MERCURY SECURITIES SDN. BHD.

BURSA RISE+
Brought to you by Bursa Malaysia
Supported by Capital Market Development Fund

Bus Cap Berhad

IPO Note – Non-Rated
Research Team Coverage / research@mersec.com.my
Friday, May 15, 2026
Ace Market
Industrial Product and Services Sector
SUBSCRIBE

Pioneering Malaysia's Customized Bus Industry

IPO Price:	**RM0.23**
Fair Value:	**RM0.31**

Valuation / Recommendation

We have a **SUBSCRIBE** recommendation on Bus Cap Berhad with a **fair value of RM0.31,** based on **9.9x target P/E** ascribed to **FY27E EPS of 3.13 sen**. The target multiple is benchmarked against the **3-year average PER of automotive manufacturing peers.** The company stands out for its unique positioning as Malaysia's first and only listed pure-play bus body manufacturer, offering investors rare exposure to a niche segment within the transportation value chain, underpinned by strong topline growth, steady margins and positive operating cash flow**.** We are positive on Bus Cap for its (i) Malaysia's First and Only Listed Pure-Play Bus Body Manufacturer, ii) Riding the Upcycle in Express Travel and Fleet Renewal, iii) Scalable Production Capacity Expansion to Support Future Growth and iv) Expanding Regional Presence via Singapore Market.

Investment Highlights

Malaysia's First and Only Listed Pure-Play Bus Body Manufacturer. Bus Cap is Malaysia's first and only listed pure-play bus body manufacturer. Backed by a 58-year track record under the SHL brand and partnerships with global chassis players like Scania, Volvo, Hino and Yutong, the Group has built strong credibility. Despite its quality positioning and low warranty cost of ~0.02% of revenue, it holds only ~8.6% market share, implying significant room for expansion.

Riding the Upcycle in Express Travel and Fleet Renewal. Bus Cap benefits from structurally supported demand driven by strong interstate travel and recurring fleet replacement cycles. High ridership and intensive usage lead operators to replace buses earlier (5–7 years), supporting consistent demand. Additional support from diesel subsidies and regional tourism growth further strengthens long-distance bus demand.

Scalable Production Capacity Expansion to Support Future Growth. With utilisation rates at 80%–90%, Bus Cap is nearing full capacity, supported by ~200 secured orders (1.2x capacity). The Group plans to expand capacity from 168 to 194 buses within 36 months via a new semi-automated facility. This will enhance efficiency, reduce labour reliance and enable faster delivery of larger orders.

Expanding Regional Presence via Singapore Market. Bus Cap is growing its regional footprint through Singapore using an asset-light dealer model. While it has served over 300 customers (Malaysia & Singapore), only 64 are active due to capacity constraints, highlighting untapped demand. As regional tourism strengthens, the Group is well positioned to scale exports and diversify revenue streams.

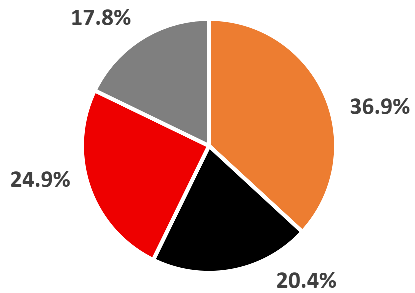
Risk Factors for Bus Cap include: (i) customer concentration and order volatility, (ii) dependence on regulatory policies and public transport spending, (iii) execution risk in capacity expansion plans and (iv) exposure to raw material price fluctuations and supply chain disruptions.

Business Overview

Bus Cap Berhad is a Malaysia-based bus body manufacturer that specializes in the design, fabrication, assembly and refurbishment of bus bodies for a wide range of applications. The Group serves a diverse customer base comprising transportation operators, tour companies, government agencies and vehicle dealers, delivering customized and high-quality solutions tailored to different operational needs. Bus Cap is to be listed on the Ace Market.

Listing Details	
Listing date	3 June 2026
New Shares (m)	126.52
Offer for sale (m)	19.17
Fund to be raised (RM m)	24.7
Post Listing	
Ordinary shares (m)	383.4
Market cap (RM m)	88.2
Estimated free float (%)	33.0%
P/E(x) (*Based on prospectus*)	8.98x
Top 3 Shareholders	**%**
NCS	67.0
Ng Chai Sing	67.0
Bernard Ng Chong Yan	67.0

Utilisation of Proceeds	**RM m**
Construction of New Factory	9.1
Purchase of new machines	5.0
Working capital	6.2
Estimated listing expenses	4.4



FYE Dec (RM m)	FY24A	FY25A	FY26E	FY27E
Revenue	56.4	88.1	98.3	104.5
EBITDA	9.5	13.8	11.0	17.4
EBIT	9.0	13.1	9.9	15.8
PBT	8.7	12.9	9.7	15.8
Core Net Profit	**6.9**	**9.8**	**7.4**	**12.0**
Core EPS (sen)*	**1.80**	**2.56**	**1.93**	**3.13**
Core EPS Growth (%)	153.2%	42.1%	-24.7%	62.4%
Net DPS (sen)*	-	-	-	-
Net Div. Yield (%) *	-	-	-	-
BVPS (sen)	0.04	0.06	0.11	0.15
PER (*Using IPO price*)	12.8	9.0	11.9	7.4
PBV (x) (*Using IPO price*)	6.4	3.7	2.0	1.6
Net Gearing	*0.3*	*0.1*	*Net Cash*	*Net Cash*

**Based on enlarged issued share capital of 383.4m*

Company Overview

Bus Cap Berhad ("Bus Cap", the "Company" or the "Group") is a Perak-based bus body manufacturer with a remarkable operating history spanning more than 58 years, anchored by its core subsidiary, Sin Hock Leong Coach Works Sdn Bhd ("SHL"). Headquartered in Ipoh, Perak, the Group has evolved from a traditional coachbuilder into a well-established industry player known for its craftsmanship, reliability and ability to deliver customized mobility solutions. Bus Cap specializes in the end-to-end, in-house design, fabrication, assembly and refurbishment of bus bodies, which are mounted on chassis sourced from leading global principals and dealer brands such as Scania, Volvo, Hino and Yutong. This integrated capability allows the Group to maintain strict quality control while tailoring its products to meet the diverse operational and branding requirements of its customers across Malaysia and its growing presence in Singapore. The Group operates from its Silibin Premises in Ipoh, Perak, where 4 production lines support an annual manufacturing capacity of up to 168 buses per annum, providing a scalable platform for future growth.

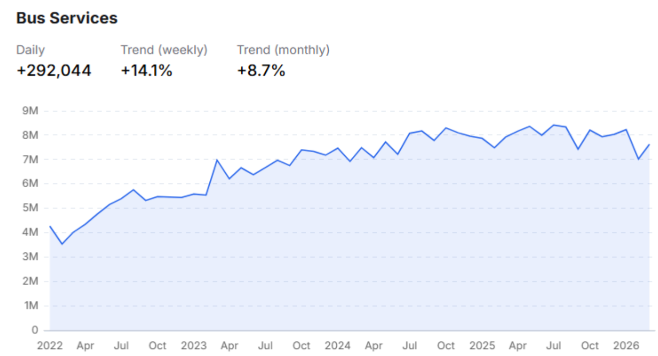
The Group's comprehensive product portfolio comprises single deck, semi-high deck, high deck and double deck buses, catering to a broad spectrum of applications including express, tour, stage, school, shuttle and worker transportation. The semi-high deck segment continues to be the primary revenue driver, supported by sustained demand from the intercity express and tourism sectors, while contributions from the Singapore market have been increasing, reflecting the Group's expanding regional footprint and ability to meet more stringent market requirements. Backed by a growing customer base of over 300 clients (Malaysia & Singapore), Bus Cap has built long-standing relationships with transportation operators, tour companies, government agencies and vehicle dealers by consistently delivering durable, high-quality and value-driven solutions. Leveraging decades of industry experience, continuous product innovation and improving operational efficiencies, the Group is well-positioned to capitalize on the increasing demand for public and private transportation solutions, while reinforcing its standing as a trusted partner in the regional bus manufacturing ecosystem.

