$mn) | 422 | | |
| Issued Shares (mn) | 792 | | |
| Vol - 3M Daily avg (mn) | 1.8 | | |
| Val - 3M Daily avg (\$mn) | 1.1 | | |
| Free Float (%) | 41.0% | | |
| Major Shareholders | | | |
| Guo Hongxin | 19.0% | 6-Dec-19 | OP \$0.91 |
| Ma Ming | 17.0% | - | - |
| Lin Yucheng | 12.3% | - | - |

Financials & Key Operating Statistics

| YE Dec (RMB m) | FY17 | FY18 | FY19 | FY20F | FY21F |
|-----------------------|-------|-------|-------|-------|-------|
| Revenue | 1,965 | 3,263 | 3,605 | 3,866 | 4,540 |
| Gross Profit | 408 | 694 | 889 | 1,007 | 1,201 |
| PATMI | 117 | 254 | 352 | 368 | 472 |
| Basic EPS | 16 | 34 | 45 | 47 | 60 |
| Fully Diluted EPS | 9 | 19 | 27 | 28 | 36 |
| Basic EPS grth (%) | -18% | 117% | 31% | 3% | 28% |
| Basic P/E (x) | 16.9 | 7.8 | 5.9 | 5.8 | 4.5 |
| Fully diluted P/E (x) | 29.8 | 14.1 | 10.1 | 9.6 | 7.5 |
| Basic P/B (x) | 1.7 | 1.4 | 1.1 | 0.9 | 0.8 |
| Fully Diluted P/B (x) | 2.9 | 2.4 | 1.9 | 1.6 | 1.3 |
| Gross Margin (%) | 21% | 21% | 25% | 26% | 26% |
| Net Margin (%) | 6% | 8% | 10% | 10% | 10% |
| Net Gearing (%) | 8% | 36% | 80% | 75% | 75% |
| Interest Coverage (x) | 5.4 | 6.3 | 5.1 | 4.4 | 4.8 |
| ROE (%) | 10% | 17% | 19% | 16% | 17% |

Source: Company Data, KGI Research

Revenue and earnings beat estimates due to stronger than expected contributions from GI segment. FY19 revenue and PATMI beat our forecasts by 7.1% and 16.2% respectively due mainly to the substantial growth of the Green Investment (GI) segment offsetting the dip in Manufacturing and Services (M&S) segment. During the period, GI's revenue soared by 56.7% YoY while M&S slightly dropped by 3.0% YoY. Shantou Phase 1 project (under trial-run phase) and Suyuan plant were newly added into the portfolio in 4Q19. As of December 2019, there were nine projects under operations, including one in trial-run. Another three projects are in the pipeline: Shantou Phase 2, new plant of Xintai Zhengda and Tongshan Phase 1. M&S maintained at roughly the same revenue level compared to FY18 due to full capacity. Its order book remained at RMB2.5bn as of January 2020, which will provide enough workload for 2020.

Preliminary assessment of the COVID-19 impact. Sunpower's business, steam/heat/power supply, heavily depends on the production in the industrial park where each plant is located and specifically serves. Officially, China extended the Spring

Festival holiday for three days until 2nd February. However, according to the Ministry of Transport, the daily passenger traffic did not ramp up immediately the week after the long holiday (3rd to 9th February). Even though traffic did rise over the weekend, it subsequently tapered off.

We believe the resumption of work slowly recovered throughout the whole month but has yet to normalise as of the beginning of March. To support our estimates, we take daily coal consumption during the ongoing outbreak period as a proxy of industrial productivity in China. Coal demand volume from the six major power groups shows an L-shape in the post-Chinese New Year (CNY) period amid the COVID-19 outbreak instead of the usual V-shape recovery in each of the past years. Therefore, the data shows that productivity is still restricted at the moment.

Valuation & Action: We maintain our OUTPERFORM recommendation with an unchanged target price of \$0.91, based on sum-of-the-parts method, adding up each project's discounted cash flows. These projects have between 20 to 30 years of concession period. Therefore, lower than expected cash flows in one or two quarters would not have a significant impact on the overall valuation.

Risks: As of early March, the COVID-19 outbreak seems to be under control in China as the daily infected cases reported have been trending down. However, we cannot rule out the possibility that the resumption of work could result in a second wave of outbreak in China. Our valuation forecast and outlook are based on the assumption that COVID-19 will be contained by April, and overall business operations are expected to normalise accordingly. If the outbreak extends into 2Q20, then the impact for FY20 will be substantial.

