

Wednesday, April 15, 2009

KEY STORY

Singapore

Property - Residential
Lots more upside.

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CHINA

Results

Agile (BUY/HK\$5.65/Target: HK\$6.20)

Page 2

2008: Results beat expectations. We upgrade to BUY on a more upbeat view on Hainan Clearwater Bay and the China property market at large.

CITIC Resources Holdings (SELL/HK\$1.17/Fair: HK\$0.97)

Page 4

2008: Net profit down 28% yoy, mainly due to oil asset write-off. Outlook is largely determined by oil prices. Maintain SELL.

Update

China Dongxiang (HOLD/HK\$2.94/Fair: HK\$3.50)

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SSS falls 15% yoy in March amid weakened consumer sentiment. Maintain HOLD.

PICC Property & Casualty (HOLD/HK\$5.02/Fair: HK\$3.65)

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March premiums remain strong. Maintain HOLD with fair value of HK\$3.65.

HONG KONG

Update

Cathay Pacific (HOLD/HK\$9.46/Fair: HK\$8.30)

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Leisure travel holding up, but yields under pressure.

MALAYSIA

Results

Public Bank (HOLD/RM8.45(F)/RM8.45(L)/Fair: RM6.88)

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1Q09: Net profit of RM589m, down 18% yoy. Excluding one-off gain in 1Q08, earnings up marginally yoy. Key challenge will come in 2H09.

SINGAPORE

Sector

Property - Residential
Lots more upside.

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Key Indices

Key Indices	Prev Close	1D %	1W %	1M %	YTD %
DJIA	7920.2	(1.7)	(0.7)	9.6	(9.8)
S&P 500	841.5	(2.0)	0.7	11.2	(6.8)
FTSE 100	3989.0	0.1	(1.0)	7.4	(10.0)
AS30	3697.9	2.2	0.7	12.2	1.1
CSI 300	2676.9	0.8	3.9	21.4	47.3
FSSTI	1897.0	1.1	2.7	20.3	7.7
HSI	15580.2	4.6	7.1	24.4	8.3
JCI	1570.3	1.9	4.7	18.3	15.9
KLCI	953.7	1.3	3.7	13.1	8.8
KOSPI	1342.6	0.3	3.3	19.2	19.4
Nikkei 225	8842.7	(0.9)	0.1	16.8	(0.2)
SET	453.9	2.2	2.5	6.8	0.9
TWSE	5892.7	0.6	5.7	20.3	28.3
BDI	1492	0.9	0.4	(29.7)	92.8
CPO (RM/mt)	2462	2.6	8.6	22.0	51.0
Nymex Crude (US\$/bbl)	49	(1.3)	(3.2)	6.8	10.8

Source: Bloomberg

Top BUYs/SELLs

Ticker	Current Price (1cy)	Target Price (1cy)	Pot. +/- (%)
Top BUYs			
China Life	2628 HK	28.25	31.30 10.8
China Mobile	941 HK	69.80	85.00 21.8
China Railway	390 HK	5.12	5.90 15.2
Sinopec	386 HK	5.83	6.60 13.2
Zijin Mining	2899 HK	5.94	7.15 20.4
DBS Group	DBS SP	9.02	10.55 17.0
Indofood Agri	IFAR SP	0.77	0.80 4.6
SingTel	ST SP	2.61	2.95 13.0
Advanced Info	ADVANC TB	81.75	101.73 24.4
Quality Houses	QH TB	0.95	1.28 34.7
Top SELLs			
Harbin Power	1133 HK	6.20	3.50 (43.5)
Parkson Retail	3368 HK	8.89	5.15 (42.1)
S'pore Airlines	SIA SP	11.04	8.20 (25.7)
STX Pan Ocean	STX SP	13.00	4.35 (66.5)
Amata Corp	AMATA TB	3.30	2.52 (23.6)

Key Assumptions

GDP (% yoy)	2008	2009F	2010F
US*	1.1	(2.5)	1.8
Euro Zone*	0.7	(2.9)	0.5
Japan*	(0.6)	(6.0)	0.2
Singapore	1.2	(4.0)	4.0
Malaysia	4.6	(2.5)	3.2
Thailand	2.6	(5.2)	4.5
Indonesia	6.0	3.6	4.8
Hong Kong	2.5	(4.0)	3.5
China	9.0	6.5	8.3
Brent Crude Oil (US\$/bbl)	100	55	65
Aluminium* (US\$/MT)	2,623	1,595	1,947
Copper* (US\$/MT)	6,884	3,719	4,505
Gold Price London* (US\$/ounce)	873	936	982
Iron Ore* (US\$/dmto)	153	108	101
CPO (US\$/MT)	818	520	685
BDI	6,338	2,500	1,500

* Bloomberg

Source: UOB, UOB Kay Hian

Corporate Events

	Venue	Beg	Close
Hyflux Luncheon Presentation	Singapore	20 Apr	20 Apr
SPC Luncheon Presentation	Singapore	21 Apr	21 Apr

Agile

2008: Hainan - A gem, not a burden

Presale of Hainan Clearwater Bay beat expectations both on volume and prices. We see this project will provide ample medium- to long-term upside to this still very much Guangdong-based developer.

2008 Results

Year to 31 Dec	2007 (Rmbm)	2008 (Rmbm)	yoy % chg	Remarks
Turnover	10,312	9,326	(10)	Mainly due to 15% fall in completed GFA
Contributions				
Property development	4,523	6,561	45	Included HK\$4,145m disposal gain
Property management	1	(17)	n.a.	
Hotel operation	(6)	(7)	(17)	Three hotels, one completed in year
Operating profit	4,518	6,537	45	26% margin against last year's 44%
Finance costs	(63)	92	(246)	Boosted by HK\$240m exchange gain
Profit before tax	4,455	6,629	49	
Taxation	(2,344)	(1,172)	(50)	47.2% effective tax rate
Minorities	(8)	9	(219)	
				Net of disposal gain, core profit down
Net profit	2,103	5,467	160	37%

Source: Agile, UOB Kay Hian

Results

Above expectations. Agile's net profit for 2008 came to Rmb5,467m, 8% and 12% above our and consensus forecasts respectively. Excluding the HK\$4,145m gain made on the disposal of a 30% stake in Hainan Clearwater Bay, net profit from core operation fell 37% yoy.

Two reasons for the sharp cut in margins. Turnover declined by a smaller 10% (due mainly to a 16% decline in recognised GFA to 1.19m sqm), meaning there was a sharp drop in development margin. Gross margin was lowered from 50.5% to 36.8%. Breaking the full-year average into 1H's 48% and 2H's 33% highlighted the severe price slash (approximately 20%) taken in 2H to speed up sales. Completion of city centre projects also dragged down margin.

Predominantly a Guangdong developer. 81% of the Rmb9.1b turnover from property sales came from Guangdong Province: Guangzhou 30%, Zhongshan 30%, Foshan 12% and the remaining 9% from other cities.

More land purchases. Unlike most of its peers, Agile continued to replenish landbank during the year. Six sites with total GFA of 7.7m sqm were bought for Rmb2.4b, or Rmb314psm, though Hainan Clearwater Bay Lot 2 alone accounted for 90% of the GFA and 60% of cost. Given Agile's business model (buying cheap land in the outskirts areas and selling at premium prices through elaborate project planning and careful execution), the company has been among the lowest geared in the sector.

Relatively low gearing. At end-08, Agile's net debt was Rmb7b, with gearing lowered to 54.4% from 60.3% a year ago. Given the strong sales in 1Q09, gearing was further reduced to 33% in March. Hence, Agile has more than sufficient resources to fund the total Rmb456m outstanding land premiums payable this year and Rmb1.2b refund of deposit to Aetos, should such need arises.

