

20 Jewels 2026 Edition



TOP MALAYSIA SMALL CAP COMPANIES

20 JEWELS

2026 EDITION

MALAYSIA

Alexander Chia, ACA	alexander.chia@rhbggroup.com	(603) 2302 8119
Adam Mohamed Rahim	adam.mohamed.rahim@rhbggroup.com	(603) 2302 8101
David Chong Voon Chee, CFA	david.chongvc@rhbggroup.com	(603) 2302 8130
Eddy Do	eddy.do@rhbggroup.com	(603) 2302 8125
Hoe Lee Leng	hoe.lee.leng@rhbggroup.com	(603) 2302 8110
Iftaar Hakim Rusli	iftaar.hakim.rusli@rhbggroup.com	(603) 2302 8114
Jeffrey Tan Jing Keat	jeffrey.tan@rhbggroup.com	(603) 23028112
John Liew	john.liew@rhbggroup.com	(603) 2302 8105
Lee Meng Horng	lee.meng.horng@rhbggroup.com	(603) 2302 8115
Lee Yun Leon	lee.yun.leon@rhbggroup.com	(603) 2302 8128
Loong Kok Wen, CFA	loong.kok.wen@rhbggroup.com	(603) 2302 8116
Max Koh Ken Wui	max.koh@rhbggroup.com	(603) 2302 8131
Queenie Tan	queenie.tan@rhbggroup.com	(603) 2302 8127
Soong Wei Siang	soong.wei.siang@rhbggroup.com	(603) 2302 8130

<See important disclaimer and disclosures at the end of this report>

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Foreword

It is with immense pride that we present the 22nd edition of the Top Malaysia Small Cap Jewels. For over two decades, this compendium has served as a cornerstone of RHB Research's commitment to the small-cap ecosystem, evolving from a local initiative into a definitive regional benchmark for identifying the "hidden jewels" of ASEAN. As we navigate 2026, our mission remains unchanged: To unearth under-researched gems that possess the agility to outperform in an increasingly complex global landscape.

The 2026 investment climate presents a fascinating paradox of structural challenges and unprecedented opportunities. While global markets contend with the "New Normal" of fragmented trade policies and persistent geopolitical shifts, Malaysia has entered a transformative phase and domestic markets have shown some remarkable resilience. This is made possible by Malaysia's strategic ASEAN Chairmanship, sustained domestic consumption economy and its pivotal role in the global supply chain "plus-one" strategies. However, the path has not been without hurdles. Small-cap players in 2026 must navigate an environment of high energy prices, war, disruption in the demand and supply landscape and the urgent demand for ESG integration. Despite these headwinds, the agility inherent in smaller companies has allowed some of them to pivot more effectively than their large-cap peers, carving out high-growth niches in various emerging industries or reinventing the business model and capturing growth opportunities.

In an era where "volatility is the only constant in the capital market" and valuation gap between small and large caps has never been so dynamic amidst the noise and rotational shifts, our selection process has become more rigorous than ever. We continue to prioritise value, resilience, and governance in our discerning approach to stock picking. The 2026 Edition features a curated selection of 20 companies across eight diverse sectors, with an average market capitalisation of MYR669m. This year, industrial products constitute nearly 20% of our picks, followed by technology, construction and consumer products & services. All but six – which are Ace Market listed – of the 20 names are on the Main Market. Reflecting our core ethos of discovery, none of the companies featured are currently within RHB Research's existing coverage universe, ensuring that our readers are presented with truly fresh and under-followed prospects.

Our 2025 edition maintained our track record of excellence delivered a strong value-weighted return of 20.3% vs FBMSC of -2.6% despite the extreme volatility seen in the market, and we are humbled by the continued trust the investment community places in our research. This compendium is a labour of intensive analysis, made possible by the transparency of the management teams who shared their growth narratives with us, and the tireless dedication of our analysts.

As we navigate the uncertainties of 2026, we remain steadfast in our belief: In a selective market, fundamental research is the only true compass. We hope this compendium serves as a valuable guide in your search for the next multi-bagger and this 22nd edition provides the insights necessary to navigate the market with confidence.

Lee Meng Horng
Head of RHB Malaysia Small Cap Research

Alexander Chia
Head of RHB Regional Research

Kuala Lumpur, 13 May 2026

20 Jewels – at a glance

Company name	FV	Mkt Cap	P/E (x)		P/BV (x)		Div Yield (%)		ROE (%)	
	(MYR)		FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25
CPE Technology	1.00 – 1.25	523.6	47.2	22.3	1.7	1.6	1.5	3.2	3.5	7.2
Crescendo Corporation	2.05 – 2.39	1014.6	1.9	11.0	0.7	0.7	8.3	5.8	44.1	6.5
Dufu Technology Corp	2.36 – 2.98	960.0	43.6	35.1	2.9	2.8	1.9	1.9	6.6	8.0
Dutch Lady Milk Industries	46.4 – 51.6	2087.7	15.4	17.3	4.2	3.6	1.7	1.6	27.0	21.1
ICT Zone Asia	0.25 – 0.38	143.2	13.6	8.9	1.7	1.3	1.3	0.8	16.6	17.9
Innoprise Plantation	2.50 – 2.70	976.9	11.9	13.1	2.9	3.1	7.6	7.4	24.3	23.4
ISF Group*	0.61 – 0.67	500.0	52.9	19.1	34.1	17.9	2.0	2.4	64.9	118.8
Jati Tinggi	0.59 – 0.68	237.6	36.0	22.0	3.3	2.3	0.0	0.0	11.4	12.1
Kee Ming Group**	1.17 – 1.29	294.1	48.6	36.0	23.1	14.1	0.0	0.0	47.5	39.1
Kobay Technology	2.77 – 3.88	687.3	38.4	35.6	1.8	1.9	0.0	0.0	3.7	(4.2)
Life Water	1.80 – 1.90	624.6	22.2	21.5	5.1	3.0	0.6	1.2	23.0	13.9
MCE Holdings	1.99 – 2.85	219.3	11.2	11.3	1.4	1.1	2.1	6.9	12.9	10.7
Optimax	0.72 – 0.77	304.3	23.4	21.8	4.7	4.3	2.3	2.5	19.9	19.7
Orkim	1.04–1.23	955.0	10.8	12.5	1.8	1.5	5.2	3.8	17.6	12.3
Pantech Global	0.59	391.0	6.6	8.5	0.7	0.7	4.3	10.9	11.2	8.7
Powerwell	0.83 – 1.03	406.4	20.6	21.6	4.8	4.2	4.3	1.4	23.3	19.3
Reach-Ten Holdings	0.58 – 0.66	410.0	5.8	11.5	4.0	1.9	6.8	4.9	87.6	22.4
TMK Chemical	2.00 – 2.20	1640.0	15.9	16.5	2.2	2.1	3.4	3.0	14.1	12.7
Verdant Solar	0.25 – 0.30	167.6	25.2	9.7	19.0	7.6	0.0	0.0	75.3	78.4
Well Chip Group	1.84 – 2.21	840.0	15.7	9.8	2.0	1.7	2.9	3.6	16.0	19.0

Note: All prices as at 30 April 2026

Note 2: *Recurring EPS, P/E, P/B and P/CF for FY23-FY25 are based on the share base of 1,000m post IPO

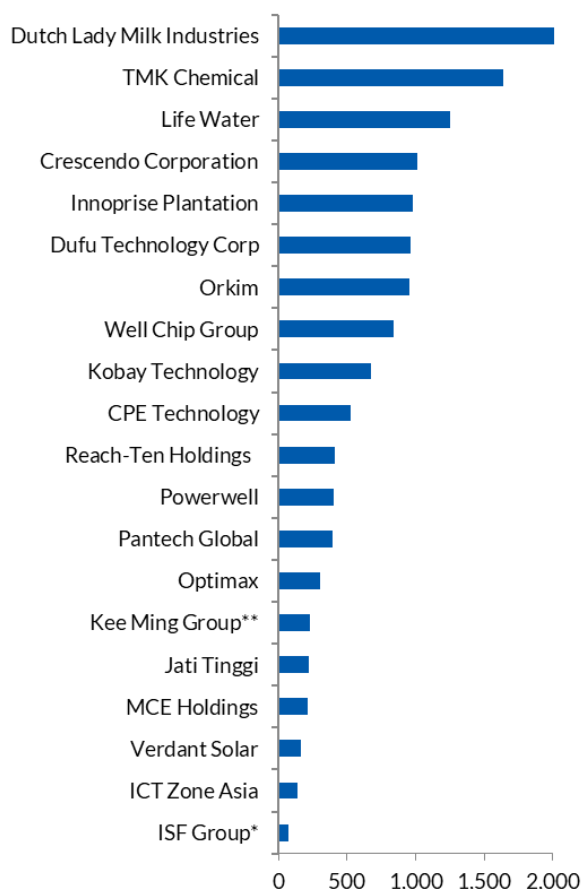
Note 3: **Recurring EPS, DPS, P/E, P/B and P/CF for FY23-FY25 are based on the share base of 325m post-IPO.

Note 4: ***Crescendo Corporation based on FYE Jan

Source: Bloomberg, RHB

Market capitalisation of the Top 20 Jewels (MYRm)

FY25 ROEs of the Top 20 Jewels (%)

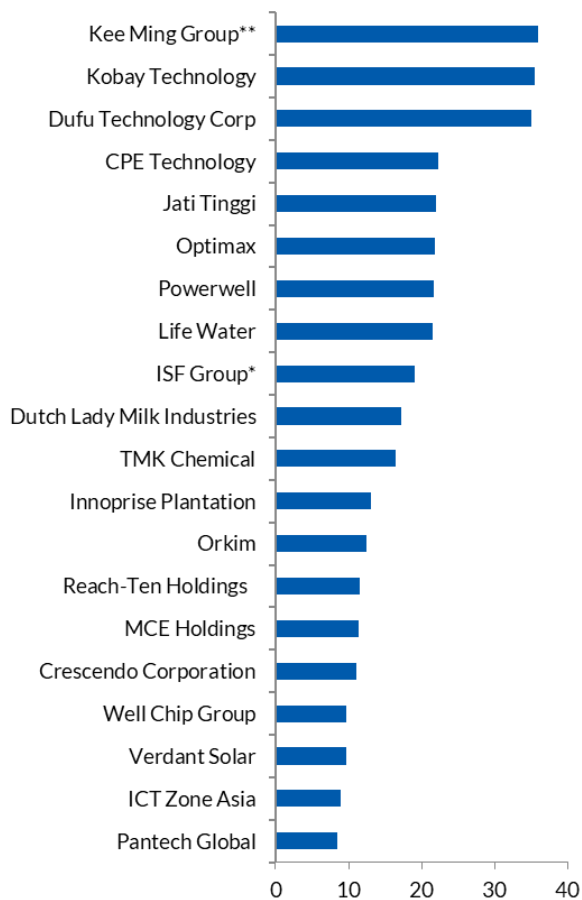


Source: Bloomberg, RHB



Source: Bloomberg, RHB

FY25 P/Es of the Top 20 Jewels (x)



Source: Bloomberg, RHB

FY25 dividend yield for the Top 20 Jewels (%)



Source: Bloomberg, RHB

CPE TECHNOLOGY (CPETECH MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CPETECH MK
Avg Turnover (MYR/USD)	1m/0.24m
Net Gearing (%)	(59.8)
Market Cap (MYRm)	523.6
Beta (x)	1.5
BVPS (MYR)	0.48
52-wk Price low/high (MYR)	0.35 - 0.99
Free float (%)	38

Major Shareholders (%)

Lee Chen Yeong	28.8
Foo Ming	16.9
Mu Woon Chai	11.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	64.6	81.1	10.9	14.0
Relative	61.5	81.7	4.1	1.1

Lee Meng Horng +603 2302 8115

lee.meng.horng@rhbgroupp.com

Investment Merits

- Growth driven by global semiconductor upcycle
- Niche exposure to semiconductor gas delivery systems
- Leveraging growth from leading industry players

Company Profile

CPE Technology is a precision machining house with decades of machining experience in industries and sectors such as semiconductors, automotive components, electro-optical instruments, medical equipment, and flow & regulator industries. Its core operations involve computer numerical control (CNC) machining techniques such as milling, turning, and lathing, complemented by secondary processes like polishing, grinding, and sandblasting to produce precision parts from metal rods and blocks.

Highlights

Global semiconductor capex upcycle. The global semiconductor industry is undergoing a sustained capex upcycle, driven by rising artificial intelligence (AI)-related demand for high-bandwidth memory or HBM, advanced memory, and high-performance computing applications. According to SEMI, global semiconductor equipment spending is projected to increase 16.5% YoY to USD143.1bn in 2026 and further to USD159.3bn (+11.4% YoY) in 2027, led by continued investments in the logic & micro and memory segments, as well as the construction of 89 new wafer fabrication (fab) plants by 2029. In parallel, global ≤ 7 nm wafer fab capacity is forecasted to grow at a 14% CAGR through 2028, surpassing 1.16m wafers per month by 2026. The resulting expansion in wafer fab investments and semiconductor equipment demand is expected to support stronger order flows for CPE's precision engineering and ultra-high purity (UHP) solutions.

Niche exposure to semiconductor gas delivery systems. CPE operates within a specialised niche of the semiconductor equipment supply chain, producing precision-machined components used in integrated gas systems (IGSs) that deliver UHP gases during wafer fab processes. Demand from AI data centres, EVs, smartphones, and advanced electronics is driving semiconductor demand, supporting higher deployment of semiconductor manufacturing equipment across wafer fab facilities. According to SEMI, this is expected to lift frontend semiconductor equipment spending to USD133bn in 2026 and USD151bn in 2027, supporting stronger demand for subsystems such as IGS, which are deployed across hundreds of process tools in each fab.

Leveraging growth from leading industry players. CPE's business mix is heavily skewed towards the semiconductor sector, which contributed c.57% of 1HFY26 (Jun) revenue, with its top three customers originating

from this segment. Key relationships include one with a global leader in UHP semiconductor valves with 40% global market share. Meanwhile, CPE has also secured a Japanese mass flow controller or MFC manufacturer with 60% global market share that further strengthens its exposure to the semiconductor gas delivery ecosystem. Beyond semiconductors, the group maintains diversification through life science and medical applications as well as sports equipment, which collectively accounted for c.33% of 1HFY26 revenue. Importantly, stringent qualification requirements within semiconductor equipment supply chains create significant switching costs, resulting in sticky customer relationships and stronger earnings visibility through FY26-28.

Company Report Card

Latest results. 2QFY26 revenue of MYR25.2m (-24% YoY) and 1HFY26 topline of MYR50.6m (-19% YoY) were affected by weaker semiconductor demand as customers adopted more cautious procurement and inventory management strategies. NPM fell sharply to 7.2% (2QFY25: 31.5%), weighed down by elevated engineering and manufacturing resources allocated to non-revenue-generating first article or FA and product qualification projects, which have yet to translate into meaningful revenue contributions.

Balance sheet and dividend. CPE maintains a strong net cash position – it has net cash of c.MYR141m as at 2QFY26, which provides ample financial flexibility to support capacity expansion and equipment purchases. 1HFY26 dividends: CPE declared an interim dividend of 1.5 sen per share (c.MYR10.1m).

Management. CPE is led by Group Chief Executive Officer Lee Chen Yeong who oversees the group's overall strategic direction, operations, and business development. Lee is supported by Group Chief Financial Officer Hun Jiang Yann alongside an experienced management team, which oversees manufacturing and international business development.

Investment Case

Despite a soft 1HFY26, we expect earnings to strengthen from 2HFY26 onwards, driven by improving orders from both new and existing semiconductor customers as the global semiconductor upcycle gains traction. Operationally, utilisation should improve as Plant 6 ramps up, with 35-40 additional machines. Hence, we anticipate margins recovery as operating leverage improves, and FA qualification costs taper off. We ascribe a 23-25x FY27F-28F P/E with a FV range of MYR1-1.25, anchored to 25x FY27F P/E, in line with the 5-year mean forward P/E.

Key risks: Cyclical downtrend of the semiconductor sector, costs escalations, and customer attrition.

Profit & Loss	Jun-23	Jun-24	Jun-25
Total turnover (MYRm)	145	90	129
Reported net profit (MYRm)	30	11	23
Recurring net profit (MYRm)	30	11	23
Recurring net profit growth (%)	(10.7)	(63.4)	111.7
Recurring EPS (MYR)	0.05	0.02	0.03
DPS (MYR)	0.0	1.2	2.5
Dividend Yield (%)	0.0	1.5	3.2
Recurring P/E (x)	17.3	47.2	22.3
Return on average equity (%)	22.0	3.5	7.2
P/B (x)	3.8	1.7	1.6
P/CF (x)	13.6	30.3	16.2

Source: Company data, RHB

Balance Sheet (MYRm)	Jun-23	Jun-24	Jun-25
Total current assets	128	283	284
Total assets	196	344	355
Total current liabilities	30	20	23
Total non-current liabilities	28	10	4
Total liabilities	58	30	27
Shareholder's equity	138	314	328
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	196	344	355
Total debt	31	11	1
Net debt	(22)	(203)	(206)

Source: Company data, RHB

Cash Flow (MYRm)	Jun-23	Jun-24	Jun-25
Cash flow from operations	39	17	32
Cash flow from investing activities	(1)	(71)	(48)
Cash flow from financing activities	(12)	142	(18)
Cash at beginning of period	27	53	214
Net change in cash	25	89	(34)
Ending balance cash	53	214	207

Source: Company data, RHB

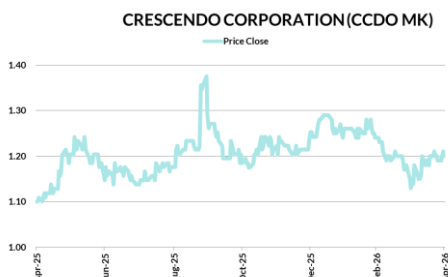


Crescendo Corporation

Fair Value: MYR2.05-2.39

Price: MYR1.20

An Undervalued RNAV Play For Iskandar Malaysia



Source: Bloomberg

Investment Merits

- A major landowner in Iskandar Malaysia and land provider to data centre (DC) players
- Ample war chest for land banking activities
- Establishing an industrial property portfolio for sustainable recurring income

Company Profile

Crescendo Corporation (CCDO) is a Johor-based property development company. It is one of the major landowners in Iskandar Malaysia, with a total remaining landbank of 2,486 acres spread across Johor. The company is involved in residential, commercial, and industrial property projects, and in recent years also sold several parcels of land to DC players. Its key ongoing developments include Bandar Cemerlang, Bandar Cemerlang Industrial Park (BCIP), Residensi Senyum, which is near to the Rapid Transit System (RTS) terminal, and Nusa Cemerlang Industrial Park (NCIP).

