19 February 2020

2020 Singapore Budget

Remains Focused On Long-term Needs

- **While the 2020 Budget addressed near-term concerns of industries and Singaporeans who have been and could be impacted by the COVID-19 outbreak,** we applaud the Government's efforts to build on past budgets and remain focused on the long-term growth, transformation and sustainability of the country, its businesses and its people. We view the Budget as mildly positive for the banking, REITs and consumer (excluding F&B) sectors.
- **Fiscal boost could help banks mitigate near-term concerns on NPLs.** The expansionary Budget should impart a considerable boost to the economy and help offset potential concerns related to slower growth in the near term. Although banks should see higher loan loss provisions in 2020, we believe this increase could be partly mitigated by the fiscal boost. Slower loan growth and narrowing of NIMs support our NEUTRAL rating on the banking sector. UOB is our preferred exposure to the sector, given its lower loan exposure to Greater China and healthy dividend yield.
- **Remain positive on consumer staples, uncertain outlook for F&B and retail.** The absence of a near-term GST hike implementation and the cash benefits and rebates announced through the Care and Support package should support consumer staples spending. Despite the measures announced by the Government to support the retail sector, elevated uncertainties from the COVID-19 outbreak and softening economic growth will be a near-term negative for the F&B sector and integrated resorts. Thai Beverage and Sheng Siong remain our Top Picks.
- **Hospitality and retail REITs to get support from property tax rebates.** The Government has announced property tax rebates to support the ailing tourism and related sectors. Property taxes accounted for about 5-6% of gross revenue for hospitality REITs, and thus a 30% cut will result in a c.2% boost to net income. Also, enhanced tax treatments offering faster write-down of their investments in renovation and refurbishment could prompt hospitality players to bring forward some asset enhancement plans to 2020. We remain positive on the REITs sector and prefer exposure to Suntec REIT, ESR REIT and Manulife US REIT.
- **Short-term positive for transport sector.** By collaborating with Changi Airport and the Civil Aviation Authority of Singapore, the Government has tried to address the near-term concerns faced by the aviation industry. While these measures will help the businesses to weather through the near-term headwinds, we believe aviation players will continue to face structural headwinds from a likely slower global economic growth. Although policies supporting early adoption of electric vehicles by taxi operators are positive, we see limited near-term benefits for ComfortDelGro amidst its recent refreshment of its taxi fleet to hybrid vehicles and limited island-wide availability of charging stations.

Company	Rating	TP (SGD)	% Upside (Downside)	P/E (x) Dec-20F	P/BV (x) Dec-20F	Yield (%) Dec-20F
CapitaLand	BUY	4.20	12.6	10.7	0.8	3.5
CSE Global	BUY	0.69	23.2	9.7	1.5	4.9
ESR REIT	BUY	0.60	10.1	14.8	1.3	7.4
Fu Yu Corp	BUY	0.29	11.5	9.6	1.1	6.8
Keppel Corp	BUY	7.80	15.9	11.3	1.0	4.4
Manulife US	BUY	USD1.12	8.7	14.6	1.2	6.2
Oxley Holdings**	BUY	0.42	21.7	4.3	0.8	8.8
Sheng Siong	BUY	1.39	5.3	23.2	5.9	3.1
ST Engineering	BUY	4.55	5.3	21.4	5.6	3.4
Suntec REIT	BUY	2.08	12.4	15.1	0.9	5.2
Unusual Ltd***	BUY	0.35	62.8	21.5	2.7	-
Wilmar	BUY	4.43	9.4	15.3	1.1	2.7

*Source: Company data, RHB. ^Priced in USD; **Refers to Jun 2020; ***Refers to Mar 2020*

Singapore Sector Ratings

OVERWEIGHT	Capital Goods, Commodities Manufacturing, REITs
NEUTRAL	Consumer, Financials, Property, Technology, Telecom

Analyst

Shekhar Jaiswal
+65 6232 3894
shekhar.jaiswal@rhbgroup.com

Economic Research: Budget 2020: Protecting Singaporeans

2020 Budget: There Is Something For Everyone

Supporting Singapore businesses

Measures to help businesses hit by the COVID-19 crisis

The Government announced that it will provide SGD800m to support the frontline agencies dealing with the COVID-19 outbreak. The bulk of the amount will be allocated to the Ministry of Health. Additional help was announced for sectors that are directly affected by the outbreak, namely tourism, aviation, food services and retail, as well as point-to-point transport sectors.

