

Monday, 15 Jul, 2024

## Building Up Exposure Within The Data Center

### Market Review

**Malaysia:** The FBM KLCI (-0.25%) ended lower as the index was dragged by selling pressure in the YTL-related heavyweights, in line with the mixed performance of the regional markets. Meanwhile, the Transportation & Logistic sector (+0.31%) was the best performing sector.

**Global markets:** Wall Street ended firmly hitting intraday record highs, despite PPI data came in cooler-than-expectations, but investors still hope for a rate cut as soon in September, while big banks fell after reporting mixed results. Meanwhile, the European stock market rose while Asia stock markets ended mixed.

### The Day Ahead

The FBM KLCI and FBM70 ended lower, but investors have been positioning for small cap stocks and pushed the FBM Small Cap for a positive closing on Friday led by the Transportation and Construction sectors. Meanwhile, the US stocks markets surged on Friday after assessing the PPI data (increased +0.2% in June). For this week, the traders will be monitoring China's GDP that will be released later, while watching out (i) core retail sales, (ii) industrial production, and (iii) unemployment claims as well as the US corporate earnings. On the commodity markets, Brent oil is ranging along USD84-85, while the gold is holding firmly above USD2.4k, in view of weaker USD pricing in the rate cuts in 2H2024. Also, the CPO has rebounded off RM3,900.

**Sectors focus:** With the rebound on Wall Street, we expect traders to take on more exposure on the local front. We believe the overall data center catalysts could boost the demand for stocks within the Construction, Property, Building Material and Utilities stocks and likely to provide buy-on-dip opportunities. Also, we favour selected stocks within the Gloves, Solar, and Packaging.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower towards the 1,619 level. The technical readings on the key index were still positive, but the MACD histogram formed a rounding top formation recently, and RSI remains above 50. The resistance is envisaged around 1,634-1,639 and the support is set at 1,599-1,604.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,000.90	0.62
S&P 500	5,615.35	0.55
NASDAQ	8,398.45	0.63
FBM KLCI	1,619.06	-0.25
FBM Small Cap	9,812.57	0.06
FBM ACE	5,981.21	0.66
Construction	298.21	0.12
Consumer	586.34	0.00
Energy	984.52	0.02
Financial Services	17,800.11	0.03
Healthcare	2,185.54	-0.41
Ind Products	200.96	-0.03
Plantation	6,943.71	-0.15
Property	1,126.39	-0.25
REITs	836.22	-0.37
Technology	79.05	-0.95
Telco & Media	600.74	-0.65
Transport & Logist	1,121.29	0.31
Utilities	1,873.10	-0.83
Trading Vol (m)	4,583.63	-14.97
Trading Val (RM m)	3,728.03	-6.51
Gainers/ Losers rat	86%	
FKLI	1,625.50	0.40
FCPO (RM)	3,915.00	-0.51
Brent oil (USD)	85.03	0.18
Gold (USD)	2,411.43	-0.16
USD	4.6745	0.34
GBP	6.0494	-0.22
EURO	5.0852	-0.01
SGD	3.4781	0.02

  

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 329.9	- 159.4	489.3

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Toyo Ventures Holdings Bhd** (TOYOVEN) said that the US\$980m (RM4.58b) financing facility it secured from i-Power Solutions Pte Ltd for the Song Hau 2 thermal power plant project is no longer applicable. This came one week after Toyo Venture confirmed that the project had been terminated by the Vietnamese government. Its wholly-owned subsidiary, Song Hau 2 Power Company Limited (SH2P), received an email on July 9 from i-Power Solutions' legal counsel, citing the project's termination as reason for rendering the equipment facility irrelevant. However, it emphasised that SH2P is still in the process of finalising syndicated financing facilities for the power plant project. (The Edge)

**Theta Edge Bhd** (THETA) is now saying that the RM673.8m it planned to invest to develop Internet of Things (IoT) technology for a project for the Ampang Jaya Municipal Council (MPAJ) is actually the operating expenditure (opex) that is required for the project over a 20-year concession period. The company clarified in a Bursa filing that the value of RM673.8m refers to the opex required during the concession period for the development of IoT solutions for Smart Economy in Ampang Jaya, and not the actual investment required for the project. (The Edge)

