

4 July 2023

Healthcare | Aesthetic Services

DC Healthcare Holdings (DCHCARE MK)

Beauty Is In The Eye Of The Beholder

Fair Value (Return):	MYR0.43 (+72%)
IPO Price:	MYR0.25
Closing Application Date:	5 July 2023
Indicative Listing Date	17 July 2023

- **MYR0.43 FV, based on 18x FY24F P/E.** DC Healthcare Holdings intends to raise MYR49.8m from its IPO, primarily to fund its expansion plans, working capital needs, and to pay down its borrowings. It will be the first aesthetic service provider to be listed on the ACE Market. DCH's strong geographical presence, coupled with its established brand – specialising in non-invasive and minimally invasive procedures – should propel its 3-year earnings CAGR to 47% from 2023-2025.

- **Sound expansion plans.** DCH has allocated 19% of its IPO proceeds to set up eight new clinics (four in the northern region) by 2024. This is expected to open opportunities for DCH to make its foray into Penang and Johor Bahru (the top two high-income states outside Klang Valley). In view of the stringent regulatory requirements, the group is anticipating four of its resident medical doctors to obtain LCPs (Letter of Credentialing and Privileging) by 2024, followed by 16 and 5 by 2025 and 2026 respectively. Note that the guidelines for processing clinic registration of private medicine and dental clinics only require one medical practitioner per private clinic. As at the last practicable date (LPD), DCH still has three LCP medical practitioners, which we deem sufficient to meet its expansion plans for the remainder of 2023.

- **Growing demand for aesthetic surgery.** The aesthetic market is estimated to grow at a 20% CAGR from 2022-2025, underpinned by growing income per capita, increasing awareness, and the influence from social media. DCH has been proactively engaging on social media platforms to boost its brand awareness. Notably, aesthetic services offered by DCH such as dermal fillers and "Botox" injections – which typically last for 3-18 months – will provide the group with opportunities to tap into repeat purchases, as customers will typically re-visit the clinic for restoration/touch-up services. Also, over 80% of group revenue (body contouring and skin care, which are non-refundable) are sold on a package basis (3-24 months), which provides earnings visibility.

- **Presence in key regions.** DCH currently operates 13 aesthetic medical clinics in Malaysia. Eleven of the 13 clinics are strategically located in the Klang Valley, which has the highest household income. Malaysia's high-income (above MYR10,960) population grew to 47.2% in 2020 from 46.2% 2016. We expect the growing high-income population and DCH's expansion to the northern region to open new opportunities and anchor its revenue growth moving forward.

- **Earnings forecasts and valuation.** We project a 3-year earnings CAGR of 47% from FY22-25, and ascribe a P/E of 18x to its FY24F earnings to derive our FV of MYR0.43. Our valuation basis is at a c.28% discount to local healthcare sector peers' FY24F forward P/E of 25x due to its smaller market capitalisation.

- **Key risks:** Shortage of LCPs in the industry, risk of medical claims arising from aesthetic services, competition from beauty centres.

Analyst

Oong Chun Sung
+603 9280 2181
chun.sung@rhbgroup.com



Company Description

DC Healthcare provides aesthetic medical services through its subsidiaries, specialising in minimally invasive and non-invasive medical procedures.

IPO Details

Public Issue of new shares (m)	199.3
Offer for sale of existing shares (m)	99.6
Shares outstanding (m)	996.3
Implied market cap	MYR249m

Major Shareholders (%)

DCHG	62.38
Dr Chong Tze Sheng	4.67
Dr Lai Ngan Chee	2.95

Utilisation of IPO Proceeds

	MYRm
Establishing new aesthetic medical clinics	9.4
Purchase of new medical machines and equipment	13.1
Repayment of borrowings	6.2
Working capital	17.0
Estimated listing expenses	4.0
TOTAL	49.8

Additional Data

Listing Market	ACE
Bursa Code	0283

Forecasts and Key Data	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Total turnover (MYRm)	25.5	52.0	77.2	118.3	138.0
Recurring net profit (MYRm)	4.6	9.6	13.9	24.2	30.6
Recurring net profit growth (%)	142.1	107.7	44.9	75.0	26.4
Recurring EPS (MYR)	0.00	0.01	0.01	0.02	0.03
Recurring P/E (x)	54.1	26.1	18.0	10.3	8.1
P/BV (x)	31.1	16.6	3.6	2.9	2.3
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA (x)	27.2	13.5	7.6	4.1	2.7
ROE (%)	72.2	83.0	25.9	31.5	31.9
Net debt to equity (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

