

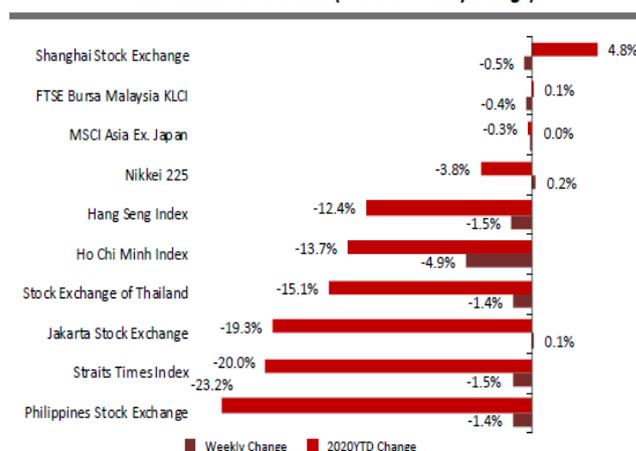
Key Highlights

- **Geopolitical Risks incremental rather than abrupt.** US-China tensions have been escalating, but impact on equity markets have largely been muted.
- **European Union.** European Union (EU) heads of state reached an agreement over a EUR750-billion package of grants and low-cost loans for member states.
- **EM vs DM.** In Asia, we have a relative preference to AsiaPac ex-Japan equities over Developed Market equities. Within AsiaPac ex-Japan Equities, we maintain our overweight stance in Hong Kong/ China equities.
- **Strategy.** Our preferred approach is to consider an active managed fund. We also believe there could be room for further tightening in Asia dollar bond yields as market normalises. Investors may consider **Weibo Corp 3.375% Senior Unsecured July 2020, DBS Group Holdings USD 3.30% AT1 Perp (callable 2025)** and **Tencent Holdings USD 3.24% Senior Unsecured June 2050.**

Investment Updates

We've seen some good Q2 earnings, and some positive news on the Covid-19 vaccine development. On the other hand, global markets have also been responding to incremental signs of escalating US/ China tensions, which we saw culminating with the closures of consulates in Houston as well as Chengdu. Markets have also, to a certain extent been reacting to the accelerating daily new Covid-19 cases.

Asian Indices Performance (YTD and Weekly Change)



Source: Bloomberg

According to JP Morgan, the geopolitical developments are incremental rather than abrupt. The US-China conflict has been escalating almost weekly since May, in part linked to the US election calendar. Some notable developments include:

- President Trump's Administration's prohibition of US federal pensions funds from investing in China;
- US revocation of Hong Kong SARs special trade status;
- US sanctions on Chinese officials and some companies, including US actions against Huawei; leading to China sanctions on a US aerospace company;
- US rejection of China's maritime claims in the South China Sea;
- US/China consulate closures in Houston and Chengdu.

JP Morgan also notes that over the past three months, asset price reactions around most of these announcements tend to be localized (mainly CNY and China/Hong Kong Equities) and intra-day or intra-week. Some possible reasons for this include:

- First - that the financial and economic consequences of each event, both as individual events, and cumulatively are not significant.

- Second - that military conflict has always been and remains unlikely, given President Trump's aversion to military engagement.
- Third - a possible Biden victory in November (as suggested by national and battleground-state polls) may suggest a less antagonistic US foreign policy.

Given the above backdrop, we believe near-term noise and volatility will continue if indeed the escalation of conflicts with China has been driven by Trump's desire to redirect the attention from domestic problems. Given that the confrontational tactics appear to have very limited economic and financial consequences, worsening tensions may not be a durable disrupter of market performance. For now, we keep an eye out for measures such as higher tariffs, sanctions on financial institutions or broad technology restrictions. These risks may be less likely pre US-election, but are still worth monitoring.

Over in the European market, the European Union (EU) heads of state reached an agreement over a EUR750-billion package of grants and low-cost loans for member states. The fund package would provide EUR390bn in grants and the balance of EUR360bn in loans to member states to be funded by bonds issued by the European Commission. The grants will be spread over three years, with 70% of the funds paid in 2021 and 2022, subject to governments committing to economic reform plans.

This is a significant step in that it represents a unified response. Fitch commented that this has mutualised part of the cost of the coronavirus response at the EU level, thereby introducing some fiscal risk-sharing and central debt issuance. Fitch further commented that the fund should be deemed as a net supportive factor for EU sovereign ratings over the medium term, in particular beneficiaries such as the poorer member states in southern and Eastern Europe.

Preferred securities should offer an attractive value proposition. The development on the EU recovery fund adds to the stance that central banks/

government continue to be proactive in stimuli, and preferred securities (such as insurance hybrids) and junior subordinated capital securities (such as AT1 bonds/ CoCo bonds) should offer value proposition to investors, from a yield perspective.

We expect investors to continue the hunt for yield and consequently go down the capital structure of stronger companies by buying into preferred and capital securities. We wish to reiterate our preference on AT1 capital securities/subordinated securities issued by strong parent companies (those of IG vintage). We remain cautiously constructive on AT1 CoCo capital securities, with only preference for instruments by stronger financial institutions. Lower likelihood of potential restriction of AT1 coupon, certain regulatory "relaxation" and resiliency of bank capital buffer today are tailwinds for credit investors.

Clients looking to achieve yield pick up without compromising quality may consider subordinated securities as they tend to offer higher returns in the form of subordination premium.

In Asia, we have a relative preference to AsiaPac ex-Japan equities over Developed Market equities. Key supporting reasons are resilient economic fundamentals, a more stable currency outlook and more policy levers (both monetary and fiscal) to buffer from potential slowdown in growth. For Asia, (i) valuations (Asian equity valuations are lower and more attractive than US valuations); (ii) Asia looks to contain the Covid-19 better than DM. We expect China equities are likely to outperform, given the likelihood of China's earnings recovery, improved onshore liquidity environment and continuous market reform catalysts.

Within AsiaPac ex-Japan Equities, we maintain our overweight stance in Hong Kong/ China equities. The surge in China A-shares may be reminiscent of the crash in 2015. However, we believe that there are differences. The first difference was leverage in the form of margin financing. We believe margin

financing was one of the key contributors to the 2015 crash. Despite equity returns accelerating, leverage has remained broadly stable. Margin trades currently stand at CNY 1.2tr, significantly below the CNY 2.3tr high reached in summer 2015

The second difference as compared to 2015 are the valuation levels. While trailing 12-month CSI earnings rose above 20x in May 2015, they currently stand at approximately 16x. Other indicators such as the price to book value (below 2x, versus 2.8x at the peak of the bubble) also suggest relatively more moderate valuation levels.

Our preferred approach is to consider an active managed fund such as the **JPM China A-Shares Opportunities Fund**. For a more diversified exposure to the Asian region, we suggest the **Schroder Asian Income Fund**. The fund manager invests primarily in Asian equities and fixed income securities which offer attractive yields and sustainable dividend payments.

