

Kingsmen Creatives

Riding the booming MICE market

NOT RATED

\$0.58

@02/02/10

Services

KMEN SP / KEMN. SI

Germaine Khong +(65) 6210 8600 – germaine.khong@cimb.com

- Beneficiary of business and retail growth.** Kingsmen is a leading exhibition service provider and interior fit-out specialist in the Asia Pacific. More than 90% of its revenue comes from producing exhibition displays and providing interior fitting-out services to commercial and retail properties.
- Steady stream of events in the region.** With additional exhibition space of 180,000 sq m coming from Singapore's two integrated resorts, we believe there will be a significant increase in MICE dollars from 2010 onwards. Kingsmen should be a key beneficiary of a growing MICE market, as one of the market leaders.
- Revival of consumer spending.** We expect a rise in demand for interior fit-out specialists as the retail scene is expected to be boosted by rising consumer spending and higher tourist arrivals.
- Attractive valuations.** Kingsmen is trading at 6.8x CY11 consensus earnings vs. 8.0x for its closest peer, Pico Far East in Hong Kong. We believe that the valuation gap will narrow over time as the group captures a larger share of the exhibitions and interior fit-out industry. Consensus is forecasting dividend yields of about 5% which are comparable to average yields for S-REITs.

Financial summary

FYE Dec	2007	2008	2009F	2010F	2011F
Revenue (S\$ m)	145.9	190.6	233.0	252.0	270.0
EBITDA (S\$ m)	13.9	20.8	20.3	20.2	21.9
EBITDA margins (%)	9.5	10.9	8.7	8.0	8.1
Pretax profit (S\$ m)	12.5	19.0	19.6	21.5	22.3
Net profit (S\$ m)	9.4	14.2	14.7	16.0	16.3
EPS (S cts)	5.3	7.5	7.5	8.3	8.4
EPS growth (%)	+160%	+41%	+1%	+11%	+1%
P/E (x)	10.8	7.7	7.7	6.9	6.8
Core EPS (S cts)	5.3	7.5	7.5	8.3	8.4
Core EPS growth (%)	+160%	+41%	+1%	+11%	+1%
Core P/E (x)	10.8	7.7	7.7	6.9	6.8
FD EPS (S cts)	5.4	7.5	7.5	8.3	8.4
FD P/E (x)	10.5	7.6	7.5	6.8	6.7
Gross DPS (S cts)	2.0	3.0	3.0	3.0	3.0
Dividend yield (%)	3.5	5.2	5.2	5.2	5.2
P/NTA (x)	4.4	2.8	2.1	1.9	1.6
ROE (%)	29.7	34.5	31.1	28.3	24.9
Net cash per share (S cts)	11.0	14.0	14.0	17.0	19.0
P/CF (x)	8.0	4.0	7.2	7.6	6.9
EV/EBITDA (x)	6.3	4.2	4.9	4.9	4.5

Source: Company, CIMB-GK Research, Bloomberg

Price chart



Source: Bloomberg

Market capitalisation & share price info

Market cap	S\$111.7m	Share price perf. (%)	1M	3M	12M
12-mth price range	S\$0.30-0.74				
3-mth avg daily volume	S\$0.14m	Absolute	0.9	(5.0)	76.6
# of shares (m)	194.2	Major shareholders	% held		
Est. free float (%)	52		Benedict Soh	23.6	
Conv. secs (m)	-		Simon Ong	23.6	
Conv. price (S\$)	-				

Source: Company, CIMB-GK Research, Bloomberg

Background

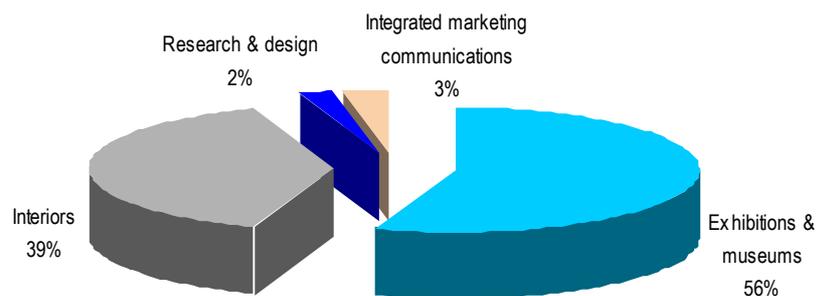
Leading exhibitions display provider in Asia Pacific. Founded in 1976 by Mr Benedict Soh and Mr Simon Ong, Kingsmen provides integrated marketing solutions with offices in 17 major cities in the Asia Pacific and Middle East. Kingsmen believes that its competitive edge lies in its ability to offer complete solutions to clients from research & design to project management, specialised services, production, logistics and installation. It has a 200k sq ft integrated manufacturing plant in Johor.

