INVESTMENT BANKING
Top Singapore Small Cap Companies

20 Jewels 2019 Edition

Together We Progress

RHB

TOP SINGAPORE SMALL CAP COMPANIES

20 JEWELS

2019 EDITION

MCI (P) 110/04/2019

Singapore

Jarick Seet	jarick.seet@rhbgroup.com	(65) 6232 3891
Shekhar Jaiswal	shekhar.jaiswal@rhbgroup.com	(65) 6232 3894
Leng Seng Choon, CFA	leng.seng.choon@rhbgroup.com	(65) 6232 3890
Lee Cai Ling	lee.cai.ling@rhbgroup.com	(65) 6232 3892
Vijay Natarajan	vijay.natarajan@ rhbgroup.com	(65) 6232 3872
Juliana Cai	juliana.cai@rhbgroup.com	(65) 6232 3871

CONTENTS

List of Companies By Industry Classification

Foreword

We celebrate the ninth edition of the Singapore Small Cap Jewels in 2019. It was started by our Malaysian counterparts back in 2005 and has since earned a following. The Singapore edition complements the publication of other Regional Small Cap books by our research colleagues in Malaysia, Thailand and Indonesia. Our regional compendium is a unique Pan-ASEAN repository of reports, with ideas on 80 companies that remain unmatched in this region.

This year – as in the past – we have worked even harder to scour the length and breadth of this country despite the STI nearing its all-time highs. 2018 was a dismal year for small-mid caps, with many of them correcting over 50% over the course of the year, which also created opportunities as valuations are now undemanding and at an attractive level. Over 65% of our stock picks in this book are new companies not seen in previous editions.

This year, technology and manufacturing names make up the bulk of our top 20 picks as we believe these sectors have overcorrected due to trade war tensions in 2018. With an impending trade deal between the US and China, we think some of these stocks that are trading at significantly low valuations could potentially rerate both in terms of earnings and P/E multiples.

While other companies featured in this edition may vary in terms of business, market capitalisation, and investor interest, they share a common DNA – they are fundamentally sound companies with a high probability of making good returns for investors. We hope to eventually see these companies graduate into mid-sized corporates or even large caps in the not-too-distant future.

RHB Securities Singapore Pte Ltd wishes to express our gratitude to the management of the featured firms for being generous with their time in helping us understand their companies' business models, and for allowing us to share our views and opinions. Credit is also due to our dedicated team of analysts, who have invested countless hours to produce this year's edition. Lastly, I would like to end with a big thank you to all our clients for voting us to the top spot for Small Cap Research in the Asiamoney Brokers Poll for the seventh time in nine years.

The RHB Singapore research team remains humbled and encouraged by the continued interest and support from all our institutional and retail clients for our forte in small cap coverage. Despite tough market conditions, our commitment and belief in this space have never wavered, and we believe this is reflected in our research products. We will continue to expand our coverage and renew existing ones with fresh ideas, bringing more excitement and returns to the market and your respective portfolios.

I hope you will find this book useful for your investment needs. Cheers!

RHB TOGETHER WE PROGRESS

Asiamoney Brokers Poll 2018:
1st in Small Caps/Consumer Discretionary/Consumer Staples/Materials/Software&Internet Services

Jarick Seet
Head of Small-Mid Cap Research
RHB Securities Singapore Pte Ltd
4 May 2019

Asiamoney Polls 2010	Asiamoney Polls 2011	Asiamoney Polls 2012	Asiamoney Polls 2013	Asiamoney Polls 2014	Asiamoney Brokers Poll 2015	Asiamoney Brokers Poll 2016	Brokers Poll 2017 Asiamoney	Brokers Poll 2018 Asiamoney
#1 Best Small Caps	#2 Best Small Caps	#1 Best Small Caps	#1 Best Small Caps	#1 Best Small Caps	#1 Best Small Caps	#1 Best Small Caps	#2 Best Small Caps	#1 Best Small Caps

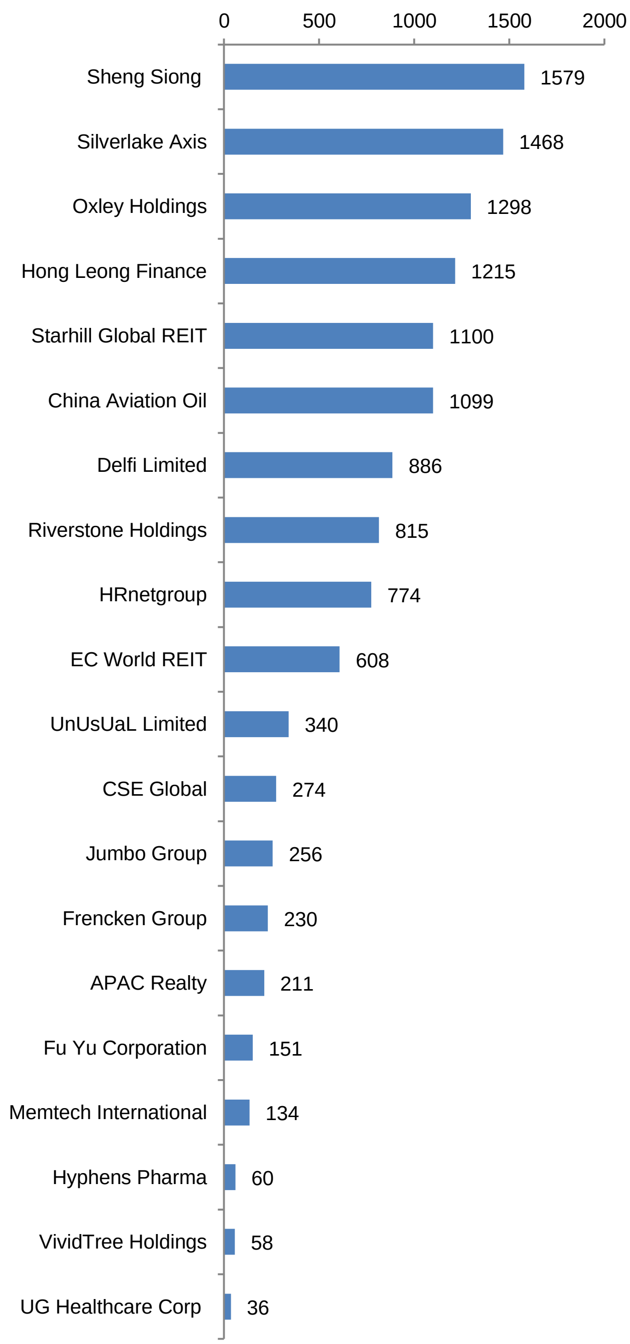
20 Jewels – at a glance

Company name	TP	Mkt Cap	P/E (x)		P/B (x)		Div Yield (%)		ROE (%)	
	(SGD)	(SGDm)	FY18	FY19F	FY18	FY19F	FY18	FY19F	FY18	FY19F
APAC Realty	0.72	211	8.4	8.8	1.4	1.3	7.9	6.9	17.6	15.7
China Aviation Oil	1.60	1,099	8.6	8.3	1.1	1.0	3.5	3.6	12.6	12.1
CSE Global	0.61	274	13.8	12.1	1.6	1.5	5.1	5.1	11.7	12.6
Delfi Limited	1.68	886	28.5	24.1	3.2	3.0	1.8	2.3	11.2	12.5
EC World REIT	0.84	608	12.7	9.0	0.9	0.9	8.2	8.4	5.9	6.9
Frencken Group	N/A	230	6.8	N/A	0.9	N/A	3.9	N/A	11.5	N/A
Fu Yu Corporation	0.24	151	12.7	11.2	0.9	0.9	8.0	8.0	7.2	8.1
Hong Leong Finance	N/A	1,215	10.2	N/A	0.6	N/A	5.5	N/A	6.5	N/A
HRnetgroup	1.06	774	16.0	14.8	2.3	2.1	3.7	3.4	14.5	14.4
Hyphens Pharma	N/A	60	8.2	N/A	1.5	N/A	2.8	N/A	13.8	N/A
Jumbo Group	N/A	256	23.3	N/A	3.9	N/A	3.0	N/A	16.9	N/A
Memtech International	N/A	134	10.6	N/A	0.8	N/A	3.1	N/A	7.7	N/A
Oxley Holdings	N/A	1,298	4.3	N/A	0.9	N/A	4.8	N/A	19.9	N/A
Riverstone Holdings	N/A	815	18.8	N/A	3.5	N/A	2.1	N/A	19.3	N/A
Sheng Siong	1.25	1,579	22.3	19.9	5.4	5.1	3.2	3.6	24.3	25.2
Silverlake Axis	0.65	1,468	31.7	19.5	8.2	7.5	5.6	5.5	25.6	38.7
Starhill Global REIT	0.78	1,100	17.9	10.5	0.8	0.7	6.6	6.9	4.2	7.1
UG Healthcare Corp	0.32	36	8.2	8.0	0.8	0.8	1.3	1.5	11.0	10.2
UnUsUaL Limited	N/A	340	31.6	N/A	8.0	N/A	0.0	N/A	25.2	N/A
VividTree Holdings	N/A	58	21.6	N/A	6.9	N/A	N/A	N/A	32.2	N/A

Note: All prices as at 25 March 2019, N/A = not available

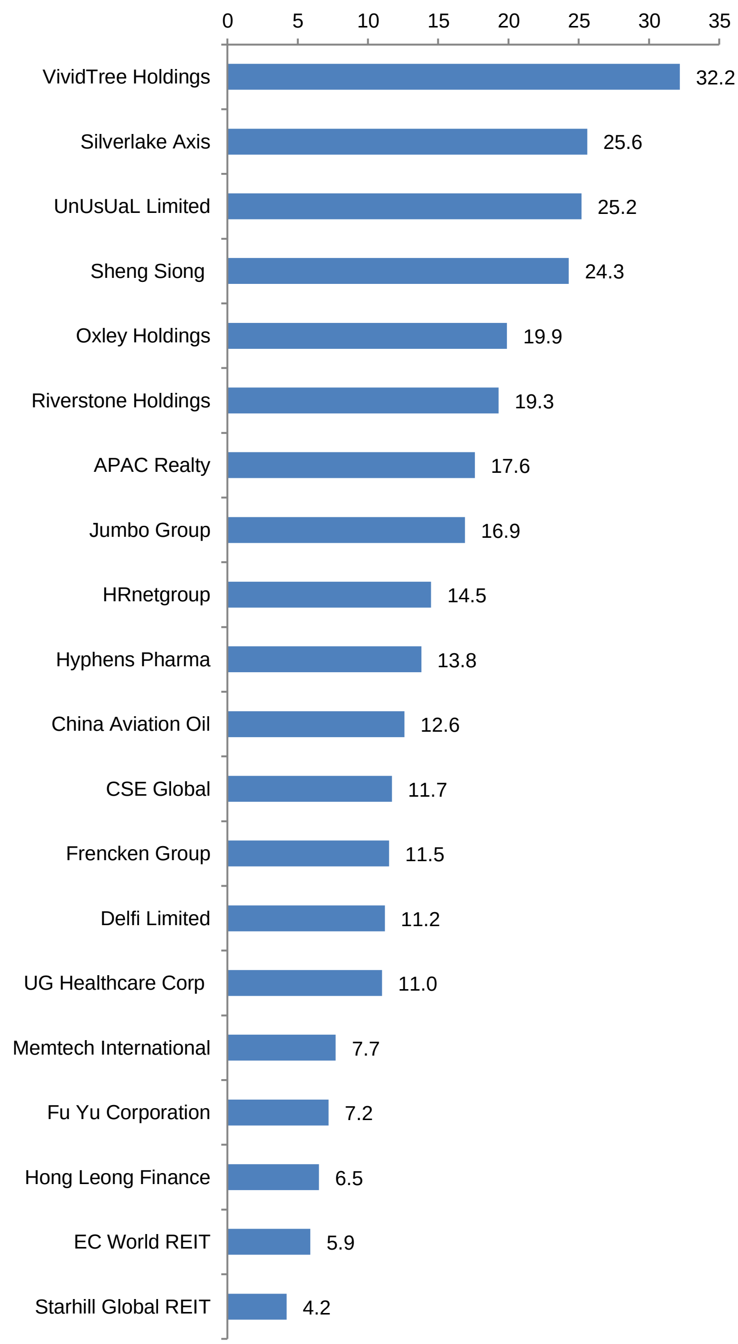
Source: Bloomberg, RHB

Market capitalisation of the Top 20 (SGDm)



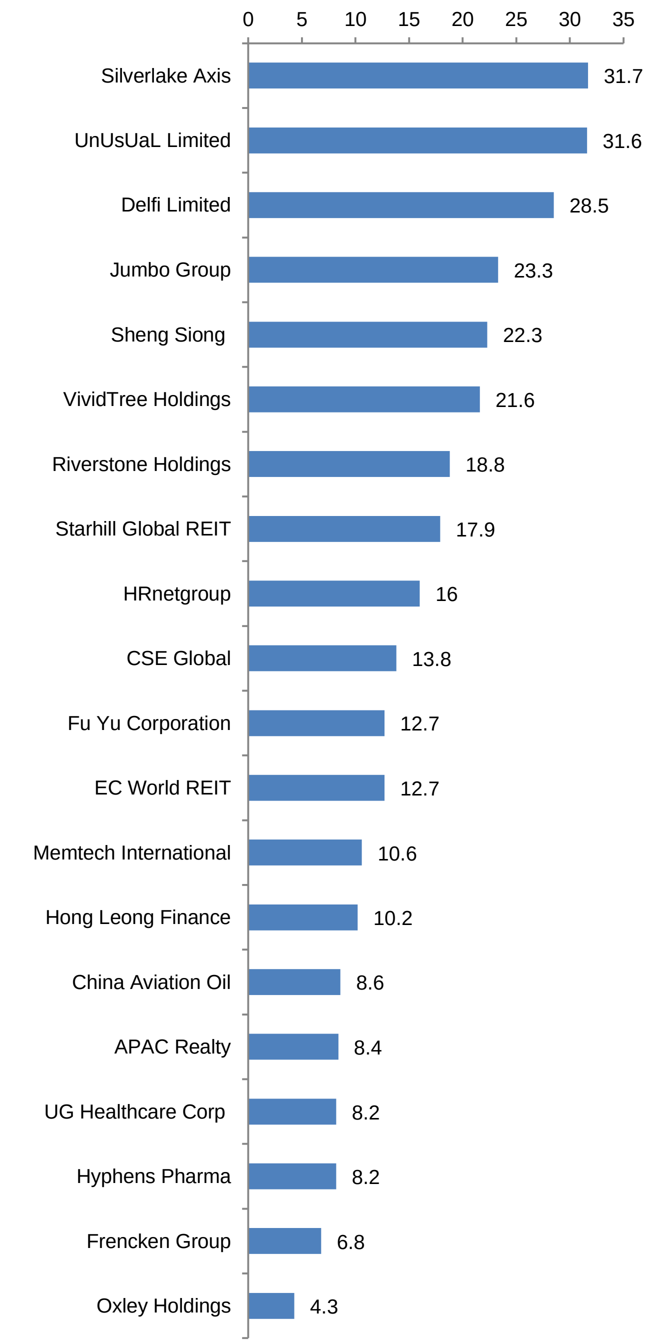
Source: Bloomberg, RHB

FY18 ROEs of the Top 20 (%)



