Budget 2024

Team Coverage
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Balance between fiscal discipline, while addressing Rakyat wellbeing and sustaining the country's growth

Summary

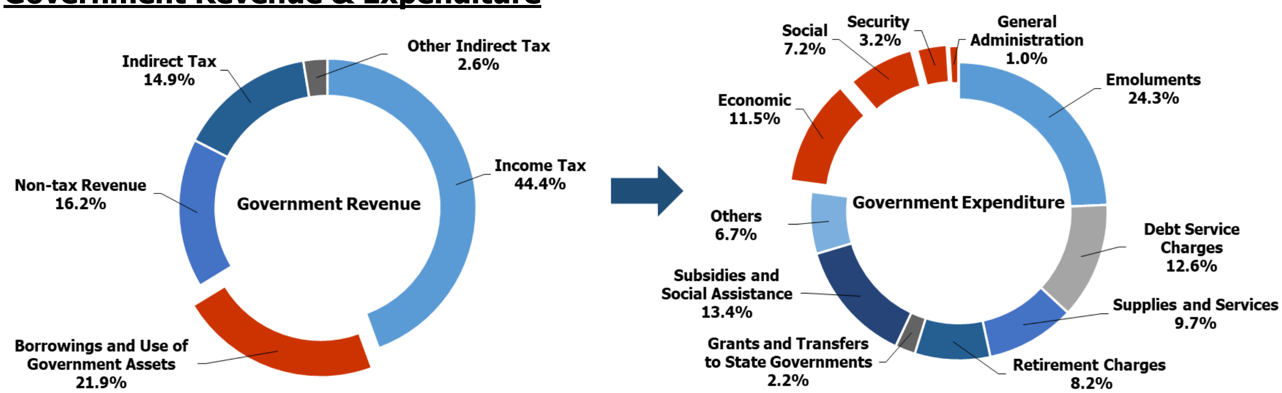
- **Carrying the theme "Economic Reforms, Empowering the People" is the second series of the Madani Budget that aims to restore and restructure the economy and improve the living standards for all Malaysians.**
- **Budget 2024 aims to narrow the country's fiscal deficit from estimated 5.0% in 2023 to 4.3% of gross domestic product (GDP) in 2024 in bid to achieve the government's long term fiscal consolidation target.**
- **Despite the lower development expenditure allocation, the construction sector will be kept busy by several key mega infrastructure projects that remain on the table, coupled with introduction of new big-ticket projects. The healthcare sector occupying lion share of 10.5% over the total budget allocation highlights the government commitment in delivery of greater healthcare services and the renewable energy sector will be boosted by various incentives that aligns with the National Energy Transition Roadmap (NETR).**
- **Property sector is touted to be the biggest disappointment following the lack of fresh initiatives to reduce property prices and improve housing affordability for the M40 group, while the raise in service tax implies that the cost of construction will be pass down to purchasers. With no new measures in the revision of Windfall Profit Levy, the plantation sector will continue its uphill battle with the rising cost of production.**
- **We maintain our 2023F and 2024F year-end target for FBM KLCI are 1,497 and 1,547 respectively, based on assigned 15x and 14x PERs.**

Budget Highlights

- **Record breaking Budget**. With the aim to uplift the national economy and people's well-being, Budget 2024 which is touted to be the largest in Malaysia's history with an allocation of RM393.8bn (up from RM388.1bn in the revised Budget 2023) is the second Madani Budget. Of the total allocation, RM303.8bn will be utilise for operating expenditure, while the balance RM90.0bn will be channelled for development expenditure. Carrying the theme "Economic Reforms, Empowering the People" will focus onto three key areas namely;

  (i) Best Governance For Service Agility
  (ii) Restructuring the Economy to Soar Growth
  (iii) Improving People's Living Standards

Government Revenue & Expenditure



Source: Budget 2024, Apex Securities

- **Breathing mild sigh of relief**. While the much-anticipated targeted subsidy on petrol was not included under Budget 2024, the rationalisation of diesel prices in phases (except for selected users such as the logistic companies) was introduced. The move aims to counteract severe smuggling activities given that price of diesel in Malaysia being at the lower end against the world average.

