

MALAYSIA



## PROPERTY DEVT & INVT

SHORT TERM (3 MTH)

LONG TERM

TRADING BUY

OVERWEIGHT

TRADING SELL

NEUTRAL

UNDERWEIGHT

SECTOR FLASH NOTE

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## BNM to curb DIBS?

The press has reported that Bank Negara Malaysia may impose curbs on the developer interest-bearing scheme (DIBS). If true, this would be negative for developers in the short term, though not entirely unexpected as speculation on such moves had already surfaced in May.

Figure 1: Policies to curb speculation

Date	Policy
Oct-09	Reintroduction of RPGT at 5% for first five years
Nov-11	Loan-to-value ratio for 3rd property capped at 70%
Oct-11	RPGT raised to 10% for first two years
Jan-12	Loan eligibility based on net pay and not gross pay
Oct-12	RPGT raised by 5%pts for all five years
Jun-13	DIBS to be curbed?

SOURCES: CIMB, COMPANY REPORTS

Although such a policy would have a negative impact on speculative demand, we believe the impact on earnings will be muted, while creating a healthier property market led more by fundamentals. We remain Overweight on the property sector with Mah Sing as our top pick and robust sales and earnings growth as sector catalysts. Any weakness in property stocks is an opportunity to accumulate, in our view.

### What Happened ▶

It was reported in *Starbiz* that Bank Negara is studying the risks arising from DIBS with a view of potentially imposing curbs on it. DIBS has become a popular easy financing package offered by property developers in joint-promotion activities with banks in recent years.

### What We Think ▶

If the reports are correct, it would be negative for the property sector in the short term as buyers may hold back their purchases while property investors may switch from the primary market back to the secondary. But such a move is not entirely unexpected as we had heard whispers over the past few weeks on its possibility. Speculation on a curbs to

DIBS had surfaced about a month ago with some developers hearing about it as early as a year ago. We believe the impact on property developers will be negative in the short term, not unlike previous times when the real property gains tax (RPGT) was raised, or when the 70% loans-to-value ratio and prudent lending measures were implemented. However, major developers such as Mah Sing and SP Setia should have little problem selling their properties given their strong marketing prowess.

### What You Should Do ▶

We expect property stocks to come under short-term selling pressure as share prices rallied after the 13th general elections, giving investors an excuse to take profits. Also, we believe any slowdown in property sales will likely be temporary, perhaps similar to the previous cases of 2-3 months as house buyers hold out for lower prices. But given the strong fundamentals of the residential sector with affordability near its best-ever level, transaction volume and property prices should remain firm. We remain bullish on the sector and would advise investors to buy property stocks on any selloff.

### Highlighted Companies

#### E&O

E&O offers DIBS for all its projects and roughly 90% of its buyers take up the scheme. The impact on its projects is likely to be muted as the group operates in the luxury segment, where the purchasing power of buyers is strong.

#### Mah Sing Group

Only a handful of the group's projects still offer DIBS as the group had discontinued the practice for many other projects in 2012. Even without DIBS for most projects, the group still managed to break new sales records.

#### UOA Development

All its projects offer DIBS. We believe its residential projects will not be affected as the company offers affordable homes where demand is strong. But demand for commercial properties may be hurt.