CHINA

Agile (3383 HK)

UPGRADE TO BUY

Current Price: HK\$5.65

Target Price: HK\$6.20

(Previous: HK\$3.68)

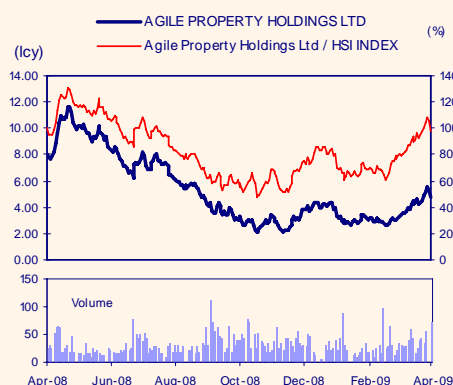
Sector	Property
52-Wk Avg Daily Vol. ('m)	29.5
Market Cap (HK\$m)	20,792
(US\$m)	2,666

Major Shareholders (%)	
Chen Zhuo Lin	58.54

Book NTA per Share (HK\$)	3.51
ROE (%)	12.1
Net Debt per Share (HK\$)	1.91

Results Due	
Interim	Sept
Final	Apr

Price Chart



Source: Bloomberg

Analyst

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Year to 31 Dec	Turnover (Rmbm)	EBITDA (Rmbm)	Net Profit (Rmbm)	EPS (Rmb)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (Rmb)	Yield (%)
2007	10,312	4,538	2,103	0.561	58.3	9.0	6.2	0.208	3.7
2008	9,326	6,558	5,467	1.465	160.9	3.4	4.3	0.335	5.9
2009F	12,782	3,337	1,890	0.514	(64.9)	9.8	8.4	0.180	3.2
2010F	17,835	4,805	2,605	0.708	37.8	7.1	5.9	0.248	4.4
2011F	20,868	5,832	3,165	0.860	21.5	5.9	4.8	0.301	5.3

Consensus Net Profit – FY09: Rmb1,789m
 – FY10: Rmb2,467m

Stock Impact

Hainan Clearwater Bay a gem. We were particularly encouraged by the pick-up in presale momentum of Hainan Clearwater Bay (soft-launch in February) in the past month even without compromises on asking prices. So far, Rmb1.3b proceeds have been generated, with apartments fetching >Rmb8,000psm and villas >Rmb16,000psm. As the more expensive sea-facing units (according to management, intended prices are up to Rmb20,000psm for apartments and Rmb40,000psm for villas) will be sold soon, we believe Agile will meet the Rmb2.5b full-year sales target for this project.

Earnings Revision

29% of 2009 sales target secured. Management targets 2009 contracted sales at Rmb16m (from 2.28m sqm), which though 38% higher yoy, is very achievable given last year's low base (Rmb11.6b generated from 1.65m sqm, was only 7% growth yoy). Rmb4.6b has been made so far.

55% of turnover secured. We have raised 2009 forecasts by 7% on still conservative assumptions: only 85% of management's target 2.06m sqm will be booked; a 5% decline in average selling price (ASP), compared to management's expected 5% increase; and unchanged gross margin at 36.5%, against management's 38%. Rmb7.1b, or 55%, of our turnover have already been secured through presales.

Valuation/Recommendation

Upgrade from HOLD to BUY. We have substantially raised our price target from HK\$3.68 to HK\$6.20 on a combination of: a) higher appraised NAV of HK\$9.10 from HK\$7.25 using more bullish price assumptions for Hainan Clearwater Bay and b) a narrower target discount to NAV of 32% (historical average) from the previous 50% given our view that the housing market, especially that in southern China, has embarked on a steady recovery.

Risks. Moreover, we like Agile for its geographical focus in Guangdong for 52% of its NAV. With average land cost of Rmb591psm, accounting for only 8% of ASP in 2008, Agile is also facing less business risk than most of its peers. Against this, risks on our rating are on two fronts: over-reliance on Hainan Clearwater Bay (31% of NAV) and unfavourable outcome arising from Morgan Stanley's bribery probe on their ex-head of China property arm.

A pullback soon? Agile has surged almost uninterrupted by 115% since March, among the best performers in the sector. Hence, we expect a pullback any time, which would be a good buying opportunity.

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Turnover	10,312	9,326	12,782	17,835	20,868
EBIT	4,518	6,537	3,314	4,805	5,832
Pre-tax Profit	4,455	6,629	3,259	4,737	5,754
Net Profit	2,103	5,467	1,890	2,605	3,165

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Current Assets	23,157	27,591	29,680	32,648	36,565
Total Assets	28,706	34,978	36,868	38,171	39,753
Current Liabilities	(12,192)	(13,601)	(12,449)	(13,071)	(13,725)
Long-Term Liabilities	(6,647)	(6,559)	(5,866)	(5,261)	(5,261)
Shareholder Funds	9,015	12,916	13,861	15,164	16,746
Total Equity & Liabilities	(28,706)	(34,978)	(36,868)	(38,171)	(39,753)

Cash Flow

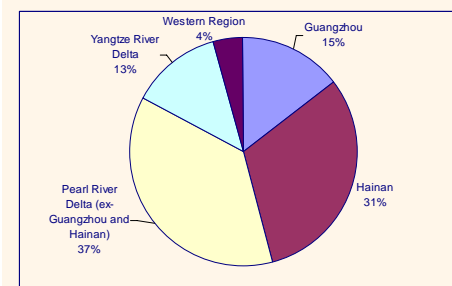
Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Operating	(5,232)	1,960	3,938	4,411	4,896
Investing	296	419	(811)	(1,212)	(1,764)
Financing	2,324	(1,918)	(1,926)	(2,867)	(3,283)
Net Cash In/(Out) Flow	(2,612)	461	1,201	332	(151)
Begin Cash & Cash Equiv.	5,195	2,583	3,044	4,245	4,576
End'g Cash & Cash Equiv.	2,583	3,044	4,245	4,576	4,425

Appraised NAV

	(HK\$m)	(HK\$m)
Property development		
Shanghai	4,140	
Nanjing	1,440	
Guangzhou	6,156	
Zhongshan	6,840	
Foshan	3,078	
Heyuan	1,026	
Huizhou	2,160	
Other GD	2,394	
Hainan	13,233	
Chengdu/Chongqing	1,710	
		42,177
Net debts		(7,480)
		33,497
NAV/share	HK\$	9.10

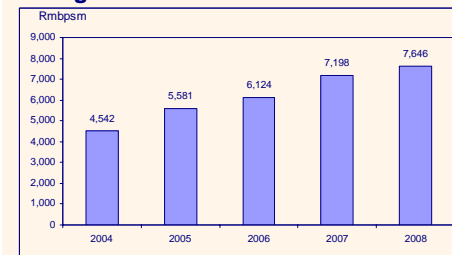
Source: UOB Kay Hian

Breakdown of Appraised NAV



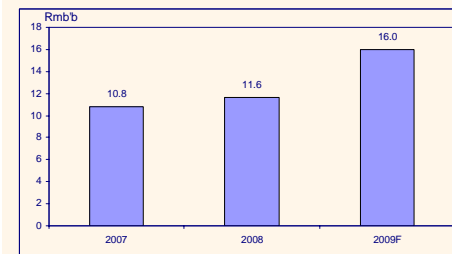
Source: UOB Kay Hian

Recognised ASP



Source: Agile

Contracted Sales



Source: Agile

CITIC Resources Holdings

2008: Results below expectation; outlook remains challenging

Due of huge impairment losses in respect to oil asset, CRH's net profit dropped 28% yoy. Operating profit is expected to drop approximately 80% yoy in 1H09 mainly due to weak commodity prices. Maintain SELL.

