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Reports of the Day

Company Visit: Cahya Mata Sarawak – “On Long Growth Trajectory”

At a Glance

FBMKLCI declined by losing further 11.73 points to close at 1,648.50 taking the cue from Asian share market and crude oil lossesSee full report next page)

Strategy

“Wall Street Pick-up Some Pieces”

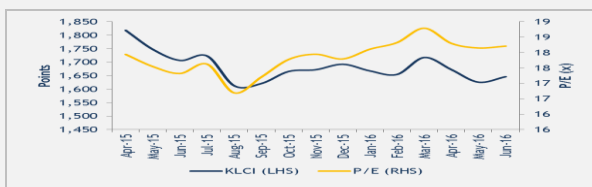
Local market to also pick up some pieces especially after the last few days of bashing.....(See full report next page)

Corporate Highlights

- **Datasonic (CP: RM1.37):** To be the new subcontractor for PKN'
- **Green Packet (CP: RM0.24):** Buys 22% stake in Yen Global
- **LBS Bina (CP: RM1.60):** Subsidiary to develop township in Dengkil

Economic Update

- **Malaysia:** Bank Negara issues enhanced corporate governance standards
- **U.S.:** Private sector adds 179,000 jobs in July – ADP
- **Canada:** Economy is growing at the slowest pace in 60 years



KEY ECONOMIC RELEASE				
Date	Local Time	Event	Survey	Prior
US	1-Aug 9:45 PM	Markit US Manufacturing PMI	52.9	52.9
US	1-Aug 10:00 PM	Construction Spending MoM	0.50%	-0.80%
US	1-Aug 10:00 PM	ISM Manufacturing	53	53.2
US	2-Aug 8:30 PM	Personal Spending	0.30%	0.40%
US	2-Aug 8:30 PM	PCE Deflator MoM	0.20%	0.20%
US	2-Aug 8:30 PM	PCE Deflator YoY	0.90%	0.90%
US	3-Aug 7:00 PM	MBA Mortgage Applications	--	-11.20%
US	3-Aug 8:15 PM	ADP Employment Change	170k	172k
US	3-Aug 9:45 PM	Markit US Services PMI	51	50.9
US	3-Aug 9:45 PM	Markit US Composite PMI	--	51.5
US	4-Aug 8:30 PM	Initial Jobless Claims	--	266k
US	4-Aug 8:30 PM	Continuing Claims	--	2139k
US	4-Aug 10:00 PM	Factory Orders	-1.90%	-1.00%
US	4-Aug 10:00 PM	Durable Goods Orders	-4.00%	-4.00%
US	5-Aug 8:30 PM	Trade Balance	-\$42.1b	-\$41.1b
US	5-Aug 8:30 PM	Change in Nonfarm Payrolls	180k	287k
US	5-Aug 8:30 PM	Change in Private Payrolls	170k	265k
US	5-Aug 8:30 PM	Unemployment Rate	4.80%	4.90%
US	5-Aug 8:30 PM	Labor Force Participation Rate	--	62.70%
JP	1-Aug 10:00 AM	Nikkei Japan PMI Mfg	--	49
JP	3-Aug 10:00 AM	Nikkei Japan PMI Services	--	49.4
JP	3-Aug 10:00 AM	Nikkei Japan PMI Composite	--	49
JP	5-Aug 1:00 PM	Leading Index CI	99.7	99.7
JP	5-Aug 1:00 PM	Coincident Index	111.3	109.9
CN	1-Aug 9:00 AM	Manufacturing PMI	50	50
CN	1-Aug 9:00 AM	Non-manufacturing PMI	--	53.7
CN	1-Aug 9:45 AM	Caixin China PMI Mfg	48.8	48.6
CN	3-Aug 9:45 AM	Caixin China PMI Services	--	52.7
CN	3-Aug 9:45 AM	Caixin China PMI Composite	--	50.3
CN	4-Aug 9:45 AM	BoP Current Account Balance	--	\$39.3b
EU	1-Aug 4:00 PM	Markit Eurozone Manufacturing PMI	51.9	51.9
EU	2-Aug 5:00 PM	PPI MoM	0.004	0.006
EU	2-Aug 5:00 PM	PPI YoY	-0.035	-0.039
EU	3-Aug 4:00 PM	Markit Eurozone Services PMI	52.7	52.7
EU	3-Aug 4:00 PM	Markit Eurozone Composite PMI	52.9	52.9
EU	3-Aug 5:00 PM	Retail Sales MoM	0.001	0.004
EU	3-Aug 5:00 PM	Retail Sales YoY	--	0.016
MY	5-Aug 12:00 PM	Exports YoY	-0.046	-0.009
MY	5-Aug 12:00 PM	Imports YoY	-0.004	0.031
MY	5-Aug 12:00 PM	Trade Balance MYR	5.30b	3.26b
MY	5-Aug 3:00 PM	Foreign Reserves	--	\$97.3b