- **Broadening revenue through introduction of new taxes**. In bid to boost government revenue collection, services tax (excluding food & beverage and telecommunication) will increase to 8.0%, from the current 6.0%, and will include logistics, brokerages, underwriting and karaoke services. Several taxes were also introduced including (i) capital gains tax at 10% and on unlisted shares and (ii) luxury tax (exempted for foreign tourists) on certain high value goods at 5%-10%, such as jewellery and watches, based on the threshold value of the goods to support the Federal government's revenue collection which is expected to grow 1.5% YoY to RM307.6bn. Meanwhile, the global minimum tax is expected to only takes place in 2025.

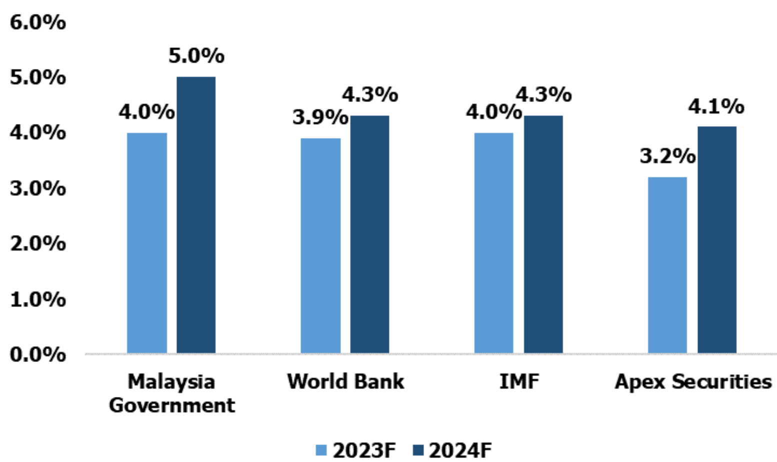
- **Balanced by more handouts**. Although the introduction of new taxes may tighten the belts that aimed towards T20 group, we gather that RM58.1bn is allocated for various social welfare initiatives, including subsidies, incentives and assistance, with 50.0% of the allocation for controlling prices of goods and services. Additionally, cash handout under Sumbangan Tunai Rahmah (STR) will increase from RM8.0bn to RM10.0bn, while targeted subsidies will be implemented in phases. All in, the additional subsidies mainly aimed towards B40 and certain groups in M40 will serve as a progressive fiscal policy to address the wealth gap and reduce poverty in the nation.

Economics Highlights

- **2023-to-date review**. The domestic economy remains buoyant, mainly supported by the strong labour market which the unemployment rate has returned to pre-pandemic level at 3.4% based on the latest reading at end-August 2023. Inflation rate during that period is only at 2.0%; the lowest in the region supported by low base and various price ceiling by government. In 1H23, Malaysia's foreign investment totalled at RM132.6bn, inclusive of RM63.6bn in foreign direct investment (FDI). This surpassed the government's target full year target of 60.0%.

- **Malaysia GDP on track for growth**. The moderation of 2Q23 GDP (+2.9% YoY) reflected slower export demand and the Malaysia government is projecting 2023 GDP to expand at 4.0% YoY. Moving into 2024, the government is confident that through the MADINI economic reformation, GDP growth projection at 5.0% YoY is expected to be higher than the World Bank and IMF forecast of 4.3%. For now, our internal forecast of Real GDP remained unchanged at FY23: +3.2% YoY and FY24: +4.1% YoY.

