Malaysia **Sector Update**

8 January 2024

Property | Real Estate

# Real Estate

## More Will Than Before; OVERWEIGHT

# Overweight (Maintained)

| | |
|---|---|
| Stocks Covered | 12 |
| Rating (Buy/Neutral/Sell): | 9 / 3 / 0 |
| Last 12m Earnings Revision Trend: | Positive |

- **Maintain OVERWEIGHT; Top Picks: UEM Sunrise (UEMS), Sunway and IOI Properties.** We believe the re-rating in property sector still has legs. Overall macroeconomic environment, government policies and investment flows are encouraging, supporting the growth in property sales in 2024-2025. We remain confident with our positive view on the Iskandar Malaysia property market given the concentration of high profile investments and infrastructure developments that are taking place in the southern region.
- **Further rate hike seems almost impossible.** US Federal Reserve's recent signal to cut or maintain interest rates this year may offer some relief, especially emerging markets that experienced significant currency weakness last year. The shift away from the higher-for-longer approach also suggests a potential conclusion to the interest rate upcycle. This is favourable to the property market as it should indicate a more stable interest rate trajectory ahead. In the meantime, the market is expected to gradually adapt to the prevailing high inflationary environment.
- **The sector is still under-owned.** After our rounds of marketing in 4Q23, we think many local institutional funds have yet to take a meaningful position in the property sector. Foreign shareholding, for example, has yet to increase substantially. Both UEMS and Sunway have foreign shareholding of <6%, as compared to about 22% during the peak a decade ago (GIC's shareholding made up 12% for Sunway then).
- **The revival of HSR a potential kicker for next re-rating.** Last month, Prime Minister Datuk Seri Anwar Ibrahim said the Government has principally agreed to revive the Kuala Lumpur-Singapore High Speed Rail (HSR) project if it could substantially lower the cost. In a recent media interview, Johor's Sultan Ibrahim Sultan Iskandar also expressed his support to revive the project. We think MyHSR Corp may likely provide some updates regarding the project, especially after the deadline for the submission of the request for information (RFI) concept proposals which was extended until 15 Jan 2024. Positive progress on the project should see a boost in demand for properties, not only in Iskandar Malaysia but also in Kuala Lumpur.
- **RNAV re-rating to be more significant in Iskandar Malaysia.** In the short term, both Malaysia and Singapore governments are expected to sign the MoU for the highly-anticipated Johor-Singapore special economic zone (SEZ) on 11 Jan 2024. The recent entry of Nvidia and Microsoft points to a boost in confidence among foreign investors, especially in the data centre space. The influx of investments and rising demand for industrial lands are already driving the land prices in Johor, and major landowners such as UEMS and Sunway will likely enjoy further RNAV re-rating going forward.
- **Expect 10-15% growth in property sales.** We expect most developers to guide 2024 sales target that is 10-15% higher than the 2023 target. A number of developers indicated that they plan to roll out more projects in Iskandar Malaysia this year.

| Company Name | Rating | Target (MYR) | % Upside (Downside) | P/E (x) Dec-24F | P/B (x) Dec-24F | ROAE (%) Dec-24F | Yield (%) Dec-24F |
|---|---|---|---|---|---|---|---|
| AME Elite Consortium | Buy | 2.00 | 12.6 | 14.8 | 1.3 | 8.9 | 2.5 |
| Eastern & Oriental | Buy | 0.88 | 26.9 | 13.6 | 0.5 | 3.7 | 1.6 |
| IOI Properties | Buy | 2.10 | 11.3 | 12.9 | 0.5 | 3.5 | 3.3 |
| LBS Bina | Buy | 0.82 | 28.7 | 7.0 | 0.7 | 10.1 | 4.4 |
| Mah Sing | Buy | 0.98 | 12.9 | 9.2 | 0.6 | 6.1 | 4.1 |
| Matrix Concepts | Buy | 1.88 | 10.8 | 8.3 | 1.0 | 12.1 | 6.1 |
| Sime Darby Property | Buy | 0.93 | 31.7 | 12.4 | 0.5 | 3.9 | 3.5 |
| SP Setia | Neutral | 0.93 | (1.9) | 15.6 | 0.3 | 1.7 | 1.7 |
| Sunway | Buy | 3.00 | 35.2 | 17.8 | 1.0 | 5.7 | 2.5 |
| Tambun Indah | Neutral | 0.91 | 6.4 | 7.3 | 0.5 | 6.6 | 6.4 |
| UEM Sunrise | Buy | 1.18 | 14.2 | 59.5 | 0.8 | 1.2 | - |
| UOA Development | Neutral | 1.86 | 6.3 | 18.8 | 0.8 | 4.4 | 5.7 |

