

#### MARKET NEWS

The FBMKLCI added 2.56pt to close marginally higher at 1,776.31 yesterday as persistent buying interest slightly won over profit takers. Meanwhile, Asian stocks edged higher on Thursday as tensions between the US and North Korea came off the boil, while the Federal Reserve's concerns about weak US inflation weighed on the dollar. The MSCI Asia Pacific Index added 0.5% to 159.85. The FBMKLCI's top gainers were Genting Malaysia (+1.9%), IJM Corporation (+1.8%) and Petronas Chemicals Group (+1.7%), while the top losers were Astro Malaysia Holdings (-1.9%), Petronas Gas (-1.2%) and KLCC Property Holdings (-1.0%). In the broader market, gainers outpaced losers 494 to 332 with 400 counters unchanged. Turnover was 1.80b shares valued at RM1.88b.

Given the indecisive nature of the "spinning top" pattern registered and flattish signal in the RSI, we remain adamant that the current consolidation is part of the natural normalisation process in each market. Given a lack of fresh catalysts, we expect the FBMKLCI to move within the market range of 1,760 to 1,780 in the near term. However, the index continues to trade above the trendline, thus we opine that the upward movement should resume once selling pressure has eased. Support and resistance levels are as follows:

**Support: 1,752, 1,742**

**Resistance: 1,787, 1,800**

US stocks closed lower on Thursday as the recent controversies engulfing President Donald Trump raised concerns that his pro-growth policies could be delayed, offsetting upbeat reports indicating the economy continued to strengthen. At the close in NYSE, the Dow Jones Industrial Average lost 1.2%, the S&P 500 index declined 1.5% and the NASDAQ Composite index lost 1.9%.

#### WHAT'S IN THE PACK

##### Technology

Malaysian technology sector's prospects remain bright; to ride on upcoming global key trends, sustaining long-term earnings visibility.

##### Carlsberg Brewery Malaysia

(CAB MK/HOLD/RM14.70/Target: RM14.00)

2Q17: Results in line, with strong showing from both Malaysia and Singapore arms. Meanwhile, 25%-owned Lion Brewery is still in the red with current utilisation of <50%.

##### JCY International

(JCYH MK/HOLD/RM0.59/Target: RM0.59)

3QFY17: Results below expectations; dividend cut.

##### Global Oriental (GOB MK)

**Technical BUY on breakout with 35.9% potential return**

BUY with a target price of RM0.53 and stop-loss at RM0.345. Based on the daily chart, GOB has just exited the consolidation phase and on yesterday's movement...

##### TA Enterprise (TAE MK)

**Technical BUY with +20.3% potential return**

BUY with a target price of RM0.77 and stop-loss at RM0.575. Based on the daily chart, TAE formed a breakaway gap and penetrated the breakout level to close higher at RM0.64 on yesterday's movement.

##### Ekovest (EKO MK)

**Technical BUY on breakout with 29.1% potential return**

BUY on breakout with a target price of RM1.51 and stop-loss at RM1.04. The share price consolidated within the immediate support of RM1.06 before yesterday's positive closing above the BBI which is looking to set a new tone for the short-term outlook.

#### FBMKLCI CHART



Source: Bursa Station

#### KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	21,750.73	(1.24)	10.06
S&P 500	2,430.01	(1.54)	8.54
FTSE 100	7,387.87	(0.61)	3.43
CSI 300	3,721.28	0.54	12.42
FSSTI	3,268.88	(0.31)	13.47
HSCEI	10,801.42	(0.15)	14.97
HSI	27,344.22	(0.24)	24.29
JCI	5,891.95	0.98	11.24
KLCI	1,776.31	0.14	8.20
KOSPI	2,361.67	0.57	16.54
Nikkei 225	19,702.63	(0.14)	3.08
SET	1,568.95	0.09	1.69
TWSE	10,369.37	0.77	12.06
BDI	1,207.00	3.25	25.60
CPO (RM/mt)	2,658.00	0.80	(14.51)
Nymex Crude (US\$/bbl)	46.96	(0.28)	(17.60)