2008 Results

	2008 (HK\$m)	2007 (HK\$m)	yoy % chg	Remarks
Revenue	18,761	10,007	87.5	Boosted by higher realised commodity price and contribution from Karazhanbas
Cost of sales	(15,547)	(8,577)	81.0	Higher service fees and higher raw material prices
Gross profit	3,213	1,431	124.6	
EBITDA	4,217	1,666	153.2	
EBIT	2,658	1,339	98.5	
Finance cost	(938)	(543)	72.7	Interest bearing loan grew by HK\$1.7b
Provision for impairment of PPE	(6,421)	(66)	98x	Oil asset impairment
Tax	5,164	(209)	n.a.	Deferred tax decrease because of change of tax rate
Net profit	204	283	(27.8)	
EPS (HK cents)	3.6	5.6	(35.9)	

Source: CRH; UOB Kay Hian

Results

CITIC Resources Holdings' (CRH) net profit fell 28% yoy to HK\$204.2m from HK\$282.8m in 2007, mainly due to an asset impairment loss in respect to Karazhanbas. CRH's revenue and profit before provision for impairment increased by 87.5% and 115.9% respectively, driven by strong commodity prices in the first nine months of the year. No dividend was proposed for year 2008.

Stock Impact

Oil segment has become the largest earnings contributor for CRH. Based on oil price assumptions of US\$55/bbl and US\$65/bbl for 2009 and 2010, we revise down CRH's net profit forecasts by 42% and 29% respectively for these two years. Our revised earnings estimates also take into consideration the price weakness of other commodities that CRH produces.

The recent share price strength is mainly to reflect an expectation of an oil price rally in 2H09, in our view. There are a few negatives that may trigger another round of share sell-off, including: a) further write-off of oil assets if oil price stays low for awhile, b) disappointing 1H09 results as we expect operating profit to drop over 80% yoy and c) weak demand for commodities produced by CRH.

Recommendation/Valuation

We raise our fair price for CRH to HK\$0.97 (0.7x of PB) to reflect an improving financing environment and market sentiment. But we maintain our SELL rating on stretched valuation (20x of 2009 PE) and further earnings downgrade risk.

CHINA

CITIC Resources Holdings (1205 HK)

SELL

Current Price: HK\$1.17
Fair Price: HK\$0.97
(Previous: HK\$0.53)

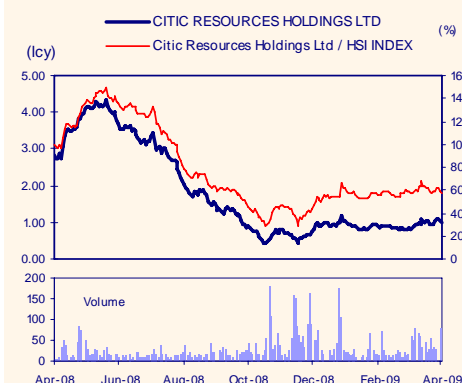
Sector: Diversified operation
52-Wk Avg Daily Vol. (m): 28.0m
Market Cap (HK\$m): 7,074
(US\$b): 907

Major Shareholders (%):
CITIC Group: 53.5

Book NTA per Share (HK\$): 1.39
ROE (%): 2.58
Net debt per share (HK\$): 1.60

Results Due:
Interim: September
Final: April

Price Chart



Source: Bloomberg

Analyst

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Year to 31 Dec	Turnover (HK\$m)	EBITDA (HK\$m)	Net Profit (HK\$m)	EPS (HK\$)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (Rmb)	Yield (%)
2007	10,008	1,601	283	0.06	19	21.2	5.1	0.00	0.0
2008	18,761	4,217	204	0.04	(35)	32.5	3.4	0.00	0.0
2009F	19,495	2,768	330	0.06	61	20.1	4.8	0.00	0.0
2010F	24,448	3,376	383	0.07	16	17.3	3.7	0.00	0.0
2011F	29,267	4,517	452	0.08	18	14.7	0.2	0.01	0.9

Consensus Net Profit – FY09: n.a.
– FY10: n.a.

Valuation/Recommendation

Two surprises distorted financial statements. First, CRH made a HK\$6,420m provision for impairment of Karazhanbas. Second, CRH increased the retained profit (decreased the deferred tax liabilities in the meantime) by HK\$4,758m, as a result of Kazakhstan revising down the tax rate. Our read on these two non-cash items is negative at this juncture. If CRH has to make a provision at oil price of US\$100/bbl, it is likely to make a further provision on Karazhanbas if oil price stays low for awhile, which is bad for equity holders. Tax rate in Kazakhstan remains another uncertainty for CRH. Kazakhstan may be motivated to raise tax rate should oil price regain strength. This is also not good for equity holders.

Earnings outlook remains challenging at least in 1H09. Despite oil production expected to grow moderately in 2009, we expect operating profit of the oil segment to drop by approximately 80% in 1H09 given the weak oil price. Operating profits of other segments are expected to drop by a similar percentage because of weak demand and low realised price. As such, we expect operating profit to fall by approximately 80% in 1H09.

Profit & Loss

Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Turnover	10,008	18,761	19,495	24,448	29,267
EBITDA	1,666	4,217	2,768	3,376	4,517
Net Profit	283	204	330	383	452
EPS (HK cents)	5.5	3.6	6.2	6.9	7.7

Balance Sheet

Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Current Assets	5,785	9,202	9,542	10,728	11,556
Total Assets	22,772	28,557	29,044	29,884	30,445
Current Liabilities	4,070	5,452	5,768	5,755	5,942
Long-Term Liabilities	12,631	13,780	12,889	14,786	15,393
Shareholder Funds	6,071	9,325	9,678	10,012	10,548
Total Equity & Liabilities	22,772	28,557	29,044	29,884	30,445

Cash Flow

Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Operating cash flow	796	1,573	550	570	663
Investing cash flow	(1,959)	(2,000)	(1,500)	(880)	(857)
Financing cash flow	2,387	1,500	1,000	500	(200)

Operating Profit By Segment

	1H08	2H08	HoH %
Crude oil	1,166,821	193,948	(83.4)
Manganese	387,078	117,034	(69.8)
Trading	107,111	42,070	(60.7)
Coal	95,022	93,504	(1.6)
Aluminium smelting	10,938	84,989	677.0
Total	1,766,970	513,605	(70.9)

Source: CRH, UOB Kay Hian

China Dongxiang

SSS unexpectedly falls 15% yoy in March

Amid weakened consumer sentiment, Dongxiang posted a 15% yoy drop in SSS for Kappa in March vs 18% growth in Jan-Feb 09. We maintain profit forecasts as retail sales growth may reaccelerate in line with stimulus package.

Corporate Events

SSS growth reversed from positive to negative in March. Same store sales (SSS) for Kappa China reversed from an 18% yoy growth in Jan-Feb 09 to a 15% drop in Mar 09, in line with the overall industry trend. According to industry sources, other brands (eg Nike, Adidas and Li Ning) may also see a reversal of SSS growth from positive to negative in Mar 09. Belle's sportswear segment saw SSS growth plunge from the single digits in Jan-Feb 09 to 6% in 1Q09, implying a substantial drop in Mar 09. The sluggish sales for Mar 09 were mainly due to weaker consumer sentiment following the holiday.