Financial Overview And Valuation

Financial overview. DCH registered a 3-year revenue CAGR of 62% between 2019 and 2022, attributable to its organic expansion strategies within the central region of West Malaysia. Despite the group's aesthetic services being temporarily suspended between Mar and Jul 2020 during the MCO, DCH was able to churn out a commendable 18% YoY revenue growth in FY20 as a result of the higher number of treatments carried out at its new branch in Taman Tun Dr Ismail in Kuala Lumpur. DCH achieved a 3-year earnings CAGR of 101.5% from FY19-22, thanks to a better product mix arising from facial sculpting services.

Forecasts. With its outstanding presence (rapid market share gains) in West Malaysia, despite being in the industry for only seven years, DCH has become the second-largest aesthetic service provider in Malaysia with an estimated market share of 11% as at the LPD (vs O2 Klinik's 13.7% market share; in operation for 11 years).

DCH has been focusing on its core competencies (non-invasive and minimally invasive procedures) since it was founded, setting it apart from its competitors in terms of reviews from customers. The range of services offered by its close competitors are broader (O2 Klinik offers nutritional and diet advice, occupational health consultation, apart from aesthetic services; Ur Klinik provides academy training). Accordingly, DCH's revenue per clinic was among the highest compared to its peers, raking up MYR4-5m per clinic in 2022 vs its closest competitor O2 Klinik's revenue per clinic of MYR2.3m. This is largely attributed to its strategic presence in the high income-per-capita regions, as well as its clinics being equipped with top-notch aesthetic medical equipment.

We estimate a 3-year earnings CAGR of 47% from FY22-25, underpinned by the group's expansion strategies over the next two years. Its expansion plans involve the upgrade of four of its resident medical assistants into LCP medical practitioners by 2024, followed by 16 and 5 for 2025 and 2026 respectively, in line with regulatory requirements. We believe DCH's successful venture into new geographical regions will potentially bring in incremental revenue, and the new cutting-edge aesthetic technology being introduced can capture new a stream of customers.

Balance sheet. The group has a healthy balance sheet with a total net cash of MYR3.4m as at FY22. While DCH does not have a dividend policy at the moment, it intends to reward shareholders with dividends in the future.

Valuation. In view of its healthy balance sheet and expected high earnings growth, we are ascribing 18x P/E, based on its FY24F earnings, to arrive at a FV of MYR0.43. Our valuation is premised on DCH's strategic geographical presence (recorded the highest revenue per clinic in the aesthetic service industry) and its sound expansion plans leading to a positive earnings growth outlook. The valuation is at a c.28% discount from the local healthcare sector peers' FY24F forward P/E of 25x due to its smaller market capitalisation.

4 July 2023

Healthcare | Aesthetic Services

Figure 1: Peer comparison table

Company	Country	FYE	Mkt cap (USDm)	Price 2-Jul-23 Local currency	Actual	P/E (x)		Div. yld (%) 1-yr fwd	ROE (%) 1-yr fwd	EV/ EBITDA 1-yr fwd	NP growth (%)		PEG
						1-yr fwd	2-yr fwd				1-yr fwd	2-yr fwd	
Local Peers													
Cengild Medical	MA	06/2023	70.5	0.4	31.8	NA	NA	NA	NA	NA	NA	NA	NA
Optimax Holdings	MA	12/2023	83.9	0.7	25.1	21.6	18.6	3.3	21.6	11.0	16.2	16.4	1.1
IHH Healthcare	MA	12/2023	11,119.7	5.9	32.7	31.0	27.8	1.9	21.4	13.5	5.5	11.2	2.5
KPJ Healthcare Esthetics	MA	12/2023	1,047.8	1.1	26.8	22.0	19.2	2.2	21.4	10.9	22.0	14.1	1.4
International Group	MA	03/2024	16.3	0.3	-12.7	NA	NA	NA	NA	NA	NA	NA	NA
International Peers													
Perfect Medical Health	HK	03/2023	622.1	3.9	15.5	11.8	8.6	7.5	22.7	NA	31.5	37.2	0.2
Management Beauty Farm	CH	12/2023	715.7	23.7	46.7	20.3	15.3	1.0	21.4	9.0	129.8	32.8	0.5
Medical And Heal Raily Aesthetic Medicine International	CH	12/2023	38.4	0.1	-16.2	NA	NA	NA	NA	NA	NA	NA	NA
Mkt cap			9,162.4										
Weighted avg					31.9	28.5	25.3	2.2	21.3	12.3	14.4	13.7	2.2
Simple avg			1,714.3		18.7	21.3	17.9	3.2	21.7	11.1	41.0	22.3	1.1

