

PP14767/09/2012(030761)

Tuesday, December 22, 2015

At a Glance

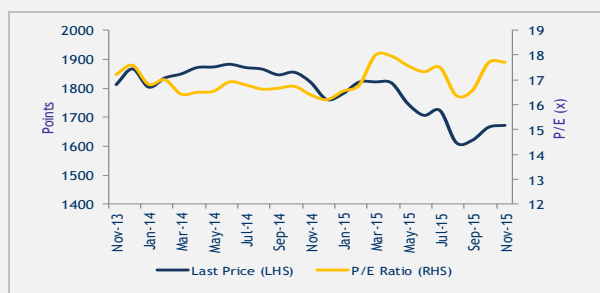
FBMKLCI declined 14.81 points to finish at 1,629.09 impacted by losses in selected heavyweight counters(See full report next page)

Corporate Highlights

- **Axiata, BUY (TP: RM6.70):** Buys 80% stake in Nepal mobile operator Ncell for RM5.9b
- **Handal (CP: RM0.35):** Secures RM22mil contract from Talisman Malaysia
- **MRCB (CP: RM1.27):** Eyes Expansion Of Property Business Into Indonesia, Thailand

Economic Update

- **UK:** Retail sales show signs of weakness
- **China:** Record M&A Boom in Korea Furthers Xi's New Economy Dream
- **Malaysia:** RM153.2b approved investments in first nine months of 2015

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,629.09	-14.81	-0.90
FBMEMAS	11,407.05	-77.37	-0.67
FBMEMAS SHA	12,329.05	-62.00	-0.50
FBM100	11,080.69	-77.55	-0.70
Volume (mn)	1,829.57	86.36	4.95
Value (RMmn)	1,571.71	-583.38	-27.07
FBMKLCI YTD Chg			-7.50

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	23.9	30.3
Local Institution	51.1	169.9
Foreign Investors	25.0	-200.2

Top Gainers

	Close	Change+/-	(+/- %)
TOP GLOVE	13.52	0.52	4.00
PIE INDUSTRIAL	10.00	0.48	5.04
KOSSAN RUBBER	9.24	0.36	4.00

Top Losers

	Close	Change+/-	(+/- %)
BAT	53.48	-1.52	-2.76
KLK	22.50	-0.58	-2.51
AJINOMOTO	8.31	-0.39	-4.48

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,251.62	123.07	0.72
NASDAQ	4,968.92	45.84	0.93
S&P 500	2,021.15	15.60	0.78
FTSE 100	6,034.84	-17.58	-0.29
DAX	10,497.77	-110.42	-1.04
Nikkei 225	18,916.02	-70.78	-0.37
HSI	21,791.68	36.12	0.17
KOSPI	1,981.19	5.87	0.30
STI	2,845.67	-7.17	-0.25
KLCI Futures	1599.0	9.5	0.0
USDMYR 3M	13.1	-0.04	0.0
USDMYR 6M	13.1	0.0	0.0
USDMYR 12M	13.10	0.02	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	36	0.0	-0.1%
Brent (USD/bbl)	36.4	-0.5	-1.4%
Gold(USD/ounce)	1,078	-0.6	-0.1%
Coal (USD/mt)	52.1	-0.2	-0.3%
CPO (RM/mt)	2,443	41.0	1.7%
Rubber	124	1.0	0.8%
RM/USD	4.30	-0.0255	0.59%
EUR/USD	0.91	-0.0002	-0.02%
YEN/USD	121.69	0.01	-0.01%

What To Expect

U.S. Market

- The Dow Jones Industrials Average was up 123.07 points to 17,251.62 points, S&P 500 gained by 15.60 points to 2,021.15. Nasdaq increased 45.84 points to 4,968.92. U.S. stocks ended stronger on Monday, helped by bounces in Apple and Microsoft as well as a rally in hospital stocks after more Americans signed up for subsidized health insurance.
- Notwithstanding Monday's broad gains, many on Wall Street have acknowledged that 2015 looks to be a modest loss for stock investors, said Jennifer Ellison, a principal of San Francisco-based Bingham, Osborn & Scarborough.

The Local Market

- FBMKLCI declined 14.81 points to finish at 1,629.09 impacted by losses in selected heavyweight counters. There were 352 gainers and 521 decliners in total value traded of RM1.57 billion.
- Among the losers on Bursa Malaysia were BAT fell RM1.52 to RM53.48, KKK dropped 58 cent to RM22.50, Ajinomoto slid 39 cent to RM8.31 and Petronas Gas shed 28 cent to RM21.90.