SSS Growth for Kappa China

(%)	1H08	3Q08	Oct 08	Nov 08	Dec 08	Jan-Feb 08	Mar 08
SSS growth	20	18	0	11	19	18	(15)

Source: China Dongxiang

Inventory level remained healthy. According to distributors, Kappa's inventories remained healthy at the retail level with a stock-to-sales ratio of about 5x, lower than that of other brands. In addition, the magnitude of discounts for Kappa products (18% off) remained the lowest among major sportswear brands.

Stock Impact

Maintain profit forecasts pending SSS figure for April. Despite the weaker SSS growth for Mar 09, we maintain our profit forecasts for Dongxiang. First, the figures are only a single month's data, subject to such factors as climate. The government's stimulus package may help boost consumption. Second, SSS growth for 1Q09 still reached 6% yoy, higher than our assumed SSS growth of 3% for 2009. Finally, our estimate for 2009 and 2010 earnings are conservative (6% and 11% below consensus). We have decided to wait for the figures for April and the results of the 4Q09 trade fair in May before revising our earnings estimates.

Earnings Risks

Margin risk. Margin risk remains the greatest uncertainty for sportswear companies. If sales slow sharply in a short period as a result of the deterioration of the economy, distributors need to cut prices to clear inventories. In turn, they would ask for bigger wholesale discounts or rebates to offset the retail discounts, leading to lower margins for brand owners.

CHINA

China Dongxiang (3818 HK)

HOLD

Current Price: HK\$2.94

Fair Price: HK\$3.50

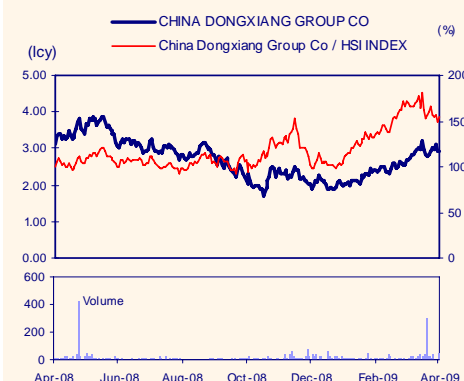
Sector	Consumer
52-Wk Avg Daily Vol. ('000)	14,204
Market Cap (HK\$m)	16,674
(US\$m)	2,138

Major Shareholders (%)	
Chen Yihong	51.98

Book NTA per Share (HK\$)	1.29
ROE (%)	19.4
Net Cash per Share (HK\$)	1.22

Results Due	
Interim:	Aug
Final:	Mar

Price Chart



Source: Bloomberg

Analyst

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Year to 31 Dec	Turnover (Rmbm)	EBITDA (Rmbm)	Net Profit* (Rmbm)	EPS (Rmb)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (Rmb)	Yield (%)
2007	1,711	742	689	0.149	110.3	17.4	11.7	-	-
2008	3,322	1,355	1,222	0.215	44.1	12.1	6.4	0.129	5.0
2009F	3,920	1,529	1,336	0.236	9.6	11.0	5.7	0.142	5.5
2010F	4,508	1,758	1,477	0.260	10.5	10.0	4.9	0.157	6.0
2011F	5,185	2,022	1,686	0.297	14.2	8.7	4.3	0.179	6.9

Consensus Net Profit – FY09 : Rmb1,422m * Core net profit
 – FY10: Rmb1,668m

Valuation/Recommendation

Dongxiang's share price rallied by over 60% from its trough in Oct 08. We downgraded the stock from BUY to HOLD after the 2008 results announcement on 26 Mar 09. Dongxiang is trading at 11.0x 2009 PE, vs 11.5x for domestic peers and 11.0x for global peers. Maintain HOLD with a DCF-derived fair price maintained at HK\$3.50 (12x 2010 PE). Though our fair price is still some 19% above the current level, the risk-reward balance does not justify a BUY call given the uncertain profit outlook.

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Turnover	1,711	3,322	3,920	4,508	5,185
EBIT	725	1,332	1,490	1,713	1,970
Pre-tax Profit	771	1,470	1,650	1,893	2,190
Net Profit	689	1,222	1,336	1,477	1,686

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Current Assets	5,815	6,750	7,966	9,160	10,534
Total Assets	6,223	7,293	8,629	9,943	11,437
Current Liabilities	315	798	942	1,083	1,246
Long-Term Loans	-	-	-	-	-
Shareholders' Funds	5,902	6,719	7,254	7,845	8,519
Total Equity & Liabilities	6,223	7,293	8,629	9,943	11,437

Cash Flow

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Operating	656	929	1,040	1,196	1,375
Investing	(271)	(200)	(140)	(140)	(140)
Financing	4,651	(98)	(417)	(478)	(525)
Net Cash Inflow/(Outflow)	5,036	631	483	578	710
Begin Cash & Cash Equiv.	275	5,311	5,942	6,425	7,003
End'g Cash & Cash Equiv.	5,311	5,942	6,425	7,003	7,713

Key Assumptions

	2008	2009	2010	2011
No. of stores	2,808	3,458	4,108	4,758
Store additions	863	650	650	650
SSS growth	18%	3%	3%	3%
EBIT margin	40%	38%	38%	38%

Source: China Dongxiang, UOB Kay Hian

PICC Property & Casualty

March premiums remain strong

March premiums came in at Rmb11.7b, up 10.3% yoy. Premiums continued to be driven by strong auto sales in the month. We expect company fundamentals to continue improving for 2009. Maintain HOLD.

Corporate Events

PICC Property & Casualty (PICC) announced 3M08 premium income of Rmb32,403b, up 11.3% yoy. Premium income for February alone was Rmb11,696m, up 10.3% yoy.

Stock Impact

Following strong premium growth in February, PICC followed with another set of strong premium numbers for March. Once again, we attribute premium growth to strong auto sales in the month.

PICC has managed to improve its premium growth over the past two months following a dismal showing in January when premiums grew only 6% yoy. While strong auto sales drove premium growth in March, the China Insurance Regulatory Commission's (CIRC) strict enforcement of solvency-related regulations also helped reduce market competition by banning insurers with solvency ratios of under 100% from writing new policies. On the back of improving industry fundamentals, a 10% premium growth should remain achievable for the year.

Earnings Risk

Performance of the A-share market and continued expense overrun leading to an underwriting loss for the year.

Recommendation

We expect PICC's fundamentals to continue to improve for 2009, which will allow the company to report an underwriting profit for 1H09. With the A-share market continuing its strong rally year to date, PICC's investment income may also be in for a significant increase this year.

PICC is due to release its 2008 financial results on 15 April. We expect to see a loss of Rmb328m for 2008 on a higher loss ratio due to the natural disasters in 1H08. We maintain our HOLD recommendation.

