

PP14767/09/2012(030761)

Friday, September 18, 2015

At a Glance

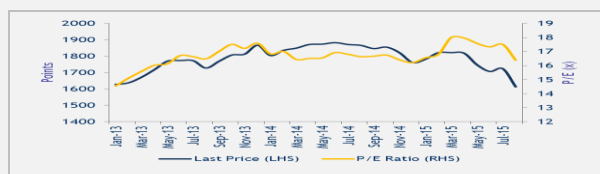
FBMKLCI gained 34.39 points to finish at 1,681.54 ahead of US Federal Reserve policy decision announcement.....(See full report next page)

Corporate Highlights

- **RHB Cap, BUY (TP: RM7.70):** Aabar is limited to only 15% of RHB Cap's rights issue
- **Gas Malaysia, BUY (TP: RM2.89):** Agrees to terms for Honda gas supply project
- **UEM Sunrise (CP: RM1.07):** Plans to issue RCPS instead of new shares to raise up to RM793m
- **Glomac (CP: RM0.86):** Sees flattish 1Q profit amid soft property market

Economic Update

- **Malaysia:** Make adjustments in facing global economic uncertainty – Zeti
- **Germany:** Could spend up to 25 bln euros on migrant intake -banks
- **Indonesia:** Central Bank keeps rates steady, braces for US rate hike
- **U.S.:** Fed holds rates steady in nod to global economic weakness



KEY ECONOMIC RELEASE

	Date	Local Time	Event	Survey	Prior
CN	10-15 Sep	-	New Yuan Loans CNY	800.0B	1480.0B
CN	10-15 Sep	-	Money Supply M2 YoY	13.3%	13.3%
EU	14-Sep	5:00 PM	Industrial Production SA MoM	-	-0.4%
EU	14-Sep	5:00 PM	Industrial Production WDA YoY	-	1.2%
US	15-Sep	8:30 PM	Retail Sales Advance MoM	0.4%	0.6%
US	15-Sep	8:30 PM	Retail Sales Ex Auto MoM	0.3%	0.4%
US	15-Sep	8:30 PM	Retail Sales Ex Auto and Gas	-	0.4%
US	15-Sep	8:30 PM	Empire Manufacturing	1.00	-14.92
US	15-Sep	8:30 PM	Industrial Production MoM	-0.2%	0.6%
EU	16-Sep	5:00 PM	CPI MoM	-	-0.6%
EU	16-Sep	5:00 PM	CPI YoY	-	0.2%
EU	16-Sep	5:00 PM	CPI Core YoY	-	1.0%
US	16-Sep	7:00 PM	MBA Mortgage Applications	-	-
US	16-Sep	8:30 PM	CPI MoM	0.0%	0.1%
US	16-Sep	8:30 PM	CPI Ex Food and Energy MoM	-	4.3%
US	16-Sep	8:30 PM	CPI YoY	0.2%	0.2%
US	17-Sep	8:30 PM	Housing Starts	1145K	1206K
US	17-Sep	8:30 PM	Building Permits	1135K	1119K
US	17-Sep	8:30 PM	Initial Jobless Claims	-	-
US	17-Sep	10:00 PM	Philadelphia Fed Business Outlook	6.0	8.3
JP	17-Sep	7:50 AM	Trade Balance	-	¥-268.1B
JP	17-Sep	7:50 AM	Trade Balance Adjusted	-	¥-368.8B
US	18-Sep	10:00 PM	Leading Index	0.3%	-0.2%

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,681.54	34.39	2.09
FBMEMAS	11,528.77	216.94	1.92
FBMEMAS SHA	12,109.20	207.46	1.74
FBM100	11,256.55	213.52	1.93
Volume (mn)	2,242.37	-43.91	-1.92
Value (RMmn)	3,138.16	747.61	31.27
FBMKLCI YTD Chg			-4.53

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	13.9	-66.1
Local Institution	52.2	-416.3
Foreign Investors	33.9	482.4

Top Gainers

	Close	Change+/-	(+/- %)
GENTING	7.90	0.68	9.42
KLK	22.46	0.46	2.09
BAT	62.80	0.42	0.67

Top Losers

	Close	Change+/-	(+/- %)
RAPID SYNERGY	5.90	-0.22	-3.60
LATITUDE TREE	7.13	-0.17	-2.33
MESB	0.85	-0.10	-10.53

