

"We expect MRCB to continue to be loss-making"

Share price performance



	BUY	HOLD	SELL
Consensus	3	2	1

Source: Bloomberg

Stock Data

Sector	Construction
Issued shares (m)	4,467.5
MCap (RMm/US\$m)	1,385/343
Avg daily vol (m)	5.4
52-wk range (RM)	0.3-0.5
Est free float	40.3%
Stock Beta	1.50
Net cash/(debt)	(2,124.98)
ROE (CY26E)	(1.0)
Derivatives	Yes
Shariah Compliant	Yes
FTSE4Good	Yes
Constituent	

Key Shareholders

EPF	36.2%
Gapurna Sdn Bhd	15.5%
LTH	5.4%

Source: Bloomberg, Affin Hwang, Bursa Malaysia

Loong Chee Wei, CFA

T +603 2146 7548
E cheewei.loong@affingroup.com

Pengiran Milzam Awangku Bakhrun

E pengiran.milzam@affingroup.com

MRCB (MRC MK)

SELL (maintain)

Up/Downside: -6%

Price Target: RM0.29

Previous Target (Rating): RM0.30 (Sell)

1H26: Loss-making on a core basis

- MRCB's 1H26 core net loss of RM97m missed our full-year forecasts at 16% of our FY26E net loss of RM6.3m and missed consensus expectations, after excluding a one-off remeasurement gain of RM115m post-acquisition of the remaining 80% stake in Bukit Jalil Sentral Property Sdn Bhd (BJSP) from EPF
- Net gearing more than doubled on a yoy and qoq basis, and we anticipate interest expenses to increase, and expect this to keep MRCB in a loss-making position for the rest of the year
- We maintain our SELL call with lower target price (TP) of RM0.29. We believe MRCB's core net profit will remain loss-making for FY26-28E as interest payments will remain elevated.

Core operations turned loss-making

MRCB's core segments reported operating losses in 2Q26, with Engineering & Construction falling from an operating profit of RM39m to an operating loss of RM56m, as ongoing projects reached the tail-end of progress, while new contracts are in very early stages and are only conducting low-value works. Property Development & Investment saw sequential quarterly losses, due to higher operating and marketing expenses relating to new project launches. MRCB had outstanding construction order book of RM8.5bn and tender book of RM11.0bn with projects in water and energy-related infrastructure, as of 1H26. For Property Development segment, 1H26 saw RM150.8m in sales achieved (-67% yoy), and RM1.9bn GDV worth of new launches, located in the Central region. Its proposed disposal of 36.7 acres of land in Cyberjaya to Digital Cosmos Malaysia for RM419.1m in cash is expected to result in a pro-forma gain of RM81m on completion by 4Q27

Interest expenses are expected to increase in upcoming quarters

2Q26 net gearing rose from 46% to 83% qoq (1H25: 34%), as a result of its fundraising to acquire the remaining 80% stake in Bukit Jalil Sentral Property Sdn Bhd from EPF. MRCB is likely to further raise funds for the development of its Data Centre project in Bukit Jalil, which is expected to begin construction in 4Q26 and complete by 4Q27. The project's investment structure is currently still under negotiation. We anticipate interest expenses to increase in following quarters, and we expect this to keep MRCB in losses moving forward.

Maintain our SELL call with a lower TP of RM0.29

We expect the company to continue being loss-making at the core net profit level, saddled by elevated interest payments and slower recognition from the construction and property segments. We lower our 2026-28E revenue by 11%/15%/20% and increase core net loss by 667%/32%/73%. We also incorporate the pro-forma gain of RM81m from the proposed Cyberjaya land sale for 2027E. We maintain our SELL recommendation with a lower TP of RM0.29 (from RM0.30), based on 30% discount to our reduced RNAV. Key upside risks: better-than expected execution and macro conditions.

