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**At a Glance**

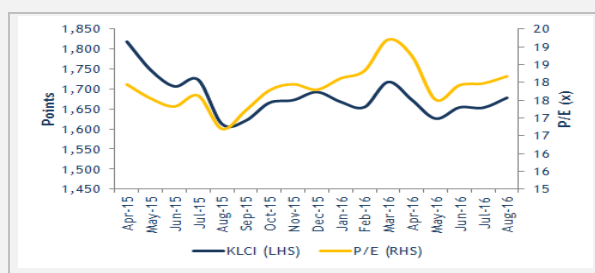
The FBM KLCI plunged 13.66 points to 1,658.84 on renewed concerns over the UK's planned exit from the European Union (EU) and after China's Shenzhen Stock Exchange Composite fell as much as 6.1% in intraday trade.....(See full report next page)

**Corporate Highlights**

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- **Mudajaya (CP: RM0.89):** Adjudication decision will have negative impact of RM98.35m on earnings
- **MQ Tech (CP: RM0.045):** Appoints SMTrack boss Mohd Anuar as chair

**Economic Update**

- **Malaysia:** Issuance of M'sian govt bonds to hit highest since 2013, says MARC
- **U.K.:** Hard Brexit fears hit pound ahead of May speech
- **Saudi:** To launch US\$30-50 bil renewable energy programme soon

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,658.84	-13.66	-0.82
FBMEMAS	11,615.06	-96.25	-0.82
FBMEMAS SHA	12,153.23	-83.58	-0.68
FBM100	11,321.61	-94.08	-0.82
Volume (mn)	1,788.64	-421.61	-19.08
Value (RMmn)	1,612.06	-308.33	-16.06
FBMKLCI YTD Chg			1.04

**Daily Trading Position (RM'mn)**

	Participation (%)	Net(RMm)
Institution	59.0	82.7
Retail	16.2	10.2
Foreign	24.8	-92.9

**Top Gainers**

	Close	Change+/-	(+/- %)
APEX HEALTHCAR	4.88	0.28	6.09
MAGNI-TECH IND	4.53	0.18	4.14
MB WORLD GROU	1.24	0.14	12.73

**Top Losers**

	Close	Change+/-	(+/- %)
PETRONAS GAS	20.38	-0.42	-2.02
UNITED PLANTAT	27.00	-0.38	-1.39
ONLY WORLD	2.01	-0.28	-12.23

**World Indices**

	Close	Change+/-	(+/- %)
DJIA	19,885.73	-5.27	-0.03
NASDAQ	5,574.12	26.63	0.48
S&P 500	2,274.64	4.20	0.18
FTSE 100	7,327.13	-10.68	-0.15
DAX	11,554.71	-74.47	-0.64
Nikkei 225	19,095.24	-133.40	-0.70
HSI	22,718.15	-219.23	-0.96
KOSPI	2,064.17	9.91	0.48
STI	3,013.12	-11.95	-0.40
KLCI Futures	1,658.00	(11.50)	(0.01)
USDMYR 3M	11.32	(0.06)	(0.01)
USDMYR 6M	11.61	(0.03)	(0.00)
USDMYR 12M	12.23	0.01	0.00

**Other Key Economics Data**

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	53	0.1	0.2%
Brent (USD/bbl)	55.9	0.4	0.7%
Gold(USD/ounce)	1,205	2.4	0.2%
Coal (USD/mt)	82.9	-0.6	-0.7%
CPO (RM/mt)	3,110	27.0	0.9%
Rubber	265	8.6	3.4%
RM/USD	4.46	0.0015	-0.03%
EUR/USD	0.94	-0.0015	-0.16%
YEN/USD	113.86	-0.34	0.30%

## What To Expect

### U.S. Market

- U.S. markets closed yesterday for Martin L.King Day.
- The FBM KLCI plunged 13.66 points to 1,658.84 on renewed concerns over the UK's planned exit from the European Union (EU) and after China's Shenzhen Stock Exchange Composite fell as much as 6.1% in intraday trade. There were 226 gainers and 611 decliners in total value traded of RM1.92 billion.
- Among the decliners on Bursa Malaysia were Petronas Gas which fell 42 cent to RM20.38, United Plantation ended lower 38 cent to RM27.00 and Only World Group lowered 28 cent to RM2.01.

## CORPORATE HIGHLIGHTS

### Puncak Niaga (CP: RM0.955): MoU with Thai waterworks authority lapses

Puncak Niaga Holdings Bhd's memorandum of understanding (MoU) with Thai government body Metropolitan Waterworks Authority (MWA), aimed at setting up an exchange programme for mutual benefit, has lapsed after three years. In a filing with Bursa Malaysia, the environmental engineering firm said the MoU inked with Bangkok-based MWA, which distributes treated water in Bangkok, Nonthaburi and Samutprakarn, ended on Sunday. The MoU had been valid for three years from Jan 16, 2014, to Jan 15, 2017. Puncak Niaga disposed its Selangor water concession business to Pengurusan Air Selangor Sdn Bhd for RM1.56bil in October 2015. It has since added new businesses including plantation to property development. (Source: The Star)

### Mudajaya (CP: RM0.89): Adjudication decision will have negative impact of RM98.35m on earnings

Mudajaya Group Bhd says the decision in an adjudication process will have a negative impact of RM98.35 million on its earnings for the year ended Dec 31, 2016, as the amount has been recognised as revenue in prior years. The group's wholly-owned subsidiary, Mudajaya Corporation Bhd (MCB), had commenced adjudication proceedings against CMC Machipex Sdn Bhd in October 2015 for a principal sum of RM175.3 million together with late payment interest and cost. MCB sought payment claim for work done and due to non-payment by CMC. CMC admitted some of the claims and in turn made a counterclaim in the form of a set-off in the amount of RM61.8 million. (Source: The Star)