World Indices

	Close	Change+/-	(+/- %)
DJIA	16,674.74	-65.21	-0.39
NASDAQ	4,893.95	4.71	0.10
S&P 500	1,990.20	-5.11	-0.26
FTSE 100	6,186.99	-42.22	-0.68
DAX	10,229.58	2.37	0.02
Nikkei 225	18,432.27	260.67	1.43
HSI	21,854.63	-112.03	-0.51
KOSPI	1,976.49	1.04	0.05
STI	2,895.81	27.07	0.94
KLCI Futures	1,642.00	33.00	0.02
USDMYR 3M	15.36	(0.30)	(0.02)
USDMYR 6M	15.06	(0.19)	(0.01)
USDMYR 12M	14.71	(0.15)	(0.01)

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	47	-0.1	-0.2%
Brent (USD/bbl)	49.1	-0.7	-1.3%
Gold(USD/ounce)	1,131	-0.3	0.0%
Coal (USD/mt)	57.9	0.0	-0.1%
CPO (RM/mt)	2,128	-64.0	-2.9%
Rubber	134	1.1	0.8%
RM/USD	4.25	0.0147	-0.35%
EUR/USD	0.88	0.0026	0.30%
YEN/USD	120.19	0.18	-0.15%

Research Team

research@mna.com.my
03-22877228/03-22825373

REFER TO DISCLAIMER & DISCLOSURES AT THE END OF THIS PUBLICATION

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 65.21 points to 16,674.74 points; S&P 500 down 5.11 points to 1,990.20. Nasdaq surged by 4.71 points to 4,893.95. U.S. blue-chip stocks fell in volatile trading on Thursday after the Federal Reserve decided to hold U.S. interest rates near zero on concerns about global weakness but left the door open for a rate increase later this year.
- The dollar posted its biggest one-day loss in a month against a basket of currencies as the U.S. central bank refrained after a two-day policy meeting from further spooking investors already fretting about China's slowing economy hurting the rest of the world.

The Local Market

- FBMKLCI gained 34.39 points to finish at 1,681.54 ahead of US Federal Reserve policy decision announcement. There were 672 gainers and 226 decliners in total value traded of RM3.14 billion.
- Among the gainers on Bursa Malaysia were Genting Bhd up 68 cent to RM7.90, KLK rose 46 cent to RM22.46, BAT surged 42 cent to RM62.80 and Public Bank jumped 36 cent to RM18.38.

Strategy

- Our 2015 year-end target is **1,660** based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

RHB Cap, BUY (TP: RM7.70): Aabar is limited to only 15% of RHBCap's rights issue

Not all existing shares that Aabar Investment PJS holds in RHB Capital Bhd (RHBCap) are entitled to the banking group's current renounceable rights issue. Only the 15% shareholding that Aabar Investment currently holds in RHBCap is entitled to the rights issue instead of its entire 20.9% shareholding in the banking group, said Bank Negara in a letter issued to RHBCap. In a filing with Bursa Malaysia today, RHBCap said Bank Negara had issued an order under Section 94(2) of the Financial Services Act 2013, stopping RHBCap from issuing more shares to Aabar Investment in rights for the shares which are in excess of 15%. (Source: The Edge)

Gas Malaysia, BUY (TP: RM2.89): Agrees to terms for Honda gas supply project

Gas Malaysia Bhd has agreed on the terms for the construction of a gas distribution pipeline and metering facilities for the supply of natural gas to Honda Malaysia Sdn Bhd worth some RM4.17mil. In a filing with Bursa Malaysia on Thursday, Gas Malaysia said Honda Malaysia was a related party by virtue of it being an associate company of DRB-Hicom Bhd. DRB-Hicom is owned by the

same interested indirect major shareholder Tan Sri Syed Mokhtar Shah Syed Nor via his interest in Etika Strategi Sdn Bhd. Syed Mokhtar is also an indirect interested major shareholder via his interest in Indra Cita Sdn Bhd, the holding company of Seaport Terminal (Johore) Sdn Bhd, which in turn holds 51.76% equity in MMC Corporation Bhd. *(Source: The Star)*

UEM Sunrise (CP: RM1.07): Plans to issue RCPS instead of new shares to raise up to RM793m

UEM Sunrise Bhd (UEMS) and its major shareholder UEM Group Bhd (UEMG) have mutually agreed to terminate a previous share subscription agreement and replace it with a subscription agreement for the proposed issuance of up to 793 million new UEMS redeemable convertible preference shares (UEMS-RCPS), in light of recent movements in the market price of UEMS shares. UEMS' share price, which was trading at RM1.43 at the start of the year on Jan 2, has slid 25.17% to RM1.07 at the close of trading today. Under the new UEMS-RCPS agreement, UEMG agrees to subscribe for up to 793 million of the five-year UEMS-RCPS at an issue price of RM1 each for an aggregate sum of up to RM793 million, to be satisfied fully in cash. Each of the RCPS can be converted to 1 UEMS share — at any time after the 54th month from the issuance date at the option of the subscriber — at RM1.60 apiece, subject to adjustments, if any. *(Source: The Edge)*

