

23 November 2018

Construction &amp; Engineering | Construction

## Malaysian Resources Corp

**Buy** (Maintained)

Target Price: MYR1.08

Price: MYR0.73

Market Cap: USD765m

Bloomberg Ticker: MRC MK

### Looking Past Near-Term Earnings Weakness; BUY

**Maintain BUY with a revised TP of MYR1.08 from MYR1.20, 48% upside plus 3% FY19F yield. Despite reporting 9M18 core earnings that grew 28% YoY, earnings missed our and consensus estimates. During the earnings call, management updated analysts that contractual terms for its turnkey role for the LRT3 project are being sorted out. This will be followed by negotiations with WPCs with normal pace of works to resume in Jan-Feb 2019. On the bright side, it is fairly confident of maintaining 5-6% margins as the turnkey contractor. After concluding its MYR1.3bn settlement agreement with the Government for the EDL, MRCB foresees the 80% disposal of Bukit Jalil Sentral for MYR1.14bn to draw closer to completion in Dec 2018 – bringing net gearing down to 0.22x. Despite expectations of bumpy near-term earnings, we continue to rate MRCB a BUY premised on its significant de-gearing exercise, large MYR11bn outstanding construction orderbook and the long-term potential of its TODs.**

**Booked a MYR28m gain on disposal.** Malaysian Resources Corp (MRCB) reported 3Q18 earnings that declined 24% YoY to MYR21.2m. For the third quarter, MRCB's property division registered a PBT of MYR34m (flat YoY) as it booked a pre-tax gain on disposal of MYR37.6m for the sale of a parcel of land located along Jalan Kia Peng. The construction division fared less favourably, with PBT declining 88% YoY to MYR4m as it booked unprofitable preliminary works for its property division, eg Cyberjaya City Centre. This largely negated higher JV contributions from the Light Rail Transit 3 (LRT3) project of MYR20.7m (more than doubled YoY). All said, 9M18 core earnings grew 28% YoY to MYR79m, missing our and consensus estimates at 65-73% of FY18 forecasts.

**More clarity on LRT3.** During the earnings call, MRCB informed analysts that it expects to execute the letter of award (LOA) by mid-Dec 2018 for its appointment as the turnkey contractor for the LRT3 project at a fixed cost of MYR11.9bn. Thereafter, it will commence negotiations with work package contractors (WPCs) followed by the issuance of termination and reappointment letters, provided terms are agreeable. This is expected to last about a month or two, before works on LRT3 resume at a normal pace in Jan-Feb 2019 (only basic, low valued works are carried out presently). As such, MRCB is guiding for minimal contributions from LRT3 for 4Q18. On the bright side, it is fairly confident of maintaining margins as the turnkey contractor at 5-6%. Including the LRT3 turnkey project, MRCB's total outstanding orderbook amounts to MYR11bn.

**Huge potential for its TODs in the long run.** Compensation for the termination of Eastern Dispersal Link (EDL) is scheduled to arrive in 1Q19, with a MYR24m one-off gain likely to be booked. Next, MRCB's disposal of an 80% stake of its Bukit Jalil Sentral development to the Employees Provident Fund (EPF) for MYR1.14bn could complete by Dec 2018, bringing net gearing down further to approximately 0.22x. We think MRCB's much improved balance sheet would allow it, along with its partners, to develop prized transit-oriented developments (TODs) in Kwasa Damansara, Bukit Jalil Sentral, KL Sentral, Cyberjaya City Centre and Penang Sentral with combined GDV of MYR42bn over the next 20 years, hence our positive long-term view on the stock. In the meantime, MRCB has MYR1.6bn of unbilled sales, having generated MYR356m worth of new sales YTD. It is likely to lower its 2018 target to MYR520m from MYR700m, management added.

**Maintain BUY.** We expect near-term earnings to be choppy, as it sorts out contractual terms for the LRT3 project and softer contributions from its property division as projects are in the preliminary stages where billings are slower, and so we cut our FY18-20 earnings forecasts by 13-14%. Our TP is trimmed to MYR1.08 as we reduce our target P/E multiple for the construction division to 12x (similar to our large-cap construction universe) and increase our discount to RNAV to 25% (from 20%) – to reflect a continued slowdown in the property market. Our BUY recommendation, however, remains unchanged premised on MRCB's significant de-gearing exercise, large MYR11bn outstanding construction orderbook and the long-term potential of its TODs.

