

## Cautious ahead of the Johor by-election

### Market Review

**Malaysia:** The FBM KLCI (-0.04%) ended marginally lower in line with weaker sentiments on regional markets. Meanwhile, on the broader market, heavy profit-taking were noticed in the Construction sector. The leading sector was the Healthcare sector (+1.47%) as glove counters had a strong rebound.

**Global markets:** Wall Street ended mixed due to renewed fears over more rate hikes following the release of initial jobless claims data, which came in lower than consensus expectation. European stock markets ended lower due to selloff in mining stocks, while the Asian markets ended softer amid weak China trade data.

### The Day Ahead

Overall sentiment on the Bursa exchange was slightly weaker and the FBM KLCI ended flat for the session as profit taking activities emerged, in line with the regional benchmark. Meanwhile, we expect the negative performance from Wall Street may spillover to stocks on the local front. Given the 2 Johor by-election will be held this weekend, traders may take a cautious stance and continue with the profit taking activities within the construction sector at least for the near term, while shifting their focus on stocks within the defensive or value stocks. Commodities wise, the Brent crude oil traded slightly below the USD90/bbl level, while the CPO prices continued to consolidate below the RM3,800/MT level.

**Sector focus:** Given the selldown on Wall Street, we believe some of the technology sector on the local front may be affected. Meanwhile, we still like the O&G sector amid firm Brent oil prices. Besides, we think traders may lookout for value and defensive counters such as glove and REIT under this environment. We think investors will assess the recent quarterly results to position themselves for solid fundamental companies into 4Q23.

### FBMKLCI Technical Outlook



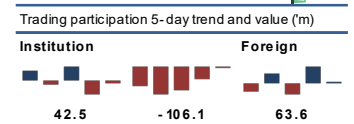
Bloomberg

The FBM KLCI traded flat after a significant rebound move two days ago. The technical readings on the key index are mixed with the MACD Histogram forming a rounding top formation, but the RSI is still hovering above 50. The resistance is located around 1,465-1,470, while the support is set around 1,430-1,440.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,500.73	0.17
S&P 500	4,451.14	-0.32
NASDAQ	13,748.83	-0.89
FBM KLCI	1,460.07	-0.04
FBM Small Cap	1,053.54	-0.82
FBM ACE	5,188.57	-0.79
Construction	177.22	-2.00
Consumer	558.18	-0.23
Energy	864.49	-0.06
Financial Services	1,472.20	-0.12
Healthcare	1,702.55	1.47
Ind Products	173.12	-0.20
Plantation	6,898.95	0.58
Property	862.45	-0.65
REITs	775.63	0.09
Technology	63.37	-0.46
Telco & Media	581.55	-0.26
Transport	924.81	-1.38
Utilities	1,122.37	-0.80
Trading Vol (m)	3,209.00	(23.18)
Trading Val (RM m)	2024.96	(4.88)
Advance/ Decline	72%	
FKLI	1,439.00	(0.10)
FCPO (RM)	3,795.00	(0.97)
Brent oil (USD)	89.92	(0.75)
Gold (USD)	1,919.68	0.02
USD	4.6770	(0.03)
GBP	5.832	0.65
EURO	5.0117	0.10
SGD	3.4281	0.15



Source: Bloomberg, Bursa Market Place

## Company Brief

SkyWorld Development (Vietnam) Company Ltd, a wholly-owned subsidiary of **SkyWorld Development Bhd**, is acquiring 1.3 acres of land in Ho Chi Minh City, Vietnam. The company said it acquired the land by way of purchasing a 100% stake or 1.7m shares worth 100,000 dong (RM19.51) each in Thuan Thanh Trading Production and Real Estate Trading Joint Stock Company (the project company) for about 350bn dong or RM67.9m. Upon completion of the acquisition, SkyWorld Vietnam will have the lawful land use rights over the properties, including the adjoining parcels of land, through the ownership of the project company. The project is estimated to have a gross development value of RM310.4m. (The Edge)

Household goods trading outfit **Fiamma Holdings Bhd** said it has paid RM109.65m for an alienation land approval to develop a 1.88-acre land along Jalan Yap Kwan Seng in Kuala Lumpur. The approval was granted by the Federal Territories director of Lands and Mines Office. The leasehold land, which is located near to Fiamma's existing 1.4-acre piece of land along the same road, will be used for mixed development split between residential (20%) and commercial (80%). It said that the payment is funded by a combination of internally-generated funds and external borrowings. (The Edge)

Cash-strapped **Sapura Energy Bhd** has secured a six-month extension to its standstill period from its multi-currency financing financiers under the Corporate Debt Restructuring Committee (CDRC) regime, pushing the end-date to March 10, 2024. It said that the CDRC's decision to extend the standstill period past the coming Sept 9 expiry date was in consideration of the current progress of the group's proposed restructuring schemes. The former Sept 9 standstill period end-date was a result of an extension it was granted by the CDRC back in February this year. The Practice Note 17 (PN17) outfit said the nine-month extension of the restraining orders it received from the court against its creditors back in June was also a factor in the CDRC's decision. The restraining orders end on March 10 2024. (The Edge)