**KNM Group Bhd** (KNM) has been granted a second extension to submit its Practice Note 17 (PN17) regularisation plan from the earlier deadline of April 30, 2024. The company now has until Oct 30, 2024 to submit its regularisation plan to the authorities. The cash-strapped company had previously requested for a 12-month extension until April 30, 2025, but was given six months instead to finalise the PN17 regularisation plan. (The Edge)

**REDtone Digital Bhd** (REDTONE) has acquired a total of 8.4m shares, representing a 7.12% stake in Theta Edge Bhd (THETA), from the open market for about RM13.93m, cash. This makes REDtone the fourth-largest shareholder in Theta Edge, after Lembaga Tabung Haji which holds a 27.28% stake, Threadstone Capital Sdn Bhd (13.56%) and Inter Pacific (9.4%). Prior to this, REDtone acquired 600,000 shares in Theta Edge on July 10, emerging as a substantial shareholder of the group and increasing its total shareholdings to 6.4m shares, or a 5.43% stake in the company. (The Edge)

The Employees Provident Fund (EPF) emerged as a substantial shareholder in palm oil producer **Johor Plantations Group Bhd** (JPG) on Tuesday, the day the stock was listed on Bursa Malaysia's Main Market. EPF, through Citigroup Nominees (Tempatan) Sdn Bhd, bought 222.24m shares, or an 8.896% stake in the company. The transaction price was not disclosed in the filing. (The Edge)

**Minetech Resources Bhd** (MINETEC) has bagged a contract to undertake the proposed construction and completion of road and drainage works for Banting Industrial City in Kuala Langat, Selangor, worth RM4.05m. The contract, which was awarded by VED Engineers Sdn Bhd to the group's wholly-owned subsidiary Minetech Construction Sdn Bhd, commenced on June 28, 2024 and is slated for completion within three months. The award of this project to Minetech adds to the support in infrastructure development. (The Edge)

Energy services firm **Uzma Bhd** (UZMA) is working with two companies operating in Papua New Guinea to sell hydrocarbon fuel and products. Uzma's 51%-owned subsidiary, Jannatul Firdaus International Sdn Bhd, signed an expression of interest with refined petroleum products company Arafura Energies Ltd and services firm Australian Niugini Services (ANS) for the venture. The expression of interest is valid for one year, starting from July 12, 2024 until July 11, 2025. Under the expression of interest, the three parties will negotiate a master sale and purchase agreement before signing a confirmation notice for the sale and purchase of a specific quantity of hydrocarbon fuel from time to time. (The Edge)



**Kimlun Corp Bhd** (KIMLUN) is forming a joint venture company (JVco) with Singapore-listed Astaka Holdings Ltd's (AHL) indirect 50.99%-owned unit Astaka Capital Sdn Bhd (ACSB) to develop a residential serviced apartment project in Johor Bahru. The project is related to phase three of Arden @ One Bukit Senyum, which is slated to launch in the fourth quarter of 2024, with construction expected to be completed within 48 months. The JVco has also proposed to acquire a parcel of land measuring 1.662 acres in Johor Bahru for RM61.5m or RM77 per sq ft to be developed for the residential serviced apartment project. (The Edge)

Construction and power utilities group **JAKS Resources Bhd** (JAKS) has partnered with Shanghai-based China Power Engineering Consulting Group International Engineering Co Ltd (CPECC INT'L) to bid for the development of solar photovoltaic (PV) plants with a maximum aggregate capacity of 500 megawatt of alternating current (MWac), under the Energy Commission's fifth Large Scale Solar (LSS5) programme. Should the project be awarded by the Energy Commission, both parties have agreed to establish a special purpose vehicle (SPV) to implement the project. Both parties will collaborate on the study, planning, and preparation of the project bidding document by the bid closing date, arrange project financing with acceptable guarantees and terms, and share costs for external consultants and necessary preparations. (The Edge)

**Radiant Globaltech Bhd** (RGTECH) is acquiring an 80% stake in IT solutions provider Rymnet Solutions Sdn Bhd, for RM52.5m, from its chief executive officer and major shareholder Un Sze Hau. Rymnet specialises in digitalisation of human resource (HR) management operations. Through the proposed acquisition, the group will be able to incorporate HR management system modules into its existing suite of solutions, thereby offering a more comprehensive and integrated service to its customers. The acquisition deal will be financed through a combination of cash of RM42.5m and 30.3m new shares at 33 sen per share to Un to cover the remaining RM10m. (The Edge)