Earnings and Valuation Summary

FYE 31 Dec (RMm)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMm)	1,645.4	1,197.8	1,058.1	1,235.4	1,604.4
EBITDA (RMm)	192.4	120.6	52.4	146.7	138.9
Pretax profit (RMm)	75.0	73.2	47.1	72.8	(21.3)
Net profit (RMm)	63.7	47.3	65.4	48.0	(17.9)
EPS (sen)	1.4	1.1	1.5	1.1	(0.4)
PER (x)	21.8	29.3	21.2	28.8	N/A
Core net profit	63.7	24.7	(48.0)	(33.0)	(17.9)
Core EPS (sen)	1.4	0.6	(1.1)	(0.7)	(0.4)
Core EPS growth (%)	(37.0)	(61.2)	N/M	N/M	N/M
Core PER (x)	21.8	56.0	N/A	N/A	N/A
Net DPS (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield (%)	3.2	3.2	3.2	3.2	3.2
EV/EBITDA (x)	6.5	15.6	48.9	19.0	22.0
Chg in EPS (%)			666.7	31.9	73.0
Affin/Consensus (x)			(0.7)	(0.4)	

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results Comparison

FYE Dec (RMm)	2Q25	1Q26	2Q26	QoQ % chg	YoY % chg	6M25	6M26	YoY % chg	Comments
Revenue	297.8	319.2	174.5	(45.3)	(41.4)	516.0	493.7	(4.3)	Lower yoy as a result of weaker construction revenue recognition from projects at the tail-end, while newer projects are at the early stages.
Op costs	(277.5)	(282.0)	(234.4)	(16.9)	(15.5)	(473.1)	(516.5)	9.2	
EBITDA	20.2	37.1	(59.9)	(261.3)	(396.0)	42.9	(22.8)	(153.0)	Loss-making due to lower recognition for construction segment, and higher operating and marketing expenses for property segment.
EBITDA margin (%)	6.8	11.6	(34.3)	(46.0ppt)	(41.1ppt)	8.3	(4.6)	(12.9ppt)	
Depn and amort	(10.3)	(9.8)	(8.8)	(10.2)	(14.1)	(21.3)	(18.7)	(12.4)	
EBIT	10.0	27.3	(68.7)	(351.8)	(790.7)	21.6	(41.4)	(292.1)	
EBIT margin (%)	3.3	8.6	(39.4)	(47.9ppt)	(42.7ppt)	4.2	(8.4)	(12.6ppt)	
Net interest	(10.8)	(23.2)	(38.5)	65.9	(11.5)	7.4	(61.7)	(936.2)	Higher interest payment from the increase in borrowings to finance the acquisition of the remaining 80% stake of BJSP from EPF.
EI	0.0	0.0	114.9	N/A	N/A	22.6	114.9	408.4	RM115m remeasurement gain on BJSP post-acquisition of the remaining 80% stake from EPF
Associates	4.1	5.0	4.9	(2.1)	20.2	7.4	9.9	33.9	
PBT	3.3	9.1	12.6	38.3	285.4	8.1	21.7	167.1	
Tax	11.5	(5.6)	1.9	(134.4)	(83.2)	15.3	(3.7)	(124.1)	
Tax rate (%)	1,440.2	136.3	(25.1)	(161.4ppt)	(1465.2ppt)	(187.9)	16.9	204.8ppt	
MI	0.3	0.0	(0.0)	NA	(106.1)	0.3	(0.0)	(106.4)	
Net profit	15.1	3.5	14.5	314.5	(3.8)	23.7	18.0	(23.9)	
EPS (sen)	0.3	0.1	0.3	300.0	(5.9)	0.5	0.4	(24.5)	
Core net profit	15.1	3.5	(100.4)	(2,971.1)	(766.5)	1.1	(96.9)	(9,285.5)	Missed our full-year core net loss forecast of RM6.3m.

Source: Affin Hwang, Company

Fig 2: Segmental Revenue

FYE 31 Dec (RMm)	2Q25	1Q26	2Q26	QoQ % chg	YoY % chg	6M25	6M26	YoY % chg
Engineering & construction	248.2	257.9	103.3	(60.0)	(58.4)	400.9	361.2	(9.9)
Property development & invest	28.5	40.8	48.8	19.7	71.1	74.5	89.6	20.2
Building services	16.5	15.1	17.0	12.7	3.0	31.5	32.0	1.7
Investment holding & others	4.6	5.4	5.5	1.0	20.7	9.0	10.9	20.8
								(4.3)

Fig 3: Segmental Operating Profit

FYE 31 Dec (RMm)	2Q25	1Q26	2Q26	QoQ % chg	YoY % chg	6M25	6M26	YoY % chg
Engineering & construction	14.4	38.6	(56.1)	NM	NM	22.3	(17.4)	NM
Property development & invest	12.1	(8.9)	(7.4)	NM	NM	7.8	(16.3)	NM
Building services	0.7	0.6	(0.5)	NM	NM	2.4	(1.2)	NM
Investment holding & others	(7.1)	(1.9)	119.3	NM	NM	11.7	123.3	951.2
Total	20.1	28.5	55.2	93.5	175.1	44.2	88.4	100.2

