

PP14767/09/2012(030761)

Thursday, April 02, 2015

Report of the Day

Company Update: KPJ – “Takeover Bid on Crossborder Hall and Crossborder Aim”

Sector Update: Banking Data Statistic – “Momentum Building up Pre-GST”

At a Glance

FBMKLCI shed 4.47 points to finish at 1,826.31 due to profit taking activities.....(See full report next page)

Strategy

“Wall Street Tip Toeing Again”

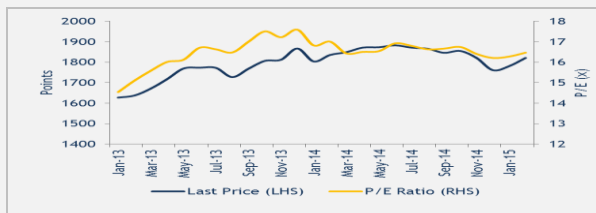
As for today, we sense that the market will continue with its cautious trading mode until there is fresh new catalyst that could pop up trading sentiment.....(See full report next page)

Corporate Highlights

- **CIMB, HOLD (TP: RM6.10), Maybank, BUY (TP: RM10.70):** Offer RM3.2b Islamic financing for KLCC project
- **Parkson Holdings, HOLD (TP: RM2.25):** Expects RM45m impact on earnings
- **Mudajaya (CP: RM1.40):** Appoints James Wong as group MD and CEO

Economic Update

- **Malaysia:** **Wahid:** Malaysia's economic situation stable, safe
- **China:** Weak demand hits China factory, services firms in March, more easing seen
- **Eurozone:** Manufacturing picks up as weak euro boosts exports



KEY ECONOMIC RELEASE					
Date	Local Time	Event	Survey	Prior	
EU	30-Mar	5:00 PM	Consumer Confidence	-	7.0%
JP	30-Mar	7:50 AM	Industrial Production MoM	-	3.7%
JP	30-Mar	7:50 AM	Industrial Production YoY	-	-2.8%
US	30-Mar	8:30 PM	Personal Income	0.3%	0.3%
US	30-Mar	8:30 PM	Personal Spending	0.2%	-0.2%
US	30-Mar	10:00 PM	Pending Home Sales MoM	0.7%	1.7%
EU	31-Mar	9:00 AM	Unemployment Rate	-	11.2%
EU	31-Mar	5:00 PM	CPI Estimate YoY	-	-0.3%
EU	31-Mar	5:00 PM	CPI Core YoY	-	0.7%
EU	31-Mar	5:00 PM	Markit Eurozone Manufacturing PMI	-	51.9
CN	31-Mar	5:00 PM	Non-Manufacturing PMI	-	53.9
US	31-Mar	9:00 PM	S&P/CaseShiller-20 City Index	-	173.02
US	31-Mar	10:00 PM	Consumer Confidence Index	96.3	96.4
CN	1-Apr	9:00 AM	Manufacturing PMI	-	49.9
CN	1-Apr	9:45 AM	HSBC China Manufacturing PMI	-	49.2
JP	1-Apr	7:50 AM	Tankan Large Mfg Outlook	16	9
JP	1-Apr	7:50 AM	Tankan Large Non-Mfg Outlook	18	15
JP	1-Apr	9:35 AM	Markit/JMMA Japan Manufacturing PMI	-	50.4
US	1-Apr	7:00 PM	MBA Mortgage Applications	-	9.5%
US	1-Apr	8:15 PM	ADP Employment Change	225K	212K
US	1-Apr	9:45 PM	Markit US Manufacturing PMI	-	55.3
US	1-Apr	10:00 PM	ISM Manufacturing	-	52.9
JP	2-Apr	7:50 AM	Monetary Based YoY	-	36.7%
US	2-Apr	8:30 PM	Initial Jobless Claims	-	-
US	2-Apr	8:30 PM	Trade Balance	(\$41.0B)	(\$41.8B)
US	2-Apr	10:00 PM	Factory Orders	0.5%	-0.2%
MY	3-Apr	12:00 PM	Exports YoY	-	-0.6%
MY	3-Apr	12:00 PM	Imports YoY	-	5.3%
MY	3-Apr	12:00 PM	Trade Balance MYR	-	9.01B
CN	3-Apr	9:45 AM	HSBC China Composite PMI	-	51.8
CN	3-Apr	9:45 AM	HSBC China Services PMI	-	52.0
JP	3-Apr	9:35 AM	Markit/JMMA Japan Services PMI	-	48.5
JP	3-Apr	9:35 AM	Markit/JMMA Japan Composite PMI	-	50.0
US	3-Apr	8:30 PM	Change in Nonfarm Payrolls	250K	295K
US	3-Apr	8:30 PM	Unemployment Rate	5.5%	5.5%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,826.31	-4.47	-0.24
FBMEMAS	12,517.67	-45.71	-0.36
FBMEMAS SHA	13,094.07	-28.08	-0.21
FBM100	12,217.39	-42.58	-0.35
Volume (mn)	2,910.88	755.91	35.08
Value (RMmn)	1,571.16	-887.25	-36.09
FBMKLCI YTD Chg			3.69