Glomac (CP: RM0.86): Sees flattish 1Q profit amid soft property market

Glomac Bhd's net profit for the first quarter ended July 31, 2015 (1QFY16) came in almost flat at RM21.07 million or 2.94 sen per share compared with RM20.85 million or 2.87 sen per share a year ago. The group's revenue for the period grew 15.5% to RM123 million from RM106.5 million in 1QFY15, mainly due to steady construction progress in Glomac's ongoing projects, namely Lakeside Residences, Saujana Rawang, Glomac Centro and Reflection Residences. In a statement today, group executive chairman Tan Sri Datuk Mohamed Mansor Fateh Din said the overall property sector remains soft, undermined by cooling measures and weaker sentiment brought on by both domestic and global economic uncertainties. *(Source: The Edge)*

Boustead Holding (CP: RM3.98): Unit bags RM92.4m contract from Defence Ministry

Boustead Naval Shipyard Sdn Bhd (BNS), a subsidiary of Boustead Holdings Bhd and an associate of Boustead Heavy Industries Corp Bhd (BHIC) has bagged a RM92.4 million contract from the Defence Ministry to provide refit maintenance for its patrol vessel. In a statement today, Boustead said BNS has received a letter of work dated Sept 2 from the ministry which called for scheduled refit maintenance of patrol vessel KD Pahang for the Royal Malaysian Navy. The written acknowledgement was executed today. *(Source: The Edge)*

IFCA MSC (CP: RM0.81): Wins RM3.3m contract in China

IFCA MSC Bhd has been awarded a RMB4.99 million (RM3.34 million) contract from Capitaland Management (China) Co Ltd through its wholly-owned subsidiary in China, Jingyou Information Technology (Shanghai) Co Ltd. The contract, which was signed on Sept 7, was for the supply and installation of a project costing, planning and procurement system. IFCA said that the contract is

expected to contribute positively to the company's earnings per share and net asset per share for current financial year ending Dec 31, 2015. (Source: *The Edge*)

Brahim (CP: RM0.695): To end shareholders' agreement with MAS

Brahim's Airline Catering Holdings Sdn Bhd (BACH) has signed a termination agreement with Malaysia Airline System (MAS) to end the existing shareholders' agreement between BACH, Brahim's Airline Catering Sdn Bhd (BAC) and MAS. BAC is an indirect 70% owned unit of Brahim's Holdings Bhd while BACH is a wholly-owned subsidiary of Brahim's Holdings. In a filing with Bursa Malaysia on Thursday, Brahim's said the three parties had also signed a shareholders' agreement which regulated the relationship between BACH and Malaysia Airline Bhd (MAB) as shareholders of BAC. (Source: *The Star*)

Eco World (CP: RM1.46): Q3 net profit at RM9.4mil

Eco World Development Group Bhd's net profit for its third quarter ended July 31 stood at RM9.39mil on the back of a RM454.2mil revenue. The property group told Bursa Malaysia on Thursday that its nine-month earnings stood at RM24.2mil on the back of a RM1.03bil revenue. Earnings per share for its third quarter was 0.41 sen. Eco World said revenue and gross profit continued to grow at a steady pace after its acquisition of the development rights to eight projects in a corporate exercise announced in April 2014 became unconditional in January this year. (Source: *The Star*)

Amanah REIT (CP: RM0.83): To buy 2 assets for RM50mil next year

AmanahRaya Real Estate Investment Trust (AmanahRaya REIT) is looking to acquire two assets in the southern part of Peninsular Malaysia for a total of RM50mil next year. Noorbaizura Hermeyney, Acting Principal Officer of the REIT's manager AmanahRaya REIT Managers Sdn Bhd, said the two industrial assets have good yield of 6.5% and would generate RM3.7mil income annually for the REIT. "Following the acquisition of the assets by the end of this year or next year, the REIT's total asset will amount to RM1.1bil with cash reserve at RM60mil," she told a press conference after the REIT's extraordinary general meeting (EGM) here yesterday. (Source: *The Star*)

Ahmad Zaki Resources (CP: RM0.62): Gets RM386mil job

A unit of Ahmad Zaki Resources Bhd (AZRB) has accepted a RM386.64mil job to develop an apartment, an office building and a basement carpark. In an announcement to Bursa Malaysia on Thursday, the company said Ahmad Zaki Sdn Bhd had received the letter of acceptance on Sept 15 from Uda Legasi Sdn Bhd. The development, it said, comprised a 47-storey apartment consisting of 639 units, a 29-storey office building, and a one-level basement carpark in Kampung Baru, Kuala Lumpur. The contract period is 40 months from the date of site possession. (Source: *The Star*)