Stocks in the sectors that are benefiting from a China recovery include **AIA Ltd (1299 HK)**, **Alibaba (9988 HK)**, **China Mengniu Dairy (2318 HK)**, **Tencent (700 HK)**, **China Overseas Land & Investments (2319 HK)**, **Sands China (688 HK)**, **NetEase (9999 HK)**.

Environment for Asian dollar credits remain attractive. We believe that decisive action by major central banks to inject liquidity and improve funding markets will continue to support the hunt for carry when risk sentiment stabilises. We believe there could be room for further tightening in Asia dollar bond yields.

Comparing the USD denominated credit spreads between Asian and advanced economies, there was a premium of nearly 40bps which was required on bonds issued by Asian borrowers even in pre-Covid days, mainly due to their liquidity premium. In recent months, this premium has increased (to approximately 70 bps) indicating possible undervaluation of the Asian credit markets. We believe there is room for the premium to shrink if the countries are able to recover from the Covid-19 recession.

However, it is important that there is careful selection and that investors choose corporate bonds issued by Asian companies that can weather the negative impact from the current recession, and not suffer a credit rating downgrade.

We believe there could be room for further tightening in Asia dollar bond yields as market normalises. We highlight **Weibo Corp 3.375% Senior Unsecured July 2020**, **DBS Group Holdings USD 3.30% AT1 Perp (callable 2025)** and **Tencent Holdings USD 3.24% Senior Unsecured June 2050**.

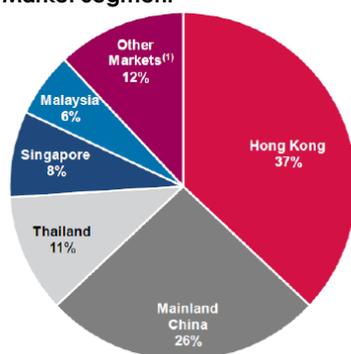
Equity : AIA Group Ltd (1299 HK)

Summary. We like AIA's unique positioning in Asia; established foreign insurer with expanding foothold in under-penetrated China, as well as its geographical diversification in some of Asia's developing economies. We believe that its long-term investment thesis is intact, albeit weaker sales and investment yields in the near-term as a result of Covid-19 outbreak.

Background. AIA Group is the largest listed pure pan-Asian life insurer with presence in 18 countries in Asia Pacific. It is the first foreign insurer to enter China and is among the 5 largest foreign life insurers in China. AIA is in 15-year exclusive bancassurance deals to sell its insurance products through Citibank's Asia Pacific retail branches, as well as with Bangkok Bank in Thailand.

Over the last 3 years, AIA has grown its Embedded Value (EV) at 13.8%, Value of New Business (VONB) at 17% and net profit at 16.9% CAGR. AIA Group's top shareholders include JP Morgan (9.31%), BNY Mellon (9.09%) and Capital Group (7.89%).

2019 VONB by Market Segment



Source: Compiled from company release

Considerations:

Higher demand for health and life insurance over the longer-term, on increased awareness of importance of insurance protection triggered by the Covid-19 outbreak. We believe that household income in China and ASEAN countries, over the longer-term would continue to grow and support premiums, as well as margin expansion amid shift to regular premium protection-focused products.

Expansion of footprint in the under-penetrated insurance market of China. This is supported by efforts of the Chinese government to liberalize their financial markets, which are positive for wholly-owned foreign insurers such as AIA. China's liberalization of financial markets should level the playing field for AIA versus other foreign insurers which have mostly been operating and expanding in China via joint ventures with local partners.

A key medium-term catalyst for AIA is further regulatory approvals to expand in China. Early 2019, AIA received approval from the China Banking and Insurance Regulatory Commission (CBIRC) to set up sales and services centres in the cities of Tianjin and Hebei province's Shijiazhuang, its first expansion within China since 2002. In less than 6 months, AIA opened new sales and service centres in those areas and currently has operations in 7 municipalities/cities; Shanghai, Beijing, Shenzhen, Guangdong, Jiangsu, Tianjin and Shijiazhuang. We think that AIA will benefit as market shares of foreign insurers in China's life insurance market have been gradually rising in the last 10 years, and is expected to continue.

AIA's longer-term growth positioning is intact, despite near-term struggles. VONB attributable to Mainland Chinese Visitors (MCV) captured under Hong Kong VONB account for about 20% of total VONB. This had taken a hit in 2H2019 due to Hong Kong protests, and will likely remain weak in 1H2020.

CGS-CIMB estimates that a 50bp fall in investment yield reduces VONB by 5%, and has factored in 100bp fall that would dampen AIA's 2H2020 and 1H2021 VONB, an assumption we think is reasonable. As such, they expect VONB and net profit CAGR of 14.8% and 7.5% respectively for the coming 3 years, the negative growth in 2020 to be reversed in 2021 onwards. Despite near-term struggles, we believe AIA's longer-term positioning in its key markets is intact.

Management. AIA is having a new CEO in June, whose appointment back in 4Q2019 had been well-received by the investment community, given his extensive local experience in China and multiple Asian markets. Mr Lee Yuan Siong is from Ping An Insurance Group, and had worked with CITIC-Prudential Life Insurance joint venture. AIA's current CEO will be retiring.

Resilient and superior solvency position. As at end-2019, AIA boasts a 362% solvency ratio, higher than peers' and well above the 100% statutory minimum.

Key risks include worse than expected VONB growth and investment yields, higher than expected claims dampening margins, weaker local currency and growth in its key Asian markets and unfavourable regulations.

Equity : Alibaba (9988 HK)

Summary. We reiterate that Alibaba is attractive for its exposure to China's rapidly expanding middle class and untapped potential of Chinese cloud market. We believe some of the key catalysts will be (a) stronger than expected China online retail sales' growth, (b) successful expansion to lower-tier market, (c) stronger than expected growth of cloud computing business.

Background. Alibaba is the world's largest online and mobile commerce company as measured by Gross Merchandise Value (GMV). The company operates China's most visited online marketplaces, including Taobao (consumer-to-consumer) and Tmall (business-to-consumer).

Alibaba also derives its revenue from international retail/wholesale marketplaces (AliExpress, Alibaba.com, Lazada), cloud computing (AliCloud), digital media and entertainment platforms (Youku, Alibaba Pictures, etc.), local consumer services (Ele.me and Koubei), logistics services (Cainiao) and innovation initiatives/others (Amap.com, Tmall Genie, etc.).

Considerations:

Alibaba as a proxy for China's expanding middle class. China's middle class is estimated to be at nearly 400 million, less than a third of the total population. In comparison, more than half of the US population is considered middle class. The expanding middle class with higher consumption per capita is likely to drive total retail sales as China transitions into a developed country. China retail e-commerce sales as a percentage of total retail sales is estimated to grow from 30% in 2018 to 64% in 2023, an average annualized rate of 16% (Source: eMarketer). Alibaba has the potential to be the largest beneficiary of Chinese consumption growth story.

