

PP14767/09/2012(030761)

Monday, July 04, 2016

At a Glance

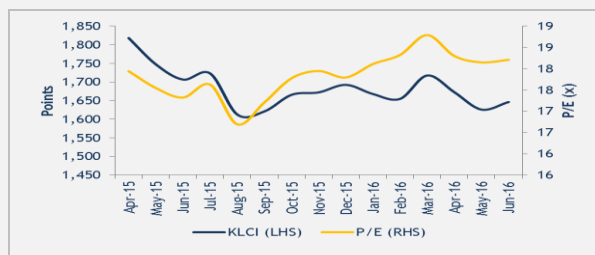
FBMKLCI plunged 7.86 point to close at 1,646.22 derailed by lower Malaysia export number in May(See full report next page)

Corporate Highlights

- **AirAsia (CP: RM2.58):** Partners with IAX for technical handling provision
- **MRCB (CP: RM1.05):** Bags RM188.7mil job
- **GuocoLand (CP: RM1.23):** Unit awarded Martin Place residential site with S\$595.1 mil bid

Economic Update

- **Malaysia:** May exports fall on lower crude oil, LNG sales
- **US:** Factory data, auto sales improve, construction spending slips
- **China:** Factory activity stalls in June, more stimulus expected



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
EU	4-Jul	5:00 PM	PPI MoM	0.30%	-0.30%
EU	4-Jul	5:00 PM	PPI YoY	-4.10%	-4.40%
US	5-Jul	10:00 PM	Factory Orders	-0.80%	1.90%
US	5-Jul	10:00 PM	Durable Goods Orders	-2.20%	-2.20%
EU	5-Jul	4:00 PM	Markit Eurozone Services PMI	52.4	52.4
EU	5-Jul	4:00 PM	Markit Eurozone Composite PMI	52.8	52.8
EU	5-Jul	5:00 PM	Retail Sales MoM	0.40%	0.00%
EU	5-Jul	5:00 PM	Retail Sales YoY	1.70%	1.40%
CN	5-Jul	9:45 AM	Caixin China PMI Services	--	51.2
CN	5-Jul	9:45 AM	Caixin China PMI Composite	--	50.5
MY	5-Jul	6:00 PM	Foreign Reserves	--	\$97.4b
US	6-Jul	7:00 PM	MBA Mortgage Applications	--	-2.60%
US	6-Jul	8:30 PM	Trade Balance	-\$40.0b	-\$37.4b
US	6-Jul	9:45 PM	Markit US Services PMI	51.5	51.3
US	6-Jul	9:45 PM	Markit US Composite PMI	--	51.2
US	6-Jul	10:00 PM	ISM Non-Manuf. Composite	53.4	52.9
EU	6-Jul	4:10 PM	Markit Eurozone Retail PMI	--	50.6
US	7-Jul	2:00 AM	U.S. Fed Releases Minutes from June 14-15 FOMC Meeting	--	--
US	7-Jul	2:00 AM	FOMC Meeting Minutes	--	--
US	7-Jul	8:15 PM	ADP Employment Change	150k	173k
US	7-Jul	8:30 PM	Initial Jobless Claims	--	268k
US	7-Jul	8:30 PM	Continuing Claims	--	2120k
CN	7-Jul	12:00 AM	Foreign Reserves	\$3166.0b	\$3191.7b
US	8-Jul	8:30 PM	Change in Nonfarm Payrolls	180k	38k
US	8-Jul	8:30 PM	Unemployment Rate	4.80%	4.70%
US	8-Jul	8:30 PM	Labor Force Participation Rate	--	62.60%
JP	8-Jul	7:50 AM	Trade Balance BoP Basis	¥57.4b	¥697.1b

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Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,646.22	-7.86	-0.48
FBMEMAS	11,485.80	-44.41	-0.39
FBMEMAS SHA	12,054.95	-47.99	-0.40
FBM100	11,193.43	-44.62	-0.40
Volume (mn)	1,122.43	-340.24	-23.26
Value (RMmn)	1,126.17	-878.01	-43.81
FBMKLCI YTD Chg			-2.73

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Institution	56.6	-8.1
Local Retail	15.8	-5.4
Foreign Investors	27.6	13.5