Figure 2: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x)		2-yr EPS CAGR (%)	RNAV CY2013	Prem J/(Disc. to RNAV (%)	Gearing(%) CY2013	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY2013	CY2014					CY2013	CY2014	CY2013	CY2014	CY2013	CY2014
Bukit Sembawang Estates	BS SP	Outperform	6.20	7.41	1,256	13.1	13.1	-0.7%	10.58	-41%	Net Cash	1.22	1.06	10.1%	8.7%	2.7%	2.8%
CapitaLand	CAPL SP	Outperform	2.98	4.33	9,925	19.5	12.5	72.0%	5.10	-42%	48.5%	0.82	0.79	4.3%	6.4%	2.6%	2.8%
CapitaMalls Asia	CMA SP	Neutral	1.78	2.16	5,420	26.6	21.8	22.4%	2.40	-26%	52.6%	1.04	1.01	4.0%	4.7%	1.7%	1.7%
City Developments	CIT SP	Neutral	10.46	11.19	7,441	18.4	14.1	23.1%	13.17	-21%	22.0%	1.29	1.20	7.3%	8.8%	1.4%	1.6%
Fraser & Neave	FNN SP	Outperform	8.41	10.03	9,480	20.2	16.0	46.4%	11.03	-24%	Net Cash	0.95	0.91	5.5%	5.8%	2.1%	2.1%
Global Logistic Properties	GLP SP	Outperform	2.61	3.35	9,717	29.8	25.2	13.5%	3.35	-22%	10.2%	1.14	1.12	3.9%	4.5%	2.0%	2.0%
Ho Bee Investments	HOBEE SP	Outperform	1.93	2.52	1,024	8.7	8.7	-0.5%	3.09	-38%	35.4%	0.69	0.65	8.5%	8.2%	2.6%	2.6%
Keppel Land	KPLD SP	Neutral	3.28	4.00	3,967	11.4	10.5	0.3%	4.99	-34%	27.8%	0.76	0.72	7.1%	7.0%	2.6%	2.8%
Overseas Union Enterprise	OUE SP	Outperform	2.68	3.53	1,908	27.4	22.5	11.0%	4.41	-39%	75.3%	0.87	0.85	3.1%	3.7%	1.8%	2.2%
Singapore Land	SL SP	Outperform	8.75	8.52	2,823	15.7	14.0	1.1%	14.20	-38%	9.2%	0.68	0.66	4.5%	4.8%	2.3%	2.3%
UOL Group	UOL SP	Outperform	5.94	7.99	3,580	12.3	11.3	4.9%	9.99	-41%	27.8%	0.71	0.68	5.9%	6.2%	2.0%	2.2%
Wheelock Properties (S)	WP SP	Neutral	1.80	1.95	1,685	25.9	14.1	29.7%	2.60	-31%	Net Cash	0.69	0.67	2.7%	4.8%	3.3%	3.3%
Wing Tai Holdings	WINGT SP	Underperform	1.94	2.10	1,186	6.8	6.8	0.7%	2.80	-31%	Net Cash	0.69	0.69	9.9%	9.9%	4.4%	4.4%
<b>Singapore average</b>						<b>18.3</b>	<b>14.7</b>	<b>16.3%</b>		<b>-32%</b>	<b>21.2%</b>	<b>0.92</b>	<b>0.88</b>	<b>5.2%</b>	<b>6.1%</b>	<b>2.2%</b>	<b>2.3%</b>
Aqile Property	3383 HK	Neutral	7.89	9.60	3,506	4.4	3.9	8.6%	19.54	-60%	60.8%	0.74	0.65	18.0%	17.6%	5.2%	5.9%
China Overseas Grand Oceans	81 HK	Outperform	9.58	13.33	2,818	7.9	5.8	33.0%	14.82	-35%	3.4%	2.09	1.58	29.9%	30.8%	1.3%	1.7%
China Overseas Land	688 HK	Outperform	18.68	25.65	19,678	8.0	6.9	18.6%	0.00	na	26.8%	1.49	1.27	20.0%	20.0%	2.5%	2.9%
China Resources Land	1109 HK	Outperform	18.90	26.50	14,200	11.6	8.9	30.4%	29.41	-36%	45.2%	1.45	1.28	13.1%	15.3%	2.3%	3.0%
Evergrande Real Estate	3333 HK	Neutral	2.84	3.61	5,868	5.0	4.1	14.7%	9.03	-69%	68.7%	0.73	0.62	16.5%	16.4%	0.0%	0.0%
Franshion Properties	817 HK	Outperform	2.33	3.18	2,752	7.6	5.8	28.2%	5.31	-56%	46.9%	0.69	0.63	9.4%	11.3%	2.8%	3.6%
Guangzhou R&F	2777 HK	Neutral	10.50	11.98	4,361	4.8	4.4	10.6%	19.97	-47%	83.2%	0.88	0.78	19.6%	19.0%	7.3%	8.0%
KWG Property Holding	1813 HK	Outperform	6.41	6.62	1,495	3.9	3.5	16.5%	11.04	-64%	56.4%	0.54	0.48	14.7%	14.7%	6.7%	7.5%
Longfor Properties	960 HK	Outperform	11.90	15.60	8,342	8.9	7.6	12.2%	22.35	-47%	60.5%	1.48	1.28	17.7%	18.1%	2.2%	2.6%
Poly Property	119 HK	Outperform	3.98	7.15	1,870	5.5	4.7	23.8%	11.91	-67%	83.0%	0.50	0.46	9.4%	10.1%	5.6%	6.3%
Shimao Property	813 HK	Outperform	14.02	20.45	6,276	6.5	4.9	34.1%	29.22	-52%	51.4%	0.98	0.87	16.1%	18.9%	5.0%	6.6%
Shui On Land	272 HK	Neutral	2.19	2.94	2,259	13.8	11.6	107.4%	5.87	-63%	81.1%	0.40	0.39	2.7%	3.4%	2.5%	2.6%
Sino-Ocean Land	3377 HK	Neutral	3.88	4.95	2,934	5.9	5.1	13.9%	9.91	-61%	52.1%	0.43	0.41	7.5%	8.2%	6.5%	6.8%
SOHO China	410 HK	Neutral	5.88	6.45	3,698	7.6	15.7	-29.0%	9.99	-41%	26.6%	0.74	0.73	10.0%	4.7%	5.3%	5.3%
Yuexiu Property	123 HK	Outperform	1.81	2.73	2,172	8.0	6.2	29.3%	4.97	-64%	69.6%	0.57	0.54	7.4%	9.0%	4.4%	5.7%
