

# Morning Note

18 April 2012

## Market Commentary

- STI: -0.18% to 2986.6
- MSCI Far East ex-Japan: -0.69% to 487.4
- Euro Stoxx 50: +2.86% to 2367
- S&P500: +1.55% to 1390.8

In China, FDI dropped for a fifth straight month in March at 6.1% y-y, compared to 0.9% drop in Feb, highlighting the country's declining attractiveness for foreign businesses amid fears that weak global demand would further depress profitability. 1q12 FDI from EU slumped 31.2% y-y to \$1.4 bn, while investment from US rose 10.1% y-y to \$893 mn. Meanwhile, the nation's Outbound investment surged 94.5% y-y, since some Chinese companies are investing overseas as rising wages and other costs depress their profit margin.

India cut its repo and reverse repo to 8.0% and 7.0% respectively in a surprise move, despite the WPI growth rate 6.69% y-y released a day earlier indicated a less than expected inflation slowing. The surprise rate cuts, at the risk of higher inflation, showed that downside risks to growth are a concern, they did however guide that there was little room for further cuts.

Singapore experienced an unexpected drop in March NODX due to y-y declines from Emerging Markets and China. Non-oil domestic export fell 4.3% y-y, compared with the previous estimated 7.1% gain by analysts. Among all products, export growth rate of electronics slumped to 2.8% y-y from 23.3% in Feb and export growth rate of petrochemicals fell further to -13.0% y-y from -5.5% in Feb. On a %y-y 3mma basis, NODX has softened a bit from its initial rebound.

## EQUITY MARKETS:

IMF's slightly more upbeat 2012 global growth forecast, 3.5% from 3.3%, and US growth forecast of 2.1% from 1.8% bolstered western markets. In addition, US corporate earnings seem low enough for expectations to be beat. Spanish bond auction went better and yields have dipped below 6%. The confluence of these 3 have led to a decent candlestick reversal for the S&P500 which erases 2 days worth of declines. Positive spillover is expected today in Asia (ASX rallying). On the corporate front for the STI, SGX has met our expectations and management guided positive for the year. Could the correction be over? Possibly. As we have guided, we are looking for (1) Policy safety nets - QE3 revival, ECB intervention, abating of inflation (allowing central banks room to stimulate), China policy announcement, or (2) econ/earnings data outperforms.

For our larger trend outlook: Global Macro & Markets, [12 Apr 12](#).

Singapore Sector Strategy: Sector Strategy, [2 April 2012](#).

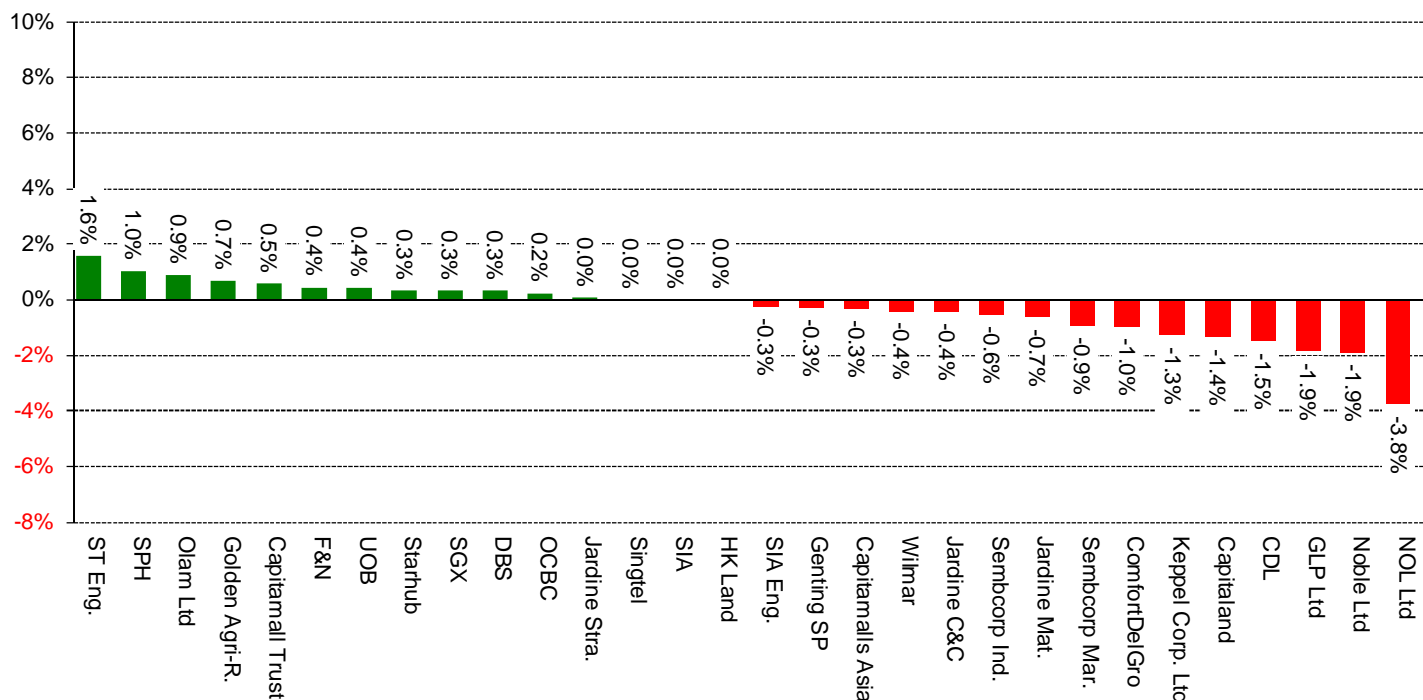
Singapore Sector Reports: [Banks](#) / [Transport](#) / [Telcos](#) / [Property](#) / [REITS](#) / [Thematic](#)