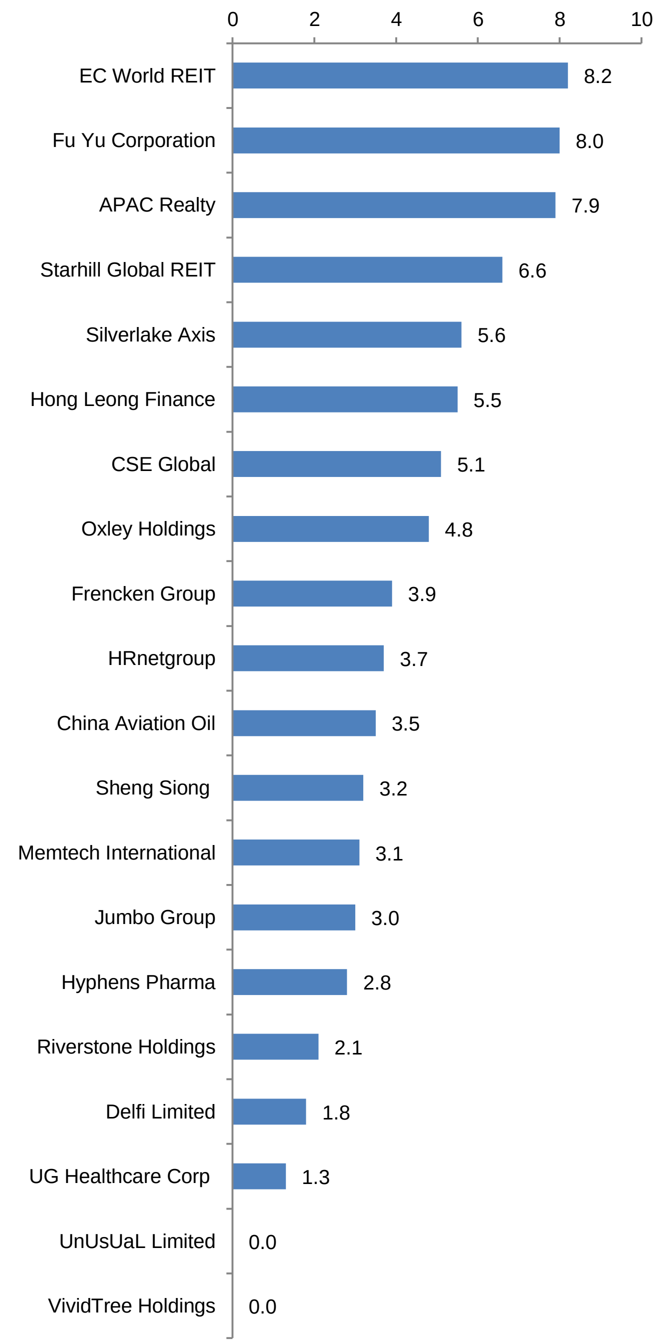
Source: Bloomberg, RHB

FY18 P/E of the Top 20 (x)



Source: Bloomberg, RHB

FY18 dividend yield for the Top 20 (%)

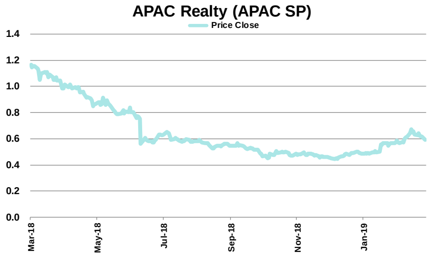


Source: Bloomberg, RHB

Target: SGD0.72
Price: SGD0.59

APAC Realty

Flurry Of New Launches To Keep Agents Busy



Source: Bloomberg

Stock Profile

Bloomberg Ticker	APAC SP
Avg Turnover (SGD/USD)	1.5m/1.1m
Net Gearing (%)	10.1
Market Cap (SGDm)	211m
Beta (x)	1.28
BVPS (SGD)	0.40
52-wk Price low/high (SGD)	0.44 – 1.23
Free float (%)	27

Major Shareholders (%)

Tan Choon Hong	71.8
Fil Investment Management	4.3
Qilin Asset Management	3.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	9.6	38.9	14.7	(48.8)
Relative	9.4	33.5	15.8	(42.7)

Vijay Natarajan +65 6232 3872
vijay.natarajan@rhbgroup.com

Investment Merits

- A good proxy to Singapore residential demand, which is expected to remain resilient on strong new-launches pipeline (~20,000 units) in 2019
- Recent diversification into Indonesia, Thailand, and China is expected to strengthen the earnings base over the long term
- Attractive valuation and yields of more than 6%

Company Profile

APAC Realty is one of Singapore's largest real estate agencies. It has regional master franchise rights to 17 countries in the Asia-Pacific. Through its ERA franchisee network, the group has one of the largest brand footprints in Asia with more than 16,800 salespersons across 639 offices. It is also one of the largest ERA member brokers globally by transaction value.

Highlights

Singapore residential volumes expected to stay resilient. Despite slower take-ups seen in recent launches, we expect new launch volumes to stay similar to last year's. Key reason: a strong pipeline of c.50 residential projects (more than 20,000 units) slated for launch in 2019 – more than double of last year's. APAC has secured agent roles for 46 projects (c.20,000 units) currently.

Healthy market share position. ERA commands an overall market share of 36.4% (FY17: 37.9%) of the total residential transaction value in FY18. In new launches it still commands a healthy market share of 40.7% in terms of transaction value (FY17: 39.4%), while the private resale market share stood at 37.2% (FY17: 38.8%).

Deepening overseas presence. APAC strengthened its overseas presence by making a direct foray into the Indonesian, Thai, and Chinese markets last year by acquiring its franchises. Contributions are likely to be small to begin with (guidance: c.SGD0.5m net profits), but are likely to see exponential growth ahead.

Company Report Card

Decent FY18 results despite property measures. In FY18, APAC's net profit saw a 6.4%YoY decline, mainly due to the impact of residential cooling measures imposed in Jul 2018. Management showed prudence in cost management, with personnel costs and marketing & promotion expenses lower 9.6% and 23.8 YoY in 4Q18.

Low gearing levels. As at FY18, APAC has a low net debt of SGD14.5m (net gearing: 10%). The company has minimal capex requirements and generates strong operating cash flows – we expect it to turn into a net cash position in the coming years.

Attractive 7% yield. The yield is based on a 60% payout ratio (FY18: 67%). There is room for dividends to increase, if management increases the payout ratio further or Singaporean residential property sales volumes see better-than-expected recovery.

Experienced management team. One of APAC's key strengths is its experienced and capable management team. The group's executive officers have an average of c.20 years of experience in the real estate industry. In addition to its executive officers, APAC is supported by eight heads of departments for each of its business segments. These heads have an average of c.18 years of experience within the group.

Investment Case

BUY, SGD0.72 TP, 22% upside, 7% yield. APAC remains a good proxy to residential demand in Singapore, which is expected to remain resilient. The steady earnings from its non-brokerage segment provide stability. The recent move to strengthen its overseas presence should help in earnings diversification and benefit over the long term.

While the stock has rebounded from its lows (+34%) since the start of the year, we believe valuations are still attractive at 9x FY19F P/E.

Key risks include a slump in residential transactions, as well as implementation of additional policy measures and disruption from technology.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	424	408	401
Recurring net profit (SGDm)	24	23	22
Recurring net profit growth (%)	(6.4)	(4.6)	(4.1)
Recurring EPS (SGD)	0.07	0.07	0.06
Recurring P/E (x)	8.4	8.8	9.1
P/B (x)	1.4	1.3	1.3
DPS (SGD)	0.05	0.04	0.04
Dividend Yield (%)	7.9	6.9	6.6
Return on average equity (%)	17.6	15.7	14.2
Net debt to equity (%)	10.1	Net Cash	Net Cash
Interest coverage (x)	66.8	23.0	20.4

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	109	143	151
Total assets	283	316	324
Total current liabilities	81	104	103
Total non-current liabilities	59	59	60
Total liabilities	140	163	162
Shareholders' equity	143	152	161
Minority interests	0	0	0
Other equity	-	-	-
Total liabilities & equity	283	316	324
Total debt	58	58	58
Net debt	14	Net Cash	Net Cash

Source: Company data, RHB

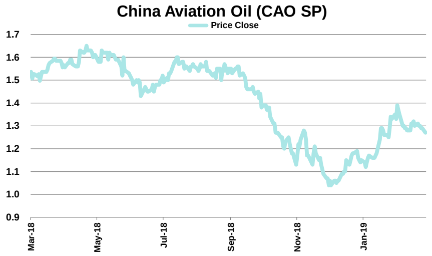
Cash Flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	11	38	26
Cash flow from investing activities	(74)	(1)	(1)
Cash flow from financing activities	43	(13)	(16)
Cash at beginning of period	62	43	68
Net change in cash	(19)	25	9
Ending balance cash	43	68	77

Source: Company data, RHB

China Aviation Oil

Target: SGD1.60
Price: SGD1.27

Proxy To Growth In Chinese Aviation Sector



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CAO SP
Avg Turnover (SGD/USD)	1.07m/0.79m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	1,099m
Beta (x)	1.00
BVPS (SGD)	0.89
52-wk Price low/high (SGD)	1.04 – 1.66
Free float (%)	28.5

Major Shareholders (%)

CNAF	51.3
BP Plc	20.2
Dimensional Fund Advisors	1.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(4.5)	22.1	(18.1)	(18.1)
Relative	(2.6)	15.8	(16.9)	(11.8)

Shekhar Jaiswal +65 6232 3894
shekhar.jaiswal@rhbgroup.com

Investment Merits

- Monopoly on supply of imported jet fuel to China's aviation industry
- Proxy to growing outbound international aviation traffic from China
- SPIA should see a return of strong earnings growth with completion of Shanghai Pudong Airport's (SPA) passenger capacity addition by early 2020. This will also translate into a return of high dividend payment to CAO by SPIA
- Valuations are compelling with 2019 P/E of 4.6x on an ex-cash basis

Company Profile

China Aviation Oil Singapore Corp (CAO) supplies jet fuel to foreign and domestic airlines flying through Chinese and international airports. It also trades in other oil products such as fuel oil and gas oil. Its state-owned parent is Asia-Pacific's largest physical jet fuel trader and the sole supplier of imported jet fuel for China's civil aviation market.

Highlights

To benefit from recovery in international passenger traffic growth in China. China registered 15% YoY growth in international passenger traffic in 2018, up from 7% YoY growth in 2017. This strong growth has sustained in 2019, with the first two months registering 14-23% YoY growth. The revival in international passenger traffic growth is also supported by the rise in jet fuel imports into China, which grew 9% YoY in 2018 vs 6% YoY in 2017. We expect jet fuel imports to continue growing in line with the growth in international passenger traffic. CAO will be a key beneficiary of this trend as it is the sole importer of jet fuel into China that is consumed by all of the country's outbound international flights.

Capacity constraints at SPA to be resolved by early 2020. Amidst capacity constraints, growth in profit contribution from Shanghai Pudong International Airport Aviation Fuel Supply Co (SPIA) – the sole supplier of jet fuel at Shanghai Pudong Airport (SPA) – has moderated over last few years. SPIA, a 33%- associate, accounts for 65% of CAO's profit before tax. SPA commissioned its fifth runway in late 2018, and operations at its new satellite terminal building, which will be the world's largest, are expected to commence in 2H19. With the resolution of capacity constraints, growth in SPIA's profits could exceed our current conservative estimates.

Balance sheet well positioned to undertake large M&A. In 2018, CAO acquired Navires Aviation (NAL) for USD8m. Although it was a small acquisition, NAL enabled CAO to establish into-wing jet fuel supply systems at four European airports, namely Schiphol, Brussels, Frankfurt and Stuttgart – this enhanced CAO's global reach.

With a net cash position of c.USD360m, we believe CAO is well positioned to undertake large acquisitions without the need to take on any debt.

Company Report Card

2018 earnings were ahead of our estimates. CAO reported 2018 PATMI of USD94m (+10% YoY), slightly ahead of our and consensus estimates, amidst better-than-expected GP margin.

Net cash position of c.USD360m. CAO doubled its year-end net cash position to c.USD360m as at end-2018 vs USD180m as at end-2017. With such strong balance sheet, we believe CAO could undertake large, earnings-accretive M&A without undertaking additional debt.

ROE. Despite a net cash balance, CAO witnessed improvement in ROE to 12.6% in 2018 from 12.4% in 2017, aided largely by strong revival in profit growth during 2018.

Dividend. CAO announced DPS of SGD0.045 in 2018, almost in line with its 30% dividend payout policy. We expect CAO to offer 3.6-3.8% dividend yield for 2019F-2020F.

Management. After going through a troubled phase during 2004-2005, CAO's parent completely revamped its management team and brought in global oil major, BP as a strategic investor.

The new management team turned around the business operations and brought back strong profit growth. However, there have been some changes in the management team – a new CEO took over the job responsibility in Sep 2018 with a clear focus on achieving profitability over registering volume growth, and growing the external businesses.

Investment Case

Ex-cash valuation is compelling. We remain optimistic on the company's share price outlook as CAO should see benefits from the return of strong growth in China's international aviation traffic and capacity expansion at SPA.

We derive our TP for CAO using an average of forward P/E, P/BV, EV/adjusted EBITDA, and DCF of adjusted free cash flows. Our TP of SGD1.60 implies 5.8x 2019F ex-cash P/E, which remains compelling, in our view.

Key risks include losses at its oil trading business, despite all the risk control measures and opening up of the Chinese aviation fuel supply market – this would remove CAO's current monopoly. Higher-than-estimated growth in bonded jet fuel imports into China and the acquisition of earnings-accretive businesses are upside risks.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (USDm)	20,612	17,689	18,527
Reported net profit (USDm)	94	97	103
Recurring net profit (USDm)	94	97	103
Recurring net profit growth (%)	9.8	3.8	5.4
Recurring EPS (USD)	0.11	0.11	0.12
DPS (SGD)	0.05	0.05	0.05
Dividend Yield (%)	3.5	3.6	3.8
Recurring P/E (x)	8.6	8.3	7.9
Return on average equity (%)	12.6	12.1	11.7
P/B (x)	1.1	1.0	0.9
P/CF (x)	5.5	40.6	37.9

Source: Company data, RHB

Balance Sheet (USDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	1,330	1,317	1,418
Total assets	1,653	1,650	1,761
Total current liabilities	876	804	842
Total non-current liabilities	8	8	8
Total liabilities	884	812	850
Shareholder's equity	769	838	911
Minority interest	-	-	-
Other equity	-	-	-
Total liabilities & equity	1,653	1,650	1,761
Total debt	-	-	-
Net debt	Net Cash	Net Cash	Net Cash

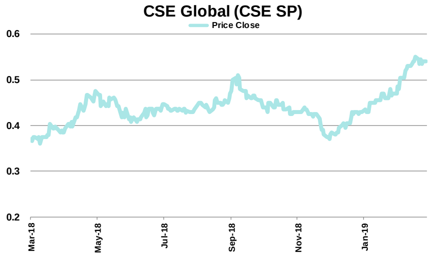
Source: Company data, RHB

Cash Flow (USDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	146	12	13
Cash flow from investing activities	63	70	74
Cas flow from financing activities	(152)	(29)	(30)
Cash at beginning of period	300	358	411
Net change in cash	58	54	57
Ending balance cash	358	411	469

Source: Company data, RHB

CSE Global

Power Up For 2019



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CSE SP
Avg Turnover (SGD/USD)	1.0m/0.7m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	274m
Beta (x)	0.8
BVPS (SGD)	0.34
52-wk Price low/high (SGD)	0.37 – 0.56
Free float (%)	71.5

Major Shareholders (%)

Serba Dinamik Intern	25.2
FMR	10.2
Edgbaston Investment	4.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	42.1	12.5	40.3	8.0
Relative	37.6	12.7	35.3	9.6

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Investment Merits

- Attractive yield of 5%, trading at an undemanding FY19F P/E of 12.3x
- More M&A in the pipeline
- Net cash and solid balance sheet

Company Profile

CSE Global is a worldwide systems integrator, focusing on the provision and installation of control systems, as well as communications and security solutions. The firm targets the oil & gas, infrastructure and mining industries. CSE has an international presence spanning the Americas, Asia-Pacific, Europe, the Middle East, and Africa regions. The company operates a network of 39 offices in 17 countries with a team of more than 1,000 employees.

Highlights

Infrastructure orders intake up 43.6% YoY in FY18 to SGD150.5m. CSE secured SGD84.8m in infrastructure projects in 4Q18, bringing the segment's order intake to SGD150.5m (+43.6% YoY) for the full year. The orders included contracts secured from the Government, which we estimated at between SGD59m and SGD64m.

Actively looking for earnings-accretive acquisitions. The company's growth has always been built upon well-executed acquisitions. We understand that CSE is in the process of working with a 1-2 companies and remain hopeful that the acquisitions will be finalised in FY19. On 22 Mar, the firm announced the proposed acquisition of RCS Telecommunications for AUD11.64m.

Sustainable and attractive yield of 5%. FY18 dividend stood at SGD0.0275 per share. We expect FY19 dividend to be consistent with last year's, given CSE's strong net cash position of SGD37.9m and positive recurring operations cash flows.

Company Report Card

Latest results. CSE's FY18 revenue grew 4% YoY to SGD376.8m on a wider GPM of SGD27.9% (FY17: 26%). The company's FY18 net profit of SGD19.4m beat our forecasted NPAT of SGD18.2m on both revenue and margin improvements. NPM improved to 5.3% from 3.7% in FY17 and is expected to remain stable in the near term.

