

Company Name : GHL Systems Berhad
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GHL Jumps 40% On Australia-Listed E-Pay Asia Acquisition

KUALA LUMPUR (Oct 7): GHL SYSTEMS BHD jumped as much as 19 sen or 40% to be among Bursa Malaysia's top gainers and most-active stocks.

This came on news of GHL's proposed takeover offer for e-pay Asia Ltd, a company listed on the Australian stock exchange. GHL is an electronic-payment specialist.

At 12.30pm, GHL reduced earlier gains to rise 10.5 sen or 22.1% to 58 sen with some 46 million shares done. The stock had earlier reached an intraday high 66.5 sen.

The stock changed hands at 59.5 sen at 2.40pm.

A dealer when contacted said the rise in GHL shares could be driven by news of the takeover offer.

Investors are keen to make bets on penny stocks as they are looking to make short-term profits, he said.

Last Friday, GHL announced to Bursa Malaysia that the firm had proposed a takeover offer for e-pay Asia. GHL said it plans to place out new shares to finance the purchase.

Under the terms of the offer, e-pay Asia shareholders can opt for either cash or exchange their shares in the firm for shares in GHL. e-pay Asia shareholders who choose to receive cash will receive 40 Australian cents (RM1.21) per share.

Alternatively, shareholders who opt to receive GHL shares will receive 2.75 GHL shares for one e-pay Asia unit held.

Analysts believe that the purchase of e-pay Asia will be earnings accretive for GHL.

JF Apex Securities Bhd expects GHL's net profit to double as the company equity accounts income from e-pay Asia.

In a note today, JF Apex analyst Jessica Low said she estimates the proposed acquisition will strongly boost GHL's profit. This is because e-pay Asia's net profit per annum of some RM10 million is well poised to double GHL's estimated net profit of RM9.6 million in financial year ending December 31, 2014 (FY14).

"However, we estimate earnings per share (EPS) for the group (GHL) in FY14F will be mildly diluted by approximately 10%.

"As for EPS in FY15F, it will be lifted by 4% as full-year contribution of e-pay would kick in and neutralise the dilution effect of larger share base," Low said.

JF Apex has maintained its target price for GHL shares at 60 sen. The stock is however unrated.