Highlights

A major land owner in Iskandar Malaysia. CCDO is very much under the radar of many investors, largely due to its small market cap and stock illiquidity. The company is one of the earliest developers to sell land parcels to DC players, capturing the influx of investments from various foreign DC players in Iskandar Malaysia. Since 2023, CCDO has sold ten parcels of land to technology players including Microsoft, STT GDC, Data Cloud, Yu Ao, Digital Halo, and none of these deals were terminated (four still pending completion) despite the US Artificial Intelligence Diffusion (USAID) rules. In total, CCDO sold MYR1.8-1.9bn worth of industrial land parcels. As the landbank at its NCIP has depleted, management managed to shift customers' demand to its new 526-acre BCIP last year. There is still one more plot of DC land available for sale. Interest in BCIP is strong as management indicated there is a transmission line at BCIP, making high-power connectivity relatively easy for DCs. The rest of the land at BCIP is for industrial development, and given the location and demand, we expect the upcoming launch of ready built factories to be well taken up.

Proceeds used for new land acquisitions and special dividend payment. Given the sizeable proceeds from land disposals, management took the opportunity to rationalise its landbank portfolio. Last year, CCDO acquired a company that owned six parcels of industrial and commercial lands (totalling 135 acres) at Jeram Batu, Johor, at a transaction price of MYR26.50-40 psf. The price is considered attractive in our view, as strong demand for industrial land has driven the escalation in land prices over the last few years. Meanwhile, the company also rewarded

Stock Profile

Bloomberg Ticker	CCDO MK
Avg Turnover (MYR/USD)	0.33m/0.08m
Net Gearing (%)	n/a
Market Cap (MYRm)	1014.6
Beta (x)	0.9
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	1.108 - 1.414
Free float (%)	23

Major Shareholders (%)

Sharikat Kim Loong	68.2
Gooi Seong Heen	1.7
OCBC Bank	1.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.5	(2.4)	2.2	9.1
Relative	(0.7)	(1.8)	(4.6)	(3.8)

Loong Kok Wen, CFA +603 2302 8116

Loong.kok.wen@rhbgroupp.com

shareholders with special dividends in recent years, given the windfall disposal gain. As land disposals will continue to drive earnings in FY27, we similarly expect some special dividend this year.

Establishing an industrial property portfolio to grow recurring income.

CCDO has also started building up its industrial property investment arm for rental purposes. There are 19 plots of land totalling c.53 acres in NCIP allocated for rental. Currently, 17 units of factories has been completed, of which 15 (worth a GDV of MYR295m) are tenanted, generating annual rental income of c.MYR17.3m. We think this is a strategic move. Apart from mitigating earnings volatility, the industrial asset portfolio will be valuable especially when the size grows larger in a few years, given that industrial properties are highly sought after. Furthermore, CCDO is close to many industrialists given its track record. Hence, it will not be difficult for management to grow the asset portfolio to a reasonable size.

Company Report Card

Results highlights. CCDO's FY26 revenue and PBT were mainly contributed by a DC land sale in NCIP. Earnings are lumpy due to substantial land transactions. More resources have been diverted to focus on DC land sales since 2-3 years ago due to their materiality and hence, little resources were being utilised for normal property development business.

Balance sheet/cash flow. CCDO's net gearing was only at 0.02x as at FY26. With the proceeds from the four outstanding land sale transactions, its balance sheet will likely be in a net cash position in FY27. We do not rule out the possibility that CCDO will acquire more landbank in Iskandar Malaysia once opportunities arise.

Dividends. CCDO does not have any fixed dividend payout policy. Total dividend in FY26 amounted to 1 sen interim plus 6 sen special dividends (7 sen in total), vs 10 sen and 6 sen in FY25 and FY24. These represent a dividend payout ratio of 89%, 16% and 58%. CCDO also completed a 3-for-1 share split in Sept 2024.

Management. CCDO is led by a Board of Directors heavily represented by the Gooi family, with Gooi Seong Lim serving as Chairman and Managing Director. He is assisted by three executive directors from the Gooi family and his son Gooi Khai Shin as project director.

Investment Case

Completion of outstanding land sales and MYR495m launch to boost earnings in FY27-28. FY27-28 earnings will be very much underpinned by the four DC land sale transactions (Microsoft, MSFusion, Pioneer Real Estate Development, and Digital Edge), potentially with combined cash proceeds of about MYR1bn. Meanwhile, management also plans to launch MYR495m worth of projects over the next two years, comprising 337 units of mid- to high-end landed homes in Bandar Cemerlang and 25 units of semi-detached and detached factories at BCIP.

Fair value. CCDO is deeply undervalued in our opinion. Its land costs are fairly low and hence represent an attractive RNAV angle. Our indicative FV for the stock is MYR2.05-2.39, based on 65-70% discount to RNAV. Key risks: Sharp slowdown in economic growth and unstable political landscape.

Profit & Loss	Jan-24	Jan-25	Jan-26
Total turnover (MYRm)	341	1,151	445
Reported net profit (MYRm)	57	526	92
Recurring net profit (MYRm)	57	526	92
Recurring net profit growth (%)	131.1	828.8	(82.5)
Recurring EPS (MYR)	0.07	0.63	0.11
DPS (MYR)	0.06	0.10	0.07
Dividend Yield (%)	5.0	8.3	5.8
Recurring P/E (x)	17.8	1.9	11.0
Return on average equity (%)	5.9	44.1	6.5
P/B (x)	1.1	0.7	0.7
P/CF (x)	(13.8)	2.4	24.0

Source: Company data, RHB

Balance Sheet (MYRm)	Jan-24	Jan-25	Jan-26
Total current assets	413	651	460
Total assets	1546	2025	2007
Total current liabilities	249	367	398
Total non-current liabilities	264	198	148
Total liabilities	513	565	546
Shareholder's equity	980	1408	1415
Minority interest	53	52	46
Other equity	0	0	0
Total liabilities & equity	1546	2025	2007
Total debt	349	194	175
Net debt	294	28	89

Source: Company data, RHB

Cash Flow (MYRm)	Jan-24	Jan-25	Jan-26
Cash flow from operations	(73)	426	42
Cash flow from investing activities	(18)	(55)	(54)
Cash flow from financing activities	58	(259)	(70)
Cash at beginning of period	86	55	166
Net change in cash	(31)	111	(80)
Ending balance cash	55	166	87

Source: Company data, RHB



Dufu Technology Corp

Riding On The AI-Driven Storage And Memory Upcycle

Fair Value: MYR2.36-2.98

Price: MYR1.80

DUFU TECHNOLOGY CORP (DUFU MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DUFU MK
Avg Turnover (MYR/USD)	7.81m/1.9m
Net Gearing (%)	(16.3)
Market Cap (MYRm)	960.0
Beta (x)	1.3
BVPS (MYR)	0.64
52-wk Price low/high (MYR)	1.08 - 2.25
Free float (%)	45

Major Shareholders (%)

Perfect Full Yen	10.6
Perfect Commerce	8.4
Lee Hui-Ta	8.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	35.3	5.7	(10.7)	48.4
Relative	32.1	6.4	(17.4)	35.5

Lee Meng Horng +603 2302 8115

lee.meng.horng@rhbgroup.com

Investment Merits

- Riding on the surge in agentic artificial intelligence (AI), data centre (DC) infrastructure, and cloud storage
- Demand visibility and supply scarcity for memory and storage products
- Market share recovery and material alpha (ASP uplift)
- Robust demand in the metal sheet division, tracking the growth in the E&E and semiconductor industries.

Company Profile

Dufu Technology (DUFU) is engaged in the design, development, and manufacturing of precision machining components, hard disk drive (HDD)-related components, steel moulds, stamping components and sheet metal fabrication. It also provides marketing, engineering and turnkey support services.

Highlights

AI-driven demand supercycle. The explosion of generative and agentic AI, alongside the surge in central processing unit (CPU)-intensive infrastructure, has solidified the role of HDDs in modern AI ecosystems. While solid state drives (SSDs) excel in speed-intensive tasks, HDDs remain the indispensable backbone for cost-effective, massive-scale storage. High-capacity enterprise drives offer a superior cost-per-gigabyte ratio and lower total cost of ownership (TCO), making them essential for high-density storage arrays in cloud environments, deep learning platforms, and AI-enabled edge security, particularly for long-term data retention and agentic workflows. With major manufacturers reporting that 2026 production capacity is already fully sold, lead times for enterprise drives have stretched to 6-12 months — a trend expected to persist into 2027.

Platter density and material inflection. Technological breakthroughs have allowed HDD makers to overcome mechanical constraints, moving toward 11- and 13-disk architectures to achieve 30-40TB capacities. For component makers, each additional disk in a drive stack directly scales the demand for precision spacers. Beyond volume, the adoption of Heat-Assisted Magnetic Recording (HAMR) necessitates a shift to titanium spacers and specialised dampening to manage extreme vibration and thermal loads. This material transition serves as a significant growth catalyst, as titanium components command an ASP roughly 3-4x higher than traditional stainless steel.

Competitive moat and regained market share. Given the high-volume, low-mix and cost-competitiveness nature of the business, the HDD component market operates as a niche oligopoly similar to the HDD makers. The increase in global storage demand spurred by AI data accumulation flows directly to established suppliers like DUFU. Note: DUFU has been qualified as a second-source supplier for the third major

HDD maker since last year, and has regained its allocation from the market leader after resolving previous technical challenges in 2024. This recovery, combined with higher volumes, is expected to enhance operating leverage and drive significant margin expansion in spite of the weaker USD.

Robust outlook for sheet metal & engineering support. Accounting for 18-30% of group revenue, the non-HDD division is projected to record an accelerated performance this year. This growth aligns with the robust orderbooks seen across the local precision machining and engineering support sectors, fuelled by the semiconductor industry's upcycle and sustained demand for AI-related equipment. With a new production facility – set to double capacity – expected to be operational by 1H27, DUFU is well-positioned to capitalise on diversifying opportunities within the automotive, medical, and semiconductor sectors.

Company Report Card

Results highlights. DUFU's FY25 earnings recovered to MYR28m (+24% YoY) from a low in FY24, supported by a 6.7% growth in revenue amid a recovery in demand while regaining some lost ground in market share.

Balance sheet/cash flow. The company remains in a sound position, with net cash of MYR60m at the end of FY25. Both declining FCF yield (FY25: 3.9%) and ROE (FY25: 8.1%) were consistent with the decline in profitability in the past two years. However, stronger growth is expected, in view of the upturn in the HDD sector and the benefit of scale.

Dividends. Management declared a 3.5sen DPS for FY25 (flat YoY), reflecting a payout ratio of 68% and dividend yield of c.2% at its current share price. Assuming a payout ratio of 60% amid improved profitability, dividends should trend higher to reflect a ~3% yield in FY26.

Management. Executive Chairman Dato' Lee Hui-Ta is the major shareholder, who co-founded the group in the early 1990s. The group is led by CEO Teoh Chiew Hong, who has been with the company for over 20 years. He is supported by the company's CFO, David Khoo Chong Beng, who has been with DUFU since 2017.

Investment Case

Demand supercycle to drive earnings growth. Our FV range of MYR2.30-2.98 reflects a target 20-22x P/E on FY27-28F earnings. We believe this valuation is attractive, as the target multiple sits comfortably below the broader technology sector average and the 5-year P/E mean of DUFU's closest peers in the HDD industry.

Key downside risks include the escalation of input costs, slower orders, weaker-than-expected sales, and unfavourable FX rates.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	228	260	277
Reported net profit (MYRm)	24	23	28
Recurring net profit (MYRm)	24	23	28
Recurring net profit growth (%)	-63.7	-7.3	24.4
Recurring EPS (MYR)	0.04	0.04	0.05
DPS (MYR)	0.04	0.04	0.04
Dividend Yield (%)	1.9	1.9	1.9
Recurring P/E (x)	40.4	43.6	35.1
Return on average equity (%)	7.2	6.6	8.0
P/B (x)	2.9	2.9	2.8
P/CF (x)	0.2	0.2	0.2

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	260	257	260
Total assets	417	447	448
Total current liabilities	32	53	54
Total non-current liabilities	45	50	45
Total liabilities	77	103	99
Shareholder's equity	340	344	349
Minority interest	0	1	1
Other equity	0	0	0
Total liabilities & equity	417	447	448
Total debt	47	64	54
Net debt	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	49	44	58
Cash flow from investing act	(15)	(46)	(13)
Cash flow from financing act	(40)	2	(28)
Cash at beginning of period	108	103	102
Net change in cash	(5)	(2)	12
Ending balance cash	103	102	114

Source: Company data, RHB

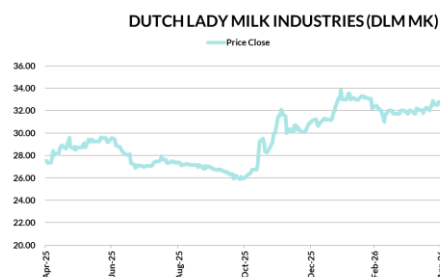


Dutch Lady Milk Industries

Returning To Its Nourishing Best

Fair Value: MYR46.4-51.6

Price: MYR32.6



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DLM MK
Avg Turnover (MYR/USD)	0.66m/0.16m
Net Gearing (%)	Net Cash
Market Cap (MYRm)	2087.7
Beta (x)	0.57
BVPS (MYR)	8.96
52-wk Price low/high (MYR)	26.1 - 33.8
Free float (%)	27

Major Shareholders (%)

FrieslandCampina	51.0
Amanah Saham Nasional	11.2
Siva Kumar	3.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.9	0.1	22.5	15.3
Relative	(0.3)	0.7	15.7	2.4

Soong Wei Siang +603 2302 8130

soong.wei.siang@rhbgroupp.com

Investment Merits

- Undemanding valuation for a dominant household dairy name with strong brand equity amid steadily rising dairy consumption
- Resumption of earnings growth after the complete transition to new production facilities
- Exciting potential of the Bandar Enstek plant in expanding total addressable markets and uplifting operational efficiency
- Moderated capex and deleveraged balance sheet supporting higher dividend payout for a rewarding yield of >6%.

Company Profile

Dutch Lady Milk Industries is a leading, *halal*-certified dairy manufacturer in Malaysia that was established in 1963 and listed on Bursa Malaysia in 1968. Owned by Royal Friesland Campina, DLM provides high-quality, nutritious milk products for all life stages – including liquid and growing-up milk – supporting domestic health and nutrition. According to Nielsen Retail Audit Dec 2025, DLM commanded a market share of 41.8% in liquid milk markets and 25.1% in the formula and toddler nutrition segment.

Highlights

Approaching an earnings upcycle. We believe DLM is well poised to stage an earnings recovery after completing the full migration to its new Bandar Enstek plant in FY25. Recap: The pandemic disruptions and transition to new production plant have depressed DLM's FY20-24 earnings. Apart from the favourable base effect, contributions from the Bandar Enstek plant, easing input costs as well as firmer MYR are earnings catalysts in FY26. In addition, we expect DLM to start reverting to its high dividend payouts from FY26 onwards, given that the heavy capex cycle over.

Into a new chapter with the Bandar Enstek plant. DLM's state-of-the-art *halal*-certified new facilities at Bandar Enstek (costing MYR600m) will play a pivotal role in its next phase of growth by bringing about: i) Doubled production capacity to capture future growth, ii) enhanced operations efficiency (with IR 4.0 modern automation and layout design) and streamlined production flows, iii) an improved delivery lead time and cost optimisation with the integration of its distribution centre (reducing reliance on external warehouses), and iv) tax allowance on qualifying income attributable to Bandar Enstek-related operations. All these should contribute meaningfully to healthy margin expansion going forward.

Expanding total addressable markets. Several new products have been launched since the commissioning of the Bandar Enstek plant, including Dutch Lady Omega 3*6 and the expanded range of Dutch Lady Sip & Seal Packs to cater to a wider range of customers. We believe DLM's new

products pipeline should remain robust going forward thanks to the enhanced R&D capabilities enabled by the new on-site pilot plant at Bandar Enstek. Whilst the focus now is very much on the domestic market, DLM could start scaling up its export exposure (currently account for 3-5% of total sales) with the new products and manufacturing flexibility of Bandar Enstek plant in the medium term. Hence, we look forward to a more robust topline growth prospects going forward.

Company Report Card

Results highlights. DLADY's FY25 revenue grew 4% to MYR1.5bn, supported by a volume growth of 7%. This has translated to a 7% growth in gross profit thanks to the improved efficiency unlocked by the new production facilities and favourable FX (FY25 GPM: +0.9ppts to 29%). That said, FY25 core earnings fell 11% to MYR121m, mainly dragged by higher effective tax rates and unfavourable FX-related adjustments.

Balance sheet. Coming off the heavy capex cycle, DLM has pared down its borrowings and turned into a net cash position in FY25 (vs net debt of MYR23m in FY24). The balance sheet strength should continue to improve going forward, supported by resumption of earnings growth and healthy cash flow generation.

Dividends. DLM's dividend payout ratios ranged between 94% and 152% during FY14-18 before dropping to 13-70% in FY19-25, impacted by the pandemic and transition to the new plant. We expect the payout to pick up going forward on moderated capex and a deleveraged balance sheet. A 100% payout will translate to a dividend yield of >6%.

Management. Veronika Utami took over the managing director role in Apr 2025. She previously served as the marketing director for consumer dairy and specialised nutrition at Frisian Flag Indonesia, Royal FrieslandCampina's subsidiary in Indonesia. Finance Director Kai De Klerk has been with DLM for three years and the Royal FrieslandCampina group since 2015.