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,648.50	-11.73	-0.71
FBMEMAS	11,571.88	-58.51	-0.50
FBMEMAS SHA	12,201.55	-21.83	-0.18
FBM100	11,273.43	-59.98	-0.53
Volume (mn)	2,092.45	174.97	9.13
Value (RMmn)	1,603.34	-238.88	-12.97
FBMKLCI YTD Chg			-2.60

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	63.9	2.2
Local Retail	19.2	54.5
Foreign Investors	16.9	-56.7

Top Gainers

	Close	Change+/-	(+/- %)
PANASONIC	38.16	0.38	1.01
VERSATILE CREATI	1.23	0.21	20.59
APEX HEALTHCA	3.90	0.15	4.00

Top Losers

	Close	Change+/-	(+/- %)
BRIT AMER TOBAC	49.50	-1.06	-2.10
UNITED PLANTA	26.58	-0.42	-1.56
BATU KAWAN	17.76	-0.24	-1.33

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,355.00	41.23	0.23
NASDAQ	5,159.74	22.01	0.43
S&P 500	2,163.79	6.76	0.31
FTSE 100	6,634.40	-11.00	-0.17
DAX	10,170.21	25.87	0.26
Nikkei 225	16,083.11	-308.34	-1.88
HSI	21,739.12	-390.02	-1.76
KOSPI	1,994.79	-24.24	-1.20
STI	2,827.58	-29.09	-1.02
KLCI Futures	1,628.50	(13.50)	(0.01)
USDMYR 3M	11.72	0.06	0.00
USDMYR 6M	11.73	0.00	0.00
USDMYR 12M	11.86	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	41	0.3	0.7%
Brent (USD/bbl)	43.1	1.3	3.1%
Gold(USD/ounce)	1,358	-0.1	0.0%
Coal (USD/mt)	67.3	-0.3	-0.4%
CPO (USD/mt)	2,415	77.0	3.3%
Rubber	172	-0.2	-0.1%
RM/USD	4.06	0.0238	-0.59%
EUR/USD	0.90	0.0002	0.02%
YEN/USD	101.26	0.02	-0.02%

What To Expect

U.S. Market

- The Dow Jones Industrials Average recovered from five days losses by adding 41.23 points to 18,355.00 while S&P 500 inched up by 6.76 points to 2,163.79. Nasdaq also expanded by 22.01 points to 5,159.74. Stocks advanced Wednesday, with the S&P 500 Index halting a two-day decline, as crude oil's biggest gain in three weeks spurred a rally in energy producers while corporate earnings helped boost financial companies.
- Investors are looking for clearer signs of economic progress after last week's disappointing growth report, and will continue to assess data for clues on the strength of the U.S. A gauge today of private-payroll growth last month indicated the labor market was holding up in spite of broader growth numbers that indicate a slowing in the economy. A separate report showed growth at service providers cooled in July after reaching a seven-month high.

The Local Market

- FBMKLCI declined by losing further 11.73 points to close at 1,648.50 taking the cue from Asian share market and crude oil losses. There were 398 gainers and 332 decliners in total value traded of RM1.60 billion.
- Among the losers on Bursa Malaysia were British American Tobacco tumbled 106 cent to RM49.50, United Plantation declined 42 cent to RM26.58, Batu Kawan and PPB Group losing 24 cents respectively to RM17.76 and RM15.82.

