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Research Highlights

NEWS HIGHLIGHTS

- Pentamaster withdraws stake subscription in Taiwanese optoelectronics manufacturer Epic
- Petros obtains first licence for carbon storage in Sarawak
- Favelle Favco wins two contracts worth RM95m
- Artroniq wins US\$10 mil blockchain R&D contract from Cambodian bank
- Haily bags RM33m job to build houses in Johor, sees stronger year in 2023

MACRO BITS

- Kremlin: relations with US in dire state amid drone incident
- MOF: Malaysia unlikely to experience economic downturn despite global uncertainties
- Luxury goods tax will not affect tourism sector, says deputy minister
- Property market to grow in 2023 despite moderately lower economic growth
- Exports slowed in February on weak commodity prices (See *Economic Viewpoint: Indonesia External Trade*)
- China's economy shows gradual recovery after COVID reopening
- Thai industrial sentiment near 4-year high in Feb as tourism recovers
- U.S. producer prices unexpectedly fall in February
- US retail sales fall in February; January revised higher
- ECB likely to stick to big rate hike despite banking turmoil
- Swiss central bank throws financial lifeline to Credit Suisse after shares pummelled
- UK budget: Economy set to avoid recession this year, Hunt says
- UK economy forecast to contract by 0.2% in 2023

IDEAS OF THE DAY (SEE SEPARATE REPORTS FOR DETAILS)

- Sector Update: Aviation
- Results Note: SCIENTX
- On Our Technical Watch: HHGROUP, RAMSSOL
- Economic Viewpoint: Global FX Monthly Outlook, ID External Trade

Corporate News

- **Pentamaster withdraws stake subscription in Taiwanese optoelectronics manufacturer Epic**

Pentamaster Corp Bhd has withdrawn its subscription of a 29.9% stake in the enlarged capital of Taiwan-based Everready Precision Industrial Corp (Epic) for US\$6.8m (RM29.9m). In a Bursa Malaysia filing on Wednesday (March 15), Pentamaster did not provide a reason for the withdrawal, but said its wholly owned subsidiary Pentamaster InnoTeq Sdn Bhd (PISB) would pursue the return of the investment sum from Epic. "In accordance with its rights under the terms of the proposed subscription, PISB has elected to withdraw from the proposed subscription. PISB will pursue the return of the investment sum of US\$6.8m from Epic," Pentamaster said. *(The Edge Markets)*

- **Petros obtains first licence for carbon storage in Sarawak**

Petroleum Sarawak Bhd (Petros) has obtained its first licence for carbon storage to begin the state-owned energy company's strategic role as the resource manager for Sarawak's natural carbon capture, utilisation and storage (CCUS) resources. The licence, issued by the Sarawak Land and Survey Department, covers an area located in the North Luconia province, offshore Bintulu. Petros' group chief executive officer said that with an abundance of storage potential in offshore areas, Sarawak is blessed with the biggest potential of carbon storage capacity in Malaysia. *(The Edge Markets)*

- **Favelle Favco wins two contracts worth RM95m**

Construction crane manufacturer Favelle Favco Bhd (FFB) has secured two contracts with a combined value of about RM95m. One of them is a contract for the supply of a tower crane, awarded to FFB's subsidiary Kroll Cranes A/S by Samsung Heavy Industries Co Ltd. The crane is expected to be delivered by the second quarter of 2024, according to FFB's bourse filing. The other contract is for the supply of an offshore crane, awarded to another FFB subsidiary, Favelle Favco Cranes (M) Sdn Bhd, by Malaysia Marine and Heavy Engineering Sdn Bhd. It will be delivered on a staggered basis from the first quarter to the second quarter of 2024, the group said. "The above contracts are expected to contribute positively to the earnings and net assets of FFB for the financial year ending Dec 31, 2023 and beyond," said FFB *(The Edge Markets)*

- **Artroniq wins US\$10 mil blockchain R&D contract from Cambodian bank**

Artroniq Bhd has accepted a letter of award from Cambodian-based Panda Commercial Bank PLC for a research and development (R&D) blockchain based financial services contract valued at US\$10 million (RM44.8 million). The contract is for a period of two years, starting from March 15 this year to March 31, 2025. The award pertains to the development of basic blockchains, functional API, web and mobile related solutions applicable for Panda Bank, according to an Artroniq bourse filing. "The contract will not have any effect on the issued share capital and the substantial shareholders' shareholdings in Artroniq as the contract does not involve any issuance of new shares of Artroniq," said the group. The contract is also not expected to have any material effect on its net assets and gearing for the financial year ending Dec 31, 2023. *(The Edge Markets)*