CHINA

PICC Property & Casualty (2328 HK)

HOLD

Current Price: HK\$5.02

Fair Price: HK\$3.65

Sector Insurance
Bloomberg 2328 HK
Reuters 2328.HK
Website www.picc.com.cn

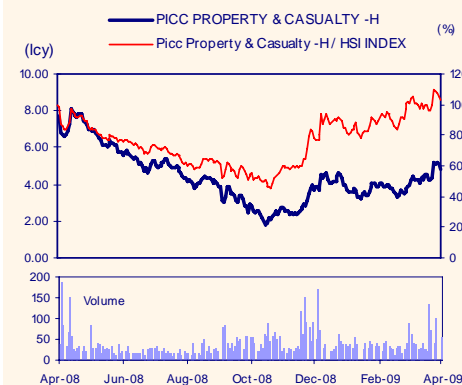
52-Wk Avg Daily Vol. (m) 42.9
Market Cap (HK\$m) 55,932
(US\$m) 7,170

Major Shareholders (%)
PICC 69.0

Book NTA per Share (Rmb) 2.34
ROE (%) 11.5

Results Due
Interim August
Final April

Price Chart



Source: Bloomberg

Analyst

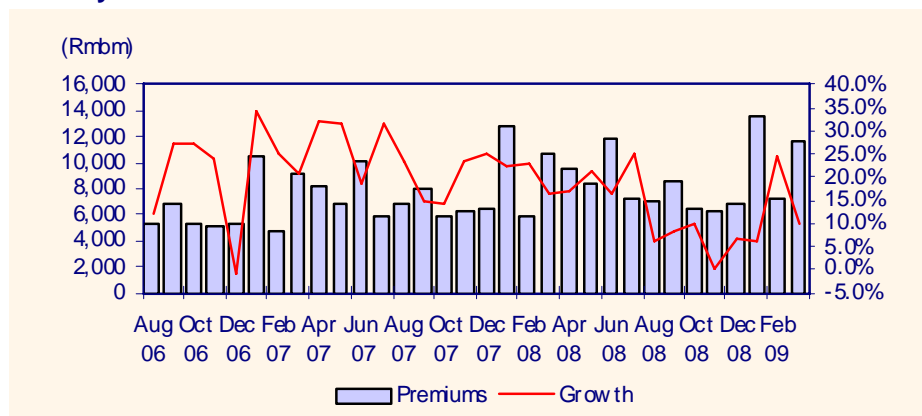
Nan Sheng

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nan.sheng@uobkayhian.com

Year to 31 Dec	Net Earned Premium (Rmbm)	EBITDA (Rmbm)	Net Profit (Rmbm)	EPS (Rmbm)	EPS Growth (%)	PE (x)	P/B (x)	DPS (Rmb)	Yield (%)
2006	55,616	3,932	2,214	0.20	112.01	25.3	2.7	0.0	0.0
2007	68,728	4,453	2,988	0.27	34.92	18.7	2.1	0.0	0.0
2008F	79,335	(434)	(328)	(0.03)	(110.97)	(170.7)	2.1	0.0	0.0
2009F	93,128	2,699	2,038	0.18	(721.67)	27.5	1.9	0.0	0.0
2010F	107,965	3,743	2,826	0.25	38.68	19.8	1.7	0.0	0.0

Consensus Net Profit – FY08: Rmb150.6m
– FY09: Rmb2,077.4m

Monthly Premiums



Source: CIRC, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2006	2007	2008F	2009F	2010F
Net earned premiums	55,616	68,728	79,335	93,128	107,965
Underwriting profit	604	(1,427)	(3,267)	901	1,171
Net profit	2,214	2,988	(328)	2,038	2,826
EPS	0.199	0.268	(0.029)	0.183	0.254

Balance Sheet

Year to 31 Dec (Rmbm)	2006	2007	2008F	2009F	2010F
Total Assets	106,124	134,265	146,863	169,790	191,254
Total Liabilities	85,397	108,187	122,070	143,029	161,824
Equity	20,727	26,078	24,793	26,761	29,429

Cathay Pacific

Leisure travel holding up, but yields under pressure

March traffic numbers showed leisure travel holding up, with a significant mom improvement. Freight tonnage likewise showed a major mom improvement. Raise fair price to forward NTA of HK\$8.30 from HK\$7.25.

RPK

('000)		% chg yoy	% chg mom*
- China	499,951	(0.7)	4.1
- North East Asia	866,644	(15.3)	(0.4)
- South East Asia and Mid East	1,586,145	8.2	7.0
- Europe	1,530,143	3.4	9.4
- South West Pacific & S Africa	1,219,047	5.3	(9.5)
- North America	1,860,320	(19.5)	4.2
RPK Total	7,582,250	(4.5)	3.0
Passengers carried	2,096,011	(3.2)	4.6
Cargo and mail tonne km (000)	715,961	(10.4)	17.8
Freight carried (000 kg)	129,628	(13.7)	16.0
* Adjusted for equivalent days			

Source: Cathay Pacific, UOB Kay Hian

Corporate Events

- Passenger traffic numbers are promising considering an earlier Easter Holiday in Mar 08.** The 4.5% decline in passenger traffic should be seen in the context of a higher base from the previous year, which included an earlier Easter holiday period. On a mom basis and adjusting for equivalent days, passenger traffic showed a 3.0% increase. Also, the rate of passenger traffic decline to China moderated to the slowest rate since curbs were implemented ahead of the Beijing Olympics.
- Yields however remain under pressure.** The company indicated that leisure traffic held up only due to heavy discounting and that the marketplace was highly competitive. Demand for premium cabins remained weak and a generally stronger US dollar had weakened yields.
- Decline in cargo traffic moderated to just 10.4% from 16.5% in February.** Mom comparison showed a 17.8% increase, but this was mainly due to the addition of new services to Miami and Houston. Management, however, is not optimistic as yields are seen to be under tremendous pressure.

HONG KONG

Cathay Pacific (293 HK)

HOLD

Current Price: HK\$9.46

Fair Price: HK\$8.30

(Previous: HK\$7.25)

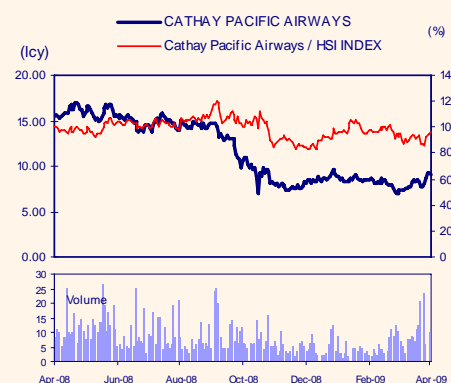
Sector Aviation
Bloomberg 293 HK
Website www.cathaypacific.com

52-Wk Avg Daily Vol. ('000) 7690
Market Cap (HK\$m) 37214
(US\$m) 2007.6

Book NTA per Share (HK\$) 8.30
ROE (%) na
Net Cash(debt) per Share (6.4)
(HK\$)

Results Due March
Interim September
Final

Price Chart



Source: Bloomberg

Analyst

Hong Kong Research Team
research@uobkayhian.com

Year to 31 Dec	Turnover (HK\$m)	EBITDA (HK\$m)	Net Profit (HK\$m)	EPS (¢)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (¢)	Yield %
2007	75,358	12,570	7,023	115.7	(0.2)	8.2	3.5	84.0	8.9
2008	86,578	4,919	(8,558)	(217.7)	(288.1)	(4.3)	11.0	3.0	0.3
2009F	65,679	6,572	(501)	(12.7)	(94.2)	na	8.9	0.0	0.0
2010F	69,595	9,820	1,322	33.6	(364.0)	28.2	6.5	0.0	0.0
2011F	71,333	11,599	3,269	82.8	146.8	11.4	5.2	55.0	5.8

Consensus Net Profit – FY09: HK\$(326.3)m
– FY10: HK\$2007.0m

Stock Impact/Recommendation

Our FY09 year traffic assumptions are based on a 2.0% yoy decline in passenger traffic, a 9.5% yoy decline in cargo traffic, an 8% fall in passenger yields and a 3% fall in cargo yields. For the moment, we see no reason to change these assumptions and have projected a minor loss for FY09. We still think it is too early to re-rate the stock upwards given yield pressure and high gearing at 66%. However, given the improvement in traffic numbers, we raise our fair value to 2009's projected NTA of HK\$8.30 from HK\$7.25 and maintain our HOLD recommendation. We would, however, turn cautious on the stock if premium to NTA rises towards 20%.