Investment Case

DLM should exhibit visible earnings growth trajectory going forward from the low base when it completely stops incurring the one-off costs related to the plant transition to Bandar Enstek. Its outlook is promising when considering the exciting potential of the new plant in expanding the products range and uplifting operational efficiency. Trading at a sizeable discount to domestic local peers, we foresee a valuation rerating ahead when DLM starts to deliver steady earnings growth – supported by the progressive contributions from the Bandar Enstek plant. DLM should also be an appealing proposition to yield-seekers given our anticipation of higher payout ahead. Ascribing a P/E multiple range of 18-20x, which is in line with Fraser & Neave's (FNN MK, NR) forward valuation but at a discount to Farm Fresh's (FFB MK, BUY, TP: MYR3.06), we value DLM at MYR46.40-51.60.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	1,443	1,445	1,500
Reported net profit (MYRm)	72	97	103
Recurring net profit (MYRm)	131	136	121
Recurring net profit growth (%)	32.5	3%	-11%
Recurring EPS (MYR)	1.13	1.51	1.61
DPS (MYR)	0.50	0.50	0.50
Dividend Yield (%)	2.2	1.7	1.6
Recurring P/E (x)	15.9	15.4	17.3
Return on average equity (%)	30.1	27.0	21.1
P/B (x)	4.8	4.2	3.6
P/CF (x)	10.1	24.6	13.1

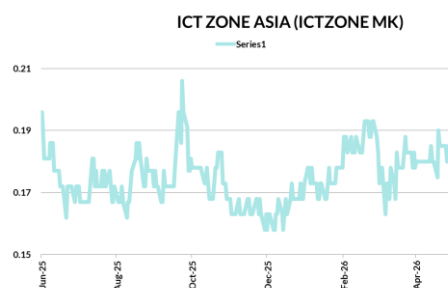
Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	404	419	429
Total assets	947	1,074	1,086
Total current liabilities	505	500	485
Total non-current liabilities	4	72	28
Total liabilities	510	572	513
Shareholder's equity	437	502	573
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	947	1,074	1,086
Total debt	11	71	91
Net debt (cash)	(55)	23	(2)

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	207	85	160
Cash flow from investing activities	(201)	(132)	(101)
Cash flow from financing activities	(45)	29	(14)
Cash at beginning of period	105	66	48
Net change in cash	(39)	(18)	45
Ending balance cash	66	48	93

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ICTZONE MK
Avg Turnover (MYR/USD)	0.44m/0.11m
Net Gearing (%)	n/a
Market Cap (MYRm)	143.2
Beta (x)	0.6
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.16 - 0.215
Free float (%)	25

Major Shareholders (%)

ICT Zone Holding	52.5
Choo Chin Thye	5.0
Kiat Ng Soon	2.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.8	0.0	12.1	n/a
Relative	(0.8)	(0.1)	4.7	n/a

Lee Meng Horng +603 2302 8115

lee.meng.horng@rhbgroupp.com

Investment Merits

- Multi-phase monetisation model for return optimisation
- Readiness of capital to scale up operations and grab market share
- ICT industry tailwinds, and backed by MYR293m orderbook
- Carbon neutrality computing services to drive demand

Company Profile

ICT Zone Asia operates in technology financing solutions, trading of ICT hardware and software, provision of cloud solutions and services, and provision of IT services. It distributes its products and services to strategic partners, channel partners, private and public corporations, government-linked corporations and agencies, and retail customers. It operates principally in Malaysia, with exposure to the Singapore, Bangladesh, and Indonesia markets for the provision of cloud solutions and services.

Highlights

Device as a Service (DaaS). The DaaS model provides a trouble-free one-stop solution for users of ICT devices, combining financing, ICT devices, and full-fledged services such as maintenance and technical support, analytics, and data backup and device recovery. The DaaS global market was valued at USD105bn in 2023 and is expected to reach USD1.69trn by 2032, growing at a CAGR of 36.18% over the 2024-2032 period, according to SNSinsider. Domestically, this managed service model is preferred in the government sector and has gained popularity in the private and corporate space for better cash flow and lifecycle management as well as tax efficiency.

Its subscription-based model enables corporations and agencies avoid hefty investments into ICT devices and pay only operating expenses. It also extends the useful life of devices, contributes to the reduction in ICT waste, and promotes responsible recycling. Acknowledging the increased emphasis on sustainable technology solutions, the company has ventured into the provision of carbon-neutral computing services with various accreditations such as MyHijau Mark and ISO14001:2015. This solution helps eliminate the environmental impact of ICT devices associated with its customers and provides an enhanced selling point for the company's products and services, given the growing requirements on ESG reporting.

Strong recurring and multi-cycle income. Its outstanding orderbook of MYR293m (as at Jan 2026), diversified base of leasing and rental models, and a total of >140k units of assets, provide solid earnings visibility for the company over the next few years. Its strategy to maximise returns on its capital via a 3-stage lifecycle are expected to bear fruit and drive further returns in FY28 (Jan). Following the end of the first lifecycle under new device rentals over an average tenure of three years, in which the devices are fully depreciated, the second lifecycle for refurbished

device rentals or disposals would generate significantly higher margins and commercial value for the devices. Furthermore, in the final stage, it markets the ICT devices that go through the first two stages via channels such as e-commerce platforms to maximise their residual value, thereby optimising its IRR. The expected higher average revenue per device or residual value following the increasing price trend are also tailwinds.

Industry tailwinds for the ICT industry. The ICT industry is faced with demand-side and supply-side drivers, both of which are in favour of the company. The global shortage and price hikes of memory and storage are expected to boost the prices of devices, incentivising mass customer access to the DaaS segment or to favour refurbished units, while improving the revenue contribution of the trading segment. On the demand side, the long-term drivers such as AI-driven upgrades, cloud services, tech refresh, government initiatives, and agendas on digitalisation are expected to continue to drive structural demand growth. The group targets a MYR500m orderbook over the next 2-3 years, supported by strong project pipelines and financing readiness to be deployed to new projects.

Company Report Card

Results highlights. Listed on Bursa Malaysia in Jun 2025, the company recorded a 4-year CAGR (FY22-26) of 38%, 34% and 39% for its revenue, gross profit, and PATAMI respectively, demonstrating its immense growth potential. In FY26, the company recorded gross profit and PATAMI margins of 19% and 9%.

Balance sheet. The company delivered an ROE of 18% and ROA of 6% in FY26. It remained healthy in its debt position with a net gearing of 69% in FY26, mainly to fund its technology financing DaaS model with a healthy CFO of MYR84m.

Management. The company is under the helm of Lim Kok Kwang, who is co-founder and Managing Director.

Investment Case

Fair value. Pegged to a target P/E of 10-13x FY27F-28F (Jan), we derive a fair value in the range of MYR0.25-0.38. We deem this valuation as very reasonable given the company's strategic market positioning, its foreseeable expansion, and the optimistic industry outlook. Key risks include dependence on strategic partners, its capital-intensive nature, and uncertainties on the size of its future orderbooks.

Profit & Loss	Jan-24	Jan-25	Jan-26
Total turnover (MYRm)	1,144	1,278	1,870
Reported net profit (MYRm)	7	9	16
Recurring net profit (MYRm)	6	8	14
Recurring net profit growth (%)	7.4	37.4	67.3
Recurring EPS (MYR)	0.013	0.013	0.020
DPS (MYR)	0.003	0.002	0.001
Dividend Yield (%)	1.5	1.3	0.8
Recurring P/E (x)	13.6	13.6	8.9
Return on average equity (%)	12.0	16.6	17.9
P/B (x)	1.6	1.7	1.3
P/CF (x)	2.2	1.3	1.7

Source: Company data, RHB

Balance Sheet (MYRm)	Jan-24	Jan-25	Jan-26
Total current assets	44	51	79
Total assets	192	237	295
Total current liabilities	60	35	106
Total non-current liabilities	70	71	80
Total liabilities	130	166	185
Shareholder's equity	61	70	109
Minority interest	0	1	(0)
Other equity	0	0	0
Total liabilities & equity	192	237	295
Total debt	130	166	185
Net debt	(74)	(87)	(75)

Source: Company data, RHB

Cash Flow (MYRm)	Jan-24	Jan-25	Jan-26
Cash flow from operations	45	91	84
Cash flow from investing activities	(93)	(92)	(96)
Cash flow from financing activities	49	5	25
Cash at beginning of period	8	9	14
Net change in cash	1	5	13
Ending balance cash	9	14	27

Source: Company data, RHB



Innoprise Plantation

High-Yield Pure Planter

Fair Value: MYR2.50-2.70

Price: MYR2.04

INNOPRISE PLANTATION(INNO MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	INNO MK
Avg Turnover (MYR/USD)	0.57m/0.14m
Net Gearing (%)	(5.1)
Market Cap (MYRm)	976.9
Beta (x)	0.6
BVPS (MYR)	0.67
52-wk Price low/high (MYR)	1.68 - 2.17
Free float (%)	21

Major Shareholders (%)

Innoprise Corp	50.2
TSH Resources	21.9
United Overseas Bank	4.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	8.2	7.1	11.1	26.5
Relative	5.1	7.8	4.4	13.7

Iftaar Hakim Rusli +603 2302 8114

iftaar.hakim.rusli@rhbgroupp.com

Investment Merits

- Beneficiary of elevated CPO prices
- Young tree age profile
- Consistently above-average dividend yields

Company Profile

Innoprise is a pure upstream palm oil company principally involved cultivating oil palm plantations and processing FFB to produce CPO and palm kernel (PK). With a total landbank of 22,763ha in Sabah, it has six oil palm plantation estates and one palm oil mill – where 12,246ha are planted with oil palm trees. Innoprise has achieved 100% Malaysian Sustainable Palm Oil (MSPO) certification for all its estates and palm oil mill since 2019.

Highlights

Beneficiary of elevated CPO prices. CPO prices have increased by 15% in eight weeks following the recent Middle East conflict, bringing the YTD-2026 average to MYR4,269/tonne. We note that crude oil and CPO are positively correlated (+0.75) and – given the still-heightened crude oil prices of USD90-100/bbl vs USD70 prior to the US/Israel-Iran war – CPO prices are more likely to remain sticky in the near term. This will be further supported by Indonesia's decision to implement the B50 mandate from 1 Jul, which increases PO demand by 1.5m tonnes for 2026.

Innoprise, a pure planter, is set to highly benefit from the high CPO prices, and our estimates of MYR4,400 and MYR4,300 per tonne for 2026 and 2027 suggest further upside from the current YTD-average. We estimate that, for Innoprise, every MYR100/tonne increase in CPO and PK ASPs will increase its earnings by about 6-10% pa. As such, this stock performs well in times of rising CPO prices. Also, it continued to outperform, even when CPO prices were falling – in Apr 2025, its share price increased by 3% vs the 16% decline in the price of CPO.

Attractive tree age profile. Innoprise's planted area spans 12,246ha. 95% of its trees are in prime maturity (10 years and above). This allows it to generate consistent yields of 22 tonnes/ha – higher than Sabah's average of 16.76 tonnes/ha in 2025 and its peers' 19-20 tonnes/ha. Unlike other planters with higher tree age profiles, Innoprise also benefits from having minimal-to-no replanting activities – which would disrupt production in the near term. However, we highlight that it posted a negative growth of -1% YoY in FY25 due to adverse weather conditions in Sabah in 1H25. Management is aiming for FFB production growth of 5-10% YoY in FY26-27, after a soft FY25. In 1Q26, FFB production recovered by 13% YoY, while CPO output surged 29% YoY, higher than Sabah's and the national record of +7% YoY and +11% YoY growth.

Disciplined cost management. Innoprise locked in its FY26 fertiliser requirements in Dec 2025, at prices that are lower by 15-20% vs current

rates, safeguarding it from current volatilities. Additionally, as its planted area is concentrated in Kalabakan, logistics costs make up <5% of total costs and will be offset by the spike in CPO prices. Coupled with higher-than-average FFB yields, this translates to a comfortably stronger core PATAMI margin of 27-30% for the company in FY24-FY25F, against its peer average of 12-15%. Innoprise is also expected to continue recording stable margins in the near term.

Handsome dividend yield. Innoprise has an official dividend policy to pay out at least 80% of PAT, to reward shareholders. Over FY24-25, it recorded 85-99% payout ratios (peer average range: 50-60%), translating to dividend yields of ~8%. With a net cash position and minimal capex, Innoprise should be able to maintain attractive yields of ~7-9%, providing support to its share price.

Company Report Card

Latest results. Innoprise recorded core net earnings of MYR21m (-1% QoQ, -33% YoY) for 4Q25, bringing its FY25 core PATAMI to MYR75m (-9% YoY). The decline was mainly due to lower CPO sales volumes (-6% YoY) as a result of unfavourable weather conditions and higher estimated unit costs (+15% YoY). The ASP of its CPO, meanwhile, ticked up by a modest 2% YoY to MYR4,306/tonne, while its PK ASP rose by a larger 29% YoY to MYR3,402/tonne.

Solid EBIT margins. Innoprise's EBIT margin shrank to 35% in FY25 (FY24: 41%) on higher costs and lower CPO volumes, albeit partially offset by higher ASPs. Considering the current elevated CPO prices and FFB recovery, Innoprise is estimated to post a margin recovery in FY26, approaching FY24 levels.

Balance sheet. Innoprise continues to be in a net cash position of MYR16m in FY25 and, considering the minimal capex – thanks to its young trees (average age: 10-11 years) – it should be able to maintain its net cash position.

Dividends. Innoprise declared a final DPS of 15 sen in FY25, bringing the core payout ratio to 99% (FY24 payout ratio: 85%). This translates to a dividend yield of 7.5% at the current share price.

Innoprise is led by a skilled management team comprising Non-Independent Executive Director and Chairman Datuk Jasni bin Daya, and Managing Director Datuk Kelvin Tan Aik Pen, who have over 40 years of experience in agribusiness. They are supported by a senior management team with over 30 years of experience across their respective fields.

Investment Case

We expect earnings growth to be primarily driven by: i) Higher CPO prices, which benefit pure planters; ii) Recovery in FFB production from favourable weather conditions. This is further supported by its handsome dividend yields of 7-9%, which makes it an attractive option for investors seeking a relatively safe-haven stock. We value the stock based on 12-13x P/E on FY26F earnings. This is at a discount to our valuation for Johor Plantations Group (JPG MK), which we think is fair – given JPG's bigger size and premium ASPs. Our P/E range is at a slight +0.8SD from its 5-year historical mean, justified by the expectation that FY26F is a year of recovery for this planter.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	224	277	273
Reported net profit (MYRm)	52	87	73
Recurring net profit (MYRm)	48	82	75
Recurring net profit growth (%)	(42.3)	71.6	(8.8)
Recurring EPS (MYR)	0.10	0.17	0.16
DPS (MYR)	0.10	0.16	0.15
Dividend Yield (%)	4.9	7.6	7.4
Recurring P/E (x)	20.5	11.9	13.1
Return on average equity (%)	15.5	24.3	23.4
P/B (x)	3.2	2.9	3.1
P/CF (x)	13.6	8.5	10.2

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	37	67	41
Total assets	402	437	414
Total current liabilities	25	33	29
Total non-current liabilities	69	68	66
Total liabilities	94	100	95
Shareholder's equity	308	337	319
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	402	437	414
Total debt	2	2	2
Net debt	(14)	(40)	(16)

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	72	115	95
Cash flow from investing activities	(33)	(31)	(28)
Cash flow from financing activities	(46)	(58)	(91)
Cash at beginning of period	22	15	42
Net change in cash	(6)	26	(24)
Ending balance cash	15	42	18

Source: Company data, RHB

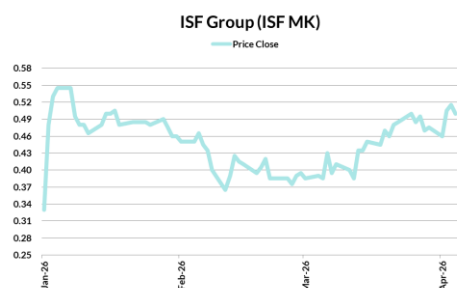


ISF Group

Piping Into Johor's Growth Era

Fair Value: MYR0.61-0.67

Price: MYR0.50



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ISF MK
Avg Turnover (MYR/USD)	6.66m/1.69m
Net Gearing (%)	n/a
Market Cap (MYRm)	500
Beta (x)	0.2
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.35 - 0.56
Free float (%)	27

Major Shareholders (%)

ASF Eternity	60.1
Ai Boon Chen Jeff	12.5
Yap Chui Fan	0.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	17.8	6.0	n/a	n/a
Relative	14.6	6.6	n/a	n/a

Adam Mohamed Rahim +603 2302 8101

adam.mohamed.rahim@rhbgroupp.com

Investment Merits

- Data centre (DC) investments in Malaysia, especially in Johor, to continue driving its orderbook growth
- Set to benefit from the Johor-Singapore Special Economic Zone (JS-SEZ), given its strong foothold in the state (60.4% of FY24 revenue from Johor)
- Exposure in Penang (contributed 22.1% of FY24 revenue) which has commendable industrial prospects.

Company Profile

ISF Group (ISF) is primarily involved in the supply and installation of piping systems for end-user premises, as well as water supply and sewer infrastructure piping. Besides that, it provides maintenance and repair services for piping systems. The bulk of revenue comes from DC projects, which contributed 50.8% of FY25 revenue. The smallest portion of its FY25 turnover (ie 8.6%) stemmed from works on other types of infrastructure related to power plants and mass transit facilities, among others.

Highlights

Orderbook. ISF has an outstanding orderbook of MYR125.7m as of end-Dec 2025, with 55% coming from residential property projects, followed by DCs (20% of order value). The remainder comes from commercial, industrial and other types of properties, ie water supply and sewer infrastructure plus institutional, healthcare, power plants and mass transit facilities. For the current financial year, ISF has secured MYR32.5m worth of new jobs related to a DC, standard serviced apartments, along with service apartments connected to a private hospital.

Tenderbook. The company's tenderbook is worth MYR456.6m as at 31 Dec 2025, with 61.6% from DC-related tenders. This is followed by commercial properties (13.1%), residential properties (10.3%), others (7.7%), and industrial properties (7.3%). With the aforementioned tenderbook of MYR456.6m, we view that an assumed success rate of 30% to be reasonable – which translates to a job replenishment value of c.MYR140m for FY26F.

In a sweet spot to leverage from Johor's development growth. We are also upbeat on the ISF's solid foothold in Johor, with 68% of revenue coming from Johor in 7M25 – enabling the group to leverage on the industrial prospects of the JS-SEZ, as Johor was the state to record the highest FDI in 2025 (worth MYR110bn). Furthermore, the increasing demand for residential projects near the Rapid Transit System (RTS) Link area in Johor Bahru may spur the need for piping infrastructure related to end-user premises.