Long-term relationships with clients. Kingsmen's key clients are Robinson & Co (S) Pte Ltd, DFS Venture Singapore (Pte) Limited, the Dickson Group, F J Benjamin Holdings Ltd, Burberry Asia Ltd, Asian Aerospace Pte Ltd and Reed Exhibitions Pte Ltd.

Business segments

Kingsmen has four core businesses: 1) exhibitions & museums; 2) interiors; 3) research & design; and 4) integrated marketing communications. FY09 revenue contributions from exhibitions & museums were larger than usual due to contributions from a Universal Studios Singapore (USS) contract, amounting to more than S\$70m. We expect revenue contributions from exhibitions & museums and interiors this year to be more or less equal. Research & design and integrated marketing communications are businesses which complement the above two.

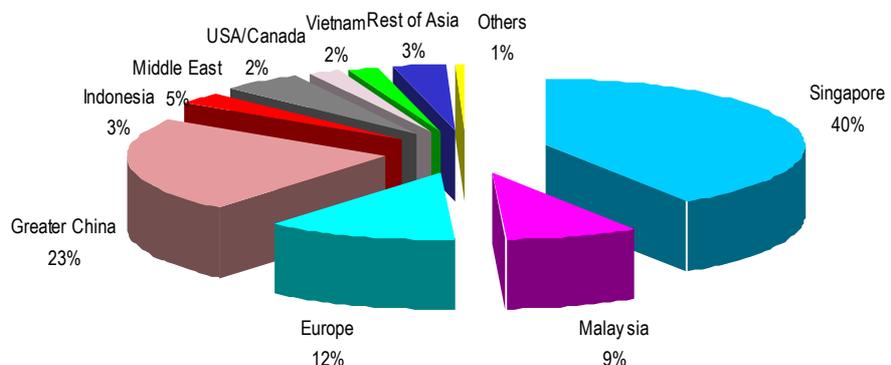
Figure 1: Revenue breakdown (9M09)



Source: Company, CIMB-GK Research

Singapore and China are main markets. Kingsmen derives the bulk of revenue from Singapore (40%), where it is one of the market leaders in exhibition displays and interior fit-out solutions. The group is looking to derive more revenue from overseas.

Figure 2: Geographical breakdown (FY08)



Source: Company, CIMB-GK Research

Exhibitions & museums. This business is Kingmen's bread-and-butter and involves exhibition displays for conferences, sporting events, trade shows, museums and visitor centres. The group offers design, project management and construction services for single and double-storey stands, national pavilions, custom-built modular booths, thematic exhibitions, hospitality suites and special events. Kingsmen works with major international trade show and conference organisers, venue owners, freight forwarders and competent suppliers to ensure the events are successful. In 3Q09, Kingsmen worked on displays for the Hong Kong Asian Aerospace, Macao Science Centre, Seoul Airshow and Sibos 2009. Growth has also been coming from its foray into thematic and scenic construction. Kingsmen clinched contracts from Universal Studios Singapore (USS) which were worth more than S\$80m earlier on. Phase 1 was completed in 2009 and Phase 2 has started this year. Kingsmen will be bidding for more contracts as the rest of USS opens progressively.

Interiors accounts for close to 40% of its revenue. This segment involves providing turnkey solutions in design, project management, roll-out management, custom fixture manufacturing, general contracting, outsourcing & fulfillment, warehousing and logistics management for retail and corporate clients. Apart from providing services to mid- to high-end retailers, Kingsmen also services eateries/restaurants, corporate offices, banks and showrooms. We believe that revenue will be supported by repeat clients. In 3Q09, Kingsmen did interiors for Burberry, F J Benjamin, Harry Winston, Polo Ralph Lauren, RSH Singapore, Swarovski, Tag Heuer SA, Tiffany and The Hour Glass. Kingsmen has also been exporting fixtures with orders from international brands such as Burberry, Esprit and Marks & Spencer.