Forecasts and Valuations	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
Total turnover (MYRm)	2,408.1	2,823.7	2,168.2	2,035.2	2,071.8
Reported net profit (MYRm)	267.4	167.6	104.7	138.4	140.9
Recurring net profit (MYRm)	264.6	167.6	104.7	138.4	140.9
Recurring net profit growth (%)	(17.9)	(37.3)	(37.5)	32.2	1.8
Recurring EPS (MYR)	0.12	0.07	0.02	0.03	0.03
DPS (MYR)	0.03	0.02	0.02	0.02	0.03
Recurring P/E (x)	5.85	11.13	30.65	23.18	22.77
P/B (x)	0.53	0.39	0.65	0.65	0.64
P/CF (x)	11.04	(1.23)	2.01	11.61	14.73
Dividend Yield (%)	3.8	2.4	2.7	3.0	3.4
EV/EBITDA (x)	9.14	13.60	16.89	15.62	15.36
Return on average equity (%)	10.3	4.3	2.1	2.8	2.8
Net debt to equity (%)	28.57	25.80	12.81	12.47	10.23
Our vs consensus EPS (adjusted) (%)			(4%)	(3%)	

#### Analyst

Tay Yow Ken CFA

+603 9280 8682

[tay.yow.ken@rhbgroup.com](mailto:tay.yow.ken@rhbgroup.com)


Source: Company data, RHB

Figure 1: MRCB's results review

FYE Dec (MYRm)	3QFY17	2QFY18	3QFY18	QoQ (%)	YoY (%)	9MFY17	9MFY18	YoY (%)	Comments
Revenue	1,134.1	405.2	663.8	63.8	(41.5)	2,415.5	1,496.6	(38.0)	Declines in construction and property divisions
EBIT	85.2	54.0	42.3	(21.6)	(50.3)	215.5	120.5	(44.1)	
EBIT Margin (%)	7.5	13.3	6.4			8.9	8.1		
Interest expense	(41.4)	(16.8)	(15.1)	(10.0)	(63.6)	(114.0)	(36.1)	(68.3)	
Associates	(0.2)	5.8	13.2	nm	nm	14.2	29.7	n.m.	
Pretax profit	52.3	43.0	40.5	(5.9)	nm	115.8	114.1	(1.5)	Helped by land sales of MYR31.3m in 2Q18 and MYR37.6m in 3Q18
Pretax Margin (%)	4.6	10.6	6.1			4.8	7.6		
Tax	(21.8)	(10.8)	(22.0)	104.8	1.0	(38.8)	(37.7)	(2.7)	
Effective tax rate (%)	41.7	25.0	54.4			33.5	33.1		
Net Profit	28.1	32.3	18.4	(42.8)	(34.3)	61.9	76.3	23.3	
Core Profit	28.1	32.3	21.2	(34.2)	(24.4)	61.9	79.1	27.8	Below expectations
Net Margin (%)	2.5	8.0	3.2			2.6	5.3		

Source: Company data, RHB

Figure 2: MRCB's SOP valuation

Items	FV (MYRm)	BV (MYR m)	Equity value/surplus (MYRm)
Construction (12x 1-year forward earnings)			341.5
Property and investments			1,109.2
31% MQ REIT	357.6	264.0	93.6
Kwasa Damansara PDP for infra works			77.4
Shareholders Funds (excl. construction)			4,762.09
Proceeds from Warrants B @ MYR1.25			548.15
Total RNAV			6,931.84
Share base			4,803.97
<b>RNAV per share</b>			<b>1.44</b>
Discount			25%
<b>Target Price (MYR)</b>			<b>1.08</b>

Source: Company data, 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 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.

RHB and/or its affiliates and/or their directors, officers, associates, connected parties and/or employees, may have, or have had, interests in the securities or qualified holdings, in subject company(ies) mentioned in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, RHB and/or its affiliates may have, or have had, business relationships with the subject company(ies) mentioned in this report and may from time to time seek to provide investment banking or other services to the subject company(ies) referred to in this research report. As a result, investors should be aware that a conflict of interest may exist.