DC prospects. Based on an article quoting Lee Ting Han, Johor's state executive councillor for investment and trade, all 48 DCs in Johor are expected to be operational by 2030, with a total committed capacity of 5,100GW. Meanwhile, Johor has 15 completed DCs with a total capacity of 1,700GW. This should support the job flows for end-user premises piping works for ISF. Therefore, the additional 3.4GW potentially translates to only 238m litres per day (MLD) of water supply needed for DCs, based on a 0.07MLD of water per MW assumption. All in, this should sustain the need for piping infrastructure related to DCs, which usually command GPMs ranging between 35% and 39% (higher than that of residential and commercial property-type jobs).

Company Report Card

Results highlights. The company's numbers grew steadily in FY25, as it marked a 80% YoY spike in revenue, which led to core earnings surging by 177% YoY. This was underpinned mainly by higher contributions from DC-related piping jobs (which chalk higher margins vs residential jobs), which stood at 50.8% in FY25 vs 21.3% in FY24.

Balance sheet. As of end-FY25, ISF has net cash of MYR12m, which gives it some headroom to gear up for future jobs. ROAE remained strong, ie above 30% for the past three financial years (FY23 to FY25) as the group managed to considerably improve its core net profit margin to 26.7% in FY25, from 11.3% in FY23.

Dividends. The company has no dividend policy, but we do not discount the likelihood of there being room for more dividend payouts in FY26, in view of the expected improved profitability.

Management. ISF has an experienced management team that is helmed by Managing Director Ai Boon Chen and Executive Directors Ai Sew Fuat and Lim Ay Yum. They bring with them approximately 13, 46, and 44 years of experience in the piping industry. They are supported by key senior management members, who each have between approximately eight years to 15 years of relevant experience.

Investment Case

Poised for steadier growth. Johor is undoubtedly the main earnings driver for ISF (68% of revenue in 7M25). Notwithstanding this, ISF has secured projects in Penang, Melaka and Selangor (among others) – enabling it to tap on the growth potential in these states. Ongoing Middle East tensions may enable shifts of certain hyperscalers into Asia (including Malaysia) from the Middle East. This may be made more attractive with the onset of the JS-SEZ, barring any risks from major supply chain disruptions for AI components.

Fair value. Pegged to target 19-21x P/Es on FY27F earnings, ISF's FV ranges MYR0.61-0.67. The target P/E ascribed reflects its edge, following its experience in covering a wide range of end-user premises which provides the group with growth opportunities. Also, the target valuation is still below that of contractors involved in industrial and DC construction (ie large-cap players), reflecting ISF's smaller market cap.

Key risks include a slowdown in the DC space, and higher-than-expected building material costs such as that for pipes.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	39	55	99
Reported net profit (MYRm)	4	10	25
Recurring net profit (MYRm)	4	9	26
Recurring net profit growth (%)	369.6	115.8	176.8
Recurring EPS (MYR)	0.00	0.01	0.03
DPS (MYR)	0.00	0.01	0.01
Dividend Yield (%)	0.0	2.0	2.4
Recurring P/E (x)	114.1	52.9	19.1
Return on average equity (%)	34.1	64.9	118.8
P/B (x)	33.3	34.1	17.9
P/CF (x)	72.9	134.7	25.2

Source: Company data, RHB

Note: Recurring EPS, P/E, P/B and P/CF for FY23-FY25 are based on the share base of 1,000m post IPO

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	26	43	63
Total assets	40	51	71
Total current liabilities	21	33	40
Total non-current liabilities	4	3	3
Total liabilities	25	36	43
Shareholder's equity	15	15	28
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	40	51	71
Total debt	5	5	8
Net debt	(6)	(6)	(12)

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	7	4	20
Cash flow from investing activities	(1)	0	0
Cash flow from financing activities	(3)	(3)	(11)
Cash at beginning of period	5	7	8
Net change in cash	2	1	9
Ending balance cash	7	8	17

Source: Company data, RHB



Jati Tinggi

Beneficiary Of Accelerating TNB Capex And DC Rollout

Fair Value: MYR0.59-0.68

Price: MYR0.55

JATI TINGGI (JTGROUP MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	JTGROUP MK
Avg Turnover (MYR/USD)	0.85m/0.2m
Net Gearing (%)	n/a
Market Cap (MYRm)	237.6
Beta (x)	1.6
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.31 - 0.77
Free float (%)	29

Major Shareholders (%)

Broad River Cap	45.9
Dato' Seri Lim Yeong Seong	11.7
Chin Jiunn Shyong	4.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(9.4)	(16.5)	(30.4)	43.3
Relative	(12.6)	(15.9)	(37.2)	30.4

Max Koh +603 2302 8131

max.koh@rhbgroupp.com

Investment Merits

- Beneficiary of power grid expansion and data centre (DC) buildouts
- Transition to main contractor status for Tenaga Nasional (TNB) drives orderbook expansion
- Margin improvement via direct bidding for TNB projects and acquisition of pipe manufacturing firm.

Company Profile

Jati Tinggi Group is an utilities engineering solutions provider. Operating through its main subsidiary, Jati Tinggi Holding, the group's scope of works include installing and maintaining underground and overhead power cables (spanning 11kV to 500kV), as well as EPCC works for substations. As a qualified main contractor for Tenaga Nasional (TNB MK, BUY, TP: MYR16.50), it is a beneficiary of grid expansion and DC buildouts in Malaysia.

Highlights

Transition to TNB's main contractor status. Since 2003, Jati Tinggi has provided EPCC works for TNB's key contractors. In early 2025, the group transitioned to become one of TNB's main contractor, which allowed it to bypass the "middle man" and secure bigger contracts with higher margins. Since then, it had secured MYR333m jobs directly from TNB. This include a MYR161m contract for a 275kV bulk supply connection to a DC in Johor – the single largest contract secured for the group. It had also won a MYR117m project for a 275kV DC connection in Dec 2025. TNB jobs currently make up 94% of its outstanding orderbook. Following its appointment to main contractor status, Jati Tinggi's net margin had improved 3.1ppts to 5.1% in FY25 (vs 3% in FY22).

Beneficiary of TNB's accelerated capex. Jati Tinggi is a beneficiary of TNB's accelerated capex, as the latter had earmarked MYR13bn and MYR15bn regulated capex in FY26 and FY27 (vs MYR12bn in FY25). For Regulatory Period 4 (RP4: 2025-2027), the Government had approved base regulated capex of MYR26bn – a 29% increase from RP3. However, there is potential for TNB to maximise capex to MYR42bn (108% higher vs RP3) to meet higher energy demand. We estimate that TNB will supply 700MW new capacity to DCs annually, which should drive orderbook replenishment for Jati Tinggi.

Strong MYR770m orderbook with upside from MYR2.2bn tender book. Jati Tinggi currently has an outstanding orderbook of MYR770m (vs MYR400m in early-2025). TNB contracts make up 94% of the orderbook, with 47% of jobs related to DCs. In terms of job scope, about 35% of the orderbook are for substation works, with the remainder for power lines. We believe the outstanding orderbook will sustain the group's revenue for the next 12-24 months. Management is currently tendering for MYR2.2bn worth of jobs, with TNB making up 90% of contracts. Notably,

74% of these projects are for substations, which command better margins vs transmission lines. Management is targeting to secure MYR300m worth of jobs in FY26, which suggests a 14% win rate. We believe this is reasonable as the group has secured MYR198m projects YTD – already making up 42% of FY25 new wins, and 66% of its target. The group had also recently acquired a 51% stake in Roflex Pipe for MYR6m (implying 3x FY25 P/E). This allows the group to secure a stable supply of polyethylene pipes, which are core components for its utility projects. Management expects the Roflex business to contribute MYR2m annually to the group.

Company Report Card

Latest results. Jati Tinggi reported recurring net earnings of MYR1.2m in 1QFY26 (Feb). Recurring earnings grew 108% YoY on 198% topline growth, mainly due to stronger contributions from two 275kV bulk supply contracts. On a sequential basis, earnings fell 67% due to lower progress billings for the two same projects, while costs remain elevated. Management is guiding margin improvement in the coming quarters on stronger revenue recognition for its new projects.

Balance sheet. As at end-February, Jati Tinggi is in a net cash position. The group is sitting on MYR76m cash against total borrowings of MYR42m.

Dividends. Jati Tinggi has not paid any dividends in recent years, but we do not discount the group adopting a dividend policy in 3-5 years given its current net cash position and strong cash flow generation.

Management. Jati Tinggi is helmed by managing director Dato' Seri Lim Yeong Seong with over 30 years of experience in the utility engineering space. He is instrumental in growing the group from its inception in 2003 to become a leading contractor for TNB – by specialising in 11kV-275kV underground and overhead cable solutions and substation projects.

Investment Case

We expect Jati Tinggi earnings to sustain on: i) Outstanding MYR770m orderbook replenishment with 3.9x revenue cover, ii) strong tender book of MYR2.2bn on the back of accelerating capex by TNB, iii) improving margin following its appointment as a TNB main contractor, and iv) acquisition of Roflex to secure supply and mitigate rising cost pressures.

We value the stock based on a range of 15-17x P/E, against its FY26F earnings. This is at a discount to 17x average PE for its local peers with exposure to substation and DC engineering works, which we believe is fair given its 5% net margin vs peers' average of 8%. Jati Tinggi is currently trading at -1SD of its 3-year historical mean. Our P/E-based valuation of 15-17x is close to its 3-year historical mean, which we believe is justified due to stronger job prospects from TNB capex and DC rollout.

Profit & Loss	Nov-23	Nov-24	Nov-25
Total turnover (MYRm)	115	128	195
Reported net profit (MYRm)	4	10	10
Recurring net profit (MYRm)	4	6	10
Recurring net profit growth (%)	43.1	51.8	66.6
Recurring EPS (MYR)	0.01	0.02	0.02
DPS (MYR)	0.00	0.00	0.00
Dividend Yield (%)	0.00	0.00	0.00
Recurring P/E (x)	45	36	22
Return on average equity (%)	10.6	11.4	12.1
P/B (x)	4.5	3.3	2.3
P/CF (x)	63.8	(8.8)	16.8

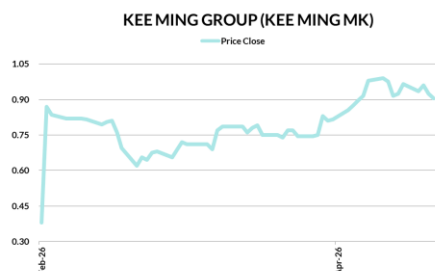
Source: Company data, RHB

Balance Sheet (MYRm)	Nov-23	Nov-24	Nov-25
Total current assets	120	134	220
Total assets	131	137	225
Total current liabilities	91	70	125
Total non-current liabilities	1	1	2
Total liabilities	92	71	127
Shareholder's equity	39	66	98
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	131	137	225
Total debt	31	23	50
Net debt	8	2	(28)

Source: Company data, RHB

Cash Flow (MYRm)	Nov-23	Nov-24	Nov-25
Cash flow from operations	3	(24)	13
Cash flow from investing activities	(0)	8	(1)
Cash flow from financing activities	3	6	45
Cash at beginning of period	13	19	8
Net change in cash	10	2	70
Ending balance cash	23	21	78

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	KEEMING MK
Avg Turnover (MYR/USD)	3.24m/0.82m
Net Gearing (%)	n/a
Market Cap (MYRm)	294.1
Beta (x)	2.8
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.6 - 1.02
Free float (%)	49

Major Shareholders (%)

Ir Liew Kar Hoe	50.7
Lai Jun Wah	0.1
Chan Hon Hoong	0.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	16.6	150.0	n/a	n/a
Relative	13.4	150.6	n/a	n/a

Adam Mohamed Rahim +603 2302 8101

adam.mohamed.rahim@rhbgroupp.com

Investment Merits

- Has a strong foothold in Perak while gradually expanding into other states
- Able to leverage on robust growth in industrial activities nationwide, not just in Perak
- Group to capture demand from solar farm interconnection and clean energy infrastructure projects via Solarvest's stake in Kee Ming

Company Profile

Kee Ming Group is primarily involved in the provision of mechanical & electrical (M&E) engineering services, covering electrical – eg high/medium/low voltage installations, solar photovoltaic, and EV charging) and mechanical, ie air conditioning and mechanical ventilation or ACMV and fire protection systems. The group is also involved in the provision of maintenance and repair services. The bulk of Kee Ming's revenue comes from industrial projects, which contributed 63.1% of FY25 (Mar) revenue, while clean energy and infrastructure/interconnection works are emerging segments (combined contribution of 6.7% to FY25 revenue vs 2.5% in FY24).

Highlights

Revenue breakdown. Geographically, Perak contributed 52.4% of Kee Ming's revenue in FY25 – we also need to note Penang contributed 30.2% in the same year but saw no contributions in the preceding year (FY24). Furthermore, the group's revenue contributions from Selangor reached 13.7% in FY25 from just 6.2% and 4.2% in FY23 and FY24. As such, this indicates Kee Ming's greater outreach beyond Perak to tap into industrial growth from states such as Penang and Selangor. Major contractors, namely Gamuda and Sunway Construction, were some of its clients in FY25.

Orderbook. As of 31 Dec 2025, Kee Ming's outstanding orderbook stood at MYR176.1m across 64 ongoing projects. Industrial projects make up the bulk of the outstanding order book, anchored by the Valdor Industrial Park (MYR76.5m), Kuala Muda high voltage interconnection (MYR38m), and Bandar Sri Iskandar (MYR24.1m) projects. With a tender book of c.MYR760m upon listing, we pencil in a success rate of 15%, which translates to potential job wins of c.MYR110m for FY27.

Lumut Maritime Industrial City or LuMIC is a 9,307ha integrated maritime industrial cluster within Manjung District in Perak with six industrial clusters. The project, a JV between Perak State Development Corp (PKNPk) and Belgium-based Port of Antwerp-Bruges International (PoABI), is designed to be a long-term, sustainable maritime, logistics, and industrial hub that is centred on value-added and innovation-driven industries. This may provide long term opportunities for Kee Ming to potentially aim for, given that it is a Perak-incorporated M&E specialist.

Involvement in residential projects cannot be ruled out. We also do not discount the possibility of Kee Ming being involved in residential projects in Ipoh such as the Sunway Ipoh Residential project. In general, the 1,350-acre Sunway City Ipoh township (entire masterplan's GDV: More than MYR5bn) has about 400 acres of land yet to be developed – comprising c.100 acres of flat land and 300 acres of developable land at a hilltop. The township's total development to date has amounted to c.MYR2bn, with c.MYR4bn worth of GDV to be developed over the next 10-15 years.

Company Report Card

Results highlights. Kee Ming's numbers grew steadily in FY25 as it marked an 59.8% YoY growth in revenue that led to core earnings surging by 35% YoY. This was underpinned mainly by higher contributions from M&E engineering services with the industrial segment being the dominant contributor, accounting for 63.1% of FY25 revenue.

Balance sheet. As of end FY25, Kee Ming is in a net cash position, which may give the group some headroom to gear up for future jobs. ROAE remained strong above 30% for the past two financial years (FY24 to FY25) as Kee Ming managed to considerably improve core net profit margin to a range of 13-15% for FY24-25 from just 3% in FY23.

Dividends. The group has no dividend policy, but we do not discount the probability that there is room for more dividend payouts from FY26 onwards, in view of expected improved profitability.

Management. Kee Ming has an experienced management team led by the Managing Director Ir Liew Kar Hoe and supported by supported by Chan Hon Hoong (project manager for mechanical engineering services projects) and Chan Jun Ho (project manager for electrical engineering services projects). All three have more than 10 years of working experience in the M&E engineering services market.

Investment Case

Poised for steadier growth. In 2025, Perak recorded investments (foreign and domestic) totalling MYR15.8bn, involving 560 projects; with nearly MYR9.4bn invested in the manufacturing sector – presenting ample opportunities for Kee Ming. Also, with Solarvest holding a 23.85% stake (post IPO) in the group, this should enable it to capture demand from solar farm interconnection and clean energy infrastructure projects (contributed 6.7% to FY25 revenue) via Kee Ming's electrical engineering services arm.

Fair value. Pegged to target 19-21x P/E's on FY27F earnings, Kee Ming's FV ranges between MYR1.17 and MYR1.29. The target P/E ascribed reflects the group's ability to tap into Perak's booming development. Also, the target valuation is still below those of contractors involved in industrial and data centre (DC) construction (which are contractors from the large-cap space), reflecting Kee Ming's smaller market cap.

Key risks include a slowdown in the DC space.

Profit & Loss	Mar-23	Mar-24	Mar-25
Total turnover (MYRm)	20	39	62
Reported net profit (MYRm)	1	6	8
Recurring net profit (MYRm)	1	6	8
Recurring net profit growth (%)	n.a.	844.8	35.2
Recurring EPS (MYR)	0.00	0.02	0.03
DPS (MYR)	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0
Recurring P/E (x)	459.6	48.6	36.0
Return on average equity (%)	9.6	47.5	39.1
P/B (x)	44.1	23.1	14.1
P/CF (x)	142.2	110.3	(115.1)

Source: Company data, RHB

Note: Recurring EPS, DPS, P/E, P/B and P/CF for FY23-FY25 are based on the share base of 325m post-IPO.

Balance Sheet (MYRm)	Mar-23	Mar-24	Mar-25
Total current assets	17	20	48
Total assets	19	22	51
Total current liabilities	11	9	29
Total non-current liabilities	1	1	1
Total liabilities	12	9	30
Shareholder's equity	7	13	21
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	19	22	51
Total debt	1	1	3
Net debt	(7)	(6)	(1)

Source: Company data, RHB

Cash Flow (MYRm)	Mar-23	Mar-24	Mar-25
Cash flow from operations	2	3	(3)
Cash flow from investing activities	(1)	0	(0)
Cash flow from financing activities	(2)	(5)	1
Cash at beginning of period	8	8	6
Net change in cash	(0)	(1)	(2)
Ending balance cash	8	6	5

Source: Company data, RHB

Semiconductor And AI Boom Beneficiary

KOBAY TECHNOLOGY (KOBAYMK)



Investment Merits

- Growth driven by semiconductor sector recovery and sustained aerospace contributions
- New high-margin business takes over underutilised facility
- Artificial intelligence (AI) server segment scaling up with strong earnings contributions

Company Profile

Established in 1984, Kobay Technology has evolved into a diversified enterprise with operations across manufacturing, property development, pharmaceuticals and healthcare, asset and investment management, and other supporting activities. Manufacturing remains the core business and main revenue contributor. Its manufacturing services include precision machined components, metal stamping, sheet metal parts, tooling and dies, semiconductor assembly and testing equipment, and electronics manufacturing services (EMS). Kobay also fabricates metal structures and components for the oil & gas and aerospace industries, as well as undertaking aluminium extrusions for sustainable manufacturing applications.