MTD ACPI Engineering (CP: RM0.22): Order book at RM500mil

MTD ACPI Engineering Bhd (MTDACPI) has a RM500mil order book for its construction and manufacturing segments, which is expected to keep the company busy until July 2016. President and chief executive officer Datuk Azmil Khalili said the company is also looking into the possibility of acquiring more

projects in the future. He said the company has a presence in 15 overseas markets and is active in seven countries with construction and manufacturing projects. Azmil said the company is already active in the Middle East including Saudi Arabia, Oman, Qatar and the United Arab Emirates, as well as in Sri Lanka, Singapore, Indonesia and the Philippines. (Source: *The Star*)

ECONOMIC UPDATES

Malaysia: Make adjustments in facing global economic uncertainty – Zeti

Malaysians have been advised to make adjustments to better manage their finances in facing the current global economic uncertainty. Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz in making this advice said the global economic uncertainty would stay until issues facing the world were resolved. Stressing that Malaysia is not heading towards an economic crisis, Zeti said the global developments affecting the world community were "beyond our control". Speaking to English daily *The New Straits Times*, in an exclusive interview published yesterday, the central bank governor said Malaysians needed to recognise that this was a challenging period for everyone, the country, individuals and businesses. (Source: *Bernama*)

Germany: Could spend up to 25 bln euros on migrant intake -banks

Germany's lead in housing hundreds of thousands of migrants heading to Europe from a war-torn Middle East could cost its Treasury tens of billions of euros over the next two years, according to some early private estimates. The Japanese investment bank Mizuho was one of the first to put a number on it on Wednesday, saying that accepting up to 1 million refugees a year over the next two years could cost Berlin 25 billion euros (US\$28.25 billion). That is derived from a basic calculation of 12,500 euros per migrant, according to Peter Chatwell, senior rates strategist at Mizuho. Part of the extra spending may have to be met by extra borrowing, he told *Reuters*. (Source: *The Edge*)

Indonesia: Central Bank keeps rates steady, braces for US rate hike

Indonesia's central bank left its key policy rate unchanged on Thursday, as expected, bracing for the possibility that higher US rates could pile more pressure on the fragile rupiah. The benchmark rate was kept at 7.50%, a level that Bank Indonesia (BI) has maintained for seven straight meetings as it tries to strike a balance between stabilising the rupiah, driving down inflation and promoting economic growth. The central bank said its short-term monetary policy focus remains aimed at maintaining stability in the currency and deepening Indonesia's financial markets. (Source: *The Edge*)

New Zealand: Q2 economic growth disappoints

New Zealand's farm-dependent economy is growing more slowly than expected, official figures showed on Thursday, feeding expectation of further interest rate cuts. Statistics New Zealand said the economy expanded 0.4% in the three months to June, below consensus forecasts of 0.6%. That pushed down annual growth in gross domestic product (GDP) to 2.4%, after 3.3% for 2014, and to the lowest in two years with economists expecting it to fall further. The June

quarter improved on the first three months of 2015 when dairy prices plunged, but still fell short of economists' estimates. (Source: *The Star*)

U.S.: Fed holds rates steady in nod to global economic weakness

The U.S. Federal Reserve kept interest rates unchanged on Thursday in a nod to concerns about a weak world economy, but left open the possibility of a modest policy tightening later this year. In what amounted to a tactical retreat, the U.S. central bank said an array of global risks and other factors had convinced it to delay what would have been the first rate hike in nearly a decade. However, the central bank maintained its bias towards a rate hike sometime this year, while lowering its long-term outlook for the economy. Fresh economic projections showed 13 of 17 Fed policymakers foresee raising rates at least once in 2015, down from 15 at the last meeting in June. Four policymakers now believe rates should not be raised until at least 2016, compared to two who felt that way in June. (Source: *The Star*)

U.S.: Jobless claims at eight-week low; housing starts fall

The number of Americans filing new applications for unemployment benefits fell last week to the lowest level in eight weeks, suggesting the labor market continued to strengthen despite the recent tightening in financial market conditions. While other data on Thursday showed housing starts fell for a second straight month in August, they remained above the one million-unit mark, which signals a housing market growing at a solid clip. In addition, building permits rose last month. The signs of a firming economy are supportive of an interest rate hike by the Federal Reserve at a meeting that concludes on Thursday. But the case for higher borrowing costs has been undermined by global financial markets turmoil. (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