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	21.3	-10.0
Local Institution	55.8	72.7
Foreign Investors	22.9	-62.7

Top Gainers

	Close	Change+/-	(+/- %)
SYARIKAT TAKAFU	13.44	0.48	3.70
PHARMANIAGA	6.23	0.23	3.83
IJM PLANTATIONS	3.58	0.22	6.55

Top Losers

	Close	Change+/-	(+/- %)
BAT	67.86	-0.80	-1.17
HARTALEGA HLD	8.36	-0.31	-3.58
TAHPS GROUP B	6.70	-0.30	-4.29

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,698.18	-77.94	-0.44
NASDAQ	4,880.23	-20.66	-0.42
S&P 500	2,059.69	-8.20	-0.40
FTSE 100	6,809.50	36.46	0.54
DAX	12,001.38	35.21	0.29
Nikkei 225	19,034.84	-172.15	-0.90
HSI	25,082.75	181.86	0.73
KOSPI	2,028.45	-12.58	-0.62
STI	3,447.02	0.01	0.00
KLCI Futures	1,821.50	5.00	0.00
USDMYR 3M	10.49	0.01	0.00
USDMYR 6M	10.50	-	-
USDMYR 12M	10.62	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	50	-0.4	-0.7%
Brent (USD/bbl)	57.1	2.0	3.6%
Gold(USD/ounce)	1,204	-0.2	0.0%
Coal (USD/mt)	56.0	-0.8	-1.4%
CPO (RM/mt)	2,154	-11.0	-0.5%
Rubber	172	-0.3	-0.2%
RM/USD	3.70	-0.0043	0.12%
EUR/USD	0.93	0	0.00%
YEN/USD	119.63	-0.13	0.11%

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 77.94 points to 17,698.18, S&P 500 down by 8.20 points to 2,059.69. Nasdaq tumble by 20.66 points to 4,880.23. The selling pressure started in Asia on Tuesday as bourses in China and Japan suffered 1%-plus declines followed by weakness in Europe. U.S. markets opened down hard amid light volume and a sense of boredom and stagnation.
- Stocks, when measured broadly, really haven't done much since November aside from a short-lived push to incremental new highs at the end of February.

The Local Market

- FBMKLCI shed 4.47 points to finish at 1,826.31 due to profit taking activities. There were 291 gainers and 478 decliners in total value traded of RM1.57 billion.
- Among the losers on Bursa Malaysia were British American Tobacco decline 80 cent to RM67.86, Hartalega dropped 31 cent to RM8.36, TAHPS group shed 30 cent to RM6.70 and Bursa Malaysia slipped 10 cent to RM8.30.