Strategy

- **"Wall Street Pick-up Some Pieces"**
Wall Street managed to pick up some pieces after days of doldrums trading amid the recovery in oil price. **S&P 500** and **DJIA gained 6.76 (0.31%)** and **41.23 (0.23%)** points to end at **2,163.79** and **18,355.00** respectively. Mostly, investors in Wall Street picked up beaten down share price as they waited in bated breath over today's Bank of England (BOE) policy decision, the central bank's first after the announcement of Brexit. Optimistically, BOE may decide to do some policy intervention and this could have reverberating impact to global equity market. Of note, the US will release its key economic data, as in US unemployment rate at the end of the week. This is also a much anticipated announcement. Thankfully, oil price recovered after it ended at USD41.10 per barrel, a good reason for the local market to also pick up some pieces especially after the last few days of bashing.
- Our 2016 year-end FBMKLCI target is 1,790 based on PER of 17.1x. FBMKLCI is NEUTRAL. We have OVERWEIGHT call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.3% in 2016.

CORPORATE HIGHLIGHTS

Datasonic (CP: RM1.37): To be the new subcontractor for PKN'

Datasonic Group Bhd will be the new subcontractor to Percetakan Keselamatan Nasional Sdn Bhd (PKN) for the supply of two million chips that will be embedded into the polycarbonate data pages of the passports. Datasonic said the first discussion on the terms and conditions and draft subcontractor agreement by PKN started on July 29, 2016. "If everything goes smoothly, subcontractor agreement between PKN and Datasonic for the supply of two million chips to PKN is expected to be signed. "The necessary announcement will be made in compliance to the Main Market Listing Requirements of Bursa Malaysia Securities Bhd," it said. (Source: The Star)

Green Packet (CP: RM0.24): Buys 22% stake in Yen Global

Mobile broadband and networking solutions provider Green Packet Bhd has bought a 22% stake in loss-making Yen Global Bhd for RM18.15mil. Green Packet said on Wednesday it had acquired the stake comprising 30.25 million shares, confirming a StarBiz report of its venture into the Internet of Things (IoT) through this purchase. Stock market data showed the shares were transacted in an off-market at at 60 each, which was 26 sen below Tuesday's closing price of 86 sen. "The purchase price of 60 sen was arrived at on a 'willing buyer willing seller' basis after taking into consideration of Yen Global's new business venture in ICT business," said Green Packet. (Source: The Star)

LBS Bina (CP: RM1.60): Subsidiary to develop township in Dengkil

LBS Bina Group Bhd, through new subsidiary Seloka Sinaran Sdn Bhd (SSSB), will develop an integrated township on 638.2 acres in Dengkil, Selangor. LBS Bina said its unit LBS Bina Holdings Sdn Bhd had acquired 5% equity interest in SSSB for RM3.9mil, turning it into a 51% owned subsidiary of the group. SSSB, which has entered into project management agreements with three separate developers to develop three contiguous parcels of bumiputra reserve land, plans to develop a township with about 10,300 units of residential and commercial units over eight to 10 years. LBS Bina said that converting SSSB into a subsidiary would enable it to consolidate the future earnings to be generated from the development project and augment the group's presence in the south of Cyberjaya and Putrajaya. (Source: The Star)

TRC Synergy (CP: RM0.445): Unit Secures Pan Borneo Highway Project

TRC Synergy Bhd today enounced that its wholly-owned subsidiary, Trans Resources Corporation Sdn Bhd (TRC) with other joint venture partners, secured a Pan Borneo Highway project worth RM1.31 billion. In a statement to Bursa Malaysia, TRC Synergy said Endaya Construction Sdn Bhd, Trans Resources Corporation Sdn Bhd and Pembinaan Kuantiti Sdn Bhd (JV) had accepted the award from Lebuhraya Borneo Utara Sdn Bhd on Aug 1. The sub-contract is for the proposed Pan Borneo Highway in Sarawak, Phase 1, from Batang Skrang to Sungai Awik Bridge, for RM1.31 billion. (Source: Bernama)