*Source: Company data, RHB*

| Top Picks | Target Price |
|---|---|
| UEM Sunrise (UEMS MK) – BUY | MYR1.18 |
| Sunway (SWB MK) – BUY | MYR3.00 |
| IOI Properties (IOIPG MK) – BUY | MYR2.10 |


**Analyst**

Loong Kok Wen CFA

+603 9280 8861

loong.kok.wen@rhbgroup.com


**Relative performance of KLPRP against FBM KLCI since Jan 2023**

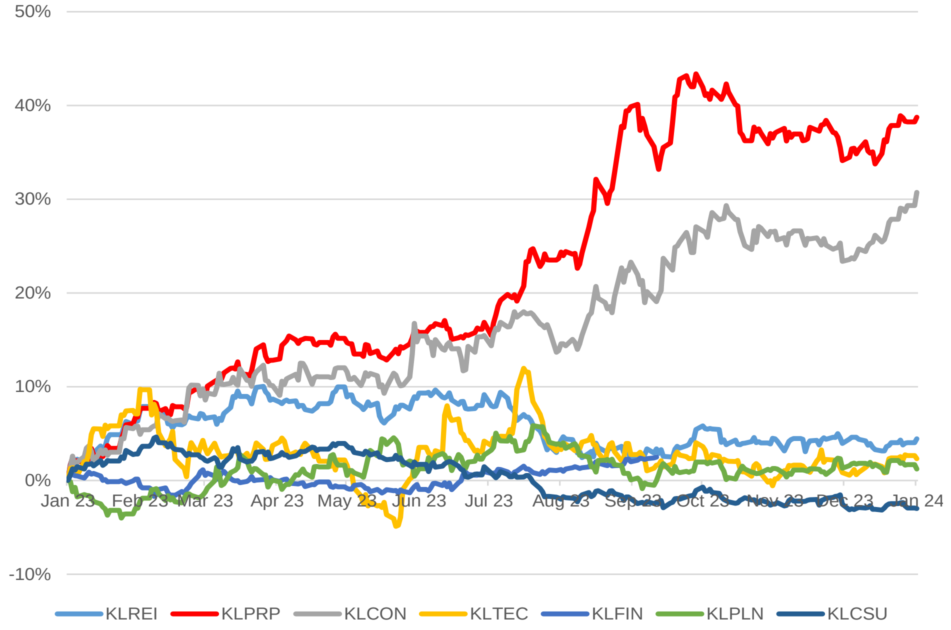

*Source: Bloomberg*

# The Re-Rating Story Still Has Legs

## KLPRP performed strongly last year

The property sector appreciated 34% in 2023 measured by the KL Property Index (KLPRP) vs -3% for FBMKLCI. We believe the sector's re-rating still has legs as current valuation is still decent when compared to the previous sector peak in 2013.

