

KEY STORY

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While cement volume may remain weak over the next two months, we expect healthy pick-up in 2H09. Upgrade from HOLD to BUY.

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Possible hefty dividend payout?

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For those who believe the market rally will continue, there is still upside for QH, LPN, ADVANC, DTAC, PTT, PTTEP, BANPU, TISCO, BBL, KBANK, KTB.

CHINA

Economics

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Trade recovery still a long way off.

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China Gas Holdings (BUY/HK\$1.55/Target: HK\$2.20) Page 8
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Haitian International (BUY/HK\$2.00/Target: HK\$2.57) Page 10
A strong balance sheet should give an advantage over peers. Upgrade to BUY given better operating environment and valuation.

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INDONESIA

Update

Indocement Tunggal Prakarsa (BUY/Rp5,700/Target: Rp7,500) Page 14
While cement volume may remain weak over the next two months, we expect healthy pick-up in 2H09. Upgrade from HOLD to BUY.

MALAYSIA

Results

KLCC Property (BUY/RM3.20/Target: RM3.40) Page 16
FY09: Results are in line with our estimates. We expect to see resilient recurring income contributed by office rentals.

Update

Berjaya Sports Toto (BUY/RM4.76/Target: RM5.50) Page 18
Possible hefty dividend payout?

SINGAPORE

Results

China Sports Int'l (HOLD/S\$0.16/Fair: S\$0.14) Page 20
1Q09: Net profit grow 7% yoy due to cost savings. Raise 2009-11 EPS forecasts by 9-12%. Maintain HOLD with a higher fair price of S\$0.14.

Pine Agritech (SELL/S\$0.16/Fair: S\$0.06) Page 22
1Q09: Net loss reflects tough operating environment.

SC Global (SELL/S\$0.785/Fair: S\$0.45) Page 24
1Q09: New subsidiary drags down earnings.

Key Indices

Key Indices	Prev Close	1D %	1W %	1M %	YTD %
DJIA	8469.1	0.6	0.7	4.8	(3.5)
S&P 500	908.4	(0.1)	0.5	6.0	0.6
FTSE 100	4425.5	(0.2)	2.0	11.1	(0.2)
AS30	3863.6	(1.2)	0.0	6.8	5.6
CSI 300	2788.6	2.3	2.3	5.0	53.4
FSSTI	2178.1	0.6	5.0	16.1	23.6
HSI	17153.6	0.4	4.4	15.1	19.2
JCI	1842.0	0.6	3.9	19.6	35.9
KLCI	1023.0	(0.2)	1.4	8.7	16.7
KOSPI	1403.5	(0.8)	0.4	4.9	24.8
Nikkei 225	9298.6	(1.6)	5.3	4.2	5.0
SET	544.5	1.7	10.7	20.0	21.0
TWSE	6432.6	(3.2)	0.8	9.8	40.1
BDI	2253	1.7	18.8	52.4	191.1
CPO (RM/mt)	2852	1.0	0.1	18.8	74.9
Nymex Crude (US\$/bbl)	59	0.6	9.3	12.7	32.0

Source: Bloomberg

Top BUYs/SELLs

	Ticker	Current Price (Icy)	Target Price (Icy)	Pot. +/- (%)
Top BUYs				
China Life	2628 HK	28.25	31.30	10.8
China Railway Construction	1186 HK	10.50	13.50	28.6
Maanshan Iron	323 HK	3.97	4.50	13.4
Petrochina	857 HK	8.11	9.80	20.8
Zijin Mining	2899 HK	6.29	7.15	13.7
Advanced Info Quality Houses	ADVANC TB QH TB	78.25 1.22	94.47 1.33	20.7 9.0
Top SELLs				
China Cosco	1919 HK	7.71	4.00	(48.1)
Harbin Power	1133 HK	6.99	4.50	(35.6)
Parkson Retail	3368 HK	10.38	7.00	(32.6)
S'pore Airlines	SIA SP	11.92	8.20	(31.2)
STX Pan Ocean	STX SP	14.60	4.35	(70.2)
Amata Corp Pub	AMATA TB	4.58	2.11	(53.9)

Key Assumptions

GDP (% yoy)	2008	2009F	2010F
US*	1.1	(2.5)	1.9
Euro Zone*	0.7	(3.3)	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	8.3
Brent Crude Oil (US\$/bbl)	100	55	65
Aluminium* (US\$/MT)	2,623	1,480	1,773
Copper* (US\$/MT)	6,884	3,754	4,400
Gold Price London* (US\$/ounce)	873	934	968
Iron Ore* (US\$/dmtu)	153	102	96
CPO (US\$/MT)	818	520	685
BDI	6,338	2,500	1,500

* Bloomberg

Source: UOB, UOB Kay Hian

Corporate Events

	Venue	Beg	Close
FSLT & PST Combined Luncheon Presentation*	Singapore	14 May	14 May
EcoGreen Corporate Roadshow*	Shanghai	14 May	14 May
EZRA Holdings Luncheon Presentation*	Singapore	18 May	18 May
Golden Agri Resources Corporate Roadshow*	Kuala Lumpur	18 May	19 May
Comba Telecom Corporate Roadshow*	Shanghai	20 May	20 May
Top Glove Corp Corporate Roadshow*	Singapore	20 May	20 May

* by invitation only

Wednesday, May 13, 2009

SembCorp Industries (HOLD/S\$3.09/Fair: S\$3.20) Page 26

1Q09: Robust marine contribution offsets poor utilities performance.

Update**SIA Engineering (HOLD/S\$2.41/Fair: S\$2.48) Page 28**

Analyst briefing - Management reiterates cautious outlook.

THAILAND**Strategy Page 30**

For those who believe the market rally will continue, there is still upside for QH, LPN, ADVANC, DTAC, PTT, PTTEP, BANPU, TISCO, BBL, KBANK, KTB.

Sector**Healthcare Page 33**

Switch from BH to BGH as the latter still offers 16% price upside.

Results**Quality Houses (BUY/Bt1.20/Target: Bt1.33) Page 35**

1Q09: While revenue weakens and gross margin also falls below 30%, net profit of Bt292m still beats consensus.

Apr 09 Trade Surplus

Unlikely to see trade recovering in the near future

DATA RELEASED (Trade Surplus in Apr 09):	US\$13.1b	-22% yoy
DATA RELEASED (Exports in Apr 09):		-22.6% yoy
DATA RELEASED (Imports in Apr 09):		-23% yoy
PREVIOUS DATA (Trade Surplus in Mar 09):	US\$18.6b	+39% yoy
PREVIOUS DATA (Exports in Mar 09):		-17.1% yoy
PREVIOUS DATA (Imports in Mar 09):		-25.1% yoy

Exports dropped 22.6% yoy, worse than consensus. Imports, however, showed signs of recovery. We believe it will take a long time for China's trade to resume growth because of the weak global demand.

Exports came in worse than expected in Apr 09. China's exports declined 22.6% yoy in April, worse than consensus forecast of -15.3%. Imports dropped 23% yoy (consensus: -22%). Trade surplus narrowed to US\$13.1b in April. The bigger drop in exports was partly attributable to a high base. The government pointed out that exports picked up 6.9% mom based on average working days in April.

More uncertainty on external demand ahead may hamper export recovery. Demand from G3 economy is still lackluster, in particular, both the EU and Japan saw exports growth dropping more than 20% in April. Moreover, the epidemic of H1N1 flu casts a further shadow on the global economic recovery. The sluggish transaction value during the Guangzhou Trade Fair (-17% yoy) suggests exports are unlikely to recover before 4Q09. In addition, signs of rising protectionism and a strong Rmb also hurt China's exports. As such, China's exports face more uncertainty ahead.

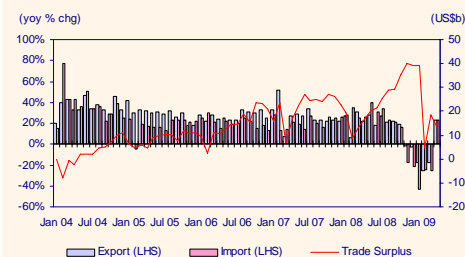
Exports of traditional goods deteriorated due to weak overseas consumer confidence. Exports of footwear (-4.4% yoy in April vs +7.7% in March) and garments (-11.3% in April vs +9.9% in March) turned negative again in April. Rising global unemployment rate is negative for China's exports.

Import recovery in line with expectation. Import of primary goods increased 17% mom, suggesting a rebound in domestic demand. Imports of iron ore rose 33% yoy and 15% mom, crude oil climbed 14% yoy and 4% mom, and refined oil increased 3% yoy and 21% mom. The strong demand in China could lend further support to global commodity prices and in turn offset further deflationary pressure.

CHINA

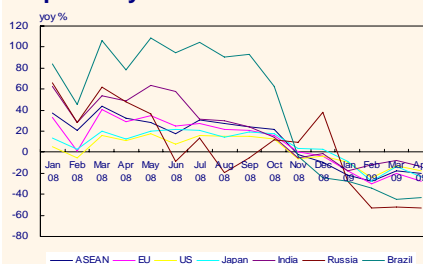
Economics

External Trade



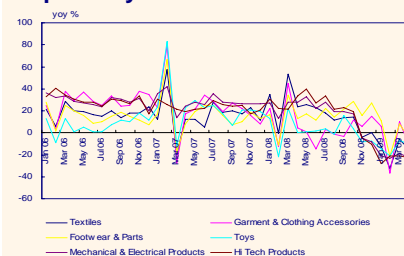
Source: CEIC

Exports By Destination



Source: CEIC

Exports by Goods



Source: CEIC

Analyst

Aochao Wang
 ☎ (86) 21 5404 7225 ext. 802
 wang.aochao@uobkayhian.com

Jan-Apr 09 Fixed-Asset Investment

FAI could stay strong as local projects accelerate

DATA RELEASED (FAI in Jan-Apr 09): +30.5% yoy
PREVIOUS DATA (FAI in Jan-Mar 08): +28.6% yoy

FAI grew 30.5% yoy in April, above expectation. We are bullish on FAI growth ahead due to strong policy support. Apparently, the government is using investment growth to meet economic growth target in 2009.

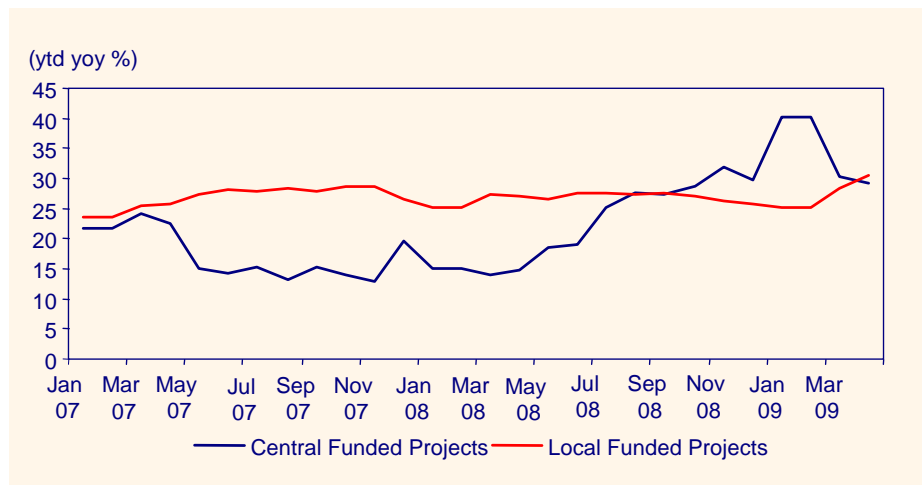
Fixed-Asset Investment (FAI) remained strong on acceleration in local investment. China's FAI came in stronger than expected in April, growing 30.5% yoy (consensus: 29%) in 4M09. It rose 34% yoy in April vs 30% in March. Real FAI growth accelerated more in light of the lower upstream inflation (PPI dropped 6.6% in April). The strong investment was achieved as local-funded projects played catch-up, increasing 30.6% yoy in 4M09, while central-funded investment increased 29.3%. This indicates local governments have started their aggressive investment plans as their fiscal positions improve. Real estate investment climbed 6.2% in April (+7.4% in March).

FAI Growth



Source: National Bureau of Statistics of China

FAI Growth



Source: National Bureau of Statistics of China

CHINA

Economics

Analyst

Aochao Wang
 ☎ (8621) 54047225 ext.802
 wang.aochao@uobkayhian.com

Mid-stream sector investment also accelerated. Investment in mid-stream sectors, such as ferrous metal and non-ferrous metal, picked up as: a) rebound in construction activity stimulates the business sentiment of mid-stream sectors, and b) the government's revival plan also helps these sectors regain confidence. On the other hand, upstream sectors get less help from the government as these sectors are regarded as high energy-consuming.

Investments expected to remain robust. Investment growth is expected to remain strong in the coming months as suggested by the 91% surge in investment in newly-started projects in 4M09. Local governments will join the bandwagon this time when their financial positions improve. Several factors can reduce their cash stress: a) land premium may increase as land sales rebounds, b) cut in capital ratio requirement to kick start projects will encourage local banks to use more bank loans, and c) issuance of local debt will peak in 2Q09. Property investment could pick up as developers' confidence resume and housing stocks drop.

Breakdown of FAI

(YTD yoy % chg)	Feb 09	Mar 09	Apr 09
TOTAL FAI	26.5	28.6	30.5
Coal mining	59.6	47.5	36.6
Extraction of Petroleum and National Gas	-13.8	16.6	10.1
Supply of Electricity and Heating	20.6	15.2	18
Railway Transport	210.1	102	94.2
Mining and processing of Non-Metallic Ores, Manufacture of Non-metallic Mineral Products	58.7	58	58.6
Mining, Smelting and Pressing of Ferrous Metal	4.9	0.3	4.7
Mining, Smelting and Pressing of Non-ferrous Metal	47.2	19.5	26.3

Source: National Bureau of Statistics of China

China Construction Bank

Sale overhang lifted and valuation gap vs ICBC set to narrow

BoA sold 13.5b CCB shares at HK\$4.20 each with buyers rumoured to include Hopu and Temasek. With the share-sale overhang lifted, valuation gap vs ICBC will begin to narrow. Maintain HOLD on better entry levels.