#### TOP VOLUME

Stock	Price (RM)	Chg (%)	Vol ('000)
Jag Bhd	0.15	(6.45)	81,930
Ifca Msc Bhd	0.41	3.80	38,033
Umw Oil & Gas Corp	0.31	8.77	33,687
Mtouche Technology	0.30	(13.04)	31,305
Bumi Armada Bhd	0.74	2.78	24,935

#### TOP GAINERS

Stock	Price (RM)	Chg (%)	Vol ('000)
Scomi Engineering	0.33	27.4	1,042
Scomi Energy	0.13	23.8	5,283
Dbe Gurney	0.03	20.0	1,399
Kuantan Flour Mills	0.18	16.6	853
Alam Maritim	0.15	15.3	7,111

#### TOP LOSERS

Stock	Price (RM)	Chg (%)	Vol ('000)
China Ouhua Winery	0.03	(16.67)	396
Mtouche Technology	0.30	(13.04)	31,305
Sig Gases Bhd	1.18	(12.59)	18,341
Dolomite Corp Bhd	0.23	(11.54)	88
China Stationery Ltd	0.04	(11.11)	19,996

Source: Bloomberg

TRADERS' CORNER



**Global Oriental (GOB MK)**

Technical BUY with +35.9% potential return

Last price: RM0.39

Target price: RM0.465, RM0.53

Support: RM0.35

Stop-loss: RM0.345

BUY with a target price of RM0.53 and stop-loss at RM0.345. Based on the daily chart, GOB has just exited the consolidation phase and on yesterday's movement, the share price managed to penetrate the breakout level of RM0.39 with higher trading volume. The uptick in the RSI, together with the increase in trading volume suggests that buying momentum is set to continue in the near term. We expect the stock to continue trending upwards towards our targets in the near term.

**Expected Timeframe: 2 weeks to 2 months**



**TA Enterprise (TAE MK)**

Technical BUY with +20.3% potential return

Last price: RM0.64

Target price: RM0.725, RM0.77

Support: RM0.58

Stop-loss: RM0.575

BUY with a target price of RM0.77 and stop-loss at RM0.575. Based on the daily chart, TAE formed a breakaway gap and penetrated the breakout level to close higher at RM0.64 on yesterday's movement. This is supported by the rising DMI and RSI indicators, which indicate that positive momentum, would strengthen in the near term. We expect the stock to continue the upward movement towards our targets at RM0.725 and RM0.77 in the near term

**Expected Timeframe: 2 weeks to 2 months.**

TRADERS' CORNER



## Ekovest (EKO MK)

Technical BUY on breakout with +29.1% potential return

Last price: RM1.14

Target price: RM1.36, RM1.51

Support: RM1.06

Stop-loss: RM1.04

BUY on breakout with a target price of RM1.51 and stop-loss at RM1.04. The share price consolidated within the immediate support of RM1.06 before yesterday's positive closing above the BBI which is looking to set a new tone for the short-term outlook. We expect EKO to continue making higher highs and higher lows if it penetrates the breakout level at RM1.17. The bullish bias has been established following an uptick in the RSI and a bullish crossover in the DMI. We peg our targets at RM1.36 and RM1.51 in near to medium term.

**Expected Timeframe: 2 weeks to 3 months**

### ANALYST

**Mohd Fakhru Asyraq, MSTA, CFTe**

+603 2147 1994

mohdfakhruasyraq@uobkayhian.com

## CORPORATE NEWS

**Aemulus: Expects “significant revenue growth” to**

**continue.** The ACE Market-listed group Aemulus Holdings Bhd is riding high on the growing demand for semiconductors. This is evidenced in its latest quarterly financial numbers. Its net profit for the third financial quarter ended June 30, 2017 (3QFY17) jumped 411% to RM2.5m compared with RM480,000 a year ago. Quarterly revenue climbed 118% to RM12m from RM5.5m previously thanks to the growing demand from the enterprise storage and Automated Test Equipment (ATE) segments which are continuously driving the top-line performance. The Penang-based test equipment manufacturer, whose share price has more than tripled, expects the revenue from the enterprise storage division to soar three folds in the current financial year ending Sept 31, 2017, and revenue from its ATE division to also exceed the amount achieved in FY15 and FY16, according to its filing with Bursa Malaysia. (Source: *The Edge Financial Daily*)