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

Axiata, BUY (TP: RM6.70): Buys 80% stake in Nepal mobile operator Ncell for RM5.9b

Axiata Group Bhd is expanding into the Nepal market by buying an 80% stake in the number one mobile operator, Ncell Pte Ltd for US\$1.365bil (RM5.907bil). The telco company said on Monday it had signed a conditional sale and purchase agreement with TeliaSonera UTA Holdings B.V. and SEA Telecom Investments B.V. for the 100% acquisition of Reynolds Holdings Ltd. "The acquisition of Reynolds for the purchase price of US\$1.365bil plus customary adjustments at closing, effectively secures Axiata an 80% equity interest and controlling stake in Ncell," it said. Axiata added Ncell is the number one player in the market with 13 million subscribers representing 48.8% of the subscriber market share. It is a strong brand in Nepal, providing best-in-class services and customer care. (Source: *The Star*)

Handal (CP: RM0.35): Secures RM22mil contract from Talisman Malaysia

Handal Resources Bhd has secured a RM22mil contract from Talisman Malaysia Ltd for the provision of crane maintenance and repair services. In a filing to the exchange, the company said that the contract was won by Handal Offshore Services Sdn Bhd, a wholly owned subsidiary. In a statement yesterday, the

company said that the contract would be fulfilled over a period of two years until 2017 with an option of a one-year extension. The contract provides a boost to Handal's outstanding orderbook which now stands at RM174mil for projects to be delivered by the year 2018. *(Source: The Star)*

MRCB (CP: RM1.27): Eyes Expansion Of Property Business Into Indonesia, Thailand

Construction and property development company Malaysian Resources Corporation Bhd (MRCB) aims to expand its property development business into Indonesia and Thailand. Its Executive Director, Mohd Imran Mohamad Salim said MRCB plans to expand regionally and in the midst of studying the two markets. Mohd Imran said the forays into Indonesia and Thailand would help strengthen MRCB's position in the regional market. Meanwhile, MRCB today obtained its shareholders' nod to conduct a private placement exercise of up to 493.02 million new ordinary shares of RM1 each in the company, representing up to 20 per cent of its issued and paid-up share capital. *(Source: The Star)*

BLand (CP: RM0.72): Profit soars on gains from 50% disposal in Kyoto project

Berjaya Land Bhd (BLand) recorded a net profit of RM208.3mil for its second quarter ended Oct 31 compared with RM8.97mil a year ago, thanks to gains from selling a 50% stake in resort hotel developer Berjaya Kyoto Development (S) Pte Ltd (BKyoto) and revaluation of the fair value of its remaining BKyoto stake. BLand had sold in July the 50% stake in BKyoto, which is developing the Four Seasons Hotel & Residences in Japan, to parent company Berjaya Corp for RM97.3mil for a gain of RM49.567mil. Additionally, BLand also "gained" RM146.847mil after remeasuring the fair value of the remaining 50% it still owns. The toto betting operator and property developer said revenue for the quarter came in at RM1.62bil, an increase from the previous corresponding period's RM1.41bil figure. *(Source: The Star)*

YNH (CP: RM0.37): Enters property development agreements with Fong Yu Investments

YNH Property Bhd's unit, Kar Sin Bhd (KSB), has entered into an agreement with Fong Yu Investments Pte Ltd on the development of three parcels of land in Kuala Lumpur totalling 2.39 acres. KSB, which is the turnkey contractor of the land, on Monday signed the agreement to sell 25/100 undivided share in the land to Fong Yu's unit Ruby Premium Sdn Bhd (RPSB) as part of the development plan. It also signed a memorandum of understanding (MoU) for agreement in principle to sell an additional 24/100 undivided share of the land to RPSB, YNH told Bursa Malaysia on Monday. YNH said RPSB would bear the cost of investment incurred for the proposed development of the land, while KSB would bear the cost for the balance of the 51/100 undivided share of the land. *(Source: The Star)*

DRB-Hicom (CP: RM1.20): Sells S'pore shopping mall for RM868mil

DRB-Hicom Bhd, in a single property sale transaction, has more than doubled its earnings per share for this financial year ending March 31, 2016. The conglomerate told Bursa Malaysia that through indirect unit Hicom Megah Sdn Bhd, it had sold its 90% stake in the six-storey The Verge shopping mall in Singapore for S\$285.3mil (RM868.4mil). That translates into net sale proceeds

of S\$189.07mil (RM575.4mil) which it plans to use for working capital. The proposed disposal is expected to increase the EPS of DRB-Hicom for the financial year ending March 31, 2016 by approximately 22.11 sen. *(Source: The Star)*