Corporate Events

Pressured by the US government to raise capital following the stress test, Bank of America (BoA) sold 13.5b CCB shares (5.8% stake) for US\$7.3b or HK\$4.20/share (a 14% discount to the closing price on 11 April). Hopu Investment Management and Temasek Holdings were said to be among the buyers. BoA holds another 25.6b shares that cannot be sold before 29 Aug 11.

Stock Impact

Major overhang lifted with the sale. With the completion of BoA's sale of its CCB shares, the most significant short-term overhang for CCB has been lifted. The share sale was conducted via private placement and created minimal volatility for CCB shares on the secondary market. Going forward, sell-downs by strategic shareholders will no longer be a major concern for investors and all focus will be on the company's fundamentals.

Earnings Risk

Primary risks are worse-than-expected asset quality deterioration and NIM compression.

Valuation/Recommendation

Raise fair price as valuation gap with ICBC to narrow post share sale. With the long-anticipated sale over, there will be a noticeable boost in sentiment towards CCB. As a result, we believe CCB's valuations will revert to a level consistent with ICBC's as the two companies are similar fundamentally. CCB is currently trading at HK\$4.98, or 1.8x 2009F P/B and 1.6x 2010F P/B. ICBC currently trades at 2.1x 2009F P/B and 1.9x 2010F P/B. We raise our sustainable ROE assumption to 18.5%, reflecting leverage of 16x, which is on a par with ICBC. Hence, we lift our fair price to HK\$5.20, implying 1.9x 2009F P/NTA. Maintain HOLD as we wait for better entry levels at below HK\$4.55.

Earnings growth to outperform ICBC for 2Q and 3Q; full-year earnings to slightly lag ICBC's. CCB raised its coverage ratio to 141% for 1Q09 that resulted in its 1Q09 net profit declining 18% yoy. On the other hand, ICBC's coverage ratio remained largely flat at 132% at end-1Q09. As the CBRC is pushing banks to increase their coverage ratios to 150% by end-09, ICBC will be under greater credit cost pressure over 2Q09 and 3Q09 due to its lower coverage ratio. This will allow CCB to outperform ICBC over the next two quarters. However, we continue to believe ICBC will see higher earnings growth for the year.

CHINA

China Construction Bank (939 HK)

HOLD

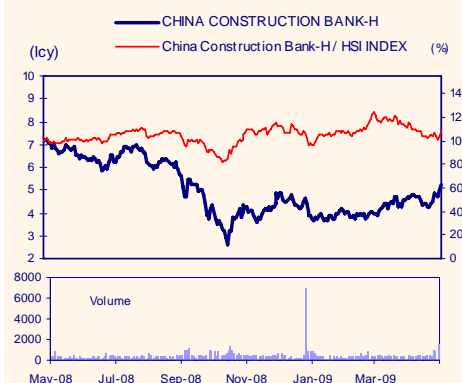
Current Price: HK\$4.98

Fair Price: HK\$5.20

(Previous: HK\$4.65)

Sector	Banking
52-Wk Avg Daily Vol. (m)	443
Market Cap (HK\$m)	1,166,700
(US\$m)	149,577
Major Shareholders (%)	
Huijin	59.1
Book NTA per Share (Rmb)	1.97
ROE (%)	20.7
Results Due	
Interim	August
Final	March

Price Chart



Analyst

Nan Sheng
 (8621) 5404 7225 ext.809
 nan.sheng@uobkayhian.com

Year to 31 Dec	Operating Income (Rmbm)	PPOP (Rmbm)	Net Profit (Rmbm)	EPS (Rmbm)	EPS Growth (%)	PE (x)	P/B (x)	DPS (Rmb)	Yield (%)
2007	220,717	128,390	68,993	0.30	32.8	14.9	2.50	0.20	3.6
2008	269,747	170,554	92,642	0.40	34.3	11.3	2.25	0.19	3.5
2009F	262,886	172,844	91,071	0.39	-1.7	11.5	1.80	0.19	3.5
2010F	310,859	202,365	107,480	0.46	18.0	9.8	1.60	0.23	4.2
2011F	354,375	223,426	123,398	0.53	14.8	8.5	1.43	0.34	6.2

Consensus Net Profit – FY09: Rmb97,317m
 – FY10: Rmb106,296m

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Net interest income	192,775	224,920	201,280	230,328	248,264
Operating expenses	(92,327)	(99,193)	(90,042)	(108,494)	(130,950)
Pre-provision profit	128,390	170,554	172,844	202,365	223,426
Net profit	68,993	92,642	91,071	107,480	123,398

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Cash and Balance with Central Banks	967,106	1,247,450	1,250,444	1,413,001	1,596,691
Total Gross Loans	3,137,366	3,630,782	4,175,947	4,646,099	5,171,293
Total Assets	6,581,898	7,555,452	8,395,455	9,261,036	10,231,017
Deposits	3,491,121	4,006,046	4,692,843	5,307,797	6,304,793
Total Liabilities	6,161,885	7,089,486	7,814,484	8,606,147	9,495,054
Total Shareholder's Equity & Liabilities	6,581,898	7,555,452	8,395,455	9,261,036	10,231,017

China Gas Holdings

LGP business boosting earnings; target price raised

Zhongyou Huadian is expected to contribute profit of HK\$100m in FY10. Also, CGH's target for gas sales and new connections in FY09 and FY10 should be achieved. Raise target price to HK\$2.20 to reflect earnings upgrade.

Corporate Events

China Gas' (CGH) acquisition of Zhongyou Huadian (ZYHD) was completed in Sep 08. Thus, CGH is consolidating ZYHD's financial statement in 2HFY09 (CGH's financial year ends on 31 March). Management gave positive guidance on ZYHD's business outlook. CGH expects ZYHD to sell 0.5mt of liquefied petroleum gas (LPG) in 2HFY09 and 1.3-1.4mt in FY10.

Stock Impact

LPG business boosting CGH's earnings. In 2HFY09, ZYHD sold about 500kt (with ASP of Rmb4,000/tonne) of LPG, in line with the company's full-year target of 1mt in FY09. In the same period, half of sales volume, or 250kt, were imported from the Middle East. In the light of higher margin of imported LPG, management was confident the net profit of its LPG business would exceed Rmb30m (net margin of 0.75%) in FY09. Given the strong demand for LPG in eastern China, management aims to sell 1.3-1.4mt of LPG in FY10. Net margin is expected to increase to 2%, or Rm100m, assuming no change in average selling prices (ASP).

CGH expects to further improve its LPG profitability by leveraging its existing city gas projects to explore the LPG retail market and its strong bonds with LPG suppliers, including Sinopec and Oman Oil, to source more LPG at attractive prices. It targets to sell 3mt of LPG and lift net margin to 10% in the next five years.

Gas sales and new connection forecasts unchanged. In FY09, we maintain our forecasts of 2bcm gas sales and 300,000 new connections. For FY10, we believe a 50% increase in gas sales, or 3bcm, and 350,000 new connections could be achieved.

Earnings Revision

We expect ZYHD to sell 130mt and 150mt of LPG in FY10 and FY11 respectively. Assuming a net margin of 2.0% and 2.5% for these two years, ZYHD is expected to generate a net profit of Rmb100m and Rmb150m in FY10 and FY11 respectively. CGH owns 83% of ZYHD, so ZYHD's earnings contribution to CGH is about HK\$100m and HK\$150m in FY10 and FY11 respectively. Correspondingly, we raise our net profit estimates for CGH by 23% and 27% for FY10 and FY11 respectively. Due to a lack of information, we leave balance sheet and cash flow tables unchanged for the time being pending CGH's further disclosure.

Valuation/Recommendation

CGH is trading at 10.7x PE for FY10, which is lower than the industry average of 15x forward PE. Based on the industry average of 15x PE, we raise our target price to HK\$2.20 from HK\$1.75. There is 47% upside from the current level. Maintain BUY.

CHINA

China Gas (384 HK)

BUY

Current Price: HK\$1.55

Target Price: HK\$2.20

(Previous: HK\$1.75)

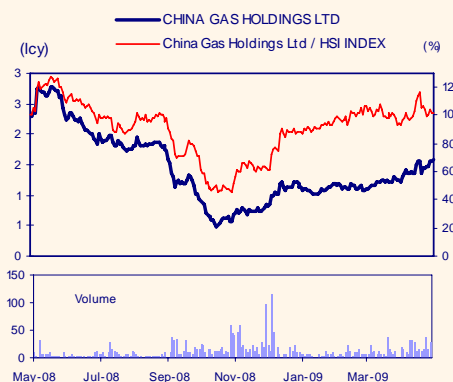
Sector	Gas Distribution
52-Wk Avg Daily Vol. (m)	11.8
Market Cap (HK\$m)	5,167
(US\$m)	662

Major Shareholders (%)	
Strait Finance	10.2

Book NTA per Share (HK\$)	1.1
ROE (%)	4.4
Net Debt per Share (HK\$)	1.3

Results Due	
Interim	December
Final	July

Price Chart



Source: Bloomberg

Analyst

Aochao Wang
 ☎ (86) 21 5404 7225 ext. 802
 wang.aochao@uobkayhian.com

Yan Shi
 ☎ (86) 21 5404 7225 ext. 804
 yan.shi@uobkayhian.com

Year to 31 Mar	Turnover (HK\$m)	EBITDA (HK\$m)	Net Profit (HK\$m)	EPS (HK\$ cents)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (HK\$ cents)	Yield (%)
2007	1,236.50	426.3	190.1	6.4	3.3	24.2	17.8	1.2	0.8
2008	2,552.10	662.3	119.8	3.7	23.1	41.9	13.4	1	0.6
2009F	5,716.50	941.7	663.4	18.0	130.6	8.6	11.2	1.8	1.2
2010F	9,709.40	1,250.0	533.1	14.5	(19.5)	10.7	7.3	2.4	1.5
2011F	12,207.50	1,504.5	703.1	19.1	31.9	8.1	6.9	3	1.9

Consensus Net Profit – FY09:Rmb386.7m
 – FY10:Rmb423.8m

Profit & Loss

Year to 31 Mar (HK\$m)	2007	2008	2009F	2010F	2011F
Turnover	1,236	2,552	5,716	9,709	12,208
EBITDA	426	662	942	1,250	1,505
Net Profit	190	120	663	533	703
EPS (HK\$ cents)	6.4	3.7	18.0	14.5	19.1

Balance Sheet

Year to 31 Mar (HK\$m)	2007	2008	2009F	2010F	2011F
Current Assets	2,952	2,665	3,701	3,917	4,988
Total Assets	7,225	8,543	11,043	11,435	12,671
Current Liabilities	1,785	2,516	3,183	3,634	4,714
Long-Term Liabilities	2,827	3,073	2,873	2,300	1,800
Shareholder Funds	2,359	2,646	3,310	3,743	4,296
Total Equity & Liabilities	7,304	8,543	11,043	11,435	12,671

Cash Flow

Year to 31 Mar (HK\$m)	2007	2008	2009F	2010F	2011F
D & A	98	154	236	325	333
Change in working capital	(187)	406	103	1	3
Capex	(1,273)	(1,800)	(2,000)	(500)	(500)
Net change in cash flow	(339)	(728)	72	(334)	(107)

Haitian International

Gaining market share

HI's operating environment has improved given demand picking up from downstream sectors, including automobile and home appliances. We upgrade HI from HOLD to BUY given better operating environment and valuation

Corporate Events

Demand for small-tonnage machines picked up. In line with other manufacturing companies, 4Q08 was the most difficult period for Haitian International (HI). Demand for small-tonnage plastic injection moulding machine (PIMM) was hardest hit in 4Q08 and Jan-Feb 09 given orders and financial pressures on small-sized manufacturers. Given an improvement in operating environment and the credit market, demand for small tonnage PIMM picked since Mar 09. According to HI, total turnover in Jan 09 remained at a low level but returned to normal level in Apr 09. Toshiba Machine (6104 JT) indicated that there are signs of improvement in demand for small- and medium-sized PIMMs in China recently.

Profitability. Management targets to improve gross margin in 2009 through better product mix and lower raw material prices. It continues to see good demand for energy-saving PIMMs from customers in logistics and electrical appliances. HI's Jupiter series aims to serve large plastic parts processing application, such as automotive, packaging and large household appliance products. Venus is the highest product series of all electric PIMM, a segment dominated by Japanese manufacturers. HI believes it is the only player in China capable of producing all electric PIMMs. Steel cost accounts for about 50% of its COGS. In line with other manufacturers, the lower steel price is positive to HI. We factored in a 1ppt improvement in gross margin in 2009 to 27.7%.

Strong financial position. HI has Rmb925m net cash at end-08, which should be an advantage over its peers. The cash position is expected to improve in 2009 given improving operating environment, lower capex and tighter working capital management. The Group will cut its capex to about Rmb100m in 2009 from Rmb390m in 2008.

Market share gain. HI's expects the total demand for PIMM in China to shrink by another 10% in 2009 after a 15-20% decline in 2008. Through the development of large-tonnage and energy-saving machines, HI targets to achieve a 10% decline to flat turnover growth in 2009.

Stock Impact

Our 2009 and 2010 turnover estimates are cut by 24.7% and 24.6% respectively after factoring a 30% decline in domestic sales volume and an 18% decline in export sales. We also cut the average selling price (ASP) by 9.5% in 2009 and 2010. We trim our 2009 and 2010 net profit estimates by 41.2% and 43.1%, respectively.

