

13 November 2018

Property | Real Estate Oper & Svcs

APAC Realty

Is The Selling Overdone?

Maintain BUY, with new TP of SGD0.72 from SGD0.77, 45% upside. 3Q18 results slightly beat. Shares have been sold down due to weak residential market outlook post cooling measures. Still, judging by recent launches, demand remained healthy if project pricing was reasonable. We expect steady sales to continue, as developers remain mindful of the high supply pipeline and stringent ABSD regulations would prompt them to focus on clearing inventory. Resale volumes should also stabilise once the en-bloc fever cools off. Dividend yield is attractive at c.8%. Valuations are reasonable at 7.4x FY18F P/E, >20% discount to its closest peer, Propnex, which we think is unjustified.

Good set of numbers amidst challenges. 3Q18 gross margin improved to 12.9% (1H18: 11.8%), mainly driven by higher resale & rental margins, while new sales margins were stable. Management noted this was due to the unusually low gross margins for re-sale and rental segment in 1H18, arising from large number of co-broking transactions. Gross margin should stabilise at 12-13%. YTD-9M18, ERA's market share of primary sales improved to 39.8% (2017: 39.4%), while overall market share dropped to 36.4% (2017:37.9%).

Recent agency acquisitions – opportunistic and timely move. In Oct 2018, APAC announced the acquisition of residential agents from CBRE Realty Associates (150 agents) and HSR International Realtors (300 agents). With the cooling measures opening up a window for agency consolidation, we see the move as timely and will help to keep pace with larger rival, Propnex (PROP SP, NR), in terms of agent count. Management did not disclose the acquisition fee due to confidentiality reasons but noted that it was small and would not have material impact.

New launch sales holding up. Post measures, sales at launches have remained steady, with >3,000 units being sold across 18 new launches since Jul 2018 based on our estimates (Figure 3). Key reasons in our view include pricing adjustments (down by 10-15%) made by developers in response to measures and also the pent-up liquidity from en-bloc sales. This trend of steady volumes at lower margins is expected to continue, as developers are seen mindful of the high supply pipeline and stringent ABSD timelines that limit their holding power. As volumes, not pricing, are APAC's key driver, we believe the impact of policy measures is mitigated. Looking ahead, ERA has secured a new launch pipeline of 27 projects (12,958 units).

Resale and rental market outlook. On the private resale market, we believe units which are currently held back on the expectation of potential en bloc sale, should be released back with the en-bloc cycle nearing its end. This should support resale volumes in 2019. Housing and Development Board resale & rental market segment are expected to remain steady, as it is not impacted by measures. Overall, we have modelled in a 10%/5% decline in primary volumes and 5%/2% decline in secondary volumes for 2018-2019.

Maintain BUY, with lower DCF based TP of SGD0.72. We adjust our FY18F-20F net profits higher by 2-5% factoring in firmer volumes. We have also raised our WACC assumptions to 9%, from 8% to factor in policy risks and macro uncertainties. Key risks are rising competition, technology disruption, and ability to retain key management and agents.

Forecasts and Valuations	Dec-16	Dec-17	Dec 18 F	Dec 19 F	Dec 20 F
Total turnover (SGDm)	288	401	417	408	401
Reported net profit (SGDm)	15.9	25.9	23.8	22.9	21.7
Recurring net profit (SGDm)	15.9	25.9	23.8	22.9	21.7
Recurring net profit growth (%)	87.2	63.1	(8.2)	(3.5)	(5.4)
Recurring EPS (SGD)	0.04	0.07	0.07	0.06	0.06
DPS (SGD)	0.00	0.02	0.04	0.04	0.04
Recurring P/E (x)	11.1	6.8	7.4	7.7	8.1
P/B (x)	2.2	1.3	1.2	1.2	1.1
Dividend Yield (%)	n.a	4.0	8.1	7.8	7.4
Return on average equity (%)	22.4	24.4	17.3	15.6	13.9
Return on average assets (%)	9.8	12.8	8.8	7.4	6.8
Net debt to equity (%)	0.3	net cash	net cash	net cash	net cash
Our vs consensus EPS (adjusted) (%)					

Source: Company data, RHB

Buy (Maintained)

Target Price:	SGD0.72
Price:	SGD0.495
Market Cap:	USD127m
Bloomberg Ticker:	APAC SP