Source: Bloomberg, RHB

Figure 2: Operating metrics

	FY20	FY21	FY22	FY23F	FY24F	FY25F
Revenue by Business Segment						
Aesthetic Services	12.64	21.63	46.75	70.12	108.68	124.98
General Medical Services	1.81	3.85	5.22	7.07	9.58	12.98
Total	14.45	25.48	51.96	77.19	118.26	137.96
GP Margin (%)						
Aesthetic Services	56.5%	58.3%	59.3%	59.0%	59.5%	61.0%
General Medical Services	29.8%	34.0%	28.1%	30.0%	30.0%	30.0%
Total	53.1%	54.7%	56.2%	56.3%	57.1%	58.1%
Revenue by Business Segment %						
Aesthetic Services	87.5%	84.9%	90.0%	90.8%	91.9%	90.6%
General Medical Services	12.5%	15.1%	10.0%	9.2%	8.1%	9.4%
Average revenue per clinic						
Total clinic	3.61	5.10	5.20	4.54	5.63	6.57
	4.00	5.00	10.00	17.00	21.00	21.00

Source: Company data, RHB

Company Overview

DCH was incorporated on 4 Mar 2016 as a private limited company. Through its investment holding structure, the company's wholly-owned subsidiaries were primarily involved in the provision of aesthetic medical services specialising in minimally invasive and non-invasive procedures. Currently, the group operates 13 aesthetic medical clinics in the central and southern region of Malaysia, under the brand names of "Dr Chong Clinic", "Klinik Dr Chong", and "Klinik Dr Chong Premium".

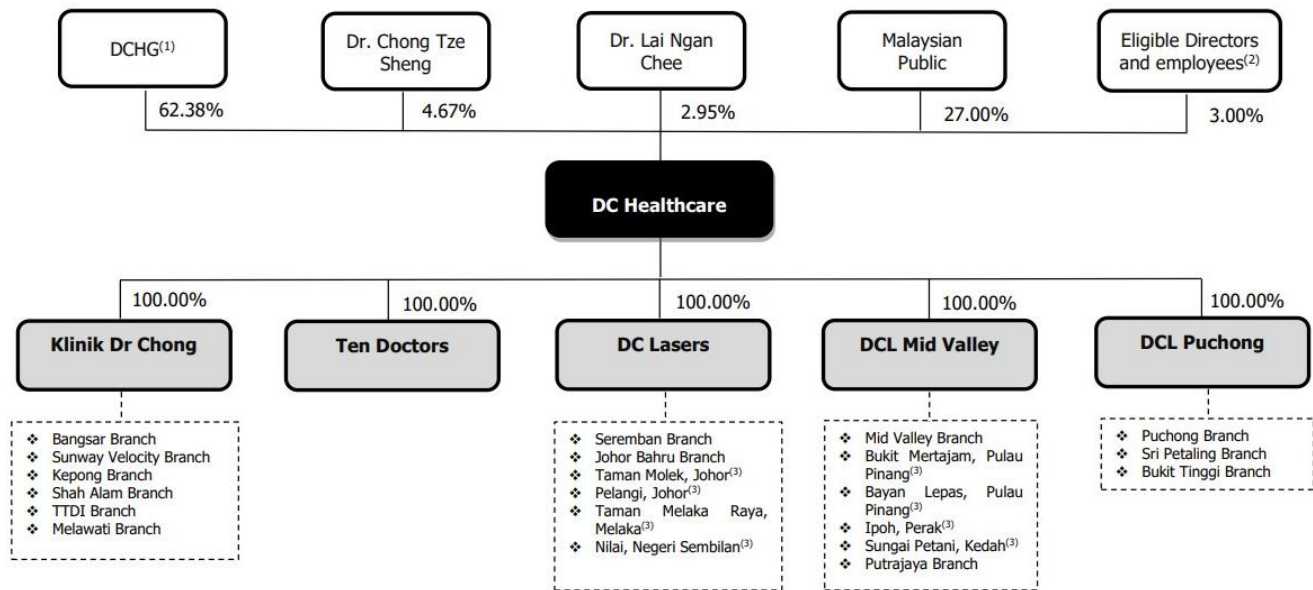
Currently, the group has 10 LCP Certified Aesthetic Physicians and 29 resident medical doctors. They are supported by 21 clinic managers, 65 clinic consultants, 11 clinic assistants, as well as administrative and finance staff.