The Government announced a 30% property tax rebate that will be granted this year to accommodation and function-room components of licensed hotels and serviced apartments, as well as venues for meetings, incentives, conventions and exhibitions (MICE). International cruise and regional ferry terminals will receive a 15% property tax rebate, and integrated resorts will get a 10% rebate. As for the aviation sector that has been hit the most by the outbreak of COVID-19, there will be rebates on aircraft landing and parking charges, assistance for ground-handling agents, and rental rebates for shops and cargo agents at Changi Airport. The Government announced that food services and retail businesses will also receive rental waivers or rebates.

The Government also announced plans to roll out a temporary bridging loan programme for the tourism sector that will offer a loan quantum of up to SGD1m and interest rates capped at 5%. The Government will bear 80% of the risk of the loan. A corporate income tax rebate at the rate of 25% of tax payable, capped at SGD15,000 per firm, was also announced. Amongst other tax treatments under the corporate tax system, the Government also announced plans to allow a faster write-down of investments in plant and machinery, renovation, and refurbishment under the 2021 year of assessment.

Figure 1: General overview of sector-specific measures to support firms amidst the COVID-19 outbreak

Source: MoF, Today Online

Continuing to support long-term business growth and transformation

Over the next three years, the Government will set aside SGD8.3bn to help companies – from startups to small- and medium-sized enterprises (SME) – transform and grow. An extra SGD300m will be set aside for deep-tech startups – which deal with emerging technology, including pharmaceutical bioinformatics, medical technology and advanced manufacturing – to better access capital, expertise and industry networks.

Through a pilot Executive-in-Residence programme, the Government will support the hiring of experienced executives and provide expert advice to enterprises in their industries. The Government will also introduce an Enterprise Transform Package, which will include the launch of the Enterprise Leadership for Transformation Programme to support business leaders of promising SMEs. The Government aims to support business leaders of 900 enterprises in business transformation with training and mentorship over the next three years by collaborating with institutes of higher learning, banks and industry experts.

In addition to assisting Singaporeans to upskill through topping up of SkillsFuture Credit, the Government also announced plans to assist employers. Employers will receive a one-off SGD10,000 SkillsFuture Enterprise Credit that can be used to defray up to 90% of out-of-pocket expenses of business transformation, job redesign and skills training. SGD3,000 of the total credit will be reserved for workforce transformation programmes. The remaining SGD7,000 can be used on enterprise transformation programmes. To qualify, employers have to contribute a total of at least SGD750 to the Skills Development Levy – a compulsory levy paid out by employers for all of their employees working in Singapore – in the previous 12 months.

Helping Singaporeans

Assistance for individuals and workers

Announcement of the "Care and Support" package:

The Government announced a SGD1.6bn Care and Support package to support households with cost of living – especially for low-income families. To help Singaporeans navigate slower economic growth and the impact from the COVID-19 outbreak, the Government will roll out a slew of measures, including a one-time cash pay-out of between SGD100 and SGD300 for Singaporeans aged 21 and older. Singaporeans aged 50 years and above will also have SGD100 topped up into their PAssion cards this year. To help lower-wage workers with their everyday expenses, Singaporeans on the Workfare Income Supplement scheme, which supplements workers' income through cash payments and Central Provident Fund (CPF) savings contributions, will receive 20% more for work done last year, with a minimum SGD100 cash payment.

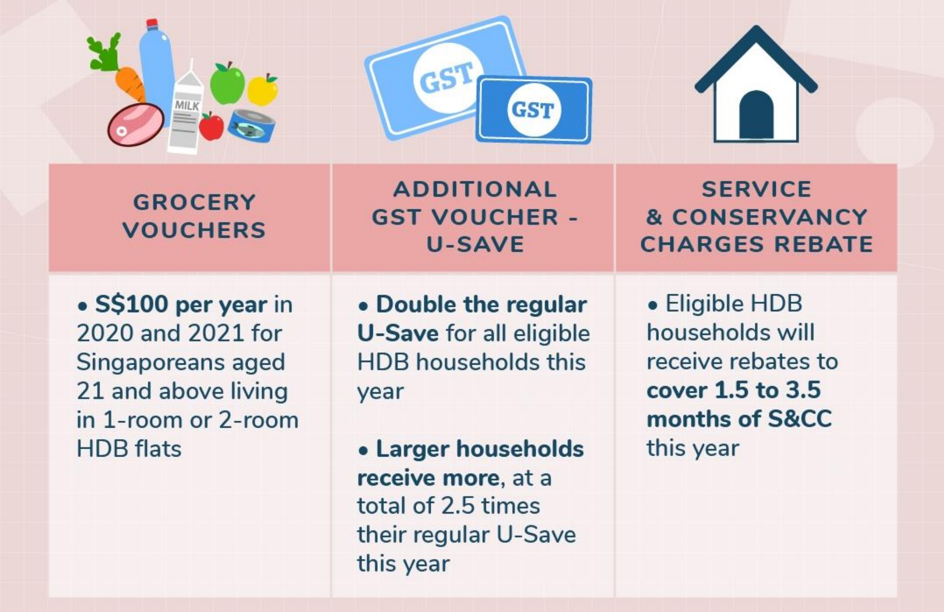
Figure 2: Components of the "Care and Support" package