Industry Overview

Mandatory Fleet Replacement Cycles Support Recurring Industry Demand. According to the IMR report by Smith Zander, Malaysia's bus building industry has recovered strongly post-pandemic, with new bus registrations rebounding from 276 units in 2021 to 1,355 units in 2025, representing a CAGR of 48.9% and nearing the pre-pandemic peak of 1,144 units in 2019. A key structural support for the industry is APAD's mandatory bus lifespan framework, which requires express buses to be replaced after 10 years, stage buses after 15 years and excursion buses after 12 years, creating a recurring and non-discretionary stream of fleet renewal demand. This is further supported by periodic operating license renewals subject to JPJ roadworthiness requirements. On a broader level, the global bus market is projected to grow at a CAGR of 8.5% through 2032, driven by urbanisation and rising demand for sustainable public transportation solutions.

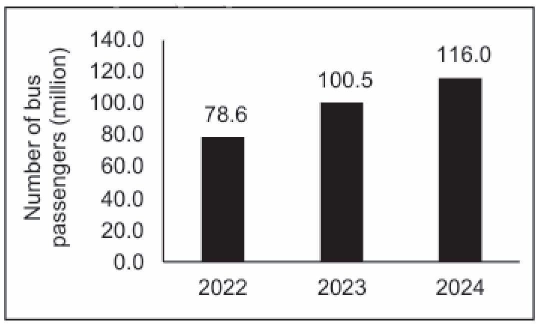
Government-Led Public Transport Investment as a Structural Demand Catalyst. The Malaysian Government continues to strengthen public transportation infrastructure through sustained funding initiatives. Budget 2025 allocated RM273m for the ISBSF and SBST programs to expand bus service coverage nationwide, while RM216m was allocated to continue subsidising the My50 unlimited travel pass, which recorded 2.73m passes sold in 2024. These initiatives are expected to support higher public bus ridership and encourage fleet expansion and replacement among operators. Complementing these efforts, Prasarana Malaysia recorded a 24% increase in average daily passengers in 2024 to 1.18m, approaching pre-pandemic levels of 1.24m daily passengers, reflecting a sustained and broad-based recovery in public transport usage that directly underpins operator confidence in fleet investment and renewal.

Figure 1: Monthly Ridership Trends for Rapid Bus Services



Source: Ministry of Transport, Malaysia's Official Open Data Portal

Figure 2: Number of Bus Passengers for Public Bus Services

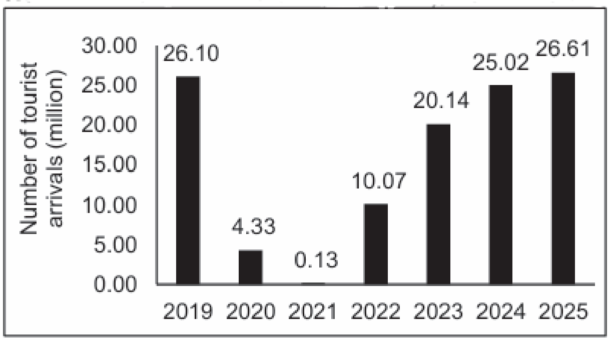


Source: Bus Cap's IPO Prospectus

Tourism Recovery Driving Sustained Demand for Tour and Excursion Buses. Malaysia's tourism recovery has become a meaningful demand driver for the bus manufacturing sector, particularly for tour and excursion buses. International visitor arrivals increased by 24.2% from 20.14m in 2023 to 25.02m in 2024, while total tourist and excursionist arrivals reached 42.2m in 2025. Rising tourist volumes are expected to drive fleet expansion and renewal among tour operators, supported by the 12-year mandatory replacement cycle for excursion buses. The recovery in tourism also supports demand for higher-value semi-high deck and tour bus models, which form a core part of Bus Cap's product offering.

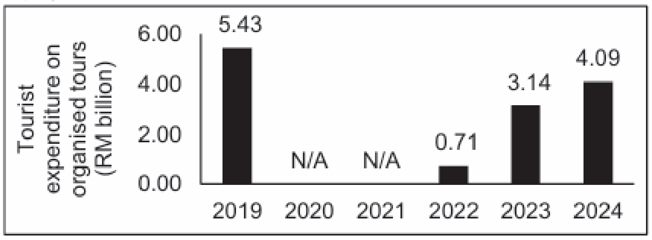
MERCURY SECURITIES SDN. BHD.

Figure 3: Number of tourist arrivals (Malaysia)



Source: Bus Cap's IPO Prospectus

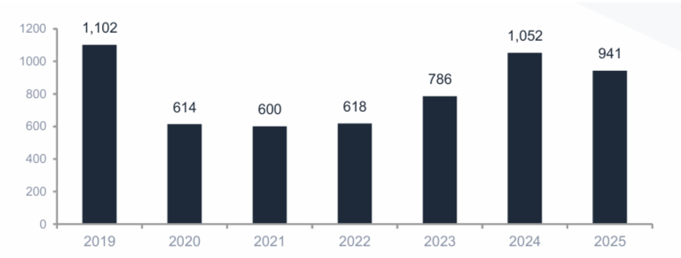
Figure 4: Tourist Expenditure on Organised Tours (Malaysia)



Source: Bus Cap's IPO Prospectus

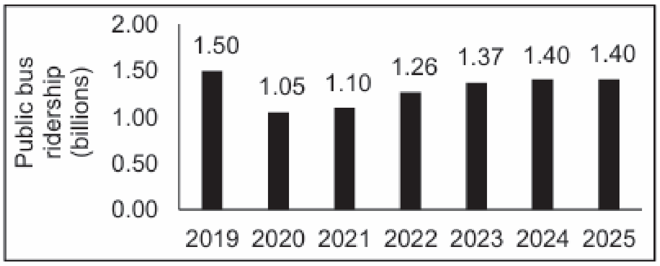
Singapore's Robust Market Offers Additional Long-Term Growth Opportunities. Singapore's bus market has also recovered strongly, with new bus registrations increasing from 600 units in 2021 to 1,052 units in 2024, supported by LTA's statutory bus lifespan limits of 17 to 20 years depending on bus category. Public bus ridership recovered to 1.40bn passengers in 2024, while the Singapore Government committed SGD900m under its Bus Connectivity Enhancement Programme through 2032 to expand and enhance bus services. For Bus Cap, which already has an established presence in Singapore, these developments provide a visible and recurring source of export market demand over the long term.

Figure 5: Number of New Bus Registrations (Singapore)



Source: Bus Cap

Figure 6: Average annual public bus ridership (Singapore)

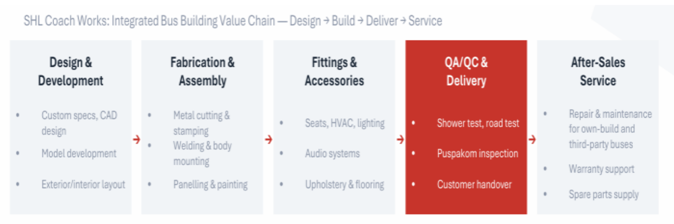


Source: Bus Cap's IPO Prospectus

Investment Merits

Malaysia's First and Only Listed Pure-Play Bus Body Manufacturer. Bus Cap stands out as the first and only pure-play bus body manufacturer to be listed on Bursa Malaysia, offering investors rare exposure to a highly niche and underrepresented segment of the transportation value chain. With a 58-year operating track record under SHL brand, the Group's has established **longstanding relationships with globally recognized chassis principals such as Scania, Volvo, Hino and Yutong**, reinforces its credibility and industry positioning. **Its end-to-end manufacturing capabilities, spanning concept design, fabrication, assembly and rigorous quality assurance,** are complemented by a **highly flexible customization offering** that caters to both standard and premium coach segments. From basic stage and worker buses to fully customized luxury coaches with bespoke seating configurations, tailored interior finishes and entertainment systems, Bus Cap's in-house design team is **able to translate those requirements into a fully built-up bus** that meet both operator's branding vision and the regulatory standards of the respective markets it serves. Importantly, its **strong emphasis on product quality and durability** is reflected in exceptionally **low warranty repair costs of approximately 0.02% of revenue**, underscoring its disciplined manufacturing standards and reputation as a reliable, high-quality bus body builder. Despite these strengths, the Group currently holds only approximately **8.6% of the domestic market**, indicating nearly 90% substantial headroom for further expansion.