Malaysia GDP Projection (2023F & 2024F)

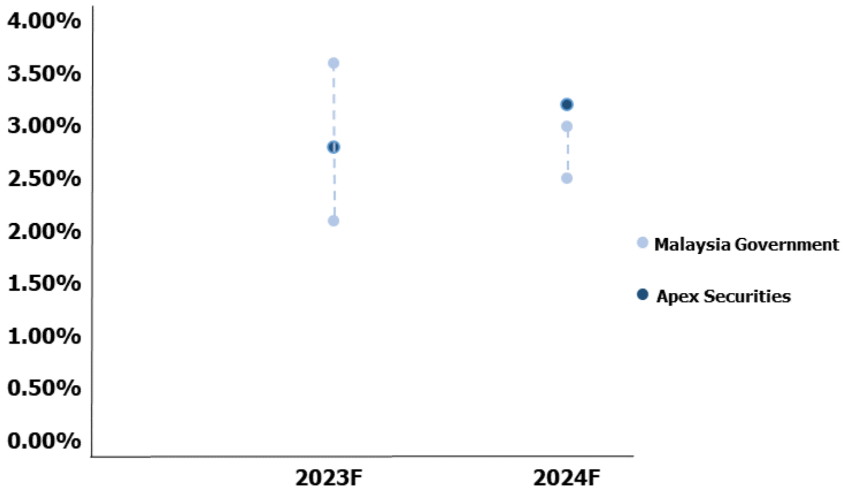


Source: Budget 2024, Apex Securities

- **Firmer revenue projection**. From Budget 2024, government revenue is expected to increase to RM307.6bn vs the projected RM303.2bn in 2023 (+1.45% YoY). The expansion will be supported by continuous improvement in economic activity, in which will boost tax collection from higher corporate earnings and individual income, firm labour market and higher commodity price. Additionally, the Budget 2024 is targeting a deficit of 4.3% of GDP, as compared to target 5.0% in 2023 and 5.6% in 2022.

- **Inflation to tick higher**. Several measures including the hike of SST to 8.0%, higher excise duties on tobacco & sugar-contained beverages, subsidies rationalisations, lifting of price ceiling in certain items is expected to set the stage for higher inflation in 2024. On that account, **we raised our 2024 CPI forecast to +3.2% YoY** (from +2.4% YoY previously), while government's forecast stood between 2.5%-3.0%). Meanwhile, our 2023 CPI forecast were unchanged at +2.8%, which is within government's forecast between 2.1%-3.6%.

CPI Forecast (2023F & 2024F)



Source: Budget 2024, Apex Securities

- **Measure to support private consumption**. We envisaged private consumption growth will remain as the main driver for the Malaysia economic growth in 2024. Budget 2024 highlighted several measures to support the private consumption by increasing household's disposal income such as (i) Sumbangan Tunai Rahmah (STR) that will be raise to RM10.0bn, from RM8.0bn, (ii) extension of Sumbangan Asas Rahmah (SARA) programme as well as (iii) introduction of Flexible EPF account for withdrawal.

- **Multiplier effect from prospects of acceleration in construction sector**. We envisage the construction sector to deliver for stronger growth through Budget 2024, in which will be bolstered by strategic infrastructures and utilities projects. The move is expected to boost GDP growth through multiplier effects across 120 sectors that have close relationship to the construction sector.

Budget 2024 – Market Outlook

- **Another expansionary budget**. Budget 2024 is the nation's largest, with an allocation of RM393.8bn. We lauded the slew of key measures supporting the middle to lower-income group in bid to bridge the nation's wealth gap. Unexpectedly, the government announced that service tax rate will be raise to 8.0%, from the current 6.0%, with exemption on food and beverage and telecommunication industries. We reckon that the move may result in a cascading effect towards domestic private consumption. Nevertheless, the subsidy rationalisation program which focus towards wealth distribution from T20 to B40 group may potentially benefit 9.0m of recipients through larger cash aid.

- **Largely neutral**. We view Budget 2024 as largely neutral as it moves to mitigate some pressure to the high cost of living that will invariably translate to stronger domestic spending, going forward. Expectation of improved economic environment may transpire to corporate earnings growth, albeit the impact is still vague at this juncture. Consequently, we reckon the Malaysian stock market could maintain its course for near-term recovery as it attempts to build up a base above the 1,400 level after the recent mild market retracement. Thereafter, further near-term upsides could be on the cards, particularly on perceived beneficiaries of the Budget such as construction, healthcare, selected services and consumer stocks and renewable energy sectors as they could be played up with market players positioning their portfolios in favour of stocks that are seen as winners. This will allow the Malaysia market to stage a more meaningful recovery particularly towards end-2023.

