

COVERAGE INITIATION

20 February 2020

# BP Plastics Holding Bhd

Price : RM1.05

Market Cap : RM197.1mln

Listing : Main Market

Sector : Industrial Products

Bursa / Bloomberg Code: BPPLAS / BPP MK  
Stock is Shariah-compliant.

Recommendation : HOLD

## Key Financials

(FYE Dec)	FY17A	FY18A	FY19F
Revenue	328.6	333.8	334.9
Revenue growth	1.3%	1.6%	0.3%
EBIT (RM m)	15.5	25.0	26.3
Net profit (RM m)	12.8	21.4	20.8
Net profit growth	-28.2%	66.4%	-2.7%
Net profit margin	3.9%	6.4%	6.2%
EPS (sen)	6.8	11.4	11.3
Div/share (sen)	4.0	6.0	6.2
Payout ratio	58.4%	53.2%	55.0%
BV/share (RM)	0.89	0.97	1.02
Cash flow/share (sen)	12.0	16.3	17.0

## Key Valuation Metrics

	FY17A	FY18A	FY19F
P/E (x)	15.4	9.2	9.3
P/BV (x)	1.2	1.1	1.0
P/cashflow (x)	8.8	6.4	6.2
Dividend yield	3.8%	5.7%	5.9%
ROE	7.7%	11.8%	11.1%
Net gearing (x)	Net cash	Net cash	Net cash

Shares outstanding (mln)

187.7

52-week Hi-Low (RM)

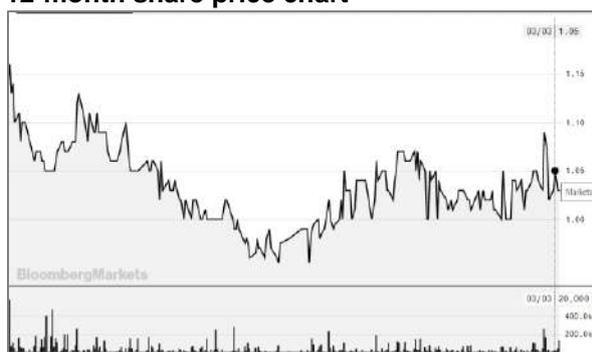
0.955-1.17

## Major Shareholders

LG Capital Sdn Bhd	43.2%
Lim Chun Yow	9.3%
Tan See Khim	9.2%
Hey Shiow Hoe	7.8%

\*Lim, Tan & Hey are substantial shareholders of LG Capital Sdn Bhd

## 12-month share price chart



Source: Bloomberg

## 1. Summary

- A key Polyethylene (PE) film producer in Asia.** Established since 1990, Johor-based BPPLAS produces various types of PE stretch films and industrial packaging films to be used in various industries such as logistics and warehousing, F&B, etc.
- Export nature.** About 75% of products are exported to over 50 countries across Asia, Middle East, Europe and North America. Local sales, meanwhile, are recording healthy growth as well.
- Customization capability.** In addition to standard solutions, BPPLAS is capable of customizing PE films and packaging bags according to customers' specifications.
- State-of-the-art machineries at its Batu Pahat plants.** Manufacturing facilities sit on 15.5 acres of land with built-up of 295,000 sf, housing state-of-the-art machineries to produce high quality films.
- Solid financials.** Revenue hit record high of RM333.8 mln in FY18 with decent manufacturing net profit margin of 6.4%. Registered 4-year turnover and net profit CAGR of 4.1% and 20.7% respectively. Lean balance sheet with net cash position and no borrowings.
- Risks.** Fluctuations in resin prices, which is the commodity that constitutes the largest component of cost. Fluctuations in foreign currency exchange have impact on earnings too due to its export nature and overseas sourcing.
- Initiate coverage with HOLD recommendation and fair value of RM1.12,** based on 11x PER FY20 earnings. We like BPPLAS for its established position and track record, experienced management as well as solid balance sheet. Near-term earnings growth, however, is muted due to unfavourable macro factors. The Group has a dividend policy to pay out 40% of net profit annually.