Figure 7: Business Overview



Source: Bus Cap

Figure 8: Key Industry Players

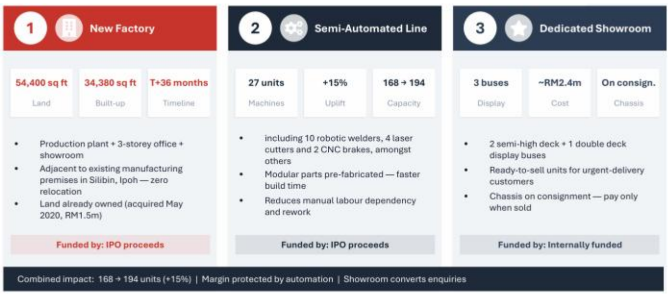
Company	FYE	Revenue (RM'm)	GP Margin (%)	PAT Margin (%)	Status
SKS Coachbuilders	Dec 2024	140.2	19.8%	10.9%	Private
Badanbas	Dec 2023	109.0	24.4%	15.3%	Private
Gemilang Coachwork	Oct 2024	101.5	16.0%	3.3%	Private (HK-listed parent)
Bus Cap Group	Dec 2025	88.1	20.6%	11.1%	Listed
Pioneer Coachbuilders	Mar 2023	30.6	1.4%	(22.2%)	Private
Truckquip	Dec 2024	30.3	(21.4%)	(44.7%)	Private
Aviva Master Coach	Dec 2024	19.3	18.0%	(8.1%)	Private

Source: Bus Cap

Riding the Upcycle in Express Travel and Fleet Renewal. Building on its strong industry positioning, Bus Cap operates within a structurally supported demand environment anchored by express travel intensity and recurring fleet replacement cycles. **Malaysia's strong culture of interstate travel** continues to drive strong and consistent demand, particularly during peak festive periods such as Hari Raya, Chinese New Year and year-end holidays, which generate **sharp surges in ridership**. This trend is reflected in 2024 data from the Ministry of Transport (MOT), with express bus ridership reaching **9.1m passengers and total public bus ridership rising to 116m**. Such demand spikes place significant operational strain on bus fleets, accelerating mileage accumulation and wear and tear. As a result, **operators often replace buses well ahead than regulatory guidelines of 10 to 15 years**, typically within 5 to 7 years, to maintain reliability, minimize downtime and meet rising passenger expectations. This dynamic is further reinforced by the higher utilisation rates of express and tour buses compared to urban transit fleets. Additionally, the presence of government diesel subsidies and pricing mechanisms helps stabilise operator cost structures, reducing the risk of demand volatility and supporting consistent fleet renewal activity. Beyond domestic demand, the continued recovery of regional tourism, particularly multi-country travel routes across Malaysia, Singapore and Thailand, further strengthens demand for long-distance, high-comfort buses, positioning Bus Cap to benefit from both cyclical and structural growth drivers.

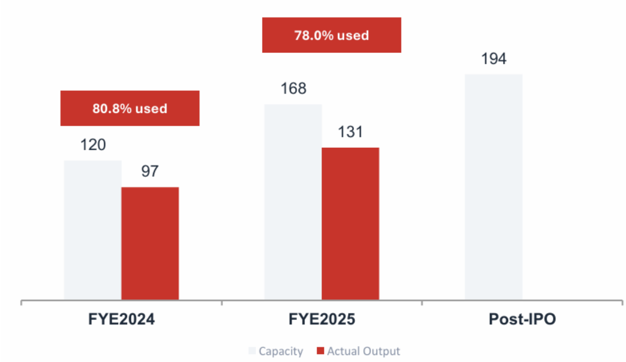
Scalable Production Capacity Expansion to Support Future Growth. The strength of underlying demand is clearly reflected in Bus Cap's current operational dynamics, where production capacity is nearing its limits. With an existing capacity of 168 buses and **utilisation rates already at approximately 80% to 90%**, the Group is operating close to optimal levels, necessitating expansion to capture further growth opportunities. In the near term, especially for next three years, management remains focused on enhancing efficiency through improved workflow planning and production optimization to maximize output from existing facilities. However, post-IPO growth strategy is anchored by a clear expansion roadmap, targeting an **increase in annual production capacity from 168 buses to 194 buses within 36 months** driven by the development of a new manufacturing facility on its adjacent 54,400 sq. ft. land, purpose-built to enhance both capacity and operational efficiency. More importantly, this expansion represents a step-change in operational capability, with the **incorporation of semi-automated production processes** including robotic welding, Computer Numerically Controlled (CNC) press brakes and laser cutting technologies. These enhancements are expected to improve precision, consistency and throughput, while reducing reliance on manual labour and enabling modular manufacturing practices. This will allow Bus Cap to shorten lead times, improve cost efficiency and fulfil larger, more time-sensitive orders that were previously constrained by capacity limitations. The Group's strong demand visibility is further supported by approximately **200 units of secured orders (expected to sustain into 2027)**, equivalent to 1.2x its current capacity, providing a clear foundation for sustained revenue growth.

Figure 9: The Group's Three-pillar Growth Plan



Source: Bus Cap

Figure 10: Capacity and Growth Runaway



Source: Bus Cap

Expanding Regional Presence via Singapore Market. Complementing its domestic growth, Bus Cap is progressively **expanding its regional footprint**, particularly into Singapore, while simultaneously deepening its customer base. To date, the Group has **served more than 300 customers, although only 64 are currently active**, largely due to capacity constraints that have required management to prioritize higher-value or time-sensitive orders. This highlights a meaningful pool of latent demand that can be unlocked as capacity expands. In Singapore, Bus Cap **distributes its buses primarily through a local vehicle dealer**, supplying end customers such as bus transport operators and travel companies. Demand in this market is closely linked to regional tourism flows, particularly **multi-country travel itineraries spanning Malaysia, Singapore and Thailand**, where high-comfort, long-distance buses are essential. The Group's semi high-deck buses are well suited for these applications, offering durability, passenger comfort and operational efficiency for extended journeys. This asset-light distribution model enables Bus Cap to penetrate the Singapore market effectively while leveraging local expertise and networks, reducing execution risk. As regional connectivity and tourism continue to strengthen, Bus Cap is well positioned to scale its export segment, expand its active customer base and diversify its revenue streams beyond Malaysia, reinforcing its long-term growth trajectory.

IPO Details

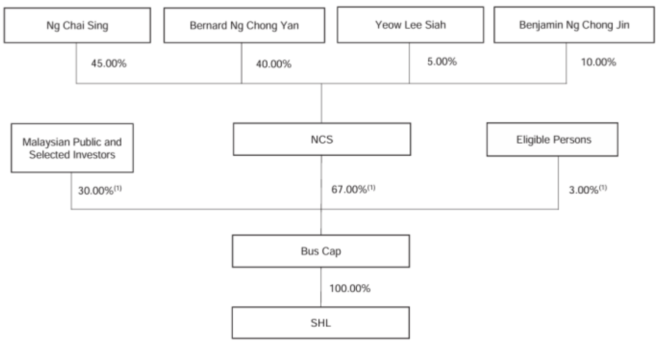
	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
Retail Offering				
Malaysian Public (Bumiputera)	-	9.58	9.58	2.5
Malaysian Public (Non-Bumiputera)	-	9.58	9.58	2.5
Eligible Persons	-	11.50	11.50	3.0
Private Placement				
Selected Investors	19.17	76.68	95.85	25
Total	**19.17**	**107.35**	**126.52**	**33.0**

Source: Bus Cap's IPO Prospectus, Mercury Securities

Figure 11: IPO Tentative Timeline

Source: Bus Cap's IPO Prospectus, Mercury Securities

Figure 12: Post-IPO Corporate Structure



Source: Bus Cap's IPO Prospectus

This section is left blank intentionally

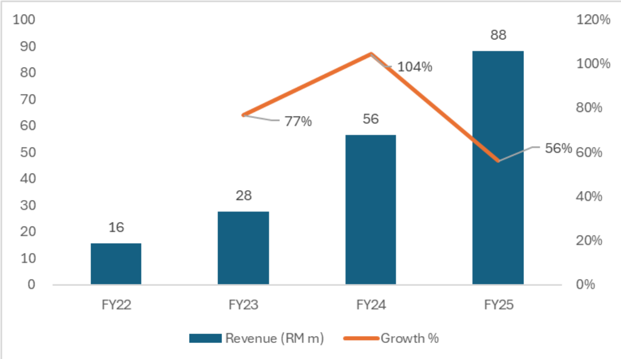
MERCURY SECURITIES SDN. BHD.