CHINA

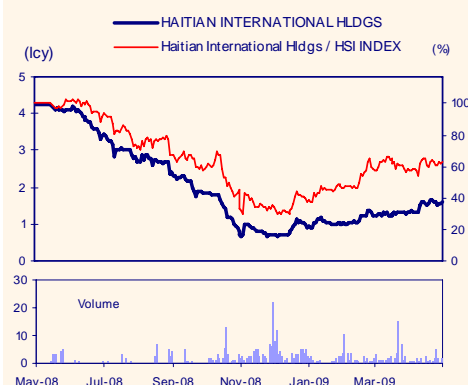
Haitian International
(1882 HK)

UPGRADE TO BUY

Current Price: HK\$2.00
Target Price: HK\$2.57
(Previous: HK\$4.80)

Sector	Industrials
52-Wk Avg Daily Vol. (m)	1.9
Market Cap (HK\$m)	3,192.0
(US\$m)	411.9
Major Shareholders (%)	
Haitian Employee Trust	68.4
Book NTA per Share (Rmb)	1.9
ROE (%)	14.1
Net Cash per Share (Rmb)	0.6
Results Due	
Interim	September
Final	March

Price Chart



Source: Bloomberg

Analyst

Mark Po, CFA
☎ (852) 2236 6794
mark.poi@uobkayhian.com.hk

Year to Dec 31	Turnover (Rmbm)	EBITDA (Rmbm)	Net Profit (Rmbm)	EPS (Rmb)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (Rmb)	Yield (%)
2007	3,825	631	568	0.36	35.6	5.0	9.5	0.19	9.5
2008	3,694	490	405	0.25	(28.7)	7.0	11.5	0.10	4.8
2009F	3,525	494	373	0.23	(8.0)	7.6	4.0	0.07	3.5
2010F	4,063	612	447	0.28	19.8	6.4	3.2	0.08	4.0
2011F	4,594	700	514	0.32	15.1	5.5	2.5	0.09	4.5

Consensus Net Profit – FY09: Rmb481.3m
– FY10: Rmb548.6m

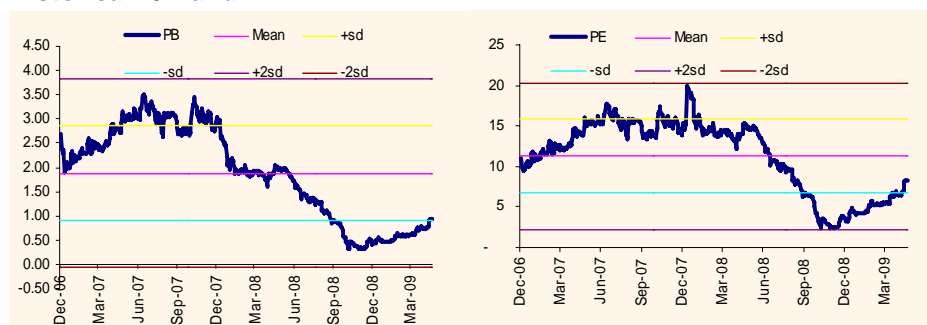
Earnings Risk

Massive slowdown in China's economy and significant increase in raw material prices.

Valuation/Recommendation

Based on PE and P/B, HI does not look expensive given its leading position in the PIMM industry. The stock is trading only at 7.6x 2009 PE and 6.4x 2010 PE and 1.0x P/B. Given its better product mix, HI continues to outperform its peers during the downturn. Upgrade HI to BUY with a new target price of HK\$2.57 based on 10x 2009 PE, about 50% discount to the average of A-share listed machinery manufacturers of 20x and in line with the historical average of 11.5x PE.

Historical P/B and PE



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Turnover	3,825	3,694	3,525	4,063	4,594
EBIT	631	490	494	612	700
Pre-tax Profit	600	442	420	526	605
Net Profit	568	405	373	447	514

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Current Assets	3,649	3,136	3,473	3,836	4,378
Total Assets	4,804	4,563	4,928	5,397	6,039
Current Liabilities	2,008	1,587	1,753	1,884	2,140
Long-Term Liabilities	1	23	1	2	2
Shareholder Funds	2,796	2,953	3,174	3,509	3,896
Total Equity & Liabilities	4,804	4,563	4,928	5,397	6,039

Cash Flow

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Operating	397	284	432	512	563
Investing	(345)	(413)	87	(283)	(137)
Financing	(273)	(128)	(153)	(170)	(184)
Net Cash In/(Out) Flow	(221)	(257)	366	59	243
Begin Cash & Cash Equiv.	1598	1377	1121	1486	1545
End'g Cash & Cash Equiv.	1377	1121	1486	1545	1788

PICC Property & Casualty

April premiums up 18% yoy on strong auto sales

April premiums came in at Rmb11.3b, +18.3% yoy, and continued to be driven by strong auto sales. Current valuations remain lofty, implying further downside risks. Maintain SELL.

Corporate Events

PICC announced 4M08 premium income of Rmb43,739.2m, +13.0% yoy. Premium income for April was Rmb11,336.2m, +18.3% yoy.

Stock Impact

Premium growth for April continued to be strong on the back of strong auto sales, which rose 25.0% yoy in April. This was the third consecutive month in which premium saw strong growth following a very lacklustre January. With economic activity in China beginning to pick up, auto sales are expected to remain relatively strong for the year.

The CIRC's strict enforcement of solvency also helped reduce market competition by banning insurers with solvency ratios under 100% from writing new policies. On the back of improving industry fundamentals, we are now confident that a 10% premium growth will be achievable for the year.

Earnings Risk

The A-share market will continue to outperform and a stronger-than-expected recovery in underwriting profit.

Valuation/Recommendation

PICC's fundamentals will continue to improve over the rest of the year, with the company expected to report an underwriting profit for 1H09 and for the year. With the strong performance of the A-share market, investment returns will also begin to rebound. However, PICC continues to trade at very lofty valuations at 1.8x 2009F P/B and 1.6x 2010F P/B. Current valuations imply that investors are still hoping to be positively surprised by PICC, but given the extremely difficult underwriting environment in China, we believe a positive surprise in earnings is unlikely and current valuations imply further downside risks. Maintain SELL with fair price of HK\$3.95, implying 1.56x 2009F P/B.

CHINA

PICC Property & Casualty (2328.HK)

SELL

Current Price: HK\$4.64

Fair Price: HK\$3.95

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

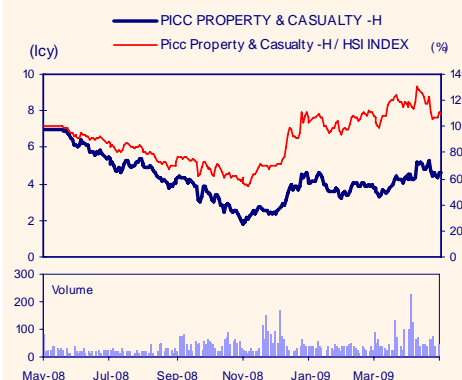
52-Wk Avg Daily Vol. (m)	46.2
Market Cap (HK\$m)	51,698
(US\$m)	6,628

Major Shareholders (%)	
PICC	69.0

Book NTA per Share (Rmb)	1.96
ROE (%)	0.21

Results Due	
Interim	August
Final	April

Price Chart



Source: Bloomberg

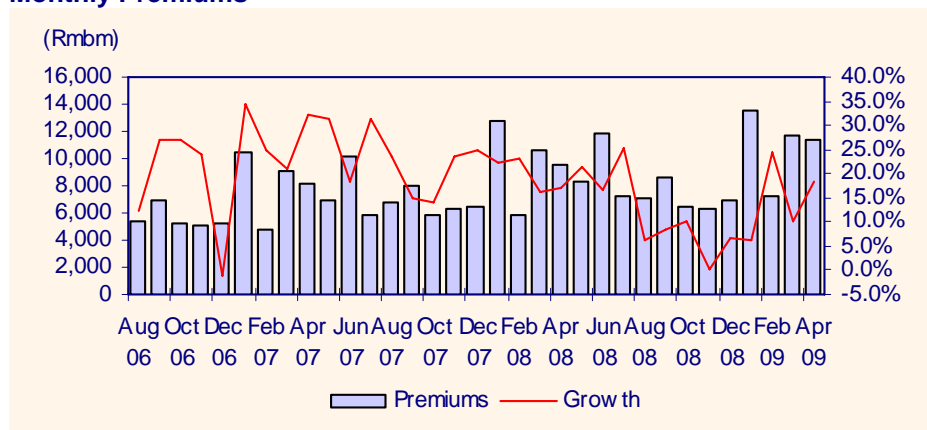
Analyst

Nan Sheng
 ☎ (8621) 5404 7225 x809
 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 (%)
2007	68,728	4,453	2,988	0.27	34.9	15.6	1.7	0.0	0.0
2008F	81,122	(446)	51	0.00	(98.3)	917.8	2.0	0.0	0.0
2009F	84,606	3,331	2,498	0.22	4,823.2	18.6	1.8	0.0	0.0
2010F	93,410	4,627	3,470	0.31	38.9	13.4	1.6	0.0	0.0
2011F	103,089	5,299	3,974	0.36	14.5	11.7	1.4	0.0	0.0

Consensus Net Profit – FY09: Rmb2,281m
 – FY09: Rmb3,070m

Monthly Premiums



Source: CIRC, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Net earned premiums	68,728	81,122	84,606	93,410	103,089
Underwriting profit	(1,427)	(2,494)	1,105	1,921	1,906
Net profit	2,988	51	2,498	3,470	3,974

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Total Assets	134,265	152,852	150,857	164,258	182,600
Total Liabilities	108,187	131,043	126,549	136,481	150,849
Equity	26,078	21,809	24,307	27,777	31,751

Indocement Tunggal Prakarsa

Stream of strength

While cement volume may remain weak over the next two months, we expect a healthy pick-up in 2H09. We think housing sales to rise on lower interest rates while the long-delayed toll projects are finally taking off. Upgrade from HOLD to BUY.

Corporate Events

During the analyst meeting, management indicated that cement volume to remain weak in April and May but expects demand to pick up starting 2H09. We expect property development to accelerate driven increased availability of financing. We also hear that the toll projects are finally progressing after being delayed for two years.

We raise our earnings estimate for Indocement on the back of better-than-expected average selling price in 1Q09 while maintaining our volume assumption. Being the price leader, Indocement's 1Q09 ASP rose 23% yoy and 14% ytd, higher than the industry's 17% and 7% respectively.

Stock Impact

Sales volume to pick up in 2H09. Indocement's 1Q09 sales volume fell 14% yoy vs -6% yoy for the industry due to its higher pricing but other producers had also raised prices. However, we expect volume to pick up in 2H09 as generally, 55% of the year's sales come in 2H. Indocement expects domestic cement consumption to decline 6% yoy in 2009 but to rebound strongly in 2010. There is generally a 3-6 month lag in terms of the impact of lower interest rates translating to higher housing sales expected by 2H09.

Targets bigger role in aggregate business. Indocement recently acquired another aggregate subsidiary as it expects the bulk business to increase from the current 14% of total sales with the onset of toll projects. There are currently three projects under construction and we expect several more to start.

Margin enhancement. Indocement may book a higher net margin of 19% in FY09 vs 18% in FY08 on tighter control in fixed cost, shutdown of less efficient plants and better operational efficiencies as the new plant commences operation.

Heidelberg issue. HeidelbergCement (HC) owns 65.1% of Indocement. HC's recent financial issue has raised expectation that Indocement will be a target of acquisition to fund the parent's debt repayment. In our view, there are two reasons HC may keep part of its stake in Indocement: a) Heidelberg will not sell its core businesses in cement, aggregates and concrete, the very businesses Indocement is in, and b) HC is proposing a refinancing plan to its creditors. Local press reported HC may make a placement of a 10-15% stake in Indocement. Nonetheless, whichever scenario HC take part in, we believe it will be positive for minority shareholders.

INDONESIA

Indocement Tunggal Prakarsa (INTP IJ)

UPGRADE TO BUY

Current Price: Rp5,700
Target Price: Rp7,500
(Previous: Rp5,900)

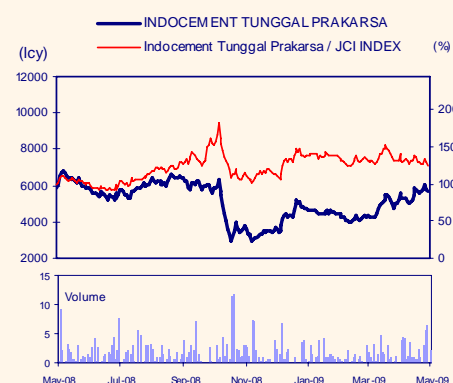
Sector	Cement
52-Wk Avg Daily Vol. ('000)	2,200
Market Cap (Rpb)	20,983
(US\$m)	2,017

Major Shareholders (%)	
HeidelbergCement	65.1

Book NTA per Share (Rp)	3,054
ROE (%)	23
Net Debt per Share (Rp)	223

Results Due	
1Q: Apr	2Q: Aug
3Q: Oct	Final: Mar

Price Chart



Source: Bloomberg

Analyst

Indonesia Research
 ☎ (62-21) 2557 8870
 Indonesiaresearch@uobkayhian.com

Year to 31 Dec	Turnover (Rpb)	EBITDA (Rpb)	Net Profit (Rpb)	EPS (Rp)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (Rp)	Yield (%)
2007	7,324	2,143	983	267	66	21.3	10.3	30.0	0.5
2008	9,780	3,059	1,746	474	77	12.0	6.7	40.0	0.7
2009F	9,926	3,405	1,923	522	10	10.9	5.7	94.8	1.7
2010F	10,877	3,686	2,169	589	13	9.7	4.9	104.5	1.8
2011F	12,109	3,867	2,333	634	8	9.0	4.2	117.8	2.1

Consensus Net Profit – FY09: Rp1,646.1b
 – FY10: Rp1,975.1b

Improved dividend payment. We expect Indocement to pay higher dividends to reduce the parent's debt load. Since last year, Indocement has been accelerating its debt repayment to HC Finance (a related party) and by 1Q09, Indocement has no outstanding loans to its parent. With strong cash flow projected in 2009 and Indocement's net cash of Rp761b in 1Q09 (Rp416b in Dec 08), we think there is upside risk to our assumed payout ratio of 20% in 2009.

