

UEM SUNRISE BHD

By HLIB Research.

Hold

Target price: RM1.18

UEM Sunrise Bhd has proposed the disposal of 28,995 acres of freehold agricultural lands in Iskandar Puteri, Johor Baru, to Kimlun Corp Bhd for a total consideration of RM82.1mil.

The freehold land is located along Jalan Kampung Lalang, off Lebuhraya Kota Iskandar, near Horizon Hill, Eco Botanic, and Taman Nusa Sentral, within Iskandar Puteri.

No planned development was previously announced on the piece of land and the disposal is expected to be completed by the fourth quarter of 2018.

Hong Leong Investment Bank (HLIB) Research is mildly positive on the news as there will be an estimated outright gain of RM72mil to be realised based on a book value of RM11mil as at end financial year 2016 (FY16).

"The gain of RM72mil is significant as compared with a net profit of RM147mil achieved in FY16; we deem it as a non-core nevertheless.

"The pricing works out to be RM65 per sq ft, implying a higher valuation of 50% compared with the recent transacted price of RM43.40 per sq ft for the land disposal to Country View Bhd albeit this is a smaller parcel of land.

"Note that there was no imputed gross development value (GDV) for the land.

"As our valuation has factored in RM40 per sq ft for the land value, the impact of disposal is negligible to our estimated revalued net asset valuation (RNAV)," said HLIB Research.

However, the research house added that proforma net gearing is estimated to improve to 0.42 times post disposal from current 0.43 times.

The sale of land in Iskandar Puteri is in line with the group's strategy as a master developer in Gerbang Nusajaya to unlock the land value and spur future growth. Currently, UEM Sunrise still owns about 6,400 acres of land within the Iskandar Puteri region.

Despite trading at a steep discount to its RNAV and more than 10% upside to HLIB Research's target price, the research house sees lack of near term catalyst, given the subdued sentiment for property outlook in Johor.

High price-earnings ratio and low dividend yield are among the downsides for the stock.

MY EG SERVICES BHD

By MIDF Research

Neutral (Maintain)

Target price: RM2.10

MYEG has acquired a 23.5% stake in Stampede Holdings Sdn Bhd for a total consideration of RM10.4mil.

Stampede is a provider of a debt collection system called "Volare", that automates and standardises key collection process.

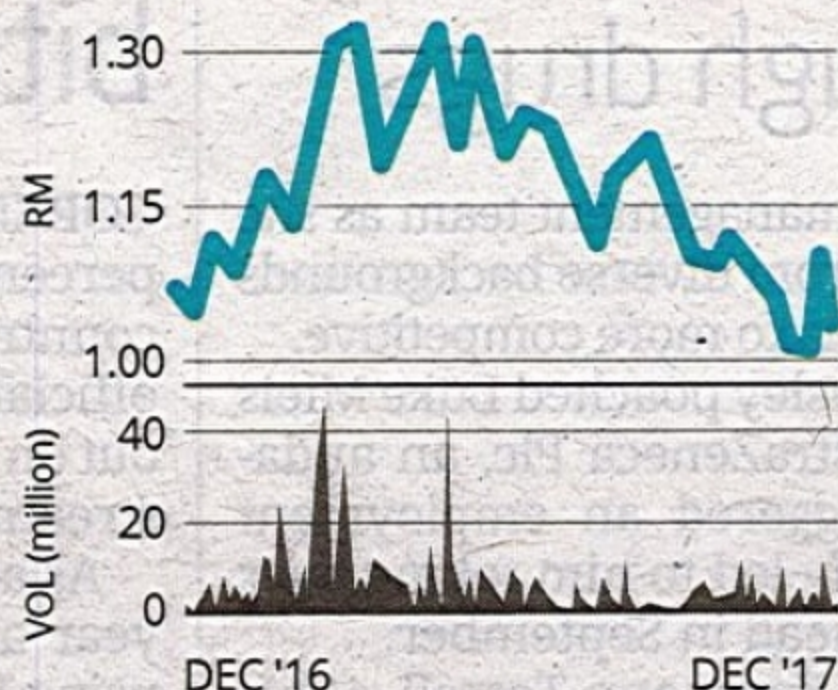
It also owned Telefonix Sdn Bhd, a Voice over Internet Protocol (VoIP) telecommunication service provider.

Volare is designed to automate and assist in bulk processing of debtor cases and to monitor each case transaction in a collection process.