Regional Strategy: Indonesia, [29 March 2012](#)

Regional Macro: [Singapore](#) / [Thailand](#)

Source: Phillip Securities Research Pte Ltd

**STI - Index Members**



Source: Bloomberg

**Fundamental Call**

**Singapore Exchange Ltd - Update (Ken Ang)**

**Recommendation: Accumulate**

**Previous close: S\$6.72**

**Fair value: S\$7.34**

- SGX reported 3Q12 net profit of S\$77.8 million, with Total revenue of S\$163.6 million.
- Revenue predicted to increase due to strong pipeline of potential IPOs which may be boosted by strong investor responses in the latest IPOs, and an increase in April to date securities trading volumes showing improving market confidence.
- Maintain our "Accumulate" rating with target price of S\$7.34, based on PE multiple of 25x for FY12 earnings.

**Acura Pharmaceutical, Inc. - US Equity Report (Magdalene Choong)**

**Recommendation: Accumulate**

**Previous close: S\$3.37**

**Fair value: S\$3.58**

- Acura Pharmaceuticals, Inc. is a specialty pharmaceutical company which prevents and impedes the misuse and abuse of prescription drugs.
- We like the company because it has a large cash pile and low burn rate. Their product is the only tamper resistant opioid in the immediate release space and competitors are lagging behind.
- Acura' also has a tie up with Pfizer. Its FDA approved opioid, Oxecta, is commercially available from Feb 2012 and is marketed by Pfizer. It is further licensed by Pfizer to produce 3 more immediate release opioids and stand to receive \$23mn in milestone payment for each product.

Source: Phillip Securities Research Pte Ltd

**Company Results**

S/N	Company Name	Q/HY/FY	Currency, Units	Revenue			Net Profit		
				Current	Previous	Change (%)	Current	Previous	Change (%)
1	SGX	3Q	S\$'000	163.6	168.8	(3%)	77.8	67.0	16
2	Ascendas-REIT	FY	S\$'000	503,304	447,634	12.4	281,743	247,953	13.6
3	Keppel Telecommunications & Transportation Ltd	1Q	S\$'000	33,596	30,248	11.1	14,417	13,930	3.5
4	CapitaRetail China Trust	1Q	S\$'000	37,910	30,899	22.7	16,637	13,465	23.6