Highlights

Beneficiary of semiconductor recovery. Kobay's metal fabrication and precision engineering business continues to see stable demand across E&E, medical, and aerospace customers, with order visibility remaining strong for the next six months. Aerospace has become a key growth driver, contributing c.11% of group revenue, and is expected to remain resilient. At the same time, rising memory demand and a cyclical recovery in semiconductor capital equipment spending supports continued growth in Kobay's mechanical and sheet metal orders. Margins are expected to improve on better utilisation rates, in our view.

New high-margin business takes over underutilised facility. The transformation of Kobay's more than 175,000sq ft Prai facility into an AI server manufacturing hub has boosted fixed cost absorption and operating leverage. Backed by a c.MYR45m investment to upgrade power infrastructure, assembly floors, and burn-in capabilities, the facility is now capable of supporting end-to-end AI server manufacturing, with capacity expanded from two to four assembly lines, and utilisation nearing full capacity. Operating under a service-only high-level assembly (HLA) model, Kobay avoids component sourcing and graphics processing unit (GPU) cost exposure, enabling it to sidestep low-margin, high-revenue pass-throughs.

AI server clients drive high-margin earnings. Kobay's AI server manufacturing segment has transitioned from pilot to meaningful commercial contributions, with revenue recognition commencing in Sep

Source: Bloomberg

Stock Profile

Bloomberg Ticker	KOBAY MK
Avg Turnover (MYR/USD)	1.14m/0.28m
Net Gearing (%)	21.5
Market Cap (MYRm)	687.3
Beta (x)	1.5
BVPS (MYR)	1.18
52-wk Price low/high (MYR)	1.12 - 2.43
Free float (%)	26

Major Shareholders (%)

Kobay Holdings	35.0
Norinv Kapital	18.4
Inna Capital	4.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	51.6	42.5	70.0	95.1
Relative	48.4	43.1	63.2	82.2

Queenie Tan +603 2302 8127

queenie.tan@rhbgroupp.com

2025 following initial shipments to customers. Order visibility remains firm, largely driven by demand from local data centre clients, providing clear near-term earnings visibility. The group's service-only model continues to underpin structurally higher profit margins, reinforcing the earnings quality despite a relatively smaller revenue base when compared to traditional turnkey EMS jobs. We anticipate this new segment to lift its manufacturing segment and provide an earnings leg-up.

Company Report Card

Results highlights. In 1HFY26, Kobay delivered a steady financial performance, with revenue rising 45% YoY to MYR255.9m. The growth was primarily driven by the manufacturing segment, which remained the core revenue contributor at 67.3% of total revenue (MYR172.2m), supported by the sustained demand for high-precision machined components and metal stamping products. The pharmaceutical and healthcare segment recorded revenue of MYR40.4m, marginally down 1% YoY, while the property development and asset management segments generated revenues of MYR23.9m and MYR19.2m. Kobay reported stronger PBT (+35%) on elevated sales from higher-margin products, eg GPU servers, and introduction of new medical devices.

Balance sheet and dividend. As at 31 Dec 2025, Kobay's net gearing ratio stood at 0.19x. Assuming a successful turnaround, we expect the group to return to a net cash position by FY26, supported by improving earnings and cash flow generation. Historically, Kobay paid out an average of c.20% of PATAMI between FY21 and FY23, which we assume will be maintained going forward.

Management team. Kobay is led by Managing Director and CEO Dato' Seri Koay Hean Eng who has over 40 years of experience in the industry. Dato' Seri Koay oversees the group's overall management, strategic direction, and corporate development. He is supported by: i) Executive Director and COO Koay Zee Ee (who is responsible for managing the group's core manufacturing operations), and ii) Executive Director and COO Koay Woo Seong (in charge of overseeing Kobay's property development and hospitality management operations).

Investment Case

Low-teen P/E; entry into semiconductor and AI sectors. We are positive on Kobay, underpinned by earnings recovery in its manufacturing division through the conversion of under-utilised assets into higher-margin AI server assembly facilities, as well as improving demand from a semiconductor upcycle that benefits its metal fabrication and precision engineering businesses. Valuation remains attractive, with the stock trading at a low-teen forward P/E, while margins are expected to improve alongside exponential earnings growth. Ascribing a 15-21x FY27F P/E, we derive a FV of MYR2.77-3.88. The valuation is fair as the range is in line with the forward P/E of the Bursa Industrial Production Index and Kobay's historical average forward valuation.

Key risks include loss of key customers, supply chain disruptions, slowdowns in the data centre, semiconductor or aerospace sectors, tariff risks, FX fluctuations, and sanctions by the US.

Profit & Loss	Jun-23	Jun-24	Jun-25
Total turnover (MYRm)	314	330	342
Reported net profit (MYRm)	27	14	(15)
Recurring net profit (MYRm)	27	18	19
Recurring net profit growth (%)	na	(32.4)	8.1
Recurring EPS (MYR)	0.08	0.06	0.06
DPS (MYR)	0.02	0.00	0.00
Dividend Yield (%)	0.9	0.0	0.0
Recurring P/E (x)	26.0	38.4	35.6
Return on average equity (%)	7.0	3.7	(4.2)
P/B (x)	1.8	1.8	1.9
P/CF (x)	(42.4)	22.3	39.1

Source: Company data, RHB

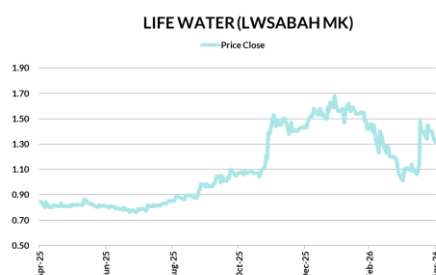
Balance Sheet (MYRm)	Jun-23	Jun-24	Jun-25
Total current assets	5	9	11
Total assets	0	0	0
Total current liabilities	0	0	0
Total non-current liabilities	53	61	66
Total liabilities	564	610	622
Shareholder's equity	177	176	161
Minority interest	380	375	359
Other equity	0	0	0
Total liabilities & equity	0	0	0
Total debt	48	58	88
Net debt	0	0	0

Source: Company data, RHB

Cash Flow (MYRm)	Jun-23	Jun-24	Jun-25
Cash flow from operations	(16)	31	18
Cash flow from investing activities	(22)	(25)	(37)
Cash flow from financing activities	2	12	6
Cash at beginning of period	84	48	58
Net change in cash	(36)	17	(14)
Ending balance cash	48	58	53

Source: Company data, RHB

Turning The Tables Around



Investment Merits

- Increase in ASPs
- Expansion of market share
- Cushioned from the increase in resin prices

Company Profile

Life Water is mainly a beverage manufacturer focused on drinking water and carbonated drinks. It also supports its core business with plastic packaging, delivery and distribution services. The company is based in Sandakan, with additional facilities located in Kota Kinabalu. Its products are sold under brands such as K2, Sasa, and Sabah Water for drinking water, as well as 2more and TRITONiC for carbonated drinks. Life Water also provides contract manufacturing services, producing private-label drinking water for petrol stations, hypermarkets, wholesalers and hotels.

Highlights

Cushioned from the rising resin prices... Resin accounts for about 20% of Life Water's total costs, and a 50-70% rise in resin costs since the Middle East conflict implies a 10-14% increase in total costs, if unhedged. However, Life Water has secured resin supply until July at prices that are 30-40% below current rates, with semi-finished inventory covering an additional 1-2 months. Additionally, its direct sourcing relationships with China suppliers also make for slightly lower costs and more reliable supply vs Sabah peers that rely on higher-cost semi-finished inputs. Hence, it expects to start using higher-priced resin only from September onwards and, even then, at below-spot prices due to forward contracts.

...on top of higher ASPs. Life Water mentioned that its peers have started increasing ASPs by 60 sen/carton due to rising costs and smaller scale. In response, Life Water will also increase its ASP by 60 sen/carton (+7%) to match their peers' pricing, while also considering another similar hike in July, depending on resin price trends. With low-cost inventory lasting until September, Life Water should enjoy a margin tailwind for the next four months. Demand is expected to stay resilient post-hike, underpinned by the current hot weather, as the probability of *El Nino* happening in Sep-Nov 2026 is now 93% and [may be the hottest El Nino](#) on record. Note: 1HFY26 (Jun) PBT margin stands at 23.6% (FY25: 20.2%) and these drivers may further lead to a margin expansion in 2HFY26.

Opportunity to expand market share... Life Water is the largest player in Sabah, having a >50% market share – the second largest player is 10 times smaller. Based on our channel checks, other players in Sabah have started to scale down their operations to avoid further margin compression, presenting an attractive chance for Life Water to expand its reach. We note that it currently delivers 1.6-1.8m cartons/monthly (50-60% utilisation rate), potentially reaching 2m cartons in 2Q26 – primarily

Source: Bloomberg

Stock Profile

Bloomberg Ticker	LWSABAH MK
Avg Turnover (MYR/USD)	2.23m/0.54m
Net Gearing (%)	40.3
Market Cap (MYRm)	624.6
Beta (x)	0.8
BVPS (MYR)	0.4
52-wk Price low/high (MYR)	0.755 - 1.69
Free float (%)	21

Major Shareholders (%)

Scarecrow Holding	36.2
Lim Young Piau	18.1
Tan Hwong Kuen	18.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	22.7	(13.5)	25.0	65.6
Relative	19.5	(12.8)	18.2	52.8

Iftaar Hakim Rusli +603 2302 8114

iftaar.hakim.rusli@rhbgroupp.com

driven by the hot weather. The company is currently outsourcing its logistics operations to deepen its distribution network. Moving forward, Life Water is on track to start commissioning its first distribution centre in Tawau in May 2026, to increase its market share in the region (currently at <20%).

...while 99S Speed Mart Retail (99SMART MK) tie-up continues to anchor future distribution. It inked a partnership with 99SMART in Sep 2025. Life Water is currently selling 30-40k cartons a month to 99SMART. It guided that the agreement is still in the 6-month preliminary stage, and expects the bigger contribution to come in FY27. With over 300 99SMART outlets in Sabah, assuming 30-40k cartons at MYR8 per carton, this channel could add MYR3-4m in annual revenue for Life Water (2-3% of FY25 sales) in the early stage.

Company Report Card

Latest results. Life Water recorded core net earnings of MYR8.6m (-6% QoQ, +10% YoY), bringing 1HFY26 core PATAMI to MYR17.7m (+15% YoY). The solid improvement mainly came from higher revenues attributable to higher sales volumes of drinking water, following the expansion of production capacity at the Sandakan Sibuga Plant 1 in Jun 2025. Alongside improved operational efficiency, this brought its PBT margin to 23.6% in 1HFY26 (vs 20.9% in 1HFY25).

Balance sheet. Total borrowings stand at MYR98.6m as at 1HFY26, bringing its net gearing to 0.02x (FY25: 0.05x). The company's balance sheet should remain manageable in the near term, as the bulk of its capex is to be financed through IPO proceeds.

In good hands. Life Water is led by Independent Non-Executive Chairman Datuk Petrus Gimbad and Managing Director Liaw Hen Kong, who have over 20 years of experience in the beverage industry. They are supported by a senior management team with >20 years of experience across their respective fields.

Investment Case

We expect Life Water's earnings to be mainly anchored by: i) Higher ASPs in May and July (cumulative hike: c.+10-15%), ii) lower resin costs up to September (30-40% lower than current prices), and iii) increased contributions from 99SMART from FY27 onwards. This should lead to higher-than-average margins for the company, and we highlight that its FY25 EBITDA margin is already higher than that of peers (29% vs average of 15-20%).

We value the stock based on 16-17x P/E against FY27F earnings, slightly higher than Spritzer's (SPZ MK, NR) 15-16x, despite its smaller market cap. This is justified, in our view, given its robust earnings growth (3-year CAGR: 20%), vs SPZ's 10%, on top of better margins (SPZ's EBITDA margin: 24%) Additionally, we gather that Life Water is relatively better equipped against the current elevated resin costs, ie inventory to last until July, vs SPZ's stock which lasts until mid-May, coupled with the former's plan to increase ASPs. The stock currently trades at 13.6x, marginally higher than its historical mean of 13x. We deem this as an attractive entry point for investors to start accumulating, given the firm's robust earnings prospects and the stock's recent sell-off (-9% to -10% since the start of the Middle East conflict).

Profit & Loss	Jun-23	Jun-24	Jun-25
Total turnover (MYRm)	151	167	173
Reported net profit (MYRm)	21	28	30
Recurring net profit (MYRm)	21	28	29
Recurring net profit growth (%)	31.1	36.1	3.5
Recurring EPS (MYR)	0.04	0.06	0.06
DPS (MYR)	0.00	0.01	0.02
Dividend Yield (%)	0.2	0.6	1.2
Recurring P/E (x)	30.3	22.2	21.5
Return on average equity (%)	22.0	23.0	13.9
P/B (x)	6.7	5.1	3.0
P/CF (x)	18.4	13.8	18.1

Source: Company data, RHB

Balance Sheet (MYRm)	Jun-23	Jun-24	Jun-25
Total current assets	76	95	158
Total assets	174	243	335
Total current liabilities	29	29	37
Total non-current liabilities	51	92	90
Total liabilities	80	121	127
Shareholder's equity	94	122	209
Minority interest	-	-	-
Other equity	-	-	-
Total liabilities & equity	174	243	335
Total debt	65	103	103
Net debt	71	53	7

Source: Company data, RHB

Cash Flow (MYRm)	Jun-23	Jun-24	Jun-25
Cash flow from operations	34	45	35
Cash flow from investing activities	(18)	(37)	(77)
Cash flow from financing activities	(14)	(3)	48
Cash at beginning of period	8	10	15
Net change in cash	2	5	6
Ending balance cash	10	15	21

Source: Company data, RHB



MCE Holdings

The Automotive Tech Pivot

Fair Value: MYR1.99-2.85

Price: MYR1.44



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MCE MK
Avg Turnover (MYR/USD)	0.32m/0.08m
Net Gearing (%)	n/a
Market Cap (MYRm)	219.3
Beta (x)	1.0
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	1.33 - 1.93
Free float (%)	47

Major Shareholders (%)

Dulcet One Holdings	15.5
Woo Chiew Loong	6.8
Goh Kar Chun	5.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.7)	(0.7)	(20.7)	0.0
Relative	(5.9)	(0.1)	(27.4)	(12.9)

Lee Meng Horng +603 2302 8115

lee.meng.horng@rhbgroupp.com

Investment Merits

- Beneficiary of automotive localisation trend and NIMP 2030 policy
- Structural growth in the automotive electronics and high-value smart cockpit infotainment and ADAS
- Penetration into the EV and export market
- Attractive valuation and high dividend anchored by strong net cash

Company Profile

MCE Holdings (MCE) is a Tier-1 original equipment manufacturer (OEM) and electronics manufacturing services (EMS) provider specialising in the full spectrum of design, manufacture, and supply of automotive electronics, mechatronic parts, and infotainment systems for both local and export markets. It currently has three operational facilities in Johor, Port Klang, and Serendah in Selangor, employing over 600 full-time staff.

Highlights

Beneficiary of structural localisation. MCE stands to benefit from long-term structural drivers, notably localisation initiatives under the National Automotive Policy 2020 (NAP 2020) and New Industrial Master Plan 2030 (NIMP 2030), alongside ongoing “China+1” supply chain diversification. Leveraging its strong position as a critical supplier to domestic marques, MCE is well placed to capture incremental opportunities from global OEMs such as Chery, Jetour, BYD, Stellantis and Hyundai as they expand or localise production in South East Asia. Meanwhile, resilient total industry volume (TIV) and new model rollouts by local marques – eg Proton Saga and Perodua Trax – continue to support its core business, where MCE is gaining share and expanding product offerings. The recent technical collaboration with Juoko Technology further strengthens its capabilities in developing complete automotive lighting systems (eg headlamps and tail lamps) for Perodua.

Expansion into high-value automotive electronics. The newly completed Serendah plant (117k sq ft) enhances MCE’s capabilities with integrated R&D and clean-room facilities, enabling entry into higher-value segments such as smart cockpit infotainment, mmWave radar for Advanced Driver Assistance Systems (ADAS), and power management systems. These offerings materially increase content value per vehicle. MCE’s technology partnerships include a JV with Nanjing Chuhang Technology for mmWave radar development. More recently, its MoU with Huizhou Foryou General Electronics positions the group to co-develop and localise smart cockpit and intelligent driving solutions across Malaysia and ASEAN. In addition, its strategic entry into the EV supply chain – via a landmark contract with Perodua for the upcoming QV-E model – underscores its product quality and opens avenues for broader customer penetration.

Export segment gaining traction. MCE is accelerating its international footprint, supported by key contract wins from Dorman Products and JVIS USA. The JVIS contract alone is valued at RM91.7m over 60 months, with contributions expected from 1QFY27 onwards. Exports currently account for c.10% of revenue and are set to expand as volumes ramp up. Beyond North America, MCE continues supplying regional markets for Japanese OEMs and has established a JV with Abhishek Electronics to tap into the fast-growing Indian automotive market.

Company Report Card

Results highlights. For 1HFY26, the group reported a 28.3% and 20.6% growth YoY in revenue to MYR97.1m and core PATAMI to MYR8.6m, supported by the higher margins recognition of design and development fees for new models.

Balance sheet/cash flow. As of 1HFY26, the group is in a net cash position with a net cash per share of MYR0.49. ROE was at 11% FY25 (down YoY) as it expanded its equity base in 2024 while continuing to grow its profitability.

Dividend. The group declared 10 sen DPS in FY25, yielding 6.8% at current price. Similar (if not higher) dividend payout can be expected in FY26 with the improved profitability and strong net cash position.

Management. Dr Goh Kar Chun has been the Managing Director since 2016. Prior to that, he was an executive director since 2008, overseeing the group's business development, marketing and sales, production, engineering and quality assurance functions. He is supported by executive director/CFO Goh Anne, who is in charge of Finance, HR/Admin and IT, and COO, Lim Chern Tin.