## 2. Background

### Corporate profile.

#### **Polyethylene film manufacturer.**

BP Plastics Holding Berhad (“BPPLAS”) is an investment holding company in which its subsidiaries are principally involved in the manufacturing of polyethylene (“PE”) stretch film and packaging film. BPPLAS’ products are used in various industries such as logistics and warehousing, food and beverage, and many more. The Group is based in Batu Pahat, Johor and is listed on the Main Board (now known as Main Market) of Bursa Malaysia since 2005.

#### **Started in 1990 by 3 good friends.**

Managing Director, Mr. Lim Chun Yow and Executive Directors Mr. Tan See Khim and Mr. Hey Shioh Hoe are good friends and started Lam Guan Plastic Industries in 1990. In the following year, BP Plastics Sdn. Bhd. was incorporated to take over the entire operations. BPPLAS was subsequently established as the holding company a year before the Group went for listing. The 3 founders remain instrumental in the Group’s operations and are still the key personnel leading BPPLAS forward.

#### **One of the key PE Film manufacturers in Asia.**

Through continuous machinery upgrades and capacity expansion as well as its own in-house research & development breakthrough, BPPLAS has become one of the key players in its industry not only in Malaysia but also in the region. The Group now has customers worldwide in more than 50 countries across Asia, Middle East, Europe and North America.

#### **69.4%-stake held by the 3 founders.**

Mr. Lim and Mr. Tan each have direct shareholding of 9.3% and 9.2% respectively in BPPLAS, while Mr. Hey owns 7.8% direct stake. The 3 founders also indirectly hold 43.2% in BPPLAS through their substantial shareholdings in LG Capital Sdn. Bhd. Therefore, the 3 founders collectively control 69.5% of BPPLAS. On a related note, Mr. Lim and Mr. Tan are also Mr. Hey’s brothers-in-law.

#### **Board of Directors.**

The 7-person Board of Directors comprises 4 Independent Directors which fulfils Bursa Malaysia’s listing requirement of having 1/3 or minimum 2 Independent Directors. The Board is led by Mr. Lim Kim Hock who is the Chairman and Independent Non-Executive Director.

#### **Key Management.**

##### **Managing Director, Mr. Lim Chun Yow.**

Mr. Lim has more than 30 years of experience in the plastics manufacturing industry. He is one of the co-founders of BPPLAS and has been the Managing Director of the Group since 2004. Mr. Lim was also the Chairman of BPPLAS from 2005 to 2013 before he retired from the role in line with the recommendation under the Malaysian Code on Corporate Governance to separate the roles of Chairman and Managing Director. He holds a Bachelor of Science degree in Business Administration from The Ohio State University, USA.

##### **Executive Director, Mr. Tan See Khim.**

Mr. Tan, one of the co-founders, is responsible for the sales and marketing as well as distribution of the Group. His vast experience and knowledge in sales plays a pivotal role in BPPLAS’ growth. Besides sales, marketing and distribution, Mr. Tan also has comprehensive knowledge in trading,

resource planning, and training in consumer products. He has been occupying his current role as Executive Director since 2004. He possesses a certificate in Senior Middle Three from Chung Hwa High School.

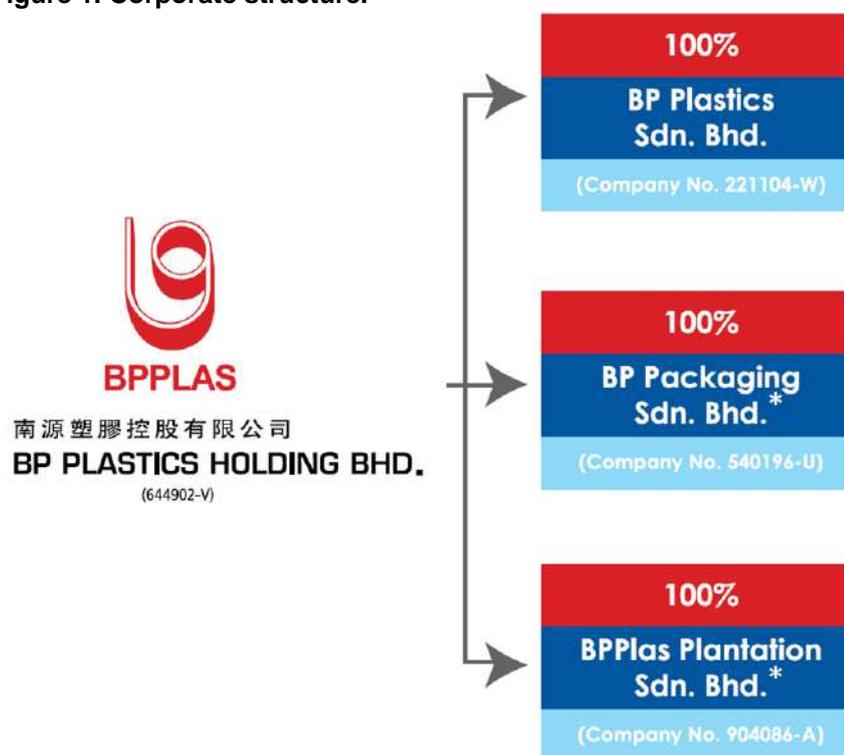
**Executive Director, Mr. Hey Shioh Hoe.**