Source: SGX Masnet

#### Company Highlights

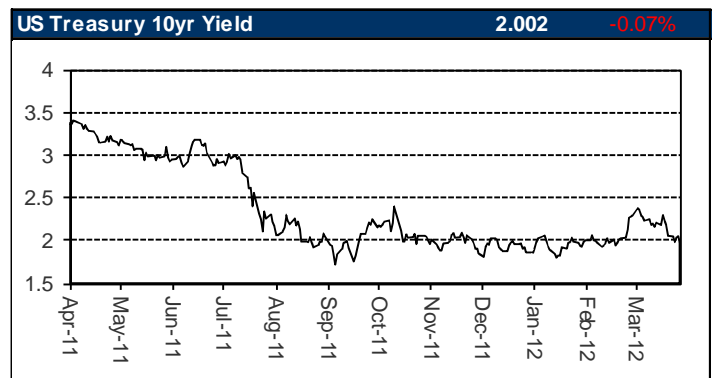
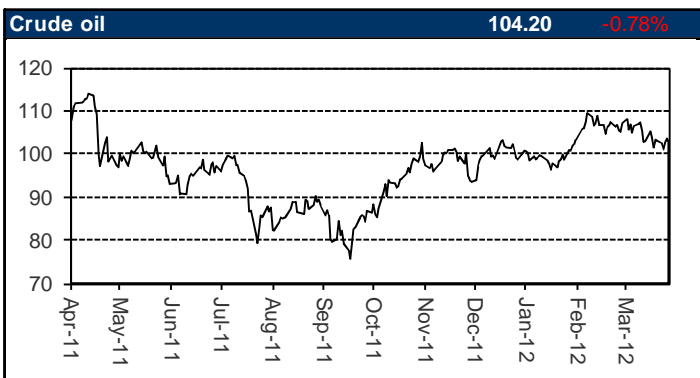
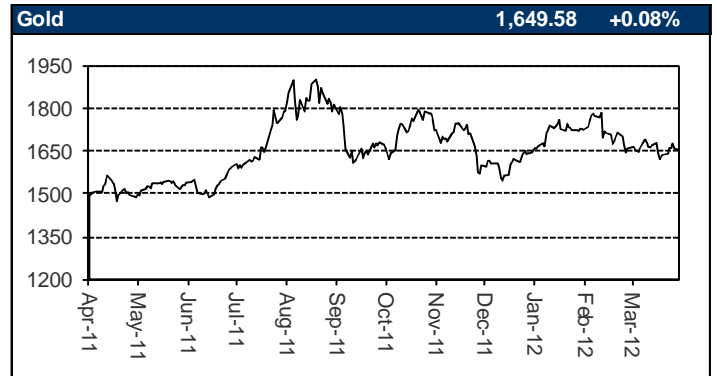
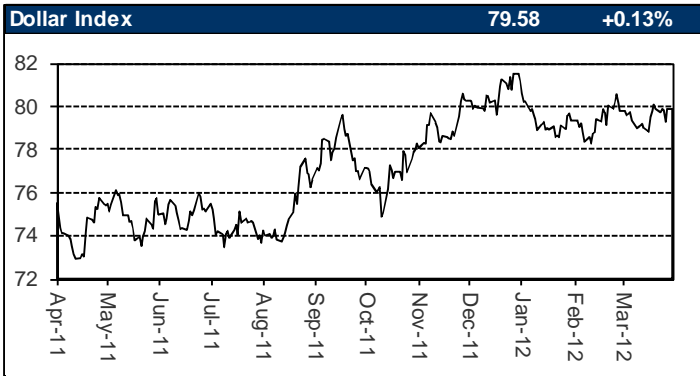
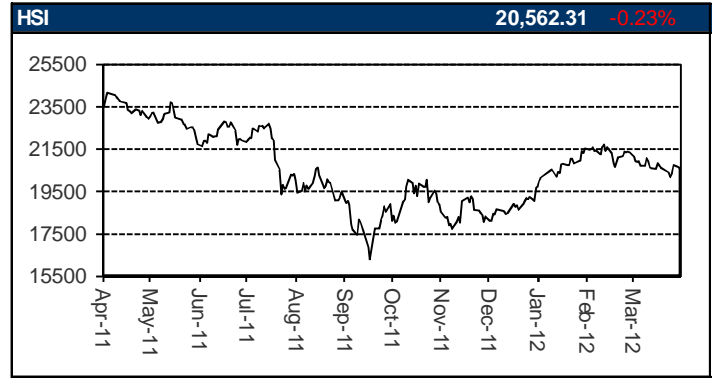
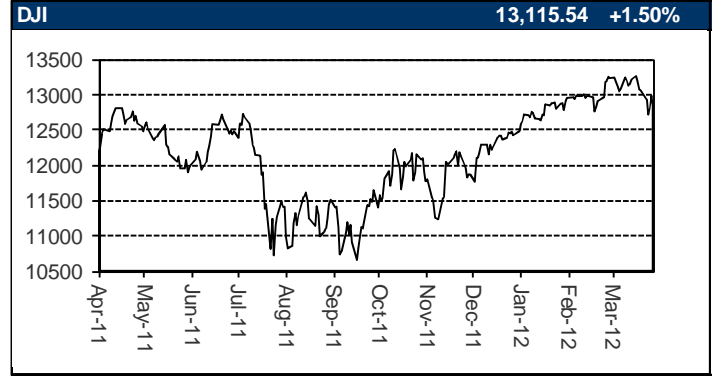
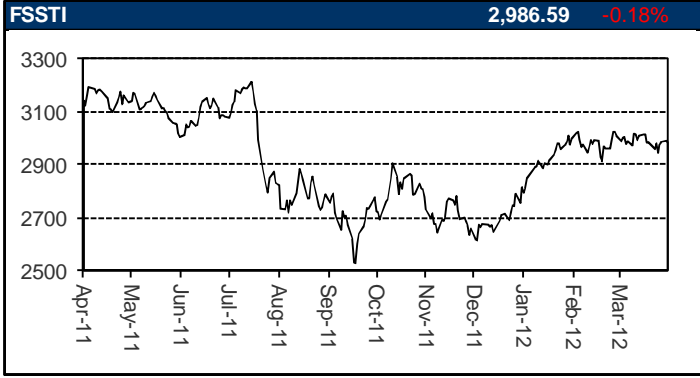
**Food Junction Holdings Limited** announced that a wholly-owned subsidiary of the Company, Food Junction Beijing Co., Limited has entered into a termination of the tenancy lease agreement with 北京金融街购物中心有限公司 to pre-terminate the leasing of the premises in Seasons Place, Beijing, China. The termination was effective from 15 April 2012. It said as the food court operation in Seasons Place had performed below expectation, the Board has decided to terminate the Agreement as part of the Group's ongoing review of its operations in China to streamline its operations. (Closing price: S\$ 0.191, unchanged)

**Sino Grandness Food Industry Group Limited** announced that the Company will be increasing output capacity further for its own-branded 鲜绿园® ("Garden Fresh") juices in two strategic locations after its successful participation at the largest food and beverage trade exhibition in Chengdu, Sichuan Province, PRC in March 2012. During the Chengdu Trade Exhibition, Sino Grandness successfully secured new distributors to market Garden Fresh juices in existing as well as in new provinces in the PRC. (Closing price: S\$ 0.415, +1.220%)

**United Envirotech Ltd** announced that it won the tender for a Transfer-Operate-Transfer (TOT) project in Shangzhi, Harbin City, Heilongjiang Province, China. The design capacity of the wastewater treatment plant is 40,000m<sup>3</sup>/day and it is expected to be operated in full capacity in July 2012. The total investment for acquiring the 30 year concession right for the plant is RMB 70 million (SGD 14 million). (Closing price: S\$ 0.380, +7.042%)

**AIMS AMP Capital Industrial REIT** announced that Standard & Poor's had assigned the Trust an investment grade credit rating of BBB-. AIMS AMP Capital Industrial REIT Chief Executive Officer Nick McGrath said: "Standard & Poor's credit assessment reflects the Trust's stable cash flows from its well located and good quality industrial assets. It also reflects our proven track record of prudent and consistent capital management." (Closing price: S\$ 1.170, -0.847%)