Alibaba's core commerce monetization model can be classified into customer management, commission-based and others. Customer management primarily consists of performance-based marketing services (merchants bid for keywords that appear on browse results on a cost-per-click basis) and display marketing services (merchants bid/purchase for display positions on a cost-per-thousand impression basis). In addition, Alibaba also generates commissions based on a percentage of transaction value (typically 0.3-5% on Tmall, 5-8% on AliExpress). Others' revenue are primarily through revenue from product sales (New Retail), fixed annual membership fees, cloud servicing fees (AliCloud), logistics service provider fees (Cainiao and third-party providers) and on-demand delivery service fees (Ele.me).

Market leader in cloud computing. AliCloud is the leading cloud player in China with 43.2% market share (Source: IDC) in China Public Cloud IaaS, followed by Tencent Cloud (12.2%). AliCloud provides cost-effective IT solutions and digital transformation services, such as digitization of customer insights, inventory, workflow and resource planning. Given the low penetration rate of Chinese public cloud market (10% vs 22% in US); there is still vast potential for AliCloud.

Strategic synergies across Alibaba's ecosystem. About 25% of Annual Active Customers (AAC) from Alibaba's China retail marketplace (Taobao and Tmall) are users of Ele.me and Koubei. Hence, large cross-selling opportunities exist for the remaining 506 million users to be funnelled to local consumer services. With that, unit economics such as Ele.me's delivery cost per order are likely to improve further.

Strong profitability and cash flows. Unlike most of its Chinese internet peers, Alibaba has demonstrated strong profitability and free cash flows since FY2011.

Alibaba reported stronger than expected 4QFY2020 results with total revenue up 22% YoY (consensus: +14.5%) and adjusted net income up 12% YoY (consensus: -27.5%). Main segments such as core commerce grew 19% YoY and cloud computing was up 58% YoY.

FY2020 revenue was up 35% YoY with the increase mainly driven by China commerce retail business (mainly Tmall & Taobao platforms) segment and cloud computing, which registered a robust 62% YoY growth. Alibaba also achieved a RMB1 trillion Gross Merchandise Volume (GMV) milestone in fiscal year 2020, which accounted for one-sixth of total retail sales in China.

Key risks include: (1) Margin pressures from competition and investments; (2) Regulatory risks related to Ant Financial; (3) Macro slowdown in China.

Equity : China Mengniu Dairy (2319 HK)

Summary. We like China Mengniu Dairy as a consumption upgrade play to ride on the structural growth of China's dairy sector, being the second largest dairy producer. Mengniu's continuous shift to higher-margin products through new product launches and accretive overseas M&As enables it to ride on consumer 'premiumization' trends with China's expanding middle class. Its new distribution channels enabled through Alibaba's LST system allows it to quickly scale up its reach to lower tier cities.

Background. China Mengniu Dairy ("Mengniu") is the second largest dairy product manufacturer in China. Mengniu's product range includes liquid milk products (UHT milk, milk beverages, yoghurt), ice cream, milk formula and other dairy products, such as cheese and plant-based nutritional food.

Key sales contributor is liquid milk, followed by milk formula, and ice cream & others (6%). Within the liquid milk segment, growth has been driven by UHT milk (key brands: Milk Deluxe, Mengniu Pure Milk) and yoghurt (key brands: Just Yoghurt, Champion, Yoyi C). Mengniu's main costs comprise imported milk powder, domestic raw milk, sugar and packaging materials.

Mengniu's largest shareholder is COFCO, China's state-owned food processing company, with 32% stake. Mengniu has strategic partnerships with Danone and Arla Foods (largest dairy producer in Scandinavia), coupled with a JV with Whitewave Foods (US-listed organic food manufacturer).

China's Mengniu also has controlling stakes in two listed companies; 58.2% in China Modern Dairy (largest raw milk producer in China) and 51% stake in Yashili (infant milk formula producer). It has minority stakes in Shengmu & YST Dairy. Mengniu's competitors are Yili Group (market leader) and Bright Dairy.

Considerations:

Structural growth of China's dairy sector. China's dairy consumption per capita is relatively low, at about 36kg a year, vs Japan and South Korea's 50kg. Dairy demand is set to grow, driven by increasing health awareness, an expanding middle class, urbanization and relaxation of the One Child policy. Yoghurt has enjoyed the fastest growth and in particular, room temperature (UHT) yoghurt, given that it can be distributed to remote areas whereby the chilled chain infrastructure is still underdeveloped. Other products like cheese, butter and plant-based milk are seeing increasing demand.

We believe Mengniu is in a good position to benefit from this structural growth with the highest market share in chilled yoghurt (34.5%) & e-commerce liquid milk (26.5%) and second highest for UHT milk (28.5%) as at 1H2019, according to Nielsen Research.

Riding on consumer 'premiumization' trends. With the expanding middle class with rising disposable income, Chinese consumers are trading up and demanding better quality products with more varieties, including imports. High-end products such as organic milk, room temperature and chilled yoghurt, chilled fresh milk, cheese products, organic formula and goat milk powder are key growth engines. Mengniu is able to tap on this trend with its continuous product innovations to cater for the higher-end market.

Penetration to lower tier cities. About two years ago, Mengniu started to work with Alibaba's LST (Ling Shou Tong) system in Tier 3 & 4 cities. The LST system allows Mengniu to connect with traditional mom-and-pop stores in China, whereby storeowners can place their orders online without going through multiple layers of distributors. In addition, LST brings their businesses online and provides big data analytics on customer preferences, pricing strategies and inventory levels.

In 1H2019, Mengniu covered nearly 4k counties and towns, and added 189k incremental point-of-sales (POS). Mengniu plans to add another 1 million POS in the next 3 years (current: 2 million POS). Management expects higher profitability for LST vs traditional distribution business once critical mass is reached.

Management's 2025 plan. Mengniu is ranked the 10th largest dairy companies globally. Management intends to focus on quality growth and narrow margin gap with peers. For its core business, it targets to be No. 1 for UHT milk (from No. 2), maintain its No. 1 position for chilled yoghurt and increase sales contribution from infant milk formula to 10-15% (from 4-5%) over the next 5-6 years. Other areas of growth will be from: (1) new business units for cheese and fresh milk; (2) expanding overseas business, mainly to South East Asia; and (3) pursue mergers & acquisitions.

Key risks include: (1) Higher raw milk prices in China impacting margins; (2) Intense price competition; and (3) Longer-than-expected approval for overseas M&A.