Share Data

Avg Daily Turnover (SGD/USD)	0.6m/0.4m
52-wk Price low/high (SGD)	1.28 - 0.45
Free Float (%)	26.5
Shares outstanding (m)	355
Estimated Return	45%

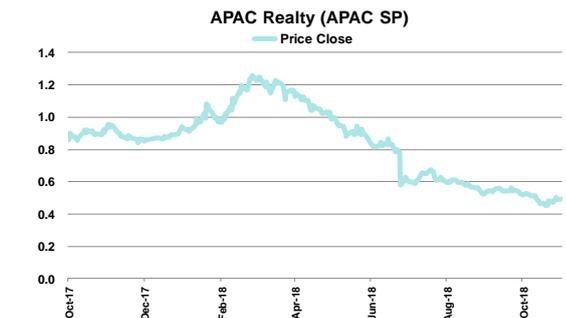
Shareholders (%)

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

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(43.4)	(4.8)	(18.2)	(49.7)	(45.3)
Relative	(37.8)	(2.8)	(12.1)	(41.6)	(42.7)

Source: Bloomberg



Source: Bloomberg

Analyst

Vijay Natarajan
+65 6232 3872

vijay.natarajan@rhbgroupp.com



Results Overview

3Q18 net profit was up 19% YoY. increased 8% YoY, driven by a 17% increase in brokerage income from new home sales, and 5.7% increase in commissions from resale and rental properties. Gross margins for resale and rental segment stood at 7.5% (2Q18: 6%), and new home sales were flat at 19.5%.

Better cost management. Personnel cost decreased 16.4% YoY mainly due to a special one month bonus declared last year. Marketing and promotion expenses decreased 36.7% due to lower marketing activities. Provision for doubtful debts however increased by SGD0.7m to SGD1.2m due to slower collections from customers and external co-broker agencies.

Overall 3Q/9M18 net profit slightly beat, accounting for 28%/85% of our revised full-year estimates. We expect 4Q net profits to be lower YoY due to the impact of recent cooling measures.

Figure 1: 3Q18 results highlights

(SGDm)	3Q18	3Q17	YoY	9m18	YoY	Comments
Gross Revenue	114.8	105.5	8.8%	342.1	26.3%	Higher brokerage income from all segments
Gross Profit	14.8	13.7	7.9%	41.6	7.1%	In-line with revenue growth
Gross Margin (%)	12.9%	13.0%	-0.1ppt	12.2%	-2.1ppt	Higher commission payout to agents for new sales
Profit Before Tax	8.1	6.5	23.7%	24.5	16.6%	Absence of IPO expenses incurred last year
Profit After Tax	6.5	5.5	18.8%	20.2	11.8%	
Net margin (%)	5.7%	5.2%	0.5ppt	5.9%	-0.8ppt	

Source: Company data, RHB

Figure 2: APAC's DCF valuation

(SGD m)	FY19F	FY20F	FY21F	FY22F	Terminal Value
EBIT * (1- Tax rate)	23.5	22.3	22.2	22.2	
Add: Depreciation and Amortisation	1.4	1.4	1.4	1.4	
Less : Working capital changes	-0.1	0.0	-0.2	-0.2	
Less : Capex	0.6	1.0	2.5	2.5	
Total Free Cash Flow	24.4	22.7	21.3	21.3	236.9
Discount factor (years)	0.5	1.5	2.5	3.5	3.5
PV of Free Cash Flow	23.4	20.0	17.2	21.3	175.2
Sum of PV of FCF	81.9				
PV of Terminal Value	175.2				
Enterprise Value	257.1				
Add: Net Cash/(Debt)	0.3				
Total Equity Value (SGD m)	257.4				
No. of shares (m)	355.2				
Value per share (SGD)	0.72				
Assumptions					
Risk-free rate	3.00%				
Market return	9.0%				
Beta	1.0				
Equity risk premium	6.0%				
WACC	9.0%				
Terminal Growth	0%				