Operating Assumptions

	FY08	FY09F	FY10F	FY11F
Passenger Traffic growth(%)	11.2	(2.0)	1.5	1.5
Cargo Traffic growth(%)	(0.7)	(9.5)	1.0	2.5
Pax Load Factor (%)	77.6	76.1	74.6	77.3
Pax Carried	24959	24659	25523	26161
Pax Yield(HKcents)	53.4	49.0	51.0	51.0
Cargo Yield(HK cents)	1.61	1.55	1.57	1.57

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Turnover	75,358	86,578	65,679	69,595	71,333
EBIT	8,796	(8,659)	1,080	4,474	7,223
Pre-tax Profit	8,009	(9,671)	(621)	1,770	3,974
Net Profit	7,023	(8,558)	(501)	1,322	3,269
EPS (HK¢)	178.3	(217.7)	(12.7)	33.5	82.8

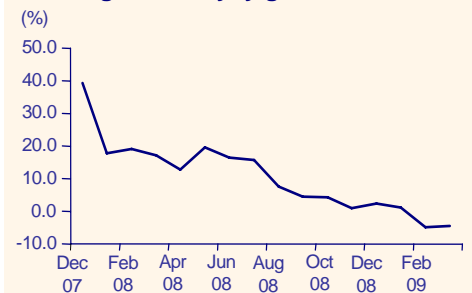
Balance Sheet

Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Current assets	33,907	28,058	27,015	32,781	30,443
Total assets	117,650	114,739	117,288	124,778	123,506
Current liabilities	27,394	35,011	30,887	25,284	26,639
Long Term Liabilities	39,529	41,283	45,870	55,681	48,934
Shareholders' Funds	50,549	38,325	40,353	43,636	47,755
Total equity & Liabilities	117,650	114,740	117,288	124,778	123,506

Cash Flow

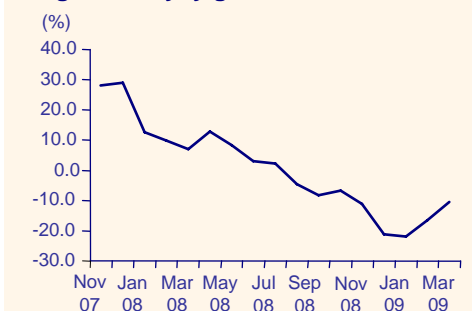
Year to 31 Dec (HK\$m)	2007	2008	2009F	2010F	2011F
Operating	13,168	1,746	7,566	7,198	6,663
Investing	(14,313)	(8,891)	(7,938)	(2,672)	(1,426)
Financing	2,009	1,137	4,514	(582)	(6,884)
Net Cash In/(out flow)	864	(6,007)	4,142	3,944	(1,647)
Effect of FX Changes	142	(50)	100	100	100
Begin Cash & Cash Equiv.	4,267	5,767	6,773	(4,866)	(1,726)
End'g Cash & Cash Equiv.	5,767	6,773	(4,866)	(1,726)	2,833

Passenger traffic yoy growth



Source: Cathay Pacific, UOB Kay Hian

Cargo traffic yoy growth



Source: Cathay Pacific, UOB Kay Hian

Public Bank

1Q09: 2H09 would be a challenge

Public Bank reported a lower profit in 1Q09 due mainly to one-off gain in 1Q08 and qoq strong loan growth was offset by impact of decline in interest rates. 2H09 would be a challenge as loan default is expected to pick up.

1Q09 Results

Year to 31 Dec (RMm)	1Q09	yoy	qoq	Remarks
Net Interest Income	958.8	7.2	0.7	High loan growth offset by margin compression due to cut in OPR
Non-Interest Income	294.3	(47.2)	(6.1)	Lower forex gains and contributions from unit trusts
Overhead Expenses	(497.1)	10.3	6.2	Increase in personnel due to marketing team expansion
Loan Loss Provision	(158.1)	0.2	4.7	Higher gross profit due to strong loan growth and higher provisions for HK operations
Net Income	589.3	(17.9)	(9.9)	
Key Ratio (%)	1Q08	4Q08	1Q09	
Net Interest Margin	2.13	2.06	2.02	Impact from fall in OPR cut in Nov 08 and beginning of 2009
Gross NPLs	1.2	1.01	0.98	Ratio improved but absolute amount increased by RM22m
Gross Loans Growth	5.5	2.2	4.2	Driven by mortgage & SME loans
Loans Loss Coverage	132	160	164	Highest in the industry

Source: Public Bank, UOB Kay Hian

Results

Public Bank reported a net profit of RM589.3m, -17.9% yoy and -9.9% qoq. The yoy decline was due mainly to one-off goodwill payment of RM200m from ING. Excluding this, net profit would have been flat. The qoq decline was because non-interest income was lower on lower forex gains and contributions from unit trust operations.

Stock Impact

Loan growth faster than expected. Public Bank's loans grew by RM5.1b, or 4%, in 1Q09, higher than our expectation of 6% for 2009. Growth was driven by loans to commercial enterprises and loans for the financing of residential properties and purchases of passenger vehicles, which accounted for 78% of the total loan portfolio.

Margin pressure. Pressure on net interest margin (NIM) will continue with the likelihood of another 50bp cut in the Overnight Policy Rate (OPR) in 2Q09. Given that Public Bank's loans are mainly at a floating rate (64%), rate cuts will see faster repricing downwards vs deposit rates.

Pre-emptive measures to boost stressed loans. Although gross and net non-performing loans (NPL) continued to improve and stay below 1.0%, absolute NPL increased for a second consecutive quarter. In 1Q09, NPL rose by RM22m qoq (4Q08: +RM43m qoq). However, we do not foresee a sudden spike in NPL as the bank has embarked on more proactive restructuring and rescheduled stressed loans before they turn into NPL.

Earnings Revision

No change to earnings forecasts.

MALAYSIA

Public Bank (PBK MK/PBKF MK)

HOLD

Current Price: RM8.45(F)/RM8.45(L)
Fair Price: RM6.88

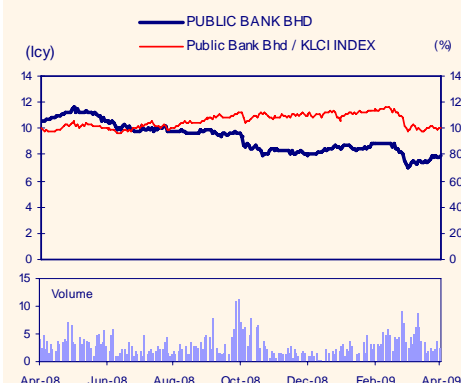
Sector	Bank
52-Wk Avg Daily Vol. ('000)	2,593
Market Cap (RMm)	29,844.8
(US\$m)	8,308.7

Major Shareholders (%)	
Tan Sri Dato' Dr. Teh Hong Piow	24.2

Book NTA per Share (RM)	2.60
ROE (%)	23.1

Results Due	
1Q: May	2Q: Aug
3Q: Nov	Final: Feb

Price Chart



Source: Bloomberg

Analyst

Malaysia Research Team
☎ (603) 2143 1180
research@uobkayhian.com

Year to 31 Dec	Pre-Tax Profit (RM m)	Net Profit (RM m)	EPS (sen)	EPS Growth (%)	PE (x)	P/B (x)	DPS (sen)	Yield (%)
2007	3,003.6	2,123.9	60.2	20.7	14.0	4.1	75.0	8.9
2008	3,379.2	2,581.2	73.1	21.5	11.6	4.0	55.0	6.5
2009F	2,811.1	2,011.6	57.0	(22.1)	14.8	3.9	40.0	4.7
2010F	3,530.0	2,541.5	72.0	26.3	11.7	3.7	50.0	5.9
2011F	3,982.2	2,880.6	81.6	13.3	10.4	3.6	55.0	6.5

Consensus Net Profit – 2009F: RM2,365.8m
– 2010F: RM2,553.4m

Valuation/Recommendation

Maintain HOLD. We believe Public Bank's valuation is higher than peers' because it has factored in its good asset quality and higher ROE. The stock's premium valuation could contract in tandem with its peers' if NPL growth accelerates as economic growth contracts further. We maintain **HOLD** on Public Bank for its high dividend yield of 5-6%. Entry price is RM6.20.