Source: MoF, Today Online

The Government will provide needy Singaporeans with SGD100 grocery vouchers both this and the next year. These vouchers are for Singaporeans aged 21 and older, who live in one- and two-room Housing and Development Board (HDB) flats and do not own more than one property.

The Government also plans to double the amount of Utilities-Save (U-Save) rebates, which help households in HDB flats with part of their utilities bills. Eligible households will receive the higher U-Save rebates through a one-off special payment over two quarters in April and July. Those with five or more members will get an extra rebate in October this year and January next year. The Government announced that eligible households will get rebates on service and conservancy charges for another year to offset up to three-and-a-half months of these fees in the 2020 financial year.

Figure 3: Components of the "Care and Support" package

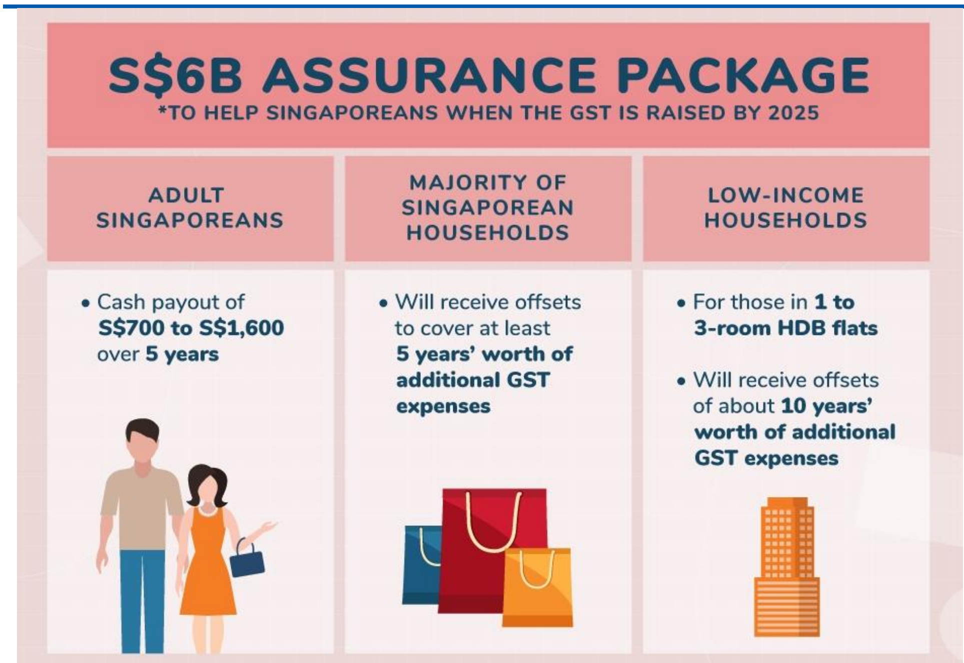


Source: MoF, Today Online

Offset package to cushion potential Goods and Services Tax (GST) hike:

The Government announced that given Singapore's weaker economic conditions and further impact from the COVID-19 outbreak, the planned hike in the GST to 9% from 7% will not take effect in 2021. However, the Finance Minister emphasised the need to raise the GST to 9% by 2025. In order to assist Singaporeans when the GST is raised, the Government unveiled a SGD6bn of package under the GST Voucher Fund. Under this package, most Singaporean households will receive offsets to cover at least five years' worth of additional expenses incurred due to the higher GST. Lower-income households, specifically those living in one- to three-room HDB flats, will receive offsets equivalent to about 10 years' worth of additional GST expenses incurred. Under this Assurance Package, every adult Singaporean will receive a cash pay-out of between SGD700 and SGD1,600 over five years, depending on factors such as the type of public housing flat they live in.