Its business segments are:

- i. **Aesthetic Services (90% of FY22 revenue).** Aesthetic services was the main contributor to group FY22 revenue. All services provided are specially tailored according to the customer's skin and personal objectives, and are performed by the group's team of highly experienced and skilled LCP-certified aesthetic physicians:
 - (a) **Facial and skin treatments (62% of FY22 revenue).** This sub-segment contributed the most to the aesthetic services segment. The group's facial and skin treatment services focus on three primary skin concerns – scars, hyperpigmentation, and acne. The group's doctors customize a treatment plan based on the customer's skin condition. Topical products, medical machines, and equipment will be used in the process of these treatments;
 - (b) **Facial sculpting (17% of FY22 revenue).** The group offers facial sculpting treatments that are also considered anti-ageing treatments, specifically used to address signs of ageing, to reduce the appearance of wrinkles, sagging skin, and fine lines. Treatments provided include dermal fillers (results lasting 9-18 months), BTA (results lasting 3-6 months), and HIFU lifting;
 - (c) **Body contouring (4.9% of FY22 revenue).** The group focuses on non-surgical procedures targeted to remove fat to tighten the skin and shape areas of the body. The treatments target three areas of concern – spider veins, slimming, and skin tightening;
 - (d) **Hair growth and removal (2.3% of FY22 revenue).** The group offers treatment for hair loss through the use of supplements and medication, micro-needling treatments, and PDT. The hair removal treatments include Diode laser treatment and Q-Switched Nd YAG laser;
 - (e) **Sale of skincare products (3.3% of FY22 revenue).** The group provides skincare products under the names of Le Perfetto and 10 DRS to support and complement their aesthetic services for skin and facial treatments;
- ii. **General Medical Services (10% of FY22 revenue).** The main services provided under this segment are for the treatment of eczema, psoriasis, skin infection, vitiligo, as well as blood test health screening, and medical & surgical treatment for skin lumps & bumps. All products used in the treatments are registered and licensed.

The group is led by a skilled management team with Dr Chong Tze Sheng leading the group as managing director. He is responsible for plotting the overall business direction, corporate strategies, strategic planning initiatives, and future growth plans. Dr Lai Ngan Chee, who serves as Executive Director, is in charge of the implementation and management of the group's strategies in daily business operations and the overseeing of the marketing functions and business development.