Fig 4: Segmental Operating Profit Margin

FYE 31 Dec (%)	2Q25	1Q26	2Q26	QoQ ppt	YoY ppt	6M25	6M26	YoY ppt
Engineering & construction	5.8	15.0	(54.3)	NM	NM	5.6	(4.8)	NM
Property development & invest	42.3	(21.7)	(15.3)	6.5	NM	10.4	(18.2)	NM
Building services	4.3	4.1	(3.1)	NM	NM	7.6	(3.6)	NM
Total	6.7	8.9	31.6	22.7	24.9	8.6	17.9	9.3

Source: Affin Hwang, Company

Fig 4: MRCB RNAV and Target Price

Segment	New value (RMm)	Old value (RMm)	Change (%)
Property development	3,817	3,825	(0)
Property investment	1,083	1,083	0
Construction	160	160	0
Car Park & REIT	435	435	0
Total	5,494	5,502	(0)
Net cash/(debt)	(3,615)	(3,615)	0
RNAV	1,879	1,887	(0)
No. of shares	4,468	4,468	0
RNAV / share	0.42	0.42	(0)
Target price @ 30% discount	0.29	0.30	(3)

Source: Affin Hwang estimates

Important Disclosures and Disclaimer

This publication is prepared by Affin Hwang Investment Bank Berhad ("Affin Hwang") and reviewed by Daiwa Securities Group Inc. and/or its non-U.S. affiliates (collectively, "Daiwa"), and is distributed and/or originated from outside Malaysia by Daiwa Securities Group Inc. and/or its non-U.S. affiliates, except to the extent expressly provided herein. The role of Daiwa Securities Group Inc. and/or its non-U.S. affiliates in connection with this publication is solely limited to the review and distribution of this publication; and Daiwa Securities Group Inc. and/or its non-U.S. affiliates are not involved in the preparation of this publication in any other way. This research is for Daiwa clients only and the publication and the contents hereof are intended for information purposes only, and may be subject to change without further notice. Other than disclosures relating to Daiwa, this research is based on current public information that Affin Hwang and Daiwa consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

The analysts named in this report may have from time to time discussed with clients, including Daiwa's salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analysts' published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage group as described herein.

Any use, disclosure, distribution, dissemination, copying, printing or reliance on this publication for any other purpose without our prior consent or approval is strictly prohibited. Neither Affin Hwang, Daiwa Securities Group Inc. nor any of its or their respective parent, holding, subsidiaries or affiliates, nor any of its or their respective directors, officers, servants and employees, represent nor warrant the accuracy or completeness of the information contained herein or as to the existence of other facts which might be significant, and will not accept any responsibility or liability whatsoever for any use of or reliance upon this publication or any of the contents hereof. Neither this publication, nor any content hereof, constitute, or are to be construed as, an offer or solicitation of an offer to buy or sell any of the securities or investments mentioned herein in any country or jurisdiction where such an offer or solicitation would be illegal nor, unless expressly provided, any recommendation or investment opinion or advice. Any view, recommendation, opinion or advice expressed in this publication constitutes the views of the analyst(s) named herein and does not necessarily reflect those of Affin Hwang, Daiwa Securities Group Inc. and/or its affiliates nor any of its respective directors, officers, servants and employees except where the publication states otherwise. This research report is not to be relied upon by any person in making any investment decision or otherwise advising with respect to, or dealing in, the securities mentioned, as it does not take into account the specific investment objectives, financial situation and particular needs of any person. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options disclosure documents in relation to such investments.

All research reports are disseminated and available to our clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Daiwa and Affin Hwang responsible for the redistribution of our research by third party aggregators.

Affin Hwang, Daiwa Securities Group Inc., their subsidiaries and affiliates, or their respective directors, officers and employees, from time to time may have trades as principals, or may have positions in, or have other interests in the securities of the company under research including market making activities, derivatives in respect of such securities or may have also performed investment banking and other services for the issuer of such securities. Affin Hwang, Daiwa Securities Group Inc., their respective subsidiaries or affiliates may do and may seek to do business with the company(s) covered in this research report. Therefore, investors should be aware that a conflict of interest may exist. The following are additional disclosures.