Earnings Revision

Increase ASP assumption across the sector. We increase our 2009 ASP growth assumption for Indocement from 0% to 10% while maintaining our FY10 assumption of a 5% increase. Our 10% price increase already reflected a 3% decline in prices in 2H09. We prefer to be conservative in our price assumption as we think the anti-monopoly commission's current investigation of oligopoly practice in the cement industry will limit price increases. We also made adjustment in the cost side to reflect better control of costs. All in, we raise our FY09 and FY10 EPS by 29% and 16% from our previous estimates.

Valuation

Upgrade to BUY. We upgrade Indocement from HOLD to BUY on the back of higher earnings estimates and PE multiples. We we also increase our target price by 27% to Rp7,100, implying 14.3x FY09F PE and 7.7x FY09F EV/EBITDA vs historical PE of 18x and EV/EBITDA of 8x. Indocement currently trades at 11x FY09F PE, 6x FY09 EV/EBITDA and at EV/ton of US\$97, one of the lowest relative to its Indonesian peers.

Profit & Loss

Year to 31 Dec (Rpb)	2007	2008	2009F	2010F	2011F
Turnover	7,323.6	9,780.5	9,926.0	10,877.1	12,109.0
Gross Profit	2,753.6	4,024.6	4,336.4	4,716.1	5,019.2
Operating Profit	1,584.8	2,459.9	2,748.1	2,991.5	3,135.7
Pre-tax Profit	1,417.7	2,332.8	2,747.7	3,098.1	3,332.7
Net Profit	982.9	1,745.5	1,923.4	2,168.7	2,332.9

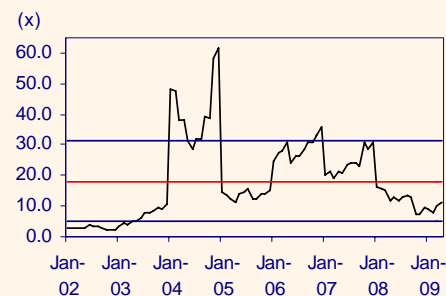
Balance Sheet

Year to 31 Dec (Rpb)	2007	2008	2009F	2010F	2011F
Current Assets	2,248.6	3,471.3	4,277.7	5,970.6	7,879.3
Total Assets	10,016.0	11,286.7	12,206.7	13,940.5	15,853.3
Current Liabilities	759.6	1,943.9	1,342.4	1,338.9	1,352.6
Non-Current Liabilities	3,090.0	2,786.5	2,132.2	2,082.0	2,095.7
Shareholder's fund	6,926.0	8,500.2	10,074.5	11,858.5	13,757.6
Total Equity & Liabilities	10,016.0	11,286.7	12,206.7	13,940.5	15,853.3

Cash Flow

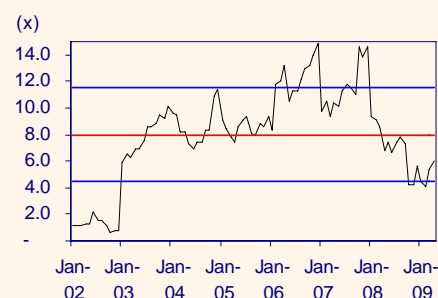
Year to 31 Dec (Rpb)	2007	2008	2009F	2010F	2011F
Cash Flow Operations	1,758.0	1,619.2	2,774.8	2,683.2	2,803.2
Cash Flow Investments	(482.1)	(232.8)	(770.0)	(735.0)	(735.0)
Cash Flow Financing	(1,011.5)	(893.0)	(1,322.9)	(472.0)	(480.4)
Change in Cash	264.4	493.3	681.9	1,476.2	1,587.9
Begin Cash	43.4	307.8	793.2	1,475.1	2,951.3
Ending Cash	307.8	793.2	1,475.1	2,951.3	4,539.2

PE BAND



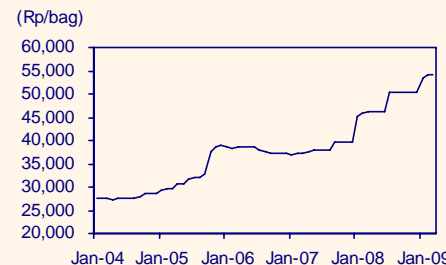
Source: Bloomberg

EV/EBITDA Band



Source: Bloomberg

ASP Historical



Source: Indonesia Cement Association

KLCC Property

FY09: Office rentals to drive earnings in FY10

FY09 results are in line with our and consensus estimates. We expect to see resilient recurring income contributed by office rentals.

FY09 Results

Year to 31 Mar	FY09 (RMm)	FY08 (RMm)	yoy % chg	Remarks
Turnover	861.2	843.0	2.2	
Property Investment & Hotel Operations	811.1	795.1	2.0	Increase in rental from Dayabumi and Suria KLCC
Provision of mgt services	54.2	51.9	4.4	Increase in revenue from car park management
Operating Profit	627.5	626.1	0.2	
Property Investment & Hotel Operations	613.1	608.6	0.7	
Provision of mgt services	18.5	20.5	(9.8)	
Revaluation Surplus	508.4	427.0	19	
Pre-tax Profit	1,032.2	904.4	14.1	yoy increase due to higher interest income and lower finance cost; also contributed by
revaluation				surplus from investment properties
Net Profit	535.7	441.6	21.3	

Source: KLCC Property, UOB Kay Hian

Results

KLCC Property's net profit for FY09 came in at RM535.7m, up 21.3% yoy, mainly contributed by the higher surplus of RM81.4m from the fair value adjustment of investment properties. Net profit ex-fair value adjustment stood at RM231m, up 9.5% yoy, and is in line with our and consensus estimates. Revenue stood at RM861.2m, slightly up by 2.2% yoy due to higher revenue from car park operations and increased rentals from offices and retail malls.

Stock Impact

Strong office rentals likely to compensate for slowdown in retail mall and hotel operations. We believe a potential slowdown in the Suria KLCC retail mall and Mandarin Oriental Hotel in 2009-10 as a result of the sluggish economy is compensated for by the strong rental reversion from the office segment. KLCC Property has locked in rental income under long-term leases with blue-chip tenants for Petronas Twin Tower (Petronas), Menara Maxis (Tanjong), Menara ExxonMobil (ExxonMobil) and Dayabumi (MISC) where default risk is minimal. Moreover, the next rental revision for Petronas Twin Tower is due in Oct 09 and is expected to increase 9% to RM9psf. Long-term office rentals contribute about 51% of FY10 EBIT.

MALAYSIA

KLCC Property (KLCC MK)

BUY

Current Price: RM3.20

Target Price: RM3.40

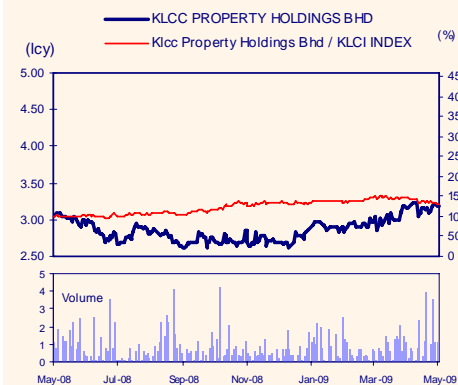
Sector	Property
52-Wk Avg Daily Vol. ('000)	766
Market Cap (RMm)	2,989.0
(US\$m)	850.3

Major Shareholders (%)	
KLCC Holdings S/B	20.3
Petronas	19.7

Book NTA per Share (RM)	5.8
ROE (%)	7.5
Net Debt per Share (RM)	1.68

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

Price Chart



Source: Bloomberg

Analyst

Malaysia Research Team
research@uobkayhian.com

Year to 31 Mar	Turnover (RMm)	EBITDA (RMm)	Net Profit (RMm)	EPS (sen)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (sen)	Yield (%)
2008	843.0	657.7	441.6	47.3	(55.1)	6.8	7.3	12.4	3.9
2009	861.2	647.9	535.7	57.3	21.3	5.6	7.0	10.5	3.3
2010F	914.3	714.0	242.2	25.9	(54.8)	12.3	6.0	13.0	4.1
2011F	930.9	724.1	253.7	27.2	4.7	11.8	5.4	13.6	4.2
2012F	948.0	734.4	286.9	30.7	13.1	10.4	4.9	15.4	4.8

Consensus net profit – FY10: RM237.7m
– FY11: RM260.6m

Dividends. A final net DPS of 5.5 sen was declared. FY09's net DPS was 10.5 sen, lower than FY08's 12.4 sen.

Potential catalyst from Lot C development. As we had highlighted previously, the mixed development project on Lot C comprises the extension of the existing Suria KLCC retail mall (NLA of 150,000sf) and a new office block (NLA of 850,000sf). The retail mall would be operational in FY11 whereas the office block would be occupied in FY12 at the earliest. We have not factored in any potential earnings for this Lot C development as we are still uncertain whether KLCC Property has signed up any en-bloc tenants or leased out the Suria KLCC retail mall.

Earnings Revision

No change to our earnings forecasts.

Valuation/Recommendation

We maintain our target price at RM3.40 based on a 40% discount to our RNAV of RM5.37/share (which implies 0.6x FY10F P/B against historical average P/B of 0.8x).

Profit & Loss

Year to 31 Mar (RMm)	2008	2009	2010F	2011F	2012F
Turnover	843.0	861.2	914.3	930.9	948.0
EBIT	626.1	627.5	681.8	691.1	700.6
Pre-tax Profit	904.4	1032.2	521.6	546.3	618.0
Net Profit	441.6	535.7	242.2	253.7	286.9
EPS (sen)	47.3	57.3	25.9	27.2	30.7

Balance Sheet

Year to 31 Mar (RMm)	2008	2009	2010F	2011F	2012F
Current Assets	558.4	648.4	790.9	963.4	1,136.7
Total Assets	9979.1	10640.5	10816.6	11022.2	11,227.9
Current Liabilities	558.4	377.8	365.7	368.8	372.0
Long-Term Loans	1716.7	1874.6	1711.1	1547.6	1,384.1
Shareholders' Funds	6821.2	7510.3	7822.6	8143.1	8,509.3
Total Equity & Liabilities	9979.1	10640.5	10816.6	11022.2	11,227.9

Cash Flow

Year to 31 Mar (RMm)	2008	2009	2010F	2011F	2012F
Operating	572.5	547.0	596.4	612.4	609.8
Investing	(50.0)	(74.0)	(54.8)	(54.8)	(54.8)
Financing	(493.1)	(395.9)	(387.3)	(386.2)	(382.8)
Net Cash In/out flow)	29.4	77.1	154.3	171.4	172.1
Begin Cash & Cash Equiv.	469.1	497.1	574.2	728.5	899.8
End'g Cash & Cash Equiv.	498.5	574.2	728.5	899.8	1,072.0

RNAV

	BV (RMm)	MV (RMm)	Surplus (RMm)
Office			
Menara Exxon Mobil	362.0	455.8	93.8
Kompleks Dayabumi	330.0	405.1	75.1
Petronas Twin Towers	4,870.0	5,111.0	121.7
Menara Maxis	556.0	633.4	25.5
Lot C (land)	151.5	115.7	(35.8)
Lot D1 (land)	67.6	154.0	86.4
Shopping Mall			
Suria KLCC	2,800.0	2,821.0	12.6
Hotel			
Mandarin Oriental	565.8	771.6	154.3
Total Shareholders Funds RNAV			533.6 6,414.7
FD RNAV/share			5.37

Source: UOB Kay Hian

Berjaya Sports Toto

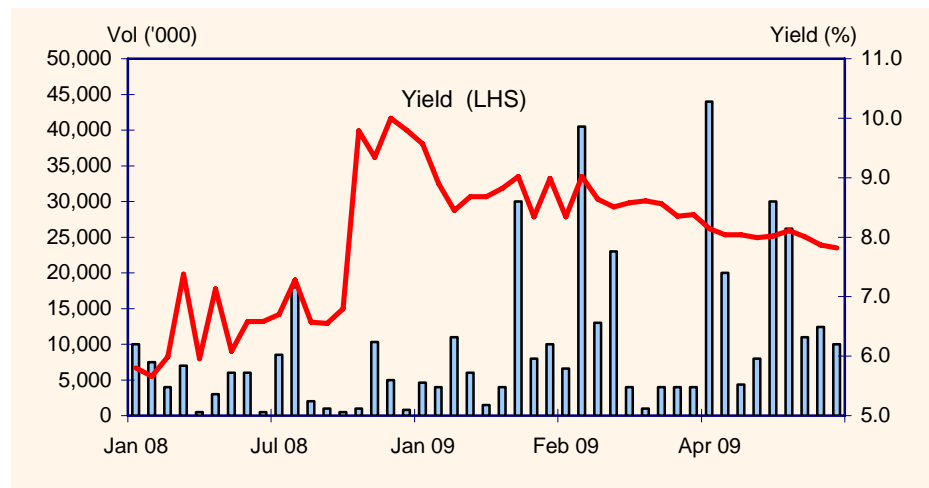
Possible hefty dividend payout?

The likely early redemption of parent company BLand's RM900m bond is most likely funded by cash payout from BToto, which could boost BToto's yield to 15% within 2-3 months.

Corporate Events

There is likelihood of Berjaya Land's (BLand) RM900m 8% 5-year secured exchangeable bond (EB) being redeemed early on 15 Aug 09. A put notice has been issued and bondholders keen to exercise the put option must serve notice to BLand by 16 July. We reckon that a good proportion of the EB holders would exercise the option even though the yield has eased to 7.8% from 10% since Jan 09 as trading volume has been too thin to provide an accurate indication. Foreign institutional holders comprise about 50% of the EB holders while local institutions make up most of the balance.