**Figure 1: KLPRP outperformed in 2023 vs performance of other sub-indices on Bursa Malaysia**

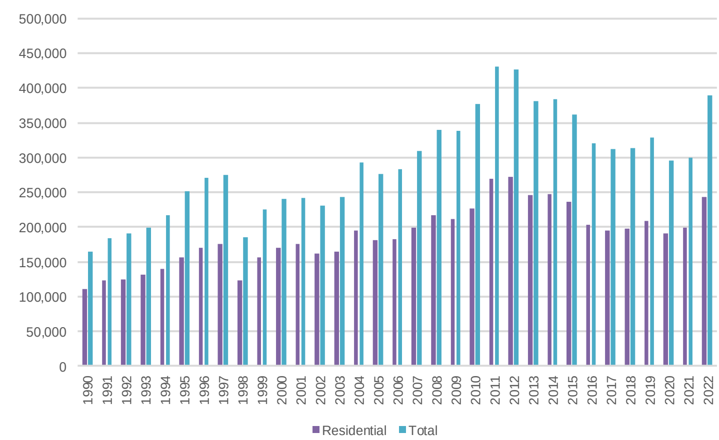



*Source: Bloomberg*

## The property sector is still under-owned

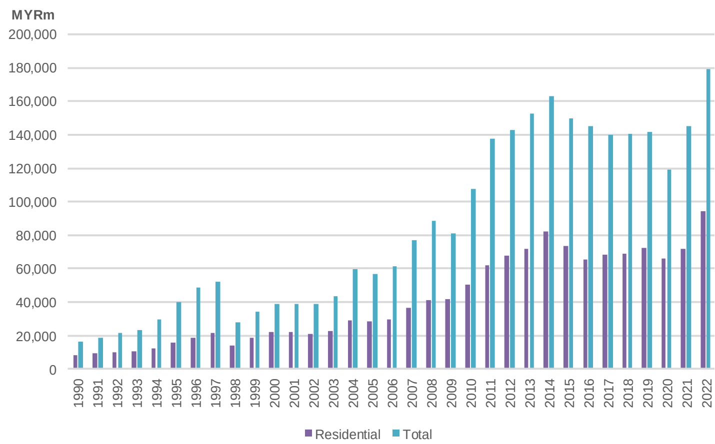
Having been in the doldrums for almost a decade, the property sector has finally rebounded in 2H23. Although the 34% appreciation in KLPRP seems to be material, valuation for the sector has yet to be comparable to the levels seen in the previous peak. We highlight that total property transaction volume for the industry in 2022 was just 10% lower than the previous peak in 2011 while total property transaction value has already surpassed the previous peak in 2014. While full-year data for 2023 has not been published, we expect the momentum to sustain in 2024.

**Figure 2: Total property and residential property transaction volume**




*Source: National Property Information Centre (NAPIC)*

**Figure 3: Total property and residential property transaction value**




*Source: NAPIC*

**Foreign shareholding for liquid property stocks is still low.** After our rounds of marketing over the last few months, we think many local institutional funds are still sceptical on the sector recovery while some think that they have missed the boat. Although we do not have any data to track (the local funds), foreign shareholding has yet to increase substantially especially for certain more liquid property stocks. UEMS, for example, which discloses its monthly foreign shareholding every quarter, has a foreign shareholding of less than 6% as at Dec 2023, compared to a high of 22% at the peak of the previous property cycle (Apr 2013). As for Sunway, its foreign shareholding was also around 22% during the peak (but this included GIC's 12.2% stake) as compared to only 5% as at Nov 2023 (GIC exited in 2013-2014).

Looking ahead, the following factors should continue to drive investor interest in property stocks: i) Strong news flow focusing on Iskandar Malaysia; ii) active landbanking activities, particularly in Iskandar Malaysia; iii) decent property sales growth of 10-15% in 2024; and iv) 30-day visa-free policy for travellers from China and India. These, together with the easing of requirements for Malaysia My 2nd Home (MM2H) programme are expected to drive foreigners' purchase of properties in Malaysia.

## RNAV re-rating to be more significant in Iskandar Malaysia

**More developers looking for land.** We expect more aggressive landbanking activities in 2024. Eco World (ECW MK, NR), AME Elite Consortium, Mah Sing, and Avaland (AVALAND MK, NR) are amongst the developers that are on the lookout for land parcels. Areas of interest are primarily Iskandar Malaysia, and the Klang Valley. In Sep 2023, Eco World acquired 404 acres of land in Kulai from IOI Properties (IOIPG).

**More industrial activities to take place.** In the short term, both Malaysia and Singapore governments are expected to sign the MoU for the highly-anticipated Johor-Singapore SEZ on 11 Jan 2024. It was mentioned that the SEZ should lead to better and easier arrangements for people who have to work on both sides of the causeway. Potential special tax arrangements may be proposed to ensure smoother flow of goods between the two sides under the SEZ.