Integrated marketing communications offers a comprehensive range of services including conceptualisation, design, production, project and event management, installation and after-sales services. Events handled by Kingsmen included the Anime Festival Asia, Ferrari Launch, BMW 1 Series Launch and Volvo Ocean Race in Singapore.

Research & design complements Kingsmen's other businesses. Kingsmen has designed for Hublot Watches in Malaysia, F J Benjamin in Singapore and AGMC at Dubai Motor Show in UAE.

Outlook

Order book. As at 10 Nov 09, Kingsmen's order book value was S\$243m, of which S\$219m would be recognised in FY09. Contracts included exhibitions & museums (Bank Negara Malaysia Museum's art gallery, Burj Dubai's observatory exhibition, museums in Sharjah, museums in Greater China, Nissan/Infiniti auto shows, RMU orders from the Middle East, TFAP 2009 and USS), and retail interior projects for brands like ALDO, Apple, Burberry, Chanel, Coach, Cotton On, Desigual, Guess, Hyundai, Joyce Boutiques, Nokia, Polo Ralph Lauren, POSB, Swarovski, Tag Heuer and Tiffany & Co.

On 1 Dec 09, Kingsmen was awarded a further S\$4.5m worth of contracts for the Singapore Pavilion at the World Expo 2010 in May. Kingsmen estimates contracts for the World Expo at more than S\$20m. Furthermore, it earlier secured an F1 Singapore Grand Prix contract for five years, worth S\$25m. This year's F1 race in Singapore will be the island's third race.

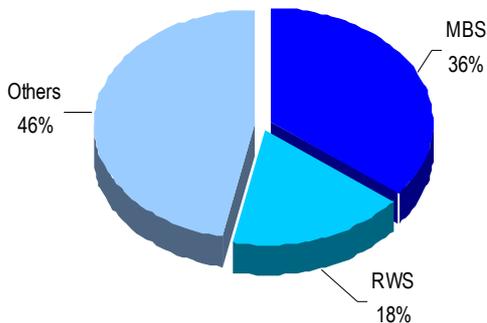
Potential for more thematic/scenic projects. The group's first thematic/scenic project was USS. We believe it managed to win its USS contacts (related to the construction of show props & sets and themed façade, and interior works for themed dining/retail) as it has experience with museum displays. The group will be bidding for more contracts from USS. We believe the experience with USS will mark Kingsmen out for more Universal Studio contracts in Korea and China. Also, there are upcoming theme parks in the region: Legoland in Malaysia and Disneyland in Shanghai.

Upcoming MICE events to boost exhibitions & museums revenue. The MICE sector is a pillar of Singapore's tourism industry. As one of Asia's leading financial centres, Singapore is well-positioned to host conventions and the region's top trade exhibitions. We estimate that more than a quarter of visitors to Singapore are business travellers who come for meetings, incentive travel, conventions and exhibitions (MICE). Singapore hosts over 6,000 business events a year. With additional capacity coming from Resorts World Sentosa and Marina Bay Sands, we believe there will be a significant increase in MICE dollars from 2010 onwards. Kingsmen should be a leading beneficiary of this growing market, as it is one of the market leaders in

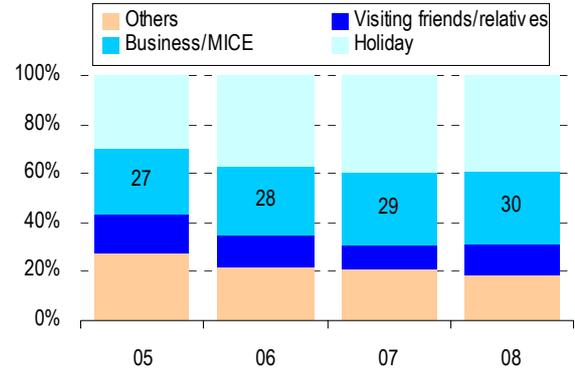
exhibition services.