Source: SGX Masnet, BT Online



Source: Bloomberg

Phillip Securities Research - Singapore Stocks Coverage							
Company	Analyst	Rating		Date of Last Report	Target Price (S\$)	Current Price (S\$)	Upside to Target Price (%)
DBS GROUP HOLDINGS LTD	Ken Ang	Neutral	M	<a href="#">3-Apr-12</a>	14.500	13.530	7.2%
OVERSEA-CHINESE BANKING CORP	Ken Ang	Neutral	M	<a href="#">21-Feb-12</a>	8.000	8.880	-9.9%
UNITED OVERSEAS BANK LTD	Ken Ang	Neutral	U	<a href="#">24-Feb-12</a>	17.500	18.380	-4.8%
GENTING SINGAPORE PLC	Magdalene Choong	Accumulate	U	<a href="#">26-Mar-12</a>	1.890	1.695	11.5%
SINGAPORE EXCHANGE LTD	Ken Ang	Accumulate	M	<a href="#">18-Apr-12</a>	7.340	6.720	9.2%
COMFORTDELGRO CORP LTD	Derrick Heng	Buy	M	<a href="#">8-Mar-12</a>	1.650	1.510	9.3%
SMRT CORP LTD	Derrick Heng	Sell	M	<a href="#">8-Mar-12</a>	1.330	1.765	-24.6%
NEPTUNE ORIENT LINES LTD	Derrick Heng	Reduce	M	<a href="#">23-Feb-12</a>	1.240	1.270	-2.4%
SINGAPORE AIRLINES LTD	Derrick Heng	Accumulate	M	<a href="#">7-Mar-12</a>	11.300	10.390	8.8%
TIGER AIRWAYS HOLDINGS LTD	Derrick Heng	Reduce	M	<a href="#">7-Mar-12</a>	0.580	0.725	-20.0%
M1 LTD	Derrick Heng	Reduce	M	<a href="#">17-Apr-12</a>	2.380	2.450	-2.9%
SINGAPORE TELECOM LTD	Derrick Heng	Accumulate	M	<a href="#">5-Mar-12</a>	3.310	3.110	6.4%
STARHUB LTD	Derrick Heng	Neutral	M	<a href="#">3-Feb-12</a>	2.900	3.180	-8.8%
SIA ENGINEERING CO LTD	Derrick Heng	Buy	M	<a href="#">1-Feb-12</a>	4.840	3.900	24.1%
SINGAPORE TECH ENGINEERING	Derrick Heng	Accumulate	M	<a href="#">13-Apr-12</a>	3.370	3.250	3.7%
SATS LTD	Derrick Heng	Buy	M	<a href="#">8-Feb-12</a>	2.760	2.630	4.9%
COSCO CORP SINGAPORE LTD	Phillip Research Team	Reduce	U	<a href="#">24-Feb-12</a>	1.000	1.085	-7.8%
SEBACORP MARINE LTD	Phillip Research Team	Buy	M	<a href="#">14-Mar-12</a>	6.100	5.260	16.0%
SEBACORP INDUSTRIES LTD	Phillip Research Team	Buy	M	<a href="#">30-Mar-12</a>	6.580	5.300	24.2%
KEPPEL CORP LTD	Phillip Research Team	Accumulate	M	<a href="#">27-Jan-12</a>	11.680	11.450	2.0%
GOLDEN AGRI-RESOURCES LTD	Phillip Research Team	Accumulate	D	<a href="#">28-Feb-12</a>	0.795	0.750	6.0%
WILMAR INTERNATIONAL LTD	Lee Kok Joo	Neutral	U	<a href="#">13-Apr-12</a>	4.980	4.830	3.1%
CHINA SUNSINE CHEMICAL HLDGS	Lee Kok Joo	Neutral	D	<a href="#">28-Feb-12</a>	0.250	0.245	2.0%
FORELAND FABRICTECH HOLDINGS	Lee Kok Joo	Accumulate	D	<a href="#">29-Feb-12</a>	0.130	0.095	36.8%
SINO GRANDNESS FOOD INDUSTRY	Lee Kok Joo	Accumulate	D	<a href="#">24-Feb-12</a>	0.450	0.415	8.4%
ZIWO HOLDINGS LTD	Lee Kok Joo	Sell	M	<a href="#">29-Feb-12</a>	0.095	0.118	-19.5%
COMBINE WILL INTERNATIONAL H	Chan Wai Chee	Buy	M	<a href="#">7-Mar-12</a>	1.340	0.800	67.5%
HU AN CABLE HOLDINGS LTD	Chan Wai Chee	Buy	M	<a href="#">1-Mar-12</a>	0.260	0.164	58.5%
HENGYANG PETROCHEMICAL LOGIS	Chan Wai Chee	Buy	N	<a href="#">11-Apr-12</a>	0.610	0.330	84.8%
SUNPOWER GROUP LTD	Chan Wai Chee	Buy	M	<a href="#">17-Jan-12</a>	0.400	0.285	40.4%
CAPITAMALLS ASIA LTD	Bryan Go	Buy	M	<a href="#">13-Feb-12</a>	1.770	1.560	13.5%
HO BEE INVESTMENT LTD	Bryan Go	Neutral	M	<a href="#">29-Feb-12</a>	1.380	1.385	-0.4%
KEPPEL LAND LTD	Bryan Go	Neutral	D	<a href="#">20-Jan-12</a>	2.790	3.300	-15.5%
OVERSEAS UNION ENTERPRISE	Bryan Go	Accumulate	D	<a href="#">23-Feb-12</a>	2.830	2.300	23.0%
SC GLOBAL DEVELOPMENTS LTD	Bryan Go	Reduce	D	<a href="#">27-Feb-12</a>	1.000	1.035	-3.4%
CDL HOSPITALITY TRUSTS	Travis Seah	Accumulate	U	<a href="#">4-Apr-12</a>	1.910	1.845	3.5%
PARKWAYLIFE REAL ESTATE	Travis Seah	Accumulate	M	<a href="#">29-Feb-12</a>	1.950	1.810	7.7%
SABANA SHARIAH COMP IND REIT	Travis Seah	Buy	M	<a href="#">25-Jan-12</a>	1.050	0.965	8.8%