Financial Highlights

Bus Cap **financial performance' has been underpinned by strong revenue growth, high profitability and a net-cash balance sheet.** The Group delivered exceptional topline growth, with revenue increasing from **RM15.6m in FY2022 to RM88.1m in FY2025, representing a three-year CAGR of 78.0%**. This growth was primarily driven by **higher bus sales, particularly in the semi-high deck segment**. Revenue saw a step-change in FY2024, increasing by RM32.5m (+550.8%), followed by further expansion of RM68.6m (+64.7%) in FY2025. FY2025 performance was **supported by new order wins**, including **44 units from 28 new customers for semi-high deck buses** and **8 units for double-deck buses** from one of the Group's top five customers. In addition, the Group continued to **penetrate the Singapore market**, securing orders for **7 units from a new customer and 9 units from two repeat customers**. Revenue mix has also improved, with **bus sales contributing 98.6% of total revenue in FY2025 (FY2022: 96.0%)**, reinforcing the Group's positioning as a pure-play bus manufacturer. Meanwhile, the repair and maintenance segment remained stable, contributing approximately 1%–2% of total revenue annually.

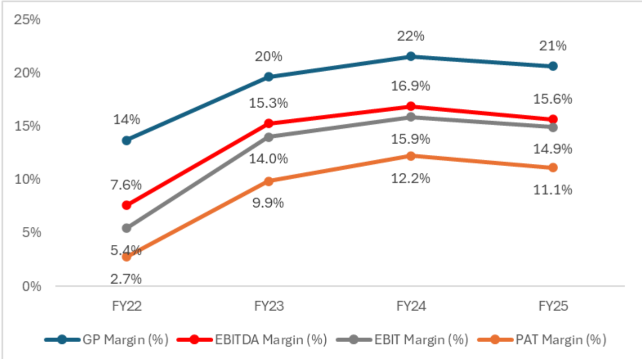
Profitability remains steady. Gross profit increased significantly from **RM2.1m in FY2022 to RM18.2m in FY2025**. Gross profit margin expanded from **13.7% in FY2022 to 21.6% in FY2024**, before moderating slightly to 20.6% in FY2025. The marginal compression in FY2025 was mainly attributable to higher staff costs, increased professional fees related to ERP implementation and IPO preparation, as well as higher headcount, bonuses, and salary adjustments. Despite the higher cost base, profitability remained robust, **with EBITDA margin at 15.6% and PAT margin at 11.1% in FY2025**. This reflects the Group's ability to sustain attractive operating economics, supported by strong revenue growth and operating leverage.

Figure 13: Revenue Trend (RM m) and YoY Growth (%)



Source: Bus Cap, Mercury Securities

Figure 14: Profitability Margins

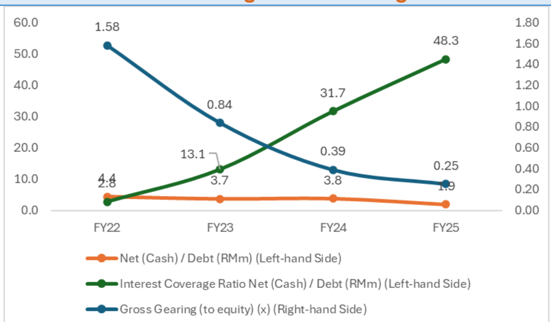


Source: Bus Cap, Mercury Securities

Healthy Balance Sheet with Low Gearing. Bus Cap maintains a healthy balance sheet, supported by a net-cash position and prudent financial management. As at 31 December 2025, the Group recorded **RM4.1m in cash against RM3.3m in borrowings**, with a **current ratio of 1.7x**. Total assets stood at RM52.8m, backed by shareholders' equity of RM23.6m, while total liabilities remained manageable at RM29.1m. Gearing was below 0.3x pre-IPO and is expected to remain stable post-listing. Importantly, borrowings are primarily short-term in nature and are used strategically to secure materials at favorable prices. The Group's loan-backed order model, where production typically commences only after customers secure financing provides strong cash flow visibility and reduces working capital risk. From an IPO perspective, this positions Bus Cap favourably, as proceeds are intended for growth and capacity expansion rather than balance sheet repair.

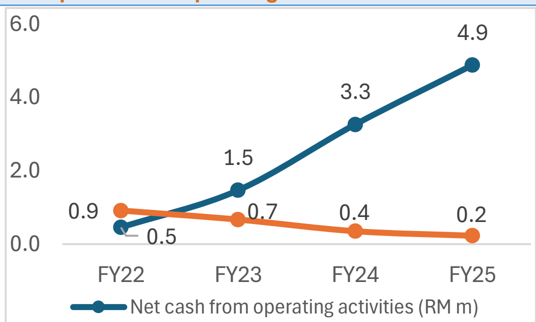
The Group has consistently generated **positive operating cash flows**, increasing from **RM0.5m in FY2022 to RM4.9m in FY2025 (FY2023: RM1.5m; FY2024: RM3.3m)**. **Capital expenditure declined from RM0.9m in FY2022 to RM0.2m in FY2025**, the lower capex also reflects a strategic shift towards higher inventory holdings to support future orders and mitigate raw material price fluctuations. Overall, the business exhibits strong cash flow characteristics, enabling it to fund growth internally while maintaining cost efficiency.

Figure 15: Balance Sheet Strength and Leverage Profile



Source: Bus Cap, Mercury Securities

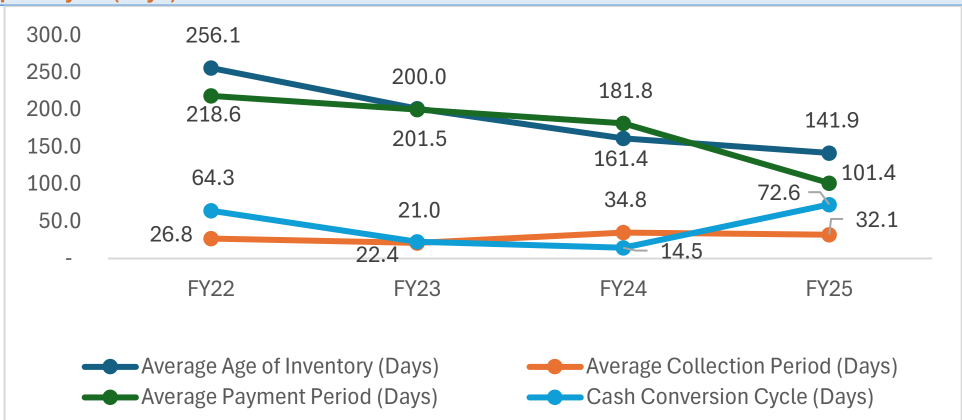
Figure 16: Capex vs. Net Operating Cash Flow



Source: Bus Cap, Mercury Securities

Working Capital Trend. Working capital management has improved meaningfully over the period. Inventory days **reduced significantly to 142 days in FY2025 (FY2022: 256 days),** driven by better procurement planning, improved supplier coordination, and higher production throughput. The Group adopts a just-in-time approach, sourcing chassis and key materials upon confirmation of customer orders while providing advance forecasts to suppliers to ensure material availability and price visibility. **Receivables days increased slightly to 32 days (FY2022: 27 days),** in line with higher billings and typical credit terms of 30–90 days. Meanwhile, **payables days declined to 101 days (FY2022: 219 days),** reflecting normalization of supplier credit terms and more disciplined payment practices. Despite these movements, the cash conversion cycle (CCC) remained well-managed at **64 days (FY2022), 21 days (FY2023), 15 days (FY2024), and 32 days (FY2025)**. The sharp improvement post-FY2022 reflects enhanced operational efficiency and faster inventory turnover. While CCC increased slightly in FY2025, it remains at a healthy level, underscoring the Group's ability to efficiently convert earnings into cash and sustain internal funding for growth.