It is deployed in over 90% of leading professional debt collection agencies and corporations such as Bank Islam Malaysia Bhd, Perbadanan Usahawan Nasional Bhd, Toyota Capital Malaysia,

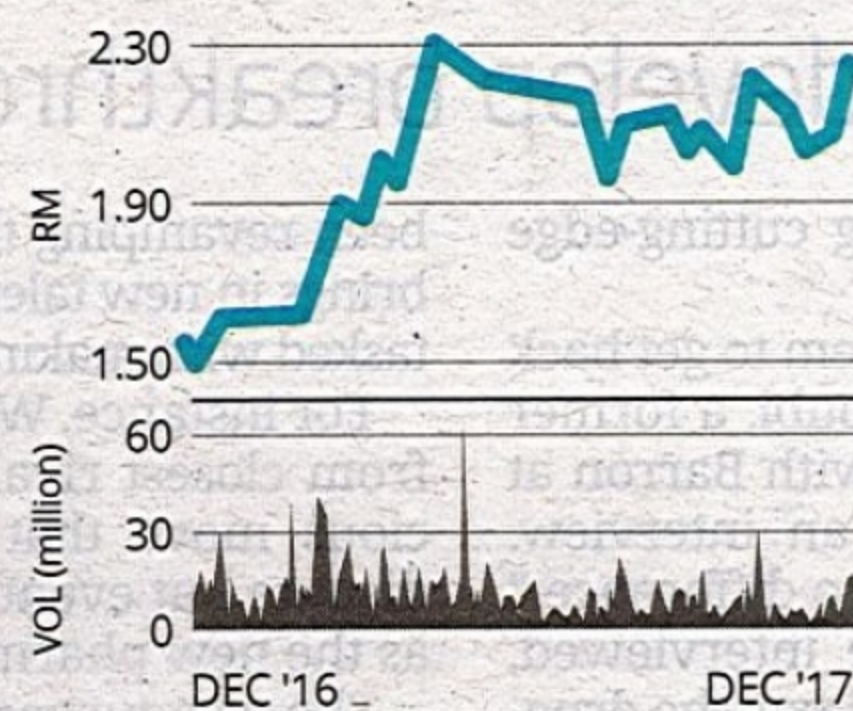
UEM Sunrise

DEC 21
RM1.03



MyEG Services Bhd

DEC 21
RM2.25



Universiti Putra Malaysia, and RCE Capital Bhd.

The investment will allow Stampede to strengthen its presence in maturing markets such as Philippines, Thailand, and Vietnam whilst exploring a potential venture into Indonesia, an emerging enterprise software market.

According to the management of Stampede, the global debt collection software market is expected to grow at compound annual growth rate (CAGR) of 5.85% from 2017 to 2021, and the Asia-Pacific market continues to be promising as organisations seek alternative solutions in the accounts receivables market.

MYEG's cash reserve stands RM180.5mil as at Sept 30, 2017.

After taking short term borrowings of RM21.9mil into consideration, the group still has cash balance amounting to RM158.6mil.

Thus, MYEG would not have any issue funding the acquisition via internally generated funds.

"MYEG is only acquiring an associate stake in Stampede.

"Thus, we do not expect the earnings contribution from Stampede to significantly impact the earnings of MYEG in the near term.

"We are of the view that the bulk of MYEG's earnings would still come from its traditional core businesses.

"As such, we are maintaining our earnings estimates at this juncture," said MIDF Research.

MYEG has an attractive business model which reap a healthy profit margin of more than 50%, which will also be further supported by the foreign worker hostel accommodation business.

While MYEG has been actively investing in various technology businesses such as Agmo Studios, FashionValet and Hurr.tv, the research house does not expect the earnings contribution from such investments to be meaningful in the near term.

On another note, the dividend yield is expected to remain unattractive at 1%.

POH HUAT RESOURCES HOLDINGS BHD

By Affin Hwang Capital Research

Buy (maintained)

Target price: RM2.48

POH Huat Resources Holdings Bhd's core net profit of RM58.2mil in the financial year of 2017 (FY17) came in above its expectation but within consensus, according to Affin Hwang Capital Research.

The full-year core net profit, which rose by 15% year-on-year (y-o-y), accounted for 109% and 101% of the research house's and the street's forecasts respectively.

The significant growth in core net profit was mainly as a result of Poh Huat's higher-than-expected contribution from the Malaysian operations.

The furniture maker's top line