**Tafi Industries Bhd** (TAFI) has bagged a construction contract as well as piling and project furniture works worth a combined total of RM207.46m for a mixed-use development project that comprises a serviced apartment and a small-office, home-office block in Setia Alam, Selangor. The contract, awarded by Armani KPF2 Development Sdn Bhd, is expected to contribute positively to its earnings for the financial year ending Dec 31, 2024 (FY2024) until FY2027. (The Edge)

**Nestcon Bhd** (NESTCON) aims to raise RM27.27m through a private placement of 70.82m shares or 10% of its enlarged share base. A total of RM22m of the gross proceeds will be allocated to repaying its bank borrowings. Another RM4.58m will be used for working capital in construction projects, as well as for engineering, procurement, construction and commissioning (EPCC) of solar photovoltaic (PV) projects. The remaining RM685,000 will cover estimated expenses related to the proposed private placement. (The Edge)

**EVD Bhd** (EVD) has reinstated its chief executive officer and major shareholder Mah Seong Huak, whom it had suspended for the past six months, following what appears to be the conclusion of a boardroom tussle. The company, which provides information and communications technology solutions for transportation systems, said in a bourse filing on Friday that the decision was made following a 'special board meeting' on the same day, although it did not disclose any reason for the reinstatement. It had also not given any reason for suspending Mah when the decision was announced on Jan 11, other than saying that the suspension would have no financial or operational impact on the company. (The Edge)



## Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.680	12.4%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.520	2.0%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.840	3.3%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.565	-2.6%	Initiate on 6/6/2024

## Market Chat Tracker - 3Q24 Stock Picks

3Q24 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	CAB	2-Jul	0.755	0.820	0.855	0.700	0.665	0.755	0.755	0.0%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.13	5.13	-0.6%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.64	2.64	0.4%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.76	5.76	8.3%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.05	1.05	1.0%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	2.76	2.76	7.0%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.15	1.15	5.5%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.53	1.53	0.0%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.01	1.01	37.4%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295	0.230	0.220	0.24	0.24	-4.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.70	0.70	-6.7%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.87	0.87	8.1%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.53	0.53	0.0%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	6.96	6.96	3.0%	Initiated on 2-Jul-2024
Average Return										4.2%	

Technical Focus Tracker Summary	
Total recommendations	387
Total winners	217
Total losers	135
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	29.8%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.3%
FBM Small Cap (Since 30/12/2022)	32.8%
Malaysia GDP Growth (1H23)	4.2%