Investment Case

Fair Value. We derive a FV range of MYR1.99-2.85, with a potential 7% yield, based on a target 13-15x FY27F-FY28F P/E, still at a discount to EMS and automotive lighting peers. At c.9-10x FY27F P/E or ex-cash P/E of 6.5x, MCE's valuation appears attractive relative to its projected 20-30% earnings growth and aspiration to achieve a target revenue of MYR350m by 2030. This is underpinned by a strong engineering moat, an improving product mix toward higher-value automotive electronics, and resilient earnings quality given the automotive sector's relatively stable demand and long product lifecycles. Note that we did not take into account the dilution from the outstanding warrant, in which the expiry date of Jan 2029 is beyond our forecasts' horizon. A fully diluted FV on FY28F would be MYR2.46.

Key risks include escalation of input costs, slower orders, weaker-than-expected TPV, and loss of key customers.

Profit & Loss	Jul-23	Jul-24	Jul-25
Total turnover (MYRm)	155	156	153
Reported net profit (MYRm)	15	16	24
Recurring net profit (MYRm)	15	16	16
Recurring net profit growth (%)	91.4	3.7	(1.4)
Recurring EPS (MYR)	0.27	0.13	0.13
DPS (MYR)	0.06	0.03	0.10
Dividend Yield (%)	3.8	2.1	6.9
Recurring P/E (x)	5.3	11.2	11.3
Return on average equity (%)	14.5	12.9	10.7
P/B (x)	0.7	1.4	1.1
P/CF (x)	3.8	4.3	8.6

Source: Company data, RHB

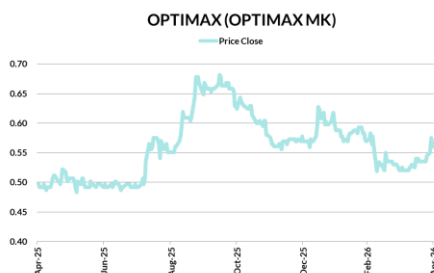
Balance Sheet (MYRm)	Jul-23	Jul-24	Jul-25
Total current assets	73	123	139
Total assets	161	191	244
Total current liabilities	30	46	52
Total non-current liabilities	14	15	26
Total liabilities	44	61	78
Shareholder's equity	118	130	165
Minority interest	0	0	1
Other equity	4	4	4
Total liabilities & equity	161	191	244
Total debt	13	14	25
Net debt	(8)	(35)	(73)

Source: Company data, RHB

Cash Flow (MYRm)	Jul-23	Jul-24	Jul-25
Cash flow from operations	21	42	21
Cash flow from investing activities	(15)	(31)	(32)
Cash flow from financing activities	(1)	(4)	20
Cash at beginning of period	6	21	49
Net change in cash	5	7	8
Ending balance cash	21	49	98

Source: Company data, RHB

Clearer Vision Through Higher Utilisation



Source: Bloomberg

Stock Profile

Bloomberg Ticker	OPTIMAX MK
Avg Turnover (MYR/USD)	0.26m/0.06m
Net Gearing (%)	36.4
Market Cap (MYRm)	304.3
Beta (x)	1.0
BVPS (MYR)	0.1
52-wk Price low/high (MYR)	0.49 - 0.715
Free float (%)	26

Major Shareholders (%)

Sena Holdings	29.6
Tan Boon Hock	27.2
Chung Soon Hee	5.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	7.5	(2.6)	(10.9)	12.9
Relative	4.4	(1.9)	(17.7)	0.0

Eddy Do +603 2302 8125

eddy.do@rhbgroup.com

Investment Merits

- Malaysia's leading eye healthcare services provider
- Driving utilisation via strategic partnerships and service diversification
- Asset-light expansion strategy supporting capital-efficient growth

Company Profile

Optimax is an eye specialist services provider, offering a full spectrum of eyecare services including refractive surgery (LASIK, SMILE), treatment of eye diseases and disorders (cataract, glaucoma etc), and oculoplastic surgery. The group operates an extensive network of 15 ambulatory care centres (ACCs), eight satellite clinics and one specialist hospital in Malaysia, complemented by a presence in Cambodia with one ACC.

Highlights

The MyAngkasa catalyst. We see a potential volume catalyst in the MyAngkasa partnership, which grants the company access to a massive pool of more than 7m potential patients. By leveraging the ANGKASA Salary Deduction System (e-SPGA), Optimax can effectively bypass the primary barrier for elective surgeries – affordability – especially during economic cycles where consumer discretionary spending is tight. Although this partnership is structured as a memorandum of understanding and only lasts for a year (effective 9 Mar), we believe that this move essentially institutionalises patient acquisition channels, lowers costs and provides a steady floor for revenue growth.

Sweating existing assets via vertical diversification. The group is increasingly focused on driving operational efficiency by optimising capacity, reflected in its move to broaden the surgical mix to include ear, nose, throat (ENT) and aesthetic procedures. The current utilisation rate averages at c.60%, with Atria's (where it has an eye specialist centre) four operating theatres (OT) underutilised at c.40%. The introduction of ENT services is expected to improve throughput, particularly at Atria in Petaling Jaya, Selangor – given the fungibility of OT infrastructure across specialties. As these facilities are largely generic and do not require significant incremental investment to support additional disciplines, higher utilisation should translate into stronger revenue without a commensurate increase in fixed costs. In parallel, the expanded service offering enhances the group's ability to drive cross-referrals, potentially capturing a higher wallet share per customer.

Asset-light expansion upcoming. The upcoming expansion marks a shift toward an asset-light business model. Notably, the three upcoming facilities (ie in Kempas and Setia Alam, Malaysia, and Jakarta, Indonesia) will be developed under its private arm, enabling Optimax to adopt a rental and pay-per-use structure for OTs, rather than undertake heavy infrastructure ownership. This approach materially reduces upfront

capital commitments, shortens gestation periods, and mitigates pre-operational losses, which are typically a key drag for new healthcare facilities. In addition, doctors earmarked for these centres are currently deployed across existing outlets, enabling revenue contributions to be sustained ahead of the new facilities' commissioning. Collectively, this reduces idle capacity and further limits start-up inefficiencies.

Company Report Card

Latest results. Optimax reported core PATAMI of MYR14.7m in 2025 on the back of increased revenue from satellite clinics/centres in the central region of West Malaysia, East Malaysia and Cambodia, despite flattish number of surgeries performed. Meanwhile, its net margin improved by 0.6ppt, with operational efficiencies garnered on the breakeven of newer clinics/ACCs and lower ETR offsetting the unfavourable mix of cataract treatments vs refractive surgeries.

Balance sheet. Optimax has total borrowings (including leases) of MYR49.9m as at 2025, and a cash balance of MYR21.8m. The company's net debt contracted YoY to MYR28m, given the healthy cash flow from operations.

Dividends. While there is no official dividend policy, Optimax has been consistently rewarding shareholders with cash dividends (at least a >50% payout ratio) since its listing.

Management. The management team is anchored by the father-daughter leadership of Tan Sri Dato' Tan Boon Hock (Founder/Deputy Chairman) and Sandy Tan (CEO), blending 30 years of industry pioneering with modern operational agility. This leadership is strengthened further by a core of long-tenured senior medical directors, as well as a disciplined management layer focused on scaling the group's nationwide footprint through clinical excellence.

Investment Case

We believe Optimax is well-positioned to capture structural demand growth in private eye healthcare, supported by ageing demographics, rising awareness of vision correction procedures and increasing affordability. We expect near-term earnings growth to stem from better utilisation of recently added OTs, while newly opened ACCs breaking even at the bottomline level should help normalise its ETR. We value the stock based on a P/E range of 19.7-21x against FY27F earnings, representing the 3-year and 5-year mean levels. Optimax is currently trading at 1.0SD below its 5-year historical mean.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	114	128	136
Reported net profit (MYRm)	13	13	14
Recurring net profit (MYRm)	13	13	15
Recurring net profit growth (%)	0.7	1.5	12.9
Recurring EPS (MYR)	0.02	0.02	0.03
DPS (MYR)	0.01	0.01	0.01
Dividend Yield (%)	2.1	2.3	2.5
Recurring P/E (x)	23.6	23.4	21.8
Return on average equity (%)	21.3	19.9	19.7
P/B (x)	5.0	4.7	4.3
P/CF (x)	12.0	12.9	9.6

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	30	36	43
Total assets	120	149	148
Total current liabilities	22	26	29
Total non-current liabilities	30	50	40
Total liabilities	52	75	68
Shareholder's equity	63	68	74
Minority interest	5	6	6
Other equity	0	0	0
Total liabilities & equity	120	149	148
Total debt	33	59	50
Net debt	16	40	28

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	25	24	32
Cash flow from investing activities	(10)	(22)	(6)
Cash flow from financing activities	(17)	(1)	(21)
Cash at beginning of period	18	16	17
Net change in cash	(2)	0	4
Ending balance cash	16	17	21

Source: Company data, RHB



Orkim

Riding The Tightening Regional Tanker Supply

Fair Value: MYR1.04-1.23

Price: MYR0.96



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ORKIM MK
Avg Turnover (MYR/USD)	4.46m/1.1m
Net Gearing (%)	n/a
Market Cap (MYRm)	955
Beta (x)	1.3
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.845 - 1.21
Free float (%)	95

Major Shareholders (%)

Prudential	13.3
Kumpulan Wang Persaraan	10.0
Employees Provident Fund	6.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	(8.3)	(12.9)	n/a	n/a
Relative	(11.5)	(12.2)	n/a	n/a

Lee Yun Leon +603 2302 8128

lee.yun.leon@rhbgroupp.com

Investment Merits

- High utilisation underpinned by resilient regional trade flows
- Strong recurring income base underpinned by long-term contracts
- Fleet expansion & contract renewals provide earnings growth visibility

Company Profile

Orkim is primarily involved in investment holding, while its subsidiaries are principally involved in owning, chartering, and operating of vessels as well as management of shipping property, freight contractors, and transport business in the Malaysian market. Orkim owns and operates marine vessels, namely product and LPG tankers, providing marine transportation services for central processing platform (CPP) and LPG.

Highlights

High utilisation supported by resilient regional trade flows. Despite recent geopolitical disruptions and elevated fuel prices, vessel utilisation across the regional petroleum shipping market remains healthy, supported by resilient refined product demand and fragmented trade flows. The Philippines' increasing reliance on imported refined products following refinery rationalisation has also created additional intra-Asia shipping opportunities, while logistical inefficiencies across the supply chain continue to support tanker utilisation and freight demand.

Strong recurring income base supports earnings resilience. Orkim continues to benefit from a stable recurring income base, supported by long-standing relationships with major oil companies and established customers under time charter and contract of affreightment (COA) arrangements. The group's contract structure provides relatively strong earnings visibility and utilisation stability, while allowing selective participation in spot market opportunities during periods of tighter market conditions.

Fleet expansion to drive medium-term earnings growth. Orkim's ongoing fleet expansion should strengthen earnings visibility over the medium term. Importantly, management indicated that newly acquired vessels already have identifiable deployment opportunities within existing customer trade flows, particularly under Petron-related routes and contract expansions. The addition of larger and more flexible IMO2 vessels should also enhance operational flexibility and allow the group to capture higher-value cargo opportunities across both CPP and chemical segments.

Company Report Card

Latest results. In FY25, Orkim reported a revenue contraction of 2.1% YoY, mainly due to disposal of a vessel during the year and lower fleet utilisation arising from scheduled dry-docking and Ballast Water

Treatment System (BWTS) retrofitting programme. This was partially offset by contribution from Orkim Citrine, which was acquired during the year. Consequently, core net profit fell by 13.3% YoY.

Balance sheet. Orkim maintained a relatively healthy balance sheet position as at FY26, with total borrowings of MYR403m against cash and bank balances of MYR179m – translating into a modest net debt position of MYR224m.

Dividends. Orkim targets a dividend payout ratio of 50-70% of PAT attributable to owners of the group. Hence, we bake in a 60% dividend payout (within the 50-70% payout policy) with an estimated dividend yield of 4.4-5.2% in FY26 at the lower band of valuations, offering investors a balance of growth and income.

Management. We believe Orkim's management team possesses a credible operational and commercial execution track record within Malaysia's marine transportation sector. Over the years, the group has demonstrated its ability to secure recurring contracts with established major oil companies, maintain healthy fleet utilisation, and expand its vessel portfolio – in line with market opportunities. We also view management's disciplined approach towards customer relationships, fleet expansion, and capital allocation positively, particularly as the group prioritises long-term utilisation visibility over short-term spot market volatility.

Investment Case

We believe Orkim is entering a stronger earnings upcycle driven by: i) Tightening regional CPP and chemical tanker supply, which is supporting firmer charter rates and stronger bargaining power for domestic vessel owners, ii) sustained high utilisation rates underpinned by resilient regional petroleum product demand and ongoing logistics inefficiencies across Asian trade routes, and iii) fleet expansion and contract renewals at higher rates, which should progressively lift earnings visibility and operating leverage over the medium term.

Fair Value. We estimate Orkim's FV in the range of MYR1.04-1.23, implying an equity value of MYR1.04bn-1.23bn, based on an EV/EBITDA multiple of 7-8x. This translates into an implied FY26F P/E of 11.6-13.7x, which we believe is reasonable relative to other shipping and O&G service companies under our coverage.

Key risks include lower demand for refinery products, piracy, armed robbery, decline in daily charter rate, and higher repair and maintenance cost.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	303	317	310
Reported net profit (MYRm)	81.0	93	77
Recurring net profit (MYRm)	81.0	88	77
Recurring net profit growth (%)	34.4	9.1	(13.3)
Recurring EPS (MYR)	0.08	0.09	0.08
DPS (MYR)	0.0	0.05	0.04
Dividend Yield (%)	1.0	5.2	3.8
Recurring P/E (x)	11.8	10.8	12.5
Return on average equity (%)	19.3	17.6	12.3
P/B (x)	2.2	1.8	1.5
P/CF (x)	6.3	5.9	6.1

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	76	123	241
Total assets	850.3	893	1102
Total current liabilities	92.7	92	92
Total non-current liabilities	314.1	257	386
Total liabilities	406.8	349	479
Shareholder's equity	461.1	544	623
Minority interest	0.0	0.0	0.0
Other equity	0.0	0.0	0.0
Total liabilities & equity	867.9	893	1102
Total debt	364.4	311	403
Net debt	314	233	224

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	151	161	156
Cash flow from investing activities	(32)	(71)	(138)
Cash flow from financing activities	(149)	(82)	103
Cash at beginning of period	80	50	58
Net change in cash	(30)	7	121
Ending balance cash	50	58	179

Source: Company data, RHB

Riding a Supply-Driven Upcycle With Pricing Power

PANTECHGLOBAL (PGLOBAL MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PGLOBAL MK
Avg Turnover (MYR/USD)	0.23m/0.05m
Net Gearing (%)	n/a
Market Cap (MYRm)	391
Beta (x)	0.8
BVPS (MYR)	n/a
52-wk Price low/high (MYR)	0.38 - 0.614
Free float (%)	26

Major Shareholders (%)

Pantech Group Holdings	70.3
KAF Core Income Fund	2.5
Areca Capital	1.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(5.2)	8.2	(6.1)	(20.7)
Relative	(8.3)	8.6	(13.1)	(33.5)

Lee Yun Leon +603 2302 8128

lee.yun.leon@rhbgroup.com

Investment Merits

- Direct beneficiary of supply disruptions and rising energy costs
- ASP expansion supported by reduced regional competition
- Export-driven manufacturing with margin expansion potential

Company Profile

Pantech Global (PGLOBAL) is the manufacturing arm of the Pantech Group, specialising in the production of butt-weld fittings and welded pipes for the oil & gas (O&G), petrochemical, and infrastructure sectors. The group exports a significant portion of its products, positioning itself as a key regional supplier of value-added piping solutions.

Highlights

ASP-driven earnings uplift amid supply tightness. We expect earnings to be supported by rising ASPs, underpinned by ongoing supply tightness and elevated energy costs across the global steel and piping value chain. Prices are trending upwards while demand remains resilient, suggesting improving pricing power within the manufacturing segment. Importantly, the ability to sustain demand despite higher prices points to a supply-driven upcycle rather than a demand-led recovery. In this environment, products are typically priced on a cost-plus basis with a lag, allowing manufacturers to pass through input cost increases while preserving – and potentially expanding – margins as pricing momentum strengthens.

Reduced regional competition reinforces pricing power. Supply constraints across key producing regions in Asia have led to reduced competitive intensity within export markets, largely driven by energy-related disruptions and tighter operating conditions faced by certain manufacturers. This has resulted in a more favourable supply-demand balance, allowing producers with stable operations to capture incremental demand and negotiate better pricing terms. The tightening of regional supply not only supports higher ASPs but also reinforces margin resilience, as reduced competition limits pricing pressure and supports more disciplined market behaviour.

Export-driven growth still intact. The group's export-oriented business model provides direct exposure to global supply-demand imbalances, positioning it to benefit from firm demand alongside constrained supply conditions. Despite ongoing trade disruptions, demand across key end-markets remains intact, supported by continued activity in O&G and related sectors. As order flows improve in tandem with higher ASPs, the group stands to benefit from operating leverage, where incremental revenue translates more efficiently into earnings due to the relatively fixed nature of its cost base. This combination of resilient demand, improving pricing dynamics, and stable operations supports a constructive earnings outlook through the current phase of the cycle.

Company Report Card

Latest results. In FY26, PGLOBAL reported revenue growth of 2.2% YoY on the back of the pass-through of US tariffs to US-based customers, which helped mitigate the impact of lower ASPs for the general markets. However, core net earnings fell to MYR46.1m (-15.6% YoY) due to the compression of margins resulting from the lower ASPs and higher operating expenses.

Balance sheet. PGLOBAL maintained a relatively healthy balance sheet position as at FY26, with total borrowings of MYR129.2m against cash and bank balances of MYR105.3m, translating into a modest net debt position of MYR23.9m.

Dividends. PGLOBAL targets a dividend payout ratio of 40–50%. Considering Pantech Group's established dividend track record, we believe PGLOBAL is likely to maintain a relatively consistent dividend distribution, as dividend upstreaming from the subsidiary would also support shareholder returns at the parent company level.

Management. Backed by Pantech Group's longstanding industry experience, we believe management possesses a credible execution track record, particularly in export market penetration, operational expansion, and dividend distribution discipline.

