

KEY STORY

Singapore

S-Shares

Page 14

Credibility risk remains. Our top picks are China XLX, China Zaino and People's Food for their solid fundamentals and robust balance sheets.

CHINA

Sector

Property

Page 2

Despite strong sales, we expect a near-term pullback in property stocks.

Results

China Merchants Holdings (SELL/HK\$19.90/Fair: HK\$11.50)

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2008: In-line net profit; margins continue to decline.

China Mobile (BUY/HK\$74.30/Target: HK\$85.00)

Page 6

1Q09: Elasticity turns negative, but margins are better than expected.

China Telecom (HOLD/HK\$3.58/Fair: HK\$3.00)

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1Q09: Revenue slightly up qoq, but margin is unlikely to be sustainable under aggressive CDMA promotions.

HONG KONG

Update

Cathay Pacific (HOLD/HK\$9.08/Fair: HK\$8.30)

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Capacity cuts will reduce unit cost, boosting bottom line.

MALAYSIA

Sector

Banking

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Share price underperforms regional peers, attributable to unattractive valuation, and hit the least compared with regional peers.

SINGAPORE

Sector

S-Shares

Page 14

Credibility risk remains. Our top picks are China XLX, China Zaino and People's Food for their solid fundamentals and robust balance sheets.

Update

China XLX (BUY/S\$0.395/Target: S\$0.57)

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1Q09 net profit should remain flat qoq with higher urea price offset by coal cost hike. Earlier-than-expected ramp-up at new plant will spur profit.

THAILAND

Results

Bangkok Bank (HOLD/Bt79.75/Fair: Bt78.00)

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1Q09: Weaker loan volume and higher provisions hit results.

Kasikorn Bank (SELL/Bt48.25/Fair: Bt39.00)

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1Q09: Earnings momentum starts to weaken; qoq growth in bottom line boosted by lower SG&A.

Siam Commercial Bank (SELL/Bt56.00/Fair: Bt50.25)

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1Q09: Lower earnings on slowing top-line growth and higher provisions.

Tisco Bank (BUY/Bt13.30/Target: Bt12.25)

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1Q09: Strong earnings growth supported by strong revenue expansion.

Key Indices

Key Indices	Prev Close	1D %	1W %	1M %	YTD %
DJIA	7841.7	(3.6)	(2.7)	7.7	(10.6)
S&P 500	832.4	(4.3)	(3.1)	8.3	(7.8)
FTSE 100	3990.9	(2.5)	0.2	3.9	(10.0)
AS30	3722.3	(0.2)	2.9	9.3	1.7
CSI 300	2707.7	2.1	1.9	13.8	49.0
FSSTI	1874.9	(1.1)	(0.1)	17.4	6.4
HSI	15750.9	1.0	5.7	22.7	9.5
JCI	1661.8	1.7	7.9	22.1	22.6
KLCI	968.4	0.3	2.9	13.0	10.4
KOSPI	1336.4	0.6	(0.1)	14.1	18.8
Nikkei 225	8924.8	0.2	0.0	12.3	0.7
SET	466.3	2.1	5.1	8.5	3.6
TWSE	5781.7	0.5	(1.3)	16.5	25.9
BDI	1737	3.3	17.5	(2.5)	124.4
CPO (RM/mt)	2585	1.5	7.7	26.6	58.6
Nymex Crude (US\$/bbl)	46	(8.8)	(8.3)	(10.1)	2.9

Source: Bloomberg

Top BUYs/SELLs

Ticker	Current Price (1cy)	Target Price (1cy)	Pot. +/- (%)
Top BUYs			
China Coal	1898 HK	7.13	8.50 19.2
China Life	2628 HK	28.20	31.30 11.0
China Railway	390 HK	5.18	5.90 13.9
Maanshan Iron	323 HK	3.37	4.50 33.5
Sinopec	386 HK	6.19	6.60 6.6
Zijin Mining	2899 HK	5.90	7.15 21.2
DBS Group	DBS SP	9.17	10.55 15.0
SingTel	ST SP	2.55	2.95 15.7
Advanced Info	ADVANC TB	76.00	101.73 33.9
Quality Houses	QH TB	0.96	1.28 33.3
Top SELLs			
Harbin Power	1133 HK	6.96	3.50 (49.7)
Parkson Retail	3368 HK	9.32	5.15 (44.7)
S'pore Airlines	SIA SP	10.72	8.20 (23.5)
STX Pan Ocean	STX SP	13.58	4.35 (68.0)
Amata Corp	AMATA TB	3.50	2.52 (28.0)