Equity : Tencent (700 HK)

Summary. We believe Tencent's enterprise demand for cloud services (remote working, online education, etc.) is likely to accelerate. Despite the tapering off effect of mobile gaming usage as the pandemic situation normalizes, the financial benefits will still be seen over the next few quarters due to deferred revenue recognition.

Background. Tencent is a Chinese internet giant with businesses primarily in social networking (WeChat & QQ), PC and mobile games, contents (news, videos, music, comics, etc.), cloud computing and fintech (WeChat Pay). As of 1Q2020, it derives majority of its revenue from gaming (43%), payments and cloud (24%), and online advertising (16%) segments.

Considerations:

Resilient gaming business. Mobile & PC games remains a key segment of Tencent's business. Growth momentum of mobile game revenue is likely to maintain. Several key mobile gaming titles; such as League of Legends, Dungeon & Fighter, Call of Duty, are slated to launch in 2020. Moving forward, Tencent will develop mobile games based on popular international IPs owned by its partners, further increasing the share of international mobile gaming revenue from the teens currently. Call of Duty Mobile (partnership with Activision Blizzard) is one recent example of success, having attracted over 20 million gamers within the first 2 days of its worldwide debut (ex-China) in October – one of the most successful mobile game launches ever.

Untapped monetization opportunity with large, sticky user base. Tencent's platforms are essentially the equivalent of Facebook, Whatsapp (WeChat), Netflix, Spotify and PayPal combined. Tencent's associates JD.com and Meituan Dianping are also similar in some respects to Amazon and Uber Eats/Groupon. Vast collection of user data through social, payment (Tenpay) and entertainment platforms (Tencent Video) allows Tencent to leverage on the technology of artificial intelligence for accurate user ad targeting.

Furthermore, Tencent has accumulated extensive amount of online gaming related Intellectual Property (IP) with continuous acquisitions/investments in top online gaming studios globally, such as Riot Games (developer of League of Legends), Supercell (Clash of Clans), Epic Games (Fortnite), Activision Blizzard (Call of Duty) and others. With its rich IP portfolio, entertainment content like movies can be developed.

Tencent is transforming from consumer Internet to industrial Internet. CEO Pony Ma believes the future of the Internet is using artificial intelligence to process Big Data in the cloud, allowing industries to aggregate and unlock value in their data. Tencent aims to help industries to connect to consumers through its platforms, such as WeChat. Miniprograms, official accounts, and Weixin Pay can facilitate communications between consumers and industries and transactions. Tencent has a strong position in social networking and entertainment (such as gaming, online

video and online music), and is advancing into finance, government, smart retail, and industrial verticals.

Key risks include: (1) Government's regulations on online gaming can put pressure on online gaming business; (2) Intense competition and investment in the new businesses will put pressure on Tencent's margins.

Equity : China Overseas Land & Investments (688 HK)

Summary. China Overseas Land & Investments (COLI) is a proxy to ride on a rebound in the China property sector, once the coronavirus outbreak ends. Given that property sales and real estate investments account for almost 30% of China's GDP, it is likely that the Chinese government would introduce more aggressive measures to support the property market. We expect property sales to recover from 2H2020, assuming the outbreak is contained. COLI is a more defensive play, with good execution and low net gearing of 35%.

Background. COLI is a large-cap SOE developer with property developments in 68 major cities in China. Its exposure is mainly in Tier 1 and Tier 2 cities, with less than 2% exposure in Wuhan (based on 2019 sales). Its associate, China Overseas Grand Ocean (COGO) focuses on residential developments in lower tier cities. The bulk of its revenue and earnings are from property development at 97% and 82% respectively, with the remaining from property investment and other operations.

Considerations:

A quality blue-chip developer with a sound balance sheet. In the event the coronavirus outbreak prolongs, we believe COLI is in a better position; given its low net gearing of 35%, with weighted average borrowing cost of 4.28% with HKD112 billion cash on hand (as at 1H2019). It also has one of the highest credit ratings in the industry. This will enable COLI to purchase land-bank at reasonable valuations. CGS-CIMB estimates that COLI's total unbooked sales are RMB404 billion (as at end 2019), indicating that 55% of FY20F and 19% of FY21F earnings are locked in, which provides earnings' visibility. In addition, it has less than 2% exposure in Wuhan and Hubei region, based on 2019 sales.

The Chinese real estate market may prove more resilient than anticipated; given the gradual easing of administrative measures, such as home purchase restrictions and mortgage-lending rules. Further policy loosening measures to support the real estate sector would be a key catalyst.

Reiterates saleable resource of RMB680 billion for FY20F. COLI's contracted sales declined 6% YoY in 5M2020, which was in line with the other top 10 developers. It reiterates its target to launch RMB680 billion of saleable resources in FY20F, consisting of RMB100 billion in 1H2020, RMB270 billion in 2H2020 and RMB310 billion carried forward from FY2019. It is still on track to meet CGS-CIMB's estimated sales target of RMB360 billion in FY20F, in view of its contracted sales' run-rate of 32% at end-May.

New completions to drive Investment Property revenue growth. COLI stressed that it was able to maintain a core net profit margin of over 20% in FY2018-19 due to its low SG&A expense ratio (3.3%), low interest cost in the industry (4.2%) and a higher share of revenue from investment properties ("IP"). It targets IP revenue of HKD5 billion in FY20F and HKD10 billion in FY23F, primarily driven by new completion of offices and shopping malls. It also expects its IP

GFA under operation to increase from 4.4m sqm at end-FY19 to 9.7m sqm at end-FY23F.

First share repurchase in the past 15 years. On 12 June, COLI repurchased 116.5k shares for the first time in 15 years. The repurchase could be a signal from the board of directors that its valuation is attractive, and would improve its EPS, according to CGS-CIMB Research.

Key risks include: (1) Longer-than-expected coronavirus outbreak; and (2) Slower-than-expected rebound in property sales.

Equity : Sands China (1928 HK)

Summary. We believe the Macau gaming sector is now at its worst point in terms of GGR (gross gaming revenue) due to border controls to contain Covid-19. We expect a surge in visitations and GGR as travel restrictions are lifted, but we would build positions now as share prices are likely to rally ahead of that. We view Sands China as a relatively defensive play; given its leadership in mass market gaming, which benefits from structural growth in Chinese travel & leisure.

Background. Sands China is the largest casino operator in Macau, with 34% EBITDA market share. It generates 95% of EBITDA from 4 properties in Cotai – The Venetian Macao, Sands Cotai Central, The Parisian Macao and Four Seasons/Plaza Casino – and 5% from Sands Macao located on the Peninsular. Sands China is focused on the mass market, with 65% of EBITDA derived from mass gaming, 28% from non-gaming activities and only 7% from VIP gaming. It has over 1400 mass tables and about 6000 slot machines.