US Stocks Coverage							
Company	Analyst	Rating		Date of Last Report	Target Price (US\$)	Current Price (US\$)	Upside to Target Price (%)
BANK OF AMERICA CORP	Magdalene Choong	Neutral	M	<a href="#">21-Oct-11</a>	-	8.920	-
CITIGROUP INC	Magdalene Choong	Neutral	D	<a href="#">19-Oct-11</a>	-	35.080	-
LAS VEGAS SANDS CORP	Magdalene Choong	Buy	M	<a href="#">28-Oct-11</a>	-	59.020	-
MGM RESORTS INTERNATIONAL	Magdalene Choong	Buy	M	<a href="#">4-Nov-11</a>	-	13.810	-

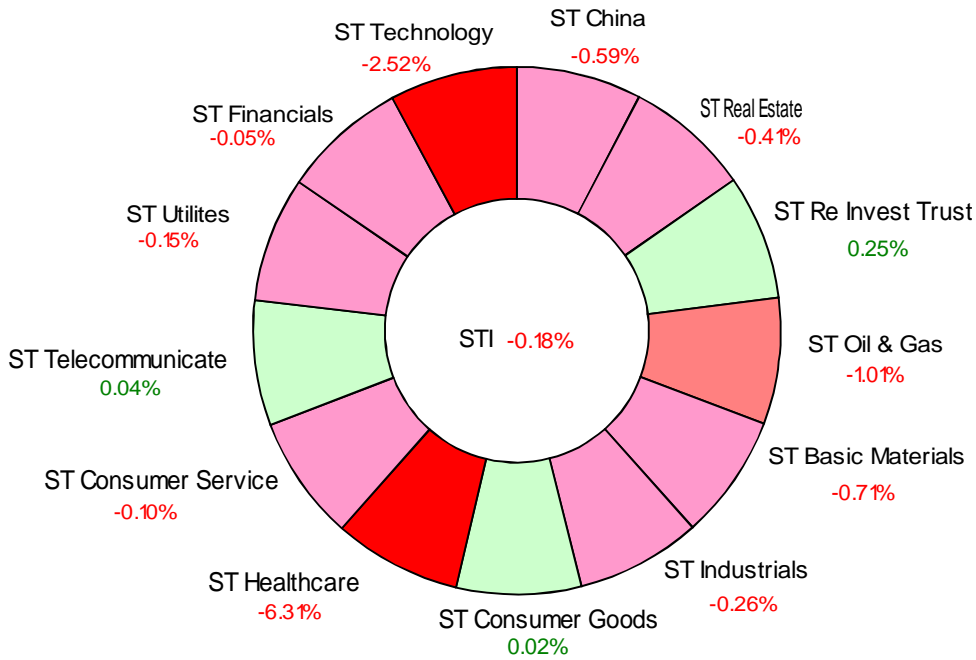
Source: Phillip Securities Research Pte Ltd

**Director / Substantial Shareholders' Transactions**

Company	Substantial Shareholder / Director	From (%)	To (%)
LMA International N.V	UBS AG	16.00	14.96
Civmec Ltd	Michael Lorrain Vaz	8.142	8.184
Jackspeed Corp Ltd	Aapico Investment Pte. Ltd.	17.93	14.947
Abterra Ltd	General Nice Investment (China) Ltd	33.11	33.17
China Enersave Ltd	Alternative Advisors Investments Pte Ltd	7.28	6.83
Hong Fok Corp Ltd	Cheong Sim Eng	11.574	11.584
TMC Education Corp Ltd	Chin Kon Yuen	16.01	16.02
China Minzhong Food Corp Ltd	Franklin Resources, Inc.	8.07	9.26
UOB-Kay Hian Hldgs Ltd	U.I.P. Holdings Limited	16.64	16.87