Figure 3: MICE industry in Singapore

Exhibition space will more than double with the opening of MBS and RWS



About 30% of visitors are business travellers

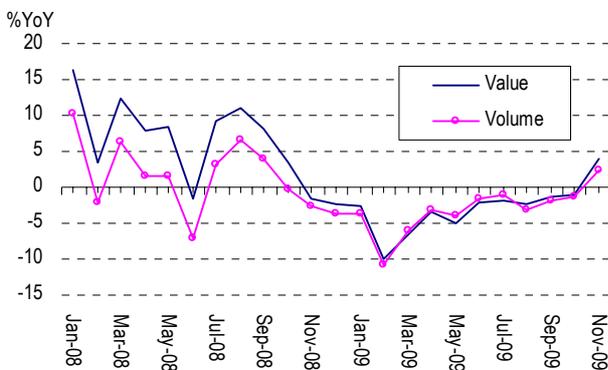


Source: STB, CIMB-GK Research

Retail industry boom. We believe that Kingsmen will continue to benefit from a revival of the retail industry, thanks to an improvement in consumer sentiment and an expected rise in tourist dollars. Apart from its exposure to RWS, Kingsmen has exposure to MBS. It is likely to secure contracts from retailers who are setting up retail stores in MBS. Clients who are setting up shop include CHANEL, Tiffany and Co. and Hublot. There is also growth potential in the region, as some retailers may appoint Kingsmen to roll out new concepts in several countries.

Figure 4: Retail industry in Singapore

Retail sales excluding autos



Retail stores at the MBS

Anne Fontaine	Bally	Blancpain	Bottega Veneta
Breguet	Brioso	Bulgari	Burberry
Cartier	CHANEL	Fendi	Ferragamo
Franck Muller	Gucci	Henry Cotton's	Hermes
Hublot	Hugo Boss	Louis Vuitton	Marisfrolg
Max Mara	Miu Miu	Moiselle	Omega
Patek Philippe	Paul & Shark	Prada	Rabeanco
Stefano Ricci	Tiffany & Co.	Wolford	Yves Saint Laurent
Zilli			

Source: STB, CIMB-GK Research

Figure 5: Segmental breakdown

\$m FYE Dec	2006	2007	2008
Exhibitions & museums	46.79	50.44	90.15
Interiors	56.04	87.93	88.72
Research & design	3.45	4.34	5.87
Integrated marketing communications	2.66	3.43	5.81
Total revenue	108.94	146.14	190.55

Source: Company, CIMB-GK Research

Figure 6: SWOT analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Leading exhibitions display provider and interior fit-out specialist in Asia Pacific • Strong branding • Key customers include international luxury brand names 	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • A growing MICE market in Singapore calls for exhibition service providers • Increase in demand for interior fit-out specialists for retail stores
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Limited visibility given short-term contracts • Difficult to differentiate from other players in a highly fragmented market 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Intensifying competition in the sector • Vulnerable to economic downturns in Singapore and the rest of Asia Pacific

Source: Company, CIMB-GK Research

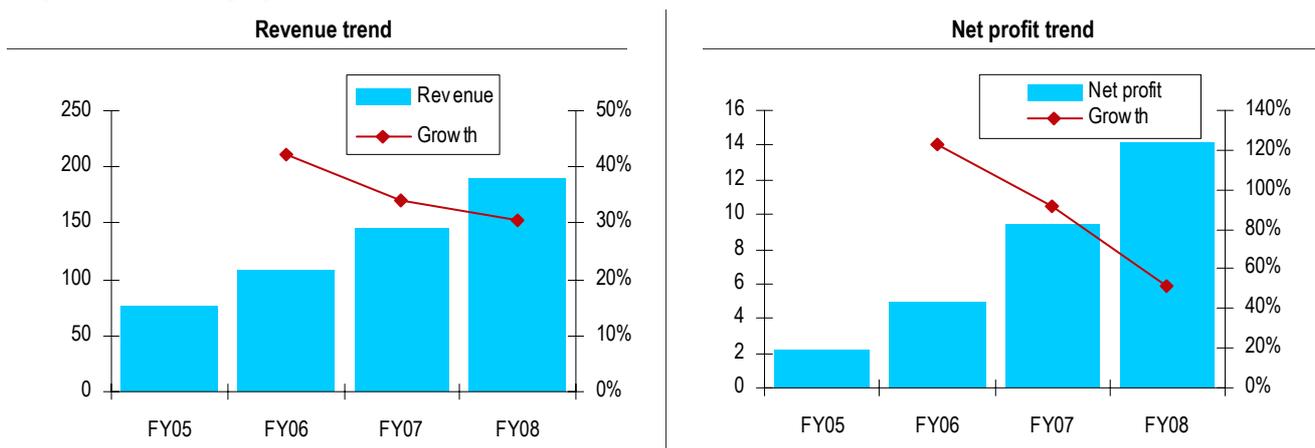
Financials

9M09 results review. 9M09 revenue rose 18.4% yoy to S\$151.6m mainly due to a better topline from exhibitions & museums. However, net profit only rose 1.3% yoy to S\$9.0m because of lower gross margins (larger-scale projects undertaken at US\$ yielded thinner margins) and higher operating expenses (mainly staff costs).