- **Near term impact short-lived**. Over the interim, market conditions may react slightly negative towards the hike in sales and services tax. While the market may experience mild pullback over the foreseeable future, the attractive valuations (even at current levels) may entice investors to nibble onto beaten down and oversold stocks. Still, external factors will continue to play a pivotal role in dictating the movement on Malaysia markets.

- **Malaysia capital markets.** Several initiatives such as allocation of RM100.0m for the Malaysia CoInvestment Fund's (MyCIF) over the next three years and tax incentives for the equity crowdfunding (ECF) market may spur entrepreneurship, while the extension of tax incentives on Sustainable and Responsible Investment (SRI) Sukuk and SRI Funds will entice investors to participate in sustainable financing. Meanwhile, the targeted exemptions on Capital Gains Tax (CGT) impositions on activities relating to approved IPOs and Venture Capital may accelerate potential fundraising activities in the capital market. Investors across Bursa Malaysia are welcomed with the imposition of Capital Gain Tax (CGT) at 10% are applicable only to shares in non-listed entities. Thus, the move may attract companies to list their shares on Bursa Malaysia. Additionally, exemption of income tax on income arising from Islamic Securities Selling and Buying (ISSB) from Assessment Year 2024 is expected to benefit a handful of approved brokerage houses with more than 300 eligible securities.

- **Leveraging onto goodies in store**. Despite lower development expenditure allocation, the construction sector will be kept busy by several key mega infrastructure projects that remains on the table, while the revival of the previously shelved five LRT3 stations at Tropicana, Raja Muda, Temasya, Bukit Raja and Bandar Botanic at RM4.7bn and the introduction of LRT system connecting the Penang Island and the mainland which will cost RM10.0bn that will be constructed under a private-public partnership model serves as a fresh catalyst for the industry. The healthcare sector that continues to occupy lion share at RM41.2bn which is the largest increase from RM36.3bn and represents 10.5% over the total budget allocation highlights the government commitment in delivery of greater healthcare services. Renewable energy or green sector is expected to be boosted by various tax and capital investment incentives that aligns with the National Energy Transition Roadmap (NETR).

- **Absence of fresh initiatives**. Property sector is touted to be the biggest disappointment amid the absence of initiatives to reduce property prices and improve housing affordability for the mass. In addition, the raise in service tax implies that the cost of construction may be pass down to purchasers and this will bog down the home ownership affordability. Meanwhile, the plantation sector is beset by the absence of largely anticipated comprehensive review of the windfall profit levy (WPL) levied on the commodity sector since 1999. Therefore, planters may continue to struggle with their uphill battle with the high cost of production.

FBM KLCI

- **On recovery path**. We reckon that knee jerk sell down in reaction to the negative surprise of higher services tax may take shape post tabling of Budget 2024. By then, bargain hunting may emerge with the FBM KLCI recovering towards the consolidation band in which the key index tethered for most of the period in 3Q23 between the 1,438-1,464 levels. A sustainable push to beyond the 1,500 levels which we have not seen since the start of the year remains elusive over the near-to-intermediate term as external factors such as the sticky inflationary pressure, escalating geopolitical tensions and prospect of slower global economy growth continues to limit upsides.

- **Key levels**. We think the recovery path of key index will remain choppy with key supports around 1,395-1,413. Should there be firm support, bargain hunting may emerge to cushion further downside on the market. At current level (1,444), we reckon that valuations are slightly attractive with the key index trading at forward P/E of 14.5x and 13.1x for 2024F and 2025F respectively is well below its 10-year historical average of 15-17x. With the lacks of fresh domestic leads, we maintain our 2023F and 2024F year-end target for FBM KLCI are 1,497 and 1,547 respectively, based on assigned 15x and 14x PERs.

