

**New Call Warrants:
AFFIN-CC, MPHB-CC
MRCB-CC and PARKSON-CB**

FBM KLCI

FBM KLCI has surpassed the 1,300 resistance and is set to reach the next target 1,400.

Foreign and local investors view positively on the Malaysia Prime Minister recently announced New Economic Model. Government has announced some reforms to liberalise the market by awarding more banking licenses and reducing government stake in public listed companies thereby increasing the free float and liquidity. Also, Government plan to list more quality corporation in the market in spur interest in the local bourse.

Ringgit reached a 2 year high of 3.1785 against the greenback, indicating more foreign funds are moving their interest in local assets which are more stable. JPMorgan Chase reinforced the idea by raising 2010 economic growth for Malaysia by as much as 7.7%.

Market is upbeat on the prospect of emerging market. World Bank raised its forecast for East Asia to 8.7% this year.

KLCI broke above key resistance level of 1300.

KLCI has been well supported above 1300 level for the past month.

This level coupled with a strong immediate uptrend represented by uptrending line calls for more upside.

Target 1400 by 3Q2010 represents a 5% upside followed by 1526 which is the high of Jan 2008.



Below are the parameters of the Call Warrants:

Stock Name	AFFIN-CC	MPHB-CC	MRCB-CC	PARKSON-CB
Stock Code	5185CC	3859CC	1651CC	5657CB
Issue Price	RM0.15	RM0.15	RM0.15	RM0.15
Ratio	4:1	4:1	2:1	8:1
Exercise Price	RM2.70	RM2.00	RM1.60	RM5.50
Gearing	5.32x	4.00 x	5.49x	4.98x
Implied Volatility	25.50%	46.26%	39.30%	39.00%
Share Volatility	35.28%	36.97%	42.61%	30.19%
Settlement	Cash			
Exercise Style	European			
Listing Date	19 April 2010 (Monday)			
Expiry	12 months tenure – 15 April 2011			

Candidate 1 : AFFIN-CC

- Affin has surprised the market with strong 2009 results – EPS grew 27% (24.9sen). Affin expects EPS of 27.5sen in 2010 and lower NPL of 1.9%.
- Acquisition of PT Bank Ina Perdana Indonesia will complete in third quarter and giving Affin access to large market in Indonesia.
- A value stock with 12x PER, much cheaper than Maybank’s PER 39x and CIMB’s PER 17x. The warrants are suitable for traders who would like to ride on the growing lending activities in the local market with the rebound in economy spurring demand for loan.
- Key downside risk – Higher premium Affin pay for the target bank in Indonesia.

Comparison of Affin’s Price Earning with other banks in the same sector are as follows:

	P/E
AFFIN	12x
MAYBANK	39x
CIMB	17x
PUBLIC BANK	16x

Theoretical call warrant price at the time of writing assuming all things remain constant:

AFFIN	AFFIN -CC
RM5.00	RM0.234
RM4.80	RM0.225
RM4.50	RM0.211
RM4.20	RM0.197
RM4.00	RM0.187
RM3.80	RM0.178
RM3.50	RM0.164
RM3.20	RM0.150
RM3.00	RM0.141
RM2.80	RM0.131
RM2.50	RM0.117
RM2.20	RM0.103
RM2.00	RM0.094

- MPHB is involved in various profitable business, i.e. insurance, stockbroking, gaming, hospitality and property.
- Actively involved in property development with its plan to launch more new projects in Kuala Lumpur and Penang. MPHB has also received few properties from the privatization of Magnum eg. Magnum Plaza and Mimaland, in addition to its fully tenanted Menara Multi Purpose which provide steady income stream.
- Diversify business activities into telecommunications by bringing its total stake in U Mobile to 7%.
- Introduction of a new 4D jackpot game is well received by punters, increasing sales from the 4D jackpot game.
- Diversification enables MPHB to be well positioned to make solid profit as the Malaysian economic further strengthen as evident in Bank Negara raising the interest rates.
- Key downside risk – Possibility of U Mobile requiring larger than expected capex for deploying the network.

Target price by CLSA is RM3.05, or an upside of 31% based on the MPHB closing price on 13 April 2010 of RM2.32.

Theoretical call warrant price at the time of writing assuming all things remain constant:

MPHB	MPHB -CC
RM4.00	RM0.250
RM3.80	RM0.237
RM3.50	RM0.218
RM3.20	RM0.200
RM3.00	RM0.187
RM2.80	RM0.175
RM2.50	RM0.156
RM2.40	RM0.150
RM2.00	RM0.125
RM1.80	RM0.112
RM1.50	RM0.093
RM1.20	RM0.075
RM1.00	RM0.062

- MRCB is expected to be the biggest beneficiary from the latest Government plan to develop 3,000 acres of land in Sg Buloh.
- Government may form a JV with EPF to promote the site at Sg Buloh and MRCB has strong backing due to the fact that EPF is a substantial shareholder in the company with 30.6% stake.
- MRCB recently had a rights issue that raise approximately RM541 million and said it would use the raised funds for business expansion, possibly acquiring new landbank for future growth or invest in infrastructure concession.



Target prices by various analysts are as follows:

DBS	RM2.25	42% upside
AFFIN	RM1.92	21% upside
CLSA	RM1.80	13% upside
RHB	RM1.66	4% upside

*based on closing price on 13 April 2010 of RM1.59

Theoretical call warrant price at the time of writing assuming all things remain constant:

MRCB	MRCB -CC
RM2.25	RM0.204
RM2.00	RM0.182
RM1.80	RM0.163
RM1.70	RM0.154
RM1.65	RM0.150
RM1.50	RM0.136
RM1.00	RM0.091

Candidate 4 : PARKSON-CB

- Parkson is a leading regional retail player with its chain in China, Malaysia and Vietnam as at June 2009. Being a retail stock, Parkson has shown resilience despite the recession.
- Continues to deliver good results- same store sales growth up by 31% in Vietnam, 7% in Malaysia and 8.2% in China.
- Expansion plan of new stores - 3 new stores in China, 2 in Malaysia and 2 in Vietnam, supporting sales growth. Vietnam has been considered the next big growing market in Southeast Asia.
- Global economy has picked up remarkably especially in China and the positive impact has spilled over to the consumer sector. Wealth created in the escalated housing prices in China and the possible appreciation of Renminbi increase the buying power of Chinese consumer. Investors should choose this call warrant to further leverage potential return and take advantage of the exciting growth in China.
- Key downside risk- Reversal in consumer sentiment and China government decision to tighten liquidity which may weigh down on consumer spending.



Theoretical call warrant price at the time of writing assuming all things remain constant:

PARKSON	PARKSON -CB
RM7.00	RM0.175
RM6.80	RM0.170
RM6.50	RM0.163
RM6.20	RM0.155
RM5.99	RM0.150
RM5.50	RM0.138
RM5.00	RM0.125
RM4.50	RM0.112



If you have any questions regarding the candidates, pricing or trading of the warrants, please call **03- 2161 4059**.

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