Ownership of Securities of Daiwa Securities Group Inc., its subsidiaries and affiliates

For "Ownership of Securities" information, please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationship of Daiwa Securities Group Inc., its subsidiaries and affiliates

For "Investment Banking Relationship", please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Disclosure of Interest of Daiwa Securities Group Inc.

Investment Banking Relationship

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has lead-managed public offerings and/or secondary offerings of the equities or relevant securities of the following companies: WeRide Inc (800 HK/ WRD US), SEYOND (2665 HK) and SENASIC Electronics Technology Co Ltd (6675 HK).

*Subsidiaries of Daiwa Securities Group Inc. for the purposes of this section shall mean any one or more of: Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司), Daiwa Capital Markets Singapore Limited, Daiwa Capital Markets Australia Limited, Daiwa-Cathay Capital Markets Co., Ltd., Daiwa Securities Capital Markets Korea Co., Ltd.

Within the last 12 months, the subsidiaries and/or affiliates of Daiwa Securities Group Inc. * has received compensation for investment banking services from NH Investment & Securities Co Ltd (005940 KS), E-Mart Inc (139480 KS), Samsung Securities Co Ltd (016360 KS), KT Corporation (030200 KS) and Hyundai Department Store Co Ltd (069960 KS).

This research may only be distributed in Japan to "qualified institutional investors", as defined in the Financial Instruments and Exchange Act (Article 2 (3) (i)), as amended from time to time.

Disclosure of Interest of Affin Hwang Investment Bank

Investment Banking Relationship

Within the preceding 12 months, Affin Hwang Investment Bank has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Velesto Energy Berhad (VELESTO MK) and THMY Holdings Berhad (THMY MK).

Hong Kong

This research is distributed in Hong Kong by Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司) ("DHK") which is regulated by the Hong Kong Securities and Futures Commission. Recipients of this research in Hong Kong may contact DHK in respect of any matter arising from or in connection with this research.

Investment Banking Relationship

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has lead-managed public offerings and/or secondary offerings of the equities or relevant securities of the following companies: WeRide Inc (800 HK/ WRD US), SEYOND (2665 HK) and SENASIC Electronics Technology Co Ltd (6675 HK).

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has received compensation for investment banking services from -.

Relevant Relationship (DHK)

DHK may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

Singapore

This research is distributed in Singapore by Daiwa Capital Markets Singapore Limited and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations of Singapore and the Securities and Futures Act 2001 of Singapore, both as amended from time to time. By virtue of distribution to these category of investors, Daiwa Capital Markets Singapore Limited and its representatives are not required to comply with Section 45 of the Financial Advisers Act 2001 of Singapore (Section 45 relates to disclosure of Daiwa Capital Markets Singapore Limited's interest and/or any associated or connected person's interest in securities). Recipients of this research in Singapore may contact Daiwa Capital Markets Singapore Limited in respect of any matter arising from or in connection with this research.

Australia

This research is distributed in Australia by Daiwa Capital Markets Stockbroking Limited and it may only be distributed in Australia to wholesale investors within the meaning of the Corporations Act. Recipients of this research in Australia may contact Daiwa Capital Markets Stockbroking Limited in respect of any matter arising from or in connection with the research.

Taiwan

This research is solely for reference and not intended to provide tailored investment recommendations. This research is distributed in Taiwan by Daiwa-Cathay Capital Markets Co., Ltd. and it may only be distributed in Taiwan to specific customers who have signed recommendation contracts with Daiwa-Cathay Capital Markets Co., Ltd. and non-customers including (i) professional institutional investors, (ii) TWSE or TPEX listed companies, upstream and downstream vendors, and specialists that offer or seek advice, and (iii) potential customers with an actual need for business development in accordance with the Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers. Recipients of this research including non-customer recipients of this research shall not provide it to others or engage in any activities in connection with this research which may involve conflicts of interests. Neither Daiwa-Cathay Capital Markets Co., Ltd. nor its personnel who writes or reviews the research report has any conflict of interest in this research. Since Daiwa-Cathay Capital Markets Co., Ltd. does not operate brokerage trading business in foreign markets, **this research is prepared on a "without recommendation" to any foreign securities basis** and Daiwa-Cathay Capital Markets Co., Ltd. does not accept orders from customers to trade in such foreign securities. Recipients of this research shall carefully judge their own investment risk and take full responsibility for the results of any resulting investments in the companies and/or sectors featured in this research. Without the prior written permission of Daiwa-Cathay Capital Markets Co., Ltd., recipients of this research are prohibited from disclosing the research to the media, reprinting the research, or quoting from the research to other parties. Recipients of this research in Taiwan may contact Daiwa-Cathay Capital Markets Co., Ltd. in respect of any matter arising from or in connection with the research.