Mr. Hey started his career in a plastic manufacturing company in 1986. He has extensive technical knowledge in plastics manufacturing and oversees the strategic planning and management of the manufacturing operations, infrastructure upgrading, and development, technical improvement and support to the production team. He is also one of the co-founders of BPPLAS and has been the Executive Director since 2004. Mr. Hey obtained a Bachelor of Science degree in Industrial and Systems Engineering from The Ohio State University, USA.

**Financial Controller, Ms. Chua Yi Fon.**

Ms. Chua has some 18 years of experience and extensive knowledge in auditing, accounting, and finance. She initially joined BP Plastics Sdn. Bhd. as an Accountant in 2009 before leaving for a position with Melaka Straits Medical Centre Sdn. Bhd. in 2014. She rejoined BPPLAS in 2016 as a Financial Controller. Ms. Chua possesses a Bachelor of Commerce from University of Melbourne, Australia.

**Figure 1. Corporate structure.**



*\*Dormant.*

*Source: Company.*

## Business.

### Two core divisions.

Stretch film division and industrial packaging division are BPPLAS' two core segments. The stretch film division is responsible for the manufacturing of high-quality films that can be stretched without compromising its durability. They are primarily used to hold, protect and improve the safety of palletized goods during transportation or storage.

Meanwhile, the industrial packaging division produces blown PE Form-Fill-Seal ("FFS") film, Lamination Base film and Collation Shrink film for food packaging industry, as well as various customized PE bags for industrial packaging applications with the objective to extend shelf life and enhance packaging integrity.

## Products.

### Stretch films.

BPPLAS produces a wide range of stretch films with different technical properties and usage. The films are mainly used to secure and protect products for warehousing and logistics activities. In addition to standardized solutions, the Group is capable to customize and tailor-make films according to customers' requirement. BPPLAS has a number of house brands stretch film such as infinity, Clarity, HillPlus, Priority, and R-Edge as well as other products as illustrated below in Figure 2a and 2b.

### Collation shrink film, printed FFS film & general-purpose bag and film.

The Group manufactures monolayer or multilayer shrink films that serve as a versatile means of packaging loose products, providing stability during transportation while protecting from dust and moisture. BPPLAS also produces FFS films which are used to store food in powder and liquid form (heavy duty) or light products such as tissue rolls (light duty). A selection of the Group's industrial packaging products is shown in Figure 3a and 3b.

Figure 2a. Stretch film products

	
	<p>Infinity, a premium house brand stretch film that is thinner than other stretch films but with similar strength. It is used along with the fully automated wrapping machine.</p>
	
<p>Designed to be used on fully automated wrapping machine for securing heavy loads and loose items on a pallet for logistics and warehousing purposes.</p>	<p>A stretch film with a reinforced film edge that enhances the grip of film over the product.</p>
	

Source: Company.

**Figure 2b. Stretch film products**

<b>CLARITY<sup>®</sup></b> Stretch Film		
An alternative solution for clearer packaging display and reading of barcode without compromising the film's strength.		vs
	Standard film	
 <b>Other Products</b>		
		
Mini roll for small packages	Plain and coloured stretch film	Jumbo roll for industrial uses

Source: Company.