4Q18's order intake of SGD145.2m was boosted by infrastructure contracts. The large infrastructure project CSE secured in end-2018 – we estimate the value to be c.SGD60m – contributed to the total order intake of SGD384.2m for FY18, slightly above FY17's SGD381.9m.

Management. Lim Boon Kheng is group MD/CEO. He joined CSE in 1999 as group financial controller and was appointed as an executive director on 28 Nov 2013. Lim began his career in 1990 as an accountant with ULC Systems. He then joined Singapore Technologies in 1991 as an accountant and was promoted to various positions within the organisation. Lim holds a Bachelor of Accountancy from National University of Singapore.

Investment Case

Strong net cash position of SGD37.9m and positive recurring operative cash flows offers investors a sustainable and attractive yield of c.5%. Healthy business flows, coupled with growing projects pipeline, results in our BUY rating on this counter with a DCF-derived SGD0.61 TP – this implies FY19F P/E of 13.7x.

Key downside risks include oil price volatility, economic slowdowns, FX, declining order intakes, lower margins, and execution.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	377	401	418
Reported net profit (SGDm)	19	22	25
Recurring net profit (SGDm)	20	23	25
Recurring net profit growth (%)	51.2	12.6	12.7
Recurring EPS (SGD)	0.04	0.04	0.05
DPS (SGD)	0.03	0.03	0.03
Dividend Yield (%)	5.1	5.1	5.1
Recurring P/E (x)	13.8	12.1	10.8
Return on average equity (%)	11.7	12.6	13.4
P/B (x)	1.6	1.5	1.4
P/CF (x)	4.9	7.5	6.8

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	210	223	237
Total assets	269	281	295
Total current liabilities	96	100	103
Total non-current liabilities	1	1	1
Total liabilities	97	101	104
Shareholders' equity	171	179	190
Minority interests	1	1	1
Other equity	-	-	-
Total liabilities & equity	269	281	295
Total debt	36	36	36
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

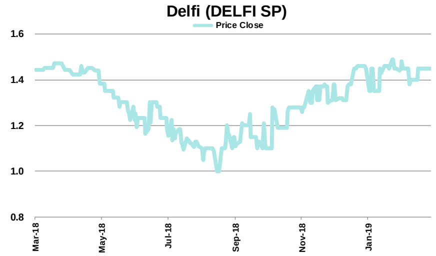
Cash Flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	47	29	32
Cash flow from investing activities	(7)	(8)	(8)
Cash flow from financing activities	(13)	(14)	(14)
Cash at beginning of period	47	74	81
Net change in cash	27	7	10
Ending balance cash	74	81	91

Source: Company data, RHB

Delfi Limited

Target: SGD1.68
Price: SGD1.45

Proxy To Indonesia's Rising Middle Class



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DELFI SP
Avg Turnover (SGD/USD)	0.2m/0.1m
Net Gearing (%)	2.1
Market Cap (SGDm)	886m
Beta (x)	1.1
BVPS (SGD)	0.34
52-wk Price low/high (SGD)	0.99 – 1.57
Free float (%)	48.6

Major Shareholders (%)

John Chuang	50.5
Commonwealth Bank Of Australia	21.0
Standard Life Aberdeen	7.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(0.7)	4.3	25.2	(4.0)
Relative	1.1	(2.0)	26.3	2.1

Juliana Cai +65 6232 3871
juliana.cai@rhbgroup.com

Investment Merits

- Market leader in Indonesia's chocolate confectionery sector
- Premiumisation strategy capitalises on growing demand from a rising middle class
- Improved operating leverage

Company Profile

Listed on SGX in 2004, Delfi markets and distributes its own brand of chocolate confectionery products in Indonesia, the Philippines, Malaysia, and Singapore. Major brands include *SilverQueen*, *Ceres,* and *Delfi* amongst others. The company also distributes agency brands to help improve its overall portfolio offerings and operating leverage.

Highlights

Higher sales led by premiumisation. Given that 2019 is an election year in Indonesia, we expect overall sentiment to stay buoyant and be positive for domestic consumption. In addition, with GDP growth forecasted at 5%, we expect Delfi sales to expand on rising income and higher demand for premium products.

Gross margin expansion. The IDR has recovered from its low in Oct 2018. This should help improve gross margins, given that most of Delfi's raw materials are denominated in USD. Meanwhile, cocoa prices have remained stable and, together with higher sales in premium goods, gross margins should continue to expand this year.

Improved operating leverage. Administration costs increased substantially in 2018, largely due to the implementation of Systems, Applications & Products (SAP) in data processing system, as well as reclassification of corporate personnel costs. Moving into 2019, we expect operating leverage to be realised, with administration costs stabilising.

Company Report Card

Latest results. In FY18, Delfi beat our forecast and recorded a recurring PATMI of USD23m, up 19% YoY when compared to FY17's numbers. This was largely driven by sales of core brands in Indonesia, including *SilverQueen*, *Delfi Premium*, *Selamat*, *Ceres,* and *Cha Cha*. Gross margins also increased 60bps on higher sales from own brands.

Dividend. Delfi has a 50% payout policy.

Management. Delfi is majority-owned by CEO John Chuang. Chuang established the company in 1984 and has close to 40 years of experience in the chocolate confectionery industry. Alan Koo was appointed as CFO in 2018. He has extensive experience in senior financial roles – for the last seven years, Koo was with Heineken Asia Pacific.

Investment Case

A sweet and steady ride. Delfi's share price has outperformed the STI YTD. That said, we believe there is still room for further upside based on its prospects for FY19. The stock is currently trading at 24x FY19F P/E, ie at a discount to peer Mayora Indah (MYOR IJ, BUY, TP: IDR3,300), which is expected to demonstrate similar earnings growth and is trading at 28x FY19F P/E.

Maintain BUY with a TP of SGD1.68 based on an average of DCF valuation. Our TP implies 28x FY19F P/E, which we believe is still reasonable.

Key risks: Lack of stock liquidity and IDR depreciation.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (USDm)	427	484	529
Reported net profit (USDm)	21	27	31
Recurring net profit (USDm)	23	27	31
Recurring net profit growth (%)	35.0	19.0	14.0
Recurring EPS (USD)	0.04	0.04	0.05
DPS (USD)	0.02	0.02	0.03
Dividend Yield (%)	1.80	2.30	2.60
Recurring P/E (x)	28.5	24.1	21.2
Return on average equity (%)	11.2	12.5	13.4
P/B (x)	3.2	3	3
P/CF (x)	64.6	20.7	18.0

Source: Company data, RHB

Balance Sheet (USDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	219	233	255
Total assets	361	375	397
Total current liabilities	142	145	152
Total non-current liabilities	13	12	12
Total liabilities	155	157	164
Shareholder's equity	206	218	232
Minority interest	0	0	0
Other equity	-	-	-
Total liabilities & equity	361	376	397
Total debt	59	50	50
Net debt	4	2	-

Source: Company data, RHB

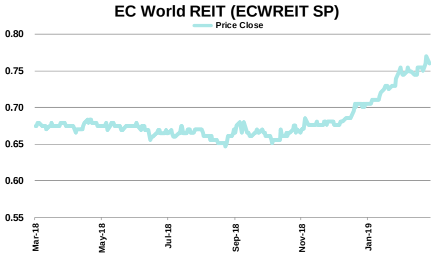
Cash Flow (USDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	10	32	37
Cash flow from investing activities	(19)	(14)	(12)
Cash flow from financing activities	(1)	(24)	(17)
Cash at beginning of period	67	55	48
Net change in cash	(11)	(7)	7
Ending balance cash	55	48	55

Source: Company data, RHB

EC World REIT

Proxy To China's E-Commerce Growth

Target:	SGD0.84
Price:	SGD0.76



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ECWREIT SP
Avg Turnover (SGD/USD)	0.6/0.4m
Net Gearing (%)	31.5
Market Cap (SGDm)	608m
Beta (x)	0.43
BVPS (SGD)	0.87
52-wk Price low/high (SGD)	0.68 – 0.78
Free float (%)	42

Major Shareholders (%)

Forchn Holdings Group	44.2
China Cinda Asset Management	12
Providence World	8.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.0	10.1	7.8	2.7
Relative	(0.2)	4.7	9.0	8.8

Vijay Natarajan, +65 6232 3872
vijay.natarajan@rhbgroup.com

Investment Merits

- Proxy to growth in China's e-commerce and logistics segments
- Master leases with rent escalation provide organic growth
- Strong sponsor (Forchn Group) support with pipeline assets

Company Profile

EC World REIT owns seven assets in China (Hangzhou: six, Wuhan: one) that mainly cater to the e-commerce, logistics and supply-chain segments. The assets are valued at SGD1.4bn, and have a total NLA of 0.75m sqm, with remaining land-lease tenures ranging between 35-47 years.

Highlights

Long master leases show sponsor's commitment. Three of its key properties, which accounted for 70% of NPIE in FY18, are currently under master leases. The leases were due to expire in 4Q20 but were recently extended until 4Q24. Under the new lease term, there will be an annual rent escalation of 1-2% pa. The long leases provide income stability to unitholders.

Proxy to China's e-commerce and logistics growth. With booming e-commerce growth (last three years: 30-40% pa) and limited good quality logistics assets in China, we believe the REIT's assets are well-positioned in future growth segments.

As its properties largely cater to domestic consumption, we see minimal impact from the US-China trade war, while the company could potentially benefit from the Government's push to boost domestic growth.

Room for acquisition leading to growth in the near-term. The REITs current gearing of 31.5%, is on the lower end compared to its peers and provides debt headroom of ~SGD200m for acquisitions (assuming 40% as a comfortable level). We believe EC World could potentially look at acquiring its sponsor's Fu Zhou e-commerce property in the near-term. It also has access to 13 YCH logistics assets across SE Asia, which if acquired, could transform it into a pan Asian e-commerce logistics play.

Strong sponsor support with 44% stake. Sponsor, Forchn has >25 years of track record with interests across the diversified real estate and e-commerce sectors. Additionally, the latter's wholly-owned RuiYiCang subsidiary is a leading China-based omni-channel e-commerce service provider that operates 35 warehouses in 23 cities.

It is also one of the founding shareholders of smart logistics provider Cainiao Network, along with Alibaba and other key logistics players.

Company Report Card

FY18 DPU up 2.6% YoY. 4Q revenue and NPI rose 13.5% and 16.1% YoY on the back of contributions from recently-acquired Wu Han Mei Luo Te property. Finance costs rose 5.5%YoY on higher borrowings. NAV/unit declined 4% YoY to SGD 0.87, mainly due to weakening of the CNY against the SGD.

Interest costs expected to inch slightly higher in FY19. EC World's entire debt of SGD 475m comprising onshore and offshore loans are due to mature in Jul 2019. We understand that management is currently in advanced discussions with the bank on extending these term loans. We have factored in a 20bps increase in interest cost to the current all-in interest rate of 5.2% pa (includes amortised upfront fee).

Expecting 3-7% positive rent reversions. Post extension of master lease terms (which are subject to unit holders' approval) EC World's WALE will be extended to 4.8 years (from 2 years now) with 72% of leases expiring after 2023. For FY19, about 6.5% of leases are due for renewal with the majority coming from newly-acquired Wuhan Meiluote (WHML). As the property is currently under–rented compared to the market, we see scope for healthy positive rent reversions in the mid-single digits.

Investment Case

BUY with TP of SGD 0.84, 8% yield. EC World currently offers high FY18F-19F yields of 8.8% and 9.2%, which are a good 250-150bps above the average yields of S-REITs and overseas REITs.

We believe its portfolio of logistics e-commerce assets, coupled with annual rent escalations and growth potential, make it a value buy among overseas S-REITs.

Key risks include unfavourable forex fluctuations and unexpected slowdown in China's GDP growth.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	96	97	100
Net property income (SGDm)	87	89	92
Reported net profit (SGDm)	47	56	57
Total distributable income (SGDm)	49	50	52
DPS (SGD)	0.06	0.06	0.06
DPS growth (%)	2.4	2.5	1.6
Recurring P/E (x)	12.7	9.0	7.0
P/B (x)	0.9	0.9	0.9
Dividend Yield (%)	8.2	8.4	8.5
Return on average equity (%)	5.9	6.9	7.0
Return on average assets (%)	3.1	3.6	3.7

Source: Company data

Balance Sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	142	125	116
Total assets	1,516	1,528	1,549
Total current liabilities	507	39	38
Total non-current liabilities	320	790	801
Total liabilities	827	829	839
Shareholders' equity	689	699	710
Minority interests	-	-	-
Other equity	-	-	-
Total liabilities & equity	1,516	1,528	1,549
Total debt	466	471	476
Net debt	323	345	359

Source: Company data

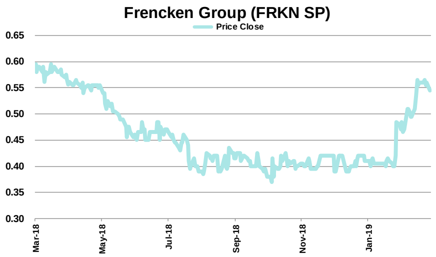
Cash Flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	63	68	69
Cash flow from investing activities	(30)	(2)	(2)
Cash flow from financing activities	(76)	(95)	(89)
Cash at beginning of period	185	154	137
Net change in cash	(43)	(29)	(21)
Ending balance cash	142	125	116

Source: Company data

Frencken Group

Potential Venture In The Making

Target:	**N/A**
Price:	**SGD 0.55**



Source: Bloomberg

Stock Profile

Bloomberg Ticker	FRKN SP
Avg Turnover (SGD/USD)	0.7m/0.5m
Net Gearing (%)	0.6
Market Cap (SGDm)	230.2m
Beta (x)	1.2
BVPS (SGD)	0.6
52-wk Price low/high (SGD)	0.37 – 0.66
Free float (%)	62

Major Shareholders (%)

Thong Low Heang	6.3
Micro Compact Sdn Bh	6.2
Precico Singapore Pt	6.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	17.2	39.7	28.2	(8.7)
Relative	17.5	34.8	29.9	(3.4)

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- Industrial automation to lead surge in FY19F revenue & profitability
- Dividends likely to increase on 30% payout ratio
- Significantly undervalued, trading at well below peer valuations

Company Profile

Frencken Group is a global integrated technology solutions company that serves world-class multinational companies in the automotive, healthcare, industrial, life sciences and semiconductor industries.

Highlights

Revenue from Industrial automation likely to continue surging. Sales at the industrial automation segment, which is typically lumpy in nature, increased significantly by 548.4% YoY in 4Q18 and 153.5% in FY18, boosted by increased orders for storage drive production equipment from a key customer that is setting up a new factory. Management expects to post robust YoY growth in 1Q19 due to the same reason. We do expect these strong growth factors to carry on in 2Q19 and 3Q19 as well, which should be very positive for Frencken.

Revenue growth from analytical and automotive segment. Management is also bullish on the outlook at its analytical and automotive segment and expects YoY growth for these segments in 1Q19. We are projecting YoY growth for FY19F at these two segments as well, on new customers and new projects.

Dividends likely to increase. We believe Frencken is a potential Venture in the making, with its technology also making rapid advancements in recent years to be able to provide more solutions to its customers. Trading at well below its peers' 12x FY19F at just 7.8x FY18 P/E, coupled with potential bumper growth in FY19F and increased dividends as well on a 30% payout ratio, we believe Frencken is significantly undervalued at current levels.

Company Report Card

Latest results. In FY18, the group's revenue increased 21.5% YoY to SGD625.8m from SGD515.1m on higher sales contributed by the mechatronics division (+33.1% YoY), offset by a decline of 9.1% at the IMS Division. The decline was due to the absence of sales at Precico Electronics, which was divested on 31 Mar 2017. Gross profit margin remained the same at 16.3% in FY18.

Excluding one-off items, the group's PATMI increased 47.4% YoY from SGD23m in FY17 to SGD33.9m in FY18.

Dividend. The board declared dividend of SGD0.0214 per share for FY18 as compared to SGD0.0239 in FY17, which comprised SGD0.0073 of special dividend per share

Management. Mohamad Anwar Au (also known as Dennis Au) is the president and executive director of Frencken Group. He was appointed president on 5 May 2015 and ED on 28 Apr 2016. He has over 30 years of experience in the high technology industry. Mr Au is responsible for setting the group's strategic direction and overseeing the global operations. He graduated from the National University of Malaysia with a Bachelor of Engineering (Electronic, Electrical and Systems).

Investment Case

Significantly undervalued compared to peers. We believe that Frencken is a potential Venture in the making, with its technology also making rapid advancements in recent years to be able to provide more solutions to its customers.