Capital still strong

As at end-Mar 09, Public Bank's risk-weighted capital ratio and core capital ratio improved to 13.2% and 10.2% respectively from 12.8% and 10.1% as at end-08. Further capital strengthening could come from the following: a) recently approved issuance of up to RM5.0b Non-Innovative Tier-1 Capital Securities Programme, and b) adoption of FRS 139 with effect from 1 Jan 10 and adoption of the Basel II Internal Rating Based approach will also result in further enhancement of the core capital ratios and risk-weighted capital ratios.

Profit & Loss: Quarterly

<u>Year to 31 Dec (RMm)</u>	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>	<u>1Q09</u>
Net Interest Income	894.7	920.7	960.1	951.9	958.8
Islamic Banking Fee	123.6	128.6	140.8	165.4	144.8
Non-Interest Income	557.5	313.5	269.2	313.2	294.3
Operating Income	1,575.9	1,362.8	1,370.1	1,430.5	1,397.9
Overhead Expenses	(450.7)	(411.7)	(460.6)	(468.2)	(497.1)
Operating Profit	1,125.2	951.1	909.5	962.3	900.8
Loan Loss Provision	(157.8)	(164.4)	(108.1)	(151.1)	(158.1)
Net Income	717.4	593.5	616.3	654.0	589.3

Key Ratios: Quarterly

<u>Year to 31 Dec (%)</u>	<u>1Q08</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>	<u>1Q09</u>
Net Interest Margin	2.13	2.12	2.14	2.06	2.02
Gross NPLs	1.2	1.1	0.99	1.01	0.98
Gross Loans Growth	5.5	6.1	4.2	2.2	4.2
Loans Loss Coverage	132.1	150.2	159.1	159.7	163.8
Cost/Income Ratio	28.6	30.2	33.6	32.7	35.6
ROE	31.7	26.2	26.6	27.9	24.6

Profit & Loss

<u>Year to 31 Dec (RMm)</u>	<u>2007</u>	<u>2008</u>	<u>2009F</u>	<u>2010F</u>	<u>2011F</u>
Net-Interest Income	3,244	3,727	3,605	4,048	4,530
Islamic Banking Fee	478	558	581	668	708
Non-Interest Income	1,389	1,454	1,201	1,366	1,500
Operating Income	5,111	5,739	5,386	6,082	6,738
Overhead Expenses	(1,694)	(1,791)	(1,795)	(1,981)	(2,207)
Operating Profit	3,418	3,948	3,592	4,101	4,531
Loan Loss Provision	(419)	(581)	(795)	(586)	(565)
Net Income	2,124	2,581	2,012	2,541	2,881

Key Ratios

<u>Year to 31 Dec (%)</u>	<u>2007</u>	<u>2008</u>	<u>2009F</u>	<u>2010F</u>	<u>2011F</u>
Net Interest Margin	2.11	2.11	1.88	1.98	2.01
Gross NPLs	1.4	1.0	1.2	1.2	1.2
Gross Loans Growth	19.7	19.1	6.0	10.0	15.0
Loans Loss Coverage	119.5	159.7	169.1	168.0	165.2
Cost/Income Ratio	33.1	31.2	33.3	32.6	32.8
ROE	23.1	27.3	20.9	25.6	28.2

Balance Sheet

<u>Year to 31 Dec (RMb)</u>	<u>2007</u>	<u>2008</u>	<u>2009F</u>	<u>2010F</u>	<u>2011F</u>
Net Loans	99.3	118.4	124.9	137.6	158.3
Customer Deposit	(138.8)	(162.3)	(175.3)	(194.5)	(219.8)
Shareholder's Fund	9.3	9.5	9.7	10.1	10.3
Total Assets	174.2	196.2	204.8	223.0	248.3

Loan Breakdown

	<u>Mar-09</u>	<u>% of</u>	<u>Growth</u>
	<u>(RMb)</u>	<u>loan</u>	<u>(%)</u>
Total Loan	125.6		4.1
Purchase of Landed Properties			
- Residential	33.4	26.6	3.7
- Non-residential	24.6	19.6	3.4
Auto Loan	29.9	23.8	2.0
Working Capital	20.0	15.9	6.4
Personal Use	7.6	6.1	4.1
Others	10.1	8.0	8.6

Source: Public Bank

NPL Ratio for Key Lending Sectors

	<u>Mar-09</u>	<u>NPL</u>	<u>Dec-08</u>	<u>NPL</u>
	<u>Ratio</u>	<u>(%)</u>	<u>Ratio</u>	<u>(%)</u>
	<u>(RMm)</u>		<u>(RMm)</u>	
Housing Loans	499	1.5	523	1.6
Hire Purchase	183	0.6	188	0.6
SMEs	229	1.1	222	1.1

Source: Public Bank

Asset Quality: 3-Month Classification

	<u>Mar-09</u>	<u>Dec-08</u>
Gross NPL (RMb)	1.23	1.21
Gross NPL Ratio (%)	0.98	1.00
Net NPL Ratio (%)	0.83	0.86
New NPL Formation (%)	0.14	0.16
GP Ratio (%)	1.5	1.5
Loan Loss Coverage (%)	163.8	159.7

Source: Public Bank

Property – Residential

Lots more upside

Despite the weak economic data and the strong performance of property stocks over the past month, forward P/B valuations indicate ample upside ahead on the road to recovery.

Sector Events

The Ministry of Trade and Industry (MTI) reported a worse-than-expected 1Q09 GDP growth advance estimate of -11.5% yoy (UOB: -8.2% yoy; consensus: -8.6%). The MTI has cut its full-year growth forecast further to between -9% and -6.0% from -5.0% to -2.0% previously. The UOB Economic-Treasury Research has revised its forecast to a 7.5% contraction from its previous expectation of a 4.0% contraction. Despite the weak economic data, property counters continued their uptrend, rising 4-10%. On a quarterly basis, the Real Estate & Development Index (FSTREH) increased 14%, outperforming the Straits Times Index (FSSTI), which was up 8%. The top performers were CapitaLand (+24%) and Wing Tai (+19%); laggards were City Developments (+2%) and GuocoLand (+5%).

Sector Impact

Continued outperformance expected on road to recovery. Past recessions have shown that stock markets typically bottom out in or slightly before the first very sharp GDP contraction quarter. On a market recovery, property developers and banks are the first to rally from a recession trough ahead of other sectors that typically lag by six months. With the full-year GDP contraction expected at 7.5% yoy, the steep 11.5% contraction in 1Q09 GDP is most likely the first very sharp GDP contraction quarter. We expect property counters to be the key beneficiaries leading the way to recovery.

Ample upside potential. Given the strong share price performances of property stocks over the past month, we review the upside potential based on the 6-month and 12-month forward P/Bs from the Asian financial crisis (AFC) trough valuations. Property stocks provide good upside potential to these forward valuations and long-term historical mean P/B valuations. City Developments and Wheelock offer good upside to the 6-month forward P/B valuations.