**Figure 3a. Shrink film products.**

<b>Plain &amp; Printed PE Collation Shrink Film</b>	
	Shrink film provides an alternative to boxes and is normally used for packaging plastic bottles and canned beverages.
	
<b>PE Shrink Hood &amp; Sheeting</b>	
BPPLAS can customise the shrink film by adding special additives to withstand long exposure to the sun.	
	

Source: Company.

**Figure 3b. Printed FFS and general-purpose bag & film products.**

Source: Company.

#### **Large customer base in more than 50 countries.**

BPPLAS exports approximately 75% of its products to a large customer base in over 50 countries across Asia, Middle East, Europe and North America. Asia, in particular, is a very important market accounting for some 60% of total turnover. For overseas sales, the Group deals with overseas distributors, while for local sales, the Group mainly deals directly with end-user clients.

#### **Manufacturing facilities.**

The Group operates its manufacturing plants at Kawasan Perindustrian Sri Gading in Batu Pahat, Johor, sprawling across 15.5 acres of land with a built-up area of 295,000 sq. ft. Divided into cast stretch film division and Blown PE film division, there are more than 80 units of production machines with a combined installed capacity of 8,100 metric ton ("MT") per month.

#### **Cast stretch film division.**

This division is responsible for the manufacturing of stretch films. The Group has state-of-the-art machineries that are highly automated to produce high quality PE cast stretch films. The machines boast the following capabilities:-

- Multilayer Technology
- Gravimetric Feeding & Blending System
- Superior Extruders with Temperature Control & Homogeneous Melt
- Multi-Layer Feedblock / Die Technology
- Durable & Versatile High-Speed Casting Unit
- Automatic Thickness Control Die with Radiation Sources Gauge Scanner
- High Speed Winder with Robotic Rolls Handling System
- All Integrated Process Control by Computerised System
- Higher Speed Converting Rewinder to Hand Roll

**Figure 4. Cast stretch film machines.**

Source: Media source.

#### **Blown PE Film Division.**

The Blown PE film division produces shrink films, FFS films, and various types of bags for packaging. The Group is capable of customizing the technical properties and requirements according to clients' needs.

For films, the Group is equipped with mono and co-extrusion extruders that can produce a wide range of products from simple PE and polypropylene (PP) plastic films to complex structure co-extrusion films, with circumferences between 150 mm and 8,000 mm.

Meanwhile, the bag-making machines can produce different types of bags for packaging including side-sealing, hole-punching, perforated, double sealed and hanger bags.

**Figure 5. Blown PE film machines.**

Source: Company, ZJ Research

#### **75% Cast stretch films 25% Blown PE films.**

Generally, approximately 75% of the Group's sales are cast stretch films while the remaining 25% are Blown PE films. We understand that the cost for Blown PE films are higher than cast stretch films due to its customization for different uses while cast stretch films are more standardized solutions. Although output volume is lower, Blown PE films commands higher profit margin due to the customization services.

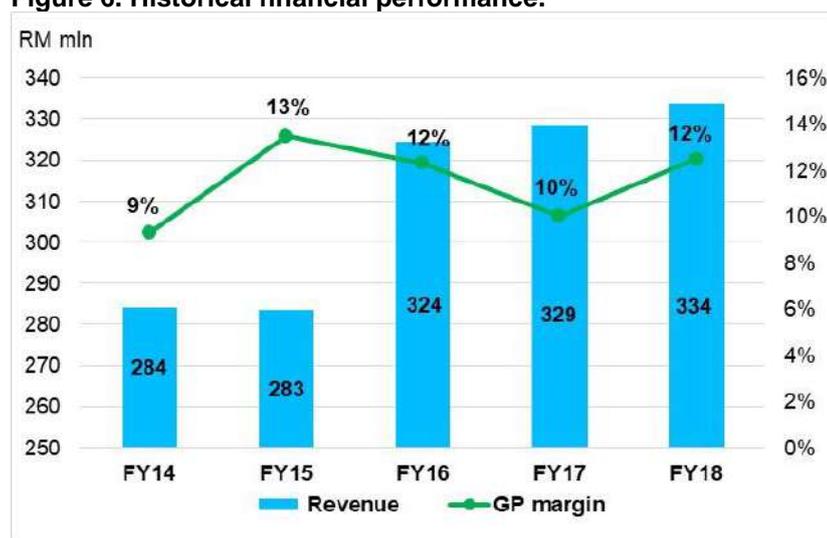
### 3. Financial highlights

#### Rising revenue trend.

BPPLAS posted record revenue in FY18 with turnover rising 1.6% year-on-year (“YoY”) to RM333.8 mln. The achievement was largely driven by stronger domestic sales, which rose 12.5% YoY. This was unfortunately partially offset by 2.0% decline YoY in export sales, resulting in the marginal overall increase in sales.