It was recently reported that the SEZ is aimed to attract nine sectors, which are logistics, energy, manufacturing, tourism, healthcare, education, financial services, business services and digital economy. The definitive agreement with details of the SEZ, including its physical location, is expected to be signed in 4Q24. The special taskforce is currently working on investment incentives such as tax breaks, improved trade procedures and custom processes for businesses in the SEZ. We think areas near the border, especially closer to the causeway and Tuas link, would have a good chance to be zoned under the SEZ. UEMS and Sunway have sizeable landbank in these areas.

Based on our conversation with some industrial players, regional MNCs are planning for relocation or decentralisation of operations especially after the pandemic, as part of their risk management to ensure uninterrupted production chain. Some US corporations are choosing Malaysia as a manufacturing base in South-East Asia, given the US-China trade tensions. Johor has been one of the popular investment destinations for many MNCs, especially those with regional offices in Singapore, given the proximity and relatively cheaper resources.

**Sunway sets up its own logistics hub first.** Leveraging on its strategic landbank location, Sunway has taken the opportunity to set up a MYR8bn worth of free commercial zone for the logistics industry in Sunway City Iskandar Puteri. The land that was carved out for this development is just 5km away from the Tuas link, and it covers 55 ha. The first phase is slated for completion by end 2025. This logistic hub is targeted to cater for a diverse range of industries in the region, including fast-moving consumer goods (FMCG), retail, e-commerce, automotive, pharmaceutical and technology.

**Data centres snapping up industrial land parcels.** The recent entry of Nvidia and Microsoft as well as other regional data centre operators point to a boost in confidence among foreign investors. The influx of investments and rising demand for industrial lands are already driving land prices in Johor. Some of the land parcels near to the Second Link Expressway were transacted at record prices (MYR120-125 psf) based on our checks (vendors are required to provide some infrastructure amenities). We believe the entrance of these large MNCs is just the beginning of the investment wave.

**UEMS and Sunway to enjoy further RNAV re-rating.** In our opinion, major landowners such as UEMS and Sunway will have a competitive advantage over peers. Their huge landbank enables them to be flexible enough to carve out some parcels for specific developments – Sunway is already taking steps. Landbank is held at historical cost and these landowners do not have to acquire new land at current market prices. As land transactions get more active with new pricing benchmarks, UEMS and Sunway are set to enjoy further RNAV re-rating going forward.

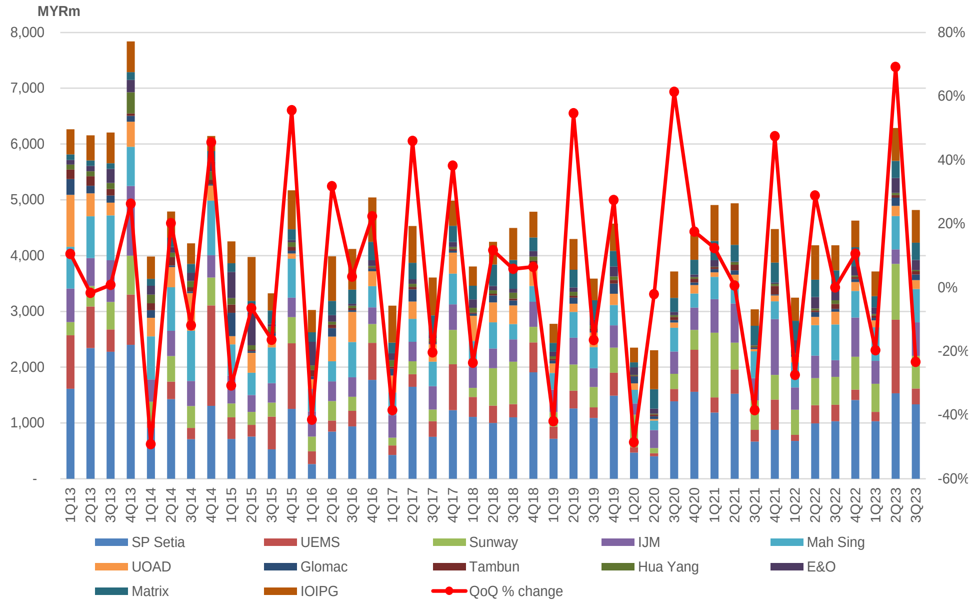
## Expect 2024 property sales to grow at 10-15%

We expect most developers to guide 2024 sales target that is 10-15% higher than the 2023 target. Aggregate property sales remained resilient based on the latest sales numbers released by developers. Excluding the bulky overseas property sales in 2Q23 recorded by UEMS and Sunway, 9M23 aggregate property sales grew c.9% from the same period last year, suggesting healthy demand for property locally.