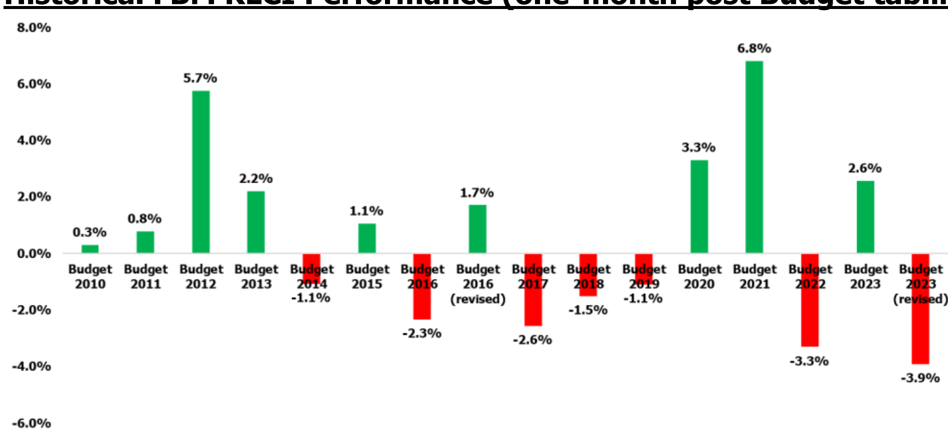
FBM KLCI Chart

Source: Apex Securities, Bloomberg

- **Mixed historical performance**. Historically, the FBM KLCI performed relatively mixed over the past 15 years, post one month tabling of Budgets. The biggest upside was post tabling of Budget 2021 with a series of key tax incentives such as Pelan Jana Semula Ekonomi Negara (PENJANA), selected service sectors, including companies adapting Industrial Revolution 4.0 and digitalisation technology, companies manufacturing pharmaceutical products including vaccines, extension of East Coast Economic Region (ECER) tax incentive period, review of tax incentive for manufacturers of Industrialised Building System (IBS) components, extension of wage subsidy program was introduced in the PRIHATIN package, reduction of income tax rate by 1.0% for resident individuals with chargeable income between RM50,001-70,000, revision of several tax reliefs and stamp duty exemption for first residential property price increased to RM500,000.

- **Despite the revised Budget 2023 remains expansionary**, the local bourse sank -3.9% one month post tabling of revised Budget 2023. The weakness was largely dragged down by external headwinds following the collapse of Silvergate Bank and Silicon Valley Bank, shutdown of New York Signature Bank, First Republic Bank crisis (which later has secured US$30.0bn injection of deposits from several large US banks) and controversial emergency rescue of Credit Suisse by UBS for US$3.37bn poses a risk towards potential contagion effect within the banking sector.