Trading at just 7.8x FY18 P/E, which is well below its peers' 12x for FY19F, coupled with potential bumper growth in FY19F and increased dividends on a 30% payout ratio, we believe Frencken is significantly undervalued now.

Key risks include economic slowdown, and customers delaying orders

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (SGDm)	466	515	626
Reported net profit (SGDm)	16	34	30
Recurring net profit (SGDm)	16	23	34
Recurring net profit growth (%)	15.9	23.0	33.9
Recurring EPS (SGD)	0.04	0.05	0.08
DPS (SGD)	0.01	0.02	0.02
Dividend Yield (%)	2.2	4.4	3.9
Recurring P/E (x)	14.4	10.0	6.8
Return on average equity (%)	7.5	13.7	11.5
P/B (x)	1.0	0.9	0.9
P/CF (x)	9.1	5.5	6.6

Source: Company data, RHB

Balance sheet (SGDm)	Dec-16	Dec-17	Dec-18
Total current assets	230	294	339
Total assets	363	420	464
Total current liabilities	142	163	190
Total non-current liabilities	6	7	7
Total liabilities	148	171	196
Shareholders' equity	213	247	265
Minority interests	2	2	3
Other equity	-	-	-
Total liabilities & equity	363	420	464
Total debt	59	64	69
Net debt	40	Net Cash	2

Source: Company data, RHB

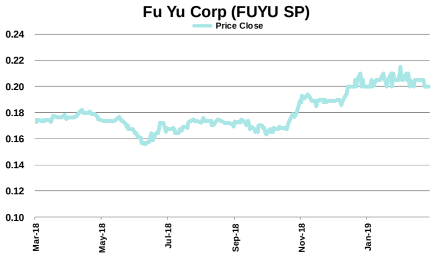
Cash flow (SGDm)	Dec-16	Dec-17	Dec-18
Cash flow from operations	25	42	35
Cash flow from investing activities	(20)	14	(23)
Cash flow from financing activities	(20)	14	(23)
Cash at beginning of period	(12)	(10)	45
Net change in cash	1	56	0
Ending balance cash	(10)	45	45

Source: Company data, RHB

Fu Yu Corporation

Bags Of Cash

Target:	SGD 0.24
Price:	SGD 0.20



Source: Bloomberg

Stock Profile

Bloomberg Ticker	FUYU SP
Avg Turnover (SGD/USD)	0.25m/0.19m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	150.6.m
Beta (x)	0.91
BVPS (SGD)	0.22
52-wk Price low/high (SGD)	0.16 – 0.22
Free float (%)	59.7

Major Shareholders (%)

Tam Wai	12.9
Ho Nee Kit	12.9
Ching Heng Yang	11.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.4)	5.8	14.3	6.4
Relative	(2.1)	1.0	16.0	11.7

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- High dividend yield of 8%
- Strong balance sheet with SGD80m net cash
- Recovery in topline with improvement in margins

Company Profile

Fu Yu provides vertically integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies. Since its inception in 1978, the group has grown to become one of the largest manufacturers of high precision plastic parts and moulds in Asia. Today, it has established a strong presence in the region with manufacturing facilities in Singapore, Malaysia and China.

Leveraging on over 40 years of operating history, the group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

Highlights

Exceptional FY18. FY18 topline reversed its decline and increased by 1.4% YoY, contributed mainly by new customers in the automotive, medical and consumer space. Gross margins improved to 17.8% from 17.1% a year ago due to higher margins from the automotive and medical projects – this will likely continue on higher contributions from new projects in the medical sector that will likely ramp up from 2Q19 onwards. The group declared total dividends of SGD0.016 for FY18 vs SGD0.015 a year ago, representing a yield of 7.4%.

Dividends likely sustainable. With a sound balance sheet (net cash of SGD80.3m), positive operating cash flows of SGD15-20m a year and an improving business, we expect Fuyu to continue rewarding shareholders with higher and more attractive dividends. We expect dividends to at least be maintained at SGD0.016 for FY19F, and potentially increase if PATMI rises far above our forecast.

Revenue growth likely to continue. Fuyu is working on other new projects in the medical, consumer and automotive front, as well as helping existing customers with their newer projects. It managed to reverse its revenue decline in FY18 and we expect such positive growth momentum to continue into FY19F.

Company Report Card

Latest results. FY18 earnings increased 1.4% YoY to SGD197.7m, mainly from contributions by new customers in the automotive, medical and consumer space. Gross margin improved to 17.8% YoY from

17.1% in FY17 due to higher margins from automotive and medical projects, which would likely continue as it should enjoy higher contributions from new projects in the medical sector – these are expected to ramp up from 2Q19.

Dividend. The group declared total dividends of SGD0.016 for FY18, compared to SGD0.015 a year ago, representing a yield of 8%. We are expecting FY19F dividend to at least be maintained.

Management. Fu Yu was co-founded by three of its existing directors, Ching Heng Yang (vice chairman), Ho Nee Kit and Tam Wai. They have around 40 years of experience in the plastic injection and mould fabrication industries.

Together with the management team, the founders have guided the group from its start as a small moulding and tooling fabrication factory to take on more complex processes before eventually transforming into a one-stop solutions provider of plastic injection moulding and assembly.

Investment Case

Still our Top Pick in the small-mid cap manufacturing space - Reiterate BUY. With the ramp up of existing projects expected to continue in subsequent quarters, coupled with further new projects in the medical, consumer and automotive front, we expect the positive growth momentum to continue. In addition, a rising USD would also be beneficial for the group.

Management is still actively seeking ways to further optimise the cost structure of its operations in the region, especially in China, such as rightsizing exercises and the sale or lease of unutilised factory space if suitable opportunities arise – this will further improve margins.

Supported by an attractive yield, we are maintaining our BUY call on the stock with higher DCF-backed TP of SGD0.24. Fu Yu remains our top pick in the small-mid cap manufacturing space.

Key risks include a slowdown in the economy and a worsening trade war between the US and China.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	198	204	211
Reported net profit (SGDm)	12	13	14
Recurring net profit (SGDm)	12	13	14
Recurring net profit growth (%)	165.5	13.1	6.2
Recurring EPS (SGD)	0.02	0.02	0.02
DPS (SGD)	0.02	0.02	0.02
Dividend Yield (%)	8.0	8.0	8.0
Recurring P/E (x)	12.7	11.2	10.6
Return on average equity (%)	7.2	8.1	8.5
P/B (x)	0.9	0.9	0.9
P/CF (x)	5.9	7.1	6.3

Source: Company data, RHB

Balance sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	157	160	162
Total assets	212	216	220
Total current liabilities	47	50	51
Total non-current liabilities	1	1	1
Total liabilities	47	51	52
Shareholders' equity	164	166	168
Minority interests	-	-	-
Other equity	-	-	-
Total liabilities & equity	212	216	220
Total debt	-	-	-
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

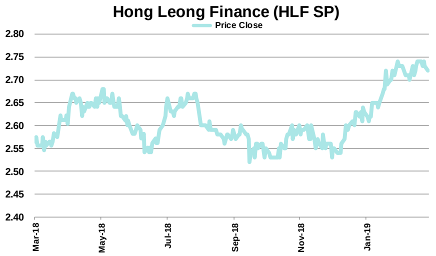
Cash flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	25	21	24
Cash flow from investing activities	(5)	(8)	(8)
Cash flow from financing activities	(33)	(12)	(12)
Cash at beginning of period	92	77	74
Net change in cash	(15)	(3)	(0)
Ending balance cash	77	74	74

Source: Company data, RHB

Hong Leong Finance

NIMs Seen To Widen

Target: N/A
Price: SGD2.72



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HLF SP
Avg Turnover (SGD/USD)	0.3m/0.2m
Net Gearing (%)	N/A
Market Cap (SGDm)	1,215m
Beta (x)	0.26
BVPS (SGD)	4.20
52-wk Price low/high (SGD)	2.52 – 2.83
Free float (%)	70

Major Shareholders (%)

Hong Leong Investment	22.3
Hong Realty	5.2
Kwek Leng Beng	1.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	(0.4)	6.7	5.4	0.7
Relative	0.9	1.3	6.3	7.5

Leng Seng Choon, CFA, PBM +65 6232 3890
leng.seng.choon@rhbgroup.com

Investment Merits

- Falling share of fixed rate loans will help to widen NIM as SIBOR rose over the past few months – this will raise lending yields
- Balance sheet has expanded at a decent pace in 2018 and is expected to grow further in 2019
- Trading at a P/BV of c.0.65x, which provides scope for share price upside

Company Profile

Hong Leong Finance is Singapore's largest finance company, with a network of 28 branches and 11 SME Centres island-wide (one more to be added in 1H19).

Highlights

Margins widened, as low-yield property development loans are reduced. Between 2016 and 2017, HLF deliberately decreased its lower-yield loans by c.SGD1bn – replacing them with small & medium enterprise (SME) and other new higher-yield property loans. This helped widen NIM by 21bps YoY in 2018.

Falling fixed rate loans share. Fixed rate loans' share fell to 23% from 27%, with the balance being floating rate loans either linked to SIBOR or an internal base rate. Given the SIBOR rise over the past few months, this is positive for NIMs expansion.

Expenses kept under control. Over the past two years, there has been a general freeze in headcount and increment, helping to keep costs under control.

Company Report Card

Latest results. HLF recorded 2018 net profit of SGD118m, up a strong 38% YoY. This came on NII rising 21% YoY – NIM was up 21bps due to a rise in average loan yields, with higher loan growth outpacing a rise in average funding costs when compared with 2017.

Balance sheet expanded. 2018 net loan assets rose 4% YoY to SGD10.3bn, whilst deposits were up 6% to SGD11.3bn. 2018 total assets and liabilities were also up YoY.

Dividends. In Feb 2019, HLF declared a final dividend of SGD0.10 per share, lifting full-year dividends to SGD0.15 per share, representing a payout ratio of 56%.

Investment Case

Loan yield should continue to rise in 2019. The current 3-month SIBOR, at 1.94%, is 21bps higher than the 4Q18 average of 1.73%. It is also 5bps more than the end-2018 level of 1.89%. Repricing of loans will help to raise loan yields, as the share of fixed-rate loans is a low 23%. We note that housing loans are typically repriced about a month after changes in SIBOR.

Bulk of fixed deposits is in the 12-month tenure. Slightly less than 60% of fixed deposits are in the 12-month tenure. With the recent upsurge in SIBOR, as well as commercial banks competing for deposits, the rise in funding cost should be less severe for HLF.

Key risks include a fall in Singapore's interest rates and asset quality deterioration.

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (SGDm)	149	190	228
Reported net profit (SGDm)	53	86	118
Recurring net profit (SGDm)	53	86	118
Recurring net profit growth (%)	(27.2)	61.5	38.1
Recurring EPS (SGD)	0.12	0.19	0.27
DPS (SGD)	0.09	0.13	0.15
Dividend Yield (%)	3.3	4.8	5.5
Recurring P/E (x)	22.7	14.1	10.2
Return on average equity (%)	3.1	5.0	6.5
P/B (x)	0.7	0.7	0.6

Source: Company data

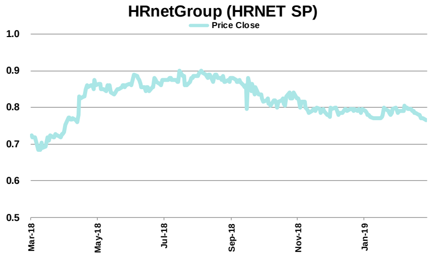
Balance Sheet (SGDm)	Dec-16	Dec-17	Dec-18
Loans & Advances	9,515	9,877	10,278
Total assets	12,313	12,543	13,381
Deposits & Savings account	10,442	10,659	11,338
Total liabilities	10,616	10,801	11,507
Shareholders' equity	1,697	1,742	1,874
Minority interests	-	-	-
Other equity	-	-	-
Total equity	1,697	1,742	1,874
Total liabilities & equity	12,313	12,543	13,381

Source: Company data

Target: SGD 1.06
Price: SGD 0.77

HRnetGroup

Branching Out Regionally



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HRNET SP
Avg Turnover (SGD/USD)	0.2m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	774.m
Beta (x)	0.70
BVPS (SGD)	0.33
52-wk Price low/high (SGD)	0.71 – 0.91
Free float (%)	19.9

Major Shareholders (%)

Simco Global	74.9
Technopro	3.0
Hsbc	2.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.5)	(3.1)	(12.5)	4.1
Relative	(2.2)	(8.0)	(10.8)	9.4

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- Strong balance sheet with SGD280m net cash
- Looking for acquisitions to spur further growth
- Undervalued as compared to peers

Company Profile

HRnetGroup is the largest recruitment agency in the Asia-Pacific (ex-Japan), compared to other key players with a presence in the region. The group operates 11 brands in 10 Asian growth cities, namely Singapore (where it is headquartered), Kuala Lumpur, Bangkok, Hong Kong, Taipei, Guangzhou, Shanghai, Beijing, Tokyo, and Seoul., HRnetGroup provides professional recruitment, flexible staffing, and other HR services (payroll, training) to over 2,000 clients from 30 diversified sectors such as financial institutions, retail & consumer, IT and telecommunications.

Highlights

Looking into Vietnam for acquisitions. Management shared that it is in talks for a potential M&A, likely in Vietnam, with a company size similar of that of REForce (previous acquisition). The company is profitable, and we think that it will likely be accretive to HRnetGroup's bottomline, as in the case of REForce.

Revaluation loss due to unrealised securities loss. HRnetGroup holds some securities on its balance sheet, mostly for strategic purposes, (most belong to Technopro). The correction in 4Q18 has resulted in a revaluation loss for these securities, which are non-core and mainly held for long-term strategic purposes. Management stated that most of these positions have since recovered and there should be some revaluation gain in 1Q19.

One-off bad debt provision prompts tighter credit controls. In 4Q18, HRnetGroup incurred a provision of bad debt of SGD1.6m, of which SGD1.3m belongs to a bike operator and the remaining SGD0.3m to another unicorn start-up in Hong Kong. It is still trying to recover the SGD1.3m and has commenced legal proceedings. Management shares that it has since revised the company's credit allowance to customers to a maximum SGD0.1m. Customers have to pay up the excess before HRnetGroup continues to provide more services for them. There is also a weekly email to highlight any potential risks regarding payment.

Company Report Card

Latest results. In FY18, HRnetGroup reported a 16.6% surge in PATMI to an all-time high of SGD48.2m on the back of a record SGD428.5m in revenue (+9.3% YoY). The growth came from the flexible staffing business in Singapore and Hong Kong and professional recruitment in China as well as Hong Kong.

However, 4QFY18 PATMI fell 48% YoY to SGD6.3m, largely due to one-off revaluation loss due to unrealised sureties loss and one-off bad debt provision.

Dividend. The board declared a dividend of SGD0.028 per share, representing a payout ratio of 53.7% of NPAT. Going forward, with SGD290m in net cash, we expect 3% dividend yield from this counter.

Management. The group's management consists of an experienced team with many years in the human resource industry. The founding chairman, Mr Peter Sim, has close to 40 years of experience in HR functions and the recruitment industry. Adeline Sim, executive director, first joined her father, Peter Sim, as legal counsel. She was appointed to the board on 16 May 2017. She is responsible for the corporate strategy and leads the tactical legal initiatives for the group.

Investment Case

1Q19 seeing some weakness. Due to the ongoing trade war issues, management said some companies are holding off hiring while waiting for the trade talks to settle, and have noticed some weakness in their business in 1Q19, especially in China. However, we remain optimistic for FY19 despite a weaker 1Q19. With SGD290m of net cash, 3+% dividend yield and potential accretive acquisitions, we maintain BUY with a DCF-backed TP of SGD1.06.

