

PressRelease

27 September 2010

AmBank Issues four new Call Warrants

For our current and forthcoming issuances, AmBank (M) Berhad ("AmBank") will replace AmInvestment Bank Berhad ("AmInvestment Bank") as the issuer of structured warrants on behalf of the AmBank Group. AmInvestment Bank will act as the principal adviser to AmBank (previously the guarantor) with the objective of streamlining the structured warrant issuance process, leveraging on the previous experience and expertise of AmInvestment Bank.

AmBank is issuing four new European style cash-settled call warrants ("CW") to be listed on 28 September 2010. The launch of the 12-month CWs of 100 million each is in line with the objective of AmBank's warrant programme to provide affordable and leveraged investment alternatives in light of renewed interest in Malaysian equities.

The four new CWs will be issued on the existing ordinary shares of Kencana Petroleum Berhad ("Kencana"), SapuraCrest Petroleum Berhad ("SapCres"), Proton Holdings Berhad ("Proton") and QL Resources Berhad ("QL").

"AmBank's warrant programme aims to provide something for everyone, to suit different investor profiles - in this tranche we give you two commodity plays - on the oil and gas sector (Kencana and SapuraCrest), a growth stock (QL) and an event-driven trade (Proton)," said Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Berhad.

For this current issuance, there is a focus on the oil and gas commodity play as there is a bullish view of this sector domestically and regionally. Most research houses are bullish on the sector with emerging signs of new domestic-centric jobs such as (a) RM4 billion fabrication contracts for Malaysian shallow fields to be awarded in 2H 2010; (b) RM3 billion Petronas LNG re-gasification plant in Melaka; (c) New maintenance and hook-up commissioning services for existing offshore platforms, potentially worth RM3 billion and (d) Exxon-Mobil's enhanced oil recovery investments worth over RM7 billion for existing fields.

SapuraCrest is one of the two top picks, having a dominant position in Malaysia's pipe-laying/offshore installation services and tender rig market. Additionally, it has a sizeable order book of RM11 billion, the largest among locally listed stocks, excluding the full five-year Pan Malaysian pipe-laying contract. AmResearch has a bullish call on SapCres with a target price of RM3.12, a 33% upside based on RM2.34 (the closing price of the underlying stock on 20 September 2010). The SapCres CW is priced at 18.0 sen with a gearing of 4.41 times.

Regarded as the proxy for Malaysia's oil and gas sector, Kencana has secured RM634 mil worth of contracts which includes small jobs worth RM32 million for provision of hook-up and commissioning services (HUC) for fields located offshore Malaysia, Petronas Carigali's drilling charter for the tender rig and marine charter for the 8,080bhp Gemas anchor handling tug and supply vessel as well as an RM11mil contract to provide HUC services for Petronas Carigali's Samarang field located offshore Sabah. According to Bloomberg, there are seven Buys, one Hold and zero Sell ratings on the stock. AmResearch currently has a Buy call on Kencana with a target price of RM 2.00; Kencana closed at RM1.61 on 20 September 2010. The Kencana CW is priced at 16.0 sen with a gearing of 3.29.

Proton is expected to unveil its Waja replacement model (being Proton's only major

launch this year), which will be a rebadged version of Mitsubishi's Lancer model. With the tenure of our Proton CW being 12 months long, positive news such as the Waja replacement model launch and talks with Renault for engine collaboration and with Mitsubishi to form a strategic partnership would be more forthcoming by the end of the year, well within the 12-month tenor of our Proton CW. There are 12 Buys, three Holds and one Sell call on Proton, based on data from Bloomberg, with an average target price of RM 5.61. The CW on Proton is priced at 15.5 sen with a gearing of 4.08.

AmBank is also launching Malaysia's first CW on QL, which has recently acquired a 23% stake in Lay Hong Berhad and discussed M&A possibilities to expand its business locally and regionally. AmResearch forecasted a 15% increase in net profit for FYE 2011. With strong fundamentals, QL is viewed as a growth stock with long term prospects. The QL CW is priced at 15.5 sen with a gearing of 4.94, based on a reference price of RM 4.59 with a strike of RM 4.50. Views from other analysts via Bloomberg revealed six Buys and no Hold or Sell for the stock with an average target price of RM 5.18, an upside of 15%.

" Markets in general have turned positive but future volatility is a given so AmBank has chosen these four stocks for their various profiles. There is one to suit different investor profiles whether it be for sound fundamentals and long-term prospects or short-term trading volatility," added Ms Ng.

This offer is aimed at sophisticated traders who are bullish on Kencana, SapCres, Proton and QL. The four new CWs have effective gearings ranging between 2.23 and 3.05 and are targeted at investors who want leveraged exposure to the underlying.

Enquiries

Enquiries about the four new call warrants may be directed to Sing Foong, Sher Lyn or Caroline at tel: 2036 2633 ext 6112 or 1385

About AmBank Group

The AmBank Group is one of Malaysia's premier financial services group with leadership positions in the retail banking, commercial banking, investment banking and insurance sectors. With an established history and a track record of customer focus and innovation, the AmBank Group continues to serve its customers with a wide range of innovative products and services.

AmBank Group provides banking and financial services which include loans, advances and financing, deposit services, credit cards, remittance services, foreign exchange and (through our wholly-owned subsidiary, AmIslamic Bank) Islamic banking services.

Adding greater value to the one-stop financial hub is its partnership with Australia & New Zealand Banking Group (ANZ), one of Australia's leading banks. AmBank Group is now poised to take advantage of ANZ's wide network and regional presence as well as its international banking expertise.

For more information, please [visit ambankgroup.com](http://ambankgroup.com)

For media enquiries, please contact Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Group at tel: 03-2036 1384 or via email at ng-ee-fang@ambankgroup.com