Figure 17: Working Capital Cycle (Days)



Source: Bus Cap, Mercury Securities

Bus Cap is expected to **sustain a positive growth trajectory over FY26–FY28**, supported by strong order visibility and steady operational execution. Revenue is projected to increase from RM98.3m in FY2026E to RM110.6m in FY2027E and RM161.6m in FY2028E, implying YoY growth of 13.0%, 12.5% and 46.1%, respectively. **Our base-case assumptions are anchored on utilization rates of 80% to 90% against the Group's current annual capacity of 168 units**, which management has indicated is approaching its limit. Notably, the Group has secured an order book of approximately 200 units (expected to sustain into 2027), exceeding annual capacity and providing clear earnings visibility over the forecast period. Further growth beyond FY2028 is expected to be driven by the completion of the new manufacturing facility, which will increase annual capacity to 194 units and support the next phase of expansion.

On profitability, we assume GP margins of 20.6%, 21.6% and 22.6% for FY26E–FY28E, reflecting gradual improvements in product mix and operational efficiency despite capacity constraints. EBITDA margins are expected at 11.2%, 16.6% and 17.6%, respectively, as near-term margins in FY2026E are weighed down by continued investments in facility expansion, semi-automation and supporting infrastructure, before gradually recovering as operational efficiencies are realized. We forecast PAT of RM7.4m, RM12.0m and RM13.4m over the same period, translating into YoY growth of -24.7%, 62.4% and 11.9%, respectively, with an assumed effective tax rate of 24% and higher depreciation and operating expenses as the Group scales. While PAT margins are expected to normalize from 11.1% in FY2025 to 7.5% in FY2026E, they are projected to bounce back to 11.5% and 12.1% in FY2027E and FY2028E, respectively, underscoring Bus Cap's ability to remain profitable with healthy operating margins, supported by its pure-play positioning and strength in customized, high-quality bus manufacturing.

	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	15.6	27.6	56.4	88.1	98.3	104.5	110.6
Gross Profit	**2.1**	**5.4**	**12.2**	**18.2**	**20.3**	**22.6**	**25.0**
EBITDA	1.2	4.2	9.5	13.8	11.0	17.4	19.5
EBIT	0.9	3.9	9.0	13.1	9.9	15.8	17.5
PBT	0.6	3.6	8.7	12.9	9.7	15.8	17.7
Core Net Profit	**0.4**	**2.7**	**6.9**	**9.8**	**7.4**	**12.0**	**13.4**
Core EPS (sen)*	**0.11**	**0.71**	**1.80**	**2.56**	**1.93**	**3.13**	**3.50**
Core EPS Growth (%)	-	538.2%	153.2%	42.1%	-24.7%	62.4%	11.9%
Net DPS (sen)*	-	-	-	-	-	-	-
Net Div. Yield (%) *	-	-	-	-	-	-	-
BVPS (sen)	-	0.02	0.04	0.06	0.11	0.15	0.18
PER (*Using IPO price*)	206.5	32.4	12.8	9.0	11.9	7.4	6.6
PBV (x) (*Using IPO price*)	-	13.5	6.4	3.7	2.0	1.6	1.3
Net Gearing	*1.2*	*0.6*	*0.3*	*0.1*	*Net Cash*	*Net Cash*	*Net Cash*

**Based on enlarged issued share capital of 383.4m*

MERCURY SECURITIES SDN. BHD.

Valuation

We value Bus Cap at **RM0.31 per share** using a **9.9x PER** to our projected FY27E EPS of **3.13 sen.** Our target multiple is benchmarked against the **three-year historical average P/E of selected automotive manufacturing peers**, which serve as the closest available reference set in the absence of listed pure-play bus body manufacturers in Malaysia. While we acknowledge that these peers are not directly comparable given their broader exposure to vehicle assembly, distribution, and components, Bus Cap stands out as **Malaysia's first and only listed pure-play bus body manufacturer**, offering direct exposure to a niche, build-to-order segment within the transportation value chain. Although the selected peers command a significantly larger average market capitalisation of RM195.8m compared to Bus Cap's implied post-listing market capitaliation of RM88.2m, Bus Cap demonstrates better operating fundamentals, with a gross profit margin of 20.6% versus the peer average of 15.1%, alongside consistently stronger EBITDA, PBT, and PAT margins across the board.

Profitability Margin and Return Ratios Comparison (x)

Company	Bloomberg Ticker	Margin (%)				%	
		GP	EBITDA	PBT	PAT	ROE	ROA
Gemilang International Ltd	6163 MK Equity	17.4	2.4	(0.9)	(1.7)	(2.9)	(1.0)
SMIS Corp Bhd	SMIS MK Equity	14.4	6.8	4.0	2.2	3.7	2.1
APM Automotive Holdings Bhd	APM MK Equity	15.2	9.5	6.8	3.7	5.2	3.1
Sapura Industrial Bhd	SAPU MK Equity	15.5	11.0	4.4	2.8	6.2	3.4
EP Manufacturing Bhd	EPMB MK Equity	3.2	8.6	2.3	1.7	2.6	1.4
Globaltec Formation Bhd	GBLF MK Equity	25.2	13.4	7.8	5.8	3.1	2.1
Simple Avg.		**15.1**	**8.6**	**4.1**	**2.4**	**3.0**	**1.8**

Source: Bloomberg, Mercury Securities

3-Year Historical P/E Average of Selected Automotive Manufacturing Peers (x)

Company	Bloomberg Ticker	FYE	Share Price (RM)	Mkt Cap (RM m)	2023	2024	2025
Gemilang International Ltd	6163 MK Equity	Oct	0.36	99.49	n/a	n/a	n/a
SMIS Corp Bhd	SMIS MK Equity	Dec	0.63	26.56	n/a	11.7	8.9
APM Automotive Holdings Bhd	APM MK Equity	Dec	3.14	613.85	8.1	6.3	8.6
Sapura Industrial Bhd	SAPU MK Equity	Jan	0.81	58.58	6.2	8.6	7.1
EP Manufacturing Bhd	EPMB MK Equity	Dec	0.51	144.62	8.2	7.1	14.9
Globaltec Formation Bhd	GBLF MK Equity	Jun	0.86	231.44	11.8	18.2	14.6
Simple Avg.				**195.8**	**8.6**	**10.4**	**10.8**

Source: Bloomberg, Mercury Securities

Industry Comparison

As per the latest Financial Recorded Index	Bloomberg Ticker	Margin %			1-Year Forward P/E Multiple
		GP	EBITDA	PAT	
Bursa Malaysia Industrial Production Index	KLPRO Index	15.5	3.2	1.3	25.3x
Bus Cap Berhad	BUSCAP MK Equity	20.6	15.6	11.1	9.9x