EBITDA By Property	%
The Venetian Macao	44%
Sands Cotai Central	23%
The Parisian Macao	17%
Four Seasons/ Plaza Casino	11%
Sands Macao	5%
EBITDA By Segment	%
Mass Table	58%
Slots	7%
Hotel	14%
Mall	12%
Other	2%
VIP	7%

Source: Compiled from company releases

Considerations:

Leadership in mass market gaming. Mass market gaming garners about 3-4x higher profit margins than VIP and tends to be more stable, which makes Sands China a relatively defensive play, in our view. In 2019, although Macau GGR declined 3.4% as China's economy was affected by trade tensions with the US, mass gaming actually grew 16.7%. The GGR weakness was entirely at the VIP gaming segment, where Sands China has limited exposure.

If Macau reopens its borders, we expect some recovery in mass market gaming driven by pent-up demand. Macau could also become the preferred travel destination for Chinese tourists in the near-term, given the low number of Covid-19 cases and closer proximity to China. However, social distancing rules may cap GGR performance for 1-2 quarters.

In a policy address on 20 April, the Macau Chief Executive said once Covid-19 is controlled, Macau will ask China's central

government to resume the Individual Visit Scheme (IVS) and even expand the number of cities covered. If this happens, it would be the first expansion in over a decade of IVS (49 cities since 2007) and a long-term positive for the sector.

New investments to drive long-term growth. Sands China has allocated USD2.2 billion for strategic expansion in Macau. It will spend USD1.35 billion on renovation, expansion and rebranding of Sands Cotai Central (built in 2012) to The Londoner Macao, with phased completion in 2020-21F.

It is also adding a total of 660 new luxury suites (amounting to 2 million sqft) in Grand Suites at Four Seasons Macao and The Londoner Tower Suites, to target growth in the premium mass segment. We expect the upgraded product offerings will attract visitations and drive future growth.

Strong management team and track record. Parent company Las Vegas Sands (LVS) owns 70% of Sands China. It is the global leader in mass market gaming; apart from Macau, LVS has operations in Singapore and Las Vegas with an intention to bid for a Japan casino licence for future expansion. The management quality is evident from its recent resolve to temporarily suspend dividends at both Sands China and LVS levels, to conserve capital for strategic investments.

Historically, Sands China used to consistently declare annual dividends of HKD1.99 per share, which would have translated to 6.5% yield. However, maintaining dividends this year when revenues have collapsed would have caused net gearing to spike to over 1x from 0.7x at end-2019, based on our estimates. We appreciate the company's prudence. Positively, management committed to revisit the suspension of the dividends at the earliest reasonable opportunity.

Key risks include: (1) Covid-19 crisis prolongs and Macau borders remain closed for a long time; Sands China will have negative operating leverage as its fixed cost base is high, due to a large number of hotel rooms and gaming tables; (2) Delays in resumption of dividends; (3) Adverse policies on the Macau gaming sector by China's central government.

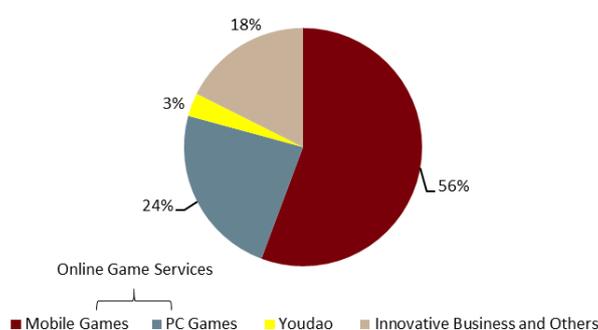
Equity: NetEase Inc (9999 HK)

Summary. We like NetEase for its proven track-record and leading game development expertise, highly recurring gaming business with strong pipeline of titles, attractive valuation, and overseas gaming expansion with potential for margins improvement.

Background. Established in 1997, NetEase is China's second largest online games developer (behind Tencent) with over 140 mobile and PC games across a wide range of genres. It also has presence in learning, music streaming, e-commerce, e-mail services and others. As of 31st Dec 2019, it has registered over 1bn e-mail users, 800mil NetEase Cloud Music users, and more than 100mil monthly active users (MAUs) for its learning services business Youdao (NYSE listed).

Listed on the Nasdaq Stock Exchange since 2000, NetEase had its secondary listing in Hong Kong on June 11th 2020. Its largest shareholder is its founder William Ding (41%).

1Q20 Revenue Breakdown



Source: Compiled from Company release

Considerations

Innovative business segment mainly consists of e-commerce brand Yanxuan, NetEase Cloud Music, NetEase Mail, NetEase CC Live-streaming etc. Separately, Youdao provides a comprehensive suite of learning products and services such as online courses through Youdao Premium Courses, dictionary (Youdao Dictionary) and translation (Youdao Translation) products.

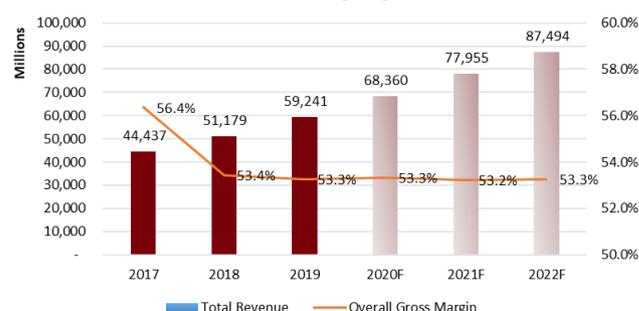
Reputable game developer with proven track record of developing blockbuster game titles. NetEase has consistently rolled-out self-developed popular gaming titles such as Westward Journey Online (WJO), Fantasy Westward Journey Online (FWJ), Onmoji Series and Knives Out. Its strength in gaming development is a testament to the amount of R&D spending (c44% of operating expenses in 1Q2020) and 10,000 in-house developers (half of total employees headcount) in order to consistently outcompete rivals.

NetEase also has exclusive partnerships with global gaming studios and IP houses such as Blizzard, Marvel, Microsoft and Warner

Brothers for game licensing primarily in the Chinese market. With global game market expected to grow at a CAGR 8.3% in 2019-2023F (Source: Newzoo) and mobile gaming being the fastest growing segment, NetEase is well positioned to benefit from this macro tailwind.

Overseas gaming expansion with higher operating margins. As of FY19, NetEase only derives 11% of its online games revenue from overseas (predominantly Japan). With the initial success of mobile game Knives out in Japan, it aims to further broaden the global appeal of its games by investing in overseas game studios, working with game companies such as Blizzard Entertainment to transform well-known PC/ Console IP into mobile games and co-developing games with IP owners (eg Warner Brothers and Marvel). With that, management targets 30-50% overseas games revenue contribution in 3-5 years which will lift operating margins as overseas channel costs for iOS and Android app stores are c.20% lower on average.