Group turnover grew at a 4-year compounded annual growth rate (“CAGR”) of 4.1% between FY14 and FY18. Management noted that the Group’s sales are mainly based on purchase orders received and there are no long-term contracts with customers. Additionally, its sales do not generally experience seasonality effect.

**Figure 6. Historical financial performance.**



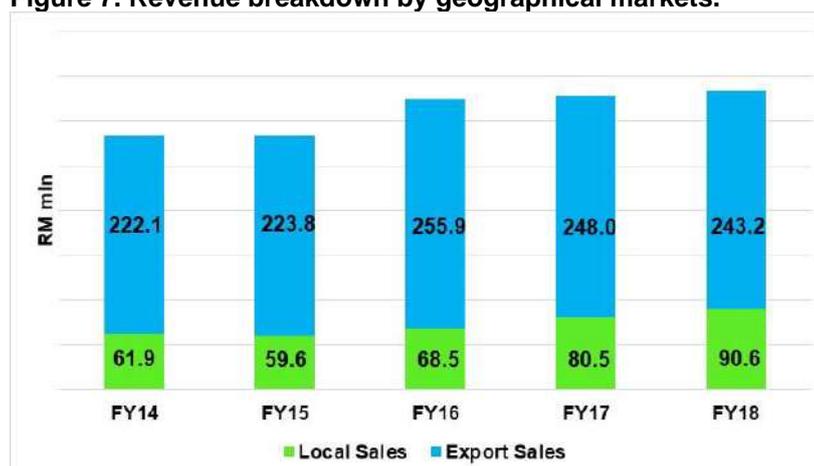
Source: Company, ZJ Research.

#### Export sales remained the key revenue contributor.

Export sales have somewhat been on a downtrend since FY16. Nonetheless, contribution from overseas still accounted for more than 70% of Group turnover. The declining exports were chiefly a result of the challenging overseas business environment.

#### Local sales the growth driver.

The Group’s domestic sales have been growing and even filled the void left by the contraction of its overseas sales. In FY18, revenue from Malaysia experienced double-digit growth of 12.5% YoY to RM90.6 mln from RM80.5 mln in FY17. Local sales expanded at a 4-year CAGR of 7.9% between FY14 and FY18.

**Figure 7. Revenue breakdown by geographical markets.**

Source: Company, ZJ Research.

### **GP margin and Cost of Sales (“COS”).**

Between FY14 and FY18, BPPLAS’ gross profit (“GP”) margin dipped to a low of 9.3% in FY14 and peaked at 13.5% in FY15. The GP margin decline in FY17 was due to higher resin costs which was amplified by the depreciation of Ringgit against the USD during the period and the inability to completely pass through increased cost to customers in order to maintain price competitiveness.

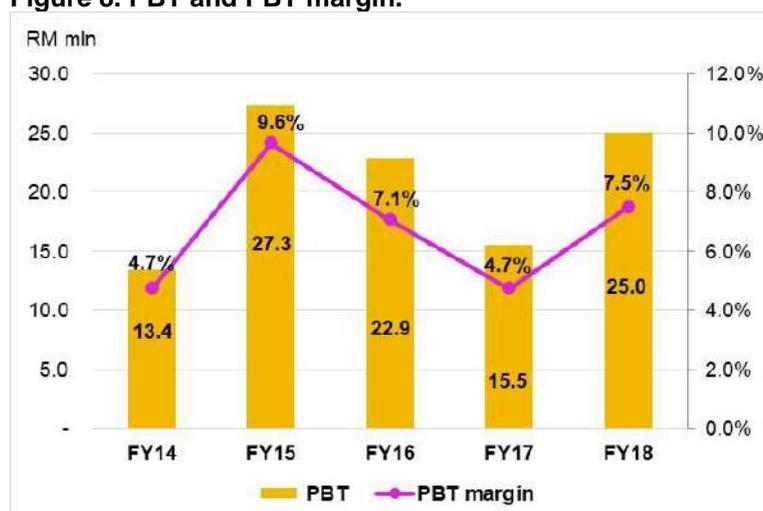
Management has been working hard to address the GP margin compression issue. Their efforts bore fruit with FY18 GP margin bounced back to 12.5%. The improvement was largely attributed to better product mix and cost savings achieved from improved production efficiencies.