Source: Bloomberg, Mercury Securities

SWOT Analysis

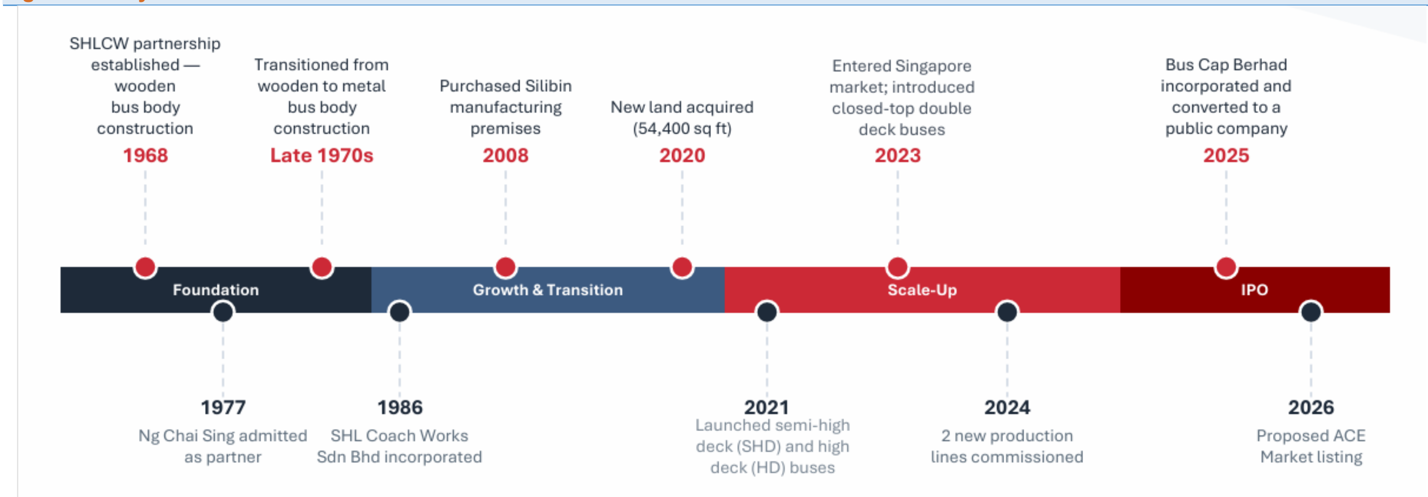
S STRENGTHS	W WEAKNESS
Established Track Record and Brand Equity. With over 58 years of operating history, Bus Cap has built a strong reputation for quality and reliability in the Malaysian bus manufacturing industry. Its long-standing relationships with over 300 clients across transportation operators, tour companies and government agencies provide a durable competitive moat that is difficult for newer entrants to replicate. **Integrated End-to-End Manufacturing Capability.** Bus Cap's in-house design, fabrication, assembly and QA/QC processes give the Group full control over product quality and customisation. This vertical integration not only minimises reliance on third parties but has also resulted in exceptionally low warranty repair costs, consistently below 0.2% of revenue over the review period. **Diversified Product Portfolio Across Multiple Bus Types.** The Group's six-model lineup spanning single deck to double deck configurations allows it to serve a wide range of end-markets, from school and worker buses to premium express and tour coaches. This breadth reduces customer concentration risk and maximises the Group's addressable market across both public and private transportation segments.	**Geographical Concentration of Operations.** All of Bus Cap's manufacturing activities are concentrated at a single facility, the Silibin Premises in Ipoh, Perak. Any operational disruption at this site, whether from natural disasters, equipment failures or regulatory issues, could materially impact production output and order fulfilment. **Reliance on Foreign Workers for Production Labour.** A significant portion of the Group's production workforce comprises foreign workers, exposing Bus Cap to risks relating to changes in immigration policy, levy costs and labour availability. Any tightening of foreign worker quotas or sudden workforce attrition could strain production capacity and increase operating costs. **Limited Scale Relative to Larger Peers.** At RM56.4m in FY2024 revenue, Bus Cap remains considerably smaller than its top-tier competitors such as SKS Coachbuilders (RM140.2m) and Badanbas (RM109.0m). This scale gap may limit the Group's bargaining power with suppliers and its ability to absorb large, time-sensitive fleet orders.
T THREATS	**O OPPORTUNITIES**
Intensifying Competition from Established Industry Players. The Malaysian bus building industry is home to several well-capitalised competitors, including Gemilang Coachwork, a subsidiary of a Hong Kong-listed entity with significantly greater financial resources and production scale. Pricing pressure from these players, as well as potential market share erosion, could weigh on Bus Cap's revenue growth and margin trajectory. **Raw Material and Supply Chain Cost Volatility.** Chassis and metal materials collectively account for the majority of the Group's cost of sales, with chassis alone representing 55.7% of total purchases in FY2024. Fluctuations in steel prices and supply chain disruptions, particularly for imported chassis from principals such as Scania and Volvo could compress margins if cost increases cannot be fully passed through to customers. **Regulatory and Policy Risks.** Bus Cap's operations are subject to approvals and licensing requirements from multiple regulatory bodies including JPJ, APAD and MITI. Any adverse changes to bus lifespan regulations, foreign worker policies or import duties on chassis and components could materially affect both demand dynamics and the Group's cost structure.	**Mandatory Bus Replacement Cycles Driving Structural Demand.** Regulatory lifespan limits set by APAD (10 years for express buses and 15 years for stage buses) drive predictable and recurring replacement demand, largely independent of economic cycles. With Malaysia's bus fleet ageing, Bus Cap stands to benefit from a sustained replacement upcycle and steady new bus registrations. **Singapore Market Expansion and Regional Diversification.** Following its entry into Singapore in FY2023, Bus Cap has proven its ability to meet stricter market standards. The SGD900m Bus Connectivity Enhancement Programme through 2032, alongside LTA lifespan regulations, provides strong long-term demand visibility and supports further export growth. **Capacity Expansion and Automation via IPO Proceeds.** The new factory and semi-automated fabrication line are expected to raise annual capacity by ~15% to 194 buses while reducing reliance on manual labour. A dedicated showroom is also expected to accelerate sales cycles and improve conversion rates.

MERCURY SECURITIES SDN. BHD.

Company Background

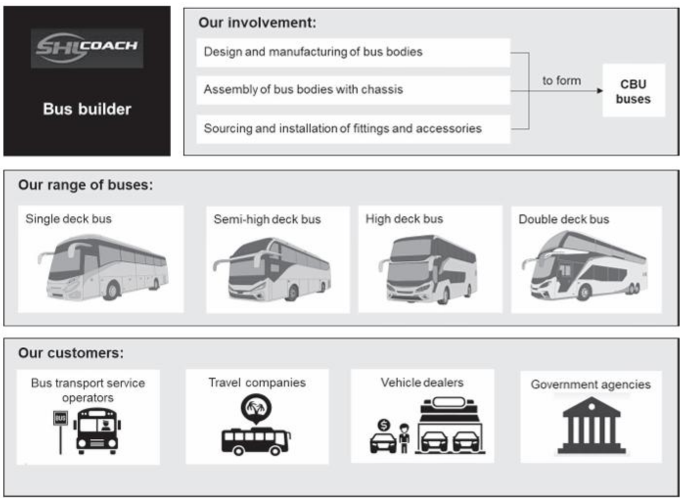
Bus Cap Berhad ("Bus Cap", the "Company" or the "Group") is a Perak-based bus body manufacturer with over 58 years of industry experience, established through its core subsidiary, Sin Hock Leong Coach Works Sdn Bhd ("SHL"). Headquartered in Ipoh, the Group has grown into a reputable player in the bus body manufacturing sector, specialising in the in-house design, fabrication, assembly and refurbishment of bus bodies mounted on chassis supplied by globally recognised brands such as Scania, Volvo, Hino and Yutong. Its product offerings include single deck, semi-high deck, high deck and double deck buses, serving a wide range of applications such as express, tour, stage, school, shuttle and worker transportation, with the semi-high deck segment contributing the largest share of revenue due to strong demand from intercity and tourism-related services. Over the years, Bus Cap has built a diversified and expanding customer base of more than 300 clients, comprising transportation operators, tour companies, government agencies and vehicle dealers, while also deriving a growing portion of its revenue from the Singapore market, reflecting its expanding regional footprint. Leveraging its longstanding industry expertise, integrated manufacturing capabilities and focus on continuous improvement, the Group remains well-positioned to strengthen its market presence and capitalise on growth opportunities within the transportation sector.