Figure 4: Assurance Package to help Singaporeans with expected rise in GST



Source: MoF, Today Online

Top up to SkillsFuture Credit and assistance to mid-career workers:

Singaporeans aged 25 and above will receive a one-off SkillsFuture Credit top-up of SGD500, which they can use from Oct 1 this year. However, unlike the previous SGD500 credit amount given out to Singaporeans in 2016, which had no expiry date, this top-up credit will expire in five years, which means those intending to use it will have to do so by the end of 2025.

The Government aims to double the annual placements for workers currently in their 40s and 50s through a SkillsFuture Mid-Career Support Package. The package includes a hiring incentive – employers who hire local job seekers aged 40 and above through a reskilling programme will receive 20% salary support for six months, capped at SGD6,000 in total. Singaporean workers aged 40 to 60 as of 31 Dec 2020 will receive a special SkillsFuture credit top-up of SGD500, on top of the SGD500 credit that all Singaporeans aged 25 and above will receive. This additional credit will expire by 31 Dec 2025.

Other measures to assist local workers:

The Government will roll out a SGD1.3bn Jobs Support Scheme that will benefit all enterprises and their 1.9m local employees. The Government will pay for 8% of the wages of these workers, up to a monthly cap of SGD3,600 for three months. This scheme will help businesses retain Singapore workers and will be given to employers by the end of July. The measures are directed toward Singaporean citizens and permanent residents, as well as both full-time and part-time hires.

The Wage Credit Scheme currently co-funds wage increases for Singaporean employees earning a gross monthly wage of up to SGD4,000. This cap will be raised to SGD5,000 for qualifying wage increases given in 2019 and 2020. The Government will also co-fund five percentage points more, raising the levels to 20% for wage raises in 2019 and 15% for those in 2020. This enhancement will benefit 90,000 enterprises and more than 700,000 Singaporean employees.

Assistance for students

Support for students from lower-income families: Under the Education Ministry's financial assistance scheme, the yearly bursary quantum for pre-university students will go up to SGD1,000, from SGD900. There will also be higher transport subsidies for all students and more help with school meals for those in secondary school.

More bursaries for students at the Institute of Technical Education (ITE): From the current academic year (2020), full-time ITE students from low- and middle-income households will benefit from a cash bursary boost by up to SGD200 a year. Those from households in the lowest-income tier will receive a full fee subsidy in addition to the cash bursary.

Greater assistance for preschools:

With a plan to continue supporting early-childhood education, the Government will double its spending on this sector to more than SGD2bn a year in the next few years. There will be higher preschool subsidies across all eligible income groups. The Government will also increase the share of government-supported preschool places from over 50% to 80% by about 2025.

Assistance for the elderly

Top up for those with less Central Provident Fund (CPF) savings: In order to help middle- and lower-income Singaporeans with their retirement needs, the Government announced plans to match every dollar of cash top-up made to their CPF Retirement Accounts, capped at SGD600 per year, under a new Matched Retirement Savings Scheme. Singaporeans between the age of 55 and 70 who do not have savings set aside under the existing Basic Retirement Scheme will be eligible for the scheme from next year to 2025.

Higher cash pay-outs under Silver Support Scheme (SSS): The Silver Support Scheme, which helps the bottom 20% of Singaporeans aged 65 and above, will see a 20% rise in cash pay-outs, or by SGD150 every quarter. The eligibility criteria for SSS will also be broadened so that more seniors will be covered. About 100,000 more seniors will benefit from the improved scheme next year.

Supporting senior workers: The Government will roll out a "senior worker support" package to support seniors who wish to work longer. This package will include measures such as Senior Employment Credit. From 2021, this will provide employers with wage offsets when they employ Singaporean workers who are 55 and older, with support tapering over time as the retirement and re-employment ages are gradually raised.