We estimate raw materials and packaging cost account for approximately 80% of cost of sales. Other cost components include labor, utilities and overheads.

A key raw material component is resins, which constitute the largest portion of the COS. As byproduct of crude oil, resin prices correlate with crude oil prices. Being a commodity, the Group could technically pass through cost to customers should there be any major swing in resin prices. However, in reality, there could be time-lag effect, as well as difficulty to fully pass on cost owing to competitiveness reason. BPPLAS sources its resins from the Middle East, Singapore as well as Malaysia.

### **Better product mix and higher production efficiency led to improved PBT & PBT margin.**

Both PBT and PBT margin declined in FY16 and FY17 due to increase in raw materials and operating costs. The trend reversed in FY18 with PBT rising to RM25.0 mln from RM15.5 mln in in FY17 on better product mix, improved production efficiencies and good cost control. Between FY14 and FY18, PBT grew at a 4-year CAGR of 16.8%.

**Figure 8. PBT and PBT margin.**

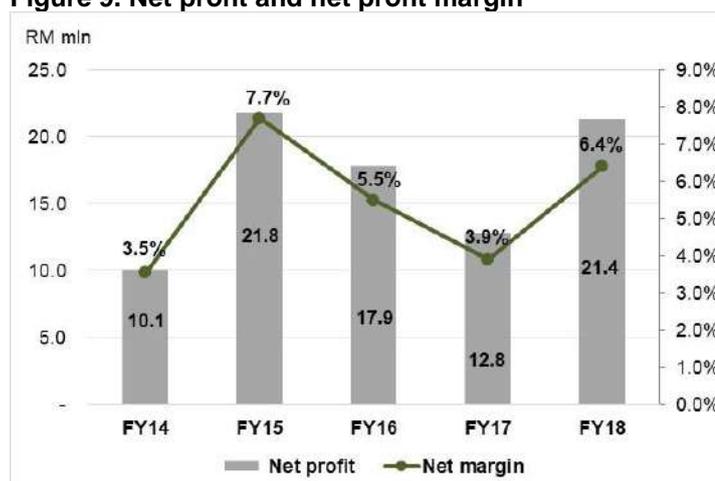
Source: Company, ZJ Research.

#### Lower-than-statutory tax rate.

The Group's effective tax rates had been ranging between 15% and 22% since FY15. They were below the statutory tax rate due to the availability of reinvestment allowance tax incentive. The effective tax rate for FY18 was 15.9%, vs. 17.3% in FY17.

#### Net profit and net profit margin.

The net profit trend is similar to that of PBT, with a 4-year CAGR growth of 20.7%. The CAGR growth rate of net profit was higher than PBT due to the lower effective tax rates in FY18.

**Figure 9. Net profit and net profit margin**

#### Net cash position with net cash per share of 26.2 sen.

BPPLAS has a healthy and robust balance sheet, backed by net assets per share of 96 sen with no borrowings and a cash holding of RM49.2 mln as of end-Dec 2018. This translated into a net cash per share of 26.2 sen. Given the solid capital position, management has flexibility to weather through the existing challenging operating environment, as well as high capacity to leverage up, if necessary, for business expansion purposes.

**Dividend policy: at least 40% of net profit.**

BPPLAS adopted a dividend policy in February 2016 to distribute at least 40% of net profit to shareholders. In fact, the Group has consistently been paying more than 40% payout in the past few years as shown in Figure 10.

**Figure 10. Dividend per share & payout.**

Source: Company, ZJ Research.

**9MFY19 results**

For the cumulative nine months results, BPPLAS' results were largely flattish with both revenue and net profit down 1% YoY to RM247.9 mln and RM14.6 mln respectively.