Underground utilities and substation engineering specialist **MN Holdings Bhd** has secured a RM23.8m substation engineering contract from Tenaga Nasional Bhd (TNB). MN Holdings said the utility giant awarded the contract to its wholly-owned unit MN Power Transmission Sdn Bhd (MNPTSB) to establish a new 132 kilovolt (kV) main intake substation (PMU) Bekok Switching Station (Air Insulated Switchgear) in Johor. "Under the substation engineering contract, MN Power will supply, erect, test and commission the 132 kV PMU Bekok Switching Station, including remote end substation works, complete with relevant primary, secondary and all associated civil works," it said. The contract is expected to be completed in 540 days from the commencement date of Sept 4, 2023. (The Edge)

Trading in **Iqzan Holding Bhd** shares are to be suspended on Sept 15 prior to being delisted on Sept 19, unless the Kedah-based wooden crate and pallet manufacturer submits an appeal within a week's time. This came after Bursa Securities rejected the PN17 company's application for a further extension of time to submit its regularisation plan. The bourse regulator noted that if Iqzan submits an appeal by Sept 14, the delisting will be deferred pending a decision on the appeal. (The Edge)

**Destini Bhd** has secured a two-year contract worth RM19.04m for the procurement and supply of FZ Rocket Motor to the Royal Malaysian Air Force. The engineering solutions provider said the contract was granted by the Ministry of Defence (Mindef) to Destini's wholly-owned unit Destini Prima Sdn Bhd for a period of two years until Sept 5, 2025. The company said that the contract is expected to contribute positively to the earnings and net assets of Destini for the financial year ending Dec 31, 2023 and the financial periods in the duration of the contract. (The Edge)

**Jiankun International Bhd** announced that it will not place out some 70m shares for RM14m to Eclipse International Sdn Bhd as the investor failed to transfer the subscription amount within the private placement timeframe. The property developer and construction company said that Eclipse had breached the subscription agreement as the latter did not remit the subscription price within five market days from the date the subscription agreement became unconditional (Aug 28). "In view thereof and in accordance with Clause 5.2.2 of the subscription agreement, the company shall not allot and issue the placement shares to Eclipse and as such, the private placement has lapsed and cannot be implemented," it said. On April 17, Jiankun proposed to place out 70m shares at the issue price of 20 sen per share for a total of RM14m to Eclipse, to partially utilise to acquire a parcel of leasehold land in Klebang, Melaka for RM26m. (The Edge)

**Pestech International Bhd** said the High Court has dismissed its unit's Erinford injunction application filed against Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (SPYTL) in another setback in its legal tussle with the main contractor of the Gemas-Johor Bahru electrified double-track rail project. The High Court had dismissed the injunction application filed by Pestech Sdn Bhd (PSB) on Sept 6. The Erinford injunction sought to preserve the status quo pending the conclusion of an appeal which PSB lodged on July 26. SPYTL, part of YTL Corp Bhd, had in June terminated PSB's RM399m sub-contract for the double-track project. PSB said it is appealing against High Court's decision to dismiss its application for interim injunctions against SPYTL. (The Edge)

**Sarawak Cable Bhd** is seeking another extension of time to hold a court-convened creditors' meeting to facilitate a scheme of arrangement and compromise with the creditors. This marks the fifth time the PN17 company has applied for a time extension from the High Court. The initial deadline was Sept 29, 2022 and the latest deadline granted by the court is Sept 9 this year. The power cable and wire producer said the creditors' meeting has now been scheduled for Sept 26, but since this date falls after the latest deadline of Sept 9, the company is seeking another extension until Sept 26. In September last year, Sarawak Cable and six of its subsidiaries applied to the High Court for leave to convene a meeting with their creditors and for a restraining order to restrain legal suits, winding up petitions and enforcement proceedings against the group and subsidiaries. (The Edge)

**Fitters Diversified Bhd's** acquisition of shares and warrants in Computer Forms (M) Bhd is not reasonable and detrimental to non-interested shareholders. In a circular issued by Fitters to shareholders, Wyncorp Advisory said the related-party acquisition in March is premature, not substantiated by prevailing fundamentals and involves a high degree of investment risks. Their view is premised on Computer Forms being loss-making and its net asset per share being significantly lower than the prevailing market share price, as well as its share price being relatively volatile and recording a rapid increase despite the company's financial performance not turning around yet. Fitters had acquired 4.54% or 12.14m shares in Computer Forms between March 7 and 8 for RM26.44m, together with 4.78% or 6.18m warrants for RM8.33m. The transactions had been deemed related-party by Bursa Securities as Fitters executive director Hoo Swee Guan, independent non-executive directors Wong Kok Seong and Kho See Yiing sit on the board of Computer Forms. (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	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.290	-5.8%	Closed at cut off period
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.180	0.9%	Closed at cut off period
3	MCEMENT	16-Aug	3.370	3.500	3.600	3.800	3.100	3.090	3.500	3.9%	Take profit at R1 on 17-Aug

## Market Chat Tracker

3Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	ADVCON	4-Jul	0.355	0.395	0.425	0.320	0.295	0.280	0.305	-14.1%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.890	21.1%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.050	28.8%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.650	18.5%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.250	19.0%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.380	1.3%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.130	-3.4%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.030	7.3%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.060	15.2%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.520	-0.3%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.995	11.8%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.655	3.1%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.100	60.3%	On-going
Average Return										13.0%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	214
Total losers	133
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)	4.8%
Accuracy (2023)	61.4%
FBM KLCI (Since 30/12/2022)	-2.4%
FBM Small Cap (Since 30/12/2022)	7.6%
Malaysia GDP Growth (1H23)	4.2%

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