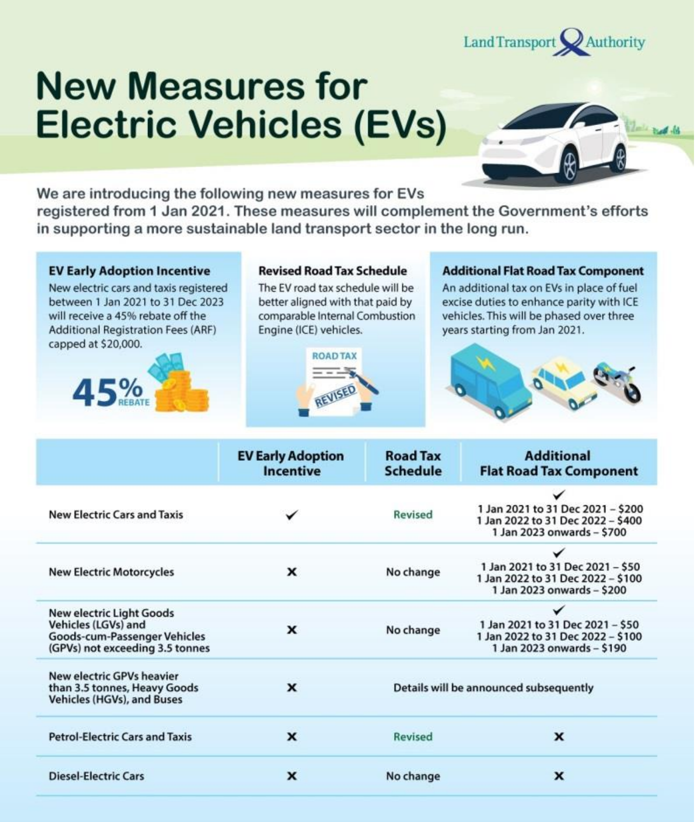
Preparing for climate change

Aggressive adoption of fully electric vehicles (EVs)

With ambitions to phase out internal combustion engine (ICE) vehicles by 2040, the Government announced plans to make the adoption of EVs more attractive from 2021 (next year). Singapore had introduced the Vehicular Emissions Scheme (VES) for cars and taxis in 2018 that nudged buyers to opt for cleaner cars. Under the scheme, car buyers and taxi operators who chose cleaner car models received an upfront rebate of up to SGD20,000 and SGD30,000 respectively. Following up on the success of VES and to support an early adoption incentive for EVs, the Government announced a rebate of up to 45% on the additional registration fee – capped at SGD20,000 – for those who fully purchase electric cars and taxis. This incentive will be rolled out from Jan 2021, for a period of three years. The Government will also introduce a Commercial Vehicle Emissions Scheme for light goods vehicles.

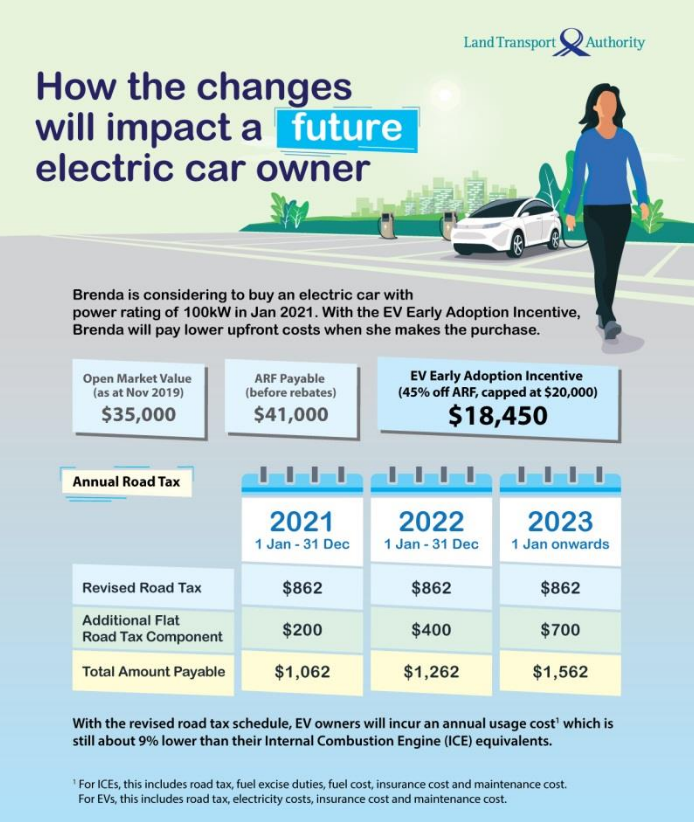
The Government will also revise the road tax methodology for cars from Jan 2021 to ensure that the road tax for EVs and some hybrids are less punitive. Singapore will also expand the EV charging infrastructure significantly from 1,600 points now to 28,000 by 2030. As the excise duty from fuel sales contributes around SGD1bn a year, the Government will introduce a lump sum tax for EVs from 2021, starting at SGD100, then SGD200 in 2022, and SGD350 from 2023 onwards.