Figure 18: Key Milestones



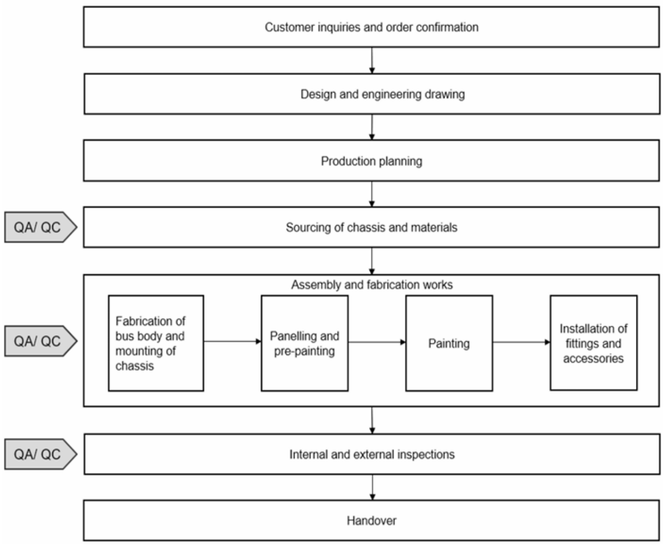
Source: Bus Cap's IPO Prospectus

Figure 19: Business Model



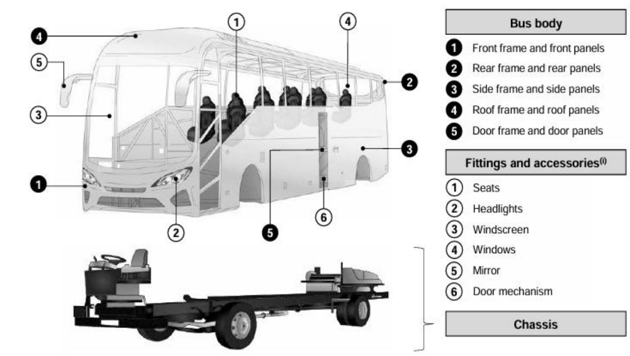
Source: Bus Cap's IPO Prospectus

Figure 20: Business Process Flow for Design and Development of Silicon IP



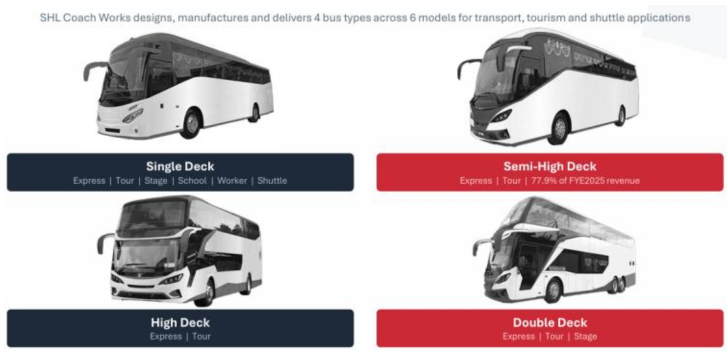
Source: Bus Cap's IPO Prospectus

Figure 21: Overview of Bus Body, Fittings and Chassis



Source: Bus Cap's IPO Prospectus

Figure 22: The Group's Bus Line-Up



Source: Bus Cap

Figure 23: Key Management Team

Name and Designation	Age	Profile
Ng Chai Sing, Managing Director	72	Appointed to the Board on 10 March 2025, Mr. Ng Chai Sing oversees the Group's overall business strategy and corporate direction. He completed his secondary education at Serangoon Secondary School, Singapore, in 1970. With over 50 years of experience in the bus body manufacturing industry, he began his career in 1971 at his family business, SHLCW, where he was involved in daily operations and gained extensive operational and technical expertise. In 1977, he became a partner of SHLCW before co-founding SHL in 1986 to expand the family business operations. He has since been actively involved in the Group's day-to-day operations and overall business development. In March 2025, he was redesignated as Managing Director of the Group.
Bernard Ng Chong Yan, Executive Director	38	Appointed to the Board on 10 March 2025, Mr. Bernard Ng Chong Yan is responsible for implementing the Group's business strategies, overseeing business development activities and managing daily operations. He graduated with a Bachelor of Business Administration (Honours) in Banking and Finance from Universiti Tunku Abdul Rahman ("UTAR") in 2012 and joined SHL in the same year as a Business Development Executive. He was promoted to Business Development Manager in 2014 and appointed as a director of SHL in 2020, overseeing multiple business divisions including business development, production and engineering. He was redesignated as Executive Director in March 2025.
Khor Meng Chew, Head of Finance	38	Appointed as Head of Finance in December 2024, Mr. Khor Meng Chew oversees the Group's financial reporting, accounting matters and IPO facilitation. He graduated with a Bachelor of Accounting with Honours from Universiti Utara Malaysia in 2012 and is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants since 2016. He began his career with BDO PLT before holding finance roles at XOX Technology Berhad, Leong Hup International Berhad, Ramssol Group Berhad and MEASAT Satellite Systems Sdn Bhd, gaining experience in financial reporting, group consolidation, regulatory compliance and IPO-related matters.
Tan Wai Yin, Head of Administration and Human Resources	38	Appointed as Head of Administration and Human Resources since 2023, Ms. Tan Wai Yin the Group's administrative and human resource functions. She graduated with a Bachelor of Business Administration (Honours) in Banking and Finance from Universiti Tunku Abdul Rahman ("UTAR") in 2012 and joined SHL in the same year as a Business Administration Executive. She was promoted to Assistant Manager of Business Administration in 2015, overseeing daily administrative operations and recruitment activities. She also led the implementation of the Group's ERP system to improve operational efficiency.
Choo Kok Siong, Head of Business Services	38	Appointed as Head of Business Services since 2018, Mr. Choo Kok Siong oversees the Group's purchasing and production planning functions. He graduated with a Bachelor of Marketing (Honours) from Universiti Tunku Abdul Rahman ("UTAR") in 2012 and joined SHL in 2013 as a Business Services Executive. He was promoted to Assistant Manager of Business Services in 2015, taking on broader responsibilities in procurement, cost management and operational planning. In his current role, he is responsible for supplier negotiations, production planning and enhancing operational efficiency.

Source: Bus Cap's IPO Prospectus

MERCURY SECURITIES SDN. BHD.

Major Customers

Customer	Nature of business	Types of buses sold	Length of Relationship as at FPE24 (Years)	Revenue (RM '000)	% of Group's Total Revenue
Highway Star Travel Sdn Bhd	Bus transport service operator	Semi-high deck	< 1	8,440	9.6
Almighty Auto Pte Ltd	Vehicle dealer	Single deck and semi-high deck	2	4,695	5.3
Alisan Golden Coach & Travel Sdn Bhd	Bus transport service operator and travel company	Semi-high deck and double deck	5	4,440	5.0
LA Holdings Travel & Tour Sdn Bhd	Bus transport service operator and travel company	Semi-high deck	1	4,320	4.9
Silmatra Jaya Sdn Bhd	Bus transport service operator		< 1	3,600	4.1
			Subtotal	20,609	28.9
			Group's Total Revenue	64,969	100.00

Source: Bus Cap's IPO Prospectus

Major Suppliers

Supplier	Products Sourced	Length of Relationship as at FPE25 (Years)	Purchases (RM '000)	% of Group's Total Purchases
Acacia Motor Services Sdn Bhd	Chassis	2	18,735	26.0
Scania (Malaysia) Sdn Bhd	Chassis	9	16,319	22.6
Volvo Malaysia Sdn Bhd	Chassis	2	6,354	8.8
Primerry Supplies Co Ltd	Fittings and accessories (seats)	6	2,916	4.0
APM Climate Control Sdn Bhd	Fittings and accessories (air conditioning and ventilation systems)	7	2,602	3.6
		Subtotal	46,926	65.0
		Total Purchases	72,162	100.0

Source: Bus Cap's IPO Prospectus

This section is left blank intentionally

MERCURY SECURITIES SDN. BHD.