BLand RM900m Exchangeable Bond



Source: Bloomberg, UOB Kay Hian

Stock Impact

BLand's balance sheet is fully stretched. Based on 3QFY09 (ending Jan 09) results, BLand's D/E ratio stood at 57%, cash flow was a RM162m deficit and the RM587.6m cash appears insufficient to pay redeeming bondholders. Practically, a full redemption scenario needs to be assumed where BLand needs in total RM915m cash plus accrued interest, which it is RM330m short after exhausting all its cash. As re-financing options by BLand may be limited, it is logical that BToto will be called upon to rescue by giving hefty payouts.

What are the possible options? Logically, the distributable cash should originate from retained earnings, treasury shares and the share premium account. However, given the time constraint, we discount the possibility of distributing the share premium account of RM207m which typically requires lengthy relevant authority approvals.

MALAYSIA

Berjaya Sports Toto (BST MK)

BUY

Current Price: RM 4.76

Target Price: RM5.50

Catalyst: potentially a large cash distribution

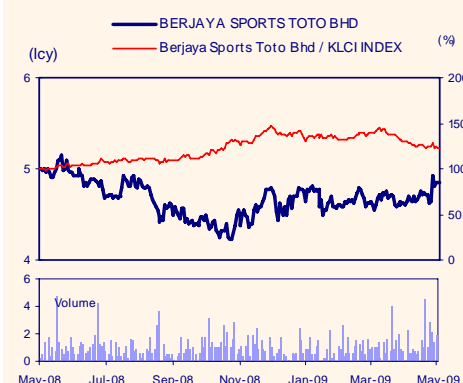
Sector	Gaming
52-Wk Avg Daily Vol. ('000)	1,009
Market Cap (RM\$m)	6,430.9
(US\$m)	1,829.5

Major Shareholders (%)	
Berjaya Land	49.8

Book NTA per Share (RM\$)	NA
ROE (%)	90.3
Net Cash per Share (RM\$)	(0.08)

Results Due	
1Q: Sep	2Q: Dec
3Q: Mac	Final: Jun

Price Chart



Source: Bloomberg

Analyst

Malaysia Research Team
research@uobkayhian.com

Year to 30 Apr	Turnover (RMm)	EBITDA (RMm)	Net Profit (RMm)	EPS (RM)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (sen)	Yield (%)
2007	3,034.4	559.8	376.6	29.1	(23.1)	16.3	10.2	45.0	9.5%
2008	3,277.8	525.8	348.7	27.6	(5.2)	17.2	10.8	35.0	7.4%
2009F	3,477.3	581.6	400.9	31.7	15.0	14.6	9.6	32.0	6.7%
2010F	3,538.0	591.7	412.9	32.7	3.0	14.1	9.2	33.0	6.9%
2011F	3,643.3	609.5	432.5	34.2	4.8	13.5	8.7	35.0	7.4%

Consensus Net Profit – FY09: RM410.6m
– FY10: RM434.0m

On the other hand, BToto has RM453m retained earnings and 95m of treasury shares as at 31 Jan 09. Assuming these two items are distributed to shareholders, this translates to a DPS of 36sen plus one treasury share for every 13 shares, which is equivalent to about 73sen/share. Based on an aggregate borrowing of RM470m, its debt-to-equity ratio is expected to rise to 170% from 62% currently, and interest cover will fall from 42x to 10-15x in FY10F. We do not foresee any constraints for BToto to gear up given its strong cash flow generation, market leadership and competitive advantage in term of product variance.

With this plan, BLand is expected to resolve the immediate issue on its exchangeable bond given that BLand is able to extract half of the RM453m in addition to its current cash pile of RM587.6m. Any balance shortfall is expected to be raised through borrowings by pledging its 47.5m BToto treasury shares.

Earnings Revision

No change in our earnings forecasts. BToto will report FY09 results in June. We maintain our earnings forecasts and project revenue for 4QFY09 will contract 15-20% qoq due to lesser number of draws in 4QFY09 (40 draws) vs 3QFY09 (46 draws), fewer festival days in the final quarter and weaker spending power of blue-collar workers amid the slowdown in economic activities.

Valuation/Recommendation

Reiterate BUY. Based on DCF (cost of equity of 8.9% and terminal growth of 2%), we value BToto at RM5.50/share. We expect a hybrid final payout totalling about 73 sen/share via cash and treasury share dividends, which translates to a yield of 15% within 2-3 months. Nonetheless, we recommend investors to 'sell on news' as financial risk profile could be altered quite substantially with its high gearing and low interest cover.

Profit & Loss

Year to 30 Apr (RMm)	2007	2008	2009F	2010F	2011F
Turnover	3,034.4	3,277.8	3,477.3	3,538.0	3,643.3
EBIT	547.4	510.8	567.5	575.3	593.2
Pre-tax Profit	545.8	502.6	557.5	566.4	593.4
Net Profit	376.6	348.7	400.9	412.9	432.5
EPS (sen)	29.1	27.6	31.7	32.7	34.2

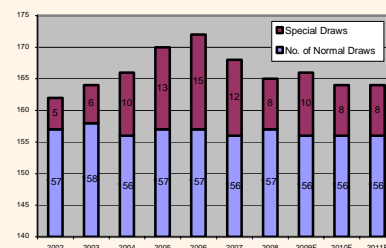
Balance Sheet

Year to 30 Apr (RMm)	2007	2008	2009F	2010F	2011F
Current Assets	420.4	220.9	234.0	249.0	264.1
Total Assets	1,213.2	1,024.2	1,038.6	1,054.3	1,067.6
Current Liabilities	374.0	394.3	406.5	419.4	432.9
Long-Term Loans	360.0	237.5	117.5	-2.5	-123.5
Shareholders' Funds	418.3	330.7	557.2	661.5	766.8
Total Equity & Liabilities	1,213.2	1,024.2	1,038.6	1,054.3	1,067.6

Cash Flow

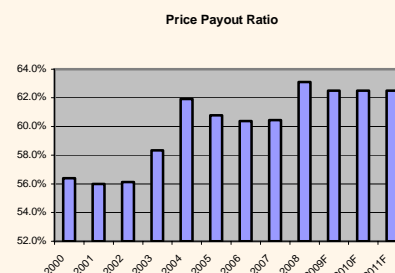
Year to 30 Apr (RMm)	2007	2008	2009F	2010F	2011F
Operating	447.5	344.9	445.1	459.0	470.4
Investing	468.2	72.8	(3.1)	(2.1)	(2.6)
Financing	(1336.7)	(538.0)	(433.2)	(445.8)	(457.0)
Net Cash In/out flow	(421.0)	(120.3)	8.8	11.1	10.9
Begin Cash & Cash Equiv.	659.7	246.9	126.6	135.4	146.5
End'g Cash & Cash Equiv.	238.8	126.6	135.4	146.5	157.4

Number of Draws for BToto



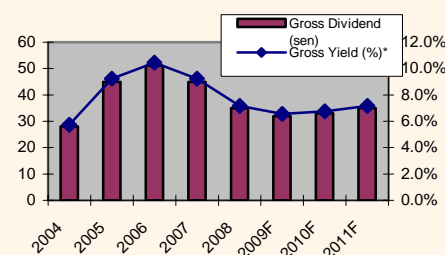
Source: BToto, UOB Kay Hian

Blended Price Payout Ratio



Source: BToto, UOB Kay Hian

Gross Dividend and Gross Yield



Source: BToto, UOB Kay Hian

China Sports Int'l

1Q09: Margin rebounded but working capital will increase

1Q09 net profit unexpectedly grew 7% yoy due to cost savings. Profit margin rebounded from a trough in 4Q08. Raise 2009-11 EPS forecasts by 9-12%. Maintain HOLD with fair price raised to S\$0.14.

1Q09 Results

Year to 31 Dec	1Q08 (Rmbm)	4Q08 (Rmbm)	1Q09 (Rmbm)	YoY % chg	QoQ % chg	Remarks
Turnover	403	505	530	32	5	Specialty store openings
Gross profit	89	83	89	(0)	7	
EBIT	63	39	67	7	73	
Pre-tax Profit	63	39	67	6	72	
Tax	(17)	(9)	(17)	1	97	
Net Profit	46	30	50	7	64	
Gross margin (%)	22.0	16.4	16.7	(5.4)	0.3	Cut product prices
EBIT margin (%)	15.5	7.7	12.6	(2.9)	5.0	Cut SG&A expenses
Pre-tax margin (%)	15.7	7.7	12.6	(3.1)	4.9	
Net margin (%)	11.5	6.0	9.4	(2.1)	3.4	

Source: China Sports, UOB Kay Hian

Results

Turnover up 45% yoy. China Sports Int'l's (China Sports) turnover grew 32% yoy to Rmb530m in 1Q09. Total points of sales (POS) decreased from 2,260 at end-08 to 2,170 at end-Mar 09, with the number of specialty stores up from 400 to 420 but stores-in-stores down from 1,860 to 1,750. The openings of larger specialty stores drove sales growth during the period. Same-store sales (SSS) remained flat.

Gross margin still flat at 4Q08 level. Gross margin remained flat at around 16.7% in 1Q09. This means product prices have stabilised.

EBIT margin up 5% qoq. EBIT margin edged up 5% qoq to 12.6% in 1Q09 due to cost savings in selling, general and administrative (SG&A) expenses.

Strong cash flow. Operating cash flow reversed from an outflow of Rmb61m in 4Q08 to an inflow of Rmb170m, by virtue of the decrease in net working capital.

2009 Outlook

A single-digit turnover growth in 2009. The management guided a single-digit top-line growth for 2009, based on a fixed number of POS and flat SSS. Given the same number of POS, the Group will ask its distributors to shift from operating smaller stores-in-stores to opening larger specialty stores, which would enlarge the total sales floor. It targets to add 100 specialty stores and cut 100-200 stores-in-stores in 2009.

SG&A expenses will increase. Amid competition, the Group targets to raise the percentage of advertising (A&P) expenses as a percentage of turnover from 5% to 10-15% in the next two years. Additionally, in order to incentivise distributors to open specialty stores, the Group will provide them with a subsidy of around Rmb60,000/store for store decorations. The subsidy would be capitalised as fixed assets and depreciated in two years.

SINGAPORE

China Sports Int'l (CSPT SP)

HOLD

Current Price: S\$0.16

Fair Price: S\$0.14

(Previous: S\$0.12)

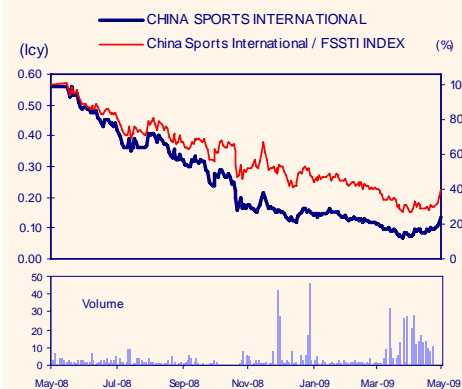
Sector	Consumer
52-Wk Avg Daily Vol. ('000)	2,920
Market Cap (S\$m)	108
(US\$m)	74

Major Shareholders (%)	
Lin Shao Xiong	33.6

Book NTA per Share (S\$)	0.25
ROE (%)	27.0
Net Cash per Share (S\$)	0.17

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

Price Chart



Source: Bloomberg

Analyst

Singapore Research Team
research@uobkayhian.com

Year to 31 Dec	Turnover (Rmbm)	EBITDA (Rmbm)	Net Profit (Rmbm)	EPS (Rmb)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (Rmb)	Yield (%)
2007	1,207	215	155	0.274	76.6	2.8	n.a.	0.047	6.2
2008	1,860	283	185	0.275	0.4	2.7	n.a.	0.028	3.6
2009F	1,988	217	136	0.201	(26.8)	3.7	n.a.	0.020	2.7
2010F	2,151	233	147	0.218	8.1	3.5	n.a.	0.022	2.9
2011F	2,331	250	159	0.236	8.3	3.2	n.a.	0.024	3.1

Consensus Net Profit – FY09: Rmb155m
– FY10: Rmb158m

Wednesday, May 13, 2009

Debtor days will increase. The Group indicated it would extend the credit term to distributors from 40-50 days to 60-90 days, going forward. Accordingly, some of its competitors are giving such a long credit term to distributors. The Group would like to follow suit, due to competition.

A new plant. The Group is planning to build a new plant starting 2H09 to fulfil the growth in sales. The total investment for 2009-10 is estimated at Rmb150m.

Raise net profit forecasts by 9-12%. Based on better-than-expected 1Q09 results, we raise our estimates on China Sports' net profit by 12% to Rmb136m for 2009, 10% to Rmb147m for 2010 and 9% to Rmb159m for 2011.

Earnings Risk

Our earnings forecasts are based on the assumption that EBIT margin will remain at around the same level as 4Q08. However, if there is discounting of products, the Group's earnings would turn out lower than our forecasts.

Valuation/Recommendation

The S-chip universe has been re-rated by the market. We raise our fair price estimate for China Sports from S\$0.12 to S\$0.14 based on 0.6x PB, roughly at par to other S-chips. Maintain HOLD.