### MQ Tech (CP: RM0.045): Appoints SMTrack boss Mohd Anuar as chair

SMTrack Bhd's executive chairman Mohd Anuar Mohd Hanadzlah, 58, has been appointed the chairman of MQ Technology Bhd (MQ Tech), with immediate effect. The Mara Institute of Technology accounting graduate, who is also MQ

Tech's independent director, is replacing Dr Ch'ng Huck Choon, who is being redesignated as independent director, said MQ Tech in a bourse filing today. It also said it would be reconstituting its sub-committees of the board, namely its nomination, remuneration and investment committees, which Mohd Anuar now chairs. Ch'ng, however, remains the chairman of the company's audit committee. *(Source: The Edge)*

**Perak Transit (CP: RM0.165): Gets 2-year terminal licence for Amanjaya ops**

Recently listed bus terminal operator, Perak Transit Bhd, says it has secured the terminal licence for the operation of its Terminal Amanjaya in Ipoh, for a term of two years from Jan 1. In a filing with Bursa Malaysia today, the group said its unit The Combined Bus Services Sdn Bhd received the approval letter dated Jan 1, 2017 today from Suruhanjaya Pengangkutan Awam Darat (SPAD) to register The Combined Bus as a terminal operator under SPAD and granted it the terminal licence. Perak Transit closed unchanged at 16.5 sen today, giving it a market capitalisation of RM1.14 billion. *(Source: The Edge)*

**HIL (CP: RM0.945): Units To Acquire A&M Concrete, Show Piece For RM71 Million**

HIL Industries Bhd's indirect unit, AMJ Construction Sdn Bhd (AMJC), is acquiring 99 per cent equity interest in A&M Concrete Products Sdn Bhd (A&M Concrete) and the entire equity interest in Show Piece Sdn Bhd for RM71 million. AMJC, a wholly-owned subsidiary of HIL, through Satu Tunas Sdn Bhd and HIL Properties Sdn Bhd has signed a conditional share sale agreement with Steven Junior Ng Kwee Leng and Malcolm Jeremy Ng Kwee Seng for the acquisition of A&M Concrete worth RM22 million. *(Source: Bernama)*

**ECONOMIC UPDATES**

**Malaysia: Issuance of M'sian govt bonds to hit highest since 2013, says MARC**

Gross issuance of Malaysian government securities and government investment issues (MGS/GII) is expected to come within RM105 billion to RM110 billion — the highest since 2013 — with the MGS/GII ratio remaining at around 55:45, according to the Malaysian Rating Corp Bhd (MARC). This forecast is premised on higher budget deficit of around RM40.3 billion for the year as projected by the Ministry of Finance (MoF), and the large RM66.8 billion worth of MGS/GII that will mature in the same period, according to its report: 2017 Bond Market Outlook: Bracing for a Hawkish Fed. In the Malaysian primary bond market, the government raised RM86 billion from 29 offerings in 2016, less than 2015's RM92.5 billion, it said. *(Source: The Edge)*

**U.K.: Hard Brexit fears hit pound ahead of May speech**

Britain's pound fell on Monday as concern mounted that the country was heading for a "hard" Brexit from the European Union and its single market, a day before a speech by Prime Minister Theresa May on the government's plans. Some British newspapers have billed May's speech on Tuesday as a push away from preferential EU single market access and a hardening of the UK's stance towards an economic bloc that accounts for roughly half its exports and

imports. A spokeswoman for May, who will also attend a gathering of the world's economic elite in Davos, Switzerland, this week, called the reports about the planned tone of her upcoming speech "speculation". (Source: *The Edge*)

#### **Saudi: To launch US\$30-50 bil renewable energy programme soon**

Saudi Arabia will launch a renewable energy programme in coming weeks that is expected to involve investment of between US\$30 billion and US\$50 billion by 2023, Energy Minister Khalid al-Falih said on Monday. Falih, speaking at an energy industry event in Abu Dhabi, said Riyadh would start the first round of bidding within weeks for projects under the programme, which would produce 10 gigawatts of power. Saudi Arabia has been for years trying to diversify its energy mix so that it can export more of its oil, rather than burning it at power and water desalination plants, but progress has been slow. (Source: *The Edge*)

#### **Germany: Trump threatens German carmakers with 35% US import tariff**

Shares in German carmakers BMW, Daimler and Volkswagen fell after United States President-elect Donald Trump warned he will impose a border tax of 35 percent on vehicles imported from abroad to the U.S. market. All three carmakers have invested heavily in factories in Mexico, where production costs are lower than the United States, with an eye to exporting smaller vehicles to the U.S. market. In an interview with German newspaper Bild, published on Monday, Trump sharply criticised the German carmakers for failing to produce more cars on U.S. soil. "If you want to build cars in the world, then I wish you all the best. You can build cars for the United States, but for every car that comes to the USA, you will pay 35 percent tax," Trump said in remarks that were translated into German. (Source: *The Star*)

#### **New Zealand: PM wants quick start to trade talks with EU**

New Zealand aims to begin talks on a free trade deal with the European Union as soon as possible, Prime Minister Bill English said on Monday after meeting German Chancellor Angela Merkel, who endorsed the idea. Merkel told reporters at a joint news conference with English that she would press the 28-nation EU to work toward a quick trade accord with New Zealand. She said there were no plans to link such an accord with New Zealand's willingness to take in more refugees, but welcomed the country's plans to provide more agriculture-based development aid to African countries. Merkel also said Germany would pay close attention to a speech British Prime Minister Theresa May is to make on Tuesday about her government's plan to leave the EU, but that the negotiations would hinge on the content of the Article 50 application that it files to exit the 28-nation bloc. (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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