The subdued performance was attributed to challenging operating environment arising from the US-China trade tension which resulted in lower average selling prices. Fortunately, profit margin was largely intact as resin prices and overall production costs were also lower.

**4. Earnings outlook****Relatively resilient track record.**

The operating environment has been highly challenging with global uncertainties that include, amongst others, the US-China trade tension, Brexit, slowdown in both domestic and global economy and the latest, Covid-19 outbreak. Notwithstanding these factors, BPPLAS' earnings thus far up to 9MFY19 had been fairly resilient with revenue and net profit holding up well. In particular, we note the domestic sales has been rising steadily from RM59.6 mln in FY15 to RM90.6 mln in FY18, which helped offset the marginal decline in export markets.

On balance, we expect the growth in FY19 to be flattish, with the Group projected to record turnover of RM334.9 mln (+0.3% YoY), while net profit to decline marginally by 2.7% to RM20.8 mln. The lower FY19 net profit estimate is due to imputation of higher effective tax rate following the expiry of tax incentive at a subsidiary, while assuming the rest of the cost structure to remain substantially similar.

**Earnings growth may dampen in FY20 due to Covid-19**

Looking ahead, we foresee a challenging year ahead with headwinds such as Covid-19 outbreak as well as lackluster local and global GDP growth to inhibit revenue and earnings growth for many companies including BPPLAS.

The unexpected coronavirus outbreak has wreaked havoc on trade activities across the globe, affecting various industries such as tourism, retail, airlines, technology, manufacturing, leisure etc. We opine the impact would only be clearer in May 2020 when companies report earnings for the quarter ending 31<sup>st</sup> March 2020.

Against the backdrop of reduced trade activities and moderation in global economic growth, we project BPPLAS' revenue and net profit to contract 3.5% and 9.8% YoY in FY20 to RM323.2 mln and RM19.2 mln respectively.

## 5. Investment risks

### Volatile fluctuations in resin prices.

As raw material and packaging cost account for approximately 80% of the Group's COS, with resin cost taking up the largest portion of the share, any volatile movement in resin prices would have significant impact on the Group's profitability. This is evident in BPPLAS' historical financial results where lower raw material cost led to higher profitability in FY15, and vice versa in FY17.

### Fluctuation in foreign currency exchange rates.

BPPLAS is also exposed to the currency fluctuation between USD and Ringgit as the purchase of resin are generally denominated in USD. However, a large portion of the Group's export sales is also denominated in USD, hence creating a natural hedge position to partially mitigate the impact. The Group could also pass through the cost increase to customers but there would be time-lag effect and it may not be total cost pass-through due to competition.

## 6. Peer comparison and Valuation

There are a number of Bursa Malaysia-listed companies involved in the plastic packaging industry. The table below lists some of the peers operating in similar industry as BPPLAS:-

**Figure 11. Peer comparison.**

Company	Share Price (RM)	PER (x)	P/BV (x)	Mkt Cap (RM mln)	Net Gearing (x) <sup>^</sup>	TTM Dividend Yield
<b>BPPLAS</b>	<b>1.05</b>	<b>9.2</b>	<b>1.1</b>	<b>197.1</b>	<b>Net Cash</b>	<b>5.8%</b>
Scientex	8.99	12.9	2.0	4637.8	0.3	2.2%
Daibochi	2.52	63.4	3.8	826.3	0.44	1.6%
SLP	0.99	14.9	1.7	313.8	Net Cash	5.5%
Thong Guan	3.64	10.9	1.4	676.0	Net Cash	2.1%
<b>Average</b>		<b>12.9</b>				

*\*excludes BPPLAS & Daibochi*

<sup>^</sup>Based on latest quarterly results.

Source: Bursa Malaysia, respective company data, ZJ Research.

The peers are currently trading at an average PER of 12.9x. Note that we have excluded Daibochi in the calculation as we deem its PE multiple of 63.4x an outlier.

### Valuation.

We have ascribed a target PER multiple of 11x on our FY20 net profit estimate of RM19.1 mln to derive our fair value of RM1.12 for BPPLAS. Our target PER multiple factors in a 15% discount to the average peer benchmark due to its smaller market capitalization.