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Turnover	1,207	1,860	1,988	2,151	2,331
EBIT	212	248	179	194	210
Pre-tax Profit	213	250	181	196	212
Net Profit	155	185	136	147	159

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Current Assets	666	864	927	1,030	1,147
Total Assets	735	974	1,078	1,222	1,379
Current Liabilities	124	211	200	213	228
Long-Term Loans	-	-	-	-	-
Shareholders' Funds	609	762	880	1,013	1,157
Total Equity & Liabilities	735	974	1,078	1,222	1,379

Cash Flow

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Operating	49	186	173	171	183
Investing	(35)	(84)	(80)	(80)	(80)
Financing	399	24	(19)	(14)	(15)
Net Cash Inflow/(Outflow)	413	126	74	78	89
Begin Cash & Cash Equiv.	5	418	545	619	697
End'g Cash & Cash Equiv.	418	545	619	697	786

Number of Stores

	4Q08	1Q09	4Q09
Specialty stores	400	420	500
Stores-in-stores	1,860	1,750	1,750
Total	2,260	2,170	2,250

Source: China Sports, UOB Kay Hian

Pine Agritech

1Q09: Net loss; the worst is not over

Net loss in 1Q09 reflected the tough operating environment for the company. Earnings remain at risk as demand for health products may continue to fall. Maintain SELL.

1Q09 Results

Year to 31 Dec	1Q09 (Rmbm)	yoy % chg	Remarks
Turnover	190.2	(57.0)	Decreased sales volume and lower ASP
Gross profit	15.2	(89.4)	Less contribution from SOS products, lower ASP
Operation profit	(2.7)	(97.3)	
Net profit	(22.6)	(132.2)	High cost for the CB

Segment breakdown (1Q09)	Turnover (Rmbm)	yoy % chg	qoq % chg	% of Group
SPI	135.5	(40.4)	(14.2)	71.3
Oil	18.8	(78.9)	(24.2)	9.9
SOS	12.5	(80.5)	(37.0)	6.6
By-products	20.0	(54.9)	13.7	10.5
Peptide	3.4	(80.5)	(24.1)	1.8
Overall	190.2	(57.0)	(15.4)	100.0

Source: UOB Kay Hian

Results

Pine Agritech (Pine) reported a net loss of Rmb22.6m in 1Q09, -132.2% yoy. Results were below our expectation.

Due to the decelerating economy, consumers cut their discretionary spending on health products, which resulted in Pine encountering weak demand and downward pressure on the ASPs of all its products. The lower ASPs did not prevent sales volume from dropping, and all segments experienced double-digit turnover decline, which resulted in the Group's turnover diving 57% yoy in 1Q09.

Gross margin plunged from 32.4% in 1Q08 to 8.0% in 1Q09 due to the collapsed SOS sales and lower ASPs across its entire product portfolio. Selling and distribution cost fell 56.5% yoy in 1Q09 as the company reduced advertising expenses. However, the high finance costs from the convertible bonds (CBs) further slashed net margin to -11.9% in 1Q09 from 15.9% in 1Q08.

Stock Impact

Soybean price corrected by over 40% yoy in 1Q09 from its peak in Jul 08, but picked up again since April 09 due to concerns over lower soybean output in South America and the rise in minimum purchasing prices for agricultural products by the Chinese government. This will put pressure on Pine's margins in the coming quarters.

SINGAPORE

Pine Agritech (PAG SP)

SELL

Current Price: S\$0.16

Fair Price: S\$0.06

(Previous: S\$0.07)

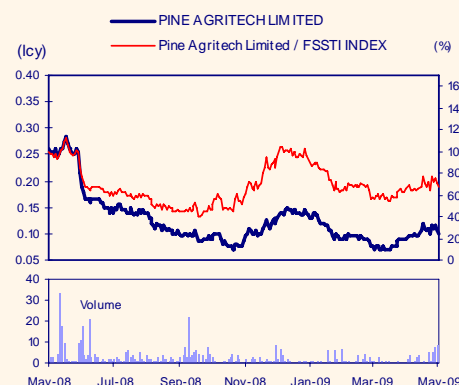
Sector	Consumer
52-Wk Avg Daily Vol. ('000)	2,210
Market Cap (S\$m)	480.0
(US\$m)	328.8

Major Shareholders (%)	
People's Food	36.75

Book NTA per Share (Rmb)	0.64
ROE (%)	10.2
Net Cash per Share (Rmb)	0.20

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

Price Chart



Source: Bloomberg

Analyst

Singapore Research Team
research@uobkayhian.com

Year to 31 Dec	Turnover (Rmbm)	EBITDA (Rmbm)	Net Profit (Rmbm)	EPS (¢)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (¢)	Yield (%)
2007	1,619.6	619.5	435.5	14.5	(19.1)	5.5	2.9	2.8	3.5
2008	1,439.2	366.8	182.8	6.1	(58.0)	13.1	4.9	0.0	0.0
2009F	893.9	214.5	35.5	1.2	(80.6)	67.6	8.4	0.0	0.0
2010F	929.0	232.7	47.8	1.6	34.8	50.2	7.7	0.1	0.1
2011F	996.1	261.1	67.5	2.2	41.1	35.6	6.9	0.1	0.1

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

In Jul 07, Pine issued CBs (due 2012) to raise some Rmb2b for production expansion. However, in view of the current weak demand, the company has deferred its expansion plans until demand improved. However, considering the heavy financial burden incurred by the CBs which drags down its earnings, Pine might make an early redemption of its CBs given its cash-rich position (cash and cash balance of Rmb2.6b as at end-1Q09).

Earnings Revision

We cut our net profit forecasts by 69% for 2009 and 61% for 2010 to factor in weakening sales and deteriorating margins.

Valuation/Recommendation

Earnings for Pine remain at risk as demand for health products may continue to fall as consumers cut their discretionary spending. Maintain SELL and we revise down our DCF-based fair price to S\$0.06 (cost of equity of 17.4%, terminal growth rate of 3% on 10-year horizon).

Profit & Loss

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Turnover	1619.6	1439.2	893.9	929.0	996.1
EBIT	568.8	285.7	131.4	147.5	173.8
Pre-tax Profit	529.4	190.8	47.3	63.8	90.0
Net Profit	435.5	182.8	35.5	47.8	67.5

Balance Sheet

Year to 31 Dec (Rmbm)	2007	2008	2009F	2010F	2011F
Current Assets	2734.5	2864.2	2929.9	3060.0	3212.6
Total Assets	3865.6	3996.4	3923.5	4000.3	4097.6
Current Liabilities	2093.6	2085.7	2089.0	2093.6	2099.9
Long-Term Liabilities	92.4	0.0	0.0	0.0	0.0
Shareholder Funds	1679.7	1910.7	1834.5	1906.7	1997.6
Total Equity & Liabilities	3865.6	3996.4	3923.5	4000.3	4097.6

Cash Flow

Year to 31 Dec (\$m)	2007	2008	2009F	2010F	2011F
Operating	593.9	279.5	234.9	213.0	230.0
Investing	(352.4)	(63.9)	(46.1)	(45.7)	(45.9)
Financing	1,791.8	(27.0)	(43.2)	(43.2)	(45.6)
Net Cash In/(Out) Flow	2,033.4	188.6	145.6	124.1	138.6
Begin Cash & Cash Equiv.	334.6	2,367.9	2,556.5	2,702.2	2,826.2
End'g Cash & Cash Equiv.	2,367.9	2,556.5	2,702.2	2,826.2	2,964.9

SC Global

1Q09: New subsidiary drags down earnings

Low margins and hedging losses from a new subsidiary drag down earnings. Given this and a development portfolio that is heavily skewed towards the high-end segment, outlook in the near term appears challenging.

1Q09 Results

Year to 31 Dec	1Q09 (\$m)	yoy % chg	qoq % chg	Remarks
Turnover	131.2	204.1	368.6	Consolidation on group level of new subsidiary, ,AVJennings
EBITDA	12.7	(47.1)	(9.3)	
Pre-tax Profit	9.7	(59.5)	54.0	
Tax	0.8	(83.2)	(55.6)	
Net Profit	10.5	(45.3)	150.0	
EPS (¢)	2.67	(45.1)	150.0	
EBITDA Margin (%)	9.7			

Source: SC Global, UOB Kay Hian

Results

SC Global reported 1Q09 PATMI of S\$10.5m, down 45% yoy, while revenue increased 204% yoy to S\$131.2m. Excluding imputed provisions, the results came in line with our and consensus estimates. The weaker results were mainly attributable to the consolidation of results from new subsidiary, AV Jennings (AVJ). Apart from attracting lower margins on mid-tier residential projects in Australia (15% in 2H08), accounting policies also require that most of AVJ's costs be expensed where they would have been capitalised in Singapore. This also resulted in significantly higher expenses during the quarter. In 1Q09, SC Global recognised revenue from The Marq on Paterson Hill and Hilltops in Singapore, as well as Kairong International Gardens in Shenyang, China.

Stock Impact

Consumer confidence in high-end segment expected to remain weak. While the mass market and mid-tier segments are showing signs of improvement, we expect homebuyer sentiment in the high-end segment to remain subdued. The huge incoming supply of residential properties in the high-end segment could exceed demand significantly over the next three years, starting from this year. As SC Global derives over 90% of its value from the high-end segment, we believe it could take a long time for SC Global to move its inventory. The situation is likely to be exacerbated if cases of non-payment for projects sold under the Deferred Payment Scheme appear.

Earnings Revision

We maintain our earnings estimates.

Valuation/Recommendation

We maintain our cautious stance on SC Global's portfolio, which is heavily skewed towards the high-end segment. In addition, SC Global's net gearing remains high at 2.8x. Maintain SELL with a fair price of S\$0.45 at a 50% discount to 2009 RNAV of S\$0.94.

SINGAPORE

SC Global (SCGD SP)

SELL

Current Price: S\$0.785

Fair Price: S\$0.45

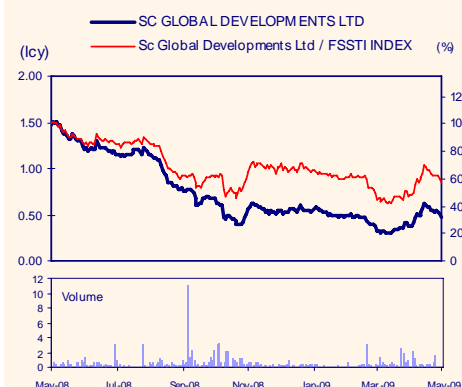
Sector	Property
52-Wk Avg Daily Vol. ('000)	586
Market Cap (S\$m)	310.8
(US\$m)	212.9

Major Shareholders (%)	
Simon Cheong Sae Peng	53.44
Wheelock Properties	16.54

Book NTA per Share (S\$)	0.95
ROE (%)	12.1
Net Debt per Share (S\$)	3.88

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

Price Chart



Source: Bloomberg

Analyst

Vikrant Pandey
 ☎ (65) 6419 3696
 vikrant@uobkayhian

Singapore Research Team
 ☎ (65) 65391024
 research@uobkayhian.com

Year to 31 Dec	Turnover (\$m)	EBITDA (\$m)	Net Profit (\$m)	EPS (¢)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (¢)	Yield (%)
2007	129.2	39.7	28.3	8.2	22.4	10.9	44.0	4.9	6.2
2008	129.1	65.7	44.5	11.3	37.4	7.0	26.6	0.0	0.0
2009F	234.9	61.5	28.8	7.3	-35.2	10.8	28.4	1.0	1.3
2010F	445.7	113.0	58.4	14.8	102.5	5.3	15.5	2.0	2.5
2011F	725.0	153.4	69.2	17.5	18.5	4.5	11.4	2.0	2.5

Consensus Net Profit – FY09: S\$ 47.7m
 – FY10: S\$ 99.5 m

Wednesday, May 13, 2009

Profit & Loss

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Turnover	129.2	77.8	234.9	445.7	725.0
EBIT	39.5	64.9	60.7	112.4	152.6
Pre-tax Profit	16.7	40.5	43.3	58.0	50.5
Net Profit	28.3	44.5	28.8	58.4	69.2

Balance Sheet

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Current Assets	1,539.6	2,180.1	2,270.4	2,506.6	2,812.4
Total Assets	1,720.0	2,304.1	2,394.4	2,630.7	2,936.5
Current Liabilities	177.4	322.2	412.3	591.8	829.6
Long-Term Liabilities	1,182.5	1,435.5	1,435.5	1,435.5	1,435.5
Shareholder Funds	356.3	506.2	531.9	583.8	646.5
Total Equity & Liabilities	1,720.0	2,304.1	2,394.4	2,630.7	2,936.5

Cash Flow

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Operating	(42.0)	233.9	145.8	181.4	163.5
Investing	(41.2)	0.3	5.8	10.5	6.1
Financing	803.4	223.7	(47.0)	(43.4)	(38.9)
Net Cash In/(Out) Flow	73.3	69.6	210.0	242.7	350.9
Begin Cash & Cash Equiv.	(3.8)	140.5	32.7	108.1	152.9
End'g Cash & Cash Equiv.	69.6	210.0	242.7	350.9	503.8

RNAV

NPV of Development Profits (1)	332.1
Surplus/Deficit for subsidiary (2)	-78.4
Net Book Value (3)	347.6
Warrant Proceeds (4)	14.2
Asset Writedowns (5)	(225.5)
RNAV (1+2+3+4+5)	390.0
Fully diluted no. of shares	414.9
Fully diluted RNAV/share S\$	0.94

Source: SC Global, UOB Kay Hian

SembCorp Industries

1Q09: Earnings held up by marine

1Q09: Robust marine contribution offsets poor utilities performance. Prefer SembCorp Marine for exposure to offshore sector and there are better utilities plays elsewhere.

