



AmWatch

Equity Research Team
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BURSA MALAYSIA

KLCI	1,496.72 (-22.60)
52-Week Range	1,207.80 – 1,618.01
Mkt Cap (RMb)	1,624.92
Daily Volume (m shares)	7,853.98
Daily Value (RMmil)	4,931.71

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
GETS	0.93	0.265
KPOWER	3.22	0.22
UWC	6.01	0.15
KLCC	7.92	0.14
JAKS	0.875	0.115

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
KOSSAN	10.96	-1.54
NESTLE	140.80	-1.30
SUPERMX	7.48	-0.93
MPI	16.88	-0.92
HARTA	13.00	-0.60

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,496.72	-1.5	-5.8
Singapore	2,499.33	-0.2	-22.4
Thailand	1,293.40	0.0	-18.1
Philippines	5,932.84	-1.7	-24.1
Indonesia	5,149.38	-1.8	-18.3
Hong Kong	24,468.93	-0.6	-13.2
Korea	2,375.81	-1.1	8.1
Taiwan	12,608.58	-0.4	5.1
Japan	23,032.54	-1.0	-2.6
Dow Jones	27,940.47	1.6	-2.1
Nasdaq	11,141.56	2.7	24.2

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1708	0.1	2.0
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	38.05	3.5	-37.7
CPO spot price (RM/tonne)	2,918.00	0.4	-3.2

STOCK FOCUS OF THE DAY

Sime Darby Plant: Facing 10% labour shortage

Hold

We maintain HOLD on Sime Darby Plantation (SDP) with an unchanged fair value of RM5.50/share. Our fair value for SDP is based on a FY21F PE of 40x. Sime Darby Plantation participated in Bursa Malaysia/AmInvestment Bank's webinar yesterday and here are the highlights:

We understand that SDP is currently facing a shortage of 10% or 2,500 workers at its oil palm estates in Malaysia. To alleviate the shortage, SDP has extended the contracts of most of its existing estate workers. About 60% of the group's estate workers are from Indonesia. Also, SDP has recruited 300 Malaysians. None of them are from the prisons although SDP has visited prisons and drug rehabilitation centres in its recruitment drive.

SDP does not expect its net profit to be affected by the shortage of workers as CPO prices are higher this year. We have assumed that SDP's FFB production would inch down by 1.5% in FY20E.

RETAIL RESEARCH

Stocks On Radar: JCY International, Kumpulan Powernet

NEWS HIGHLIGHTS

Hibiscus: Plans RM2b private placement to fund acquisitions

Pansar: Eyes diversification via RM151mil acquisition of Sarawak builder

US-China tech war: TikTok, US discuss ways to avoid sale

M&A: Tiffany sues LVMH for renegeing on US\$16bil deal as France steps in

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
BORNOIL	90,000	0.055	4,950
COMPUGT	16,500	0.035	578
CME-LA	15,000	0.020	300
AMEDIA	7,090	0.120	850
ACOSTEC-WA	6,250	0.005	31
PARLO	4,200	0.180	756
ECONBHD	3,000	0.540	1,620
KARYON	2,000	0.235	470
MAG-WB	2,000	0.005	10
MYSCM	1,600	1.169	1,870
XOX	1,500	0.230	345
SUPERMX	1,350	8.252	11,140
BAHVEST	1,000	0.430	430
JMEDU	1,000	0.450	450
ECOFIRS	900	0.300	270
MMAG	644	0.565	364
TOPGLOV	590	8.542	5,040
BAHVEST-WA	500	0.230	115
KOSSAN	450	12.311	5,540
PENSONI	450	0.450	203
HARTA	350	13.486	4,720
HCK	225	1.200	270
YNHPROP	215	2.700	581
MBL	130	0.650	85
DNONCE	115	0.695	80
GCAP	100	0.475	48
SHANG	78	4.050	315

News Highlights

Hibiscus (RM0.56)

Plans RM2b private placement to fund acquisitions

Hibiscus Petroleum Bhd is raising up to RM2bil via a private placement as part of its accelerated plans to acquire good-value and high-quality producing assets. This is in view of the improved oil and gas (O&G) sector as the global economy starts to recover from the crippling effects of the Covid-19, the group said in a bourse filing yesterday.

In light of this, the firm has proposed the issuance of up to 2bil units of convertible redeemable preference shares (CRPS) at an issue price of RM1 apiece. "The conversion price for the first tranche of the CRPS has been fixed at 66 sen, representing a premium of approximately 10% over the five-day volume weighted average mid prices (VWAMP) of Hibiscus shares up to yesterday at 59.72 sen," it added. — *The Edge CEO Morning Brief*

Pansar (RM0.74)

Eyes diversification via RM151mil acquisition of Sarawak builder

Engineering solutions provider Pansar Bhd plans to diversify its business to include construction and civil engineering through the acquisition of Sarawak-based builder Perbena Emas Sdn Bhd for RM151mil cash. Pansar said the proposed acquisition will enhance shareholder value and serves as a strategic entry into the construction industry in Sabah and Sarawak. Perbena has an existing order book of RM645mil and is in advanced stages of tendering for more than RM2bil worth of new projects. — *The Edge CEO Morning Brief*

US-China tech war

TikTok, US discuss ways to avoid sale

TikTok's Chinese parent, ByteDance Ltd, is discussing with the US government possible arrangements that would allow the popular video-sharing app to avoid a full sale of its US operations, according to people familiar with the matter.

Discussions around such an option have risen in prominence since the Chinese government took steps that make a sale to a US technology giant like Microsoft Corp more difficult, the people said. They take place against a fast-approaching deadline that President Trump imposed for TikTok to agree to a sale of its US operations or else be shut down, and as geopolitical wrangling over the app intensifies. — *WSJ.com*

M&A

Tiffany sues LVMH for reneging on US\$16bil deal as France steps in

Tiffany & Co sued LVMH on Wednesday after the French luxury goods giant told the US jeweller it could not complete a US\$16bil deal to acquire it because of a French government request and the impact of the coronavirus outbreak.

LVMH said its board had received a letter from the French foreign ministry asking it to delay the acquisition until 6 Jan 2021, given the threat of additional US tariffs against French products. Tiffany filed its lawsuit against LVMH in Delaware to force it to complete the deal as agreed last year. — *Reuters*

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