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At a Glance

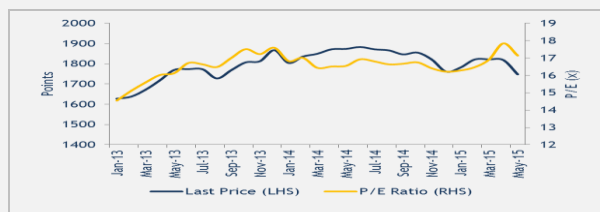
FBMKLCI gained 10.99 points to finish at 1,732.76 in line with the surge in most key regional markets.....(See full report next page)

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- **Maxis, HOLD (TP: RM7.10):** Issues RM840mil in first series of sukuk
- **FGV, TBD, (TBD):** Approached us' says Indonesia's Rajawali
- **Kimlun (CP: RM1.31):** Sees promising FY15 on solid orderbook

Economic Update

- **Malaysia:** Monthly household income of Malaysians increase
- **Malaysia:** Bank Negara's international reserves at RM390.2bil at June 15
- **U.S.:** Home sales at 5-1/2-year high



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
EU	22-Jun	10:00 PM	Consumer Confidence	-	-5.5
US	22-Jun	10:00 PM	Existing Home Sales	5.25M	5.04M
US	22-Jun	10:00 PM	Existing Home Sales MoM	4.2%	-3.3%
MY	22-Jun	-	Foreign Reserves	-	\$106.4B
EU	23-Jun	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.2
EU	23-Jun	4:00 PM	Markit Eurozone Services PMI	-	53.8
EU	23-Jun	4:00 PM	Markit Eurozone Composite PMI	-	53.6
US	23-Jun	8:30 PM	Durable Goods Orders	-0.5%	-0.5%
US	23-Jun	8:30 PM	Durable Ex Transportation	0.8%	0.5%
US	23-Jun	9:45 PM	Markit US Manufacturing PMI	-	54.0
US	23-Jun	10:00 PM	New Home Sales	515K	517K
US	23-Jun	10:00 PM	New Home Sales MoM	-0.4%	6.8%
CN	23-Jun	9:45 AM	Markit China PMI Mfg	49.4	49.2
JP	23-Jun	9:35 AM	Markit Japan PMI Mfg	-	50.9
US	24-Jun	7:00 PM	MBA Mortgage Application	-	-5.5%
US	24-Jun	8:30 PM	GDP Annualized QoQ	-0.3%	-0.7%
US	24-Jun	8:30 PM	Personal Consumption	-	1.8%
US	24-Jun	8:30 PM	Core PCE QoQ	-	0.8%
JP	24-Jun	1:00 PM	Small Business Confidence	-	48.1
US	25-Jun	8:30 PM	Initial Jobless Claims	-	-
US	25-Jun	9:45 PM	Markit US Composite PMI	-	56.0
US	25-Jun	9:45 PM	Markit US Service PMI	-	56.2
US	25-Jun	11:00 PM	Kansas City Fed Manf. Activity	-	-13
EU	26-Jun	4:00 PM	M3 Money Supply YoY	-	5.3%
EU	26-Jun	4:00 PM	M3 3-month average	-	4.7%
JP	26-Jun	7:30 AM	Natl CPI YoY	-	0.6%
JP	26-Jun	7:30 AM	Natl CPI Ex Fresh Food YoY	-	0.3%
JP	26-Jun	7:30 AM	Natl CPI Ex Food, Energy YoY	-	0.4%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,732.76	10.99	0.64
FBMEMAS	11,979.05	72.24	0.61
FBMEMAS SHA	12,458.26	81.50	0.66
FBM100	11,667.62	70.84	0.61
Volume (mn)	1,540.36	-180.00	-10.46
Value (RMmn)	1,820.61	-602.92	-24.88
FBMKLCI YTD Chg			-1.62

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	17.1	-9.9
Local Institution	58.8	173.5
Foreign Investors	24.1	-163.6

Top Gainers

	Close	Change+/-	(+/- %)
SAM ENGINEERIN	5.04	0.84	20.00
SHANGRI-LA HOTE	6.70	0.57	9.30
BAT	60.46	0.36	0.60