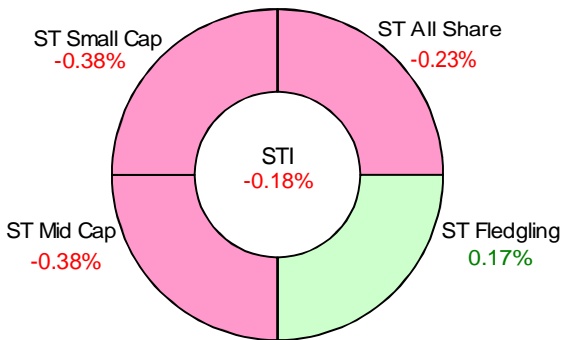
Source: SGX Masnet

**FTSE ST Breakdown (% Change)**



Source: Bloomberg

**FTSE ST Market Cap. Breakdown (% Change)**



Source: Bloomberg

Top Gainers	Last	Chg
▲ UOB	18.380	0.080
▲ ST Engg	3.250	0.050
▲ DBS	13.530	0.040

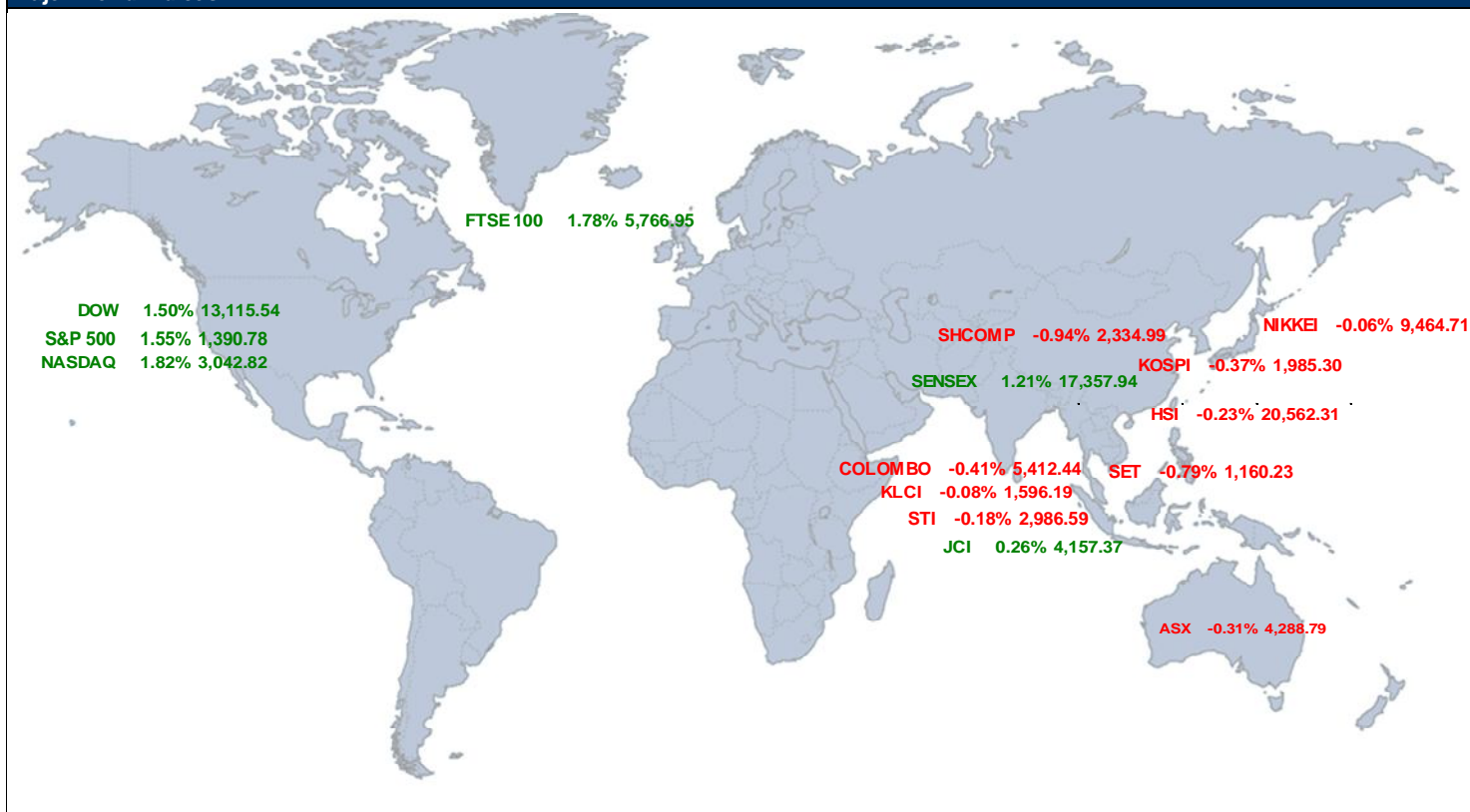
Top Losers	Last	Chg
▼ JMH 400US\$	51.510	-0.340
▼ Jardine C&C	47.190	-0.210
▼ STXPO 100	7.010	-0.190

Top Volume	Last	Vol
MDR	0.014	153,708
▲ MemstarT	0.076	144,397
▼ SingXpress	0.019	95,677

TURNOVER (SHARES)	2,121,160,720
TURNOVER (S\$)	1,109,744,923
UP	143
DOWN	242
UNCHANGED	394

Source: SGX

Major World Indices



Source: Bloomberg

ETF Performance

ETF	% Change	Change	Last
ABF SINGAPORE BOND INDX FUND		-1.67	-0.02
DB X-TRACKERS CSI300 ETF		-0.84	-0.07
DB X-TRACKERS FTSE CHINA 25	+0.04		+0.01
DB X-TRACKERS FTSE VIETNAM	+1.03		+0.27
DB X-TRACKERS MSCI EUROPE TR	+1.91		+0.80
DB X-TRACKERS MSCI INDONE	-0.33		-0.05
DB X-TRACKERS MSCI TAIWAN	-2.90		-0.52
DB X-TRACKERS S&P 500 INV DA	+0.19		+0.07
ISHARES MSCI INDIA INDEX ETF	+2.56		+0.15
LYXOR ETF CHINA ENTERPRISE	-0.22		-0.03
LYXOR ETF COMMODITIES CRB-CD	-1.38		-0.04
LYXOR ETF HANG SENG INDEX 10	-1.12		-0.03
LYXOR ETF MSCI AC ASIA EX JP	-0.46		-0.02
LYXOR ETF MSCI WORLD-E	+0.39		+0.01
NIKKO AM SINGAPORE STI ETF	-0.33		-0.01
SPDR GOLD TRUST	+0.51		+0.81
SPDR STRAITS TIMES INDEX ETF	-0.33		-0.01
UNITED SSE 50 CHINA ETF	-0.60		-0.01

Source: Bloomberg



**Commodities & Currencies**

Commodities	% Chg	Chg	Last
GOLD SPOT (US\$/OZ)	+0.10	+1.60	1,649.58
SILVER SPOT (US\$/OZ)	+0.15	+0.05	31.68
WTI Cushing Crude Oil Spot Price (US\$/bbl)	+1.23	+1.27	104.20

Commodities	% Chg	Chg	Last
Malaysian Rubber Board Standard (MYR/kg)	+0.14	+1.50	1,095.00
PALM OIL (MYR/Metric Tonne)	-1.89	-67.00	3,472.50

Index	% Chg	Chg	Last
DOLLAR INDEX SPOT	-0.10	-0.08	79.48

Source: Bloomberg

Currencies	Price of S\$1	Price of US\$1
AUSTRALIAN DOLLAR	0.7700	1.0411
CANADIAN DOLLAR	0.7920	0.9879
EURO	0.6108	1.3124
BRITISH POUND	0.5031	1.5932
US DOLLAR	0.8015	1.0000
CHINA RENMINBI	5.0500	6.2998
HONG KONG DOLLAR	6.2201	7.7591
JAPANESE YEN	64.7300	80.7400
KOREAN WON	911.5751	1135.3900
MALAYSIAN RINGGIT	2.4559	3.0630
THAI BAHT	24.6894	30.8000