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 FY19F (%) | Div Yield FY20F (%) |
|--|----------------------------|------------------|-------------------|------------------|----------------------|-------------------------|---------------------|---------------------|
| FINANCIALS | | | | | | | | |
| DBS SP | DBS | 23.00 | 58,816 | (2.5%) | (11.1%) | (4.6%) | 5.7% | 5.9% |
| OCBC SP | OCBC | 10.21 | 44,926 | (2.0%) | (7.0%) | (3.7%) | 5.3% | 5.5% |
| UOB SP | UOB | 23.20 | 38,705 | (2.3%) | (12.2%) | (5.2%) | 5.6% | 5.7% |
| SGX SP | SGX | 8.91 | 9,538 | (1.4%) | 1.4% | 4.9% | 3.5% | 3.7% |
| PROPERTIES | | | | | | | | |
| CAPL SP | CapitaLand | 3.54 | 17,885 | (4.1%) | (5.6%) | 0.3% | 3.6% | 3.7% |
| HKL SP | Hongkong Land USD | 4.90 | 15,907 | (3.0%) | (14.8%) | (0.2%) | 4.8% | 4.9% |
| AREIT SP | Ascendas REIT | 3.38 | 12,229 | (2.0%) | 15.0% | 10.5% | 4.8% | 5.0% |
| CIT SP | City Development | 9.60 | 8,706 | (2.1%) | (12.3%) | (1.7%) | 2.1% | 2.1% |
| CT SP | CapitaLand Mall Trust | 2.48 | 9,152 | (2.0%) | 2.1% | 9.3% | 5.1% | 5.2% |
| CCT SP | CapitaLand Comm Trust | 2.01 | 7,762 | (2.0%) | 2.9% | 8.1% | 4.4% | 4.6% |
| UOL SP | UOL | 7.12 | 6,006 | (2.7%) | (14.4%) | (3.4%) | 2.5% | 2.5% |
| TELECOMMUNICATIONS | | | | | | | | |
| ST SP | SingTel | 2.95 | 48,170 | (1.3%) | (12.5%) | (1.7%) | 6.1% | 5.8% |
| CONSUMER SERVICES AND GOODS | | | | | | | | |
| JM SP | Jardine Matheson USD | 52.39 | 52,962 | (0.1%) | (5.8%) | (3.7%) | 3.5% | 3.7% |
| JS SP | Jardine Strategic Holdings | 26.81 | 40,992 | (1.4%) | (12.5%) | (6.6%) | 1.4% | 1.5% |
| THBEV SP | ThaiBev | 0.78 | 19,590 | (2.5%) | (10.7%) | 0.0% | 3.1% | 3.4% |
| JCNC SP | Jardine C&C | 26.00 | 10,276 | (2.4%) | (13.6%) | (3.2%) | 4.2% | 4.3% |
| GENS SP | Genting Singapore | 0.78 | 9,350 | (1.9%) | (15.8%) | (4.9%) | 5.2% | 5.2% |
| DFI SP | Dairy Farm International | 4.64 | 8,660 | (2.3%) | (18.7%) | (3.3%) | 4.5% | 4.8% |
| VMS SP | Venture Corp | 16.85 | 4,862 | (0.9%) | 4.0% | 2.4% | 4.2% | 4.2% |
| SPH SP | SPH | 1.89 | 3,013 | 0.5% | (13.3%) | 0.0% | 6.3% | 6.3% |
| REIT | | | | | | | | |
| MCT SP | Mapletree Commercial Trust | 2.28 | 7,541 | (0.9%) | (3.8%) | 8.6% | 4.1% | 4.3% |
| MLT SP | Mapletree Logistics Trust | 1.99 | 7,563 | (1.0%) | 15.2% | 7.6% | 4.1% | 4.3% |
| TRANSPORT | | | | | | | | |
| SIA SP | Singapore Airlines | 7.96 | 9,434 | (1.4%) | (11.9%) | (0.5%) | 2.9% | 3.6% |
| CD SP | ComfortDelGro | 1.93 | 4,180 | 0.0% | (18.9%) | (1.0%) | 5.3% | 5.5% |
| COMMODITIES | | | | | | | | |
| WIL SP | Wilmar | 3.96 | 25,121 | (2.2%) | (3.9%) | (0.3%) | 2.9% | 3.2% |
| OFFSHORE & MARINE/INDUSTRIALS | | | | | | | | |
| STE SP | ST Engineering | 4.21 | 13,114 | (1.6%) | 6.9% | 1.0% | 3.8% | 3.9% |
| KEP SP | Keppel Corp | 6.22 | 11,337 | (1.4%) | (8.1%) | (1.9%) | 3.6% | 3.8% |
| SATS SP | SATS | 4.03 | 4,506 | (0.5%) | (20.4%) | 0.0% | 4.3% | 4.4% |
| YZJSGD SP | Yangzijiang SGD | 0.91 | 3,546 | 5.2% | (19.2%) | (4.2%) | 4.7% | 4.8% |
| SCI SP | Sembcorp Industries | 1.77 | 3,155 | (1.7%) | (22.7%) | (3.3%) | 2.9% | 3.4% |