Strategy

• "Wall Street Tip Toeing Again"

Wall Street continued to bleed on Wednesday, carrying the pace the day before, as weak economic data injured sentiment. S&P 500 and DJIA lost 8.20 (-0.40%) and 77.94 (-0.44%) points to end at 2,059.69 and 17,698.18 respectively. It was reported that the private employers in the US added fewer-than-expected new workers in March of 189k vs. street estimates of 225k with non-farm payroll predicted to increase by 245k, suggesting a slowing down economy. Overall, US March unemployment is expected to stay at 5.5%, a data that is due for release tomorrow. With no outliers that could disrupt hiring, the new workers addition in March can be described as weak, pushing investors to predict that the US is in for a rough economic patch in 1Q15. We, on the other hand, view this as favourable as the US FOMC may push aside its grand plan to adjust policy rate so soon, rumoured to be in June. Depending on various factors, if June policy hike is not possible, it could either be in FOMC meeting in July or September, at the latest. On another development, factories in the US expanded at slower pace with the Institute for Supply Management's index declined to 51.5 from 52.9 a month earlier. As for today, we sense that the market will continue with its cautious trading mode until there is fresh new catalyst that could pop up trading sentiment.

- Our 1H15 year-end target is 1,840 based on PER of 16.0x and hence, FBMKLCI is poised to record a gain of 4.5% against 2014 closing of 1,761. We have an **OVERWEIGHT** call on auto, construction, rubber gloves and telco respectively. We predict Malaysia to grow by 5.0% in 2015 against the projection of 5.9% in 2014.

CORPORATE HIGHLIGHTS

CIMB, HOLD (TP: RM6.10), Maybank, BUY (TP: RM10.70): Offer RM3.2b Islamic financing for KLCC project

CIMB Investment Bank Bhd and Maybank Investment Bank Bhd have signed an agreement with Cititower Sdn Bhd — a joint-venture between KLCC Holdings Sdn Bhd and Qatar's QD Asia Pacific Ltd — to offer a 20-year syndicated Islamic term financing of RM3.2 billion. In a joint statement this evening, the two banking groups — which act as the joint mandated lead arrangers and bookrunners — said the financing is to partly fund a mixed commercial development project in Kuala Lumpur City Centre (KLCC), which will consist of a Grade A office tower, a hotel tower, retail podium and other ancillary facilities. According to Cititower chairman Datuk Hashim Wahir, the project is touted as another iconic landmark in KLCC, which will enhance the overall Kuala Lumpur City's skyline, while complementing existing prime commercial developments such as the Petronas Twin Towers. These iconic mixed commercial towers developed by Cititower are designed with development components that will increase the vibrancy and value-add to the overall commercial branding in the KLCC precinct. *(Source: The Edge)*

Parkson Holdings, HOLD (TP: RM2.25): Expects RM45m impact on earnings

Parkson Holdings Bhd expects its earnings for FY ending June 30, 2015 to be reduced by RM45mil or four sen per share following a property dispute involving its Hong Kong-listed subsidiary Parkson Retail Group Ltd (PRG). Parkson Holdings said on Wednesday on a proforma basis, the group's net assets on the audited consolidated statement of financial position as at June 30, 2014 would be lower by RM45mil. On Tuesday, it announced its 53.07% owned PRG was ordered by China International Economic and Trade Arbitration Commission to pay 140.4mil yuan (RM83.9mil) in a property dispute. *(Source: The Star)*

Mudajaya (CP: RM1.40): Appoints James Wong as group MD and CEO

Infrastructure based Mudajaya Group Bhd has appointed its chief operating officer (COO) James Wong as the new group managing director and chief executive officer. Mudajaya Group chairman Datuk Yusli Yusoff said Wong will succeed Anto Joseph with effect from Wednesday. Wong, a veteran in the construction and infrastructure sectors since 1985, served at various major organisations including United Engineers Malaysia Bhd, Lafarge Concrete Malaysia and IJM Corporation Bhd. Wong, an engineer, graduated from the Imperial College of Science and Technology, London with a Bachelor of Civil Engineering degree and a Masters of Science postgraduate degree in Structures. *(Source: The Star)*