**US Treasury Yields**

Maturity	Today	Yesterday	Last Week	Last Month
3 Months	0.06	0.06	0.06	0.06
6 Months	0.11	0.11	0.13	0.13
2 Years	0.27	0.27	0.28	0.36
3 Years	0.40	0.40	0.40	0.55
5 Years	0.85	0.84	0.85	0.99
10 Years	1.99	1.98	1.98	2.29
30 Years	3.14	3.13	3.13	3.40

Yield Spread (10 yrs - 3 mths) 1.93

Yield Spread (10 yrs - 2 yrs) 1.72

Source: Data provided by ValuBond – <http://www.valubond.com>

**Corporate Action: Dividend**

EX Date	Company	Type	Net Amount	Currency	Frequency	Record Date	Payout Date
4/19/2012	CEI CONTRACT MANUFACTURING	Special Cash	0.0016	SGD	Semi-Anl	4/23/2012	5/7/2012
4/19/2012	SIN HENG HEAVY MACHINERY LTD	Interim	0.0045	SGD	Semi-Anl	4/23/2012	5/15/2012
4/20/2012	HERSING CORP LTD	Final	0.0100	SGD	Irreg	4/24/2012	5/8/2012
4/23/2012	KEPPEL TELECOM & TRANSPORT	Regular Cash	0.0350	SGD	Annual	4/25/2012	5/7/2012
4/23/2012	CAPITAMALLS ASIA LTD	Regular Cash	0.0150	SGD	Irreg	4/25/2012	5/9/2012
4/23/2012	GREAT EASTERN HOLDINGS LTD	Final	0.2700	SGD	Semi-Anl	4/25/2012	5/9/2012
4/23/2012	SINGAPORE TECH ENGINEERING	Special Cash	0.0850	SGD	Semi-Anl	4/25/2012	5/17/2012
4/23/2012	MEIBAN GROUP LTD	Special Cash	0.0020	SGD	Annual	4/25/2012	5/8/2012
4/24/2012	KEPPEL LAND LTD	Final	0.2000	SGD	Annual	4/26/2012	6/15/2012
4/25/2012	KEPPEL CORP LTD	Final	0.2600	SGD	Semi-Anl	4/27/2012	5/9/2012
4/25/2012	HI-P INTERNATIONAL LTD	Regular Cash	0.0240	SGD	Annual	4/27/2012	5/9/2012
4/25/2012	SEMBCORP MARINE LTD	Special Cash	0.1400	SGD	Semi-Anl	4/27/2012	5/11/2012
4/25/2012	TREK 2000 INTERNATIONAL LTD	Regular Cash	0.0075	SGD	Annual	4/27/2012	5/17/2012
4/25/2012	IFS CAPITAL LTD	Final	0.0175	SGD	Semi-Anl	4/27/2012	5/11/2012
4/25/2012	SING HOLDINGS LTD	Regular Cash	0.0100	SGD	Annual	4/27/2012	5/11/2012

Source: Bloomberg

**Corporate Action: Rights**

EX Date	Company	Type	Subscription Price	Currency	Term	Record Date
4/19/2012	ADVANCED SYSTEMS AUTOMATION	Rights Issue	0.0250	SGD	11 per 1	4/23/2012

Source: Bloomberg

Calendar

Earning Announcement – Singapore

Name	Expected Report Date
Cache Logistics Trust	4/18/2012
Cambridge Industrial Trust	4/18/2012
CapitaMall Trust	4/18/2012
Keppel Land Ltd	4/18/2012
Qian Hu Corp Ltd	4/18/2012
Frasers Commercial Trust	4/19/2012
Nera Telecommunications Ltd	4/19/2012
Sabana Shari'ah Compliant Industrial Real Estate Investment Trust	4/19/2012
Sakari Resources Ltd	4/19/2012
Transit-Mixed Concrete Ltd	4/19/2012

Source: Bloomberg

Economic Announcement

US

Date	Statistic	For	Survey	Prior
4/18/2012	MBA Mortgage Applications	13-Apr	--	-2.40%
4/19/2012	Initial Jobless Claims	14-Apr	370K	380K
4/19/2012	Continuing Claims	7-Apr	3300K	3251K
4/19/2012	Bloomberg Consumer Comfort	15-Apr	--	-32.8
4/19/2012	Bloomberg Economic Expectations	APR	--	1
4/19/2012	Philadelphia Fed.	APR	12	12.5
4/19/2012	Existing Home Sales	MAR	4.62M	4.59M
4/19/2012	Existing Home Sales MoM	MAR	0.70%	-0.90%
4/19/2012	Leading Indicators	MAR	0.20%	0.70%
4/24/2012	S&P/CS 20 City MoM% SA	FEB	0.10%	-0.04%
4/24/2012	S&P/CS Composite-20 YoY	FEB	-3.45%	-3.78%
4/24/2012	S&P/CaseShiller Home Price Ind	FEB	--	135.46
4/24/2012	Consumer Confidence	APR	70	70.2
4/24/2012	Richmond Fed Manufact. Index	APR	--	7
4/24/2012	House Price Index MoM	FEB	--	0.00%