Financial Highlights



Source: Compiled from Company release

Valuation is attractive with potential for multiples expansion. NetEase's current valuation of 24.2x FY20 PER looks attractive to global peers such as Activision 28.2x FY20 PER and Electronic Arts' 27x FY 20 PER. As one of the largest gaming companies with highly recurring earnings, strong in-house game development expertise and solid pipeline of game titles, we think NetEase's valuation appear under-appreciated.

New game launches and revenue growth/ margins improvement of NetEase Cloud Music and Youdao are potential re-rating catalysts. Highly anticipated mobile games (Harry Potter, Diablo Immortal and Pokemon Quest) slated to release in 2H20 and 1H21 are likely to be key growth drivers for gaming while Youdao (learning) and NetEase Cloud Music continued strong growth and gross margin expansions are potential share price catalysts too.

Potential M&A/ IPO to unlock value. Management has indicated in the past that its music streaming business NetEase Cloud Music will be carved out eventually as a separate business entity, likely through an IPO. Its recent sale of e-commerce business Koala to Alibaba for USD 2 bn, followed by a special dividend are examples of potentially monetizing its non-core businesses such as private

lable e-commerce Yanzuan, if it decides to focus on its overseas game expansion.

Key risks: 1) regulatory risks such as delay in game approvals in China; 2) Faster than expected decline in legacy games revenue due to intensifying competition; 3) marketing spending in e-commerce business may drag down profitability.

Unit Trust Fund: JPM China A-Shares Opportunities Fund

Objective. To provide long-term capital growth by investing primarily in companies of the People's Republic of China (PRC).

Philosophy. The investment objective of the China A-Share Opportunities Fund is to provide long-term capital growth by investing primarily in companies of the People's Republic of China (PRC). The Fund uses an investment process based on a fundamental, bottom-up stock selection process. It uses a high conviction approach to finding the best investment ideas and seeks to identify high quality companies with superior and sustainable growth potential.

At least 67% of assets invested in China A-Shares of companies that are domiciled, or carrying out the main part of their economic activity, in the PRC through the China-Hong Kong Stock Connect Programmes, the RQFII and QFII quotas. These investments may include small capitalisation companies. The Fund may be concentrated in a limited number of securities or sectors from time to time.

Top 10 Holdings	%
Ping An Insurance	6.2
Kweichow Moutai	6.1
Jiangsu Hengrui Medicine	3.8
Wuliangye Yibin	3.8
China Merchants Bank	3.2
Luxshare Precision	3.2
Midea Group	2.5
Ping An Bank	2.5
Foshan Haitian Flavouring & Food	2.4
China Tourism Group Duty Free	2.4

Source: Fund Factsheet (Jun 2020)

Sector Breakdown	%
Financials	20.5
Consumer Staples	20.2
Information Technology	19.6
Health Care	17.5
Industrials	9.3
Consumer Discretionary	5.9
Materials	1.7
Utilities	1.6
Others	0.0
Cash	3.7

Source: Fund Factsheet (Jun 2020)

According to the factsheet, the Fund has a 1-Yr Beta of 0.98, and 1-Yr volatility of 17.55%

The Fund may be suited for investors who seek long-term capital gain, wish to find exposure to fixed income in Asian region, with the appetite for opportunities that come with the volatility and risks of a fund exposed to the Chinese equity market.

Unit Trust Fund: Schroder Asian Income Fund

Objective. To fund aims to provide income and capital growth over the medium to longer term by investing in primarily Asian equities (including real estate investment trusts) and Asian fixed income securities.

Philosophy. The fund will actively allocate between Asian equities, Asia fixed income securities, cash and other permissible investments to achieve its objective. The fund will use a cyclical approach to asset allocation where the asset mix will be adjusted according to the four phases of the economic cycle – recovery, expansion, slowdown and recession – based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the Fund will also perform active security selection for its investments in Asian equities, Asian fixed income and other permissible investments. For the Asia equities portfolio, the Fund intends to select securities that deliver attractive yield and capital growth taking into account both fundamental and technical views such as valuation, demand/supply conditions and liquidity. The Fund will also perform duration management based on the Manager's interest rate views.

Top 5 Equities	%
HK Electric Investments Units Ltd	2.6
AusNet Services Ltd	1.9
Power Grid Corporation of India Ltd	1.7
Power Assets Holdings Ltd	1.6
Singapore Telecommunications Ltd	1.5

Source: Fund Factsheet (Jun 2020)

Top 5 Fixed Income	%
Perusahaan Penerbit Surat Berharga 4.45 20-Feb-2029 Reg-S (Sukuk Wakala)	0.6
CNAC HK Finbridge Co Ltd 3.875 19-Jun-2029 Reg-S (Senior)	0.4
Siam Commercial Bank Public Company 4.4 11-Feb-2029 Reg-S (Senior)	0.4
CSCEC Finance (Cayman) II Ltd 3.5 05-Jul-2027 Reg-S (Senior)	0.4
Philippines (Republic of) 3.75 14-Jan-2029	0.4

Source: Fund Factsheet (Jun 2020)

Sector Breakdown	%
Financials	17.2
REITS	14.8
Utilities	14.8
Real Estate	9.2
Communications	8.8
Cash & Cash Equivalents	6.1
Energy	5.7
EM Allocation	5.6
Materials	5.0
Information Technology	3.6
Government	3.3
Others	3.2
Industrials	2.8

Source: Fund Factsheet (Jun 2020)

According to the factsheet, the Fund has a 3-Yr annual volatility of 9.1%

The Fund may be suited for investors who seek long-term capital gain, and understand the risks associated with investing in Asian equities and Asian fixed income securities.

Fixed Income: Weibo Corp 3.375% Senior Unsecured July 2020**Background:**

Weibo Corporation ("Weibo") is one of the largest online social media platforms in China. Weibo provides social media platform allowing users to create and share content through text, pictures, videos and engage in social interaction. Weibo is founded by its key shareholder, Sina Corp. Main shareholders include: Sina Corp (44.9%; 71% voting power) and Alibaba (30%; 15.8% voting power).

Weibo is presently listed on NASDAQ in Apr 2014. The group generates bulk of its revenue from online advertising

Salient Terms of Bond (ISIN: US948596AE12)	
Issuer	Weibo Corporation
Issuer Size	US\$750 mil (min denom. US\$200k)
Issue Rating	Baa1 (stable)/ BBB (stable) by Moody's/ S&P
Maturity	8 th July 2030
Coupon	3.375% p.a.
Ask Price/ YTC [^]	Please Call
Ranking	Senior unsecured
Optional Redemption	Make-Whole Call @ 45 bps; 3-month par call
Investor Put	\$101 Put upon Triggering Event, which defined as, but not limited to a change in law of the PRC that results in the group being legally prohibited from operating substantially all of the business operations conducted.

[^]Source: CIMB Treasury (as of 13/07/20); on gross basis.