Future Plans and Business Strategies

Development of New Manufacturing Facility. Bus Cap's growth strategy is anchored on the construction of a new manufacturing facility on its adjacent 54,400 sq. ft. land parcel, which is expected to be completed within 36 months post-listing. The new plant is designed to increase annual production capacity from approximately 168 units currently to 194 units by FY2025, representing a meaningful uplift to support future demand. In addition to pure capacity expansion, the purpose-built facility will enhance workflow efficiency through improved layout planning, better sequencing of production stages and stronger integration of fabrication and assembly processes. This is expected to reduce bottlenecks and improve turnaround times across the production cycle. The expanded footprint also allows the Group to accommodate more complex and customised orders, particularly for higher-specification buses. Over time, the facility is expected to strengthen delivery capabilities, improve operational scalability and support sustainable revenue growth.

Implementation of Semi-Automated Production Line. As part of its operational upgrade, Bus Cap plans to introduce a semi-automated production line to improve manufacturing precision, consistency and productivity. Automation in selected fabrication and assembly processes is expected to reduce reliance on manual labour, minimise human error and enhance overall production efficiency. This transition also supports better cost control by optimising labour utilisation, improving process standardisation and reducing material wastage. In addition, semi-automation enables more consistent product quality, which is critical in meeting customer specifications and regulatory standards. Importantly, a semi-automated setup allows for higher throughput to support the targeted capacity expansion without compromising on build quality. The initiative also positions Bus Cap to better manage rising labour costs and potential workforce constraints over time. Overall, this upgrade strengthens the Group's operational resilience and competitiveness in an increasingly efficiency-driven manufacturing landscape.

Establishment of a Dedicated Showroom for Customer Engagement. Bus Cap intends to establish a dedicated showroom to showcase its bus models, design capabilities and product customisation options to potential customers. The showroom will serve as a central platform for customer engagement, allowing clients to better visualise product offerings, assess build quality and explore various design configurations firsthand. This initiative enhances the Group's branding and marketing efforts, particularly when targeting new customers and expanding into overseas markets where physical product demonstration can be a key differentiator. It also facilitates more effective sales discussions, enabling quicker alignment on specifications and potentially shortening decision-making cycles. Furthermore, the showroom can act as a hub for client presentations, product launches and relationship-building activities. Ultimately, it supports stronger customer relationships, improves conversion rates and complements the Group's expanded production capabilities, contributing to more sustainable and visible revenue growth.

Key Risks

Customer Concentration and Order Volatility. Bus Cap's revenue base may be relatively concentrated among a limited number of fleet operators, dealers, or government-linked customers, exposing the Group to lumpy order flows and earnings volatility. Large contracts typically depend on fleet renewal cycles, tender outcomes and budget allocations, which are inherently irregular. The loss or delay of a key customer contract could materially impact short-term revenue visibility. In addition, bargaining power may tilt towards major customers, potentially compressing margins. This concentration risk underscores the importance of continued customer diversification and order book replenishment.

Dependence on Regulatory Policies and Public Transport Spending. The Group's performance is closely tied to government policies, including fleet age limits, public transport initiatives and subsidy programs that drive bus replacement demand. Any changes in regulatory frameworks by agencies such as APAD or reductions in government spending could weaken industry demand. Policy delays or shifts in political priorities may also defer procurement decisions by public and quasi-public operators. As a result, Bus Cap's growth trajectory may be sensitive to factors beyond its direct control. Sustained demand therefore depends on continued policy support for the public transport ecosystem.

Execution Risk in Capacity Expansion Plans. Bus Cap's planned expansion to increase production capacity introduces execution risks related to construction timelines, cost overruns and operational ramp-up. Delays in completing the new facility or challenges in integrating semi-automated processes could affect its ability to meet anticipated demand. There is also a risk that actual demand may not fully materialise, leading to underutilised capacity and weaker returns on investment. Furthermore, scaling operations requires effective workforce management and supply chain coordination. Any missteps in execution could temporarily impact margins and overall operational efficiency.

Exposure to Raw Material Price Fluctuations and Supply Chain Disruptions. Bus Cap's operations rely heavily on key raw materials such as steel, aluminium and other fabrication components, making it vulnerable to price volatility and supply chain disruptions. Increases in input costs may not always be fully passed on to customers, particularly for fixed-price contracts, potentially compressing margins. Global supply chain constraints or delays in sourcing critical components could also disrupt production schedules and delivery timelines. Additionally, currency fluctuations may further impact imported material costs. As such, sustained cost pressures or procurement challenges could adversely affect the Group's profitability and operational stability.

MERCURY SECURITIES SDN. BHD.

Sustainability Review

Environmental (E)

1. **Sustainable Manufacturing and Resource Efficiency**
   - The Group implements 6S practices across its production processes to minimize waste generation and optimize resource utilization.
   - The Group prioritizes the use of recyclable materials and adopts energy-efficient machinery and lighting systems to improve operational efficiency and reduce energy consumption.
2. **Hazardous Material Management and Emissions Control**
   - The Group adheres to strict handling, storage and disposal procedures for hazardous materials, while promoting recycling and reuse practices where suitable.
   - The Group is enhancing its ESG reporting framework and establishing a formal GHG inventory system to strengthen emissions monitoring and environmental management practices.
3. **Water and Energy Conservation**
   - The Group regularly monitor and optimize water usage in critical processes such as painting and cleaning and promote energy-efficient operations by minimizing idle time for heavy machines and installing energy-saving equipment where feasible.

Social (S)

1. **Workplace Safety and Employee Welfare**
   - The Group enforces PPE compliance and conducts regular safety training programs to promote a safe and healthy workplace environment.
   - The Group encourages a culture of safety awareness and employee well-being, including incident reporting and mental health awareness initiatives.
2. **Fair Labour Practices**
   - The Group prohibits child labour and forced labour while promoting fair and ethical employment practices across its operations and contractors.
   - The Group supports diversity, equal opportunity and employee development, while maintaining a zero-tolerance approach towards workplace harassment and discrimination.

Governance (G)

1. **Ethical Operations and Transparency**
   - The Group has implemented an anti-bribery and corruption policy (aligned with the Malaysian Anti-Corruption Act 2009), a code of conduct and ethics, and a whistleblowing policy (aligned with the Whistleblower Protection Act 2010) to uphold integrity and ethical standards across its operations.
   - The Group conducts regular ESG and compliance audits to ensure adherence to regulatory requirements, workplace safety standards and internal policies.
2. **Supply Chain Responsibility**
   - The Group prioritises suppliers with recognised green certifications and requires suppliers to comply with its code of conduct. The Group is implementing an ERP system to strengthen supply chain efficiency, traceability and governance practices.
   - The Group is implementing an ERP system to strengthen supply chain efficiency, traceability and governance practices.
3. **Stakeholder Engagement**
   - The Group plans to publish annual ESG reports in line with Bursa Securities' sustainability disclosure requirements. The Group plans to publish annual ESG reports in line with Bursa Securities' sustainability disclosure requirements. • The Group also conducts regular engagement sessions with employees, contractors and community stakeholders to gather feedback and support continuous improvement initiatives.

Overall ESG Outlook. Bus Cap's ESG framework reflects a compliance-driven approach aligned with its bus body manufacturing operations. Environmental initiatives focus on resource efficiency, waste management and GHG monitoring, while workplace safety, fair labour practices and employee welfare support a safe and inclusive working environment. Governance practices are reinforced by whistleblowing and anti-bribery policies, regular ESG audits and supplier governance standards. Overall, the Group's improving sustainability and governance practices provide a solid foundation for sustainable long-term growth.

MERCURY SECURITIES SDN. BHD.

Disclaimer & Disclosure of Conflict of Interest

This report has been prepared by research analyst(s) of Mercury Securities pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. This research report can also be found in the Bursa Marketplace or via the link: https://www.bursamarketplace.com/mkt/tools/research.

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. ("Mercury Securities") and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

MERCURY SECURITIES SDN. BHD.

Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my