Key risks. Economic slowdown, defaults from new start-ups.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	428	453	476
Reported net profit (SGDm)	48	52	55
Recurring net profit (SGDm)	48	52	55
Recurring net profit growth (%)	16.6	8.3	6.2
Recurring EPS (SGD)	0.05	0.05	0.06
DPS (SGD)	0.03	0.03	0.03
Dividend Yield (%)	3.7	3.4	3.6
Recurring P/E (x)	16.0	14.8	13.9
Return on average equity (%)	14.5	14.4	14.0
P/B (x)	2.3	2.1	2.0
P/CF (x)	12.7	9.9	10.7

Source: Company data, RHB

Balance sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	385	433	467
Total assets	415	463	498
Total current liabilities	61	80	83
Total non-current liabilities	9	9	9
Total liabilities	70	89	92
Shareholders' equity	333	363	394
Minority interests	11	11	11
Other equity	-	-	-
Total liabilities & equity	415	463	498
Total debt	-	-	-
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

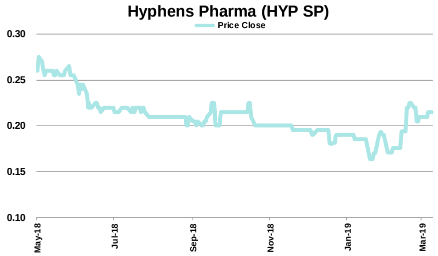
Cash flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	60	78	72
Cash flow from investing activities	(27)	(1)	(1)
Cash flow from financing activities	(31)	(26)	(28)
Cash at beginning of period	289	282	320
Net change in cash	(7)	39	30
Ending balance cash	282	320	350

Source: Company data, RHB

Target: N/A
Price: SGD0.21

Hyphens Pharma

An Undervalued Pharmaceutical And Consumer Healthcare Group



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HYP SP
Avg Turnover (SGD/USD)	0.1m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	60.0m
Beta (x)	1
BVPS (SGD)	0.13
52-wk Price low/high (SGD)	0.16 – 0.31
Free float (%)	20.0

Major Shareholders (%)

Inomed Holding	65.4
Tan Chwee Choon	14.6
Dbs Asset Management	1.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	13.6	2.6	(4.8)	N/A
Relative	13.8	(2.5)	(3.2)	N/A

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Investment Merits

- Significantly undervalued, trading below industry average
- Commercialisation of *Ceradan® Advanced* likely to boost its Proprietary Brands segment revenue in FY19-20F
- Vietnam market continues to be its key growth driver for Specialty Pharma Principals segment in FY19

Company Profile

Hyphens Pharma is one of Singapore's leading specialty pharmaceutical and consumer healthcare groups, leveraging on its diverse footprint in ASEAN countries. The group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

Highlights

Launch of *Ceradan® Advanced*. One of Hyphens' business strategies is to expand and strengthen its proprietary brands. Its existing range of proprietary products include dermocosmetics under *Ceradan®* and *TDF®* brands, and health supplements under the *Ocean Health®* brand. The group launched four new products in 2017 and five products in 2018, and is targeting to launch *Ceradan® Advanced* in 2QFY19, among others.

Sustaining growth momentum through scaling up its presence and expanding into new markets. Having direct presence in five ASEAN countries, and the strong marketing and distribution network in another five jurisdictions, the group can leverage on existing channels to market more products – eg, marketing more products through chain pharmacies.

Double-digit revenue growth in Vietnam and Malaysia. Hyphens registered 11.6% and 7.3% YoY revenue growth in FY17 and FY18. Vietnam, being one of its key markets, contributed 52.7% of its overall revenue, with 21.8% and 12.5% YoY growth in FY17 and FY18. The percentage of revenue generated outside Singapore is expected to increase, as the group aims to increase its presence in its existing markets as well as new geographical markets.

Company Report Card

Latest results. Revenue for FY18 was up 7.3% to SGD120.9m. The increase in revenue came on the back of higher sales from the specialty pharma principals segment and the proprietary brands segment. FY18 gross profit grew 10.4% YoY to SGD40.8m and gross margin improved to 33.7% from 32.8% in FY17. PATMI was SGD5.5m down from SGD6.1m in FY17 due to IPO expense and impairment loss on goodwill.

Dividend. Hyphens does not have a fixed dividend policy. However, the board has intended to distribute at least 30% of PATMI to shareholders for FY18 and FY19. As such, the company declared SGD0.0055 dividend per share for FY18, which represented 30.6% of PATMI.

Management. Chairman, ED and CEO, Mr Lim See Wah, and ED, Mr Tan Chwee Choon, have more than 25 and 35 years of experience in the pharmaceutical industry. Mr Lim has been with the group since the inception in Sep 1998, and is overseeing group operations as well as strategic direction. Mr Lim graduated with a Bachelor of Science (Pharmacy) with Honours (Second Class Honours Upper Division) from the National University of Singapore in Jun 1992.

Investment Case

This counter is currently trading at 8.2x FY18 P/E, a significant discount to the industry average of c. 19x P/E. Coupled with the group's strategic plan to grow its specialty pharma principals and proprietary brands segments, we believe it is time for the stock to play a valuation catch-up. The company's IPO was priced at SGD 0.26 a share.

In addition, we like the stock for its clean balance sheet and positive operating cash flows, as well as dividend payouts of not less than 30% in FY19.

Key risks. Unsuccessful product registration, reliance on the relationships with brand principals, and foreign exchange fluctuation risk

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (SGDm)	101	113	121
Reported net profit (SGDm)	5	6	5
Recurring net profit (SGDm)	5	5	6
Recurring net profit growth (%)	3.6	16.2	(11.1)
Recurring EPS (SGD)	0.02	0.02	0.02
DPS (SGD)	-	-	0.01
Dividend Yield (%)	-	-	2.8
Recurring P/E (x)	11.5	9.4	8.2
Return on average equity (%)	26.7	32.3	13.8
P/B (x)	3.1	3.2	1.5
P/CF (x)	8.0	11.3	6.9

Source: Company data, RHB

Balance sheet (SGDm)	Dec-16	Dec-17	Dec-18
Total current assets	42	49	64
Total assets	53	60	75
Total current liabilities	29	39	35
Total non-current liabilities	4	2	1
Total liabilities	33	41	36
Shareholders' equity	20	19	39
Minority interests	-	-	-
Other equity	-	-	-
Total liabilities & equity	53	60	75
Total debt	7	4	3
Net debt	Net Cash	Net Cash	Net Cash

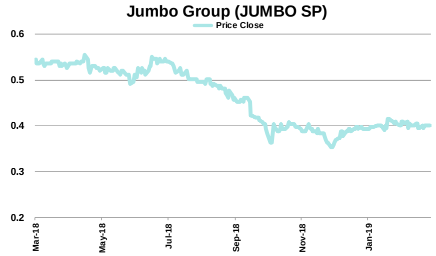
Source: Company data, RHB

Cash flow (SGDm)	Dec-16	Dec-17	Dec-18
Cash flow from operations	8	5	9
Cash flow from investing activities	(11)	(0)	(3)
Cash flow from financing activities	4	(5)	6
Cash at beginning of period	14	13	12
Net change in cash	(1)	(0)	10
Ending balance cash	13	12	22

Source: Company data, RHB

Jumbo Group

Target:	**N/A**
Price:	**SGD0.40**



Source: Bloomberg

Stock Profile

Bloomberg Ticker	JUMBO SP
Avg Turnover (SGD/USD)	0.1m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	256
Beta (x)	0.90
BVPS (SGD)	0.105
52-wk Price low/high (SGD)	0.36 – 0.57
Free float (%)	32

Major Shareholders (%)

JBO Holdings	45.6
Ron Sim	10.0
Tan Gee Jian	6.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.3)	8.2	(16.0)	(28.2)
Relative	0.5	1.8	(14.8)	(22.0)

Juliana Cai +65 6232 3871
juliana.cai@rhbgroup.com

Investment Merits

- Two new Jumbo seafood restaurants in Singapore to drive growth
- Higher franchisee income from new stores' full-year contributions
- Trading below historical P/E

Company Profile

Jumbo group was founded in 1987 and listed on the Catalist board of Singapore Exchange in 2015. As at 1QFY19, the group operates 20 restaurants and has six franchisee-operated restaurants. Its main brands are *Jumbo Seafood* and *Ng Ah Sio* Bak Kut Teh.

Highlights

New stores openings. The group opened a new *Jumbo Seafood* restaurant at Ion Orchard in Dec 2018 and is expected to open another in Jewel Changi Airport in April 2019. We believe the new stores would contribute positively to both topline and bottomline in FY19. On top of that, we note that the group has plans to open one new Teochew Cuisine restaurant and two *Tsui Wah* outlets this year. There is also potential for more *Jumbo Seafood* outlet openings in Shanghai and Beijing.

Higher franchisee income. The group added three franchised *Jumbo Seafood* restaurants and one *Ng Ah Sio* franchised outlet in 2018. We expect to see higher franchisee income with full-year contributions from these new franchised restaurants. While franchisee income only constitutes 1-2% of Jumbo's revenue, it flows directly to the bottomline and helps to raise the group's overall margins.

Earnings have bottomed out. 1QFY19 PATMI turned around and grew 15.7% YoY after 6 quarters of consecutive decline as the other operating expenses stabilise.

Company Report Card

Latest results. In 1QFY19, revenue was down 1.5% YoY but PATMI was up 15.7% as non-controlling parties helped to absorb some of the losses in China.

Dividend. Jumbo commits to paying 70-75% of earnings as dividends.

Management. Jumbo is majority-owned by CEO, Ang Kiam Meng's family. Mr Ang has 25 years of experience serving the group and is responsible for overall management, operations, strategic planning, and business development of the group. CFO, Tay Peng Huat was appointed at the end of 2014. He has over 30 years of experience in finance and accounting.

Investment Case

Trading below historical valuation. We see value in the current share price. Based on consensus' estimates, the stock is trading at 20x FY19F P/E. This seems undemanding compared to its historical average P/E of 26x. The group was buying back its shares at around SGD0.36-0.42. Hence, we believe there is support at current levels. We do not have a rating for the stock at the moment.

Key risks. Weakening of its China operations, and higher operating costs.

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (SGDm)	137	145	153
Reported net profit (SGDm)	16	14	11
Recurring net profit (SGDm)	16	14	11
Recurring net profit growth (%)	46.3	(6.7)	(23.8)
Recurring EPS (SGD)	0.02	0.02	0.02
DPS (SGD)	0.02	0.02	0.01
Dividend Yield (%)	4.3	4.3	3.0
Recurring P/E (x)	16.5	17.7	23.3
Return on average equity (%)	23.9	22.2	16.9
P/B (x)	4.0	3.9	3.9
P/CF (x)	12.9	22.1	15.9

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-16	Dec-17	Dec-18
Total current assets	67	62	60
Total assets	86	83	88
Total current liabilities	19	14	18
Total non-current liabilities	1	-	-
Total liabilities	20	15	18
Shareholders' equity	65	65	65
Minority interests	2	3	4
Other equity	-	-	-
Total liabilities & equity	86	83	88
Total debt	1	-	-
Net debt	-	-	-

Source: Company data, RHB

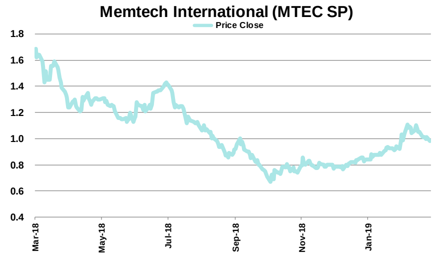
Cash Flow (SGDm)	Dec-16	Dec-17	Dec-18
Cash flow from operations	20	12	16
Cash flow from investing activities	(8)	(6)	(11)
Cash flow from financing activities	(13)	(14)	(10)
Cash at beginning of period	60	59	51
Net change in cash	(1)	(8)	(5)
Ending balance cash	59	51	47

Source: Company data, RHB

Memtech International

Undervalued Proxy To Trade-War Recovery

Target:	**N/A**
Price:	**SGD 0.98**



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MTEC SP
Avg Turnover (SGD/USD)	0.2m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	133.8m
Beta (x)	1.3
BVPS (SGD)	0.90
52-wk Price low/high (SGD)	0.65 – 1.75
Free float (%)	46.4

Major Shareholders (%)

Keytech Investment P	44.0
Chuang Wen Fu	4.0
Chuang Tze-Mon	2.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.0)	21.7	0.0	(43.5)
Relative	(2.8)	16.7	1.6	(38.2)

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- New consumer projects to bump PATMI for FY19F
- Dividend likely to increase to SGD0.04 for FY19F
- Trading well below peers at 8x FY19F

Company Profile

Memtech International is a global components solution provider working with its partners in the business of automotive components, industrial & medical, mobile communications, and consumer digital devices. The group is a Singapore-based company with three manufacturing sites in the People's Republic of China (PRC): Dongguan, Kunshan & Nantong. Besides a wide network of sales and engineering offices in the PRC, Memtech also has offices in Germany, Japan, the US, and Taiwan to support its global reach of products and services.

Highlights

New consumer projects secured in FY18 should bump growth in FY19F. Memtech secured a few key and sizable contracts on its consumer front in FY18. After many delays, one project involving headphones is currently slated to ramp up in 2Q19, while its fan-based project for a prominent customer in the US on its laptops is slated to ramp up in 2Q19, 3Q19, and 4Q19. The group has also secured another headphone project from one of the market leaders in high-quality headphone for its next-generation model, slated to launch in 2H19. With these projects, we expect the consumer segment to drive growth in 2019.

1Q19 likely to be weak due to slowdown in China automation. Auto sales including passenger and commercial vehicles fell 2.8% to 28m units last year, the first contraction in more than two decades. We believe this will likely affect Memtech, especially in 1Q19, when it will likely suffer a PATMI decline. However, as 1Q normally accounts for only a small portion of the full-year PATMI, the remaining quarters will likely still bump up the earnings for the year.

Dividends should increase 33% to SGD0.04. With a potential strong rebound in FY19F, management has always been keen to reward shareholders with better dividends. We do expect dividends to increase to SGD0.04 from SGD0.03 in FY18, as we expect FY19 performance to be much better.

Likely to hit bottom in FY18. In our view, we think FY18's performance has likely hit the bottom and can only pick up from here, mainly due to project delays which will flow into FY19, as well as material cost increase and labour issues affecting margins. With new and more projects with lucrative margins to kick in 2Q19 onwards, we think a stronger FY19F lies ahead for Memtech.

Company Report Card

Latest results. Revenue increased 13.2% YoY in FY18 to USD192.5m led by growth in the automotive, consumer electronics and the industrial & medical segments. However, GPM was impacted by the rising labour and material cost and also the initial ramp-up phase for new projects, which led to a lower manufacturing yield. Going forward, the group expects new project launches from both new and existing customers.

Dividend. The board declared a first & final dividend of SGD 0.03 per share in FY18. In FY17, the group declared a SGD 0.055 dividend.

Management. Executive chairman Chuang Wen Fu was appointed on 27 Nov 2003. He has more than 25 years' experience in the keypad industry. Chuang is responsible for the management and operations of the group.

Gu Cheng Hua was appointed as the group CEO on 1 Apr 2016. He is responsible for overseeing the entire operation of the business unit in Nantong. Gu has over 20 years' experience in keypad manufacturing.

Investment Case

Undervalued proxy to trade recovery. We believe Memtech is an undervalued proxy to any trade war recovery between US and China. As all the factories are located in China, a lift in trade tariffs will likely benefit it directly, improving margins. In addition, at just 8x FY19F P/E, Memtech is trading well below the peer valuation of 12x FY19F P/E.

Key risks: Labour shortages, trade talks worsening, rising material costs, and project delays.

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (USDm)	159	170	192
Reported net profit (USDm)	6	14	10
Recurring net profit (USDm)	6	14	10
Recurring net profit growth (%)	(21.8)	123.4	(32.1)
Recurring EPS (USD)	0.05	0.10	0.07
DPS (SGD)	0.03	0.06	0.03
Dividend Yield (%)	2.6	5.6	3.1
Recurring P/E (x)	16.0	7.2	10.6
Return on average equity (%)	5.8	11.2	7.7
P/B (x)	0.9	0.8	0.8
P/CF (x)	6.8	6.8	7.8

Source: Company data, RHB

Balance sheet (USDm)	Dec-16	Dec-17	Dec-18
Total current assets	125	139	137
Total assets	166	187	187
Total current liabilities	47	52	57
Total non-current liabilities	8	8	4
Total liabilities	55	60	61
Shareholders' equity	111	127	126
Minority interests	0	0	0
Other equity	-	1	2
Total liabilities & equity	166	187	187
Total debt	13	14	15
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Cash flow (USDm)	Dec-16	Dec-17	Dec-18
Cash flow from operations	15	15	13
Cash flow from investing activities	(11)	(5)	(13)
Cash flow from financing activities	(1)	(2)	(9)
Cash at beginning of period	27	27	35
Net change in cash	2	6	(11)
Ending balance cash	27	35	22

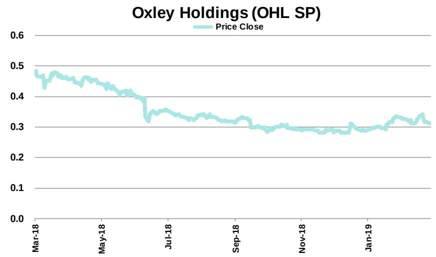
Source: Company data, RHB

Target: N/A

Price: SGD 0.32

Oxley Holdings

Misconception Over Debt Repayment Abilities



Source: Bloomberg

Stock Profile

Bloomberg Ticker	OHL SP
Avg Turnover (SGD/USD)	1.2m/0.9m
Net Gearing (%)	224.3
Market Cap (SGDm)	1,298m
Beta (x)	1.3
BVPS (SGD)	0.36
52-wk Price low/high (SGD)	0.28 – 0.52
Free float (%)	18.7

Major Shareholders (%)

Ching Chiat Kwong	41.9
Low See Ching	28.0
Tee Wee Sien	11.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	(3.0)	10.3	(1.5)	(37.3)
Relative	(1.8)	4.9	(0.7)	(30.6)

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- Ability to pay down debt despite high gearing
- SGD2bn worth of key asset sales, ie Chevron House & Stevens Road hotels and SGD2.3bn worth of sales already obtained
- Trading at significant discount of over 65% to RNAV

Company Profile

Oxley is a home-grown property developer with a diversified portfolio including property development, property investment and project management. The group has a business presence across 12 geographical markets including Singapore, the United Kingdom, Ireland, Cyprus, Australia, Cambodia, Malaysia, Indonesia, China, Japan and Myanmar.