Investment Considerations:

- **Strong liquidity & financial flexibility:** Weibo has strong liquidity with net cash position of US\$663 mil as of Mar 20. Group is able to generate strong cashflow mainly from its ad sales operations. There are no upcoming debt maturing in next 24 months (next upcoming maturity is US\$900 mil convertible bond due 2022).
- **Strong market position:** Weibo has monthly active users and daily active users ("DAU") of 550 mil and 241 mil, respectively. This allows Weibo to attract content providers, users and advertisers to utilise its platform and increase its share of online advertising market. Furthermore, strategic corporation with Alibaba has helped Weibo to boost revenue (US\$1.76 bn); strong cashflow from operation (US\$631 mil); and high EBITDA margin of 35% as of FY19.

Key Risks:

- Downward pressure in Weibo's revenue & cashflow in 2020, primarily due to slowing economic growth in China. Weibo's reported 19% yoy decline in revenue; macroeconomic uncertainties due to the pandemic may lead to weakened ad sales in the medium term. In addition, Weibo's margin may continue to come under pressure due to competitive online advertising landscape. That said, the group continues to have above-industry average profit margin if compared to tech peers such as Baidu and JD. However, we opine that the company's flexible liquidity position (net cash position) and prudent financial management would allow it to adjust its cost structure to maintain EBITDA margins.
- The challenging operating environment is expected to result in weaker gross leverage position, as measured by debt/EBITDA ratio. Moody's expects leverage to deteriorate to 3.5-4.0x in coming 12 to 18 months before improving as China's economy recovers. Group is also expected to settle its US\$900 mil convertible bond, which will further improve leverage moving forward.

Summary/Relative Value:

We take cognisance that Weibo may be seeing pressure in its topline and margins in coming quarters as the pandemic will dampen ad spending by enterprises. Furthermore, group is subject to regulatory risk given strict censorship rules in China as Weibo app is an online platform for users to share news and videos. Any clampdown by the authorities will certainly hurt its average DAU, which in turn may weaken its attractiveness to advertisers. In addition, recent developments of its parent, Sina Corp's proposal to be privatised via a management buyout might have caused an overhang in the bond price. The proposed privatisation by management could possibly lead to higher debt level if debt is used for the exercise (Note: there is no clarity on funding mix thus far).

In view of the above, Weibo 3.375% 30 (mid YTM: 3.48%) is seen as a laggard when compared to peers such as JD 3.375% 2030 (rated Baa2), which is trading at YTM of 2.50% and higher rated Baidu 3.425% 2030 (YTM: 2.35%; rated A3). The yield pickup of over 100 bps over its peers provides risk-to-reward in compensating investors for the risks mentioned in para above. The paper is presently trading at a fairly attractive spread of >200 bps above 10Y UST.

Fixed Income: DBS Group Holdings USD 3.30% AT1 Perp (callable 2025)

Background: DBS Group Holdings Ltd ("DBSH") headquartered in Singapore, is the financial holding company of the group, with total assets and net loans of S\$643 mil and S\$369 mil, respectively. Temasek Holdings is the main shareholder of DBSH at 30%.

Salient Terms of Bond (ISIN: XS2122408854)	
Issuer	DBS Group Holdings Ltd.
Issue Size	US\$1.0 bn (Min denom.: US\$200k)
Issue Rating	Baa1 (stb)/BBB+ (stb) by Moody's/Fitch
First Call Date	27 Feb 2025
Maturity	Perpetual non-call 5
Distribution	3.30% p.a.; payable semi-annually to First Call Date.
Coupon Reset	Reset on the First Call Date and every 5 years thereafter to H15T5Y + 1.915%
Ask Price/ YTC*	Please Call
Ranking	Junior subordinated preferred securities, qualify as Basel III AT1
Distribution cancellation	Yes, Issuer shall not pay any Distribution if among others, prohibited by Singapore banking regulations. Unpaid distributions are non-cumulative.
Loss Absorption	Permanent write off upon a trigger event, which includes, among others, MAS notifying Issuer that a write-off is necessary, without which group would become non-viable.
Optional Redemption	Anytime on or after 1st call date and earlier upon special event redemption such as change of qualification event or for taxation reasons.

^Source: CIMB Treasury (as of 06/07/20); on gross basis.

Investment Considerations:

- **Strong capitalisation** as reflected by CET 1 ratio of 13.9% as of FY19 (-20 bps qoq); partly attributed to healthy profitability. CET1 ratio is above regulatory min. requirements of 9.1%, which represents capital buffer of S\$15.4 bn.
- **Healthy liquidity:** Loan-to-deposit ratio stood comfortably below 100% at 89%, coupled with liquidity coverage ratio and net stable funding ratio of 136% and 110%, respectively. CASA ratio remained healthy at 58.9%, which indicates its low reliance on confidence sensitive wholesale funding.

Key Risks: Gross NPL ratio deteriorated marginally to 1.6% in 1Q20 (-10 bps qoq). Near term profitability might be weighed down by

higher impairment provisions (1Q20: S\$1.09bil). The higher credit costs are pre-emptive macro overlays for Covid-19. Asset quality deterioration risk is the key reason why Fitch placed DBSH on negative rating watch on 29 April 2020.

AT1 paper is subject to loss absorption features (write-off) as designated by regulators.

Fixed Income: Tencent Holdings USD 3.24% Senior Unsecured June 2050

Background: Tencent Holdings Ltd. ("Tencent") is a leading Chinese integrated internet services company, which operates social communications platforms i.e. Weixin/WeChat (23% of revenue), online games (30%), online advertising (18%) & others (29%). The credit strength is underpinned by its strong captive user base (>1 bn), resilient business from online games growth and domestically focused business, which is expected to be partially shielded from potential supply chain disruptions from US-China trade wars. The paper is presently trading at spread of 175-180bp vs spread of 120-130 bps pre-Covid-19.

segments as the pandemic will indirectly result in additional consumers' online activities. With the potential supply chain disruptions from US-China trade war, software-focused company with large domestic user base, like Tencent is expected to fare better than Chinese hardware companies.

Salient Terms of Bond (ISIN: US88032XAV64)	
Issuer	Tencent Holdings Ltd.
Issue Size	US\$2.0 bn (Min denom.: US\$200k)
Issue Rating	A1 (stb)/A+ (stb) by Moody's/Fitch
Maturity	3 rd June 2050
Coupon	3.24% p.a.
Ask Price/ YTC*	Please Call
Ranking	Senior Unsecured
Early Redemption	Make whole call at Treasury rate plus 30 basis point. Par call at 100 on 3 rd Dec 2049 (3 months prior to maturity).

*Source: CIMB Treasury (as of 06/07/20); on gross basis.