<b>China/Hong Kong average</b>						<b>7.4</b>	<b>6.3</b>	<b>19.5%</b>		<b>-52%</b>	<b>53.5%</b>	<b>0.98</b>	<b>0.88</b>	<b>13.9%</b>	<b>14.7%</b>	<b>4.1%</b>	<b>3.7%</b>
Alam Sutera	ASRI U	Outperform	760	1,300	1,492	10.0	6.9	32.6%	2,159	-65%	Net Cash	2.61	2.00	29.1%	32.9%	2.9%	4.3%
Bekasi Fajar	BEST U	Outperform	710	1,100	683	6.2	5.3	56.0%	1,126	-37%	Net Cash	2.37	1.78	45.4%	38.3%	2.8%	6.0%
Bumi Serpong Damai	BSDE U	Outperform	1,700	2,350	2,972	14.3	14.7	23.4%	2,720	-38%	Net Cash	3.06	2.62	23.6%	19.2%	0.9%	1.4%
Ciptura Development	CTRA U	Outperform	1,110	2,000	1,682	14.6	13.6	41.9%	2,147	-48%	Net Cash	2.63	2.31	19.6%	18.0%	1.1%	2.1%
Ciptura Property	CTRP U	Outperform	1,140	1,450	700	11.4	8.9	55.0%	2,748	-59%	2.3%	1.61	1.41	15.1%	16.9%	1.3%	2.6%
Lippo Karawaci	LPKR U	Outperform	1,490	1,850	3,435	17.6	18.8	26.6%	2,249	-34%	Net Cash	2.77	2.51	17.0%	14.0%	0.9%	1.8%
Metropolitan Land	MTLA U	Outperform	510	730	386	14.3	9.8	35.9%	1,198	-57%	2.3%	2.21	1.85	16.6%	20.6%	1.1%	1.4%
Summarecon Agung	SMRA U	Outperform	2,100	3,200	1,513	11.6	10.5	30.5%	4,366	-52%	Net Cash	3.22	2.63	31.2%	27.6%	1.6%	2.6%
Surya Semesta Internusa	SSIA U	Outperform	1,290	2,000	606	6.6	5.2	24.4%	2,124	-39%	Net Cash	2.60	1.85	46.8%	41.9%	2.6%	3.4%
<b>Indonesia average</b>						<b>12.4</b>	<b>11.0</b>	<b>33.0%</b>		<b>-46%</b>	<b>Net Cash</b>	<b>2.69</b>	<b>2.26</b>	<b>23.8%</b>	<b>22.4%</b>	<b>1.4%</b>	<b>2.4%</b>
Eastern & Oriental	EAST MK	Outperform	1.77	2.48	608	13.4	11.3	24.7%	3.10	-43%	20.2%	1.36	1.25	10.5%	11.5%	2.3%	2.5%
KLCC Property Holdings	KLCCSS MK	Outperform	6.52	8.00	3,656	19.5	18.5	-5.3%	6.42	2%	14.2%	1.60	1.60	8.2%	8.6%	4.9%	5.1%
Mah Sing Group	MSGB MK	Outperform	2.78	4.18	976	10.9	9.0	24.1%	3.80	-27%	17.3%	1.84	1.61	19.7%	19.0%	3.1%	3.4%
SP Setia	SPSB MK	Neutral	3.31	3.99	2,528	16.6	15.1	6.9%	3.99	-17%	46.9%	1.54	1.47	10.2%	9.9%	3.2%	3.1%
UEM Sunrise Bhd	UEMS MK	Outperform	2.91	4.28	3,927	23.0	20.5	16.4%	3.89	-25%	8.6%	2.22	2.07	10.1%	10.5%	1.4%	1.7%
UOA Development	UOAD MK	Outperform	2.18	2.76	860	8.1	7.0	14.5%	3.16	-31%	Net Cash	1.22	1.12	15.5%	16.6%	6.0%	6.4%
<b>Malaysia average</b>						<b>16.7</b>	<b>14.9</b>	<b>20.6%</b>		<b>-15%</b>	<b>18.1%</b>	<b>1.70</b>	<b>1.61</b>	<b>10.7%</b>	<b>11.1%</b>	<b>3.0%</b>	<b>3.5%</b>
Amata Corporation	AMATA TB	Outperform	16.00	32.20	549	8.7	7.5	56.1%	21.77	-27%	43.9%	1.70	1.50	20.3%	21.4%	4.6%	5.4%
Ananda Development	ANAN TB	Outperform	2.58	6.16	276	5.1	4.2	na	2.34	10%	23.9%	1.24	0.96	28.5%	25.9%	0.0%	0.0%
AP (Thailand) PCL	AP TB	Neutral	6.05	9.03	556	7.3	5.7	16.8%	7.00	-14%	78.8%	1.21	1.04	17.4%	19.7%	5.5%	7.0%
Hemraj	HEMRAJ TB	Outperform	3.20	4.14	998	10.9	10.0	20.1%	2.80	14%	56.7%	2.76	2.41	27.1%	25.6%	4.4%	4.9%
Land And Houses	LH TB	Outperform	10.10	9.19	3,255	23.0	19.0	13.1%	6.00	68%	54.0%	3.26	3.16	14.4%	16.9%	4.5%	5.3%
LPN Development	LPN TB	Outperform	22.50	30.63	1,067	11.9	10.3	23.7%	7.40	204%	5.4%	3.30	2.79	29.9%	29.4%	4.2%	4.9%
Pruksa Real Estate	PS TB	Outperform	18.40	40.22	1,314	7.7	6.9	27.0%	12.54	47%	50.1%	1.69	1.43	23.6%	22.6%	3.9%	4.2%
Quality Houses	QH TB	Outperform	2.72	5.38	803	9.7	7.6	69.1%	3.60	-24%	111.9%	1.46	1.32	15.7%	18.3%	5.5%	6.6%
Sansiri Public Co	SIRI TB	Outperform	2.82	5.88	825	7.1	5.7	24.9%	2.48	14%	89.9%	1.46	1.24	20.3%	23.5%	6.9%	9.6%
Supalai PCL	SPALI TB	Neutral	16.30	20.31	899	8.7	7.6	27.2%	9.05	80%	26.1%	1.86	1.60	22.8%	22.6%	4.6%	5.2%
<b>Thailand average</b>						<b>10.6</b>	<b>8.9</b>	<b>33.3%</b>		<b>37%</b>	<b>58.6%</b>	<b>2.06</b>	<b>1.81</b>	<b>20.4%</b>	<b>21.7%</b>	<b>4.6%</b>	<b>5.5%</b>