1Q09 Results

Year to 31 Dec	1Q09	yoy %	Remarks
	(\$m)	Chg	
Utilities	696	(38)	Lower HSFO rate and UK revenue
Marine	1,363	49	Higher percentage of completion and ship repairs
Enviro Engr	47	(10)	Lower selling prices and sales tonnage of recyclables
Industrial Parks	4	(4)	
Others/Corp	36	(38)	Timing difference in recognition of projects
Turnover	2,147	(0)	
Utilities	51.1	(16)	Lower earnings from UK business
Marine	74.0	32	Higher percentage of completion and ship repairs
Enviro Engr	1.5	79	Lower operational costs
Industrial Parks	3.6	(40)	Lower land sales & lower results from Gallant Ventures
Others/Corp	3.4	645	Lower costs
Net Profit	133.6	9	Held up by marine
EPS (cts)	7.5	9	

Source: SCI, UOB Kay Hian

Results

- Net profit of S\$133.6m, up 9% yoy due to strong earnings contribution from SembCorp Marine (SMM).
- SMM benefitted from a higher percentage of completion of its O&M orderbook (S\$8.4b as of Apr 09) and higher shiprepair volume.
- Utilities' net profit was lower by 16%. Operations in Singapore, China, Vietnam and the UAE registered an increase in net profit. However, this was offset by weaker earnings from the UK business, which was affected by certain favourable supply contracts at end-Mar 08, as well as a weaker pound sterling.
- Environmental Engineering benefitted from lower operational costs, but Industrial Park's net profit declined on lower land sales in Vietnam and lower earnings contributions from Gallant Venture.

Stock Impact

In view of weaker-than-expected performance in the non-marine businesses, we lower our earnings forecasts by 6-9%. With more than 50% of net profit and valuation from SMM, SembCorp Industries (SCI) is considerably dependent on the performance of its marine division. Performance of its non-marine businesses has been either lacklustre or immaterial.

SINGAPORE

SembCorp Industries (SCI SP)

HOLD

Current Price: S\$3.09

Fair Price: S\$3.20

Previous: (S\$2.70)

Sector	Media
52-Wk Avg Daily Vol. ('000)	4,550
Market Cap (S\$m)	5,516.7
(US\$m)	3,677.8

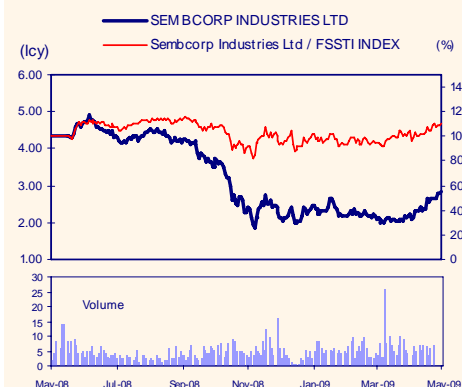
Major Shareholders (%) Temasek (49.7%)

Book NTA per Share (S\$)	1.54
ROE (%)	18.0
Net Cash per Share (S\$)	0.87

Results Due

1Q: Jan	2Q: Apr
3Q: Jul	Final: Oct

Price Chart



Source: Bloomberg

Analyst

Nancy Wei
 ☎ (65) 6539 8480
 nancy.wei@uobkayhian.com

Year to 31 Dec	Turnover (\$m)	EBITDA (\$m)	Net Profit (\$m)	EPS (¢)	EPS Growth (%)	PE (x)	EV/ EBITDA (x)	DPS (¢)	Yield (%)
2007	8,618.8	672.2	526.2	29.6	(49.5)	10.4	6.9	15.0	4.9
2008	9,928.4	908.3	507.1	28.5	(3.6)	10.8	5.1	11.0	3.6
2009F	9,034.4	934.6	525.0	29.4	3.2	10.5	5.0	11.0	3.6
2010F	8,353.9	818.4	473.0	26.5	(9.9)	11.7	5.7	11.0	3.6
2011F	8,566.4	868.7	508.0	28.5	7.4	10.9	5.3	11.0	3.6

Consensus Net Profit – FY09: S\$533.4m
 – FY10: S\$530.1m

Valuation/Recommendation

Prefer SMM for exposure to the offshore sector. There are better utilities plays elsewhere. Maintain HOLD, but we raise our fair price for SCI from S\$2.70 to S\$3.20 to factor in a higher target price (revised from S\$2.40 to S\$2.60) for SMM. Our sum-of-the-parts (SOTP) valuation stands at S\$3.20/share. Our fair price for SCI is now at parity to our SOTP valuation compared with a 10% discount previously.

Profit & Loss

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Turnover	8,618.8	9,928.4	9,034.4	8,353.9	8,566.4
EBIT	489.3	713.2	724.6	588.4	618.7
Pre-tax Profit	787.1	905.7	944.2	819.4	862.5
Net Profit	526.2	507.1	525.0	473.0	508.0

Balance Sheet

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Current Assets	4,385.3	4,569.9	4,599.5	4,641.4	5,069.5
Total Assets	8,709.3	8,467.1	8,963.8	9,456.8	10,328.7
Current Liabilities	3,522.3	4,195.9	4,102.4	4,110.4	4,329.0
Long-Term Loans	823.5	522.6	522.6	522.6	522.6
Shareholders' Funds	3,032.8	2,594.2	2,922.8	3,199.4	3,643.9
Total Equity & Liabilities	8,709.3	8,467.0	8,963.8	9,456.8	10,328.7

Cash Flow

Year to 31 Dec (S\$m)	2007	2008	2009F	2010F	2011F
Operating	614.0	2,261.4	728.6	696.0	761.4
Investing	94.7	(115.8)	(268.4)	(268.4)	(268.4)
Financing	(581.0)	(997.2)	(241.4)	(241.4)	(108.6)
Net Cash In/out flow)	127.7	1,148.4	218.8	186.2	384.5
Begin Cash & Cash Equiv.	1,173.0	1,296.0	2,401.0	2,619.8	2,806.0
FX Adjustments	(4.7)	(43.4)	-	-	-
End'g Cash & Cash Equiv.	1,296.0	2,401.0	2,619.8	2,806.0	3,190.5

SOTP Valuation	Value (S\$m)	Yardstick
Listed companies:		
SembCorp Marine	3,284.8	TP S\$2.60
Gallant Venture	124.1	Market Price
Non-listed companies:		
Utilities	1,632.8	8xFY10 PATMI
Enviromental Engr	125.7	NBV
Industrial Parks	519.6	NBV
	5,687.0	
Net cash at co level @ end-Q09	46.4	
Revalued NAV	5,733.4	
Share cap (m)	1,785.4	
SOTP/Share (S\$)	3.20	

SIA Engineering

Analyst briefing - Management reiterates cautious outlook

A 31% cut in final dividend shows management's cautious stance towards FY10 earnings.

Segmental Breakdown

Year to 31 Mar	FY09 (S\$m)	FY08 (S\$m)	% chg
Revenue			
Airframe and component overhaul	562	603.1	-6.8
Line maintenance	369.9	335.4	10.3
Fleet management	113.4	71.1	59.5
	1045.3	1009.6	3.5
Operating Profit			
Airframe and component overhaul	32.1	50	-35.8
Line maintenance	76.4	42.4	80.2
Fleet management	4.1	10.5	-61.0
	112.6	102.9	9.4

Source: SIAEC

Highly dependent on line maintenance. Line maintenance has evolved from simple aircraft checks into partial segmental "C" checks. Typically, this is done within hangars. However, by breaking down the "C" checks into intervals, SIA Engineering (SIAEC) is able to perform out-of-hangar services for narrow-bodied aircraft like A320s. This value-added service was instrumental in the division recording an operating growth of 80% on a margin of 20%.

Fleet management a key growth area but margins are volatile. Fleet management (FMP) is a one-stop comprehensive maintenance programme that is based on fleet utilisation (typically in terms of number of hours). Airlines, which outsource maintenance, repair and overhaul (MRO) work, pay a fixed dollar based per hour utilised. This favours airlines, which would be able to budget MRO costs to utilisation. For SIAEC, this has been a growing segment. However, margins can be unpredictable and in FY09, operating profit from this segment fell 60% on a margin of 3.6%, even as revenue increased 60%.

Airframe and component overhaul to remain weak. Singapore Airlines' (SIA) grounding of 17 aircraft in 2010 could impact revenue by about S\$97m and operating profit by roughly S\$55m in FY10. We expect margins to continue to ease as MRO rates fall. In 2HFY09, operating margins for the segment fell to 3.5% from 7.4% in 1HFY09. Management has furthermore indicated that it expects more airlines to ground aircraft in 2010.

Surprise growth from JVs and associates but lower contribution in 2010. This non-operating segment saw a 9.6% increase in revenue and a 9.2% increase in pre-tax earnings. About 80% of that was from engine maintenance joint ventures (JV) with original equipment manufacturers (OEM). We remain cautious as to the extent that this segment can grow in the coming years. According to industry expert Team Sai, engine maintenance is expected to fall 1.5% worldwide in 2009 due to lower flight utilisation.

SINGAPORE

SIA Engineering (SIE SP)

HOLD

Current Price: S\$2.41

Fair Price: S\$2.48

(Previous: S\$2.45)

Sector Aviation
Bloomberg SIE SP
Website

52-Wk Avg Daily Vol. ('000) 492
Market Cap (S\$m) 2598.0
(US\$m) 1777.8

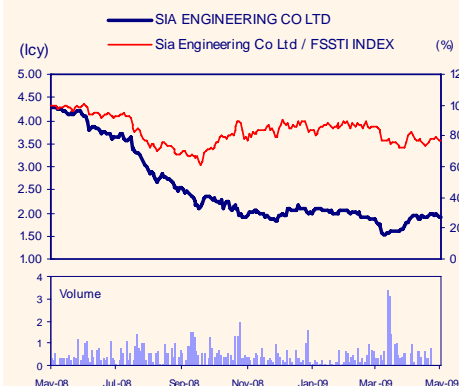
Major Shareholders (%)
Singapore Airlines 80.7

Book NTA per Share (S\$) 1.14
ROE (%) 21.0
Net Cash per Share (S\$) 0.35

Results Due

Interim 30 Sept

Price Chart



Source: Bloomberg

Analyst

K Ajith
☎ (65) 6419 5411
ajith@uobkayhian.com

Year to 31 Mar	Revenue (S\$m)	EBITDA (S\$m)	Net Profit (S\$m)	EPS (S¢)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	DPS (S¢)	Yield %
2008	1,009.6	142.4	253.8	23.7	3.1	10.2	15.8	20.0	8.3
2009	1,045.3	155.1	260.6	24.2	2.0	10.0	14.5	16.0	6.6
2010F	963.6	135.9	215.8	20.0	(17.2)	12.0	16.6	15.0	6.2
2011F	1,056.0	137.5	230.5	21.4	6.8	11.3	16.4	17.0	7.1
2012F	1,074.7	133.2	230.2	21.3	(0.2)	11.3	16.9	18.0	7.5

Consensus Net Profit – FY10: \$207.3
– FY11: \$235.6

Earnings Risk

Management has guided that outlook remains weak and will deteriorate further. It has also indicated that SIAEC's 23 JV and associate businesses are also beginning to be affected by airlines grounding aircraft. Underscoring the seriousness of this, management has cut final dividend payout by 31% to 11 cents. The company has indicated that capex is likely to remain steady. As such, we interpret the lowered dividend payout as an indication of the maximum potential decline in operating cash flow for FY10. Final dividend payout will affect FY10 cash flow. The extent of earnings decline will depend on how successful SIAEC is in defending market share, negotiating directly with OEMs for maintenance contracts and extending value-added line maintenance works. A positive catalyst for the stock would be improved traffic trends from parent SIA, which could lead to SIA removing part of 17 aircraft from storage.

Recommendation

We believe FY09 marks a peak in cyclical earnings for the company. The industry landscape is extremely competitive. Lower aircraft utilisation and more efficient aircraft will necessitate less MRO work over the next 2-3 years.

We have cut our FY10 and FY11 net profit estimates by 4.2% and 8.6% respectively, after lowering engine maintenance JV income. We have pegged fair value at 12x average FY10 and FY11 earnings, raising our fair price marginally from S\$2.45 to S\$2.48. This approximates a 15% discount to DDM (COE: 5.8%, terminal growth rate: 1%) target price of S\$2.91. HOLD.

Profit & Loss

Year to 31 Mar (S\$m)	2008	2009	2010F	2011F	2012F
Revenue	1,010	1,045	964	1,056	1,075
EBITDA	142.4	155.1	135.9	137.5	133.2
Pre-tax Profit	285.5	300.7	248.2	262.7	262.4
Net Profit	253.8	260.6	215.8	230.5	230.2
EPS (cents)	23.7	24.2	20.0	21.4	21.3

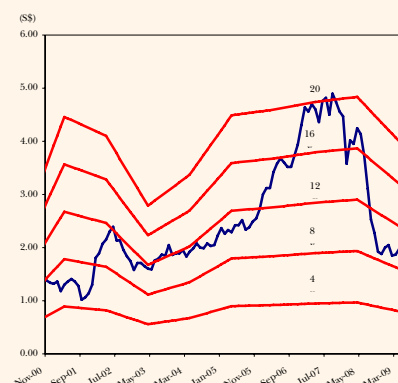
Balance Sheet

Year to 31 Mar (S\$m)	2008	2009	2010F	2011F	2012F
Current Assets	674	637	653	684	707
Total Assets	1,414	1,502	1,565	1,631	1,677
Current Liabilities	251	222	200	206	205
Non-current Liabilities	22	25	27	26	25
Shareholders' Funds	1,125	1,229	1,307	1,366	1,413
Total Equity & Liabilities	1,413	1,502	1,565	1,631	1,677

Cash Flow

Year to 31 Mar (S\$m)	2008	2009	2010F	2011F	2012F
Operating	92	87	66	88	85
Investing	53	57	61	66	75
Financing	(105.3)	(209.4)	(148.7)	(159.4)	(165.4)
Net Cash In/(out) flow	39	(65.9)	(22.5)	(5.1)	(5.4)
Begin Cash & Cash Equiv.	400	437	373	351	347
End'g Cash & Cash Equiv.	437	373	351	347	344

1-year forward PE band



Source: UOB Kay Hian

Strategy

For those who believe the market rally will continue

Property sector offers the maximum upside of 72% on a 10-year P/B valuation basis. QH and LPN are our top picks in the property sector. Telcos, having lagged behind during this rally, has a 56% upside. Top BUYs are ADVANC and DTAC.