Top Losers

	Close	Change+/-	(+/- %)
NESTLE (MALAY)	71.20	-0.60	-0.84
HONG LEONG BA	13.50	-0.28	-2.03
HUME INDUSTRIE	3.78	-0.14	-3.57

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,119.78	103.83	0.58
NASDAQ	5,153.97	36.97	0.72
S&P 500	2,122.85	12.86	0.61
FTSE 100	6,825.67	115.22	1.72
DAX	11,460.50	420.40	3.81
Nikkei 225	20,428.19	253.95	1.26
HSI	27,080.85	320.32	1.20
KOSPI	2,055.16	8.20	0.40
STI	3,315.13	14.17	0.43
KLCI Futures	1,725.50	19.50	0.01
USDMYR 3M	10.00	(0.02)	(0.00)
USDMYR 6M	10.01	(0.02)	(0.00)
USDMYR 12M	10.08	(0.03)	(0.00)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	60	-0.2	-0.3%
Brent (USD/bbl)	63.3	0.3	0.5%
Gold(USD/ounce)	1,186	-0.1	0.0%
Coal (USD/mt)	60.2	0.0	0.0%
CPO (RM/mt)	2,220	-17.0	-0.8%
Rubber	182	0.0	0.0%
RM/USD	3.73	-0.011	0.29%
EUR/USD	0.88	-0.0003	-0.03%
YEN/USD	123.37	0	0.00%

What To Expect

U.S. Market

- The Dow Jones Industrials Average gained 103.83 points to 18,119.78; S&P 500 up 12.86 points to 2,122.85. Nasdaq jumped by 36.97 points to 5,153.97. Stocks closed higher on Monday, following a global rally in equities, as investors cheered signs of progress in the Greece debt negotiations.
- Meanwhile, in economic news Monday, existing home sales jumped 5.1 percent in May to a 5-1/2-year high. Durable goods and new home sales are due Tuesday.

The Local Market

- FBMKLCI gained 10.99 points to finish at 1,732.76 in line with the surge in most key regional markets. There were 561 gainers and 238 decliners in total value traded of RM1.82 billion.
- Among the gainers on Bursa Malaysia were Oriental Food added 33 cent to RM5.99, Hong Leong Bank surged 32 cent to RM13.78, Allianz Malaysia up 30 cent to RM12.00 and Hume Industries soared 28 cent to RM3.92.

Strategy

- 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

Maxis, HOLD (TP: RM7.10): Issues RM840mil in first series of sukuk

Maxis Bhd has issued its first series of its Sukuk Murabahah of RM840mil in nominal value pursuant to its Unrated Sukuk Murabahah Programme. The tenure is for 10 years from the issue date. The country's largest mobile phone operator is planning to raise as much as RM5bil from a 30-year sukuk for its capital expenditure (capex) and debt refinancing. The company said in a stock exchange filing that the unrated sukuk murabahah programme would be available 30 years from the date of the first issuance, which should be made within two years of approval. The issue price of the Islamic bond will also be fixed prior to each issuance. (Source: The Star)

FGV, TBD, (TBD): Approached us' says Indonesia's Rajawali

Indonesia's Rajawali Group, perplexed by the strong negative reaction in Malaysia from its proposed share sale agreement between its plantation arm PT Eagle High Plantations Tbk – and Felda Global Ventures Holdings Bhd (FGV), has rebutted allegations that the deal was expensive and that it was an exercise necessary for the group to put it on a better financial footing. Tan Sri Peter

Sondakh, the chairman and chief executive officer of Pt Rajawali Corpora, pointed out that a banker acting for FGV had initiated the deal for the sale of a 37% stake in Eagle High to FGV and that it was not something his company started. "The deal (proposing FGV buying into Eagle High) was proposed by their banker. It came about six weeks ago. He also flatly dismissed speculation that he saw Prime Minister Datuk Seri Najib Tun Razak on the deal. (Source: *The Star*)

Kimlun (CP: RM1.31): Sees promising FY15 on solid orderbook

Engineering and construction services firm Kimlun Corporation Bhd expects a promising financial year ending Dec 31, 2015 amid a solid order book of RM1.4bil and the prospect of new tenders worth up to RM1bil. Chief executive officer Sim Tian Liong said the balance orderbook as at Dec 31, 2014 worth approximately RM1.4bil will keep the company busy for about one to one and a half years. "In terms of bottom-line, we are quite confident of maintaining last year's (FY14) performance," said Sim after the company's annual general meeting (AGM) here on Monday. Kimlun's construction and manufacturing orderbook as at Dec 31, 2014 for Kimlun is about RM1.19bil and RM0.23bil respectively. (Source: *The Star*)

PUC Founder (CP: RM0.13): Unit to produce electricity for TNB for 21 years

PUC Founder (MSC) Bhd's subsidiary MaxGreen Energy Sdn Bhd has entered into a renewable energy power purchase agreement with Tenaga Nasional Bhd (TNB) for a FiT (Feed-in Tariff) concession period of 21 years for electricity generated from its 1MWp solar photovoltaic (PV) plant. The information technology services provider said in a statement that construction of the solar PV plant in Sungai Petani, Kedah, would begin soon and it would operate by the fourth quarter of the year. TNB will purchase the electricity generated according to the confirmed FiT rate of RM1.0355 per kilowatt-hour. (Source: *The Star*)