Figure 5: Measures to support EV adoption



Source: LTA

Figure 6: How the changes affects new car buyers



Source: LTA

Protecting the coasts and other measures

The National Environment Agency will field-test the use of NEWSand – which is made from incineration ash – in road construction along Tanah Merah Coast Road. SGD1bn will be committed for research in urban solutions and sustainability. The research will focus on, among other topics, renewable energy, cooling Singapore, and carbon capture. A Housing and Development Board (HDB) Green Towns Programme will be introduced, which will be focused on reducing energy consumption, recycling rainwater and cooling HDB towns. A new Coastal and Flood Protection Fund will be set up with an initial injection of SGD5bn.

Largest budget deficit in more than a decade

Singapore's 2020 budget is expected to run an overall deficit of SGD10.9bn, which is expected to be 2.1% of GDP and is the highest in last 10 years. This exceeds the projected deficit of SGD8.7bn in 2009 during the global financial crisis, when the Government rolled out a SGD20.5bn Resilience Package to help Singaporeans and businesses. But unlike 2009, the Government did not dip into the past reserves to support the expected budget deficit – thanks to a surplus of SGD18.7bn accumulated over the current term of government.

The current expansionary budget not only offers measures to support individuals and businesses that could be impacted by the outbreak of COVID-19 through a SGD6.4bn package, but also made provisions for supporting Singaporeans from a potential hike in GST and preparing the country to fight climate change. The Government made a SGD6bn contribution to the GST Voucher Fund that will help Singaporeans when the GST is raised by 2025. It also plans to set up a Coastal and Flood Protection Fund with an initial injection of SGD5bn.

Figure 7: Fiscal position In FY2020

Fiscal items (SGDbn)	FY2020
Operating revenue	76.02
Total expenditure	83.61
Primary deficit	**(7.60)**
Wage Credit Scheme	1.60
Jobs Support Scheme	1.33
Care and Support Package – Cash Payout	0.83
GST Voucher Special Payment	0.36
PAssion Card Top-Up	0.15
Workfare Special Bonus	0.14
Service and Conservancy Charges Rebates	0.13
Other Transfers	0.12
Special Transfers ex Top-ups to Endowment and Trust Funds	**4.66**
GST Voucher Fund	6.00
Coastal and Flood Protection Fund	5.00
National Research Fund	2.00
Skills Development Fund	2.00
ElderCare Fund	0.75
Special Employment Credit Fund	0.70
Community Care Endowment Fund	0.50
Other Funds	0.37
Top-ups to Endowment and Trust Funds	**17.32**
Net Investment Returns Contribution	18.63
Oberall budget deficit	**(10.95)**

Source: MoF, RHB

Sector Impact

Financials: Fiscal boost could mitigate deterioration in banks' asset quality

Singapore's Ministry of Trade and Industry (MTI) has downgraded the 2020 GDP forecast from between 0.5% and 2.5% to between -0.5% and 1.5%, with GDP growth likely to come in at 0.5% for the full year. However, the Government has announced an expansionary budget for FY2020 that will impart a considerable fiscal boost to the economy to address near-term concerns. The Government is expecting an overall budget deficit of SGD10.9bn for FY2020, or 2.1% of GDP. Although Singapore banks should see higher loan loss provisions in 2020 as compared to 2019, we believe this increase could be partly mitigated by the fiscal boost announced by the Government in the latest Budget.

We retain our NEUTRAL weight for Singapore banks. NIM for Singapore banks is expected to narrow in 2020 amidst expectation of lower Singapore Interbank Offered Rate (SIBOR) in 2020 as compared to that in 2019. At the same time, a weaker economic environment should lead to slower loan growth and more loan loss provisioning. However, banks' share prices could be supported by the respectable dividend yield of c.5%. UOB (UOB SP, NEUTRAL, TP: SGD25.80) is our preferred exposure to the sector, given its lower loan exposure to Greater China, a region that could see severe negative economic impact from the outbreak of COVID-19.