M3Tech (CP: RM0.15): Eyes RM22 Billion Global Outdoor LED Display Market

M3 Technologies (Asia) Bhd is eyeing the RM22 billion global outdoor light-emitting diode (LED) display market to maximise its profitability and increase

the shareholders' wealth. Managing Director, Lim Seng Boon, said Persistence Market Research's global market study released in 2015, said the global outdoor LED display market was anticipated to grow to US\$15.71 billion (RM63 billion) by 2021 from US\$5.57 billion (RM22 billion) in 2014. "The huge business opportunities is there waiting for our rights issue to fund and tap this RM22 billion market, and we are trying our best to introduce many of our new products so that we can maximise our company's profitability and increase our shareholders' wealth," he said in a statement. (Source: Bernama)

ECS ICT (CP: RM1.53): 2Q net profit down 21.3% on dampened ICT demand

ECS ICT Bhd posted a 21.3% lower net profit at RM6.3 million or 3.5 sen per share in its second quarter ended June 30, 2016 (2QFY16), compared with RM8 million or 4.4 sen per share in 2QFY15, due to dampened demand for information and communications technology (ICT) products from consumer and enterprise sectors. Revenue for the quarterly segment dropped 4.44% to RM400.18 million, from RM418.8 million last year, it said in a filing with Bursa Malaysia today. "Lower sales of mobility products of tablets and smartphones caused a 1.9% revenue dip in the ICT distribution segment to RM312.3 million in 2QFY16, from RM318.3 million previously. "The slower take-up of servers, storage products and software, resulted in the enterprise systems segment posting RM79.9 million revenue, versus RM89.7 million a year ago. (Source: The Edge)

OCK Group (CP: RM0.825): To Acquire A Company In Vietnam

OCK Group Bhd today clarified that it is in the midst of negotiation to acquire a company in Vietnam which supplies tower facilities, utilities and communication network for mobile and broadband operators. In a filing to Bursa Malaysia today, OCK said it was not in negotiation for any contract to build telecommunication towers in Vietnam, as reported by a weekly business newspaper recently. "We wish to deny the report which said that the company is investing some RM200 million to build telecommunication towers for lease to an operator in Vietnam and the deal is believed to be in the final stages of negotiation," it said. (Source: Bernama)

Press Metal (CP: RM4.17): Gets RM45.02 Million Final Compensation For Fire Incident

Press Metal Bhd has received an offer of RM45.02 million for the final insurance compensation payment from MSIG Insurance (Malaysia) Bhd for the fire incident at its smelting plant at Samalaju Industrial Park (SIP) in Sarawak. "The said offer was accepted by the company and the total insurance claim recovered by us is RM115.02 million," said the integrated aluminium producer in a filing to Bursa Malaysia today. Press Metal's 80 per cent-owned Press Metal Bintulu Sdn Bhd suffered a fire incident at its smelting plant at SIP in May this year. (Source: Bernama)

Tadmax (CP: RM0.50): Gets letter of award for Pulau Indah power plant project

Tadmax Resources Bhd has received a letter of award (LoA) from the Malaysian government, through the Energy Commission, for the development of a

1,000MW combined cycle gas-fired power plant in Pulau Indah, Selangor. The company's share price closed up 4 sen or 8.7% at 50 sen yesterday following the announcement. Some 16.8 million shares were traded. In a filing with the stock exchange, the company said the LoA is subject to various conditions including finalising the terms of the agreement relating to the project with relevant parties and further subject to changes arising from negotiations prior to submission to Energy Commission. (Source: *The Sun*)

IPO: BCM Alliance gets Nod For Ace Market Listing

BCM Alliance Bhd has received Bursa Malaysia Securities Bhd's approval for its initial public offering (IPO) to list on the ACE Market of Bursa Securities. The company is principally involved in the distribution of equipment specialising in the commercial laundry and medical devices businesses in Malaysia. In a statement Wednesday, the company said the proposed IPO will involve the issuance of 84.25 million new shares in BCM, representing 20 per cent of the enlarged issued and paid-up share capital. (Source: *Bernama*)