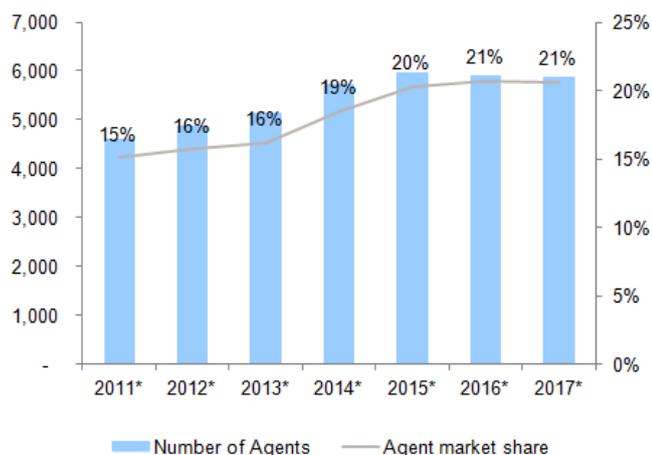
Source: RHB

Figure 3: SG new launch sales – 2H18

S.No	Project Name	Units Sold (Estimate)	Total Units
1	Jadescape	327	1206
2	Park Colonial	503	805
3	Stirling Residences	435	1259
4	Affinity at Serangoon	235	1052
5	The Garden Residences	73	613
6	The Jovell	41	428
7	Kent Ridge Hill Residences	110	548
8	The Woodleigh Residences	30	667
9	Whistler Grand	160	716
10	South Beach Residences	10	190
11	Arena Residences	40	98
12	Mayfair Gardens	103	215
13	Riverfront Residences	768	1472
14	8 St Thomas	20	250
15	Daintree Residences	42	327
16	The Trever	191	729
17	Jui Residences	31	117
18	Belgravia Green	27	81
Total		3146	10773

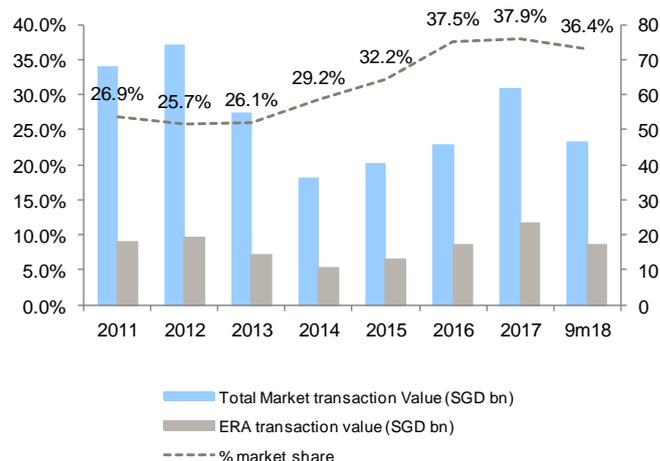
Source: RHB, Urban Redevelopment Authority (UDA), Media Sources, Company data

Figure 4: Agents and market share



Note: *Data is as at 1 Jan of the following year
Source: Company data

Figure 5: ERA's overall market share



Note: *1Q18 HDB data only available for Jan-Feb 2018, Mar 2018 data is estimated
Source: RHB, Company data

Figure 6: ERA launched projects in 2018

Project	Location	Developer	No. of Units
New Futura	Leonie Hill Road	CDL	124
The Tapestry	Tampines Street 86	CDL	861
TwentyOne Angullia Park	Angullia Park	Private Owner	28
The Verandah Residences	Pasir Panjang Road	Oxley	170
Rivercove Residences	Anchorvale Lane	Sunway / Hoi Hup	628
Park Place Residences At PLQ Phase 2	Paya Lebar Road	Lendlease	219
Ritz Carlton Residences	Cairnhill Road	KOP	6
Twin Vew	West Coast Vale	China Construction	520
Le Quest Phase 2	Bukit Batok Street 41	Qingjian	231
Affinity At Serangoon	Serangoon North Avenue 1	Oxley Serangoon & KSH	1,052
Marina One Residences Phase 2	Marina Way	M+S	521
Riverfront Residences	Hougang Avenue 7	Oxley - Lian Beng Venture	1,472
Park Colonial	Woodleigh Lane	CEL Unique Development	805
Stirling Residences	Stirling Road	Logan / Nanshan	1,259
The Tre Ver	Potong Pasir Avenue 1	UOL / UIC	729
Casa Al Mare	Jalan Loyang Besar	Sustained Land	49
South Beach Residences	Beach Road	CDL /IOI	190
Jadescape	Shunfu Road	Qing Jian	1,206
Mayfair Gardens	Rifle Range Road	Oxley	215
The Jovell	Flora Drive	Hong Leong / CDL / TID	428
Jui Residences	Upper Serangoon Road	SBD International	117
10 Evelyn	Evelyn Road	Amara Holdings	56
Whistler Grand	West Coast Vale	CDL	718
Belgravia Green	Ang Mo Kio Avenue 5 / Belgravia Drive	Fairview Developments	118
Arena Residences	Guillemard Road	Roxy Pacific Holdings	97
TOTAL (already launched 25 projects in 2018)			11,819