Top Gainers

	Close	Change+/-	(+/- %)
NESTLE	76.90	0.38	1.70
HONG LEONG FIN	15.00	0.32	2.18
HEINEKEN MALAY	15.46	0.32	2.11

Top Losers

	Close	Change+/-	(+/- %)
LEBTECH BHD	1.21	-0.33	-21.43
SLP RESOURCES	2.72	-0.28	-9.33
BRIT AMER TOBA	52.50	-0.20	-0.38

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,949.37	19.38	0.11
NASDAQ	4,862.57	19.90	0.41
S&P 500	2,102.95	4.09	0.19
FTSE 100	6,577.83	73.50	1.13
DAX	9,776.12	96.03	0.99
Nikkei 225	15,682.48	106.56	0.68
HSI	20,794.37	358.25	1.75
KOSPI	1,987.32	16.97	0.86
STI	2,840.93	2.55	0.09
KLCI Futures	1,636.50	(7.50)	(0.00)
USDMYR 3M	12.16	(0.00)	(0.00)
USDMYR 6M	12.12	(0.00)	(0.00)
USDMYR 12M	12.11	0.00	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	49	0.1	0.2%
Brent (USD/bbl)	50.5	0.2	0.4%
Gold(USD/ounce)	1,343	1.5	0.1%
Coal (USD/mt)	58.2	1.2	2.1%
CPO (RM/mt)	2,359	6.0	0.3%
Rubber	165	-0.4	-0.2%
RM/USD	4.00	-0.0305	0.76%
EUR/USD	0.90	0.0001	0.01%
YEN/USD	102.55	0.03	-0.03%

What To Expect

U.S. Market

- The Dow Jones Industrials Average increased 19.38 points to 17,949.37 and S&P 500 rose 4.09 points to 2,102.95. Nasdaq lifted 19.90 points to 4,862.57. US stocks rose for a fourth day, with the S&P 500 Index posting its best week since November, amid optimism on American growth and as central banks continued to signal support in staving off fallout from Britain's decision to leave the European Union.
- Shale drillers brought back the most oil rigs of any week this year as confidence in a stabilized market is prompting talk of expansion throughout 2016. Rigs targeting crude in the U.S. rose by 11 to 341, after 7 were dropped last week.

The Local Market

- FBMKLCI plunged 7.86 point to close at 1,646.22 derailed by lower Malaysia export number in May. There were 295 gainers and 332 decliners in total value traded of RM1.12 billion.
- Among the losers on Bursa Malaysia were Lebtech which tumbled 33 cent to RM1.21, SLP Resources declined 28 cent to RM2.72, BAT fell 20 cent to RM52.50 and Time Dotcom erased 19 cent to RM7.41.

Strategy

- 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

AirAsia (CP: RM2.58): Partners with IAX for technical handling provision

AirAsia Bhd has partnered with PT Indonesia AirAsia Extra (IAX) to provide technical handling for the aircraft release during transit in Kuala Lumpur, Johor Bahru, Penang, Kuching and Kota Kinabalu. In a filing with Bursa Malaysia, AirAsia said the technical handling is effective between June 1, 2016 and May 31, 2017, and is governed under Malaysian laws. The airline group said the agreement would enable IAX, an Indonesian joint-venture company of AirAsia X Bhd, to obtain approval from the Indonesian director-general of civil aviation (DGCA) for AirAsia to provide standard ground handling services to IAX. Currently, AirAsia is providing such service to PT Indonesia AirAsia, with the approval of the DGCA. (Source: The Edge)

MRCB (CP: RM1.05): Bags RM188.7mil job

Malaysian Resources Corp Bhd (MRCB) has won an RM188.7mil contract from the Irrigation and Drainage Department. In a filing with Bursa Malaysia, the company said the work involved the rehabilitation of Sungai Pahang. The main

component of the project is to extend an additional 345m in length to the breakwater constructed earlier and river protection works under the 'Projek Pemuliharaan Muara Sungai Pahang (Fasa 3), Daerah Pekan, Pahang' project," it said. (Source: *The Star*)

GuocoLand (CP: RM1.23): Unit awarded Martin Place residential site with S\$595.1 mil bid