Sime Darby Property has been the outperformer in chalking up property sales over the past few years. The company managed to surpass its property sales target in 2022 and 2023, thanks to its thoughtful product positioning that comprises township development, high-rise residential, and industrial properties, which have successfully garnered property buyer interest. On the other hand, SP Setia has been embarking on land disposals to boost its property sales, while also de-leveraging its balance sheet. In 2023, the company has already sold MYR1.05bn worth of non-core landbank (but a MYR548m land deal was just terminated on 5 Jan 2024).

Going forward, as the market gradually adapts to the high inflationary environment, coupled with stable interest rate outlook, we believe property sales will likely continue to grow at a decent rate. During the 3Q23 results release, several developers have also guided that more products will be rolled out in Iskandar Malaysia next year.

**Figure 4: Aggregate quarterly property sales**




*Source: Company*

## Potentially more exciting news on Iskandar Malaysia

**The revival of HSR a potential kicker for next re-rating.** We remain upbeat with the developments in Iskandar Malaysia. Last month, Datuk Seri Anwar said the Government has principally agreed to revive the HSR if it could substantially lower the cost. In a recent media interview, Johor's Sultan Ibrahim Sultan Iskandar also expressed his support to revive the project. We think MyHSR Corp may likely provide some updates regarding the project especially after the deadline for the submission of the RFI concept proposals which was extended until 15 Jan 2024. Positive progress on the project should see a boost in demand for properties, not only in Iskandar Malaysia but also in Kuala Lumpur.

Apart from the HSR, it was also reported that Johor is planning to build three light rail transit (LRT) lines covering about 10km each around Johor Bahru to complement the Johor Bahru-

Singapore Rapid Transit System (RTS) link. These proposed lines are the Tebrau line, Skudai line and Iskandar Puteri line, which will connect to the Senai International Airport in Kulai. We believe this is still at the very preliminary stage of discussion, but it should benefit developers as this would mean greater connectivity within the central and western part of Iskandar Malaysia. Note that in 2Q23, together with a few parties, LBS Bina announced that it plans to jointly develop a LRT project in Johor Bahru city centre with some transit-oriented development. There should be more updates in 2Q-3Q24.

**Potential high-profile investments to drive economic growth in the southern region.** We expect more big names like Nvidia to invest in Malaysia, particularly in Johor. Datuk Seri Anwar's recent visit to the US should bear some fruit. According to media reports, the Malaysian Prime Minister met with the heads of some technology giants such as Google, Enovix Corp, Microsoft and Tik Tok in San Francisco. Investor optimism in the property sector is expected to grow further as news of foreign direct investments trickles in, despite the uncertain timeline.

**Favourable government policies thus far.** We applaud the Government's efforts to stimulate the tourism industry. In November last year, the Government announced a 30-day visa-free entry to Malaysia for citizens of China and India. In December, the Tourism, Arts and Culture Minister Datuk Seri Tiong King Sing also officially announced the new requirements for the Malaysia My Second Home (MM2H) programme, which saw a tiered system to be implemented. Both policies are favourable to the property market, as higher tourist arrivals should spur growth in the retail and hospitality segments, while the easing MM2H requirements should attract more foreign purchasers of properties in Malaysia.

These policies are also timely, especially as the local property market is gaining momentum post pandemic. Furthermore, Iskandar Malaysia is currently seeing a boost in demand, driven by an influx of investments as well as the upcoming completion of the RTS slated for end-2026. Elsewhere in the Klang Valley, KLCC and Mont Kiara, as well as Penang should also stand to benefit as they are preferred locations among foreigners.