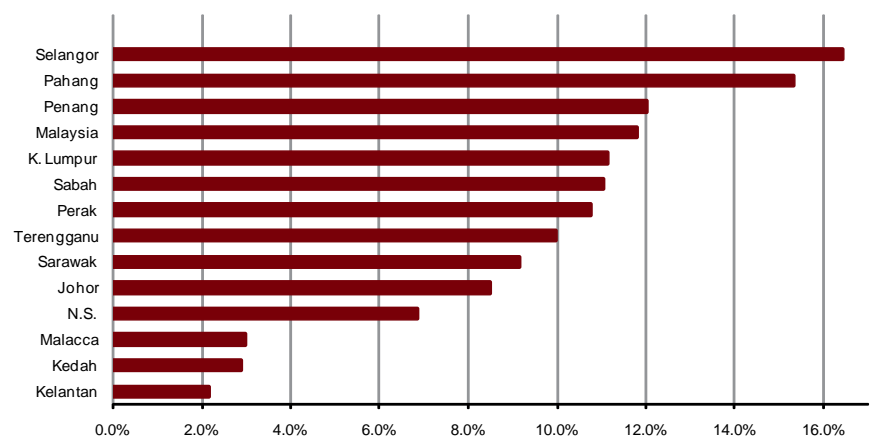
SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