Highlights

Likely able to pay down debt despite market pricing it otherwise. Oxley has SGD739m of debt expiring in 2019, with another SGD830m in 2020. However, most of the debt is tied to properties it has purchased, which could easily be refinanced without paying down the full amount. Out of Oxley's debt profile, only SGD447m of the retail bond needs to be paid by 2020. Chevron House is undergoing due diligence by an interested party for a period of 45+7 days from 14 Mar. Oxley is likely to receive c.20% (SGD205m) of the SGD1.025bn sale price if the transaction goes through. In addition, it also has SGD320m coming in 2020 from the Dublin Landings project as well as another SGD278m from its Cambodia project. In addition, Oxley still has SGD2.3bn worth of sales locally to enter its coffers in the next few years as well as the Stevens Road hotels, valued at around SGD900m, that are also up for sale. As a result, we think the market has been too focused on its high gearing and misjudged Oxley's ability to pay down its loans.

Stevens Road hotels an attractive proposition to buyers. Oxley has appointed CBRE and JLL Hotels & Hospitality to look for buyers for the Stevens Road hotels, which had a SGD950m offer that lapsed. It is an attractive proposition to potential buyers with the replacement cost of constructing a similar hotel in the same area of about SGD1bn, due to the surge in development charge (DC) required for hotel use in the vicinity. The DC rates have increased from SGD8,200 in 2017 to SGD14,000 per sqm currently, a 70% increase.

Unlocking of Chevron House and hotels will be a catalyst. If either of the above sales goes through, we expect the market to rerate Oxley. With SGD3.8bn of debt, unlocking these assets would likely generate around SGD2bn in cash and pare its debt significantly, allaying market concerns on its ability to service debt.

Company Report Card

Latest results. Oxley reported revenue of SGD525.8m in 1HFY19 (Jun), a decrease of 27% YoY due to lower revenue from its UK project. The group recorded net profit after tax of SGD52.9m.

Oxley has launched eight development projects since 18 Apr. Of the eight, three were fully sold. These projects are: The Verandah Residences, Sixteen35 Residences, and Sea Pavilion Residences.

Dividend. The board declared an interim dividend of SGD0.0032. The dividend for previous corresponding period was SGD0.0072.

Management. The group executive chairman and CEO Ching Chiat Kwong is responsible for setting the group's corporate strategies, direction, as well as overseeing the group's performance.

Ching has over 20 years' experience in the property industry. He graduated from National University of Singapore with a Bachelor of Arts degree and a Bachelor of Social Sciences (Honours) degree.

Investment Case

Trading at 65% discount to RNAV, which we estimate at SGD0.92 per share. We believe such a wide discount is mainly due to its high gearing and doubts over its repayment abilities, which should be solved once Oxley sells some key assets.

Key risks. Rising interest rates, and property regulatory changes.

Profit & Loss	Jun-16	Jun-17	Jun-18
Total turnover (SGDm)	981	1,343	1,189
Reported net profit (SGDm)	295	228	282
Recurring net profit (SGDm)	206	218	285
Recurring net profit growth (%)	161.6	5.9	30.7
Recurring EPS (SGD)	0.07	0.06	0.07
DPS (SGD)	0.02	0.02	0.02
Dividend Yield (%)	6.0	4.8	4.8
Recurring P/E (x)	4.5	5.6	4.3
Return on average equity (%)	26.3	20.9	19.9
P/B (x)	1.2	0.9	0.9
P/CF (x)	3.7	2.6	6.0

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-16	Jun-17	Jun-18
Total current assets	3,392	2,962	2,974
Total assets	4,732	4,608	5,995
Total current liabilities	2,406	1,583	1,240
Total non-current liabilities	1,361	1,936	3,279
Total liabilities	3,767	3,519	4,518
Shareholders' equity	785	1,045	1,436
Minority interests	181	44	41
Other equity	-	-	-
Total liabilities & equity	4,732	4,608	5,995
Total debt	2,656	2,459	3,461
Net debt	2,104	2,046	3,206

Source: Company data, RHB

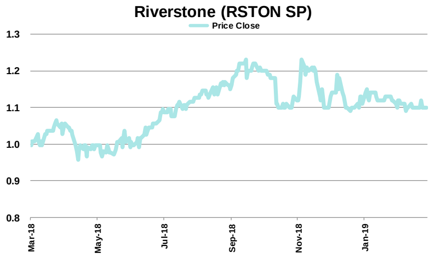
Cash Flow (SGDm)	Jun-16	Jun-17	Jun-18
Cash flow from operations	348	490	213
Cash flow from investing activities	(120)	(191)	(1,154)
Cash flow from financing activities	14	(410)	879
Cash at beginning of period	344	551	414
Net change in cash	222	(140)	(161)
Ending balance cash	551	414	255

Source: Company data, RHB

Riverstone Holdings

Capacity Increase a Key Positive

Target: N/A
Price: SGD1.10



Source: Bloomberg

Stock Profile

Bloomberg Ticker	RSTON SP
Avg Turnover (SGD/USD)	0.2m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	815m
Beta (x)	0.42
BVPS (MYR)	0.96
52-wk Price low/high (SGD)	0.96 – 1.24
Free float (%)	35

Major Shareholders (%)

Ringlet Investment	50.8
Lee Wai Keong	10.9
Wong Teck Choon	3.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.8)	(2.7)	(5.2)	7.8
Relative	(0.5)	(8.0)	(4.3)	14.6

Leng Seng Choon, CFA, PBM +65 6232 3890
leng.seng.choon@rhbgroup.com

Investment Merits

- Production of both clean room gloves and healthcare gloves provide diversification with consistent long-term global demand
- Recent USP800 guidelines, which mandate double gloving, has raised demand for nitrile gloves and provide strong tailwinds for healthcare glove makers such as Riverstone
- Phase 5 expansion in Taiping, Perak, Malaysia has led to capacity rising by 1.4bn gloves (pa) to 9bn as of Dec 2018. By the end of Dec 2019, capacity will be raised by another 1.4bn gloves (pa) to 10.4bn

Company Profile

Malaysia-based Riverstone is a global market leader in the manufacture of nitrile and natural rubber clean room gloves used in highly controlled and critical environments, as well as premium nitrile gloves used in the healthcare industry.

Highlights

Strong global demand. Global demand for rubber gloves has grown steadily despite concerns over the US-China trade war. With a 68% worldwide market share, Malaysia's glove makers are expected to benefit from rising global demand.

New US healthcare guidelines. The recent USP800 guidelines, which mandate double gloving, has increased the demand for nitrile gloves and provided strong tailwinds for Riverstone. As >90% of Riverstone's revenue comes from nitrile gloves, it is positioned to benefit directly.

Capacity expansion. Riverstone's phase 5 expansion was completed at end-2018 and the impact on revenue should be seen from 1H19 onwards. With the additional 1.4bn (pa) gloves capacity, total annual capacity increased to 9bn as at Dec 2018.

Company Report Card

Latest results. In FY18, Riverstone recorded revenue growth of 13% YoY. Net profit was up by a marginal 2% YoY as gross profit margin contracted 3.6ppts to 20.6%, mainly attributed to a decline in ASP for its healthcare gloves and a change in product mix.

Robust cash inflows. Riverstone generated cash inflows from operations of MYR167m in FY18 (vs FY17's MYR146m). As at Dec 2018, there were borrowings of MYR20m but net cash position was a healthy MYR77m.

Dividend. In Feb 2019, Riverstone declared a FY18 final dividend of MYR0.057/share, lifting full-year dividends to MYR0.07/share, representing a payout ratio of 40%.

Investment Case

Capacity expansion to drive future output. As of Dec 2018, Riverstone had total production capacity of 9bn pieces of gloves pa. The next phase of expansion is underway to raise capacity by 1.4bn to a total of 10.4bn pieces by end-2019. Riverstone is mapping the blueprint for further expansion beyond FY19, with a view to acquiring 14.6 acres of land in Taiping, Malaysia.

Global demand for gloves is seen to maintain steady growth, on the back of more healthcare needs – eg USP800 guidelines – and cleanroom requirements following strong electronics demand.

Rising inventories as production ramp up on the way. Riverstone's balance sheet recorded Dec 2018 inventories of MYR83.6m (up from Dec 17's MYR71.1m). The inventories comprise mainly raw materials, work-in-progress and finished goods. The increase is in line with ramp up in orders secured for the newly-commissioned production facility.

Key risks include higher gas and raw material prices, which could narrow margins.

Profit & Loss	Dec-16	Dec-17	Dec-18
Total turnover (SGDm)	655	817	921
Reported net profit (SGDm)	120	128	130
Recurring net profit (SGDm)	120	128	130
Recurring net profit growth (%)	(4.1)	6.0	1.6
Recurring EPS (SGD)	0.16	0.17	0.17
DPS (SGD)	0.07	0.07	0.07
Dividend Yield (%)	2.0	2.0	2.1
Recurring P/E (x)	20.3	19.9	18.8
Return on average equity (%)	23.2	21.5	19.3
P/B (x)	4.6	3.9	3.5
P/CF (x)	21.2	17.0	14.8

Source: Company data

Balance Sheet (SGDm)	Dec-16	Dec-17	Dec-18
Total current assets	322	349	360
Total assets	668	778	873
Total current liabilities	100	116	140
Total non-current liabilities	13	30	24
Total liabilities	113	146	164
Shareholders' equity	555	633	709
Minority interests	0	0	0
Other equity	-	-	-
Total liabilities & equity	668	778	873
Total debt	-	25	20
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data

Cash Flow (SGDm)	Dec-16	Dec-17	Dec-18
Cash flow from operations	119	146	167
Cash flow from investing activities	(97)	(110)	(126)
Cash flow from financing activities	(49)	(23)	(57)
Cash at beginning of period	129	103	114
Net change in cash	(26)	12	(16)
Ending balance cash	103	114	97

Source: Company data

Sheng Siong

Buy On Dips

Target:	**SGD1.25**
Price:	**SGD1.05**

Source: Bloomberg

Stock Profile

Bloomberg Ticker	SSG SP
Avg Turnover (SGD/USD)	1.2m/0.9m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	1,579m
Beta (x)	0.44
BVPS (SGD)	0.19
52-wk Price low/high (SGD)	0.93 – 1.19
Free float (%)	43

Major Shareholders (%)

Sheng Siong Holdings	29.9
Lim Brothers	27.6
Mondrian Investment	6.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.8)	0.0	(5.4)	13.4
Relative	(0.9)	(6.3)	(4.2)	19.6

Juliana Cai +65 6232 3871
juliana.cai@rhbgroup.com

Investment Merits

- Third largest supermarket-chain operator in Singapore
- Improving operating leverage from maturing of new stores
- Stable dividend yield of 3.5-4%

Company Profile

Established in 1985 and listed on the Singapore Exchange in 2011, Sheng Siong is the third largest grocery retailer in Singapore by store count. As at 31 Dec 2018, the group has 54 supermarkets in Singapore and one in China. Its supermarkets are primarily located in the heartlands of Singapore to target mass market consumers.

Highlights

Strong execution track record. Over the last five years, Sheng Siong has consistently gained market share and raised its gross margin through increased bulk handling and central procurement. As the group expand its distribution centre capacity this year, we expect it to be able to see continued gross margin enhancement in the near term.

Improved operating leverage. The group opened 10 new stores in 2018. Given that a new store typically takes 6-15 months to reach breakeven, we expect improved operating margins to be achieved in FY19F-20F, as sales from the 10 stores ramped up over these two years.

Further automation to reduce labour costs. According to management, the group has yet to roll out its hybrid automated payment system in one-third of its stores. Overall reliance on manpower would be reduced once the hybrid automated system is launched in all of its stores in Singapore.

Company Report Card

Latest results. In FY18, Sheng Siong recorded PATMI of SGD70.8m, up marginally by 1.4% compared to FY17. This was largely due to higher fixed cost as a result of 10 new store openings last year. We expect the group to realise operating leverage as sales from these stores ramp up in FY19F.

Dividend. Sheng Siong has a 70% dividend payout policy. However, given that Sheng Siong is cash flow generative, has a cash stash of SGD87m and low capex requirements, we expect the group to raise its dividend payout, possibly through special dividends.

Management. Sheng Siong is majority-owned by the founding Lim family. It is largely a family-run business, with Mr Lim Hock Chee as the CEO. Three members of the second generation of the Lim family are also working in the group. The finance director, Mr Wong Soong Kit, is an unrelated party and has been with the company since 2011.

Investment Case

Buy on dips. Sheng Siong has been a market darling. As its share price came off in the middle of March, we think dividend yields would look more attractive to investors.

We maintain our BUY recommendation, with a TP of SGD1.25 based on average of DCF valuation and target P/E of 21x FY19F earnings. We expect Sheng Siong to generate a 10% CAGR over FY18-21F, this supersedes the regional peer average of 8%.

Key risks. Sustained negative SSSG, potential price war from intensified competition from brick-and-mortar peers and e-commerce players, high rental rates if small players bid irrationally.

Profit & Loss	Dec-18	Dec-19F	Dec-20F
Total turnover (SGDm)	891	975	1,042
Reported net profit (SGDm)	71	79	88
Recurring net profit (SGDm)	71	79	88
Recurring net profit growth (%)	4.7	11.8	11.7
Recurring EPS (SGD)	0.05	0.05	0.06
DPS (SGD)	0.03	0.04	0.04
Dividend Yield (%)	3.2	3.6	4.0
Recurring P/E (x)	22.3	19.9	17.9
Return on average equity (%)	24.3	25.2	26.2
P/B (x)	5.4	5.1	4.7
P/CF (x)	17.1	16.5	14.4

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-18	Dec-19F	Dec-20F
Total current assets	170	201	246
Total assets	436	461	494
Total current liabilities	141	145	154
Total non-current liabilities	3	3	3
Total liabilities	144	148	157
Shareholders' equity	290	312	336
Minority interests	2	2	1
Other equity	-	1	2
Total liabilities & equity	436	461	494
Total debt	-	-	-
Net debt	-	-	-

Source: Company data, RHB

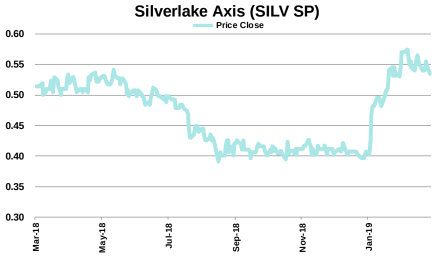
Cash Flow (SGDm)	Dec-18	Dec-19F	Dec-20F
Cash flow from operations	92	96	110
Cash flow from investing activities	(27)	(12)	(7)
Cash flow from financing activities	(51)	(57)	(64)
Cash at beginning of period	73	87	114
Net change in cash	14	26	39
Ending balance cash	87	114	153

Source: Company data, RHB

Target:	SGD0.65
Price:	SGD0.54

Silverlake Axis

Riding The Banks Capex Wave



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SILV SP
Avg Turnover (SGD/USD)	0.8m/0.6m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	1,468.m
Beta (x)	0.7
BVPS (MYR)	0.20
52-wk Price low/high (SGD)	0.39 – 0.58
Free float (%)	26

Major Shareholders (%)

Goh Peng Ooi	66.6
NTAsian Discovery Master Fund	5.0
HNA	4.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.6)	35.4	27.6	5.0
Relative	(2.3)	30.4	29.3	10.3

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- Earnings surge of more than 60% in FY19F
- Roadblock of overhang sellers cleared
- Higher dividends to be expected

Company Profile

Silverlake Axis is a provider of digital economy solutions and services to the banking, insurance, payment, retail, and logistics industries. The company operates through six segments: software licensing, rendering of software project services, maintenance and enhancement services, sale of software and hardware products, credit and cards processing services, and insurance processing services. Silverlake has operations in South-East Asia, North-East Asia, South Asia, the Middle East, North America, Africa, and Europe.