Investment Case

We expect PGLOBAL's earnings trajectory to remain supported by: i) A supply-driven upcycle that continues to underpin ASP expansion; ii) strengthening pricing power amid tighter regional supply conditions and reduced competitive intensity; and iii) improving operating leverage from its export-oriented manufacturing platform, which should translate higher revenue more efficiently into earnings growth.

Fair value. We value PGLOBAL at 10x FY27F P/E, representing +1SD above Pantech Group's 5-year historical mean. We believe the valuation is justified by PGLOBAL's superior margin profile and stronger earnings resilience relative to Pantech Group, underpinned by its export-oriented business model, established manufacturing capabilities, and scalable growth prospects.

Key risks include: i) Fluctuations in the market prices of steel; ii) exposure to FX fluctuations (mainly USD); and iii) concentration risk as its imports of steel materials is sourced from one major supplier (contributing 66–71% of the group's purchases).

Profit & Loss	Feb-24	Feb-25	Feb-26
Total turnover (MYRm)	441	83	516
Reported net profit (MYRm)	50	59	46
Recurring net profit (MYRm)	50	59	46
Recurring net profit growth (%)	(39)	19	(22)
Recurring EPS (MYR)	0.06	0.07	0.05
DPS (MYR)	0.08	0.02	0.05
Dividend Yield (%)	18.1	4.3	10.9
Recurring P/E (x)	7.9	6.6	8.5
Return on average equity (%)	16.9	11.2	8.7
P/B (x)	1.2	0.7	0.7
P/CF (x)	6.4	31.6	14.2

Source: Company data, RHB

Balance Sheet (MYRm)	Feb-24	Feb-25	Feb-26
Total current assets	346	590	452
Total assets	470	739	724
Total current liabilities	154	172	163
Total non-current liabilities	22	41	31
Total liabilities	154	213	194
Shareholder's equity	294	526	530
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	470	739	724
Total debt	138	129	159
Net debt	60	24	54

Source: Company data, RHB

Cash Flow (MYRm)	Feb-24	Feb-25	Feb-26
Cash flow from operations	61	12	27
Cash flow from investing activities	(11)	(118)	(124)
Cash flow from financing activities	(48)	96	(25)
Cash at beginning of period	81	0	106
Net change in cash	2	106	(0)
Ending balance cash	83	106	105

Source: Company data, RHB

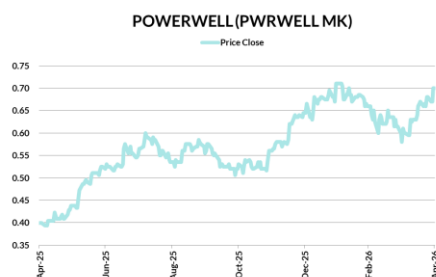


Powerwell

One-Stop Power Distribution Solution

Fair Value: MYR0.83-1.03

Price: MYR0.70



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PWRWELL MK
Avg Turnover (MYR/USD)	1.65m/0.4m
Net Gearing (%)	(45.1)
Market Cap (MYRm)	406.4
Beta (x)	1.0
BVPS (MYR)	0.18
52-wk Price low/high (MYR)	0.415 - 0.78
Free float (%)	87

Major Shareholders (%)

Wong Yen Yoke	4.8
Tham Wai Kien	3.9
Norges Bank	2.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	23.0	13.1	43.5	86.7
Relative	19.8	13.8	36.8	73.9

Lee Meng Horng +603 2302 8115

lee.meng.horng@rhbgroupp.com

Investment Merits

- Proliferation of data centres (DCs) and green energy boosts demand
- Aggressive expansion and operational improvements
- Harnessing low-hanging fruit from M&As

Company Profile

Powerwell, first incorporated in Apr 2001, is principally involved in the design, manufacture and trading of electricity distribution products comprising low-voltage (LV) switchboards, medium-voltage (MV) switchgears, and related products. In addition to the LV switchboards under the Powerwell brand, it is authorised by Siemens and Schneider to manufacture and sell their LV switchboards, MV switchgears and Prisma iPM switchboards. Powerwell has four manufacturing facilities, two of which are located in Kota Kemuning, Malaysia. Powerwell also maintains two smaller facilities – one in Johor Bahru and another in Tangerang, Jakarta in Indonesia. It also has a presence in Vietnam.

Highlights

Proliferation of DCs uplift demand. Powerwell continues to benefit from the ramp-up in DC investments, while serving a broad customer base across the DC, infrastructure, renewable energy, industrial, commercial, and residential segments. Recently, it secured a MYR68.5m DC-related purchase order from a multinational customer, raising its Dec 2025 orderbook value to MYR95m. Meanwhile, Tenaga Nasional's (TNB MK) development pipeline currently consists of approximately 3GW of committed projects, with a further potential addition of around 1GW annually. This points to an estimated 8GW pipeline over the next five years, implying a total addressable market exceeding MYR120bn for the M&E industry, based on an estimated capex of USD4m per MW. In addition, the accelerated implementation of Malaysia's National Energy Transition Roadmap and the exponential rollout of EV charging infrastructure are expected to drive substantial investments in grid modernisation and electrical upgrades. Riding on these favourable industry trends, Powerwell's tenderbook has expanded by over 30% YoY to MYR395m, with the bulk stemming from DC-related opportunities.

Capacity expansion and operational transformation gaining traction. Since the onboarding of its new management team, Powerwell has embarked on multiple strategic expansion and operational improvement initiatives, with tangible progress evident within a relatively short period of 1.5 years. To support rising demand, the group has increased its manufacturing capacity by 17% (21k sq ft), while its latest acquisition is set to contribute an additional 35% expansion (43k sq ft) and strengthen its regional presence into East Malaysia. Operationally, Powerwell has introduced several efficiency-driven initiatives, including artificial intelligence (AI)-enabled processes and the adoption of 5S workplace

methodologies, aimed at enhancing productivity, improving execution timelines, and supporting margin.

Harnessing low-hanging fruit from M&As. Powerwell has completed the acquisitions of Tenaga Kenari and Firerex, both of which add complementary expertise and capabilities to the group. These include M&E control systems such as building management systems (BMS) and supervisory control and data acquisition (SCADA) solutions, as well as specialised fire suppression systems. Tenaga Kenari also comes with a MYR12m profit guarantee over a 3-year period. The acquisitions are expected to generate immediate synergies through cross-selling opportunities, integrated solution offerings, and broader market access – particularly into East Malaysia and export markets. More importantly, these additions reinforce its positioning as a comprehensive integrated solutions provider, enhancing its ability to participate in larger and more technically complex projects.

Company Report Card

Results highlights. Revenue grew by 30.9% YoY to MYR117.6m. This led to a record PATAMI of MYR16.4m (42.3% YoY), supported by stronger revenue and cost discipline.

Balance sheet/cash flow. Powerwell has net cash of RM50m, and healthy cash flow from operations amounting to MYR10m, indicating a healthy conversion to cash of 8.5%. The group declared a 0.5 sen DPS in FY25, implying a dividend yield of <1% at the current price. Assuming a dividend payout ratio of 30%, the yield could inch up to 2%, with the expectation of improved profitability.

Management. Managing Director Catherine Wong Yoke Yen has been with the group since 1993. She is supported by Soh Wei Wei, an executive director and a long-serving internal veteran since 2006, ensuring that deep operational expertise is closely aligned with the new direction.

Investment Case

Fair value. We like Powerwell – this experienced electrical distribution product manufacturer with a proven track record is set to benefit from the DC boom, while harnessing synergies from acquisitions. Our FV range of MYR0.83-1.03 is based on an ascribed P/E range of 16-20x on FY27F earnings. Upside should stem from more project wins, hence its ascribed valuation is higher than that of utility companies – given the industry's growth potential and Powerwell's own aggressive expansion plan – but within the range of its peers in the mechanical, electrical, and plumbing (MEP) specialist sub-segment (which specialises in power distribution). Key downside risks: i) An economic downturn or political instability that would adversely affect demand for infrastructure development and DC build-outs, ii) FX fluctuation risks that may raise imported material costs; and iii) failure to obtain licence renewals in Malaysia.

Profit & Loss	Mar-23	Mar-24	Mar-25
Total turnover (MYRm)	159	155	138
Reported net profit (MYRm)	7	20	19
Recurring net profit (MYRm)	7	20	19
Recurring net profit growth (%)	(326.2)	189.3	(4.8)
Recurring EPS (MYR)	1.17	3.40	3.23
DPS (MYR)	0.00	3.00	1.00
Dividend Yield (%)	0.0	4.3	1.4
Recurring P/E (x)	59.6	20.6	21.6
Return on average equity (%)	8.9	23.3	19.3
P/B (x)	5.3	4.8	4.2
P/CF (x)	41.4	7.4	(45.4)

Source: Company data, RHB

Balance Sheet (MYRm)	Mar-23	Mar-24	Mar-25
Total current assets	120	132	150
Total assets	154	165	182
Total current liabilities	70	73	76
Total non-current liabilities	8	8	9
Total liabilities	78	81	85
Shareholder's equity	76	85	98
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	154	165	182
Total debt	27	12	16
Net debt	(6)	(58)	(34)

Source: Company data, RHB

Cash Flow (MYRm)	Mar-23	Mar-24	Mar-25
Cash flow from operations	10	55	(9)
Cash flow from investing activities	(20)	2	1
Cash flow from financing activities	5	(19)	(12)
Cash at beginning of period	38	33	71
Net change in cash	(5)	38	(20)
Ending balance cash	33	71	50

Source: Company data, RHB

REACH-TEN HOLDINGS (REACHTEN MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	REACHTEN MK
Avg Turnover (MYR/USD)	1.36m/0.32m
Net Gearing (%)	(74.8)
Market Cap (MYRm)	410
Beta (x)	1.2
BVPS (MYR)	0.2
52-wk Price low/high (MYR)	0.395 - 0.605
Free float (%)	100

Major Shareholders (%)

Norges Bank	4.8
Amanah Mutual	0.4
Sng Bee Seio	0.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.2)	(14.1)	(7.6)	(22.7)
Relative	(4.4)	(13.5)	(14.4)	(35.6)

Jeffrey Tan +603 2302 8112

jeffrey.tan@rhbgroupp.com

Investment Merits

- A leading proxy to Sarawak's digitalisation agenda
- Key beneficiary of JENDELA Phase 2 (JP2) awards in East Malaysia
- On-going fibre rollout in new cities will drive a new leg of growth
- Net cash balance sheet

Company Profile

Reach-Ten (R10) is an investment holding company with subsidiaries involved in the provision of satellite-based communication networks and services, fibre optic communication networks and services, and telecommunications infrastructure and managed services. Its portfolio of assets includes 716 very small aperture terminals (VSAT), 453 StarLink sites, 930km of fibre optic cables, a teleport, 33 monopoles and three lattice telco towers in Sarawak. The company received a major break in 2021 from the award of the Phase 1 broadband wireless access (BWA) contract under the National Digital Network (JENDELA) Phase 1 (JP1).

Highlights

Key beneficiary of JP2. The Government recently unveiled the second phase of the JENDELA programme (JP2) with a tender submission deadline of 3 Jun. 69% of the 1,000 sites identified under JP2 (Batch 1) are located in East Malaysia, with BWA as the key access technology (64%). We see R10 as a major beneficiary, due to its track record of rolling out BWA under JP1 and having executed multiple state-backed digitalisation projects in Sarawak such as SALURAN and Smart 600.

Outstanding orderbook of MYR91m (Jan 2026). The bulk of the orderbook relates to the provision of satellite services (including Starlink) valued at c.MYR50m. This is followed by the provision of fibre optic networks (MYR29m) and telco infrastructure-related services (MYR12m). We see stronger orderbook replenishment in 2H26 from JP2 awards, including new tenders to be called for the second batch of sites.

Complementary Starlink solution. R10 has successfully commissioned the satellite solution across 500 sites, including schools, remote villages and community facilities across Sarawak. We see Starlink complementing R10's VSAT broadband services, allowing the group to expand into new segments such as maritime, offshore oil & gas and IoT industries. The low-orbit satellite technology is cost-effective in bridging the digital divide, especially in rural and remote areas where physical constraints hamper the rollout of terrestrial networks.

Fibre optic network expansion offers longer-term earnings upside. R10 has set aside MYR60m (58% of its IPO proceeds) to expand its fibre optic footprint in Kuching, and in new cities – Miri, Sibul and Bintulu. The expansion covers a total length of over 500km, spread across Kuching (255km), Miri (92km), Sibul (87.3km) and Bintulu (68.9km). Wayleave

applications for fibre deployment are progressing, with letter of no objections obtained from the Sarawak Multimedia Authority for fibre hubs in Miri, Sibü and Bintulu.

Company Report Card

Results highlights. R10 chalked a FY21-24 earnings CAGR of 100%, reflecting the strong growth of its satellite-based communications network and services segment (>80% of revenue) from various state and regulatory-backed digitalisation projects including JP1 and SALURAN. The 50% YoY drop in FY25 earnings is off a high base of BWA project (JP1) deliveries and completion in the preceding year. The impact has, nonetheless, been mitigated by stronger growth of the fibre optic and telecommunications infrastructure and managed services segment, and cost management.

Net cash balance sheet. R10's cash balance stood at MYR19m at end-FY25, with minimal debt (MYR2m).

ROE. The company's ROE is not representative due to the expansion in the equity base from the IPO exercise in FY25. With stronger orderbook replenishment and the growth in its fibre optic network, ROE should expand progressively over time.

Dividends. R10 plans to distribute up to 30% of its PATAMI as dividends. A 2sen DPS was declared in FY25, reflecting a payout ratio of 56%.

Management. The company is led by Leo Chin Yu Lay, the Group Managing Director. He oversees day-to-day operations and charts the group's overall business direction with more than 20 years of related telco industry experience. Executive Director Lu Pak Lim is responsible for business development and marketing. He has over 20 years of experience in the satellite communications industry and in broadband services for rural areas. Both individuals collectively hold a 32.4% stake in the company.

Investment Case

Fair Value. R10 is fairly valued at MYR0.58-0.66, based on a target 13-15x FY27 EPS. The ascribed valuation is at a 15-25% discount to the domestic peer average, to reflect execution risks and the dependence on key public sector customers and government-related projects.

Key risks are the dependence on key public sector jobs and/or customers, weaker-than-expected orderbook replenishment, regulatory setbacks and the obsolescence of technology.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	182	171	112
Reported net profit (MYRm)	51	71	36
Recurring net profit (MYRm)	51	71	36
Recurring net profit growth (%)	17	39	(50)
Recurring EPS (MYR)	0.05	0.07	0.04
DPS (MYR)	0.03	0.03	0.02
Dividend Yield (%)	6.1	6.8	4.9
Recurring P/E (x)	8.0	5.8	11.5
Return on average equity (%)	92.8	87.6	22.4
P/B (x)	6.8	4.0	1.9
P/CF (x)	5.0	7.3	6.0

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	120	122	220
Total assets	135	145	256
Total current liabilities	72	40	38
Total non-current liabilities	2	3	2
Total liabilities	75	43	40
Shareholder's equity	60	103	217
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	135	145	256
Total debt	4	3	2
Net debt/(cash)	Net Cash	Net Cash	Net Cash

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	70	56	15
Cash flow from investing activities	(26)	(0)	(124)
Cash flow from financing activities	(25)	(50)	87
Cash at beginning of period	36	74	74
Net change in cash	19	5	(22)
Ending balance cash	74	74	19

Source: Company data, RHB

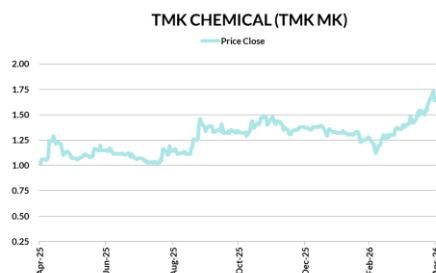


TMK Chemical

Riding On The Chemical Supply Crunch

Fair Value: MYR2.00-2.20

Price: MYR1.64



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TMK MK
Avg Turnover (MYR/USD)	1.04m/0.25m
Net Gearing (%)	(15.4)
Market Cap (MYRm)	1640
Beta (x)	0.8
BVPS (MYR)	0.8
52-wk Price low/high (MYR)	1.03 - 1.74
Free float (%)	67

Major Shareholders (%)

Seong Leong Chao	9.5
Wa Wong Kin	4.7
Ling Lee Yan	3.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	18.3	28.2	18.3	29.2
Relative	15.1	28.9	11.6	16.4

Iftaar Hakim Rusli +603 2302 8114

iftaar.hakim.rusli@rhbgroupp.com

Investment Merits

- Beneficiary of Lynas' (LYC) rare earth business expansion in Malaysia
- Lower costs stemming from electricity savings
- Market leader across Malaysia, Singapore and Vietnam

Company Profile

TMK Chemical (TMK) is an integrated chemical solutions provider serving a wide range of industrial customers. The group focuses on total chemical management, which includes sourcing, processing, storage, and distribution of inorganic chemicals such as acids, alkalis, and salts, along with related value-added support services. TMK also provides chemical terminal services, offering bulk liquid chemical storage and handling at its terminals in Malaysia to support efficient supply chain operations.

Highlights

Beneficiary of LYC's rare earth business expansion – given TMK's position as a 1-stop chlor-alkali producer and Malaysia's second largest chemical supplier. The rare earth separation process is known to be highly chemical-intensive, requiring large volumes of acids and solvent extraction chemicals. For example, management guided that LYC will need an additional 6k tonnes of hydrochloric acid (HCl) per month (+46% increase) during the initial expansion phase – this can go up to 22k tonnes. If TMK captures a 30% share (1.8k tonnes/month), at an ASP of MYR500-MYR700 per tonne, this translates into roughly MYR10-15m in incremental revenue. We highlight that HCl has been in a supply deficit since early this year. This coupled with expectations of tighter HCl supply, may result in further upside stemming from higher average prices. TMK guided that the ASP for HCl has risen by 60-70% to about MYR800/tonne in YTD-2026.

To capture this demand, TMK is in the midst of completing its second plant which will start commissioning by 4Q26. This should double manufacturing capacity to 432kpa, with the utilisation rate (UTR) to be >60% post completion of the new facility (FY25: c.90%). Once commissioned, Banting Plant 2 is expected to contribute ~7-10% of earnings.