SHL (CP: RM3.18): To seek Bursa extension to meet public spread

SHL Consolidated Bhd will seek an extension of six months from Bursa Malaysia Securities to meet the public shareholding spread requirement. SHL said on Wednesday its public spread was 23.53% resulting in a shortfall of 1.47% from the minimum requirement of 25%. As at to-date, the company has not drawn up any plan to rectify the shortfall in the public spread "but will endeavour to formulate such a plan as soon as possible". SHL will apply to Bursa Malaysia for

an extension for the purpose of complying with the public shareholding spread. (Source: The Star)

Boustead Plantations (CP: RM1.39): To expand landbank

Boustead Plantations Bhd will expand its landbank by another 20 per cent within two to three years from the current 83,400 hectares, says vice chairman, Tan Sri Lodin Wok Kamaruddin. He said although the company received offers from countries like the Philippines and Papua New Guinea to establish plantations, Malaysia would remain its top choice due to the country's stable political situation, fertile land as well as predictable weather. Probably our issue is more of insufficient workers to work at our plantations. However, we have overcome that by implementing mechanization of various processes," he told reporters at the company's annual general meeting here today. Lodin said the company wanted to be more cost effective and efficient, following a challenging year for the plantation sector. (Source: The Star)

GW Plastic (CP: RM1.39): New management line-up at GW Plastics

GW Plastics Holdings Bhd, which is undergoing a reverse takeover by MCT Consortium Bhd, has announced a new senior management line up ahead of the completion of a corporate exercise, which will see it changing its name to MCT Bhd. In a filing with Bursa Malaysia today, GW Plastics said MCT Consortium co-founder Tan Sri Goh Ming Choon, 51, has been appointed as deputy executive chairman of the Practice Note 17 company effective immediately. Goh, who holds 569.7 million shares or a 42.7% stake in GW Plastics, has 18 years of experience in property development and construction activities. At MCT Consortium, he is mainly responsible for land acquisitions, determining marketing and business development strategies and policies, and building rapport with suppliers, customers and the relevant authorities. (Source: The Edge)

Hibiscus Petroleum (CP: RM0.76): unit ups stake in Norwegian license PL616

Hibiscus Petroleum Bhd announced that its 35%-owned entity Lime Petroleum Norway AS (Lime Norway) is increasing its stake in Norwegian license PL616 from 5% to 15%. In a press statement this evening, Hibiscus Petroleum said Lime Norway has executed an agreement with Skagen44 AS to acquire an additional 10% interest in PL616. "The transfer of this additional stake is subject to regulatory approval, and upon completion, will increase Lime Norway's interest in the license to 15%," it said. It also noted that Lime Norway had earlier acquired a 5% stake in PL616 from North Energy ASA in September 2013. Following the transfer of the additional interest to Lime Norway, the parties in the license will be Edison Norge AS (operator) holding 25%, Noreco Norway AS (Noreco) with 20%, Concedo ASA (Concedo) having 20%, North Energy with 15%, Skagen44 holding 5%, and Lime Norway owning the remaining 15%. (Source: The Edge)

Perduren (CP: RM2.05): To change name to Enra Group, appoints new CFO

Perduren (M) Bhd has proposed to change its name to Enra Group Bhd and has appointed Norsharizal Mashahrin as its chief financial officer. In a filing today, it said the proposed name has been approved and reserved by companies commission of Malaysia (CCM) on Jan 14, 2015, but is subject to the approval of

shareholders at its forthcoming extraordinary general meeting. Perduren (has earlier announced in January that it will divest its existing property assets to focus on a possible niche area of property development and property investment related to the oil and gas (O&G) industry. (Source: *The Edge*)