Highlights

Roadblock for more upside cleared. On 29 Jan, a block of more than 39m-plus shares were crossed. Via our channel checks, we understand this block was potentially from a former substantial shareholder who – over the past months – has been selling in the open market. This has partially caused the share price to be muted and depressed. With this overhang gone, we are optimistic that share prices will start to re-rate, reflecting Silverlake's true value.

Higher dividend payout in 2HFY19 (Jun). Management said it is keen on rewarding shareholders with better dividends. In addition, we believe Silverlake will likely do more share buybacks, similar to was done in 2018 – this should be positive for the company. As of 2QFY19, Silverlake has declared a total of SGD0.007, which represents roughly 50% of its 1HFY19 PATMI. For 2HFY19, management guided that it will likely look to increase the payout ratio. Historically, Silverlake has paid over 80% of its earnings. Due to the company doing some share buybacks previously, we expect the payout ratio for 2HFY19 to be between 60% and 70%, resulting in a projected FY19F yield of 4.6%

MYR280m orderbook with potential large size contract wins pending. As at end of 2QFY19, its orderbook stood at MYR280, down from MYR325m. With banks budgeting for more IT investments, especially in Indonesia and Thailand, we understand management is actively in talks with several potential new and existing customers. Silverlake is also confident of securing additional large-sized contracts by end-2019 – this should further contribute towards its PATMI growth in FY20-21.

Company Report Card

Latest results. 2QFY19 revenue grew 20% YoY to MYR169m, while net profit rose 99% to MYR 67.5m. This was largely due to contributions from a 55% increase in project-related revenue and 15% increase in recurring topline. Gross margin also improved to 64% as compared to 58% in 2QFY18 – this was the result of contributions from higher-margin revenue.

Dividend. Silverlake declared a second interim dividend of SGD0.004, bringing total dividend per share to SGD0.007 for 1HFY19 (roughly 50% of 1HFY19 PATMI). For 2HFY19, management guided that it is likely to look at increasing the payout ratio – we are expecting the ratio for 2HFY19 at 60-70%, resulting in an estimated FY19F yield of 4.6%.

Management. Group executive chairman Goh Peng Ooi has over 30 years of experience in the IT industry. He founded Silverlake in 1989. Prior to that, he began his career at IBM Malaysia and held several senior positions during his career with the firm.

Dr Kwong Yong Sin was appointed as group MD on 1 Nov 2005. He has more than 37 years of experience in IT business transformation & solutions implementation in the financial services, utilities, and technology industries.

Investment Case

Maintain BUY with an unchanged DCF-backed TP of SGD0.65. With the improving fundamentals and strong earnings growth as of 1HFY19, Silverlake is on track for a robust 2019. We expect the strong earnings growth and margins improvement to continue into 3QFY19 and 4QFY19, as it continues to execute a large-sized Malaysian contract. As such, we maintain our call and TP. Silverlake remains one of our Top Picks for 2019.

Key risks: Economic recession, and/or banks cutting their capex spend.

Profit & Loss	Jun-18	Jun-19F	Jun-20F
Total turnover (MYRm)	542	692	745
Reported net profit (MYRm)	134	219	238
Recurring net profit (MYRm)	134	219	238
Recurring net profit growth (%)	(84.5)	63.6	8.6
Recurring EPS (MYR)	0.05	0.08	0.09
DPS (SGD)	0.03	0.03	0.03
Dividend Yield (%)	5.6	5.5	5.5
Recurring P/E (x)	31.7	19.5	15.9
Return on average equity (%)	25.6	38.7	37.3
P/B (x)	8.2	7.5	5.9
P/CF (x)	25.2	18.7	14.0

Source: Company data, RHB

Balance sheet (MYRm)	Jun-18	Jun-19F	Jun-20F
Total current assets	754	755	829
Total assets	1,007	1,012	1,089
Total current liabilities	209	170	175
Total non-current liabilities	275	275	275
Total liabilities	484	445	450
Shareholders' equity	523	567	638
Minority interests	0	0	0
Other equity	-	-	-
Total liabilities & equity	1,007	1,013	1,089
Total debt	28	28	28
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

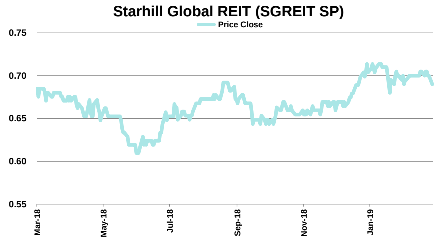
Cash flow (MYRm)	Jun-18	Jun-19F	Jun-20F
Cash flow from operations	169	203	271
Cash flow from investing activities	292	(23)	(22)
Cash flow from financing activities	(564)	(175)	(167)
Cash at beginning of period	432	293	275
Net change in cash	(127)	(19)	57
Ending balance cash	293	275	332

Source: Company data, RHB

Starhill Global REIT

On a Turnaround Path

Target: SGD0.78
Price: SGD0.69



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SGREIT SP
Avg Turnover (SGD/USD)	0.5m/0.4m
Net Gearing (%)	35.5
Market Cap (SGDm)	1,100m
Beta (x)	0.42
BVPS (SGD)	0.91
52-wk Price low/high (SGD)	0.64 – 0.72
Free float (%)	37

Major Shareholders (%)

YTL Corp	35.8
AIA Group	7.6
Vanguard Group	1.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	3.7	0.0	3.7	0.0
Relative	(0.8)	2.2	(1.4)	(0.8)

Vijay Natarajan +65 6232 3872
vijay.natarajan@rhbgroup.com

Investment Merits

- Attractive valuations – cheapest office/retail S-REIT
- Singapore assets stabilising; overseas assets turning around
- Capable management team

Company Profile

Starhill Global REIT (Starhill) invests primarily in real estate used for retail and office purposes in Singapore and overseas. The REIT currently has a portfolio of 10 properties in Singapore, Australia, Malaysia, China, and Japan valued at c.SGD3.1bn as at FY18 (Jun).

Highlights

Singapore retail portfolio bottoming out. Based on the latest CBRE data (4Q18), Orchard Road rent has inched up 1.3% YoY since bottoming out at end-2017. Only 5% of the upcoming 2m sqf of retail supply is located along the road, limiting competition. This – combined with a positive visitor outlook and government efforts to promote the Orchard Road shopping precinct – should benefit Starhill, which derives c.50% of its income from its malls there.

New Malaysia master leases comes with long-tenure mitigating upfront asset enhancement initiative (AEI) costs. Starhill has two Malaysian assets – Starhill Gallery and Lot 10 Property (Lot 10) – with their current master leases expiring in June. Management recently announced the signing of new master lease agreements with the existing master tenants, which will have a long tenure of 19.5 years (Starhill Gallery) and nine years (Lot 10) plus options. The initial rental income for the former's master lease is similar to the expiring rent, but with a built-in step-up of 4.75% after every three years. For the latter, the initial rent will be 5% higher than current one, with a 6% rental step-up after every three years.

Australia and China portfolios stabilising post AEIs. In Australia, with the completion of Plaza Arcade redevelopment, anchor tenant Uniqlo commenced operations in Aug 2018. In China, the sole and long-term tenant – Markor International – began operations in Chengdu Mall in Mar 2018 and should contribute positively in FY19. Management is also open to divesting its Japan and China malls at the right price levels to recycle capital.

Better times ahead for the office portfolio. The REIT's Singapore office portfolio – which was hit mainly by oil & gas tenants downsizing – is showing good improvement, with committed occupancy rates rising 4.2ppts YoY to 93.6% as at Dec 2018. With a positive office outlook, we expect a better performance from its office assets in FY19-21.

Company Report Card

2QFY19 DPU declined 3.4% YoY. This was mainly due to the lower contributions from the Singapore retail portfolio, depreciation of the AUD, and higher retained income. We expect a stronger 2HFY19, with full contributions from overseas assets and higher income from Starhill's office portfolio.

Gearing modest at 36.7%. Including the proposed debt funding (c.SGD58m) for asset enhancements at Starhill Gallery, gearing is expected to rise to 36.7% from 35.5% currently. This is still well below the maximum threshold of 45%. About 91% of the REIT's borrowings are fixed – this mitigates the impact from interest rate volatility.

Experienced management team. CEO Ho Sing has over 20 years of experience with multi-national corporations in engineering, medical, infrastructure, and real estate. CFO Alice Cheong has over 20 years of financial advisory, M&A, and corporate finance experience. Cheong also has over 10 years of experience in the real estate sector.

Investment Case

Attractive valuations: BUY with SGD0.78 TP. Valuations look compelling, with Starhill offering FY19F yields of 7%, 180bps higher than the listed retail/office S-REIT average. Its current P/BV of 0.8x is also cheaper than the retail REIT average of 1.1x. With the bottoming out of Orchard Road rent, limited micro-market supply, and completion of its overseas asset revamp, we believe Starhill is now in a much better position to deliver DPU growth. Our TP is based on DDM (COE: 7.5%, TG: 1.0%).

Key risks are the growing e-commerce threat and an unexpected slowdown in the economy.

Profit & Loss	Jun-18	Jun-19F	Jun-20F
Total turnover (SGDm)	209	215	208
Net property income (SGDm)	162	168	160
Reported net profit (SGDm)	84	143	143
Total distributable income (SGDm)	103	107	108
DPS (SGD)	0.05	0.05	0.05
DPS growth (%)	(7.5)	4.4	1.6
Recurring P/E (x)	17.9	10.5	10.5
P/B (x)	0.8	0.7	0.7
Dividend Yield (%)	6.6	6.9	7.0
Return on average equity (%)	4.2	7	7
Return on average assets (%)	2.6	4.4	4.3

Source: Company data

Balance Sheet (SGDm)	Jun-18	Jun-19F	Jun-20F
Total current assets	71	103	130
Total assets	3,192	3,263	3,336
Total current liabilities	104	105	105
Total non-current liabilities	1,097	1,127	1,153
Total liabilities	1,201	1,232	1,258
Shareholders' equity	1,990	2,031	2,078
Minority interests	-	-	-
Other equity	-	-	-
Total liabilities & equity	3,192	3,263	3,336
Total debt	1,130	1,160	1,185
Net debt	1,064	1,074	1,077

Source: Company data

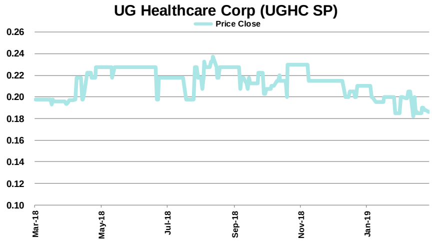
Cash Flow (SGDm)	Jun-18	Jun-19F	Jun-20F
Cash flow from operations	136	132	143
Cash flow from investing activities	(7)	(38)	(46)
Cash flow from financing activities	(139)	(75)	(75)
Cash at beginning of period	77	67	86
Net change in cash	(10)	19	22
Ending balance cash	67	86	109

Source: Company data

UG Healthcare Corp

Driven By Rising Output

Target: SGD0.32
Price: SGD0.186



Source: Bloomberg

Stock Profile

Bloomberg Ticker	UGHC SP
Avg Turnover (SGD/USD)	0.04m/0.03m
Net Gearing (%)	47.9
Market Cap (SGDm)	36m
Beta (x)	0.12
BVPS (SGD)	0.22
52-wk Price low/high (SGD)	0.18 – 0.25
Free float (%)	32

Major Shareholders (%)

Zen Ug Pte Ltd	49.5
Raydion Direct	12.8
See Keong Wong	4.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(5.5)	(12.1)	(17.8)	(5.5)
Relative	(4.2)	(17.5)	(17.0)	1.2

Leng Seng Choon, CFA, PBM +65 6232 3890
leng.seng.choon@rhbgroup.com

Investment Merits

- Full commercialisation of 500m pa glove capacity in Jan 2019 raised total capacity to 2.9bn gloves
- Improvement in production efficiency and further increase in capacity by 300m gloves pa in FY20F to meet demand for its proprietary *Unigloves* brand of gloves
- Extensive UGHC-owned downstream distribution infrastructure to spur demand and sales for proprietary brand gloves
- Low valuation at 6x FY20 P/E vs high teens for its peers

Company Profile

UGHC manufactures gloves according to demand from its own distribution companies located in Europe, the US, China, Africa and South America, where it markets and sells its own proprietary *Unigloves* brand of gloves. End users of UGHC's proprietary *Unigloves* brand include healthcare providers such as hospitals, dental clinics, and nursing homes, as well as the manufacturing, life sciences, food & beverage, and beauty sectors.

Highlights

Strong global demand: Global demand for rubber gloves has grown steadily in spite of concerns over the US-China trade war. With a 68% worldwide market share, Malaysian glove makers are expected to benefit from rising global demand.

Improve production efficiency with plans to increase capacity further in FY20F. UGHC is improving production efficiency through production reconfiguration and product streamlining. It is also planning to increase production capacity by another 300m pieces pa at the new production facility sometime in FY20. Thereafter, total capacity will increase to 3.2bn pieces pa at higher production efficiency levels.

Extensive downstream distribution infrastructure established in key markets supports increase in output to drive revenue and earnings. UGHC manages its own supply chain under its proprietary *Unigloves* brand. The increase in production volume at its upstream manufacturing flows through its extensive distribution infrastructure, particularly the distribution companies in emerging markets such as Brazil, Nigeria and China.

Company Report Card

Latest results. For 2QFY19, UGHC reported revenue growth of 15% YoY. In Jan 2019, Phase 1 of its production capacity expansion (500m gloves pa) went into full commercialisation, after the initial production that started in Oct 2018. With the latest expansion, total production capacity is now at 2.9bn gloves pa.

Weak 2QFY19 net profit due to non-optimal production levels, but should be corrected from 4QFY19 onwards. Whilst UGHC recorded 2QFY19 gross profit growth of 30% YoY, net profit fell 73% YoY, due to higher marketing and administrative expenses, and increased expenses from the expansion in production lines, which did not achieve optimal production efficiency in 2QFY19.

Investment Case

Capacity expansion and improved efficiency to drive future output. As of Jan 2019, total production capacity was at 2.9bn gloves pa, after the full commercialisation of 500m gloves pa. We expect 2HFY19 to record a sequential increase in the number of gloves produced. Management is working concurrently to increase total capacity to 3.2bn gloves by FY20 and to raise production efficiency and achieve economies of scale.

Established and extensive distribution infrastructure to drive earnings growth. UGHC operates its own supply chain management and the increase in output will translate into higher sales revenue through its extensive distribution network in developed and emerging markets.

SGD0.32 TP gives 72% upside. Our TP is pegged to 10x FY20F EPS, which is at a discount to the peer average of ~18x, factoring in UGHC's relatively smaller production output.

Key risks include higher gas and raw material prices, which could narrow margins.