### Property curbs? ▶

A potential move by Bank Negara Malaysia to curb DIBS could be negative for the property sector in the short term as buyers may postpone purchases in hopes of buying at lower prices while speculators may switch from the primary market back to the secondary market which had been rather quiet in the past year. Such a move, however, would not entirely be a surprise as speculation had surfaced in recent weeks given the strong run-up in residential prices in Malaysia. The average residential property in Malaysia had appreciated 11.8% in 2012 and in Selangor, 16.4%. In the Klang Valley, the prices of semi-detached homes in Kuala Lumpur had jumped 24.1% last year while even high-rise apartments in Kuala Lumpur had increased 16%, their strongest since 1989.

**Figure 3: 2012 house-price increases**



SOURCES: CIMB, PMR 2012

If DIBS is curbed, we believe the impact on property developers will be negative in the short term, not unlike previous times when the RPGT was raised, or when the 70% loans-to-value ratio and prudent lending measures were implemented. Home buyers then had waited a few months in hopes that prices might decline or developers would provide bigger discounts but when those failed to materialise, sales had picked up once again. We believe the authorities may intend to curb speculative demand so that prices do not escalate too fast, but have no intention to curb genuine demand as home ownership remains a priority for the government.

**Figure 4: Real property gains tax**

	Up to 2007	Up to 2007	Up to 2007	Apr-07	Jan-10	Jan-12	Jan-13
1st year	30%	30%	30%	0%	5%	10%	15%
2nd year	30%	30%	30%	0%	5%	10%	15%
3rd year	20%	20%	30%	0%	5%	5%	10%
4th year	15%	15%	30%	0%	5%	5%	10%
5th year	5%	5%	30%	0%	5%	5%	10%
6th year onwards	0%	5%	5%	0%	0%	0%	0%
	Individual	Corporate	Foreigners	For all	For all	For all	For all

SOURCES: CIMB, MOF

**Figure 3: Policies to curb speculation**

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Oct-09	Reintroduction of RPGT at 5% for first five years
Nov-11	Loan-to-value ratio for 3rd property capped at 70%
Oct-11	RPGT raised to 10% for first two years
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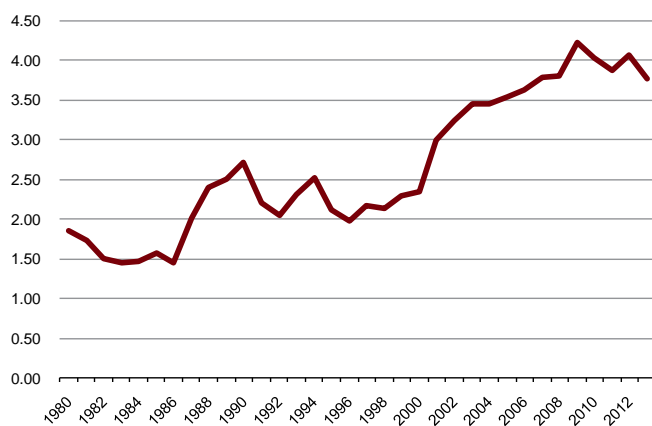
### Feedback from developers ▶

Our channel checks with developers indicate a wide range of DIBS practices currently. Some like UOA Development offer DIBS for all its projects, both residential and commercial. E&O says all its projects offer DIBS and around 90% of its buyers take up the scheme. Others such as Mah Sing had withdrawn DIBS from many of their projects last year, with the exception of developments which are slower to move. Our conclusion is that DIBS is popular with purchasers but good projects need not rely on the scheme and can still sell very well without it. Should DIBS be curbed, developers could offer small rebates or discounts in lieu of the scheme. Also, creative developers may still be able to offer buyers other equivalent incentives that will facilitate easy financing.