**Gamuda: Eyeing affordable housing projects for IBS**

**segment.** Gamuda Bhd said it is in talks with several parties to supply its industrialised building system (IBS) components, as the group plans to increase its manufacturing capacity to 8,000 apartment units per year by 2018. Datuk Ubull Din Om, managing director of the group's wholly-owned unit Gamuda Engineering Sdn Bhd, said the group's first Gamuda IBS facility in Sepang is already operating at its maximum capacity of 3,000 units per year, as its property arm Gamuda Land works on the Jade Hills project in Kajang "We are currently operating at full capacity, producing 3,000 units per year. At the moment, we are doing for our internal projects but we are also eager to supply to others as well," he said. (Source: *The Edge Financial Daily*)

**Malton: Strong demand for The Park 2 Pavilion, Bukit Jalil.**

Malton Bhd expects units in Tower 1 and Tower 2 of its luxury serviced apartment project, The Park 2 Pavilion Bukit Jalil to be fully taken up by year-end, Bernama reported today. Malton executive director Hong Lay Chuan said the take-up rate for its 50-storey Tower 1 stood at 90% while Tower 2 recorded 70%. "To meet the strong demand from buyers, we have decided to launch the 52-storey Tower 2 earlier," Hong told the media after the launch of Tower 2 by Federal Territories Minister Datuk Seri Tengku Adnan Tengku Mansor here, Bernama reported today. (Source: *The Edge Financial Daily*)

**Shangri-La: Weak hotel performance drags down 2Q net**

**profit.** Shangri-La Hotels (M) Bhd's second quarter net profit fell 17.55% due to lower contribution from the group's resorts in Penang and Sabah. Net profit for the quarter ended June 30, 2017 dropped to RM13.28m from RM16.11m a year earlier. The fall was also contributed by unfavourable foreign currency translation impact on the group's US dollar loans to its associates in Myanmar, Shangri-La said in a filing with Bursa Malaysia today. Revenue for the quarter grew 10.2% to RM112.99m from RM111.57m previously. (Source: *The Edge Financial Daily*)

**Sunway Bhd: Next up in Sunway Iskandar - Retail village, extreme park and hotel.**

Sunway Property's Sunway Iskandar township development in Johor will be rolling out a retail village, an extreme park and a hotel over the next few years. With a gross development value of some RM30b, Sunway Iskandar is by far the largest township development by Sunway Property, the property arm of Sunway Bhd. The 1,800-acre township consists of six precincts, namely The Lakeview, The Capital, The Parkview, The Riverside, The Seafront and The Marketplace. "We have launched about RM1.1b worth of developments in The Lakeview Precinct over the last three years, and now we want to start something new and exciting in The Marketplace Precinct to complement what we already have in The Lakeview Precinct," Sunway managing director of the property development division for Malaysia and Singapore Sarena Cheah told reporters at a media briefing today. (Source: *The Edge Financial Daily*)

## SECTOR

**Insurance: Foreign insurers in Malaysia face push to find local partners.**

Foreign insurers in Malaysia face push to find local partners. Singapore's Great Eastern Holdings and three other wholly foreign-owned insurance companies that dominate the multi-billion-dollar sector in Malaysia are facing a strict set of deadlines to pare down their holdings to local partners to conform with the country's strict ownership laws. Based on a directive issued in April by the central bank, Bank Negara, the four companies have until the end of this month to submit the identity of the prospective parties that will take over the minimum 30 per cent shareholding in their respective operations, said senior industry executives and government officials. The directive stipulated that the negotiations for the divestment with the targeted parties must be completed before the end of the year, and should those talks fail to materialise, the foreign insurance companies must opt for the listing of their businesses on the local stock exchange. (Source: *The Edge Financial Daily*)