GuocoLand says indirect wholly-owned subsidiary, First Bedok Land Pte Ltd (FBL) has won the tender for the residential site at Martin Place by the Urban Redevelopment Authority of Singapore, at the bid price of S\$595.1 million. The 99-year leasehold land has a gross plot ratio of 2.8. Comprising a land area of 15,936.1 sqm, the land will be developed into a luxury condominium, capable of yielding about 450 units of varying configurations. The land parcel is located in the Prime District 9 and within 2 km to the Central Business District (CBD). It is also a short walk to the future Great World MRT Station which is currently under construction and part of the Thomson-East Coast Line. (Source: *The Edge*)

Sumatec (CP: RM0.105): Inks HoA for acquisition of Markmore Energy

Sumatec Resources Bhd (Sumatec) has entered into a Heads of Agreement consisting of a non-binding document, outlining the main issues relevant to a tentative agreement with Markmore Sdn Bhd (Markmore). The HoA is related to its proposed acquisition of 100% equity interest in Markmore Energy (Labuan) Limited (MELL) from Markmore. The parties to the heads of agreements agree-in-principle that the purchase consideration for the proposed acquisition shall be US\$205 million and US\$45 million for the reimbursement cost. MELL through its wholly-owned subsidiary, CaspiOilGas LLP (COG), is the concession owner and operator of the Rakushechnoye Oil and Gas field, located in the Republic of Kazakhstan. On March 8, 2012, Sumatec entered into a joint investment agreement (JIA) with MELL and COG for the appointment of Sumatec to carry out all operations relating to the production of oil from the Rakushechnoye Oil and Gas field. (Source: *The Edge*)

Astral Supreme (CP: RM0.125): To undertake RM152m Seri Kembangan high-rise residential project via JV

Astral Supreme Bhd is planning to undertake a high-rise residential project with an estimated gross development value of RM152.22 million on a leasehold plot in Seri Kembangan, Selangor, via a joint venture with the soon-to-be owner of the plot, Paragon Residencia Sdn Bhd. Astral Supreme's wholly-owned unit, Astral Supreme Development Sdn Bhd (ASDSB), inked a heads of agreement today with Paragon Residencia to express the parties' intention to enter into a JV to undertake the proposed development, a bourse filing from Astral Supreme showed. The development is a 28-storey apartment with 256 residential units. The plot of land on which it will be built measures 3.2 acres, and is currently listed for agricultural use. (Source: *The Edge*)

Tan Chong (CP: RM1.91): Launches sportier Nissan Serena MPV hybrid

Edaran Tan Chong Motor Sdn Bhd (ETCM) today launched the Nissan Serena S-Hybrid that is tuned by Hoshino Impul Co Ltd (Impul), which gives the multi-purpose vehicle (MPV) a sportier and more sophisticated outlook. In a statement today, ETCM marketing and product planning director Tan Keng

Meng said the Nissan Serena S-Hybrid is very popular among Malaysian families. To adapt to the current trend where MPVs are tuned with even more style and sophistication, ETCM has introduced to Malaysians the Nissan Serena S-Hybrid Tuned by Impul. Impul is a Nissan-dedicated tuning company from Japan with a rich motorsports heritage and complements aesthetic and performance parts via its team of Impul engineers. *(Source: The Edge)*

Warisan TC (CP: RM2.30): Expands into Thailand tourism industry

Warisan TC Holdings Bhd has inked a joint venture (JV) agreement with nine individuals for the establishment of a travel and tourism business in Thailand. In a filing with Bursa Malaysia today, the travel services provider said the JV is part of its regional expansion plan to establish a travel and tourism entity in Bangkok, Thailand, to provide a range of services including corporate ticketing, inbound, outbound and corporate incentive. "The group is optimistic on the prospect of the tourism industry in Thailand and broaden its presence in the regional market," it added. Warisan TC, through its subsidiaries, distributes cosmetics, undergarments, heavy equipment and machinery, and telecommunication equipment. It also provides personal care and beauty salon services, equipment leasing, travel, car rental, and air ticketing services. *(Source: The Edge)*