Lion Div (CP: RM0.07): Unit no longer in default of bond payment

Lion Diversified Holdings Bhd's (Lion Div) investment holding unit Excel Step Investments Ltd has fended off creditors, with its bondholders agreeing to waive the event of default and extend the payment due date of its 10th scheduled partial redemption amount to Jan 31 next year. Lion Div told Bursa Malaysia that the bondholders had passed the amendments on Monday (Dec 21) and bond guarantor Lion Div, bond issuer Excel Step and principal agent The Bank of New York Mellon's London branch had also inked the amended exchange agency agreement. Following the passing of the resolution by the bondholders and the execution of the agreements, Excel Step is not in default under the bonds and no event of default is continuing. *(Source: The Star)*

KKB (CP: RM1.57): Wins pipe and gas cyclinder contracts worth RM31.8mil

KKB Engineering Bhd has received two contracts worth a total of RM31.8mil from Auxicorp Construction & Engineering Sdn Bhd and Petron Malaysia Refining & Marketing Bhd. The steel pipe and liquefied petroleum gas cyclinder manufacturer told Bursa Malaysia that the contract from Auxicorp was to supply steel pipes and specials for the main pipeline from Batu Kitang water treatment plant to Bukit Entingan tank in Kuching, Sarawak. *(Source: The Star)*

SM Track (CP: RM0.12): Expects RM165m book order from China partnership

Track and trace solutions provider SM Track Bhd expects a book order of 250mil renminbi (RM165mil) in revenue within two years from a five-year strategic partnership with Guangdong U-RFID Technology Service Centre. "The trading size of this contract is about 25bil renminbi, of which about 1% will be our book order," its vice president Winsen Tan said. Under the deal, SM Track will have the exclusive rights to link up importers and exports from Malaysia and other Asean countries. This will speed up the goods and food items that requires traceability into China ports using barcodes. *(Source: The Star)*

Scan Associates (CP: RM0.045): Hopes to break even in FY16 by cutting costs

Information and communications technology (ICT) security solutions provider Scan Associates Bhd, which is embroiled in a boardroom tussle with former chief executive director and co-founder Datuk Dr Norbik Bashah Idris, hopes to break even this financial year ending June 30, 2016 (FY16) backed by cost cutting efforts. Its executive director Mak Siew Wei, who is a substantial shareholder in the company with a 6.19% stake, said Scan Associates is looking to reduce its operating costs. *(Source: The Edge)*

Pestech (CP: RM6.80): Tendering US\$20m projects in Philippines

Pestech International Bhd is tendering contracts that collectively worth US\$20 million in the Philippines, said the group's executive director Ir Paul Lim Pay Chuan. "In fact we are going to set up a Philippines branch very soon, so that we can tap into the requirement of the infrastructure there. We need to set up a branch there in order to execute the jobs; that is the requirement," he said after Pestech's annual general meeting yesterday. "Our customer in Philippines is

National Grid Corporation (NGC), they have a set of guidelines for international bidders, the main things that they are looking at is our references and our financial strength, we are able to meet these criteria," Lim said. *(Source: The Edge)*

ECONOMIC UPDATES

Malaysia: RM153.2b approved investments in first nine months of 2015

Malaysia recorded RM153.2 billion's worth of approved investments in the manufacturing, services and primary sectors in the first nine months of 2015, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said. This was lower than the RM180 billion approved in the same period last year, due mainly to a decline in approvals for investments in the real estate sector to RM21 billion in the January-to-September period this year from RM57.9 billion in the corresponding nine months of 2014. This is consistent with the softening in the property market. Approvals in the other sectors, especially manufacturing, however, remained robust. This indicates that investor confidence in Malaysia remains high despite the decline in global foreign direct investment (FDI) inflows and the challenging global economic environment," he said in a statement. *(Source: The Star)*

China: Record M&A Boom in Korea Furthers Xi's New Economy Dream

Companies in China are buying their South Korean counterparts at a record pace, tapping into one of the world's most innovative countries to accelerate President Xi Jinping's push for an economy led by technology and consumer services. Chinese investments in Korean companies soared 119 percent this year to \$1.9 billion, led by deals in the insurance, technology, health-care and cosmetics industries. *(Source: Bloomberg)*

UK: Retail sales show signs of weakness

UK retail sales grew more weakly than retailers expected in December and the outlook for January sales figures is not strong, according to a survey by the business lobby group, the CBI. There was a sharp rise in the balance of retailers reporting better sales than in November, but that was below levels expected by economists. Hopes for sales next month are at their lowest since May 2012. The CBI said 2015 was a tough year for retailers. Barry Williams, the CBI's distributive trades chairman, said retailers were expecting 2016 to start in "much the same vein". The survey showed the weakest expectations for business among retailers since May 2012. *(Source: BBC)*

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