

29 July 2021

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**Daily technical highlights – (MI, ELSOFT)**

**Daily Charting – MI (Trading Buy)**



About the Stock:		Key Support & Resistance Levels	
<b>Name</b>	: Mi Technovation Berhad	<b>52 Week High/Low</b>	: 5.52/2.99
<b>Bursa Code</b>	: MI	<b>3-m Avg. Daily Vol.</b>	: 1,840,762
<b>CAT Code</b>	: 5286	<b>Free Float (%)</b>	: 26.9
<b>Market Cap</b>	: RM3,117.0m	<b>Beta vs. KLCI</b>	: 1.24
		<b>Last Price</b>	: RM3.80
		<b>Resistance</b>	: RM4.42 (R1) RM4.62 (R2)
		<b>Stop Loss</b>	: RM3.34

**Mi Technovation Berhad (Trading Buy)**

- MI operates in the semiconductor industry with two business units, namely: (i) Semiconductor Equipment Business Unit, and (ii) Semiconductor Material Business Unit.
- The top notable competitive strengths of MI are: (i) its wealth of knowledge in terms of technical expertise by undertaking various R&D projects to develop state-of-the-art semiconductors, (ii) its ability to capitalise on the growing demand in the semiconductor industry, and (iii) a diversified customer base.
- The group's 1QFY21 revenue increased to RM54.2m (+54% QoQ) while its net income was down to RM3.5m (-66% QoQ) mainly due to higher operating expenses.
- Despite the slow 1QFY21 performance, consensus has projected MI to post a net profit of RM73.8m in FY December 21 and RM95.5m in FY December 22. This translates to forward PERs of 42.2x and 32.6x, respectively.
- Looking at the long-term chart, MI's share price has plunged from a high of RM5.52 (at the beginning of February 2021) to as low as RM2.99 (at the end of May 2021), representing a retracement of 46%.
- Since then, buying interest has picked up with the increasing ROC trend as the shares climbed to close at RM3.80 yesterday.
- Following which, a technical rebound may be underway as the shorter-term moving average has crossed above the longer-term moving average, indicating a likely upward price momentum.
- With that, the stock could advance to challenge our resistance targets of RM4.42 (R1; 16% upside potential) and RM4.62 (R2; 22% upside potential).
- Our stop loss price is set at RM3.34 (or 12% downside risk from yesterday's close of RM3.80).



About the Stock:		Key Support & Resistance Levels	
<b>Name</b>	: Elsoft Research Bhd	<b>52 Week High/Low</b>	: 1.04/0.585
<b>Bursa Code</b>	: ELSOFT	<b>3-m Avg. Daily Vol.</b>	: 2,999,227
<b>CAT Code</b>	: 0090	<b>Free Float (%)</b>	: 13.9
<b>Market Cap</b>	: RM568.0m	<b>Beta vs. KLCI</b>	: 1.18
		<b>Last Price</b>	: RM0.845
		<b>Resistance</b>	: RM0.985 (R1) RM1.08 (R2)
		<b>Stop Loss</b>	: RM0.73

**Elsoft Research Berhad (Trading Buy)**

- From a technical perspective, the shorter-term moving average has just cut above the longer-term moving average, which indicates that ELSOFT’s share price is set to ride on an upward trajectory following the formation of higher lows since March 2020.
- In addition, with the Parabolic SAR indicator trending upwards, the stock could climb to challenge our resistance targets of RM0.985 (R1) and RM1.08 (R2), which represents upside potentials of 17% and 28%, respectively.
- On the downside, we have pegged our stop loss at RM0.73, which represents a downside risk of 14%.
- Business-wise, ELSOFT is engaged in the research, design & development of test and burn-in systems and application specific embedded systems.
- ELSOFT reported a revenue of RM3.9m (-9.3% QoQ) while its net income increased to RM0.4m (+300% QoQ) in 1QFY21 due to reduced expenses and a positive profit contribution from its associate company.
- Going forward, consensus has estimated ELSOFT to post a net profit of RM7.9m in FY December 21 and RM22.3m in FY December 22. This translates to forward PERs of 71.9x and 25.6x, respectively.