Source: Bloomberg

Singapore

Date	Statistic	For	Survey	Prior
4/18/2012	Automobile COE Open Bid Cat A	18-Apr	--	58501
4/18/2012	Automobile COE Open Bid Cat B	18-Apr	--	83700
4/18/2012	Automobile COE Open Bid Cat E	18-Apr	--	84590
4/23/2012	CPI (MOM) - NSA	MAR	--	-0.30%
4/23/2012	CPI (YoY)	MAR	4.80%	4.60%
4/26/2012	Industrial Production MoM SA	MAR	--	-1.10%
4/26/2012	Industrial Production YoY	MAR	--	12.10%
4/30/2012	Credit Card Bad Debts	MAR	--	16.5M
4/30/2012	Credit Card Billings	MAR	--	2915.8M
4/30/2012	Bank Loans & Advances (YoY)	MAR	--	27.60%
4/30/2012	M1 Money Supply (YoY)	MAR	--	11.50%
4/30/2012	M2 Money Supply (YoY)	MAR	--	9.50%
4/30/2012	Unemployment Rate (sa)	1Q P	--	2.00%
5/3/2012	Electronics Sector Index	APR	--	51.5
5/3/2012	Purchasing Managers Index	APR	--	50.2

Source: Bloomberg

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Please contact Phillip Securities Research at [65 65311240] in respect of any matters arising from, or in connection with, this document.

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**Contact Information (Singapore Research Team)**

---

**Chan Wai Chee**  
CEO, Research  
Special Opportunities  
+65 6531 1231  
yebo@phillip.com.sg

**Magdalene Choong**  
Investment Analyst  
SG & US Financials, Gaming  
+65 6531 1791  
magdalenechoongss@phillip.com.sg

**Ken Ang**  
Investment Analyst  
Financials  
+65 6531 1793  
kenangwy@phillip.com.sg

**Lee Kok Joo, CFA**  
Head of Research  
S-Chips, Strategy  
+65 6531 1685  
leekj@phillip.com.sg

**Go Choon Koay, Bryan**  
Investment Analyst  
Property  
+65 6531 1792  
gock@phillip.com.sg

**Travis Seah**  
Investment Analyst  
REITS  
+65 6531 1229  
travissehkhk@phillip.com.sg

**Joshua Tan**  
Strategist  
+65 6531 1249  
joshuatan@phillip.com.sg

**Derrick Heng**  
Investment Analyst  
Transportation, Telecom.  
+65 6531 1221  
derrickhengch@phillip.com.sg

**Peter Lee**  
Research Assistant  
General Enquiries  
+65 6531 1240 (Phone)  
+65 6336 7607 (Fax)  
research@phillip.com.sg

**Contact Information (Regional Member Companies)**

---

**SINGAPORE**

**Phillip Securities Pte Ltd**  
Raffles City Tower  
250, North Bridge Road #06-00  
Singapore 179101  
Tel : (65) 6533 6001  
Fax : (65) 6535 6631  
Website: [www.poems.com.sg](http://www.poems.com.sg)

**HONG KONG**

**Phillip Securities (HK) Ltd**  
Exchange Participant of the Stock Exchange of Hong Kong  
11/F United Centre 95 Queensway  
Hong Kong  
Tel (852) 22776600  
Fax (852) 28685307  
Websites: [www.phillip.com.hk](http://www.phillip.com.hk)

**INDONESIA**

**PT Phillip Securities Indonesia**  
ANZ Tower Level 23B,  
Jl Jend Sudirman Kav 33A  
Jakarta 10220 – Indonesia  
Tel (62-21) 57900800  
Fax (62-21) 57900809  
Website: [www.phillip.co.id](http://www.phillip.co.id)

**THAILAND**

**Phillip Securities (Thailand) Public Co. Ltd**  
15th Floor, Vorawat Building,  
849 Silom Road, Silom, Bangrak,  
Bangkok 10500 Thailand  
Tel (66-2) 6351700 / 22680999  
Fax (66-2) 22680921  
Website [www.phillip.co.th](http://www.phillip.co.th)

**UNITED KINGDOM**

**King & Shaxson Capital Limited**  
6th Floor, Candlewick House,  
120 Cannon Street,  
London, EC4N 6AS  
Tel (44-20) 7426 5950  
Fax (44-20) 7626 1757  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

**AUSTRALIA**

**PhillipCapital Australia**  
Level 37, 530 Collins Street,  
Melbourne, Victoria 3000, Australia  
Tel (613) 96298380  
Fax (613) 96148309  
Website: [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

**MALAYSIA**

**Phillip Capital Management Sdn Bhd**  
B-3-6 Block B Level 3 Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450  
Kuala Lumpur  
Tel (603) 21628841  
Fax (603) 21665099  
Website: [www.poems.com.my](http://www.poems.com.my)

**JAPAN**

**Phillip Securities Japan, Ltd.**  
4-2 Nihonbashi Kabuto-cho Chuo-ku  
Tokyo 103-0026  
Tel (81-3) 3666-2101  
Fax (81-3) 3666-6090  
Website: [www.phillip.co.jp](http://www.phillip.co.jp)

**CHINA**

**Phillip Financial Advisory (Shanghai) Co. Ltd**  
No 550 Yan An East Road,  
Ocean Tower Unit 2318,  
Postal code 200001  
Tel (86-21) 51699200  
Fax (86-21) 63512940  
Website: [www.phillip.com.cn](http://www.phillip.com.cn)

**FRANCE**

**King & Shaxson Capital Limited**  
3rd Floor, 35 Rue de la Bienfaisance 75008  
Paris France  
Tel (33-1) 45633100  
Fax (33-1) 45636017  
Website: [www.kingandshaxson.com](http://www.kingandshaxson.com)

**UNITED STATES**

**Phillip Futures Inc**  
141 W Jackson Blvd Ste 3050  
The Chicago Board of Trade Building  
Chicago, IL 60604 USA  
Tel +1.312.356.9000  
Fax +1.312.356.9005