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 Research Institute Sdn Bhd. 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. RHB Research Institute Sdn Bhd 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 Research Institute Singapore Pte Ltd and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. By virtue of distribution to these categories of investors, RHB Research Institute Singapore Pte Ltd and its representatives are not required to comply with Section 36 of the Financial Advisers Act (Chapter 110) (Section 36 relates to disclosure of RHB Research Institute Singapore Pte Ltd's interest and/or its representative's interest in securities). Recipients of this report in Singapore may contact RHB Research Institute Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

**Hong Kong**

This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) (“RHBSHK”) which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHBSHK. RHBSHK is a wholly owned subsidiary of RHB Hong Kong Limited; for the purposes of disclosure under the Hong Kong jurisdiction herein, please note that RHB Hong Kong Limited with its affiliates (including but not limited to RHBSHK) will collectively be referred to as “RHBHK.” RHBHK conducts a full-service, integrated investment banking, asset management, and brokerage business. RHBHK does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this research report. Investors should consider this report as only a single factor in making their investment decision. Importantly, please see the company-specific regulatory disclosures below for compliance with specific rules and regulations under the Hong Kong jurisdiction. Other than company-specific disclosures relating to RHBHK, this research report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

**United States**

This report was prepared by RHB and is being distributed 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”). Accordingly, 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, nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson (“AG”). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. 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 Auerbach Grayson AG or such other 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.

**OWNERSHIP AND MATERIAL CONFLICTS OF INTEREST****Malaysia**

RHB does not have qualified shareholding (1% or more) in the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries are not liquidity providers or market makers for the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries have not participated as a syndicate member in share offerings and/or bond issues in securities covered in this report in the last 12 months except for:

a) -

RHB has not provided investment banking services to the company/companies covered in this report in the last 12 months except for:

a) -

**Thailand**

RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

**Indonesia**

PT RHB Sekuritas Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above. Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or



6. Affiliation between the Company and the main Shareholders.

PT RHB Sekuritas Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law. Insider means:

- a. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

**Singapore**

RHB Research Institute Singapore Pte Ltd and/or its subsidiaries and/or associated companies do not make a market in any securities covered in this report, except for:

- (a) -

The staff of RHB Research Institute Singapore Pte Ltd and its subsidiaries and/or its associated companies do not serve on any board or trustee positions of any issuer whose securities are covered in this report, except for:

- (a) -

RHB Research Institute Singapore Pte Ltd and/or 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 of the securities covered in this report or any other relationship (including a shareholding of 1% or more in the securities covered in this report) that may create a potential conflict of interest, except for:

- (a) -

**Hong Kong**

The following disclosures relate to relationships between RHBHK and companies covered by Research Department of RHBSHK and referred to in this research report:

RHBSHK hereby certifies that no part of RHBSHK analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

RHBHK had an investment banking services client relationships during the past 12 months with: -.

RHBHK has received compensation for investment banking services, during the past 12 months from: -.

RHBHK managed/co-managed public offerings, in the past 12 months for: -.

On a principal basis. RHBHK has a position of over 1% market capitalization of: -.

**Additionally, please note the following:**

**Ownership and material conflicts of interest:** RHBSHK policy prohibits its analysts and associates reporting to analysts from owning securities of any company covered by the analyst.

**Analyst as officer or director:** RHBSHK policy prohibits its analysts, and associates reporting to analysts from serving as an officer, director, advisory board member or employee of any company covered by the analyst.

RHBHK salespeople, traders, and other non-research professionals may provide oral or written market commentary or trading strategies to RHB clients that reflect opinions that are contrary to the opinions expressed in this research report.

This research report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Kuala Lumpur	Hong Kong	Singapore
<p><b>RHB Research Institute Sdn Bhd</b>                      Level 3A, Tower One, RHB Centre                      Jalan Tun Razak                      Kuala Lumpur 50400                      Malaysia                      Tel : +(60) 3 9280 8888                      Fax : +(60) 3 9200 2216</p>	<p><b>RHB Securities Hong Kong Ltd.</b>                      12<sup>th</sup> Floor                      World-Wide House                      19 Des Voeux Road                      Central, Hong Kong                      Tel : +(852) 2525 1118                      Fax : +(852) 2810 0908</p>	<p><b>RHB Research Institute Singapore Pte Ltd.</b>                      10 Collyer Quay                      #09-08 Ocean Financial Centre                      Singapore 049315                      Tel : +(65) 6533 1818                      Fax : +(65) 6532 6211</p>
Jakarta		Bangkok
<p><b>PT RHB Sekuritas Indonesia</b>                      Wisma Mulia, 20th Floor                      Jl. Jenderal Gatot Subroto No. 42                      Jakarta 12710, Indonesia                      Tel : +(6221) 2783 0888                      Fax : +(6221) 2783 0777</p>		<p><b>RHB Securities (Thailand) PCL</b>                      10th Floor, Sathorn Square Office Tower                      98, North Sathorn Road, Silom                      Bangrak, Bangkok 10500                      Thailand                      Tel: +(66) 2 088 9999                      Fax : +(66) 2 088 9799</p>