## Valuations and stock picks

We maintain our OVERWEIGHT call for the property sector. The sector is currently trading at 60% discount to RNAV, still below the long-term mean of around 54%.

Given the visibility of the construction of the RTS link, and the positive spillover from foreign investments to the property sector, we expect demand for property in Iskandar Malaysia to pick up more materially in 2024-2025. Government policies and potential catalytic infrastructure developments are also favourable to boost the re-rating of the sector. We are of the view that the sector is still under-owned and clarity of these investments should boost investor confidence further this year.

Key risks to our call: i) Political turbulence; ii) resumption of interest rate upcycle; and iii) weaker-than-expected economic growth.

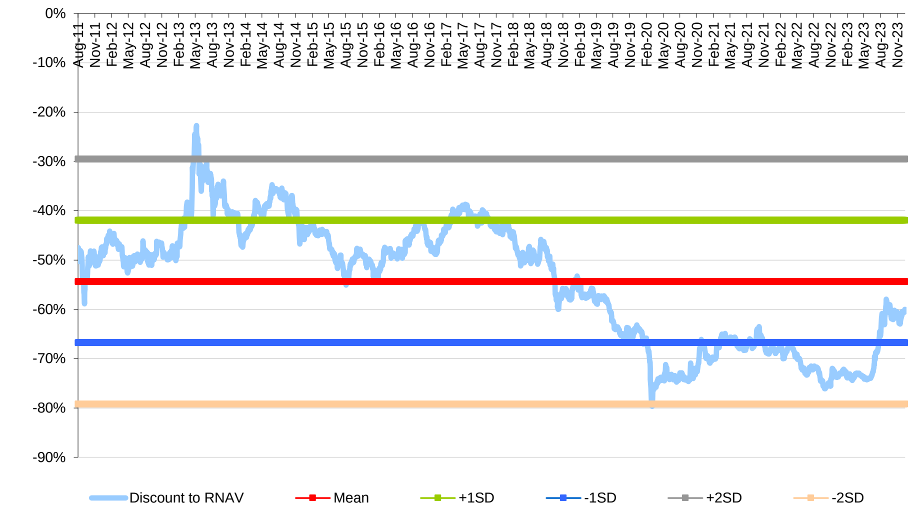
Our Top Picks are:

**UEMS** – We believe the stock is still the best proxy for the Johor thematic play given its strategic landbank exposure in Iskandar Malaysia, which makes up 92% of its total landbank. While some potential tie-ups with reputable players are probably in the progress of discussion, we think the company has the benefit of setting up catalytic developments with reasonable scale given the size and location of the landbank. Apart from Iskandar Malaysia, UEMS' projects in Mont Kiara should also benefit given the easing requirements of MM2H, as it is also a popular area among foreigners.

**Sunway** – We believe investors should start accumulating Sunway, not only because it is a Johor thematic play, but also in view of the upcoming listing of Sunway Healthcare Group (SHG). The strong performance of all the hospitals may help to accelerate the timing of the listing, and SHG is estimated to be worth MYR9bn. Similar to the listing of Sunway Construction (SCGB MK, BUY, TP: MYR2.22) eight years ago, investors are expected to be rewarded via this value-unlocking exercise.

**IOIPG** – IOIPG will likely see the commencement of rentals from its IOI Central Boulevard office towers by mid-2024, which will be a major earnings kicker from FY25F (Jun). We also like its other retail investment properties in the Klang Valley, which should benefit from the resilient domestic spending and the locations of the assets are relatively shielded from the competition in the KL city centre after the opening of the TRX mall.

