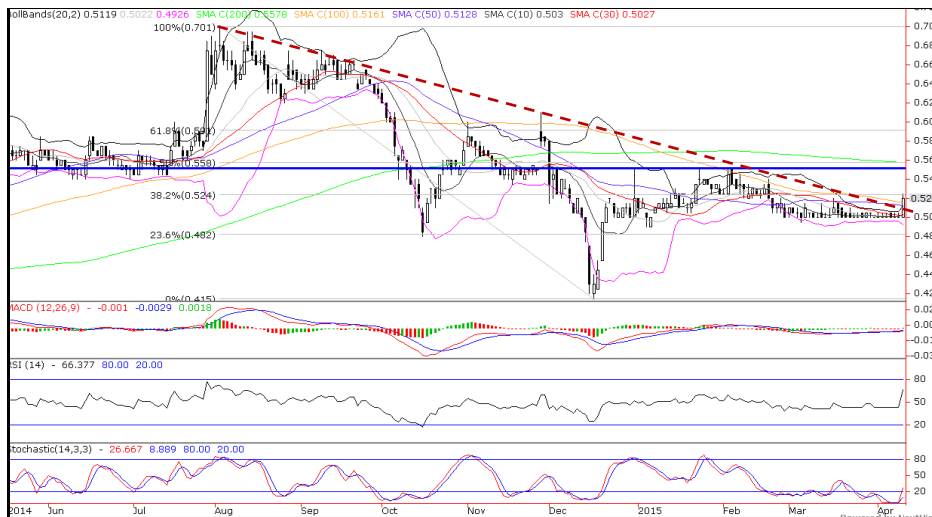


Momentum Idea: Bottom up
April 10, 2015
L&G (RM0.52/Vol:6.36m)
DAILY CHART: POISED TO TREND HIGHER AFTER A DOWNTREND LINE BREAKOUT


Source: HLeBroking

- Profile.** L&G's core business activities can be categorised into two divisions, namely Property and Education. The Property Division remains the primary growth driver and profit contributor of the Group while the Education Division (i.e Sekolah Sri Bestari and Tadika Manjaria Sekolah Sri Bestari and Tadika Manjaria) provides a stable and recurrent revenue stream. The Group also invests in other businesses including oil palm cultivation and clubhouse management.
- RM2bn sustained income stream.** In its 2014 Annual Report, Management guided that L&G's existing and future projects are expected to contribute positively to its financial performance on a sustained basis over the next few years. The Elements@Ampang has been handed over to home owners in June 2014 while Damansara Foresta (Phase 1) is expected to hand over vacant possession in year 2015. These completions will likely be reflected in the FYE Mar 2015 and FYE Mar 2016.
- In addition, future projects including Tuanku Jaafar Resort Homes, Damansara Foresta (Phase 2) and the new residential serviced apartments adjacent to The Elements@Ampang are scheduled to be launched in 2015. These projects, with the collective GDV of RM2bn, will be captured in L&G financial results annually from 2016 until 2020. Looking much further out, it has about 2,500 acres in Lembah Beringin, north of Bukit Beruntung and Rawang.
- Netcash per share of RM0.33 is about 63% of current share price.** L&G has a solid cash-rich balance sheet. As at 9MFY2015, net cash stood at RM355m, equivalent to 33sen per share or 63% of its current share price of 52sen.
- Poised to retest RM0.55-0.59 zones after downtrend line breakout.** After nearly two months of sideways consolidation, L&G's share prices soared 4% yesterday to RM0.52 with 6.36m shares transacted, 334% higher against 3M average of 1.9m shares and 119% higher than 6M average of 2.9m shares, respectively. It also staged a major breakout above 10-d/20-d/30-d/50-d/100-d SMAs and downtrend line.
- The bullish breakout with robust volume coupled with bottoming out oscillators (i.e. RSI, MACD and Slow Stochastics) could spur price higher to 1st key resistance at RM0.55, followed by 200-d SMA at RM0.56 before reaching our LT target price of RM0.59 (LT objective).
- Supports are pegged at RM0.50 and RM0.49. Cut loss at RM0.48

Nick Foo Mun Pang
MPFoo@hlib.hongleong.com.my
03-21762659
Risk Profile

Technicals (Daily)

| | |
|-----------------------------|----------------------|
| Daily RSI | Bottom up |
| Daily Slow stochastic | Bottom up |
| Daily MACD | Inching up |
| 52-w High/Low | 0.70/0.415 |
| Book value/share | RM0.58 |
| P/BV (x) | 0.90 |
| 6-month beta (x) | 1.7 |
| Average volume | 3M (1.9m); 6M (2.9m) |
| Price performance: 1-d/1-wk | +4.0% / +4.0% |
| S1/S2 (RM) | 0.50/0.49 |
| R1/R2 (RM) | 0.55/0.56 |
| Long term objective (RM) | 0.59 |
| Stop loss (RM) | 0.48 |
| HLIB Target price (RM) | Not-rated |
| Bloomberg Target price (RM) | Not-rated |

Source: HLIB, Bloomberg

EARNINGS SUMMARY

| FYE 31 Mar | 2011 | 2012 | 2013 | 2014 | 9MFY2015 |
|-------------------|-------------|-------------|-------------|-------------|-----------------|
| Revenue | 44 | 131 | 216 | 492 | 409 |
| PATAMI | 10.2 | 30.4 | 44.0 | 75.3 | 98.3 |
| EPS (sen) | 1.7 | 5.1 | 7.4 | 12.8 | 11.9 |
| DPS (sen) | - | - | - | 2.0 | - |
| P/E (x) | 30.4 | 10.2 | 7.1 | 4.1 | n/a |
| DY (%) | - | - | - | 3.8 | - |

Source: Bursa

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(a) -.

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(a) -.

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 Level 23, Menara HLA
 No. 3, Jalan Kia Peng
 50450 Kuala Lumpur
 Tel 603 2168 1168 / 603 2710 1168
 Fax 603 2161 3880

Equity rating definitions

| | |
|---------------------|--|
| BUY | Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside. |
| TRADING BUY | Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity. |
| HOLD | Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside. |
| TRADING SELL | Negative recommendation of stock not under coverage. Expected absolute return of less than -10% over 6-months. Situational or arbitrage trading opportunity. |
| SELL | Negative recommendation of stock under coverage. High risk of negative absolute return of more than -10% over 12-months. |
| NOT RATED | No research coverage, and report is intended purely for informational purposes. |

Industry rating definitions

| | |
|--------------------|--|
| OVERWEIGHT | The sector, based on weighted market capitalization, is expected to have absolute return of more than +5% over 12-months. |
| NEUTRAL | The sector, based on weighted market capitalization, is expected to have absolute return between -5% and +5% over 12-months. |
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