Yong Tai (CP: RM0.985): Signs MoU for RM510mil property development

Yong Tai Bhd has entered into a memorandum of understanding (MoU) with PGCG Assets Holdings Sdn Bhd to jointly develop and construct mixed development properties in Puncak Alam, Ijok with a gross development value (GDV) of about RM510mil. In a filing with Bursa Malaysia, Yong Tai said it entered into the MoU with PGCG in respect of the proposed joint venture (JV) to jointly develop approximately 22 hectares of leasehold land located in Puncak Alam, Ijok and construct 1,039 mixed development properties. PGCG is the registered owner of the land. The garment maker-turned-property developer said the MoU was not intended to be a legally binding agreement and was meant only to serve as a statement of intention of the company and PGCG. *(Source: The Star)*

Microlink (CP: RM1.62): Gets UMA query after surge in share price

Microlink Solutions Bhd was issued an unusual market activity (UMA) query by Bursa Malaysia today after the recent surge in its share price. Its share price, which was trading at RM1.22 on June 23, has leapt 33.6% in just a week. At 3.49pm today, the computer software developer's shares were trading up 0.62% or 1 sen at RM1.63, after 264,500 shares were exchanged. In the UMA query, the regulator asked Microlink if there were any corporate developments or rumours relating to the company that had not been previously announced, that could account for the change in trading activity. *(Source: The Edge)*

ECONOMIC UPDATES

Malaysia: May exports fall on lower crude oil, LNG sales

Malaysia's exports fell 0.9% to RM59.9 billion in May from a year earlier mainly on lower crude oil and liquefied natural gas (LNG) sales and as the country sold

less products to major importers. In a statement today, the Statistics Department said crude petroleum and LNG exports fell 40.3% and 29.3% respectively. Sales of refined petroleum items dropped 3.1%. The department said Malaysian exports to countries like China and Japan fell during the month. In monthly terms, Malaysia's May exports fell 2.3%. Malaysian imports, however, rose from a year earlier. The department said imports climbed 3.1% to RM56.7 billion on higher capital and consumption goods purchases. *(Source: The Edge)*

US: Factory data, auto sales improve, construction spending slips

U.S. factory activity expanded at a healthy pace in June as new orders, output and exports rose, new industry data showed on Friday, providing another sign that U.S. economic growth was regaining its footing after weakness early this year. Automakers reported higher June sales amid strong demand for pickup trucks and sport utility vehicles, but on an annualized basis, the June industry selling rate came in at 16.66 million units, well below May's sales pace of 17.45 million. Ford Motor Co and Fiat Chrysler reported June sales gains of 6.4 percent and 6.5 percent, but General Motors, Toyota Motor Corp and Volkswagen all sold fewer vehicles. *(Source: The Edge)*

China: Factory activity stalls in June, more stimulus expected

Growth in China's manufacturing sector stalled in June, an official survey showed on Friday, adding to expectations that Beijing will have to roll out more stimulus soon to boost the sluggish economy. The official Purchasing Managers' Index (PMI) eased to 50.0 in June, compared with 50.1 in May and right at the 50-point mark that separates growth from contraction on a monthly basis. Though output edged up to 52.5 from 52.3 in May, new export orders contracted, albeit marginally. Total new orders hovered just inside expansionary territory. Manufacturers continued to cut jobs and at a faster pace, with the employment sub-index falling to 47.9, compared to 48.2 in May.. *(Source: The Edge)*

Singapore: Home prices post longest losing streak on record

Singapore home prices dropped for an 11th quarter, posting the longest losing streak on record, as the government holds steadfast on cooling measures it has rolled out since 2009, for fear of reigniting the market. An index tracking private residential prices fell 0.4% in the three months ended June 30 from the previous quarter, capping the longest series of quarterly losses since 1975 when prices were first published, according to preliminary data from the Urban Redevelopment Authority Friday. *(Source: The Edge)*

UK: To slash corporation tax to cushion Brexit blow

British finance minister George Osborne is planning to cut corporation tax to less than 15 percent in an attempt to offset the shock to investors of the country's decision to leave the European Union, the Financial Times reported on Sunday. Osborne was also quoted saying he would put more effort into Britain's relationship with China and lead another trade visit later this year, after the shock referendum decision. He told the newspaper he wanted to build a "super competitive economy" with low business taxes and a global focus. *(Source: The Star)*

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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