Figure 3: Group structure post IPO



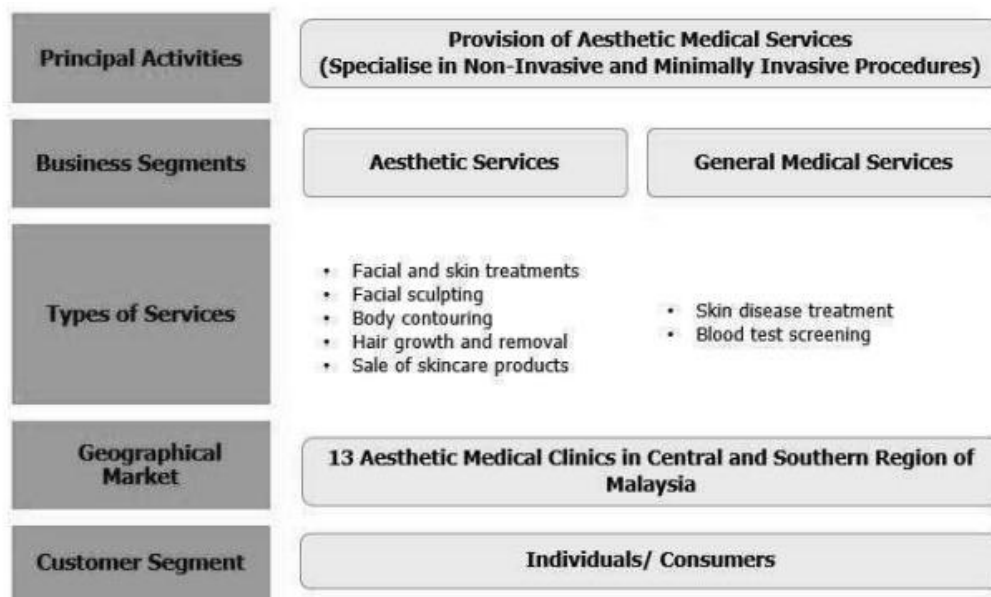
Source: Company data, RHB

Figure 4: Skincare products offered



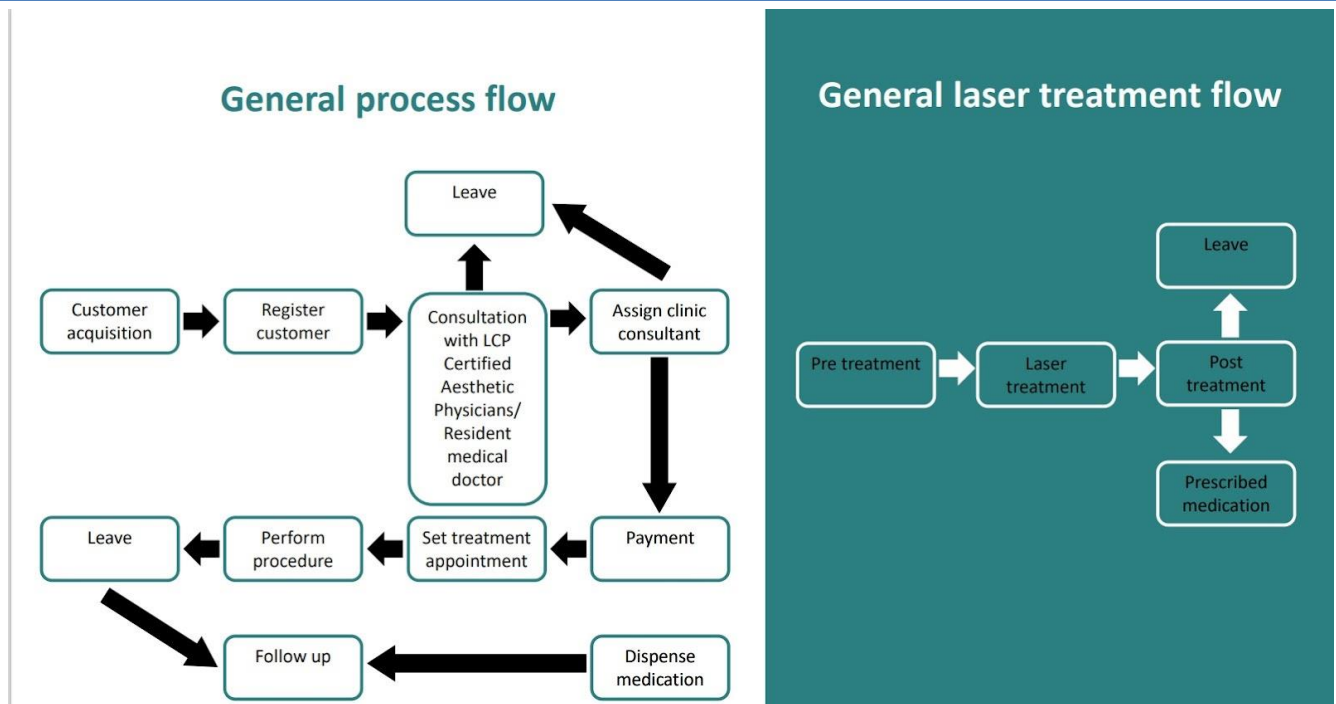
Source: Company data, RHB

Figure 5: Description of business



Source: Company data, RHB

Figure 6: Process flow



Source: Company data, RHB

Future Plans And Strategies

Geographical expansion of service. Over the years, there has been a monthly household income increase in states like Johor, Negeri Sembilan, Selangor, and Kuala Lumpur. This is in line with the growth seen in the middle and high-income class population. The increase in household income leads to more disposable income – allowing individuals to seek aesthetic medical services. This allows the aesthetic medical service providers to tailor their products specifically to target this group, leading to a projected increase in aesthetic medical services. The Group plans to establish eight new aesthetic medical clinics – utilising c.19% of the proceeds from the public issue. The Group has taken into account certain factors ie the presence of competitors, population base, area of the potential clinic, availability of public transport and parking, and presence of amenities whilst seeking suitable locations.

