



Press Release

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13 July 2011

## **AmBank Issues Five New Call and Put Warrants**

AmBank (M) Berhad ("AmBank") is issuing five new European style cash-settled structured warrants to meet investor demand for trading opportunities in the current bullish market. For the upcoming issuance, there will be three call warrants ("CW") over the ordinary shares of MSM Malaysia Holdings Berhad ("MSM"), Ann Joo Resources Berhad ("ANNJOO") and Benalec Holdings Berhad ("BENALEC"). There will also be a pair of a put warrant and a call warrant over the ordinary shares of KNM Group Berhad ("KNM"). The structured warrants on MSM, ANNJOO, BENALEC and KNM will have tenures of approximately eight months and will be listed on 14 July 2011 with issue size of up to 100 million each.

"For AmBank's upcoming tranche of structured warrants, we will be issuing three call warrants on MSM, ANNJOO and BENALEC as investors' interest in the Malaysian equity market has picked up recently, sparked by the rally in the FBMKLCI index. However, slowing growth in China coupled with high CPI figures, concerns over Eurozone debt and potential disappointing earnings in the US market have roiled global markets. On the domestic front, local participants and foreign investors continue to focus on the Malaysian market as the FBMKLCI is an outperformer year-to-date compared to regional indices such as the MSCI Asia ex-Japan Index and Hang Seng Index. Our call warrant on BENALEC will be the first structured warrant to be issued off the company in the market, in line with our warrant programme's objective of introducing new trading alternatives to investors," said Ms Ng Ee Fang, Director/Head, Equity Derivatives, AmInvestment Bank Berhad.

MSM is Malaysia's largest producer of refined white sugar with a production volume that constituted 57% of total market share in FY10. MSM is a subsidiary of Felda Group and was recently listed on Bursa Malaysia. Although sugar prices in Malaysia are currently regulated by the government, sugar subsidies in Malaysia are close to being completely removed while the selling price of refined white sugar is also close to being determined by market forces of supply and demand. MSM could also potentially be expanding overseas into sugar cane plantations. AmBank's CW on MSM is priced at 15 sen with gearing of 4.16 times.

Marine construction and land reclamation services company BENALEC is currently the largest land manufacturer in Melaka. It is entitled to 1,360 acres of land in Melaka as payment-in-kind for reclamation works. Out of that total there is a balance of 760 acres to be reclaimed over the next 4-5 years. Moving forward, BENALEC is looking to generate more value from its Melaka landbank via joint-ventures with developers to co-develop its prime seafront land in Melaka. It is also looking to export its business model to other states such as Pulau Pinang and Johor. AmBank's CW on BENALEC is priced at 15 sen with gearing of 4.80 times.

Steel producer ANNJOO registered a net profit of RM42 million for 1QFY11 (ended Mar 2011) compared to a loss of RM3 million in 4QFY10 as domestic demand for steel shows signs of recovery together with improving price trends. Domestic demand for steel is also expected to pick-up significantly towards year-end on the back of the commencement of the Klang Valley MRT project. The Iskandar growth corridor in Johor has also been a major source of demand. For its blast furnace project, it has begun hot commissioning its sintering plant with full commissioning of the blast furnace slated for this month. It is also planning to expand within the Asean region via merger or acquisition of a smaller steel mill. AmBank's CW on ANNJOO is priced at 15 sen with gearing of 4.67 times.

For oil and gas engineering company KNM, the group's new order flows are likely to continue with a tender book of RM17 billion and estimated new contracts of RM3.2 billion. Besides that, KNM is expected to benefit from the massive RM60 billion Petronas Refinery and Petrochemical Integrated Development (RAPID) project in Johor with the potential scope of works for KNM at around RM9-RM12 billion. As for its current projects, management is projecting revenues of RM140 million from the LukOil job in Uzbekistan while the Peterborough Renewable Energy Ltd project has seen a two-month delay in the recognition of the RM2.2 billion job. AmBank's CW and PW on KNM are both priced at 15 sen each with gearing of 3.13 times.

This offer is aimed at sophisticated traders who want to trade on the direction and volatility of MSM, BENALEC, ANNJOO and KNM. The new CWs and PWs have gearings ranging between 3.13 and 4.80 and are targeted at investors who want leveraged exposure to the underlying on both the upside and downside.

### **About AmBank Group**

Established in August 1975, AmBank Group is the fifth largest banking group in Malaysia by market capitalisation and comprises AMMB Holdings Berhad and its subsidiaries AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Berhad, AmIslamic Bank Berhad, AmG Insurance Berhad and AmLife Insurance Berhad.

The Group provides a wide range of conventional and Islamic banking and financial solutions, including investment banking, commercial banking, corporate banking, retail banking as well as underwriting of life and general insurance.

Adding greater value to this one-stop financial hub is the Group's strategic partnership with the Australia and New Zealand Banking Group (ANZ), one of Australia's leading financial institutions, providing the synergy of a wide network, regional presence and international banking expertise.

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

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