Key Assumptions

GDP (% yoy)	2008	2009F	2010F
US*	1.1	(2.5)	1.9
Euro Zone*	0.7	(3.0)	0.5
Japan*	(0.6)	(6.0)	0.2
Singapore	1.2	(7.5)	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	8.30
Brent Crude Oil (US\$/bbl)	100	55	65
Aluminium* (US\$/MT)	2,623	1,515	1,795
Copper* (US\$/MT)	6,884	3,627	4,341
Gold Price London* (US\$/ounce)	873	919	950
Iron Ore* (US\$/dmu)	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
SPC Luncheon Presentation*	Singapore	21 Apr	21 Apr
CapitaLand Luncheon Presentation*	Singapore	27 Apr	27 Apr
Comba Corporate Roadshow	Taiwan	28 Apr	29 Apr
Quality Houses Luncheon Presentation*	Thailand	30 Apr	30 Apr

* by invitation only

Property

Sales remain strong, but we expect a near-term pullback in stocks

Despite strong sales, we expect a near-term correction of property stocks after a strong stock rally. Investors could take some profit off the table and accumulate at lower levels.

Overall sales increased moderately wow. The overall sales of major cities last week rose modestly by about 10% wow or 8% from last month's average weekly sales. The primary cities lagged behind the national market by recording flat sales wow while the secondary cities outperformed the market. In particular, the sales in the cities of Yangtze River Delta region were about 10-100% higher than the national average for Mar 09. Despite a 4% decline wow, Beijing's sales still surpassed last month's weekly sales by 33%.

Hangzhou sales subscriptions hit record high. After hitting a record high in the week before last, Beijing's sales subscriptions retreated a little. Nonetheless, on the back of increasing sales launches, Hangzhou saw sales subscriptions soar 228% wow to 1,547 units, equivalent to 5x the average weekly subscription over the past three quarters. Meanwhile, Nanjing also reported 11% growth wow in sales subscriptions. The strong growth in sales subscriptions indicates contracted sales should stay high in the next couple of weeks.

Inventories continued to decline over the past three weeks. The housing inventories of major cities declined 0-7% from those as at end-March. Average housing inventories in major cities have contracted by 10-17% from the peak in 4Q08. Nonetheless, the reduction in inventories is likely to slow down as the number of new unit launches increases in the next couple of months.

Overall sales expected to remain at high level. We expect sales to remain strong in April and May on the back of the following: a) increasing sales launches by developers, b) resilient market sentiment with improved economic outlook, c) and potential stimulus packages introduced by the government to stimulate domestic consumption and properties.

Despite the strong sales, we expect a near-term pullback in property stocks after the strong rally of 100% in just one month. We think investors could take some profit off the table and accumulate at lower levels. Quality private companies, i.e. Guangzhou R&F (2777 HK), Shimao (813 HK) and Agile (3383 HK) remain our stock picks in the sector.

Weekly Sales In Major Cities (13-19 Apr)

Regions	Cities	GFA ('000 sqm)	wow %	% change vs weekly avg Mar 09	yoy %
Pan-Bohai Rim	Beijing	385	(4)	33	183
	Tianjin	275	28	1	151
	Qingdao	218	65	77	60
Yangtze River Delta	Shanghai	557	6	7	63
	Suzhou	200	22	96	
	Nanjing	204	2	12	117
	Hangzhou	141	0	26	163
South China	Ningbo	119	9	22	
	Shenzhen	157	(1)	(15)	101
	Guangzhou	205	1	(21)	120
	Dongguan	127	(11)	(2)	
Central China	Fuzhou	135	43	39	
	Wuhan	343	22	17	324
	Changsha	347	10	(4)	
Southwest China	Hefei	228	(10)	9	
	Chongqing	360	3	(24)	53
	Chengdu	306	35	20	75

Source: Soufun, UOB Kay Hian

CHINA

Property

MARKET WEIGHT

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