Investment Considerations:

Strong growth momentum: Tencent's revenue grew by 21% yoy, reaching RMB377 bn in FY19. Furthermore, company reported solid 1Q20 figures with revenue up 26% yoy to RMB108 bn despite the pandemic – driven by online gaming (+31% yoy) due to its business resilience during the pandemic lockdown period and consolidation of Supercell (Finnish mobile game developer). 1Q20 social advertising shown strong +47% yoy growth to RMB14.6 bn due to demand in premium marketing channel and increasing inventory from mobile advertising network and Wechat Moments, which offset media advertising revenue (-10% yoy to RMB3.2bn).

Healthy leverage & liquidity position: Revenue diversification and strong margins (1Q20 GP margin: 48.9%) had contributed to Tencent's positive CFO (RMB54.66 bn). Total cash stood at RMB221 bn (if including term deposits and financial assets), and total debt of RMB226 bn, implying a gross leverage (as measured by debt/EBITDA) of approximately 1.44x.

Key Risks: Impact of Covid-19 Pandemic and US-China trade war. Business is supported by stable growth from online games segment and continued efforts to monetize its > 1 bn Weixin/WeChat monthly active user base. Moody's is of the view that Tencent will benefit from robust growth in its online games and cloud services

Disclaimer

CIMB Bank Berhad, Singapore Branch has produced this publication/email/report/commentary for private circulation to CIMB Preferred Clients in Singapore only. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed, published, circulated, reproduced or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB Bank Berhad, Singapore Branch.

This publication/email/report/commentary has been prepared by CIMB Bank Berhad and/or its related and affiliated companies and/or any individuals connected with the aforementioned entities (hereinafter "CIMB") and is solely for information and discussion and information purposes only. This publication/email/report/commentary should not be construed as a recommendation, an offer to sell or a solicitation of an offer to buy or sell any securities, futures, options or other financial instruments or to provide any investment advice or services. CIMB is also not acting as an advisor or agent to any person to whom this report is directed in respect of its contents. A copy of the prospectus of each fund is available and may be obtained from the relevant fund manager or any of its approved distributors. Potential investors should read the prospectus for details on the relevant fund before deciding whether to subscribe for, or purchase units in the fund. The value of the units in the funds and the income accruing to the units, if any, may fall or rise. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund.

Whilst CIMB has taken all reasonable care to ensure that the information herein has been compiled from sources believed to be reliable and is not untrue or misleading at the time of publication, CIMB assumes no responsibility and makes no representations or warranties, of any kind, as to the accuracy or completeness of this publication/email/report/commentary and this publication/email/report/commentary does not purport to contain all the information that a recipient may require. CIMB makes no express or implied warranty as to the accuracy or completeness of any such information and opinion contained in this report. The information and any opinion contained in this publication/email/report/commentary are subject to change without notice. Neither CIMB nor any of its affiliates, advisers or representatives are obliged to update any such information subsequent to the date hereof. Any reference to a company, financial product or asset class is used for illustrative purposes and does not represent a recommendation in any way. The projections, valuations and statistical analyses herein may be based on subjective assessments and assumptions and may use one of many methodologies that produce different results and to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. The price and value of any investments and indicative incomes herein contained may fluctuate either positively or negatively. It should be noted that investments in emerging markets are subject to increased levels of volatility than more established markets. Some of the reasons for this volatility relates to the respective economy, political climate, credit worthiness, currency and general market within that country. When investing in investments denominated in a foreign currency these transactions are also subject to fluctuation in exchange rates.

Certain transactions mentioned in this material may give rise to substantial risks and may not be suitable for all recipients. Please refrain from acting on the information herein without first independently verifying its contents.

This publication/email/report/commentary is intended for general circulation only. Nothing in this publication/email/report/commentary constitutes a representation that any recommendation herein is suitable or appropriate to a recipient's individual circumstances. This publication/email/report/commentary does not take into account the specific objectives, financial situation or particular needs of any recipient given that it is not possible for CIMB to have regard to the investment objectives, financial situation and particular needs of each person who reads this report. Before you make an investment, please consult your CIMB relationship manager regarding the suitability of any investment product based on your investment objectives, financial situation or needs. If you choose not to do so, you should consider whether the investment product is suitable for you. Please seek independent professional legal and financial advice as to the contents of this publication/email/report/commentary and the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you commit to purchasing a product. For the avoidance of doubt, the recipient of this publication/email/report/commentary should not treat such content as advice relating to legal, accounting, taxation, technical or investment matters.

Neither CIMB nor any of their directors, employees or representatives accept any liability for any loss, damage, costs, charges or expenses of whatsoever nature and howsoever arising (including but not limited to direct, indirect, special or consequential loss or loss of profits or loss of opportunity) suffered by you or any third party in connection with the use of this publication/email/report/commentary or its content (including any error, omission or misstatement herein, even if CIMB has been advised of the possibility thereof). CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this publication/email/report/commentary and may from time to time act as market maker or have assumed an underwriting commitment in the securities or instruments mentioned in this publication/email/report/commentary and, together with its associates and related companies, their directors, officers, employees and/or agents, may have or take positions or other interests in, and may effect transactions in securities or instruments mentioned herein and may also perform or seek to perform broking, investment banking and other banking or financial services for the companies or issuers mentioned herein and the affiliates of such companies or issuers.

The views expressed in this report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this publication/email/report/commentary. CIMB prohibits the analyst(s) who prepared this publication/email/report/commentary from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this publication/email/report/commentary may also participate in the solicitation of the businesses as described above.

The authors of the report do not own any specific securities that are recommended (shares and bonds). However, they may own units of mutual funds but these are diversified in nature and do not benefit from the price movement from single securities.

The authors are not privy to whether or not CIMB is involved in any relationship with any of the recommendations detailed in this report.

In addition, any opinions or views of third parties in this report are those of the third parties identified, and not those of CIMB. CIMB may have alliances with product providers, for which we may receive a fee. Product providers may also receive a fee from investors.

This publication/email/report/commentary is private and confidential and is for the addressee's attention only. This publication/email/report/commentary is intended for clients of the Preferred Banking Department of CIMB Bank Berhad, Singapore Branch only. If you are not the intended recipient and have received this publication/email/report/commentary, you may not use, copy or disseminate the information contained herein or hereto attached. Please also notify the sender/originator of the publication/email/report/commentary of the error and destroy the publication/email/report/commentary and/or delete the publication/email/report/commentary from your computer and system. We do not assure the security of information electronically transmitted, and your communication with us or request for communication through such means shall signify your acceptance of such risk.

The information herein is not directed to, or intended for distribution to, or use by, any person or entity who is a citizen or resident of a locality in any jurisdiction, state or country where such distribution, publication, availability or use would be contrary to law or regulation.

If at any time any provision or part of any provision, of this disclaimer is, or becomes, illegal, invalid or unenforceable in any respect under the law of Singapore, that shall not affect the legality, validity or enforceability of any other provision, or part of that provision, of this disclaimer.

CIMB Bank Berhad (13491-P)