Berjaya Media (CP: RM0.37): Posted net loss of nearly RM28m

Berjaya Media Group posted a net loss of RM27.92mil in the fourth quarter ended April 30, 2015 compared to a net profit of RM128,000 a year ago. The company said on Monday that the net loss in the quarter was due to impairment of publishing rights amounting to RM25mil and impairment of certain investments coupled with lower revenue. Its revenue fell 14.2% to RM11.22mil for the quarter, from RM13.08mil a year ago dragged by lower advertising income by its subsidiary, Sun Media Corp Sdn Bhd. Similarly, due to its falling advertising income, revenue for its full financial year was down 8.3% to RM53.83mil compared to RM58.71mil a year ago. (Source: *The Star*)

China Automobile Parts (CP: RM0.34): Puts HK dual listing on hold

Chassis parts maker China Automobile Parts Holdings Ltd is putting its dual-listing plans on hold, while at the same time testing waters for a new business segment. "The exercise is still on but due to the slowdown in the China economy and the market, the company is cautiously awaiting the opportune time to embark on this," managing director Li Guo Qing said referring to the proposed dual-listing in Hong Kong. He added that the company has engaged a Hong Kong-based investment advisor on the matter. Li expects the China economy to pick up in the "near term", and hence is not setting a timeline for the proposed dual listing on the Hong Kong Stock Exchange. (Source: *The Star*)

AirAsia (CP: RM1.64): Up after clarifying accounting practices

AirAsia Bhd rose as much as 3% after its audit committee chairman said the group did not consolidate associates' financials as it would be a breach of aviation regulations in countries where the budget airline has a presence. AirAsia has operating units in Indonesia, the Philippines, Thailand and India. "Any change in our present relationship with the associate companies, be it in equity shareholdings or shareholders agreement, that gives AAB (AirAsia) legal control will result in loss of the associates' airline operating licenses," AirAsia audit committee chairman VU Kumar said in a statement today. Kumar's statement today was in response to GMT Research's earlier report that alleged AirAsia had deliberately avoided consolidating its associates' accounts as it would lead to lower reported profits for the group. (Source: *The Edge*)

Handal Resources (CP: RM0.35): Unfavourable O&G market conditions force Handal to abandon collaboration

Handal Resources Bhd has terminated their collaboration with MEO Australia Limited (MEO) for a Risk Service Contract (RSC) with Petroliam Nasional Bhd (Petronas). In a statement to Bursa Malaysia today, the integrated offshore crane services provider and fabricator cited current market conditions and Petronas's deferment of the RSC for marginal fields as reasons for its termination. Handal had entered into the collaboration with MEO in early July 2013 to consolidate both parties' expertise in the development of the marginal oil and gas (O&G) field and to pursue the RSC with Petronas. (Source: *The Edge*)

C.I. Holdings (CP: RM2.38): Denies interest to acquire 1MDB's power assets

Consumer edible oil manufacturer C.I. Holdings Bhd (CIHB) has denied a report that it has an interest to acquire Edra Global Energy Bhd, an outfit that houses 1Malaysia Development Bhd (1MDB)'s power assets. In its filing with Bursa Malaysia this afternoon, CIHB said it has never entered into any Non-Disclosure Agreements (NDA) with Maybank Investment Bank Bhd in relation to 1MDB's proposed plans to monetise its power assets. Last Friday, *The Star* in its Business section had reported that CIHB was one of the parties among Tenaga Nasional Bhd, YTL Power International Bhd and Malakoff Corp Bhd that had expressed their interest in the acquisition of Edra Global. (Source: *The Edge*)

Masteel (Suspended): Auditor issues qualified opinion on FY14 financials

Malaysia Steel Works (KL) Bhd's (Masteel) independent auditor has issued a qualified opinion on the assessment of the company's numbers for financial year ended December 31, 2014 (FY14). This was due to insufficient evidence to support the validity of certain transactions. In a statement on Bursa Malaysia's website, Nexia SSY Chartered Accountants raised concerns on Masteel's sales transactions involving an outstanding amount of some RM287 million. Nexia said it was concerned about the transactions with the customers involved. As such, Nexia said it was "unable to verify the recoverability" of the outstanding amount, which was included in Masteel's trade receivables of RM334.54 million. (Source: *The Edge*)

IPO: Xin Hwa IPO oversubscribed 18.74 times by the public

The initial public offering of logistics firm Xin Hwa Holdings Bhd available for public subscription has been oversubscribed by 18.74 times. Tricor Investor & Issuing House Services Sdn Bhd said in a statement that 8,314 applications for 177.68 million shares worth RM124.38mil were received for the 9 million shares available to the public. For the bumiputra portion, a total of 4,624 applications for 84.41 million shares were received, representing an oversubscription rate of 17.76 times. The 3 million IPO shares available for application by the eligible directors, employees and other persons who have contributed to the success of the Xin Hwa group have been fully subscribed. It was reported that Xin Hwa plans to use its IPO proceeds to construct a new warehouse in Pasir Gudang, Johor, which would double its current warehousing storage capacity of 224,600 sq ft. (Source: The Star)