ECONOMIC UPDATES

Malaysia: Bank Negara issues enhanced corporate governance standards

Bank Negara Malaysia (BNM) yesterday announced key changes to corporate governance standards in an effort to raise the standards of financial institutions. Key changes include strengthened requirements on board composition, including a requirement for boards to have a majority of independent directors; enhanced expectations for the board and its committees, including a requirement to approve and maintain credible recovery and resolution plans under conditions of stress. There is also an expectation for boards to set a tenure limit for independent directors which should not generally exceed nine years; and requirements for financial institutions to adopt a code of ethics that promotes ethical, prudent and professional behaviour, supported by a transparent whistleblowing policy. (Source: *The Sun*)

U.S.: Private sector adds 179,000 jobs in July –ADP

U.S. private employers added 179,000 jobs in July, above economists' expectations, a report by a payrolls processor showed on Wednesday. Economists surveyed by Reuters had forecast the ADP National Employment Report would show a gain of 170,000 jobs, with estimates ranging from 140,000 to 190,000 jobs added. Private payroll gains in the month earlier were revised up to 176,000, from an originally reported 172,000 increase. The report is jointly developed with Moody's Analytics. The ADP figures come ahead of the U.S. Labor Department's more comprehensive non-farm payrolls report on Friday, which includes both public and private-sector employment. (Source: *The Edge*)

Canada: Economy is growing at the slowest pace in 60 years and the only thing holding us up is housing

Canada is in the midst of one of its weakest expansions ever, and only the housing boom keeps it from getting worse. That's one of the key takeaways

from Friday's GDP report. Two years since oil prices started plunging, Canada's economy is almost completely reliant for growth on bank lending and the hot Vancouver and Toronto housing markets generating fees for brokers. Real estate and financial services now account for 20 per cent of the economy, levels not seen in the data since the early 1960s. That could be a problem, with household debt at a record and policy makers scrambling to slow price gains that are making homes unaffordable for all but the wealthiest buyers. (Source: *Financial Post*)

Eurozone: business growth picks up slightly but still muted

Euro zone business activity expanded a touch faster than expected last month as the region appeared, so far, to have largely shrugged off Britain's vote to leave the European Union, a survey found. The latest increase, which came alongside some of the fastest hiring growth in the euro zone since before the financial crisis in 2008, was led by a surge in Germany, masking stagnation in France and a slower pace in Spain and Italy. Euro zone business growth is now in stark contrast to Britain, where a survey suggested its economy is shrinking at the fastest rate since the financial crisis after a sharp hit to activity following the EU referendum in June. Markit's final composite Purchasing Managers' Index for the euro zone, released on Wednesday, was 53.2 in July, above a flash estimate of 52.9 and June's 53.1. It has been above the 50 mark that divides growth from contraction since mid-2013. (Source: *The Edge*)

U.K.: Central Bank to Help Economy Through Brexit With Stimulus

With the British economy in its deepest trouble since the global financial crisis in the wake of the vote to leave the European Union, the Bank of England is expected to unveil Thursday stimulus measures including a rate cut and, possibly, the creation of billions in new money. Early indicators since the June 23 vote suggest that the economy is contracting at its sharpest rate since 2009. Manufacturing, services and consumer spending are falling, the pound is down 10 percent and questions linger over what trade relations the country will have with the rest of the EU in coming years. As a result, the Bank of England is expected to cut its key interest rate from a record-low 0.5 percent on Thursday, diverging from policymakers at the U.S. Federal Reserve who in December raised their benchmark for the first time in seven years. (Source: *NY Times*)

U.K.: BoE set to cut rates as survey flags sharpest UK downturn since 2009

Britain's economy is shrinking at its fastest rate since the financial crisis after last month's Brexit vote, making a Bank of England rate cut on Thursday a "foregone conclusion", a closely watched survey of businesses showed. Financial data company Markit said its monthly all-sector Purchasing Managers' Index chalked up the steepest month-on-month decline on record after big falls in activity at private-sector services, manufacturing and construction firms. "The unprecedented month-on-month drop in the all-sector index has undoubtedly increased the chances of the UK sliding into at least a mild recession," Chris Williamson, Markit's chief economist, said. Wednesday's numbers — which broadly match an early version two weeks ago — pointed to Britain's economy shrinking by 0.4% in the three months to September, a decline not seen since early 2009 when the BoE last cut interest rates, he added. (Source: *The Edge*)

M&A Securities

STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between -10% and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

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