**Property: Market remained subdued in 1H2017, says**

**Knight Frank.** The overall Malaysian property market continues to be subdued as investors persist with their wait-and-see approach, said property consultancy Knight Frank Malaysia. In its "Real Estate Highlights for 1H2017" report, Knight Frank Malaysia pointed out that developers are scaling back on new property launches, especially in the high-end condominium market amidst continued weak demand. "Kuala Lumpur recorded lower volume and transaction value in the condominium/apartment segment with 1,247 transacted units valued at RM975.88m in 1Q2017, 12.2% and 5.9% lower than 4Q2016. (Source: *The Edge Financial Daily*)



## FROM THE REGIONAL MORNING NOTES...

**Technology: OSAT And Equipment Makers: Identifying Key Trends And Potential Winners**

We are positive on the Malaysian technology sector's prospects. Homegrown companies have been raising their capabilities and diversity in product and service offerings in the past few years. These companies will ride on the upcoming trends: a) proliferation of laser light applications, b) popularisation of industrial automation and Industry 4.0, c) evolution of the automobile sector, and d) other promising trends such as rising demand for radio frequency products, iris scanners and data centrerelated components. Maintain OVERWEIGHT.

**Carlsberg Brewery Malaysia: 2Q17: Malaysia And Singapore Arms Continue To Deliver**

(CAB MK/HOLD/RM14.70/Target: RM14.00)

CAB's 2Q17 results were within expectations. There was strong showing from both its Malaysia and Singapore arms with continued positive impact from effective cost management. Meanwhile, 25%-owned Lion Brewery is still in the red with current utilisation of <50%. We maintain our view that MLM sales volume will be relatively weak/flattish in 2017. Maintain HOLD and target price of RM14.00, implying 18.1x 2018F PE. Entry price: RM13.00.

**JCY International: 3QFY17: Results Disappointed; Dividend Cut**

(JCYH MK/HOLD/RM0.59/Target: RM0.59)

3QFY17 results came in below expectations. 3QFY17's sales were largely decent, but JCY still saw margin erosion. Pricing pressure and long-term structural risks remain concerns. JCY cut its quarterly dividend to 0.75 sen/share, the lowest since 2QFY14. However, its strong cash pile and positive operating cash flow will sustain its ability to pay out quarterly dividends. JCY may benefit from WD relocating production from China to Malaysia. Maintain HOLD. Entry price: RM0.55. Target price: RM0.59.

- For more reports, please log in to [www.utrade.com.my](http://www.utrade.com.my) or [open an account](#) now to gain access.
- [Explore our trading tools](#) designed to assist you in your trading – ShareXplorer, ChartGenie, TechAnalyzer, Stock Alerts!
- Broaden your knowledge through our [educational events](#).
- Contact us now at 03-2147 1900 to find out more about our ongoing promotions (get [FREE\\* live feed](#) on foreign markets). \*T&C apply.

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (M) Sdn. Bhd. ("UOBKHM") which is a licensed corporation providing investment advisory services in Malaysia.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHM. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHM may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHM and its associated persons (as defined in the Capital Market Services Act 2007) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHM to be reliable. However, UOBKHM makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHM accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHM and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHM and its connected persons are subject to change without notice. UOBKHM reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHM, its associated persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHM, its associated persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHM may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHM may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

## IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHM, a company authorized, as noted above, to engage in investment advisory in Malaysia. UOBKHM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHM (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHM by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHM.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

## Analyst Certification/Regulation AC

Each research analyst of UOBKHM who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHM or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHM's total revenues, a portion of which are generated from UOBKHM's business of investment advisory.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ("U.S.")	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2017, UOB Kay Hian Securities (M) Sdn. Bhd. All rights reserved.

<http://www.utrade.com.my>