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 6 Mar 20 | Yield (%) |
|--------------------------------------|------------------|--------|--------------|------------------|------------|-----------|----------------------|-----------|
| Fragrance Group Ltd | 25-Feb-20 | FY19 | SGD 0.003500 | 9-Mar-20 | 10-Mar-20 | 17-Mar-20 | SGD 0.136 | - |
| Fragrance Group - Dividend-in-Specie | 25-Feb-20 | FY19 | SGD ##### | 9-Mar-20 | 10-Mar-20 | 17-Mar-20 | SGD 0.136 | - |
| BHG Retail REIT | 25-Feb-20 | FY19 | SGD 0.01790 | 10-Mar-20 | 11-Mar-20 | 30-Mar-20 | SGD 0.620 | 7.3 |
| Koda | 12-Feb-20 | 2Q20 | SGD 0.0025 | 11-Mar-20 | 12-Mar-20 | 27-Mar-20 | SGD 0.550 | |
| Koda - Special | 12-Feb-20 | 2Q20 | SGD 0.0025 | 11-Mar-20 | 12-Mar-20 | 27-Mar-20 | SGD 0.550 | |
| Dasin Retail Trust | 28-Feb-20 | FY19 | SGD 0.0206 | 13-Mar-20 | 16-Mar-20 | 30-Mar-20 | SGD 0.820 | 4.1 |
| EC World REIT | 27-Feb-20 | FY19 | SGD 0.015100 | 13-Mar-20 | 16-Mar-20 | 27-Mar-20 | SGD 0.715 | 8.5 |
| BRC Asia | 20-Nov-19 | FY19 | SGD 0.05000 | 17-Mar-20 | 18-Mar-20 | 26-Mar-20 | SGD 1.610 | |
| BRC Asia - Special | 20-Nov-19 | FY19 | SGD 0.03000 | 17-Mar-20 | 18-Mar-20 | 26-Mar-20 | SGD 1.610 | |
| Asian Pay Television Trust | 10-Feb-20 | FY19 | SGD 0.00300 | 19-Mar-20 | 20-Mar-20 | 27-Mar-20 | SGD 0.158 | 7.6 |
| STI DBS Grp Hldgs | 13-Feb-20 | FY19 | SGD 0.3300 | 7-Apr-20 | 8-Apr-20 | 21-Apr-20 | SGD 23.000 | 5.2 |
| Qian Hu Corp Ltd | 13-Jan-20 | FY19 | SGD 0.0030 | 7-Apr-20 | 8-Apr-20 | 23-Apr-20 | SGD 0.150 | 1.3 |
| Roxy-Pacific Holdings Ltd | 20-Feb-20 | FY19 | SGD 0.01090 | 20-Apr-20 | 21-Apr-20 | 30-Apr-20 | SGD 0.365 | 2.5 |
| Straits Trading Co Ltd/Singapore | 25-Feb-20 | FY19 | SGD 0.06000 | 21-Apr-20 | 22-Apr-20 | 8-May-20 | SGD 2.040 | 2.9 |
| First Sponsor Grp | 12-Feb-20 | FY19 | SGD 0.016000 | 22-Apr-20 | 23-Apr-20 | 8-May-20 | SGD 1.350 | 1.8 |
| CEI | 7-Feb-20 | FY19 | SGD 0.00400 | 23-Apr-20 | 24-Apr-20 | 4-May-20 | SGD 0.980 | |
| CEI - Special | 7-Feb-20 | FY19 | SGD 0.03980 | 23-Apr-20 | 24-Apr-20 | 4-May-20 | SGD 0.980 | |
| Great Eastern Hldgs | 19-Feb-20 | FY19 | SGD 0.50000 | 23-Apr-20 | 24-Apr-20 | 8-May-20 | SGD 21.460 | 2.8 |
| United Overseas Insurance | 12-Feb-20 | FY19 | SGD 0.08500 | 24-Apr-20 | 27-Apr-20 | 8-May-20 | SGD 6.960 | |
| United Overseas Insurance - Special | 12-Feb-20 | FY19 | SGD 0.07000 | 24-Apr-20 | 27-Apr-20 | 8-May-20 | SGD 6.960 | |

Source: SGX Announcement / Bloomberg

Appendix 2: Financial Calendar

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------|---------------------------------------|------------|--|--|
| 9-Mar | 10-Mar | 11-Mar | 12-Mar <i>*Q3 Del Monte Pacific</i> | 13-Mar |
| 16-Mar | 17-Mar | 18-Mar | 19-Mar | 20-Mar |
| 23-Mar | 24-Mar | 25-Mar | 26-Mar | 27-Mar |
| 30-Mar | 31-Mar | 1-Apr-2020 | 2-Apr | 3-Apr <i>*Q2 SPH REIT (Release on Sun, 5 Apr)</i> |
| 6-Apr | 7-Apr <i>*Q2 Spore Press Hldgs</i> | 8-Apr | 9-Apr | 10-Apr |

** Tentative*

Source: Bloomberg

Disclaimer This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities's total revenues, a portion of which are generated from KGI Securities's business of dealing in securities.

Copyright 2020. KGI Securities (Singapore) Pte. Ltd. All rights reserved.