Expansion of aesthetic medical team. DCH currently has 29 resident medical doctors undergoing training to eventually become LCP Certified Aesthetic Physicians. The Group expects four of the doctors to meet the minimum prerequisites set by the Ministry of Health (MOH) to obtain the LCP license in 2023 – with 4, 16, and 5 doctors expected to get the license by 2024, 2025, and 2026. Apart from the existing resident medical doctors, the Group aims to hire six LCP Certified Aesthetic Physicians, 16 resident medical doctors, 56 clinic consultants, and 16 administrative staff. The new medical staff recruitment is to support the expansion of aesthetic medical clinics in other major cities in the country.

Purchase of new medical machines and equipment. The Group intends to allocate 26.4% of its proceeds to procure new medical machines and equipment for the new aesthetic medical clinics and to upgrade in the existing medical clinics. The new equipment to be purchased include laser machines for skin, facial, and hair removal treatments, and body contouring. Additionally, to enhance the services provided in the existing medical clinics, the group plans to acquire a Cryolipolysis machine and an EM stimulation machine. The new medical equipment and machines will be sourced from local suppliers.

Key Risks

Highly regulated industry. The group requires certain licenses, approvals, certificates, and permits to run operations due to the strict regulations set by MOH. These requirements need to be renewed periodically as existing laws could change, new laws in the industry may be implemented, or additional conditions might be imposed to current requirements. Additionally, the laws governing the healthcare industry have become stricter over the years, and there is no assurance that DCH's business operations will not be affected by future regulatory policy changes. In the event that the group is unable to comply with MOH's latest guidelines, there might be a risk of its licenses and permits getting revoked, not renewed, or suspended – adversely affecting financial performance and business operations.

Exposed to potential liability risks. The group is exposed to liability risks ie medical negligence claims or malpractice, in regards to alleged deficiencies or misconduct in the provision of aesthetic services and related products. It has high exposure to this risk, especially when unable to deliver a customer's expectation – resulting in the dissatisfied customer filing a legal claim or requesting a refund. This would adversely affect the brand image, and lead to deterioration of trust among the existing and potential customers. The group maintains a malpractice liability policy for all practicing resident medical doctors and LCP Certified Aesthetic Physicians – protecting them against any liabilities that arise from medical malpractice, although they are still required to maintain a medical indemnity insurance of their own. However, there is no assurance that the insurance coverage provided will be sufficient to cover every possible accident, with the Group liable for any shortfalls in the amount claimed, which affects the financial performance.

Relocation of clinics. Currently, DCH is renting the premises for all its aesthetic medical clinics. There is no assurance that the landlords will be willing to continue the tenancy upon the expiry of existing tenancy agreements, or that the landlords would terminate the contract prematurely. The additional costs incurred in the event that the group is forced to relocate its business operations includes the loss of prime locations.

Unauthorised use of brand name. The group has submitted applications for seven trademarks used over the course of provision of services, which are currently pending approval by the Intellectual Property Corporation of Malaysia. However, as these trademarks are only registered in Malaysia, there is no assurance that a third party might not register the same trademarks in other countries. The unauthorised use of the group's brand name, logo, or trademarks will lead to adverse effects on the business operations, financial performance, and reputation. Customers might get confused if unauthorised parties provide the same services under the same name. Additionally, the group might also be associated with bad business practices if these third parties are unable to provide honest and high-quality services to customers while using the same name.

IPO Details

Figure 7: Indicative IPO timeline

Opening of application	27 Jun 2023
Closing of application	5 Jul 2023
Balloting of applications	7 Jul 2023
Allotment of the IPO shares to successful applicants	14 Jul 2023
Listing	17 Jul 2023

Source: Company data, RHB

Figure 8: Utilisation of IPO proceeds

	Estimated timeframe	MYRm	% of proceeds
Establishing new aesthetic medical clinics	Within 18 months	9,440,000	18.95
Purchase of new medical machines and equipment	Within 18 months	13,124,000	26.35
Repayment of borrowings	Within 6 months	6,238,000	12.52
Working capital	Within 36 months	17,013,000	34.15
Estimated listing expenses	Within 1 month	4,000,000	8.03
Total		49,815,000	100.0

Source: Company data, RHB

Figure 9: Offering structure

	No. of IPO shares	% of enlarged share base ⁽¹⁾
Public Issue of new shares:		
Malaysia public	49,815,000	5.0
Pink form allocations	29,889,000	3.0
Private placement to selected investors	119,556,000	12.0
Offer for sale:		
Private placement to selected investors	99,630,000	10.0
Total	298,890,000	30.0

Note: Based on enlarged share capital of 996,300,000 shares after IPO

Source: Company data

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 - Jun 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 - Jun 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 - Jun 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 - Jun 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