

PressRelease

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AmInvestment Bank Issues Call Warrants Over MISC and Tan Chong
AmInvestment Bank Berhad lists new call warrants on MISC Berhad and Tan Chong Motor Holdings Berhad (TChong) on 10 May. The nine-month, cash-settled call warrants continue AmInvestment Bank's focus on thematic plays and on stocks which are well supported by AmResearch calls.

This call warrant will be AmInvestment Bank's second call warrant on TChong. The share price has rallied strongly since the first call warrant was issued in January with a strike price of RM2.90. The call warrant is now deeply in-the-money and provides less gearing or "speed" on the upside. The new TChong warrants have a strike price of RM4.55 and will offer investors more leveraged exposure to the share. This week's pullback in equity markets also provides a more affordable entry level for investors. TChong share price consolidation from its April highs at RM5.20 levels provides a breathing space before the next rally. TChong closed at RM4.24 on 6 May 2010. AmResearch has a Buy call on the stock with a target price of RM5.10.

AmInvestment Bank is issuing its first call warrant on MISC on the back of AmResearch's BUY call on the stock on 23 April 2010, with a target price of RM11.80. Key drivers for the stock include announced plans to list its wholly-owned subsidiary, Malaysian Marine and Heavy Engineering (MMHE), and the expectation that freight rates have bottomed. MMHE is one of seven local fabrication yards licensed by Petronas and has a strong order-book of RM6.4 billion as at December 2009. MISC has also raised RM5.2 billion from its rights issue in February, increasing its prospects for a value-added acquisition. MISC shares are "expensive" at almost RM9 a share and tend to be illiquid. AmInvestment Bank's call warrant on MISC gives investors more affordable, leveraged exposure in a 15 sen warrant with a premium of less than 10%. MISC closed at RM8.82 on 6 May 2010.

AmInvestment Bank's call warrants will be issued via direct listing.

"The current market correction highlights the advantages to investors of this listing method versus the old placement method. In an issuance via placement, investors typically subscribe for the warrants at the published issue price four to five days before the warrants are listed. If share prices come down in the interim, investors suffer a loss upon listing as the warrants trade lower in tandem with the underlying share. In contrast, in an issuance via direct listing, investors do not buy the warrants until they are listed. For example, with MISC and TChong shares trading lower from price fixing day (at RM8.82 and RM4.24 on 6 May respectively), AmInvestment Bank's call warrants should list lower based on the prevailing underlying share price rather than at the published issue price of 15 sen and 16 sen. In other active warrant markets like Hong Kong and Singapore, direct listing or issuance on 'tap' is the typical method of issuance," said Ng Ee Fang, Director/Head of Equity Derivatives at AmInvestment Bank.

Summary terms of AmInvestment Bank's two nine-month, European style cash-settled call warrants:

CW Name	MISC-CI	TCHONG-CD
Issue Size	100 million CWs	100 million CWs
CW Issue Price	15 sen	16 sen
Share Price on PDD*	RM8.91	RM4.66
Exercise Price	RM8.88	RM4.55
Exercise Ratio	6 CWs : 1 share	6 CWs : 1 share
Premium	9.76%	18.24%
Gearing	9.90x	4.85x
Listing Date	10-May-10	

Expiry Date	28-Jan-11
* Price Determination Date on 28 April 2010	

The term sheets and prospectus for these call warrants are available on AmInvestment Bank's warrant trading portal, AmWarrants.com.

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