## Upcoming Dividend List

Stock	Entitlement	Description	Declare Date (DD)	Ex-Date	DD Price (RM)	Last Price (RM)	DY (%)	Price Chg Since DD (%)
CCIB (03053)	Interim	RM0.01	5/7/2024	15/7/2024	RM0.35	RM0.35	-	0.0
HEVEA (5095)	Final	RM0.01	2/4/2024	15/7/2024	RM0.34	RM0.37	2.7	9.0
NATGATE (0270)	Interim	RM0.00	31/5/2024	15/7/2024	RM1.85	RM2.25	0.1	21.8
SAMCHEM (5147)	Interim	RM0.01	26/6/2024	15/7/2024	RM0.60	RM0.60	0.8	-0.8
UNIMECH (7091)	Final	RM0.04	28/2/2024	15/7/2024	RM1.67	RM1.59	2.5	-4.8
PWRWELL (0217)	Interim	RM0.01	30/5/2024	15/7/2024	RM0.47	RM0.56	-	20.4
CANONE (5105)	Final	RM0.04	22/2/2024	15/7/2024	RM2.45	RM3.10	1.3	26.5
PECCA (5271)	Interim	RM0.02	24/5/2024	15/7/2024	RM1.43	RM1.29	-	-9.8
AURORA (03037)	Interim	RM0.00	28/6/2024	15/7/2024	RM0.22	RM0.22	0.5	0.0
ACO (0218)	Interim	RM0.00	20/6/2024	16/7/2024	RM0.27	RM0.30	0.7	11.3
GOPENG (2135)	Final	RM0.01	4/4/2024	16/7/2024	RM0.34	RM0.43	2.3	26.5
MENANG (1694)	Special Cash	RM0.06	20/5/2024	16/7/2024	RM0.80	RM0.81	7.4	1.3
SAM (9822)	Interim	RM0.03	29/5/2024	17/7/2024	RM5.98	RM6.09	0.5	1.8
BAUTO (5248)	Interim + Special Cash	RM0.12	11/6/2024	18/7/2024	RM2.54	RM2.62	4.6	3.1
CHOOBEE (5797)	Final	RM0.01	29/4/2024	18/7/2024	RM0.90	RM0.94	0.5	4.4
FIMACOR (3107)	Interim	RM0.08	21/5/2024	18/7/2024	RM1.79	RM1.84	4.1	2.8
OCB (5533)	Final	RM0.02	26/2/2024	18/7/2024	RM0.73	RM0.91	1.6	24.7
HARISON (5008)	Final	RM0.50	8/4/2024	19/7/2024	RM9.09	RM9.95	5.0	9.5
MOBILIA (0229)	Bonus-Options	1:4	7/5/2024	19/7/2024	RM0.16	RM0.20	22.2	24.2
LSTEEL (9881)	Interim	RM0.02	5/7/2024	24/7/2024	RM0.63	RM0.61	3.3	-2.4
EUROSP (7094)	Special Cash	RM0.20	10/7/2024	24/7/2024	RM1.80	RM1.94	10.3	7.8
TEGUAN (7439)	Final	RM0.04	29/5/2024	25/7/2024	RM1.93	RM1.86	2.2	-3.6
ATLAN (7048)	Interim	RM0.01	11/7/2024	25/7/2024	RM2.60	RM2.64	0.4	1.5
METROD (6149)	Final	RM0.06	26/4/2024	25/7/2024	RM1.45	RM1.48	4.1	2.1
SUPERLN (7235)	Interim	RM0.01	28/6/2024	26/7/2024	RM1.30	RM1.09	0.7	-16.2
ASB (1481)	Final	RM0.00	15/4/2024	26/7/2024	RM0.11	RM0.12	0.4	9.5
JKGLAND (6769)	Final	RM0.00	30/5/2024	26/7/2024	RM0.10	RM0.11	1.0	5.0
UMCCA (2593)	Interim	RM0.07	27/6/2024	29/7/2024	RM5.05	RM5.17	1.4	2.4
SAPIND (7811)	Final	RM0.05	30/5/2024	30/7/2024	RM0.90	RM0.92	5.4	2.2
DKLS (7528)	Final	RM0.03	28/2/2024	30/7/2024	RM1.91	RM1.92	-	0.5
PGF (8117)	Final	RM0.02	30/4/2024	31/7/2024	RM1.92	RM2.19	0.7	14.1
KFIMA (6491)	Interim + Special Cash	RM0.12	29/5/2024	1/8/2024	RM2.26	RM2.21	5.4	-2.2
KHJB (0210)	Final	RM0.00	15/4/2024	1/8/2024	RM0.16	RM0.16	0.6	0.0
PTRANS (0186)	Interim	RM0.01	23/5/2024	5/8/2024	RM0.71	RM0.70	0.7	-1.4
SNS (0259)	Interim	RM0.00	28/6/2024	7/8/2024	RM0.76	RM0.87	0.3	14.6
FAVCO (7229)	Final	RM0.09	26/2/2024	7/8/2024	RM1.94	RM2.17	4.1	11.9
PASDEC (6912)	Final	RM0.01	29/4/2024	8/8/2024	RM0.32	RM0.31	3.2	-1.6
PANTECH (5125)	Final	RM0.02	25/4/2024	29/8/2024	RM1.04	RM1.08	-	3.8
AJI (2658)	Final	RM0.38	27/6/2024	29/8/2024	RM15.24	RM15.04	2.6	-1.3
LBS (5789)	Final	RM0.01	17/4/2024	29/8/2024	RM0.67	RM0.75	1.8	10.7
DOMINAN (7169)	Final	RM0.01	29/5/2024	5/9/2024	RM0.88	RM0.84	1.2	-4.0
PANAMY (3719)	Final	RM1.21	30/5/2024	5/9/2024	RM20.06	RM19.98	6.1	-0.4
GCB (5102)	Omitted	RM0.00	3/6/2024	13/9/2024	RM4.07	RM4.26	0.0	4.7
AYS (5021)	Final	RM0.02	18/6/2024	19/9/2024	RM0.41	RM0.41	3.7	0.0

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