3Q09 exhibitions & museums revenue was S\$37.5m (+77.7% yoy). Contributors included the Hong Kong Asian Aerospace, Macao Science Center, Seoul Airshow and Sibos 2009. More than S\$20m of revenue from the USS project was recognised. Kingsmen also did work for the F1 Singapore Grand Prix in Sep 09. 9M09 revenue was S\$83.9m (+ 41.7%). Interiors revenue was S\$22.6m. Contributors included Burberry, F J Benjamin, Harry Winston, Polo Ralph Lauren, RSH Singapore, Swarovski, Tag Heuer SA, Tiffany and The Hour Glass. Interiors' 9M09 revenue was flat yoy at S\$59.5m. The remaining two segments did well but their 9M09 contributions were insignificant at around 5%.

Growth in 2010-12. We expect Kingsmen's revenue to be powered by: 1) the development of the MICE market as Singapore attracts more business travellers; and 2) interior fit-out contracts on the back of an improving retail industry. Investors should be aware that that the bulk of its US\$ project revenue (S\$70m-plus) will be recognised in FY09, while the remainder will be recognised in FY10. However, Kingsmen says that it will be covering the slack this year by bidding for other events and projects in 2010.

Figure 7: Financial highlights



Source: Company, CIMB-GK Research

Valuation

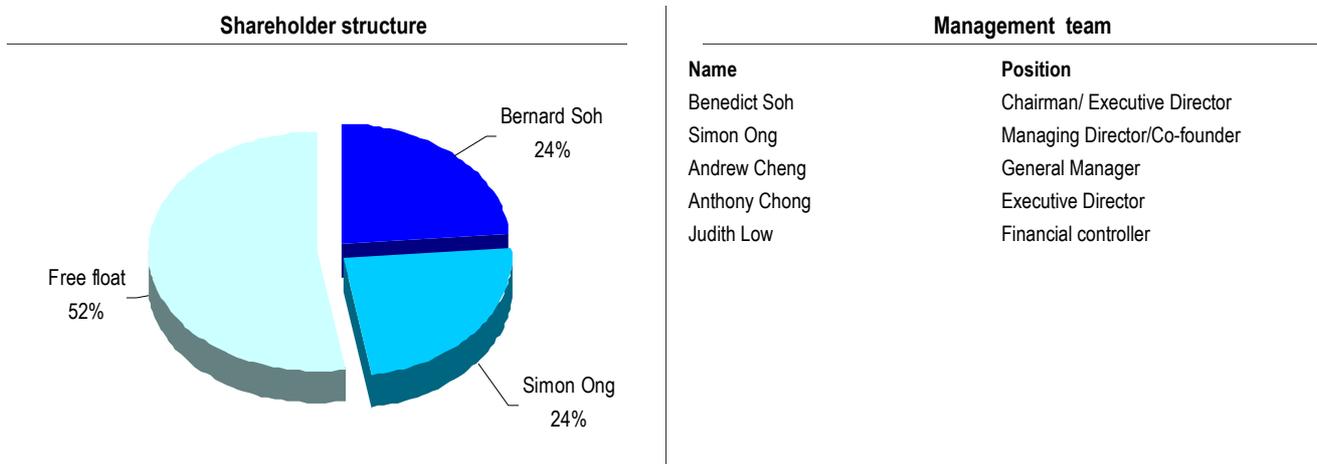
Attractive valuations. Kingsmen is trading at 6.8x CY11 consensus earnings vs. 8.0x for its closest peer, Pico Far East in Hong Kong. We believe that the valuation gap will narrow over time as the group captures a larger share of the exhibitions and interior fit-out industry. Also, consensus is forecasting dividend yields of around 5% which are comparable to the average for S-REITs. Given expectations of stronger business growth and a return of tourist dollars to the region, we believe the stock is due for a re-rating. The key disadvantage of the stock is its small market capitalisation.