Profit & Loss	Jun-18	Jun-19F	Jun-20F
Total turnover (SGDm)	78	86	99
Reported net profit (SGDm)	4	4	6
Recurring net profit (SGDm)	4	4	6
Recurring net profit growth (%)	77.4	3.3	37.4
Recurring EPS (SGD)	0.02	0.02	0.03
DPS (SGD)	0.00	0.00	0.00
Dividend Yield (%)	1.26	1.51	2.07
Recurring P/E (x)	8.2	8.0	5.8
Return on average equity (%)	11.0	10.2	12.7
P/B (x)	0.8	0.8	0.7
P/CF (x)	N/A	N/A	N/A

Source: Company data, RHB

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-18	Jun-19F	Jun-20F
Total current assets	55	66	78
Total assets	85	103	124
Total current liabilities	36	46	59
Total non-current liabilities	8	10	14
Total liabilities	43	57	73
Shareholders' equity	42	46	51
Minority interests	(0)	(0)	(0)
Other equity	-	-	-
Total liabilities & equity	85	103	124
Total debt	27	37	49
Net debt	20	29	38

Source: Company data, RHB

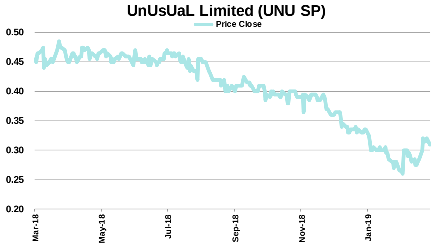
Cash Flow (SGDm)	Jun-18	Jun-19F	Jun-20F
Cash flow from operations	(0)	(3)	(2)
Cash flow from investing activities	(5)	(5)	(5)
Cash flow from financing activities	8	9	10
Cash at beginning of period	4	7	8
Net change in cash	3	1	2
Ending balance cash	7	8	11

Source: Company data, RHB

UnUsUaL Limited

The Next Big Thing

Target:	**N/A**
Price:	**SGD 0.31**



Source: Bloomberg

Stock Profile

Bloomberg Ticker	UNU SP
Avg Turnover (SGD/USD)	0.2m/0.1m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	339.6m
Beta (x)	0.7
BVPS (SGD)	0.04
52-wk Price low/high (SGD)	0.26 – 0.49
Free float (%)	20.9

Major Shareholders (%)

Unusual Mgmt	76.9
Soon Ong Chin	2.1
Leong Ong Chin	0.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	24.5	(8.3)	(17.5)	(27.5)
Relative	25.8	(13.7)	(16.6)	(20.7)

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Investment Merits

- Scalable business model with attractive gross margins
- Strong relationships with artistes and a great track record
- Expansion into family entertainment shows and potential M&A

Company Profile

Established in 1997, UnUsUaL Limited (UnUsUaL) is one of the leaders in concert promotion and event production in Asia. The group predominantly operates through two business segments – production and promotion. It specialises in producing and promoting large-scale live events and concerts in Singapore and the region.

UnUsUaL provides support to the artistes' teams, or event organisers in their set up and installation of concerts/events under the production business segment. As for the promotion business segment, it oversees the planning and managing of concerts and events.

Highlights

Scalable business model – branching into China. The group has a scalable business model and can leverage on its strong relationships with artistes and hold concerts in different parts of China via Beijing Wish. Average consumer spending has surged in China and the capacity at these stadiums is also significantly larger than that of Singapore's. Top artistes can easily tour 40-60 cities in 1-2 years. Management has highlighted that the group aims to focus on bigger scale concerts, which will likely yield better margins, and aims to hold many more concerts in China over the next few years.

Expansion into family entertainment shows. The group has partnered with Sliding Doors Entertainment to bring Walking with Dinosaurs – the arena spectacular Asian tour to 11 cities with a total of 117 shows. It is also presenting Disney On Ice in Korea and Taiwan with FELD Entertainment in 2019, and will be developing and producing Apollo with Nick Grace Management Ltd, with the first set likely to start touring North America in the summer of 2019.

Looking into potential M&A for further synergies regionally. While UnUsUal is the market leader in Singapore, it is looking to acquire similar businesses in Malaysia and Taiwan, or similar companies with a good track record that will also likely be profitable and value-accretive immediately. We think it is possible for such acquisitions to happen between 2H19 and 1H20.

Company Report Card

Latest results. UnUsUaL reported a 50% YoY growth in 3QFY19 revenue to SGD15.9m from SGD10.6m in 3QFY18. This was attributed to the increase in revenue across all business segments. For 9MFY19, revenue increased by 35.3% to SGD40.7m, mainly due to promotion revenue, which increased by 62.8% YoY.

Correspondingly, net profit after tax for 3QFY19 and 9MFY19 were at SGD3.1m and SGD8.7m, growing by 21.7% and 32.4% respectively.

APOLLO IP rights. In Aug 2018, the group announced that it had entered into an agreement with Nick Grace Management to develop and produce APOLLO. This marks the group's first foray into the live entertainment industry in North America.

Management. Executive director and CEO, Leslie Ong is responsible for overseeing the group's operations as well as strategic planning and business development. He has been with the group since its inception in 1997. Leslie has nearly 20 years of experience in the production and promotion business and obtained his diploma in electronic engineering in 1988 from Ngee Ann Polytechnic.

Investment Case

The next big thing. With bigger-scale concerts as well as family entertainment shows incoming, we expect UnUsUal's topline and bottomline to easily grow by 20-30% pa for the next 2-3 years, which would significantly reduce its current seemingly rich valuations over the next 2-3 years. Coupled with potential M&A, we are optimistic on UnUsUal's prospects.

Key risks include poor demand for shows, and inability to secure new shows or artistes.

Profit & Loss	FY15	15MFY17	FY18
Total turnover (SGDm)	26	34	46
Reported net profit (SGDm)	4	7	10
Recurring net profit (SGDm)	4	7	10
Recurring net profit growth (%)	1,122.1	78.4	36.6
Recurring EPS (SGD)	N/A	0.01	0.01
DPS (SGD)	N/A	-	-
Dividend Yield (%)	N/A	-	-
Recurring P/E (x)	N/A	26.1	31.6
Return on average equity (%)	39.9	60.2	25.2
P/B (x)	N/A	13.9	8.0
P/CF (x)	N/A	34.9	(123.1)

Source: Company data, RHB

Balance Sheet (SGDm)	FY15	15MFY17	FY18
Total current assets	16	16	39
Total assets	20	23	51
Total current liabilities	9	11	11
Total non-current liabilities	0	0	0
Total liabilities	10	11	12
Shareholders' equity	10	12	40
Minority interests	-	-	-
Other equity	-	1	2
Total liabilities & equity	20	23	51
Total debt	0	1	0
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Cash Flow (SGDm)	FY15	15MFY17	FY18
Cash flow from operations	2	9	(3)
Cash flow from investing activities	(2)	(3)	(7)
Cas flow from financing activities	(0)	(1)	17
Cash at beginning of period	5	5	10
Net change in cash	(1)	6	8
Ending balance cash	5	10	18

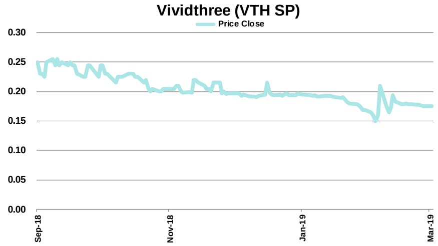
Source: Company data, RHB

vividthree

Vividthree

Venturing Into Reality

Target:	**N/A**
Price:	**SGD 0.175**



Source: Bloomberg

Stock Profile

Bloomberg Ticker	VTH SP
Avg Turnover (SGD/USD)	0.02m/0.02m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	57.5m
Beta (x)	1.0
BVPS (SGD)	0.07
52-wk Price low/high (SGD)	0.14 – 0.26
Free float (%)	15.7

Major Shareholders (%)

Mm2 Asia Ltd	41.5
Yeo Charles	13.2
Hong Wei Chien	13.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.7)	(10.0)	na	na
Relative	(0.9)	(12.4)	na	na

Lee Cai Ling +65 6232 3892
lee.cai.ling@rhbgroup.com

Jarick Seet +65 6232 3891
jarick.seet@rhbgroup.com

Investment Merits

- Content production – a highly scalable, asset-light business model
- VR market is in a high-growth adoption phase
- Potential business opportunities through MM2 Asia's extensive network

Company Profile

Founded in 2006, Vividthree (VV3) is a virtual reality (VR), visual effects and computer-generated imagery studio. The two primary segments consist of content production and post-production. The group develops/acquires intellectual property rights to produce VR products such as the most recent Train To Busan (TTB) VR Thematic Tour Show based on VR technology.

VV3 also provides post-production services mainly in visual effects, computer-generated imagery services and other post-production services for its clients. The group has a network presence in Singapore and Malaysia.

Highlights

"Content is King". The company ventured into the content production business in FY18, signing its first IP rights with Contents Panda to develop and produce the TTB VR Thematic Tour Show showcasing its VR/AR technology capabilities. The aim is to create an immersive experience for consumers.

Highly scalable, asset-light business model. Under the content production segment, VV3 generates revenue from the sale of the thematic tour set on a build-to-order basis, royalty income, and territorial rights fee.

We understand that the sale of each tour set is between SGD1.5-3m depending on the size of the set, while territorial fees can range between SGD0.5-1m depending on the terms. VV3 is able to get a cut of royalty fees based on revenue generated from ticket sales. From the breakdown, we calculated that sale of two sets can generate about SGD3-5m a year. We understand from management that profit margin from the sale of each set is about 50%.

Parent company's strong network enables access to opportunities in the fast-growing VR industry. The VR market is expected to grow to USD44.7bn by 2024 from USD7.9bn in 2018 (CAGR of 33.47%) according to an article published in Business Insider. VV3 is poised to benefit from the VR market growth trend, and by taping onto mm2's (parent company) established network, there is a good possibility that the group can capture more business opportunities.

Company Report Card

Latest results. VV3 reported 29.4% YoY and 15.5% YoY growth in revenue and gross profit in 3QFY19 to SGD2.8m and SGD2m respectively, mainly due to the delivery of its TTB VR tour set in Beijing, China and territorial rights fees.

TTB tour set is a key driver. The group has expressed its optimism for FY20 after the launch of its maiden TTB tour set in Beijing. It also received favourable response from new promoters looking to operate the tour set in other cities.

MOU with Slightly Mad Studios. VV3 signed an MOU with Slightly Mad Studios on 10 Oct 2018, to develop VR arcade games for use in location-based entertainment and is actively in discussions to acquire more IPs. Future opportunities may not just lie in the entertainment/gaming industry but other industries as well.

Management. Founders, Charles Yeo (managing director), Jay Hong (executive director - visual effects director), and Sky Li (COO), have been involved in the post and content production business for more than a decade. The group has since grown to include 41 employees as at 31 Mar 2018.

Founder & MD, Charles Yeo is responsible for the overall day-to-day management of the group, including business development and strategy, as well as raising investments for projects. He graduated from the Nanyang Academy of Fine Arts with an Associate Diploma in Multimedia (Distinction) in 2000 and went on to obtain an MBA from Murdoch University in 2017.

Investment Case

We think the group has huge growth potential as it goes on to acquire more IP rights and transitions itself into a content producer especially if it manages to execute its first TTB VR tour successfully. Assuming, the company will likely be able to add about SGD 1 to 1.5m of income to its bottom-line per set they sell, this will represents a significant rise in their profitability. We do not have a rating for this counter at the moment.

Key risks include inability to secure IP rights, delay in project execution, poor demand.

.

Profit & Loss	Mar-16	Mar-17	Mar-18
Total turnover (SGDm)	4	5	7
Reported net profit (SGDm)	1	1	3
Recurring net profit (SGDm)	1	1	3
Recurring net profit growth (%)	N/A	(6.6)	105.3
Recurring EPS (SGD)	0.00	0.00	0.01
DPS (SGD)	N/A	N/A	N/A
Dividend Yield (%)	N/A	N/A	N/A
Recurring P/E (x)	41.3	44.3	21.6
Return on average equity (%)	32.2	23.1	32.2
P/B (x)	13.3	10	7
P/CF (x)	42.5	105.9	27.0

Source: Company data, RHB

Balance sheet (SGDm)	Mar-16	Mar-17	Mar-18
Total current assets	2	4	7
Total assets	6	7	10
Total current liabilities	1	1	2
Total non-current liabilities	0	0	0
Total liabilities	1	1	2
Shareholders' equity	4	6	8
Minority interests	-	-	-
Other equity	-	1	2
Total liabilities & equity	6	7	10
Total debt	0	0	0
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Cash flow (SGDm)	Mar-16	Mar-17	Mar-18
Cash flow from operations	1	1	2
Cash flow from investing activities	(1)	(0)	(0)
Cash flow from financing activities	0	(0)	(0)
Cash at beginning of period	-	1	1
Net change in cash	1	0	2
Ending balance cash	1	1	2

Source: Company data, RHB

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral: Share price may fall within the range of +/- 10% over the next 12 months
Take Profit: Target price has been attained. Look to accumulate at lower levels
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

Investment Research Disclaimers

autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

RHB and/or its affiliates and/or their directors, officers, associates, connected parties and/or employees, may have, or have had, interests in the securities or qualified holdings, in subject company(ies) mentioned in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, RHB and/or its affiliates may have, or have had, business relationships with the subject company(ies) mentioned in this report and may from time to time seek to provide investment banking or other services to the subject company(ies) referred to in this research report. As a result, investors should be aware that a conflict of interest may exist.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia
This report is issued and distributed in Malaysia by RHB Research Institute Sdn Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Research Institute Sdn Bhd has no obligation to update its opinion or the information in this report.

Thailand
This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia
This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore
This report is issued and distributed in Singapore by RHB Securities Singapore Pte Ltd which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Securities Singapore Pte Ltd may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Securities Singapore Pte Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Securities Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

Hong Kong
This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHBSHK. RHBSHK is a wholly owned subsidiary of RHB Hong Kong Limited; for the purposes of disclosure under the Hong Kong jurisdiction herein, please note that RHB Hong Kong Limited with its affiliates (including but not limited to RHBSHK) will collectively be referred to as "RHBHK." RHBHK conducts a full-service, integrated investment banking, asset management, and brokerage business. RHBHK does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this research report. Investors should consider this report as only a single factor in making their investment decision. Importantly, please see the company-specific regulatory disclosures below for compliance with specific rules and regulations under the Hong Kong jurisdiction. Other than company-specific disclosures relating to RHBHK, this research report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

United States
This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors, nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S.

broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

OWNERSHIP AND MATERIAL CONFLICTS OF INTEREST

Malaysia
RHB does not have qualified shareholding (1% or more) in the subject company (ies) covered in this report except for:
(a) -
RHB and/or its subsidiaries are not liquidity providers or market makers for the subject company (ies) covered in this report except for:
(a) -

RHB and/or its subsidiaries have not participated as a syndicate member in share offerings and/or bond issues in securities covered in this report in the last 12 months except for:
(a) -

RHB has not provided investment banking services to the company/companies covered in this report in the last 12 months except for:
(a) -

Thailand
RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

Indonesia
PT RHB Sekuritas Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above. Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Sekuritas Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law. Insider means:
a commissioner, director or employee of an Issuer or Public Company;
a substantial shareholder of an Issuer or Public Company;
an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore
RHB Securities Singapore Pte Ltd and/or its subsidiaries and/or associated companies do not make a market in any securities covered in this report, except for:
(a) -

The staff of RHB Securities Singapore Pte Ltd and its subsidiaries and/or its associated companies do not serve on any board or trustee positions of any issuer whose securities are covered in this report, except for:
(a) -

RHB Securities Singapore Pte Ltd and/or its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer of the securities covered in this report or any other relationship (including a shareholding of 1% or more in the securities covered in this report) that may create a potential conflict of interest, except for:
(a) -

Hong Kong
The following disclosures relate to relationships between RHBHK and companies covered by Research Department of RHBSHK and referred to in this research report:

RHBSHK hereby certifies that no part of RHBSHK analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

RHBHK had an investment banking services client relationships during the past 12 months with: -.

RHBHK has received compensation for investment banking services, during the past 12 months from: -.

RHBHK managed/co-managed public offerings, in the past 12 months for: -.

On a principal basis. RHBHK has a position of over 1% market capitalization of: -.

Additionally, please note the following*:*

Ownership and material conflicts of interest: RHBSHK policy prohibits its analysts and associates reporting to analysts from owning securities of any company covered by the analyst.

Analyst as officer or director: RHBSHK policy prohibits its analysts, and associates reporting to analysts from serving as an officer, director, advisory board member or employee of any company covered by the analyst.

RHBHK salespeople, traders, and other non-research professionals may provide oral or written market commentary or trading strategies to RHB clients that reflect opinions that are contrary to the opinions expressed in this research report.

Kuala Lumpur	Hong Kong	Singapore
RHB Research Institute Sdn Bhd Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur 50400 Malaysia Tel : +(60) 3 9280 8888 Fax : +(60) 3 9200 2216	**RHB Securities Hong Kong Ltd.** 12th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908	**RHB Securities Singapore Pte. Ltd.** 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211
Jakarta		**Bangkok**
PT RHB Sekuritas Indonesia Wisma Mulia, 20th Floor Jl. Jenderal Gatot Subroto No. 42 Jakarta 12710, Indonesia Tel : +(6221) 2783 0888 Fax : +(6221) 2783 0777		**RHB Securities (Thailand) PCL** 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 088 9999 Fax : +(66) 2 088 9799

Printed by Kumpulan Media Karangkraf – Ultimate Print Sdn Bhd, Lot 2, Jalan Sepana 15/3, Off Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.
Tel: (603) 03-5101 3378

Together we progress

www.rhbgroup.com