## 8. Recommendation

We initiate coverage on BPPLAS with a **Hold** recommendation and a fair value of **RM1.12**, reflecting a potential upside of 7%. The prospective FY20 dividend yield of 5.4% is healthy as well.

We do like BPPLAS for its earnings delivery track record, established position as a key PE film producer in the region, experienced and hands-on management, lean balance sheet in net cash position with no borrowings and 40% dividend payout policy. Nevertheless, we opine near-term earnings growth prospects may be muted due to aforementioned unfavourable macro factors that would, in turn, affect the demand for BPPLAS' products.

## P&L Summary

FYE Dec (RM m)	FY16A	FY17A	FY18A	FY19F	FY20F
<b>Revenue</b>	<b>324.4</b>	<b>328.6</b>	<b>333.8</b>	<b>334.9</b>	<b>323.2</b>
<i>Revenue growth</i>	14.4%	1.3%	1.6%	0.3%	-3.5%
EBITDA	31.5	25.2	34.2	36.5	34.9
<i>EBITDA margin</i>	9.7%	7.7%	10.3%	10.9%	10.8%
Depreciation	(8.6)	(9.6)	(9.2)	(10.2)	(11.0)
EBIT	22.9	15.5	25.0	26.3	23.9
Net interest exp.	-	-	-	-	-
Pretax income	22.9	15.5	25.0	26.3	23.9
Tax exp.	(5.0)	(2.7)	(3.7)	(5.5)	(4.8)
Eff. tax rate	21.9%	17.3%	14.7%	21.0%	20.0%
<b>Net profit</b>	<b>17.9</b>	<b>12.8</b>	<b>21.4</b>	<b>20.8</b>	<b>19.1</b>
<i>Net profit growth</i>	-18.2%	-28.2%	66.4%	-2.7%	-9.8%
<i>Net profit margin</i>	5.5%	3.9%	6.4%	6.2%	5.9%

## Balance Sheet Summary

FYE June (RM m)	FY16A	FY17A	FY18A	FY19F	FY20F
Cash/near cash	45.1	45.2	50.2	52.8	64.0
Trade & other receivables	48.0	43.8	42.3	46.0	44.9
Inventories	72.7	63.1	47.5	59.8	58.4
Other current assets	0.8	1.8	2.5	2.5	2.5
<b>Total current assets</b>	<b>166.5</b>	<b>153.8</b>	<b>142.5</b>	<b>161.1</b>	<b>169.8</b>
PPE	75.1	68.9	84.3	82.6	81.6
Other long-term assets	-	-	1.0	1.0	1.0
<b>Total long-term assets</b>	<b>75.1</b>	<b>68.9</b>	<b>85.3</b>	<b>83.6</b>	<b>82.6</b>
<b>Total assets</b>	<b>241.6</b>	<b>222.7</b>	<b>227.8</b>	<b>244.7</b>	<b>252.4</b>
<b>Liabilities &amp; Shareholders' Equity</b>					
Trade & other payables	65.5	46.4	36.6	44.0	43.1
Borrowings	-	-	-	-	-
Other short-term liab.	0.7	-	-	-	-
<b>Total current liabilities</b>	<b>66.2</b>	<b>46.4</b>	<b>36.6</b>	<b>44.0</b>	<b>43.1</b>
Long-term liabilities	9.6	9.0	10.0	10.0	10.0
<b>Total liabilities</b>	<b>75.8</b>	<b>55.4</b>	<b>46.6</b>	<b>54.0</b>	<b>53.1</b>
Share capital	93.8	98.8	98.8	98.8	98.8
Retained earnings	67.0	68.6	82.4	92.0	100.6
Other reserves	4.9	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total equity</b>	<b>165.8</b>	<b>167.3</b>	<b>181.2</b>	<b>190.7</b>	<b>199.3</b>
<b>Total liabilities &amp; equity</b>	<b>241.6</b>	<b>222.7</b>	<b>227.8</b>	<b>244.7</b>	<b>252.4</b>

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**RATING GUIDE**

BUY	Price appreciation expected to exceed 15% within the next 12 months
SELL	Price depreciation expected to exceed 15% within the next 12 months
HOLD	Price movement expected to be between -15% and +15% over the next 12 months from current level

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