Consumer: Budget to help to companies cope with fixed costs

Consumer companies affected by the outbreak of COVID-19 will receive government support to alleviate the some of the fixed costs. For consumer sector stocks under our coverage, we view Dairy Farm (DFI SP, NEUTRAL, TP: USD6.63), Sheng Siong (SSG SP, BUY, TP: SGD1.39), BreadTalk (BREAD SP, NEUTRAL, TP: SGD0.67), Jumbo (JUMBO SP, BUY, TP: SGD0.44), Kimly (KMLY SP, NEUTRAL, TP: SGD0.24), Japan Foods (JFOOD SP, NEUTRAL, TP: SGD0.40) and Genting Singapore (GENS SP, NEUTRAL, TP SGD0.95) should receive some form of aid from the Budget.

Labour is one of the main fixed costs of the retail and IR businesses. The job support scheme (offset 8% of wages up to SGD3,600 for three months) and enhanced wage credit scheme (co-fund 20% of wage increase for wage of up to SGD5,000) could help to off-load some of the labour cost burden. The budget also offers opportunities to ensure that excess manpower is sent for training and reskilling to ensure that they could be redeployed to other divisions. To assist sectors directly impacted by the outbreak of COVID-19, such as retail, and food services, funding support duration for the following existing redeployment programmes will be extended from the current three months to a maximum of six months. We expect all the above mentioned companies to see an increase in receipt of government grants this year to offset fixed labour costs while their revenues are negatively impacted.

The Government has also taken the lead to offer some waivers for rent, which is another major fixed cost for retail businesses. To support hawkers, the National Environment Agency (NEA) will provide one month's worth of rental waivers to stall holders of NEA-managed hawker centres and markets, with a minimum waiver of SGD200. To help alleviate costs for businesses located in other Government-owned / managed facilities, Government agencies will provide half a month's worth of rental waivers to eligible commercial tenants/lessees who are on leases not exceeding three years, and do not pay Property Tax. For stocks under our coverage, Sheng Siong, followed by Kimly, would stand to benefit the most as they have most number of stores rented from HDB. A couple of Kimly stalls operate at NEA-managed hawker centres that may be legible for a one-month rental waiver. Most BreadTalk, Dairy Farm, Jumbo and Japan Foods outlets operate in private properties. For those, the Government would give 15% property tax rebates to qualifying commercial properties. According to most of the retail mall owners, most of the property tax rebates would translate into rent reduction for the tenants. Genting Singapore would go under the Integrated Resorts (IR) category and receive a 10% property tax rebate.

We expect domestic spending to decline in 2020 on rising uncertainties from the COVID-19 outbreak and softening economic outlook. Food service retail and IR businesses are likely to be adversely impacted in 1H20. Recovery in 2H20 would depend on how quickly the COVID-19 situation resolves. We expect demand for consumer staples to be more resilient. The Care and Support package of household amounting to SGD1.6bn would also help support domestic consumer staple spending. The package includes cash dish-out of SGD100-300 to all Singaporeans above age 21, GST vouchers and rebates on service and conservancy charges. Lower-income families, families with children and the elderly would receive additional cash vouchers / pay out / top-ups.

Against the backdrop of a virus epidemic and weakening economic outlook, we expect the food service retailers and IR to be more affected than grocery retailers and food and beverage production companies. We maintain our NEUTRAL recommendation on the sector, with Thai Beverage (THBEV SP, BUY, TP: SGD0.92), Sheng Siong and UnUsUal (UNU SP, BUY, TP: SGD0.35) as Top Picks.

Real Estate: Continued tightening of immigration policy stance

Although no targeted policy measures were announced, the Government continued its emphasis on tighter immigration policy with further reduction in S Pass sub-DRCs limits of the construction, marine shipyard, and process sectors.

The foreign population has remained stagnant over the last four years after doubling during the 2005-15 period. As a result, overall population growth has more than halved to a CAGR of 0.8% during 2014-2019, compared to 1.9% during 2009-2014. The slower population growth is likely to cap property price appreciation in the future, and we expect a modest 0-2% increase in the Urban Redevelopment Authority's (URA) private property index for 2020.

In the near term, we expect the sentiment on the property market to remain slightly negative as buyers are developers are likely to hold back on purchase and launch plans due to the outbreak of COVID-19 and weak economic growth. We maintain our NEUTRAL rating on the sector with CapitaLand (CAPL SP, BUY, TP: SGD4.20) as our Top Pick.