Historical FBM KLCI Performance (one-month post Budget tabling), 2009-2023



Source: Apex Securities

Sector Review

Sector	Highlight/Measures	Potential Winners / Losers
Automotive (Neutral)	• Introduction of Electric Motorcycle Usage Incentive Scheme with an annual income of below RM120,000. This scheme will provide up to RM2,400 rebate to buyers. • Extends individual income tax relief of up to RM2,500 on expenses for EV charging facilities for a period of 4 years and to extend tax deduction for EV rental costs for a period of 2 years. • The Federal Administration will also begin using electric vehicles as official vehicles. • Prasarana Malaysia will acquire 150 electric buses and build three bus depots to support the LRT3 project, at a cost of RM600.0m.	Companies that will likely benefit from the Electric Motorcycle Usage Incentive Scheme include **NIHSIN (NR) and GUH (NR).** Automotive companies involved in the EV space such as **SIME (NR)** and **DRBHCOM (NR)** to benefit from government push in widespread EV adoption. We also identify **CFM (NR)** as one of the key beneficiaries due to its exposure in products such as E-bus, E-truck, E-ferry and electric vehicle charger via a new joint venture enterprise.
Consumer (Neutral)	• Ceiling prices on chicken and eggs will be removed, allowing prices to float. • Targeted subsidies for electricity consumption whereby top 10% of electricity consumers (based on 2023 consumption) are no longer being subsidised. • Allocation for Rahmah Cash Aid (STR) raised to RM10.0bn which may benefit 9.0m recipients, while maximum rate increased to RM3,700, from RM3,100. • Luxury goods tax (exempted for foreign tourists) imposed on certain high value goods at 5-10%, such as jewelry and watches, based on the threshold value of the goods. • Extension of My50 transport passes will benefit 180,000 Klang Valley residents using Prasarana bus and rail services.	Poultry-related players such as **CCK (BUY; FV:RM0.96), QL (NR), LHI (NR), CAB (NR), TEOSENG (NR), LAYHONG (NR), MFLOUR (NR)** and **PWF (NR)** may see improved margins after a period of battling with the higher feedstock cost. Higher cash handout aids may benefit consumer staples companies such as **KAWAN (NR), HUPSENG (NR)** and **HWATAI (NR)** while the increase in excise duty rate for sugary drinks may see reduction in demand for sugar that impact **MSM (NR)** and beverage manufacturers such as **NESTLE (NR), F&N (NR), FFB (NR)** and **DLADY (NR).** Introduction of luxury goods tax may dampen demand for gold-related stock such as **TOMEI (NR), POHKONG (NR)** and **YXPM (NR)**
Construction (Overweight)	• Road and rail infrastructures include construction of additional lanes for PLUS highway from Sedenak to Simpang Reggam (RM931.0m), upgrading of road in Bandar Baru Tunjong, Kota Bharu, Kelantan and Sebayan to Kudat, Sabah as well as mega-infrastructure related projects such as the Mass Rapid Transit (MRT), the Light Railway Transit (LRT), the East Coast Rail Link (ECRL) and Sarawak-Sabah Link Road (Phase 2) spanning 320km costs RM7.4bn.	Full scale turnkey contractors such as **GAMUDA (NR), IJM (NR), MMCCORP (NR), MRCB (NR), WCT (NR)** and **SUNCON (NR)** will leverage onto their historical track record and expertise. Local contractors in East Malaysia such as **HSL (NR), NAIM (NR), WCT (NR)** and **ZECON (NR)** are

	• Pan Borneo Highway in Sarawak will be completed in 2024, and the tender process for 19 work packages for the Pan Borneo Highway in Sabah Phase 1B, covering 366km and costing RM15.7bn, will be completed in November 2023. • Revival of the previously shelved five LRT3 stations at Tropicana, Raja Muda, Temasya, Bukit Raja and Bandar Botanic at RM4.7bn. • Introduction of LRT system connecting the Penang Island and the mainland which will cost RM10.0bn, to be constructed under a private-public partnership model. • Slightly higher allocation for East Malaysia. Both Sabah and Sarawak will be allocated total of RM12.4bn (up from RM12.1bn under revised Budget 2023) that entails the development of water, electricity, rural roads, healthcare and education. • A total of RM11.9bn is allocated for the implementation of 33 high-priority flood mitigation projects. • RM2.4bn to build, refurbish and repair civil servants such as teachers, police, army and firemen quarters. • A total of RM2.5bn to construction 26 new schools plus RM1.9bn is provided to upgrade and maintain schools throughout the country. • RM1.0bn for restoration of abandoned projects.	expected to remain as the front runners. Flood mitigation projects will move will attract water-related players such as **JAKS (NR), PUNCAK (NR), KPS (NR), SALCON (NR), TALIWRK (NR), HSSEB (NR)** and **MELATI (NR)**, while water-related component players like **ENGTEX (NR), FITTERS (NR), HIAPTEK (NR), RESINTC (NR)** and **COSMOS (NR)** will also eye a slice of the pie. **WCT (NR)** which has experience in redevelopment of police quarters at Ulu Kelang, Selangor is expected to be one of the forerunners for the civil servants living quarters. Building material related players such as **YTL (NR), CMSB (NR), OKA (NR), SCIB (NR), KIMLUN (NR), HUMEIND (NR)** and **CHINHIN (NR)** may also benefit from the government move to pump prime the economy.
Healthcare (Overweight)	• Biggest rise in allocation at RM41.2bn (+13.5%), which represents 10.5% of total Budget 2024 allocation. • Allocation RM6.14bn allocated for the construction and upgrade of health facilities, as well as the procurement of healthcare equipment. • RM766.0m allocated for the procurement of medical equipment in government hospitals to replace equipment that reached Beyond Economic Repair (BER) in addition to meeting the needs of various new service disciplines.	Greater emphasis to the healthcare sector with may boost healthcare services players such as **KPJ (NR)** and **IHH (NR)**, while healthcare equipment specialists such as **UMEDIC (NR)** and **SCOMNET (NR)** may anticipate stronger demand for their products.
Oil & Gas (Overweight)	• Government to propose Pengerang Integrated Petroleum Complex (PIPC) as development hub of chemical and petrochemical sector, to provide tax incentive in the form of a special tax rate or investment tax allowance. • The Petroleum (Income Tax) Act 1967 Review Committee comprising the Ministry of Finance, IRBM and PETRONAS is reviewing and drafting tax incentives for CCUS and Hydrogen Sulphide projects.	Oil and gas companies operating in Pengerang, Johor such as **PANTECH (NR)** and **DIALOG (NR).**
Property (Neutral)	• Tackling the home affordability issue through the allocation of RM2.47bn for affordable housing projects, of which RM546.0m channels to the on-going People's Housing Programme (PPR) projects and RM358.0m for development of 3,500 residential units under 14 Program Rumah Mesra Rakyat.	Property players skewing their launches towards affordable housing projects include **LAGENDA (BUY; FV: RM1.52), L&G (NR), MJPERAK (NR), LAGENDA (NR), GADANG (NR), LBS (NR)** and **TELADAN (NR)**