For relevant securities and trading rules please visit SEC and PSE link at <http://www.sec.gov.ph> and <http://www.pse.com.ph> respectively.

Thailand

This research is distributed to only institutional investors in Thailand. This report is provided to you for informational purposes only. Information contained herein is not intended to be, and shall not be construed as, an offer or an invitation for subscription or purchase of securities in Thailand. This document has not been and will not be registered with, or approved by, the Office of the Securities and Exchange Commission of Thailand. As neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees are licensed to carry on any securities business in Thailand, this document is intended to be read by the addressee who is an institutional investor only and may not be circulated or distributed, whether directly or indirectly, to the public or any members of the public in Thailand, unless to the extent permitted by applicable laws and regulations.

This report is prepared by analysts who are employed by Daiwa Securities Group Inc. and/or its non-U.S. affiliates. Neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees accept any liability whatsoever for any direct or consequential loss arising from any use of this research or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed to be reliable. However, neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees make any representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

Daiwa Securities Group Inc., its subsidiaries and affiliates and their respective directors, officers, servants and employees may have positions and financial interest in securities mentioned in this research. Daiwa Securities Group Inc. and its subsidiaries and affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this research. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this research.

United Kingdom

These materials constitute independent research for the purposes of the Financial Conduct Authority ("FCA") Conduct of Business Rules. These materials have been produced by Daiwa Securities Co. Ltd ("DSCL") and/or its affiliates and are distributed by Daiwa Capital Markets Europe Limited ("DCME") to persons classified as (i) eligible counterparties; and (ii) professional clients for the purposes of the Conduct of Business Rules of the FCA. These materials should not be disseminated to any retail clients in the United Kingdom. DCME is authorised and regulated by the FCA and is a member of the London Stock Exchange. DCME's FCA registration number is 124490 and the FCA's registered address is 25 The North Colonnade, London, E14 5HS.

DCME makes no representation as to the completeness, accuracy or timeliness of any of the materials produced by DSCL, and does not accept any liability for any losses, costs, liabilities or expenses which may arise directly or indirectly from any use of, or reliance on the materials.

DCME and/or its affiliates may, from time to time, to the extent permitted by law, participate or invest in, or be mandated in respect of transactions with the issuer(s) referred to in the materials prepared by DSCL, perform services for or solicit business from such issuers, and/or have a position or effect transactions in a particular issuer's securities and/or may have acted as an underwriter during the past twelve months in respect of a particular issuer of its securities. DCME does not review DSCL's materials prior to publication on DCME's platforms and has no influence over its content. DCME has in place organisational arrangements for the prevention and avoidance of conflicts of interest, including information barriers to control the flow of information between the private and public sides of the firm. A summary of DCME's conflict management policies are available at <http://www.uk.daiwacm.com/about-us/corporate-governance-regulatory>.

DSCL's materials are distributed by DCME only as permitted by law. The materials are not directed to, or intended for distribution to or use by, any person or entity located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject DCME to any regulation or licensing requirement within such jurisdiction.

Germany

Research reports are produced by Daiwa Securities Co. Ltd. and/or its affiliates and are distributed by Daiwa Capital Markets Deutschland GmbH in the European Union. Daiwa Capital Markets Deutschland GmbH is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") under the reference number 149361. Daiwa Capital Markets Deutschland GmbH and its affiliates may, from time to time, to the extent permitted by law, participate or invest in, or be mandated in respect of, other financing transactions with the issuer(s) of the securities referred to herein (the "Securities"), perform services for or solicit business from such issuers, and/or have a position or effect transactions in the Securities or options thereof.

This publication is intended for investors who are Professional Clients or Eligible Counterparties in the European Union within the meaning of Directive 2014/65/EU ("MiFID II") and should therefore not be distributed to Retail Clients in the European Union.