REITs: Property Tax rebates to fend off fight near-term weakness

The Government announced a 30% property tax rebate for 2020, for the accommodation and function room components of licensed hotels and serviced apartments, and prescribed Meetings, Incentives, Conventions, and Exhibitions (MICE) venues. Based on FY19 data, property taxes accounted for about 5-6% of gross revenue for hospitality REITs and thus a 30% cut will result in a c.2% boost to net income. Additionally, the Government also enhanced several tax treatments under the corporate tax system for one year which will allow enterprises a faster write-down of their investments in plant and machinery, and renovation and refurbishment incurred for the current financial year. This, in our view, could prompt hospitality players to bring forward some of their asset enhancement plans to this year.

The Government also announced 15% tax rebates for qualifying commercial properties. Qualifying commercial properties examples are premises of an international airport, cruise or regional ferry terminal, shops (eg retail and F&B), including those within hotel buildings, serviced apartment buildings, and the prescribed MICE venues; and premises of tourist attractions. Based on our preliminary discussion with industry contacts, retail REITs, if eligible, are likely to pass on such rebates to tenants to mitigate the short-term impact.

While the property tax rebates are likely to offer some short-term relief for hotel operators and retail mall owners, we believe the actual impact to REITs will depend on how long the current virus situation prolongs. Amidst this uncertainty, we expect investor sentiment to remain muted towards hospitality REITs and retail REITs, especially those that are located in prime tourist locations. Therefore, we maintain our NEUTRAL rating on these two subsectors.

Overall, we maintain our OVERWEIGHT call on the REITs sector and expect it to outperform STI on the back of expectation of interest rate cuts and continued hunt for yields amid current uncertain macroeconomic environment. Our top picks are Suntec REIT (SUN SP, BUY, TP: SGD 2.08), ESR REIT (EREIT SP, BUY, TP: SGD0.60) and Manulife US REIT (MUST SP, BUY, TP: USD1.12).

Transport: Short-term support to aviation and marine sectors; assistance in adoption of EVs by land transport operators

<u>Short-term support to aviation and marine sectors</u>: The Government announced that the aviation sector, which is among the sectors hardest hit by the COVID-19 outbreak, will get a SGD112m package to help defray business costs and protect jobs. The Aviation Sector Assistance Package will be co-funded by the Government, the Civil Aviation Authority of Singapore (CAAS) and Changi Airport Group (CAG). The package aims to provide immediate relief to companies as assistance will be provided for a 6-month period. Under the package, the Government will implement a suite of measures, comprising of rebates on aircraft landing and parking charges, assistance to ground handling agents, and rental

rebates for shops and cargo agents at Changi Airport. Changi Airport will also get a 15% property tax rebate.

In addition, all airlines that operate flights between mainland China and Singapore will get landing credits. Carriers such as Singapore Airlines, which continue to operate scheduled passenger flights between mainland China and Singapore during the outbreak period, will get a 100% landing charge rebates for these flights. All Singapore carriers operating scheduled flights will also get to save an estimated SGD6m on regulatory fees, as a result of the CAAS providing a 50% rebate on fees for new and renewed Certificates of Airworthiness. These carriers are required to pay the fees on an annual basis.

The Maritime and Port Authority of Singapore will give 50% port dues concession to cruise ships and regional ferries with a port stay of not more than five days, and passenger-carrying harbour craft. This will be on top of any existing concessions. It will be implemented from March to August 2020.

Although the measures announced by the Government will assist the aviation sector players, especially Singapore Airlines and SATS, to weather through the near term headwinds caused by the COVID-19 outbreak, we believe the industry will continue to face structural headwinds from an expected slower global economic growth.

ComfortDelGro to benefit over the long term from assistance provided towards EV adoption: Since early 2019, ComfortDelGro (CD SP, NEUTRAL, TP: SGD2.25) has been undertaking trials for electric vehicles with the Hyundai Kona Electric taxi. We believe the Government's plan to support early adoption of EVs amongst residents and taxi operators should benefit ComfortDelGro. However, the limitation of island-wide availability of charging stations and CD's recent refreshment of its taxi fleet to hybrid vehicles will limit its ability to rapidly adopt EVs in the near term.

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

HONG KONG

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

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Securities Singapore Pte Ltd.
10 Collyer Quay
#09-08 Ocean Financial Centre
Singapore 049315
Tel : +65 6533 1818
Fax : +65 6532 6211