	• Housing Credit Guarantee Scheme. Provision of a RM10.0bn (up from RM5.0bn under revised Budget 2023) that may improve the homeownership of approximately 40,000 gig workers, micro-entrepreneurs, and farmers with access to financing. • Conditions of Malaysia My Second Home (MM2H) application to be relax in bid to attract foreign tourists and investors to Malaysia. • Stamp duty of only RM10 instead of the ad-valorem rate for real estate transfer documents involving a beneficiary giving up his/her rights to an eligible beneficiary according to a will.	will leverage onto affordable housing works. Medium and large-scale developers such as **OSK (NR), MATRIX (NR) and MAHSING (NR)** are also marking their ventures through a mixture of affordable and medium to high end projects into their portfolio.
Plantation (Neutral)	• RM2.4bn will be provided to FELDA, FELCRA and RISDA to continue to boost agricommodity activities and improve the socioeconomic status of smallholders. • The scope of automation tax incentives will be expanded to cover mechanisation and automation such as drones and self-driving vehicles in the commodities sector. • Allocated RM70.0m to enhance the sustainability level of the palm industry as well as intensify efforts to counter Anti-Palm Oil Campaigns in the international arena. • Increase the Rubber Production Incentive (IPG) activation pricing level to RM3.00/kg from RM2.70/kg with an allocation of RM400.0m.	Favours GLC such as **FGV (NR)** that focuses on providing support to smallholders. The automation tax incentive will benefit planters that has implemented mechanisation in its operations such as **UTDPLT (BUY; FV RM17.40), SIMEPLT (NR), IOI (NR), GENP (NR), SWKPLNT (SELL; FV RM1.80) and KMLOONG (NR).** Rubber planters including **KLK (HOLD; FV TM19.20)** will benefit from the higher IPG threshold.
Renewable Energy (Overweight)	• Putrajaya to model as Malaysia's low carbon city, with government buildings set to have solar panels installed in partnership with Tenaga Nasional Bhd (TNB) and Gentari. • Extension on offer period of the Net Energy Metering (NEM) program until 31st December 2024. • Allocation of RM2.0bn under the National Energy Transition Facility Fund to push the nation towards net-zero economy under the National Energy Transition Roadmap (NETR). • Tax exemption to fund management companies that manage Sustainable and Responsible Investment funds (SRI) as well as tax deductions on the cost of issuing SRI sukuk until the assessment year 2027.	**TNB (NR)** is touted as the key winner, being one of the partners in the installation of solar panels in government buildings in Putrajaya. In a bid to incentivise rooftop solar panels installation under the NEM program, solar-related players such as **SLVEST, SAMAIDEN, SUNVIEW** and **PEKAT** may eye a slice on the aforementioned initiative.
Telco (Neutral)	• Telecommunications exempted from service tax hike to 8%. • As of September 2023, Digital Nasional Berhad (DNB) has 5G coverage has achieved 70.2% coverage of populated areas and is expected to hit 80.0% by year end.	No impact on telcos such as **MAXIS (HOLD; FV:RM4.44), CDB (HOLD; FV:RM4.08), TM (BUY; FV:RM6.31)** and **TIMECOM (NR)**. Benefit infrastructure players such as **OPCOM (NR), OCK (NR), TM (BUY; FV:RM6.31), ITMAX (NR), and MESTRON (NR)**.