ECONOMIC UPDATES**Malaysia: Monthly household income of Malaysians increase**

The median monthly household income for Malaysians in 2014 increased by 11.7 per cent annually to RM4,585 from RM3,626 in 2012. The Department of Statistics Malaysia said this in its report on the Household Income and Basic Amenities Survey 2014, held to collect data on the characteristics of Malaysian households. In general, there are four sources of income that can be received (accrued) by households -- income from paid employment; self-employed; income from property and investments; and, current transfer received. For the mean monthly household income for Malaysians, it increased 10.3 per cent per annum to RM6,141 in 2014 from RM5,000 in 2012, it said. (Source: The Star)

Malaysia: Bank Negara's international reserves at RM390.2bil at June 15

Bank Negara's international reserves amounted to RM390.2bil (equivalent to US\$105.3bil) as at June 15, 2015. The reserves position was sufficient to finance 8.1 months of retained imports and was 1.1 times the short-term external debt, the central bank said in a statement on Monday. The main components of the international reserves were foreign currency reserves (US\$96.5bil), International Monetary Fund reserves position (US\$0.8bil), Special Drawing Rights (US\$1.8bil), gold (US\$1.4bil) and other reserve assets (US\$4.8bil). (Source: The Star)

U.S.: Home sales at 5-1/2-year high

U.S. home resales surged to a 5-1/2-year high in May as first-time buyers stepped into the market, the latest indication that housing and overall economic activity were gathering steam in the second quarter. The strengthening economic outlook likely keeps the Federal Reserve on course to raise interest rates later this year. The National Association of Realtors said on Monday existing home sales increased 5.1 percent to an annual rate of 5.35 million units, the highest level since November 2009. That put sales this year on track for their strongest gain since 2007. "It suggests that the U.S. housing market recovery is back on track after the missteps earlier this year. We expect this upbeat tone in the housing recovery to continue as the favorable domestic fundamentals begin

to reassert them," said Millan Mulraine, deputy chief economist at TD Securities in New York. (Source: *The Star*)

Thailand: Medical tourism expertise helps Thailand cope with MERS

Thailand's status as a hub for medical tourism could be helping the country contain the spread of Middle East Respiratory Syndrome (MERS), government and health officials said, after confirming its first case of the deadly virus last week. Tourism accounts for about 10 percent of the Thai economy, and the country is also the top destination in Southeast Asia for patients seeking low-cost, quality healthcare, with an average 1.4 million medical tourists a year, compared with 600,000 for Singapore, a Thai medical tourism association said. (Source: *The Edge*)

New Zealand: Aims to expand trade with M'sia

Asean is New Zealand's biggest trade partner after China and Australia. Among the Asean countries, Malaysia tops the list, recording trade of NZ\$3.23bil (RM8.56bil) last year, totalling a quarter of the bloc's NZ\$12.8bil. New Zealand's top exports include tourism and dairy products, consisting of 42% and 34% of its total exports respectively. Prime minister John Key said he hoped that trade between New Zealand and Malaysia would improve in other sectors besides dairy and food products. The meeting was held at the Auckland War Memorial Museum. Key also expressed the country's political views and bilateral trade aspirations with Asean members. (Source: *The Star*)

Greece: Proposals target VAT, retirement, taxes - reports

Greece's latest proposals to reach a debt deal with its creditors are focused on VAT rates, early retirement measures and tax increases, which aim to cover a good part of the country's budgetary gap, Greek press reported Monday. The new proposals which are being examined in Brussels ahead of an emergency summit of eurozone leaders later Monday seek to close a gap of 900 million euros (RM3.8bil) between the creditors' demands for savings in the 2016 budget and the last offer Greece's leftist government made, which was rejected, according to the financial daily Naftemporiki. A European source in Brussels told AFP that the Greeks have made proposals on pensions and defence spending, with some "movement" on VAT still needed. The proposed adjustments to VAT could bring some 2 billion euros (RM8.5bil) in additional revenue to state coffers, likewise for the proposals on pensions, Neftemporiki reported. (Source: *The Star*)

Greece: Deal in doubt at crucial debt talks

Greece's international creditors' poured cold water on the chances of a breakthrough at an emergency summit on Monday aimed at finding a deal to save Athens from default and a possible exit from the euro. European paymaster Germany warned that eleventh-hour reform proposals submitted by leftist Greek premier Alexis Tsipras were not "substantial", with France seeing a breakthrough only in coming days. The rainy weather reflected the mood in Brussels as a succession of eurozone ministers dampened earlier market-boosting hopes that leaders meeting later could seal a deal to end the five-month standoff. (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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