**Figure 5: Historical sector discount to RNAV**




*Source: Company data, Bloomberg, RHB*

**Figure 6: Property valuation table (as at 5 Jan 2024)**

| | FYE | Price (MYR/s) | Target (MYR/s) | Mkt Cap (MYRm) | P/E (x) FY24F | P/E (x) FY25F | EPS Growth (%) FY24F | EPS Growth (%) FY25F | P/BV (x) FY24F | ROE (%) FY24F | DY (%) FY24F | RNAV / share (MYR) | Discount to RNAV | Rec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sunway | Dec | 2.22 | 3.00 | 12,115 | 16.9 | 15.8 | 7.8 | 6.9 | 1.0 | 6.0 | 2.5 | 4.14 | -46% | Buy |
| IOI Prop | Jun | 1.89 | 2.10 | 10,407 | 13.6 | 12.4 | (7.6) | 9.2 | 0.5 | 3.4 | 3.2 | 4.77 | -60% | Buy |
| UEM Sunrise | Dec | 1.03 | 1.18 | 5,210 | 59.5 | 56.9 | 23.1 | 4.6 | 0.8 | 1.2 | 0.0 | 2.18 | -53% | Buy |
| Sime Darby Property | Dec | 0.71 | 0.93 | 4,795 | 12.4 | 11.8 | 7.2 | 4.7 | 0.5 | 3.9 | 3.5 | 2.23 | -68% | Buy |
| Matrix Concept^ | Mar | 1.70 | 1.88 | 2,127 | 8.2 | 8.0 | 4.9 | 2.1 | 1.0 | 12.1 | 6.2 | 2.64 | -36% | Buy |
| Mah Sing | Dec | 0.87 | 0.98 | 2,112 | 9.2 | 8.7 | 12.4 | 6.4 | 0.6 | 6.1 | 4.1 | 2.13 | -59% | Buy |
| Eastern & Oriental^ | Mar | 0.69 | 0.88 | 1,268 | 16.5 | 14.5 | 21.6 | 14.2 | 0.5 | 3.0 | 0.0 | 2.23 | -69% | Buy |
| AME Elite Consortium | Mar | 1.78 | 2.00 | 1,138 | 14.4 | 13.3 | 12.6 | 8.2 | 1.3 | 9.0 | 2.5 | 1.97 | -10% | Buy |
| LBS Bina | Dec | 0.64 | 0.82 | 978 | 7.0 | 6.7 | 5.4 | 4.0 | 0.7 | 10.1 | 4.4 | 2.00 | -68% | Buy |
| UOA Dev | Dec | 1.75 | 1.86 | 4,358 | 18.8 | 18.0 | 7.8 | 4.4 | 0.8 | 4.4 | 5.7 | 3.16 | -45% | Neutral |
| SP Setia | Dec | 0.95 | 0.93 | 4,137 | 15.6 | 15.1 | 4.5 | 3.9 | 0.3 | 1.7 | 1.7 | 3.11 | -69% | Neutral |
| Tambun Indah | Dec | 0.86 | 0.91 | 376 | 7.3 | 6.7 | 10.7 | 8.5 | 0.5 | 6.6 | 6.4 | 3.03 | -72% | Neutral |
| **Sector Avg** | | | | | **14.7** | **13.7** | **3.0** | **6.7** | | | | | | |

*Note: ^FY23-24 valuations refer to those of FY24-25*

*Source: Bloomberg, RHB*

### 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 |

### Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report 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. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

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 the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

#### RESTRICTIONS ON DISTRIBUTION

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

**Thailand**
This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made

pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

**Indonesia**
This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

**Singapore**
This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

**United States**
This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

## DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

**Malaysia**
Save as disclosed in the following link RHB Research Conflict Disclosures - Dec 2023 and to the best of our knowledge, RHBIB hereby declares that:
1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
   *For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

**Thailand**
Save as disclosed in the following link RHB Research Conflict Disclosures - Dec 2023 and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:
1. RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
1. *For the avoidance of doubt, the confirmation is only limited to the staff of research department
4. RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

**Indonesia**
Save as disclosed in the following link RHB Research Conflict Disclosures - Dec 2023 and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:
1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.
   For the avoidance of doubt, interest in securities include the following:
   a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
   b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
   c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
   d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

*Notes:*
**The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.*
***The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.*

**Singapore**
Save as disclosed in the following link RHB Research Conflict Disclosures - Dec 2023 and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:
1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

**Analyst Certification**
The analyst(s) who prepared this report, and their associates hereby, certify that:
(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

| Analyst | Company |
|---|---|
| - | - |

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.


**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

**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 Bank Berhad (Singapore branch)**
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470