Daiwa Capital Markets Deutschland GmbH has in place organisational arrangements for the identification, prevention and management of conflicts of interest. Information regarding our conflict management are available at: <https://www.de.daiwacm.com/policies/>

Additional disclosures regarding specific company names and related financial instruments are available at: <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Bahrain

This research material is distributed in Bahrain by Daiwa Capital Markets Europe Limited, Bahrain Branch, regulated by The Central Bank of Bahrain and holds Investment Business Firm – Category 2 license and having its official place of business at the Bahrain World Trade Centre, South Tower, 7th floor, P.O. Box 30069, Manama, Kingdom of Bahrain. Tel No. +973 17534452 Fax No. +973 535113

United States

This research is distributed into the United States directly by Daiwa Capital Markets Hong Kong Limited (DCMHK) and in certain cases indirectly by Daiwa Capital Markets America Inc. (DCMA), a U.S. Securities and Exchange Commission registered broker-dealer and FINRA member firm, exclusively to "major U.S. institutional investors", as defined under Rule 15a-6 promulgated under the U.S. Securities Exchange Act of 1934, as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission (SEC). Where this is co-branded research published by Daiwa's partners in collaboration with other parties not affiliated with Daiwa, this research is distributed in the United States by DCMHK only. This report is not an offer to sell or the solicitation of any offer to buy securities. U.S. customers wishing to effect transactions in any designated investment discussed in this report should do so through a qualified salesperson of DCMA. Non-U.S. customers wishing to effect transactions in any designated investment discussed in this report should contact a Daiwa entity in their local jurisdiction. The securities or other investment products discussed in this report may not be eligible for sale in some jurisdictions.

Analysts employed outside the U.S., as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of DCMA, and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

ADDITIONAL IMPORTANT DISCLOSURES CAN BE FOUND AT:

<https://daiwa3.bluematrix.com/sellside/Disclosures.action>

Ownership of Securities

For "Ownership of Securities" information please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationships

For "Investment Banking Relationships" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

DCMA Market Making

For "DCMA Market Making" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Research Analyst Conflicts

For updates on "Research Analyst Conflicts" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The principal research analysts who prepared this report have no financial interest in securities of the issuers covered in the report, are not (nor are any members of their household) an officer, director or advisory board member of the issuer(s) covered in the report, and are not aware of any material relevant conflict of interest involving the analyst or DCMA, and did not receive any compensation from the issuer during the past 12 months except as noted: no exceptions.

Research Analyst Certification

For updates on "Research Analyst Certification" and "Rating System" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The views about any and all of the subject securities and issuers expressed in this Research Report accurately reflect the personal views of the research analyst(s) primarily responsible for this report (or the views of the firm producing the report if no individual analyst is named on the report); and no part of the compensation of such analyst (or no part of the compensation of the firm if no individual analyst is named on the report) was, is, or will be directly or indirectly related to the specific recommendations or views contained in this Research Report.

For stocks and sectors in Malaysia covered by Affin Hwang, the following rating system is in effect:

Stocks:

BUY: Total return is expected to exceed +10% over a 12-month period

HOLD: Total return is expected to be between -5% and +10% over a 12-month period

SELL: Total return is expected to be below -5% over a 12-month period

NOT RATED: Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

Sectors:

OVERWEIGHT: Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months

NEUTRAL: Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months

UNDERWEIGHT: Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

Conflict of Interest Disclosure

Ownership of Securities

For "Ownership of Securities" information, please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Investment Banking Relationships

For "Investment Banking Relationship", please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

Relevant Relationships

Affin Hwang may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

Affin Hwang market making

Affin Hwang may from time to time make a market in securities covered by this research.

Additional information may be available upon request.

Japan - Notification items pursuant to Article 37 of the Financial Instruments and Exchange Law

(This Notification is only applicable to where report is distributed by Daiwa Securities Co. Ltd.)

If you decide to enter into a business arrangement with our company based on the information described in this report, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, our company will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction. In some cases, our company also may charge a maximum of ¥2 million per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.
- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements**.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.
- * The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

** The ratio of margin requirements etc. to the amount of the transaction cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name:	Daiwa Securities Co. Ltd.
Registered:	Financial Instruments Business Operator, Chief of Kanto Local Finance Bureau (Kin-sho) No.108
Memberships:	Japan Securities Dealers Association, The Financial Futures Association of Japan, Investment Management Association of Japan, Type II Financial Instruments Firms Association, Japan Security Token Offering Association