Lower cost from electricity savings... Electricity makes up 30% of its cost of sales and, in Jul 2025, Tenaga Nasional's (TNB MK) new electricity tariff was implemented, replacing the previous Imbalance Cost-Pass Through System (ICPT). Compared to the old mechanism, TMK guided for savings of MYR700k/month, translating to attractive savings of MYR8.4m pa (6-7% of bottomline). This allows it to book better margins – as evidenced in 4Q25, when GPM widened to 25% from 19% in 2Q25.

Sanguine industry outlook, led by Vietnam. TMK products are widely used in industries like E&E, gloves, chips, waste and water management,

so the demand for its items largely reflects the overall production index's growth. In Vietnam, 2026-2027 GDP is expected to increase by 6-10%, ie the highest rates in the East Asia and Pacific region. This is supported by improving business confidence, resilient exports and improvement in major bottlenecks in its real estate market. This is positive for TMK, given its status as one of the largest chemical suppliers in Vietnam. On the Middle East conflict, Vietnam's Finance Ministry guided that a 10% crude oil price hike could cut GDP growth by 0.4%. Based on our in-house view of a perpetual ceasefire and crude oil price assumption of USD82.50/bbl in 2026F (+20% YoY), this translates to a 0.8% impact on GDP growth.

Malaysia may be the least affected among the ASEAN economies under the current scenario, although an intensified escalation of the Middle East conflict could lift oil prices, while 2026 GDP growth may ease to around 4.0% YoY (vs our base case of 4.7%). Gloves, semiconductors and water treatment make up the top 10 largest industries for TMK. Malaysia remains TMK's largest market, contributing c.60% of its FY25 revenue

Company Report Card

Latest results. TMK reported core net earnings of MYR29.4m in 4Q25, bringing FY25 core PATAMI to MYR99.5m (-3% YoY). The decline mainly came from reduced sales volumes amid weaker sentiment due to market uncertainties. Sequentially, however, core PATAMI improved 3% QoQ on the back of improved efficiencies at the Banting Plant, partly offset by lower volumes due to mistiming issues related to bulk shipments.

Balance sheet. TMK's net cash position improved YoY to MYR132m (2024: MYR97m), driven by net repayment of term loans from the utilisation of IPO proceeds.

Dividends. TMK declared a final DPS of 4.90 sen in FY25, bringing the core payout ratio to 49%. This is in line with its official dividend policy of a 30-50% payout, ever since its listing (FY24 core payout ratio: 53%).

TMK is led by a skilled management team comprising Non-Independent Executive Director and Deputy Chairman Leong Chao Seong, who brings over 33 years of experience in the chemicals industry, and Non-Independent Executive Director and Managing Director Wong Kin Wah, who has over 30 years of experience in the inorganic chemicals sector. They are supported by a senior management team with >20 years of experience across their respective fields.

Investment Case

Earnings should continue to be anchored by: i) Higher chemical prices due to tight supply, ii) capacity-driven growth from Banting Plant 2, and iii) lower cost from electricity savings, which will drive up margins. This will be further buoyed by TMK's position as Malaysia's second largest chemical supplier. We value the stock based on 15-16x P/E against FY27F earnings. This is at a discount to the KLPRO index and Batu Kawan (BAK MK, NR) – which are trading at their historical averages of 18x and 23x. We believe the discount is justified, given TMK's lower market cap of MYR1.69bn vs BAK's MYR8.55bn. The stock is trading at 12x (historical average: 12.6x), which we view as appealing, given its robust earnings growth and superior margins.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	224	1,303	1,053
Reported net profit (MYRm)	52	111	98
Recurring net profit (MYRm)	48	103	99
Recurring net profit growth (%)	(42.3)	116.2	(3.5)
Recurring EPS (MYR)	0.05	0.10	0.10
DPS (MYR)	0.10	0.06	0.05
Dividend Yield (%)	6.1	3.4	3.0
Recurring P/E (x)	34.4	15.9	16.5
Return on average equity (%)	9.1	14.1	12.7
P/B (x)	3.1	2.2	2.1
P/CF (x)	41.1	10.2	14.5

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	559	838	744
Total assets	1069	1365	1269
Total current liabilities	410	307	345
Total non-current liabilities	137	325	140
Total liabilities	547	632	486
Shareholder's equity	522	733	783
Minority interest	(0)	0	0
Other equity	0	0	0
Total liabilities & equity	1069	1365	1269
Total debt	233	407	261
Net debt	96	(97)	(132)

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	40	162	113
Cash flow from investing activities	(44)	(289)	(29)
Cash flow from financing activities	7	497	(202)
Cash at beginning of period	129	137	503
Net change in cash	3	369	(117)
Ending balance cash	137	503	393

Source: Company data, RHB



Verdant Solar

Fair Value: MYR0.25-0.30

Price: MYR0.21

Leading The Charge In Residential Solar

VERDANT SOLAR (VERDANT MK)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	VERDANT MK
Avg Turnover (MYR/USD)	0.83m/0.2m
Net Gearing (%)	(83.2)
Market Cap (MYRm)	167.6
Beta (x)	-0.2
BVPS (MYR)	0.1
52-wk Price low/high (MYR)	0.175 - 0.385
Free float (%)	33

Major Shareholders (%)

Lim Haur Tzer	53.3
Mynn Ng Kel	13.3
Hui Kee Tze	0.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.5)	(15.9)	(39.3)	n/a
Relative	(10.7)	(15.3)	(46.1)	n/a

John Liew +603 2302 8105

john.liew@rhbgroupp.com

Investment Merits

- Malaysia's largest residential solar player by market share
- Beneficiary of the pick-up in solar demand due to the US-Iran war
- Beneficiary of the rollout of the Solar Accelerated Transition Action Programme (ATAP) in 2026

Company Profile

Verdant Solar is primarily engaged in the EPCC of solar photovoltaic (PV) systems, as well as the provision of operations and maintenance (O&M) services and trading of solar-related products. The company is registered as a Class A contractor with the Energy Commission of Malaysia and recently upgraded its Construction Industry Development Board (CIDB) registration to Grade G5, reflecting its growing project scale and technical capabilities. It is also a member of the Malaysian Photovoltaic Industry Association (MPIA), underscoring its active participation in the country's solar energy ecosystem.

Highlights

Residential EPCC solar PV dominance. Verdant Solar held a 10.9% market share in 2024, according to local research firm Providence, and targets a 13% share of Malaysia's residential new-build solar PV installations, based on installed capacity – underscoring its market leadership in the residential segment. The company maintains healthy project visibility, supported by an orderbook of MYR38.5m as at 31 Dec 2025. This orderbook is expected to be recognised progressively over the next six months. Referrals contributed 59% of FY25 revenue, reflecting strong customer satisfaction and a solid reputation for quality execution.

Rising solar demand. Solar installation demand is picking up on the back of higher electricity bills owing to the Middle East conflict. For the month of April, the Government reduced the AFA rebate to 0.47sen/kWh (from 2.15sen/kWh), resulting in a 4% average monthly bill increase. This reflects the global Newcastle coal price of USD135/tonne, a USD/MYR rate of 3.91, and Tier-2 gas price of MYR46/mmmbtu. Tenaga Nasional (TNB) is anticipating a surcharge of MYR0.08 sen/kWh in July, mainly to reflect the 54% increase in Tier-2 gas prices. This would result in a 1% increase from current tariff rates, although it would be flat on a YoY basis. Note that households that consume less than 600kWh of electricity a month do not fall under the AFA mechanism. Coal, which is mainly imported from Australia and Indonesia, makes up the majority of the power generation mix, at c.60%.

Supportive policy landscape. Government-driven initiatives continue to underpin solar PV adoption amid Malaysia's commitment to achieve Net Zero by 2050. Programmes under the Sustainable Energy Development Authority (SEDA), including the Community Renewable Energy

Aggregation Mechanism (CREAM) and Solar ATAP, alongside existing incentives, are expected to further accelerate uptake across residential, commercial, and industrial segments. Malaysia's installed solar PV capacity expanded from 894MW in 2019 to 2,306MW in 2024, translating to a robust 20.9% CAGR and reflecting the sector's strong growth momentum.

Company Report Card

Latest results. Verdant Solar reported a core net loss of MYR2.2m in 2QFY26, mainly due to the 6-month gap during the transition from NEM 3.0 to Solar ATAP between Jun and Dec 2025. Following the successful rollout of Solar ATAP on 31 Dec 2025, demand for residential solar rebounded in Mar 2026 after a 3-month market digestion period, with awareness about the new scheme showing clear improvements.

Balance sheet. Verdant Solar had total borrowings of MYR1.2m as at FY25 with a cash balance of MYR25.7m. The company raised MYR44m from its IPO in Oct 2025, with proceeds earmarked to expand its presence across West Malaysia, pursue M&A opportunities, and enhance working capital to support business growth.

Dividends. Verdant Solar does not have a formal dividend policy, and we do not expect any dividend payout over the next three years as the company prioritises reinvestment to drive growth.

Management. The company is led by Lim Tzer Haur, the Group Managing Director, who is responsible for charting Verdant Solar's business direction, setting growth strategies, and overseeing business development and financial matters. He is supported by a senior management team with deep expertise in their respective fields.

Investment Case

Despite expectations of an unexciting 3QFY26, we anticipate earnings to strengthen from 4QFY26 onwards, driven by: i) Rising solar demand amid higher electricity bills, ii) capacity-led growth, and iii) supportive Government policies, particularly the Solar ATAP programme. We value the stock based on P/E with a range of 13-15x against its FY27F earnings. While Verdant Solar has been trading at close to +1SD above its historical mean since its listing, we note that its current P/E multiple is distorted by the loss-making results in FY26F. Our P/E-based valuation implies a 30-40% discount to comparable peers in the local solar EPCC industry, including Solarvest, Samaiden Group, Pekat Group, Northern Solar, and JS Solar, given its relatively small market capitalisation.

Profit & Loss	Jun-23	Jun-24	Jun-25
Total turnover (MYRm)	27	56	111
Reported net profit (MYRm)	1	7	17
Recurring net profit (MYRm)	1	7	17
Recurring net profit growth (%)	44.0	454.1	158.7
Recurring EPS (MYR)	0.15	0.81	2.11
DPS (MYR)	0.00	0.00	0.00
Dividend Yield (%)	0.0	0.0	0.0
Recurring P/E (x)	139.4	25.2	9.7
Return on average equity (%)	44.7	75.3	78.4
P/B (x)	62.2	19.0	7.6
P/CF (x)	146.8	9.3	11.6

Source: Company data, RHB

Balance Sheet (MYRm)	Jun-23	Jun-24	Jun-25
Total current assets	9	31	42
Total assets	10	32	51
Total current liabilities	4	21	23
Total non-current liabilities	2	2	6
Total liabilities	7	23	29
Shareholder's equity	3	9	22
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	10	32	51
Total debt	3	2	1
Net debt	Net cash	Net cash	Net cash

Source: Company data, RHB

Cash Flow (MYRm)	Jun-23	Jun-24	Jun-25
Cash flow from operations	1	18	14
Cash flow from investing activities	(0)	(0)	(2)
Cash flow from financing activities	0	(1)	(6)
Cash at beginning of period	2	3	19
Net change in cash	1	16	6
Ending balance cash	3	19	26

Source: Company data, RHB



Well Chip Group

A Gold And Johor Proxy

Fair Value: MYR1.84-2.21

Price: MYR1.40



Investment Merits

- Lucrative business model
- Regional and outlet expansion to help underpin growth
- Higher gold prices support higher ticket sizes and lower defaults

Company Profile

Well Chip Group (Well Chip) is principally engaged in the provision of pawnbroking services. The first outlet was established in 2007 in Johor Bahru. Today, its network comprises 24 pawnshops located across Johor, and three in Perak. Beyond its core pawnbroking operations, Well Chip is also a retailer and trader of jewellery (new and pre-owned), and is involved in the sales of scrap gold sourced from unredeemed pledges and walk-in sellers. Well Chip serves as the Malaysian arm of Singapore-based pawnbroker, Valuemax (VMAX SP, NR), from which it adopts a proven pawnbroking system that supports fast turnaround times.

Highlights

Lucrative business model. Pawn loan disbursements rose strongly by 70% YoY (FY24: +27% YoY) in FY25 to MYR2.3bn from MYR1.4bn in FY24. This underpinned a 50% YoY growth in pawnbroking services revenue in FY25. Gross margins for this segment are significantly higher at 80-90%, as compared to the 20-30% for retail and trading. Meanwhile, defaults from the pawnbroking segment can also be rapidly monetised through the sale of unredeemed pawns by the group's retail arm, reinforcing a fast-turnover model with embedded downside recovery mechanisms.

New pawnshop openings to underpin near-term growth. As at end-2025, Well Chip operates 24 pawnshops in Johor and another three in Perak. It secured approvals in Dec 2025 for the opening of six new pawnshops (four in Johor and two in Melaka). Renovation works will be completed within 10 months, after which, Well Chip will seek final approvals to open for business. With that, Well Chip would have utilised the remaining MYR24m from the MYR172.5m it raised during its IPO. New stores typically take up to two years to achieve breakeven, but we think growth in the rest of the group's network could more than compensate for this. Geographically, expansion efforts remain focused on Johor and Melaka, where operational oversight and execution efficiency are more manageable, while acquisitions are pursued opportunistically when attractive deals arise.

Higher gold prices generally positive for business. YTD, the average gold price is up c.39% as compared to the average price in 2025. This trend is positive for Well Chip, as it raises the underlying value of customers' gold pledges. Assuming a constant average loan-to-value (LTV), this would allow Well Chip to offer larger-ticket pawn loans and derive greater

Source: Bloomberg

Stock Profile

Bloomberg Ticker	WELLCHIP MK
Avg Turnover (MYR/USD)	0.95m/0.23m
Net Gearing (%)	76.5
Market Cap (MYRm)	840
Beta (x)	0.8
BVPS (MYR)	0.8
52-wk Price low/high (MYR)	1.07 - 1.78
Free float (%)	83

Major Shareholders (%)

Vyn Holdings	50.7
Vmm Holdings	14.8
Hong Leong Co Malaysia	1.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	6.9	(11.9)	(11.4)	15.7
Relative	3.7	(11.3)	(18.2)	2.8

David Chong, CFA +603 2302 8106

david.chongvc@rhbgroupp.com

interest income. Also, higher gold prices tend to be positive for default trends as the higher prices would incentivise pawners to repay their loans and redeem their pledges, which are now more valuable. As for the recent correction in gold prices since the start of the Middle East conflict, we are not overly concerned as we believe Well Chip will be relatively well-insulated from gold price fluctuations on the back of its conservative LTV ratios (75-85%), which in turn provide a buffer against price declines.

Company Report Card

Results highlights. In FY25, Well Chip recorded a solid 61% YoY rise in core profit. Total revenue rose 22% YoY, led by pawnbroking services (+50% YoY), with pawn loans disbursed rising to MYR2.3bn from MYR1.4bn in FY24. This was aided by the addition of three new pawnshops in Perak since May 2025. On the other hand, revenue from retail and trading of jewellery and gold was up just 2% YoY – partly a reflection of falling default rates amid the continued rise in gold prices, in our opinion. The stronger revenue, coupled with the impact of operating leverage, led to bottomline growth outpacing that of topline.

Balance sheet. While Well Chip's borrowings have been on the rise, we are not overly concerned on this, given the need for cash capital to fund loan disbursements. As mentioned, pawn loans disbursed jumped c.70% YoY in FY25 to MYR2.4bn. Over the past three years, Well Chip's ROE has ranged between 16% and 19%. Going forward, we believe the higher gold prices and increasing outlet count will be supportive of continued growth in pawn loans disbursed and further ROE expansion.

Dividends. Well Chip declared a DPS of 5.1 sen in FY25 (FY24: 4.0 sen), which translates to a dividend payout ratio of 35.5% (FY24: 48%). Well Chip has committed to a dividend payout ratio of at least 35% for the first three financial years after its IPO (FY24-26).

Management team. Well Chip is led by Executive Director and CEO Ng Hooi Lang, who oversees the day-to-day business, and determines the group's overall business direction and strategies. Ng is assisted by Tang Soo Yen, another Executive Director who is also Director of Retail and Merchandising. Tang's responsibilities include overseeing and managing the procurement of gold and jewellery products for the group, and managing the post auction processes for defaulted pawn items.

Investment Case

Undemanding valuations for a fast-growing company. We think Well Chip is set to continue delivering double-digit bottomline growth, backed by a rising store count and gold prices, as well as strong cash capital backing. Its status as the largest pawnbroker in Johor also makes it an indirect proxy to economic development in the state. Currently trading at 9.4x FY25 P/E, valuations look undemanding, especially when taken in the context of the anticipated growth ahead. Ascribing a target P/E of 10-12x to its FY26F EPS, we derive a fair value range of MYR1.84-2.21.

Key risks include availability of cash capital, adverse fluctuations in gold prices, and exposure to unlawful and suspicious transactions.

Profit & Loss	Dec-23	Dec-24	Dec-25
Total turnover (MYRm)	204	222	270
Reported net profit (MYRm)	35	50	86
Recurring net profit (MYRm)	36	54	86
Recurring net profit growth (%)	44.8	46.9	61.0
Recurring EPS (MYR)	0.06	0.09	0.14
DPS (MYR)	0.00	0.04	0.05
Dividend Yield (%)	0.0	2.9	3.6
Recurring P/E (x)	23.1	15.7	9.8
Return on average equity (%)	18.8	16.0	19.0
P/B (x)	4.1	2.0	1.7
P/CF (x)	(23.2)	(17.7)	(5.1)

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-23	Dec-24	Dec-25
Total current assets	465	653	904
Total assets	496	686	961
Total current liabilities	273	243	458
Total non-current liabilities	19	22	20
Total liabilities	292	264	478
Shareholder's equity	203	421	483
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	496	686	961
Total debt	192	182	396
Net debt	180	88	352

Source: Company data, RHB

Cash Flow (MYRm)	Dec-23	Dec-24	Dec-25
Cash flow from operations	(36)	(47)	(165)
Cash flow from investing activities	(1)	(13)	(56)
Cash flow from financing activities	62	147	154
Cash at beginning of period	(35)	(9)	77
Net change in cash	25	87	(67)
Ending balance cash	(9)	77	10

Source: Company data, RHB

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(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 2302 8100
Fax : +603 2302 8134

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 5093 9888
Fax : +6221 5093 9777

SINGAPORE

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

Together
we
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RHB Investment Bank Berhad
197401002639 (19663-P)
www.rhbgroup.com