Technology (Neutral)	• Total RM 510.0m R&D funds allocating to Ministry of Science, Technology & Innovation and Higher Education Ministry. • RM76.0m allocation for R&D and C&I ecosystem to support commercial products development. • RM60.0m allocation to develop 5G Cybersecurity Testing Framework and local expertise Towards 5G technology to increase preparedness against the threat of cyber-attacks. • To build a wider ecosystem for E&E cluster in northern region, government will establish a high-tech industrial area in Kerian, Perak. • Plans to reduce company's authorized period claiming capital allowance on ICT equipment and software expenses to 3 years instead of 4 years starting YA2024. • RM900.0m loan funds under BNM available to encourage SME companies to increase productivity business through automation and digitization. • RM100.0m allocated for digitization grants for more than 20k SME entrepreneurs to upgrade digital accounting systems. • RM10.0m provided to E&E technology under MIMOS, aerospace sector under MYSA and drone & robotics technology under MRANTI. • Government offered RM3.00m as an incentive to the industry such as aerospace, medical devices and digital to train local workforce including offering their expertise as instructors and funding innovation. • RM20.0m allocation for establishment of the first artificial intelligence (AI) study center at UTM. • RM150.0m for maintenance information technology system under MOH including providing a Clinic Subscription Management System (CMMS) in 100 health clinics. • RM100.0m to maintain and upgrade school's computer lab and acquire new tools for STEM learning.	Government continues promote automation and digitalisation could benefit some local automation manufacturing solutions provider such as **CNERGENZ (NR), PENTAMASTER (NR)** and **VITROX (NR).** As education sector were allocated with the biggest slice under Budget 2024 which includes the allocation of RM 100.0m to maintain and upgrade school's computer lab and acquire new tools for STEM learning, **SNS (NR)** may potentially benefit from their focus onto providing hardware and software solutions to education field. The awareness of government to promote digitalisation and cybersecurity may potentially benefiting IT infrastructure service providers such as **INFOTEC (NR), INFOMINA (NR)** and **LGMS (NR)**
Transportation & Logistic (Neutral)	• Diesel subsidies to be rationalised, targeting only for logistic companies. • Joint matching grant of RM50.0m with Klang Port Authority to maintain Port Klang roads to bear load limits of heavy vehicles, and grant of RM20.0m to upgrade the Malaysian Maritime Single Window system. • Proposed development of the port on Carey Island will be realised through a Request for Proposal (RFP) in further strengthen the role of Port Klang.	East Malaysia port operators such as **SURIA (NR)** and **BIPORT (NR)** will be indirectly benefit from the higher development allocation for East Malaysia which potentially increase the port throughput.

	• Upgrading existing airport to increase operational capacity. Total RM 47.0m provided for improve passenger facilities at the airport terminal Tioman and extend existing runway. • Higher development allocation and Special grants to East Malaysia. • Handover of Bintulu Port and the operation of Rural Air Services (RAS) to the Sabah government from Federal government is also under negotiations.	

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain + dividend yield

SECTOR RECOMMENDATIONS
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

DISCLAIMER