Telecommunication Sector: Taking advantage of GST to increase prices

Telecommunication (telcos) providers have taken advantage of the implementation of the Goods and Services Tax (GST) to charge consumers a tax it has been absorbing the last 20 years, in a move to defray potentially millions in costs. According to a source familiar with the matter, telcos have always absorbed the 6% service tax imposed on reloads for prepaid cards. It is understood, however, that with the implementation of GST, a number of telcos have taken the opportunity to add it on to reloads sold, despite being told that they should maintain the prices as per the norm. The GST in this case though is not charged on the reload which is essentially a cash voucher and therefore a non-taxable supply, but the equivalent is added into the price of the reload. Altel, Digi and Maxis are a few companies which have clearly stated that its reload prices for prepaid cards now come with the GST. (Source: *The Sun*)

Proton: Trims prices of all models, with reduction up to RM1,475 for Iriz under GST

National carmaker Proton Holdings Bhd has trimmed the prices of all its models and variants, with a reduction of up to RM1,475.23 or 3.25% for the entry level model Iriz in light of the implementation of goods and services tax (GST), which comes into force today. According to the adjusted price list posted on its website, Proton revealed that the new on-the-road prices are imposed on all its models, including Saga SV, Preve, Exora MC2, Persona, Satria Neo, Suprima S and Iriz. Among all these models, Iriz 1.3 CVT standard solid will now be priced at RM43,974.92, compared with RM45,450.15 before the implementation of GST. The reduction came up to RM1,475.23 or 3.25%, the highest reduction among all Proton models.

ECONOMIC UPDATES

Malaysia: Wahid: Malaysia's economic situation stable, safe

The economic situation in the country is stable to face any uncertain external situation, said Minister in the Prime Minister's Department, Datuk Seri Abdul Wahid Omar. He said there were five major factors that contributed to the strength of the country's economy. The first factor is the government has diversified its economic structure in order not to depend on any sub-sector or commodity. For example, the services sector contributes 55 per cent to the country's economy while manufacturing gives 25 per cent," he said this at the Dewan Rakyat here today. He said this in reply to a question by Datuk Mohd Zaim Abu Hasan (BN-Parit) on the possibility of the country's economy being hit by the impact of or by the systematic failure due to the unstable global economic situation. (Source: *The Star*)

China: Weak demand hits China factory, services firms in March, more easing seen

Surveys of China's factory and services sectors showed stubborn weakness in the world's second-biggest economy in March, adding to bets that Beijing will have to roll out more policy support to avert a sharper slowdown. Three separate surveys showed Chinese companies shed jobs last month as they struggled with soft demand and deflationary pressures, suggesting that economic growth may have slipped below 7 percent in the first quarter of 2015, which would be the weakest in six years. Growth faces headwinds from the property slowdown and a fiscal slide, said Zhang, referring to a fall-off in government revenues that many worry could further dampen economic growth by crimping investment. (Source: *The Star*)

Eurozone: Manufacturing picks up as weak euro boosts exports

Manufacturing activity across the euro zone accelerated faster than previously thought last month, adding to signs the bloc's economy is recovering, a business survey showed on Wednesday. Any indication of a pick-up in growth will delight the European Central Bank, which embarked on a quantitative easing programme in March, aiming to buy around 60 billion euros of bonds every month to drive up inflation and spur the recovery. Markit's final March manufacturing Purchasing Managers' Index (PMI) was at a 10-month high of 52.2, beating a flash reading of 51.9. It was the 21st month it has been above the 50 mark that separates growth from contraction. (Source: *The Star*)

Indonesia: Inflation rate edges up in March

Indonesia's annual inflation rate accelerated slightly in March, a development that limits the central bank's room to cut interest rates again. The statistics bureau said yesterday that March's headline rate was 6.38%, compared with 6.29% a month earlier. The main reason for the increase was higher fuel prices. A Reuters poll expected a March rate of 6.40%. Bank Indonesia expects the annual inflation rate to stay around 6.3% until November, then drop to about 4% due to changes in the base for comparison. Last November, President Joko Widodo raised fuel prices by more than 30%, which caused the annual inflation rate to spike to 8.36% in December. One day after he hiked prices, BI raised its key interest rate by 25 basis points to 7.75%. (Source: *The Star*)

