



AmWatch

Equity Research Team
(603- 2070 2444)

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BURSA MALAYSIA

KLCI	1,512.43 (+12.13)
52-Week Range	1,207.80 – 1,618.01
Mkt Cap (RMb)	1,651.45
Daily Volume (m shares)	6,375.61
Daily Value (RMmil)	4,606.37

TOP 5 GAINERS

	Closing Price (RM)	Chg (RM)
SUPERMX	9.71	0.73
MPI	19.60	0.64
G3	3.34	0.61
UWC	6.48	0.48
PETDAG	20.24	0.44

TOP 5 LOSERS

	Closing Price (RM)	Chg (RM)
DLADY	38.40	-0.30
BKAWAN	15.16	-0.24
AJI	15.50	-0.18
UMS	1.59	-0.13
F&N	32.66	-0.12

REGIONAL MARKETS

Market	Index	1D (%)	YTD (%)
KLCI	1,512.43	0.8	-4.8
Singapore	2,517.23	0.8	-21.9
Thailand	1,242.99	0.4	-21.3
Philippines	5,938.95	-1.0	-24.0
Indonesia	4,958.77	0.7	-21.3
Hong Kong	23,767.78	1.3	-15.7
Korea	2,358.00	1.3	7.3
Taiwan	12,548.28	0.3	4.6
Japan	23,312.14	1.2	-1.5
Dow Jones	28,148.64	1.7	-1.4
Nasdaq	11,332.49	2.3	26.3

ECONOMIC STATISTICS

	Close	1D (%)	YTD (%)
MYR/USD	4.1530	-0.3	1.5
OPR (%)	1.75	0.0	-41.7
BLR (% Maybank)	5.40	0.0	-18.8
NYMEX Crude oil			
US spot (US\$/barrel)	39.22	5.9	-35.8
CPO spot price (RM/tonne)	2,841.00	-2.5	-5.8

STOCK FOCUS OF THE DAY

Westports Holdings: Additional RM121mil tax assessment raised by IRB **Buy**

The Inland Revenue Board of Malaysia (IRB) has raised an additional tax assessment of RM121mil to Westports. Total annual lease payment amounting to RM300mil made by Westports to the Port Klang Authority for the years of assessment from 2013 to 2018 (where the IRB has now assessed that the annual lease payment as not allowable for deduction in tax computation); and deferred revenue of RM8mil for the year of assessment 2018.

Westports will appeal and contest against the notice of additional assessment. In the worst case, assuming that Westports is unsuccessful and is liable to pay the full amount, this will erode its FY20F earnings by 20% but only shave its NTA by 4 sen or 1.4% from RM2.86 as at 30 June 2020 to RM2.82.

We are not overly perturbed over the latest development, which is likely to turn into a long-drawn legal process that drags on for years (without any actual impact on the bottom line).

We maintain our BUY recommendation, forecasts and FV of RM4.45, valuing Westports at 23x /PE to its FY21F EPS, in line with its average historical forward P/E. We believe the worst may be over for seaport operators as economies, businesses and borders reopen, translating to a recovery in global trade, and hence improvement in seaports' throughput.

QUICK TAKE

AirAsia: AirAsia Japan ceases operation

Sell

RETAIL RESEARCH

Stocks On Radar: Dufu Technology Corp., Supermax Corporation

THEMATIC

Malaysia needs to innovate in the face of Covid-19-ignited changing landscape

NEWS HIGHLIGHTS

Covid-19: PM undergoes home quarantine for 14 days

JF Technology: Proposes bonus issue, with free warrants

IPO: Econframe aims to raise RM18.2mil

M&A: Bristol to pay US\$13.1bil for heart drug maker MyoKardia

DIRECT BUSINESS TRANSACTIONS ON BURSA MALAYSIA

Stock	Quantity (’000)	Price (RM)	Turnover (RM’000)
T7GLOBAL	12,000	0.380	4,560
TIGER	12,000	0.075	900
AME	3,000	1.930	5,790
WIDAD	1,500	0.545	818
FITTERS	750	0.210	158
NWP	650	0.175	114
GCAP	500	0.550	275
VIZIONE	500	0.400	200
BAHVEST-WA	400	0.315	126
YNHPROP	56	2.700	151

News Highlights

Covid-19

PM undergoes home quarantine for 14 days

Prime Minister Tan Sri Muhyiddin Yassin said he will be observing self-quarantine at home for a period of 14 days as advised by the Ministry of Health (MoH), after Minister in the Prime Minister's Office (Religious Affairs) Datuk Seri Dr Zulkifli Mohamad Al-Bakri had tested positive for Covid-19.

In a statement yesterday, Muhyiddin said he had chaired a National Security Council meeting on Saturday (3 Oct), which was attended by Zulkifli. He said the minister is currently receiving treatment at a hospital in Seremban. — *The Edge CEO Morning Brief*

JF Technology (RM3.83)

Proposes bonus issue, with free warrants

JF Technology Bhd has proposed a bonus issue with free warrants to reward its shareholders and provide greater equity participation. They will be issued on the basis of three bonus shares and two free warrants for every one existing share held by JF Technology shareholders at an entitlement date to be announced, the group said in a stock exchange filing. The issuance will involve up to 693mil bonus shares and 462mil free warrants, it said. — *The Edge CEO Morning Brief*

IPO

Econframe aims to raise RM18.2mil

Total door systems solution provider, Econframe Bhd (Econframe) aims to raise RM18.20 million from its listing on the Bursa Malaysia ACE Market on 27 Oct. Econframe Group managing director Lim Chin Horng said the company's IPO exercise entails an issuance of 65mil new shares and an offer for sale of 32.5mil existing shares at RM0.28 per unit. — *Bernama*

M&A

Bristol to pay US\$13.1bil for heart drug maker MyoKardia

Bristol Myers Squibb Co said it will buy biotech MyoKardia Inc in a US\$13.1bil deal aimed at expanding the cancer-drug powerhouse's lineup of heart drugs. The all-cash deal would snag MyoKardia's promising experimental heart drug, which if approved would allow Bristol to lessen its reliance on cancer therapies — heavier since the company's US\$74bil acquisition of multiple-myeloma drug leader Celgene Corp last year.

Under the terms, Bristol will pay US\$225 a share for MyoKardia, a premium of 61% to the stock's closing price of US\$139.60 on Friday. — *WSJ.com*

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