- **Haily bags RM33m job to build houses in Johor, sees stronger year in 2023**

Haily Group Bhd has secured a RM32.7m contract to build 186 units of single-storey terrace houses in Bandar Putra Kulai, Johor. The group said the contract was awarded to its wholly owned subsidiary Haily Construction Sdn Bhd by JYP Architects Sdn Bhd on behalf of Nice Frontier Sdn Bhd, a member of the IOI Properties Group Bhd. The construction is expected to be completed in 15 months or by June 26, 2024, Haily said in a Bursa Malaysia filing. It said the award is expected to contribute positively to the group's earnings and net assets over the duration of the project. Haily founder and executive director See Tin Hai noted that in less than three months of this year, the group has secured total contracts worth RM148.8m. *(The Edge Markets)*



Macro Bits

Global

- [Kremlin: relations with US in dire state amid drone incident](#) The Kremlin said on Wednesday that its relations with the United States were in a "lamentable state" and at their lowest level, after Washington accused Russia of downing one of its reconnaissance drones over the Black Sea. *(Reuters)*

Malaysia

- [MOF: Malaysia unlikely to experience economic downturn despite global uncertainties](#) The Ministry of Finance (MOF) stressed that Malaysia will not experience an economic turmoil this year although the country is faced with global economic uncertainties. *(The Edge Markets)*
- [Luxury goods tax will not affect tourism sector, says deputy minister](#) The luxury goods tax which is being finetuned will not affect the country's tourism sector, said Deputy Finance Minister Steven Sim Chee Keong. *(The Edge Markets)*
- [Property market to grow in 2023 despite moderately lower economic growth](#) The Malaysian property market is expected to grow this year despite the projection of a moderately lower economic growth due to the unpredictable external environment, said Deputy Finance Minister II Steven Sim. *(The Edge Markets)*

Asia Pacific

- [Exports slowed in February on weak commodity prices](#) Exports moderated sharply in February (4.5% YoY; Jan: 16.4%), lower than the consensus forecast (5.0%). MoM: fell (-4.2%; Jan: -6.3%) for the sixth straight month, reflecting a continued downtrend amid weak commodity prices and muted external demand. 2023 export growth forecast maintained at 2.5% (2022: 26.1%) in anticipation of a slower global trade outlook. *(See Economic Viewpoint: Indonesia External Trade)*
- [China's economy shows gradual recovery after COVID reopening](#) China's economic activity picked up in the first two months of 2023 as consumption and infrastructure investment drove recovery from pandemic disruption, despite challenges of weak global demand and a persistent downturn in the property sector. *(Reuters)*
- [Thai industrial sentiment near 4-year high in Feb as tourism recovers](#) Thailand's industrial sentiment in February reached its highest level in 47 months, bolstered by a rebound in domestic demand and tourism, but weak exports were a concern, an industries group said on Wednesday. *(Reuters)*

Americas

- [U.S. producer prices unexpectedly fall in February](#) U.S. producer prices unexpectedly fell in February and the rise in prices in January was not as large as initially thought, offering some hopeful signs in the fight against inflation. *(Reuters)*
- [US retail sales fall in February; January revised higher](#) U.S. retail sales fell in February as purchases of motor vehicle purchases and other goods slumped, payback after the prior month's outsized increase, but consumer spending continued to show underlying strength. *(Reuters)*

Europe

- [ECB likely to stick to big rate hike despite banking turmoil](#) European Central Bank policymakers are leaning towards a half-percentage-point rate hike on Thursday, as the banking sector turmoil is dissipating, the euro zone economy is picking up strength and inflation is set to remain too high for years. *(Reuters)*
- [Swiss central bank throws financial lifeline to Credit Suisse after shares pummelled](#) Swiss regulators pledged a liquidity lifeline to Credit Suisse in an unprecedented move by a central bank after the flagship Swiss lender's shares tumbled as much as 30.0% on Wednesday. *(Reuters)*
- [UK budget: Economy set to avoid recession this year, Hunt says](#) Britain's economy is set to avoid a recession in 2023 but will still contract this year, finance minister Jeremy Hunt said on Wednesday as he made a budget speech which included measures to speed up economic growth. *(Reuters)*
- [UK economy forecast to contract by 0.2% in 2023](#) Britain's economy is forecast to contract by 0.2% in 2023, finance minister Jeremy Hunt said on Wednesday, citing the latest projections from the Office for Budget Responsibility (OBR). *(Reuters)*



Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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