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## STOCK CALL MONITOR\*

Stock Name	Issue Date (ID)	Rating	Price @ ID	Target Price (TP)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price RM	Status <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%		RM	RM			
MATRIX CONCEPTS HOLDINGS BHD	29/6/2021	Trading Buy	1.96	2.16	1.80	10%	-8%	1.25x	2.07	1.94	2.04	Open	
MALAKOFF CORP BHD	29/6/2021	Trading Buy	0.81	0.89	0.74	10%	-9%	1.14x	0.84	0.80	0.84	Open	
BUMI ARMADA BERHAD	30/6/2021	Trading Buy	0.44	0.51	0.38	16%	-14%	1.17x	0.48	0.41	0.42	Open	
KSL HOLDINGS BHD	30/6/2021	Trading Buy	0.59	0.67	0.52	14%	-12%	1.14x	0.63	0.58	0.63	Open	
TUNE PROTECT GROUP BHD	1/7/2021	Trading Buy	0.42	0.48	0.36	16%	-13%	1.18x	0.43	0.40	0.41	Open	
ASTRO MALAYSIA HOLDINGS BHD	1/7/2021	Trading Buy	1.11	1.40	1.00	26%	-10%	2.57x	1.19	1.06	1.07	Open	
THONG GUAN INDUSTRIES BHD	2/7/2021	Trading Buy	2.56	2.93	2.28	14%	-11%	1.32x	2.66	2.49	2.52	Open	
SCGM BHD	2/7/2021	Trading Buy	2.56	3.00	2.19	17%	-15%	1.18x	2.60	2.32	2.37	Open	
MOBILIA HOLDINGS BHD	6/7/2021	Trading Buy	0.43	0.50	0.37	16%	-14%	1.17x	0.55	0.41	0.52	TP Hit	23/6/2021
FLEXIDYNAMIC HOLDINGS BERHAD	6/7/2021	Trading Buy	0.39	0.45	0.34	15%	-13%	1.20x	0.48	0.38	0.39	TP Hit	23/6/2021
POH KONG HOLDINGS BHD	7/7/2021	Trading Buy	0.87	0.98	0.76	13%	-12%	1.10x	0.87	0.81	0.83	Open	
TOMEI CONSOLIDATED BHD	7/7/2021	Trading Buy	1.01	1.15	0.88	14%	-13%	1.08x	1.04	0.92	0.93	Open	
VELESTO ENERGY BHD	8/7/2021	Trading Buy	0.15	0.19	0.12	23%	-20%	1.17x	0.16	0.14	0.14	Open	
PADINI HOLDINGS BERHAD	8/7/2021	Trading Buy	2.79	3.20	2.42	15%	-13%	1.11x	2.88	2.74	2.82	Open	
QES GROUP BHD	9/7/2021	Trading Buy	0.84	0.90	0.78	8%	-7%	1.18x	0.90	0.78	0.83	SL Hit	13/7/2021
FRONTKEN CORP BHD	9/7/2021	Trading Buy	2.99	3.35	2.75	12%	-8%	1.50x	3.39	2.97	3.30	TP Hit	15/7/2021
BOUSTEAD PLANTATIONS BHD	13/7/2021	Trading Buy	0.60	0.69	0.52	15%	-13%	1.13x	0.64	0.60	0.60	Open	
ABLE GLOBAL BHD	13/7/2021	Trading Buy	1.55	1.75	1.36	13%	-12%	1.05x	1.57	1.51	1.52	Open	
OMESTI BHD	14/7/2021	Trading Buy	0.41	0.47	0.36	15%	-12%	1.20x	0.52	0.41	0.49	TP Hit	16/7/2021
MSM MALAYSIA HOLDINGS BHD	14/7/2021	Trading Buy	1.16	1.32	1.02	14%	-12%	1.14x	1.41	1.15	1.31	TP Hit	19/6/2021
GLOMAC BHD	15/7/2021	Trading Buy	0.32	0.38	0.27	19%	-14%	1.33x	0.37	0.32	0.35	Open	
NWP HOLDINGS BHD	15/7/2021	Trading Buy	0.22	0.27	0.17	23%	-21%	1.11x	0.22	0.21	0.21	Open	
LOTTE CHEMICAL TITAN HOLDING	16/7/2021	Trading Buy	2.76	3.09	2.50	12%	-9%	1.27x	2.96	2.74	2.78	Open	
UNITED U-LI CORP BHD	16/7/2021	Trading Buy	1.12	1.28	1.00	14%	-11%	1.33x	1.19	1.09	1.11	Open	
7-ELEVEN MALAYSIA HOLDINGS B	21/7/2021	Trading Buy	1.47	1.65	1.31	12%	-11%	1.13x	1.55	1.45	1.55	Open	
SUNWAY BHD	21/7/2021	Trading Buy	1.73	1.93	1.56	12%	-10%	1.18x	1.75	1.69	1.70	Open	

\* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

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			RM	RM	RM	%	%		RM	RM			
SHIN YANG SHIPPING CORP BHD	22/7/2021	Trading Buy	0.35	0.43	0.27	25%	-22%	1.13x	0.36	0.34	0.34	Open	
JF TECHNOLOGY BHD	22/7/2021	Trading Buy	1.42	1.68	1.20	18%	-15%	1.18x	1.50	1.37	1.39	Open	
SUPERMAX CORP BHD	23/7/2021	Trading Buy	3.65	4.20	3.21	15%	-12%	1.25x	3.78	3.29	3.29	Open	
SKP RESOURCES BHD	23/7/2021	Trading Buy	1.75	1.95	1.58	11%	-10%	1.18x	1.78	1.67	1.71	Open	
RGT BHD	27/7/2021	Trading Buy	0.35	0.41	0.30	17%	-14%	1.20x	0.40	0.37	0.38	Open	
MALAYAN FLOUR MILLS BHD	27/7/2021	Trading Buy	0.77	0.88	0.68	14%	-12%	1.22x	0.78	0.76	0.78	Open	
PESTECH INTERNATIONAL BHD	28/7/2021	Trading Buy	0.88	1.01	0.77	15%	-12%	1.29x	0.88	0.88	0.88	Open	
LYC HEALTHCARE BHD	28/7/2021	Trading Buy	0.32	0.37	0.26	17%	-17%	1.00x	0.32	0.30	0.31	Open	

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**Technical Terms:**

Reversal Candlesticks	Patterns	Description
<b>Doji</b> <b>Dragonfly Doji</b> (Bullish) <b>Gravestone Doji</b> (Bearish)		Dojis form when a security's open and close are virtually equal. The length of the upper and lower shadows can vary, and the resulting candlestick looks like, either, a cross, inverted cross, or plus sign. Doji convey a sense of indecision or tug-of-war between buyers and sellers.
<b>Engulfing Pattern</b>		A reversal pattern that can be bearish or bullish, depending upon whether it appears at the end of an uptrend (bearish engulfing pattern) or a downtrend (bullish engulfing pattern). The first day is characterized by a small body, followed by a day whose body completely engulfs the previous day's price action.
<b>Hammer</b> (Bullish) <b>Shooting Star</b> (Bearish)		Hammer candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low. This appears in a downtrend. In contrast, the Shooting Star pattern appears in an uptrend. It opens higher, trades much higher, then closes near its open. It looks just like the Inverted Hammer except that it is bearish.
<b>Inverted Hammer</b> (Bullish) <b>Hanging Man</b> (Bearish)		The Inverted Hammer is a single-day bullish reversal pattern. In a downtrend, the open is lower, then it trades higher, but closes near its open price, therefore looking like an inverted lollipop. Hanging Man candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low.
<b>Harami</b> <b>Harami Cross</b>		The Harami is a two-day pattern that can be bullish or bearish. It has a small body day completely contained within the range of the previous body, and is the opposite colour. The Harami Cross is similar to the Harami. The difference is that the last day is a Doji.
<b>Marubozu</b>		A Marubozu candlestick has no shadow extending from the body at either the open, the close or at both.
<b>Morning Doji Star</b> (Bullish) <b>Evening Doji Star</b> (Bearish)		A Morning Doji Star (Evening Doji Star) is a three-day candlestick bullish (bearish) reversal pattern - a long-bodied black (white) candle extending the current downtrend, a short middle candle that gapped down (up) on the open, and a long-bodied white candle that gapped up (down) on the open and closed above (below) the midpoint of the body of the first day.
<b>Spinning Top</b>		Spinning Tops are candlestick lines that have small bodies with upper and lower shadows that exceed the length of the body. They are similar to the Doji candlesticks, and signal indecision.

Source: Various

Common Chart Patterns					
Reversal Patterns	<b>Inverted Head &amp; Shoulders</b> (Bullish)	<b>Head &amp; Shoulders</b> (Bearish)	<b>Wedge Reversal</b> (Bullish/ Bearish)	<b>Double Top</b> (Bearish)	<b>Double Bottom</b> (Bullish)
Continuation Patterns	<b>Symmetrical Triangle</b> (Bullish/ Bearish)	<b>Ascending Triangle</b> (Bullish)	<b>Channels</b> (Bullish/ Bearish)	<b>Flags</b> (Bullish/ Bearish)	<b>Pennant</b> (Bullish/ Bearish)

Source: Various

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