### Favourable dynamics ▶

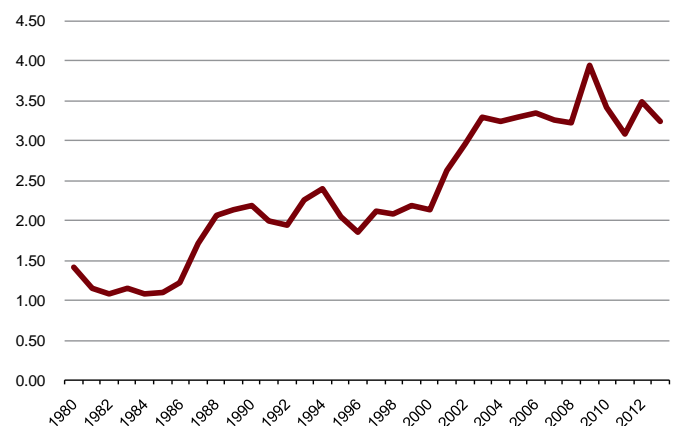
We remain optimistic on the property sector, particularly residential property due to strong affordability. Affordability indices remain near their best-ever levels as income growth has been keeping pace with house-price increases over the longer term. Moreover, the problem in the housing market is not that prices have gone up too much or too fast, but that supply growth is just too slow. 2012's supply growth of residential properties in Malaysia was only 1.6%, the lowest in 10 years. In fact, any move by the authorities to curb speculation may have the unintended effect of slowing down supply growth, which would in turn exacerbate price increases over the longer term. We believe the cause of strong price increases in recent years is due more to supply constraints than excessive demand.