Figure 8: Sector comparisons

	Bloomberg ticker	Recom.	Price (Local)	Target price (Local)	Mkt. cap (US\$ m)	Core P/E (x) CY2010	Core P/E (x) CY2011	3-yr EPS CAGR (%)	P/BV (x) CY2010	ROE (%) CY2010	Div yield (%) CY2010
Kingsmen Creative	KMEN SP	NR	0.56	NA	79.1	6.9	6.8	4.6	1.9	28.3	5.2
Design Studio	DSFM SP	NR	0.61	NA	109.4	4.7	4.1	44.7	1.7	43.0	6.4
Depa	DEPA DU	NR	0.53	NA	332.2	4.6	4.4	6.0	0.7	12.8	5.7
Pico Far East	752 HK	NR	1.41	NA	217.3	9.4	8.0	10.0	1.7	18.7	6.4
Simple Average (ex-Kingsmen Creatives)						6.8	8.3	16.7	6.1	20.2	6.2

O = Outperform, N = Neutral, U = Underperform, NR = Not Rated, TB = Trading Buy and TS = Trading Sell
Source: Company, CIMB-GK Research

Figure 9: Background information



Source: Company, CIMB-GK Research

Figure 10: Completed museum projects

Army Museum	Malay Heritage Centre, Singapore
Dalian Software Park Gallery, China	Marina Barrage Gallery, Singapore
August 1st Film Studio Heritage Gallery, China	Reflections - Bukit Chandu, Singapore
Genome Exhibition, Singapore Science Centre	Petrosains Discovery Centre, Malaysia
Aviation Discovery Centre, HK	National Museum of Singapore
Home Team Gallery, Singapore	Suzhou New District Exhibition Hall, China
Changi Chapel, Singapore	National Taiwan Science Centre
iSpace@Singapore Science Centre	The Hemingway Museum, Japan
Coca Cola Museum, Vietnam	URA Gallery, Singapore
JTC Visitor Centre, Singapore	Petaling Jaya Museum, Malaysia

Source: Company, CIMB-GK Research

Figure 11: Completed interiors projects (retail only)

Retail environment	Interior of store
Adidas, Singapore	Aigner, Vietnam
DBS Asia Treasures, Singapore	Anna Sui, China
DFS at Scotts walk, Singapore	Banana Republic, Singapore, Malaysia & Indonesia
Esprit, Singapore	Brook Brothers, South Korea
Kids World, Thailand	Burberry, Asia Pacific
La Perla, Singapore	Chanel, Singapore
Lancome Boutique South Korea	Gant, Thailand
Louis Quatorze, Hong Kong	GAP, Asia Pacific
Misscha, Korea, China and NY	Guess, Asia Pacific
Nik Nish, India	Ralph Lauren, Malaysia
Principles, Singapore	Departmental stores
Planet Sports, Indonesia	John Little, Singapore
Raoul, Singapore	Marks & Spencer, Singapore & Malaysia
Topman, Singapore	Matahari, Indonesia
Trucco Singapore	Shoppers Stop, India

Source: Company, CIMB-GK Research

Figure 12: Completed exhibition projects**Automobile**

AGMC-Sharjah Motorshow, UAE
Chevrolet-Singapore Motorshow
DaimlerChrysler-KL International Motorshow
Delphi-Tokyo Motorshow, Japan
Ford@Taiwan Motorshow
Lexus-Bangkok International Motorshow
Petronas-Tokyo Auto Salon, Japan
Toyota VIOS Launch, Vietna,
Yamaha-Bangkok International Motorshow

Aviation/Defense

Alocoa- Japan Airshow
Boeing- Singapore Airshow
DAE- Dubai Airshow
DAE- Farnborough Airshow
German Pavilion- Imdex Asia
ITT- Singapore Airshow
KAI- Korea Airshow
Lockheed Martin- IMDEX Asia
ST Marina- Euronaval, Paris

IT/ Telecommunications

Bloomberg- Cable TV Fair, Japan
Elecom- Computex Taipei
Enterprise Ireland- CommunicAsia, Singapore
French pavillion- CommunicAsia, Singapore
hanarotelecom- ITU Telecom Asia, Korea
HKSTP- Innovation Expo, HK
Selex- Tetra World Congress, HK
Techfaith- PT Expocomm, China
Transcend- Computex, Taipei, Taiwan
Webzen- E3, USA

Events

1 Utama Chinese New Yr Decor, Malaysia
2008 F1 Singapore Singtel Grand Prix
Amway Singapore
BMW 3 Series Launch, Singapore
Chanel Fashion Show, Singapore
Cisco Express, Singapore
GE- Beijing 2008 Olympics Games, China
National Day Parade, Singapore
TEMPUS, Singapore
The Venetian Macao Grand Opening
Tokyo Design Premio, Italy
Utterbubbish, Singapore
Volvo Ocean Race, Singapore
Wisma Atria, Christmas Decos, Singapore