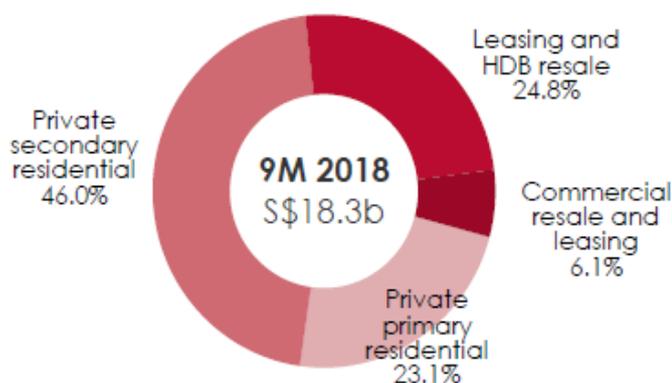
Source: Company data

Figure 7: ERA projects secured for 2018 – continued

Project	Location	Developer	No. of Units
Kent Ridge Residences	South Buona Vista Road	Oxley	500
3 Cuscaden	Cuscaden Walk	Sustained Land	90
Parc Esta	Sims Avenue	MCL	1,399
Uptown @ Farrer	Perumal Road	Low Keng Huat	116
Parkwood Collection	Lorong 1 Realty Park	Fantasia and co	53
Former Ampas Apartments	Jalan Ampas	Oxley	43
Tessensohn Road	Tessensohn Road	Oxley	100
Fourth Avenue	Fourth Avenue	Allgreen	455
River Valley Road	River Valley Road	Roxy Pacific Holdings	148
Former Crystal Tower	Ewe Boon Road	Allgreen	130
Former Royalville	Bukit Timah Road	Allgreen	320
The Hyde	Balmoral Road	Aurum Land	100
Nyon	Amber Road	Aurum Land	95
The Opus	Amber Gardens	CDL/Hong Realty	800
Handy Road	Handy Road	CDL	200
Former Normanton Park	Normanton Park	Kingford Development	1,882
Treasure At Tampines	Tampines Street 11	Sim Lian Group	2,225
Former Makeway View	Makeway Avenue	Bukit Sembawang Estates	154
Former Katong Park Mansions	Arthur Road	Bukit Sembawang Estates	388
Former Toho Mansion	Holland Road	Koh Brothers Group	97
Sumang Walk	Sumang Walk	CDL/TID	820
TOTAL (21 projects to be launched in Q4 2018 and 2019)			10,115

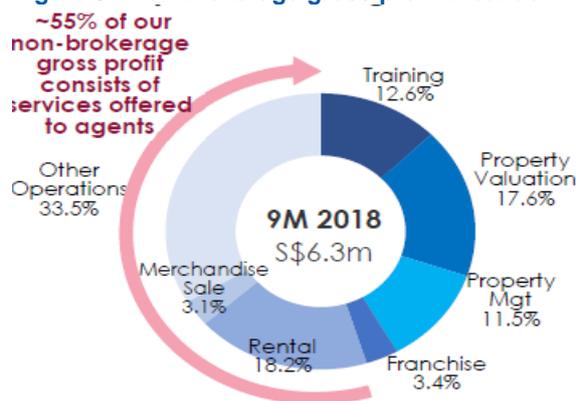
Source: Company data

Figure 8: Brokerage transaction value by segment



Source: Company data

Figure 9: Non-brokerage gross profit breakdown



Source: Company data

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

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or

availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and 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 Research Institute Singapore Pte Ltd and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. By virtue of distribution to these categories of investors, RHB Research Institute Singapore Pte Ltd and its representatives are not required to comply with Section 36 of the Financial Advisers Act (Chapter 110) (Section 36 relates to disclosure of RHB Research Institute Singapore Pte Ltd 's interest and/or its representative's interest in securities). Recipients of this report in Singapore may contact RHB Research Institute 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. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. 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
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore

RHB Research Institute 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 Research Institute 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 Research Institute 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.

This research report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

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. 12 th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908	RHB Research Institute 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	