**Figure 6: Affordability index for Malaysia**



SOURCES: CIMB, BNM, DOS, PMR, MOF

**Figure 7: Affordability index for the Klang Valley**



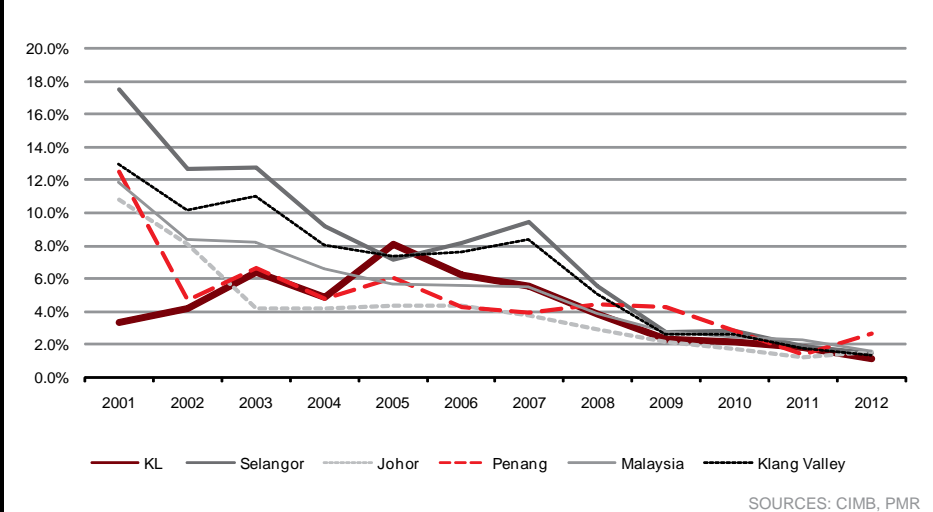
SOURCES: CIMB, BNM, DOS, PMR, MOF

**Figure 8: Income growth vs. house-price increases**

	Avg household income			Houser price index		
	13-yr CAGR	8-yr CAGR	3-yr CAGR	13-yr CAGR	8-yr CAGR	3-yr CAGR
Selangor	5.0%	3.9%	5.6%	4.8%	5.4%	12.2%
Kuala Lumpur	5.8%	7.0%	16.1%	6.2%	7.0%	11.8%
Pahang	7.4%	5.7%	4.5%	6.4%	6.4%	10.5%
Sabah	5.9%	6.7%	9.0%	7.9%	8.8%	10.5%
Terengganu	7.2%	9.0%	9.6%	6.2%	7.0%	10.2%
<b>Malaysia</b>	<b>5.6%</b>	<b>5.5%</b>	<b>7.5%</b>	<b>4.8%</b>	<b>5.5%</b>	<b>9.4%</b>
Perak	5.6%	6.1%	8.1%	5.3%	5.3%	8.8%
Pulau Pinang	3.8%	4.6%	4.7%	5.0%	5.6%	8.1%
Negeri Sembilan	5.3%	5.9%	8.9%	4.3%	4.6%	7.7%
Sarawak	5.0%	5.8%	6.2%	4.7%	5.8%	7.0%
Pertis	7.2%	7.1%	10.6%	4.9%	4.7%	6.6%
Johor	4.4%	5.3%	6.7%	1.8%	3.4%	6.0%
Kelantan	7.0%	7.1%	7.7%	4.3%	4.4%	6.0%
Kedah	6.0%	6.1%	8.7%	4.5%	4.0%	5.5%
Melaka	5.9%	6.9%	4.4%	3.7%	3.8%	5.0%

SOURCES: CIMB, PMR

**Figure 9: Supply growth in key markets**



SOURCES: CIMB, PMR

### Expect selling pressure ▶

Nonetheless, we expect selling pressure on property stocks in the short term as property stocks had shot up significantly after the 13th general elections. Investors are sitting on handsome profits and will use the possible curb on DIBS as an excuse to take profit. We view any sell-down of property stocks as an opportunity to accumulate. We believe the impact on the real sector will be minimal as the possible measures should be meant to curb speculation and not hamper genuine demand. Also, developers such as Mah Sing and even small players like Hua Yang (HYB MK; Not rated) have stopped offering DIBS for many of their projects since last year and such moves would have little impact on their sales.

### Maintain Overweight ▶

We remain Overweight on the property sector. Mah Sing remains our top pick as it should be less susceptible to the change in policy, having moved away from DIBS since last year. Also, its new flagship township, the RM5.13bn Southville, targets first home buyers and sells residential properties in the RM200k-300k bracket where demand is very strong and should not be affected by DIBS. UOA Dev could be slightly more affected since all its projects offer DIBS and commercial properties may be slower to move. But UOA Dev has also lined up many projects offering affordable homes priced around RM500k which should continue to enjoy strong demand.

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1042 companies under coverage		
	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy	52.1%	7.6%
Neutral	34.2%	4.9%
Underperform/Sell/Trading Sell	13.7%	5.5%

**Recommendation Framework #1 \***

**Stock**

**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**

**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, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay 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.

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Recommendation Framework #2 \*\*

**Stock**

**OUTPERFORM:** Expected positive total returns of 10% or more over the next 12 months.

**NEUTRAL:** Expected total returns of between -10% and +10% over the next 12 months.

**UNDERPERFORM:** Expected negative total returns of 10% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 10% or more over the next 3 months.

**TRADING SELL:** Expected negative total returns of 10% or more over the next 3 months.

**Sector**

**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 +10% 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 +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; 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 -10% 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 +10% 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 -10% or worse over the next 3 months.

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**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2012.**

AAV – not available, ADVANC - Excellent, AEONTS – Good, AMATA - Very Good, ANAN – not available, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCH – not available, BCP - Excellent, BEC - Very Good, BGH - not available, BJC – Very Good, BH - Very Good, BIGC - Very Good, BTS - Excellent, CCET - Good, CENTEL – Very Good, CK - Very Good, CPALL - Very Good, CPF - Very Good, CPN - Excellent, DELTA - Very Good, DTAC - Very Good, EGCO – Excellent, ERW – Excellent, GLOBAL - Good, GLOW - Very Good, GRAMMY – Excellent, HANA - Very Good, HEMRAJ - Excellent, HMPRO - Very Good, INTUCH – Very Good, ITD – Very Good, IVL - Very Good, JAS – Very Good, KAMART – not available, KBANK - Excellent, KK – Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, MAJOR - Good, MAKRO – Very Good, MCOT - Excellent, MINT - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - Excellent, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, RS – Excellent, SAMART – Excellent, SC – Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIRI - Good, SPALI - Very Good, SRICHA – not available, SSI – not available, STA - Good, STEC - Very Good, TCAP - Very Good, THAI - Excellent, THCOM – Very Good, TICON – Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Very Good, TTW – Very Good, TUF - Very Good, VGI – not available, WORK – Good.