Official shows

Anime Festival, Singapore
Bike Asia, Singapore
Broadband World Forum Asia, HK
REIW Asia, Singapore
Tax Free Asia Pacific, Singapore

Others

Apollo- Tyrexpo, Singapore
BusseL- Kyung Hyang Housing Fair, Korea
Cimbali- Food & Hotel Asia, Singapore
Dior- Tax Free Asia Pacific, Singapore
Grob Hogen- ITMA Asia, Singapore
Murex- Sibos, Austria
Nakheel Cityscape- Dubai
Salcon- Singapore International Water Week
Singapore Supergarden-Venice Biennale, Italy
UEM- Cityscape Asia, Singapore

Source: Company, CIMB-GK Research

DISCLAIMER

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 law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. 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 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.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research 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, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report. 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 report. CIMB prohibits the analyst(s) who prepared this research report 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 report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

The term "CIMB" shall denote where applicable the relevant entity distributing the report in that particular jurisdiction where mentioned specifically below shall be a CIMB Group Sdn Bhd's affiliates, subsidiaries and related companies.

- (i) As of 1 February 2010, CIMB has a proprietary position in the following securities in this report:
 - (a) -.
- (ii) As of 2 February 2010, the analyst, Germaine Khong who prepared this report, has an interest in the securities in the following company or companies covered or recommended in this report:
 - (a) -.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report and accordingly, neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally 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. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB-GK Research Pte. Ltd. ("CIMB-GK") and CIMB-GK notifies each recipient and each recipient acknowledges that CIMB-GK is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cwlth) in respect of financial services provided to the recipient. CIMB-GK is regulated by the Monetary Authority of Singapore under the laws of Singapore, which differ from Australian laws. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cwlth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. This research has been prepared without taking into account the objectives, financial situation or needs of the individual recipient.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities (HK) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities (HK) Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CHK. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities covered in this report, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBI. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBI. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesia residents except in compliance with applicable Indonesian capital market laws and regulations.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMB. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed 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.

New Zealand: In New Zealand, this report is for distribution only to persons whose principal business is the investment of money or who, in the course of, and for the purposes of their business, habitually invest money pursuant to Section 3(2)(a)(ii) of the Securities Act 1978.

Singapore: This report is issued and distributed by CIMB-GK Research Pte Ltd ("CIMB-GKR"). Recipients of this report are to contact CIMB-GKR in Singapore in respect of any matters arising from, or in connection with, this report. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB-GKR has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only. If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMB-GKR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed 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-GKR.

As of 1 February 2010 CIMB-GK Research Pte Ltd does not have a proprietary position in the recommended securities in this report.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited (CIMBS). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Services Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBS has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBS. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBS.

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom: This report is being distributed by CIMB Securities (UK) Limited only to, and is directed at selected persons on the basis that those persons are (a) persons falling within Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "Order") who have professional experience in investments of this type or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(1) of the Order, (all such persons together being referred to as "relevant persons"). A high net worth entity includes a body corporate which has (or is a member of a group which has) a called-up share capital or net assets of not less than (a) if it has (or is a subsidiary of an undertaking which has) more than 20 members, £500,000, (b) otherwise, £5 million, the trustee of a high value trust or an unincorporated association or partnership with assets of no less than £5 million. Directors, officers and employees of such entities are also included provided their responsibilities regarding those entities involve engaging in investment activity. Persons who do not have professional experience relating to investments should not rely on this document.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S.-registered broker-dealer and a related company of CIMB-GK Research Pte Ltd solely to persons who qualify as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors and investment professionals whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not an Institutional Investor must not rely on this communication. However, the delivery of this research report to any person in the United States of America shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

RECOMMENDATION FRAMEWORK #1*

STOCK RECOMMENDATIONS

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand and Jakarta Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

RECOMMENDATION FRAMEWORK #2 **

STOCK RECOMMENDATIONS

OUTPERFORM: Expected positive total returns of 15% or more over the next 12 months.

NEUTRAL: Expected total returns of between -15% and +15% over the next 12 months.

UNDERPERFORM: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

TRADING SELL: Expected negative total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 3 months.

** This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.