India: says will shake up trade tariffs to compete globally

India plans to pull its tariff regime closer in line with global norms to prepare for new regional trade pacts being negotiated by advanced economies, the government said on Wednesday. India has not been invited to join pacts such as the U.S.-led 12 country Trans-Pacific Partnership (TPP) and is "not in a position to join," partly because its tariffs are not competitive, a top official said at the unveiling of a new five year trade policy. Kher said India needed lower tariffs for intermediate goods to help it further integrate with global supply chains, and that these industries would have to come more competitive. He did not give more details. Regional trade pacts are being promoted by advanced economies after years of failure to negotiate a global agreement under the World Trade Organisation. (Source: *The Edge*)

Japan: Recovery in business mood stalls, capex to be cut

A key Japanese central bank business survey has shown that big companies plan to cut spending, clouding the outlook for Prime Minister Shinzo Abe's drive to reflate the economy and spurring calls for more monetary stimulus. Despite reaping strong profits from a weaker yen, big manufacturers were no more confident than they were three months ago, with some citing sluggish domestic and Asian demand. But underscoring the patchy nature of Japan's recovery, service-sector firms in the survey released yesterday saw business conditions improving to a nearly one-year high, thanks to low oil prices and surging tourism. (Source: *The Star*)

U.S.: Manufacturing growth slows to 22-month low -ISM

The pace of U.S. manufacturing growth fell in March to its slowest in almost two years, pressured by slowing gains in new orders and stagnant employment, according to an industry report released on Wednesday. The Institute for Supply Management (ISM) said its index of national factory activity fell to 51.5 from 52.9 the month before. The reading was shy of expectations of 52.5, according to a *Reuters* poll of economists, and was the lowest reading since May 2013. The new orders index eased to 51.8 last month from 52.5 in February, and the employment index was at 50 from 51.4, both also at a 22-month low. The prices paid index rose to 39 from 35 on its fourth consecutive month below 40. (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.

DISCLOSURES AND DISCLAIMER

This report has been prepared by M&A SECURITIES SDN BHD. Readers should be fully aware that this report is for informational purposes only and no representation or warranty, expressed or implied is made as to the accuracy, completeness or reliability of the information or opinion contained herein. The recommendation and opinion are based on information obtained or derived from sources believed to be reliable.

This report contains financial forecast/projection based on our assumptions which may defer from the actual financial results announced by the companies under coverage. All opinions, estimates and assumptions are subject to change without notice. Analysts will initiate, update and cease coverage solely at the discretion of M&A SECURITIES SDN BHD.

Investors are to be cautioned that value of any securities invested may fluctuate from time to time. We advise investors to seek financial, legal and other advice for investing based on the recommendation of our report as we have not taken into account each investors' specific investment objectives, risk tolerance and financial position.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. M&A SECURITIES SDN BHD can accept no liability for any consequential loss or damage whether direct or indirect. Investment should be made at investors' own risks.

M&A SECURITIES SDN BHD and INSAS GROUP of companies, their respective directors, officers, employees and connected parties may have interest in any of the securities mentioned and may benefit from the information herein. M&A SECURITIES SDN BHD and INSAS GROUP of companies and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This report may not be reproduced, distributed or published in any form or for any purpose.

M & A Securities Sdn Bhd (15017-H)
(A wholly-owned subsidiary of INSAS BERHAD)
A Participating Organisation of Bursa Malaysia Securities Berhad

Level 1,2,3 No.45-47 & 43-6
The Boulevard, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel: +603 – 2282 1820 Fax: +603 – 2283 1893
Website: www.mnaonline.com.my

Head Of Research



Rosnani Rasul
M&A Securities