Valuation/Recommendation

Target prices raised; maintain OVERWEIGHT on property

Property stocks have attained our target prices. We raise our target prices by 0-45%, narrowing the discounts to RNAV by 20% for property stocks with BUY and HOLD recommendations, assuming we are on the path to recovery with GDP growth having bottomed in 1Q09. City Developments is our top pick among large-cap stocks. Keppel Land and Allgreen are our preferred picks among small- and mid-cap stocks.

Upside based on 6M and 12M forward P/B from AFC trough

Company	Current P/B 14 Apr 09 (x)	Forward P/B from AFC low		Upside to Forward P/B		LT Avg P/B (x)	LT P/B Remark	Upside to LT P/B Valuation (%)
		6M P/B (x)	12M P/B (x)	6M P/B (%)	12M P/B (%)			
Allgreen	0.38	n.a.	n.a.	n.a.	n.a.	0.90	Avg. since May 99	139
CapitaLand	0.99	0.79	1.58	(21)	59	1.23	Avg. since Jan 90	24
City Devt	1.03	1.86	2.51	81	145	2.30	Avg. since Jan 90	124
GuocoLand	0.54	0.27	0.68	(50)	25	1.07	Avg. since Jan 90	99
Ho Bee	0.36	n.a.	n.a.	n.a.	n.a.	0.98	Avg. since Dec 99	170
Keppel Land	0.52	0.64	0.97	24	88	1.13	Avg. since Jan 90	118
SC Global	0.70	0.95	1.50	37	115	1.41	Avg. since Jan 90	103
Wheelock	0.64	1.18	1.75	85	174	1.30	Avg. since Jan 90	103
Wing Tai	0.45	0.38	0.70	(15)	54	1.05	Avg. since Jan 90	132

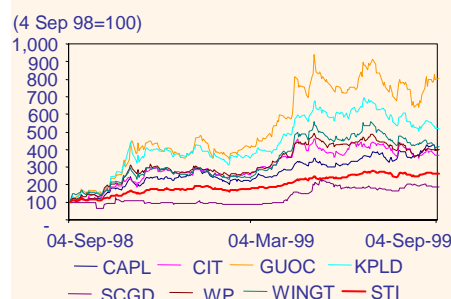
Source: Bloomberg, UOB Kay Hian

SINGAPORE

Property – Residential

OVERWEIGHT

Share price performance since AFC bottom



Source: Bloomberg, UOB Kay Hian

Market bottoms near first sharp GDP contraction quarter



Source: Bloomberg, UOB Kay Hian

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Share Price Performance

	Price @ 14 Apr 09	% Price Change					
		1D	5D	1M	3M	6M	YTD
FSSTI	1,897.02	1.1	2.7	20.3	7.5	(10.9)	7.7
FSTRE (Real Estate)	395.06	2.9	2.9	26.8	8.5	(5.6)	6.3
FSTREH (Real Estate & Dev)	414.84	3.9	3.1	27.5	14.2	5.1	10.3
CapitaLand	2.92	7.0	3.9	37.7	24.1	19.5	13.3
City Devt	6.13	3.9	(0.8)	26.7	2.2	(21.5)	(3.8)
Keppel Land	1.75	3.6	(1.1)	49.6	6.7	(14.6)	2.9
GuocoLand	1.22	5.2	9.9	32.6	5.2	(20.8)	7.0
Allgreen	0.53	6.0	1.9	41.3	17.8	(2.8)	23.3
Ho Bee	0.435	10.1	7.4	50.0	14.5	(13.9)	14.5
Wing Tai	0.915	5.8	5.8	35.6	18.8	21.5	10.2
Wheelock	1.1	4.8	5.8	27.9	6.8	27.2	5.8
SC Global	0.615	9.8	20.6	98.4	17.1	24.2	13.9

Source: Bloomberg

Revision to Target prices

Company	Rec	Price 14 Apr 09 (\$)	PE			Book NTA ps (x)	RNAV ps	Target Price	% Chg from old	Prem/(Disc)		Net Debt/ Equity (%)	Avg Daily Turnover 52-Wk ('m)
			Hist	Curr	Fwd					Chg from Target price to RNAV (%)	Chg from old		
PROPERTY													
Allgreen	BUY	0.53	12.5	20.7	12.7	1.41	0.85	0.70	40.0	(20.0)	20.0	50.7	2.9
CapitaLand	BUY	2.92	7.9	40.7	26.9	2.80	2.79	3.35	19.6	20.0	20.0	30.2	22.2
City Devt	BUY	6.13	9.8	21.9	14.2	5.97	7.13	7.85	22.8	10.0	20.0	62.1	3.4
GuocoLand	SELL	1.22	6.0	39.7	22.3	2.26	1.64	0.80	(0.0)	(50.0)	0.0	123.7	0.2
Ho Bee	HOLD	0.435	3.4	9.4	6.3	1.19	0.69	0.50	45.8	(30.0)	20.0	125.9	1.3
Keppel Land	BUY	1.75	5.5	12.7	9.1	3.39	2.48	2.10	31.0	(15.0)	20.0	61.2	4.1
SC Global	SELL	0.615	5.5	11.8	6.2	0.87	0.65	0.30	0.0	(55.0)	0.0	413.4	0.6
Wheelock	HOLD	1.10	13.0	17.5	10.3	1.72	1.67	1.35	34.3	(20.0)	20.0	(17.8)	0.5
Wing Tai	HOLD	0.915	3.0	9.7	9.1	2.02	1.49	1.05	41.3	(30.0)	20.0	46.8	1.7

Source: Bloomberg

Stress Test Scenarios

	Capita Land	City Developments	Keppel Land	Guoco Land	Wheelock	Wing Tai	Allgreen	Ho Bee	SC Global
Share Price (\$\$) as of 14 Apr 09	2.92	6.13	1.75	1.22	1.10	0.92	0.53	0.44	0.62
RNAV (\$\$)	2.79	7.13	2.48	1.64	1.67	1.49	0.85	0.69	0.65
Assumptions (%)	Decline from End-07 Level								
Singapore residential	(70)	(4)	(10)	(5)	(8)	(14)	(15)	(11)	(18)
Singapore office	(70)	(2)	(7)	(6)	(1)	(2)	(2)	(1)	(1)
Singapore retail	(70)	(3)	(3)	(1)	-	(3)	(1)	(4)	-
China	(70)	(4)	-	(3)	(10)	-	(1)	(2)	(1)
Vietnam	(70)	(1)	-	(4)	(1)	-	(1)	-	-
Listed investments	(90)	(5)	(2)	(1)	(1)	(1)	(1)	-	(1)
Asset Write-down (Devt Pty)*		(2)	(2)	(3)	(4)	-	(6)	(6)	(9)
Asset Write-down (Invnt Pty)*		(9)	(2)	(7)	(9)	(5)	(4)	(7)	(1)
Defaults#		(2)	(3)	(3)	(4)	(7)	(8)	(6)	(9)
Total		(32)	(29)	(31)	(38)	(32)	(38)	(38)	(40)
Stressed RNAV(\$\$)	1.91	5.09	1.70	1.03	1.13	0.93	0.53	0.42	0.39
Share Price Discount/Premium (%)	52.7	20.4	2.8	18.9	(3.0)	(1.7)	0.9	4.3	56.4
Potential dilution from alternatives	-	(10)	(20)	(20)	-	-	(20)	(20)	(20)
Stressed RNAV inc dilution(\$\$)	1.91	4.38	1.21	0.70	1.13	0.93	0.36	0.28	0.26
Share Price Discount/Premium (%)	52.7	40.0	45.1	75.0	(3.0)	(1.7)	48.8	55.3	133.6

Source: UOB Kay Hian

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