We also like PTT, PTTEP, BANPU, TISCO, BBL, KTB and KBANK. For stocks which share prices have breached our target prices, we put them under review.

Current Stock Price vs Price Based On 10-year Average P/B

	Stock Price (Bt) @12 May 09	10-year average PB (x) 1998-present	2009F BV (Bt)	Price based on 10-year avg. P/B (Bt)	Upside (%)
Energy					
PTT	220.00	2.7#	168.5	446.5	103.0
PTTEP	117.00	3.8	45.9	172.2	47.1
BANPU	311.00	1.7	197.8	338.2	8.7
Bank					
TISCO	15.80	1.3*	17.0	22.8	44.2
BBL	89.00	1.4	98.7	138.2	55.3
KTB	7.00	1.5	9.2	13.5	93.2
KBANK	56.00	1.9	49.8	92.1	64.5
ICT					
ADVANC	78.00	3.8	24.6	92.7	18.9
DTAC	27.75	1.7 !	25.6	43.0	55.0
Property					
QH	1.20	1.5	1.4	2.1	76.3
LPN	3.38	1.5	3.3	5.0	46.8

Start 2002, * Start 2004, ! Start 2007

Source: SETSMART, UOB Kay Hian

Market Round-up

The Thai SET Index closed at 535.18 as at 11 May 09, +18.9% ytd. Banks (+36%), fincos (+36%), petrochemicals (+42%) and transportation (+40%) outperformed the market during this rally. Energy (+21%) and property (+19%) performed in line with the market.

Laggards were ICT (+0.2%), media (+3.5%), commerce (+6%) and tourism (-0.2%).

Foreign investors sold Bt162b worth of Thai stocks in 2008. The selling continued in January (Bt4.2b) and Feb 09 (Bt3.5b). However, foreign investors turned net buyers in March (Bt2.1b), April (Bt3.8b) and during the first 11 days of May (Bt3.8b).

Stocks under our coverage are now trading at 11.4x 2009F PE and 1.27x P/B.

THAILAND Strategy

Sector Indices

Sector	30 Dec 2008	11 May 2009	YTD % chg	mom % chg
BANK	141.8	193.0	36.1	11.0
FIN	422.9	574.1	35.9	19.8
INSUR	3,499.2	4,047.2	15.6	4.5
PETRO	232.3	331.4	42.6	13.5
CONMAT	2,842.6	3,340.1	17.5	4.5
PROP	59.1	71.1	19.4	6.9
ENERG	11,057.1	13,390.5	21.1	13.2
COMM	4,001.3	4,242.1	6.0	-0.9
HELTH	573.3	660.3	15.2	6.2
MEDIA	28.4	29.4	3.5	2.1
TOURISM	192.1	192.7	-0.2	3.1
TRANS	47.2	65.8	39.8	20.6
ETRON	363.7	453.2	24.6	12.4
ICT	61.9	61.1	0.2	-0.8
SET Index	449.1	535.2	18.9	8.9
SET Market Cap (Btm)	3,568,223	4,256,637		

Source: SETSMART

Analyst

Veena Naidu

☎ (662) 659 8300

veena@uobkayhian.com

Thai SET Index: 36% upside based on P/B valuation

The SET Index touched P/B lows of 1.05x in 1998 and 0.98x in 2008. The 10-year average P/B of the SET Index is 1.61x. The SET Index currently trades at P/B of 1.18x, 36% below the 10-year average.

Property: 72% upside based on P/B valuation

During the Asian financial crisis, the property sector P/B fell to 0.64x and bottomed out during the dot-com crisis in 2000 at 0.5x. The current P/B valuation of the sector is 0.88x, offering a 72% upside to the 10-year average P/B of 1.51x. Thai property firms have changed significantly since the last financial crisis, with DE of less than 1x and z strong product mix. Thus at current valuation, the sector offers the maximum upside vs other sectors. Our top picks in the sector are QH, trading 15% below its book value, and LPN, trading at book value.

ICT: 56% upside based on PB valuation

The ICT (or telcos) sector saw a deep contraction in P/B valuation to 1.89x in 1998 and 1.75x in 2008. The current P/B of the sector is 1.82x, 56% below its 10-year average. Among the telcos, we like ADVANC and DTAC. Despite the economic slowdown this year, we expect flat sales growth. Margins should maintain at last year's level.

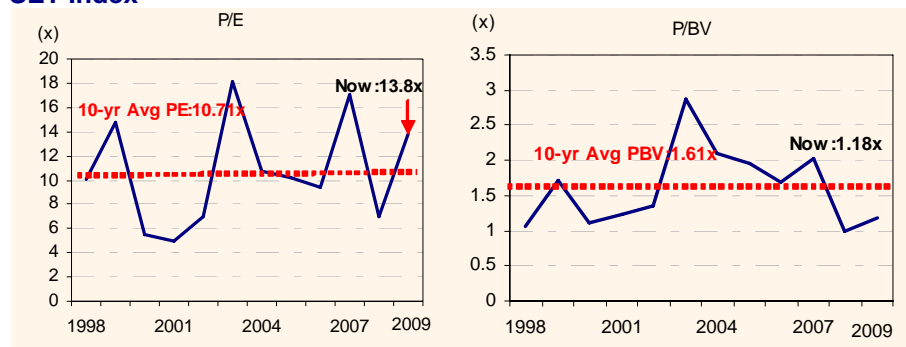
Energy: 38% upside based on P/B valuation

The P/B valuations of the energy sector has been declining during the last ten years as initially only upstream companies were listed and they tend to have more expensive P/B valuations. However, over the last five years, petrochemicals and refineries were added, bringing down the overall P/B valuation. The sector's P/B fell to 1.47x in 2001 and bottomed out in 2008 at 1.24x. The current P/B valuation is 1.61x, 38% below the 10-year average of 2.2x. Our top picks in this sector are PTTEP, PTT and BANPU.

Banking: 30% upside based on P/B valuation

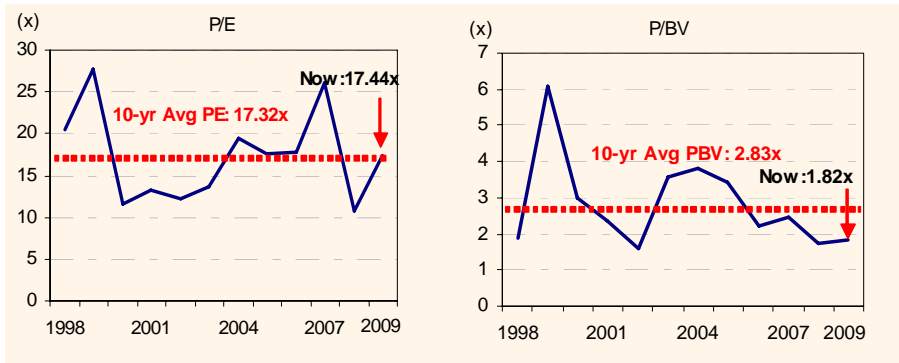
During the Asian financial crisis, the banking sector P/B bottomed out in 1998 at 0.85x. The current P/B of the sector is 1.04x, implying a 30% upside from the 10-year average of 1.35x. On a PE basis, banking is the only sector that offers a substantial upside, 28% from the current level. PE valuations of the Thai banks are attractive because of the past years' depressed earnings, the result of huge provisions on legacy NPLs. However, legacy NPLs from the 1997 crisis is now fully provided for. During this economic crisis, we expect Thai banks' NPLs to increase from 6% of total loans to 8-9%. All the banks under our coverage have breached our target prices. If the rally continues, we remain buyers of BBL and KBANK (on fundamental basis) and KTB (on valuation laggard).

SET Index



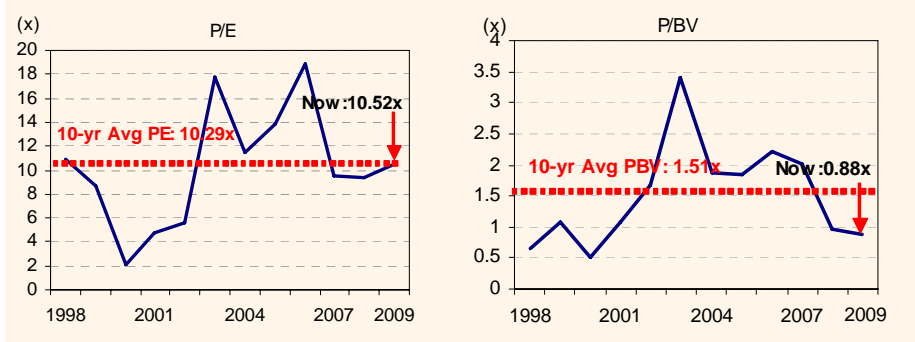
Source : SETSMART

SET ICT



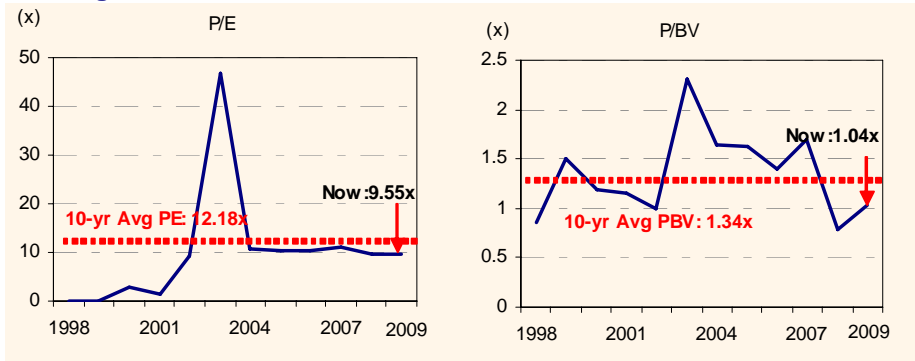
Source : SETSMART

SET PROP



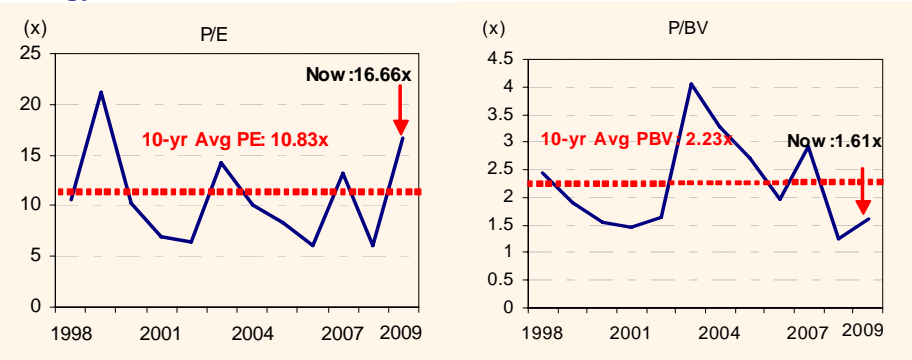
Source : SETSMART

Banking



Source : SETSMART

Energy



Source : SETSMART

Healthcare

Switch from BH to BGH

Although BH may report satisfactory 1Q09 results, its share price has surged above its fundamentals. Switch to BGH which still offers a 16% price upside.

Sector Events

After peaking in Jul-Aug 08, share prices of BH and BGH started to tumble as patient volume began to decline in line with the global economic downturn. The downward trend accelerated to hit bottom at end-08 when the two international airports were seized by anti-government protesters. Since then, share prices have gradually recovered. BH's share price has rallied 60% so far while BGH has gone up 54%. Although patient volumes of both companies have declined, BH is expected to report yoy sales growth in 1Q09, compared with a drop at BGH. This was due to the different customer base and the Group's structure.

Stock Impact

Customer base. While most of BH's customers are high-end income earners, BGH's customers are more broad-based, ranging from the high- to the middle-income. Therefore, BGH's customers are more price-sensitive amid the economic slump. BH therefore has been able to raise its prices by 2% at the beginning of this year while BGH has to freeze or cut prices to attract customers. BH's foreign patients comprise fly-in and expatriates while BGH has a mix of fly-in, expatriates and tourists. Therefore, BGH saw a bigger drop in foreign patient volume (-10%) vs BH (-3%).

Margins. With all facilities in the same campus, it is easier for BH to control its costs. In addition, the ability to increase prices will also help cushion a drop in margins. We therefore expect to see sustained margins at BH in 1Q09. On the other hand, BGH has to put in more effort to control costs as its several hospitals are scattered country-wide. The Group may take time to implement staff control, shared services and asset management. In addition, the price freeze and discount will also impact its margins. Although BGH's 1Q09 margins are expected to improve qoq, they remain lower yoy.

Refinancing. Both hospitals have an acceptable debt-to-equity ratio- BH at 0.3x and BGH at 0.9x. BH may refinance its Bt600m long-term debts due this year via borrowings. BGH is issuing Bt2.5b debentures in Jul 09 to replace its US\$56m convertible debentures with a put option.

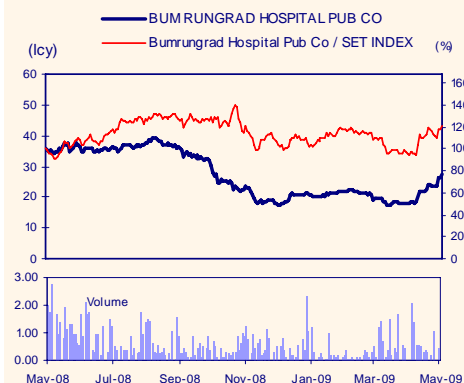
Capex and expansion. This year, BH expects to spend Bt1.1b to renovate IPD rooms at the BI Hospital Building. BGH plans to invest Bt1.7b for new hospitals in Phnom Penh and Hua Hin.

Both BH and BGH are not expected to perform well in 2Q09 as the industry enters the low season. Improvement may be expected in 2H09 in line with the improving economy on the back of the government's stimulus packages. We therefore maintain our forecasts for now.

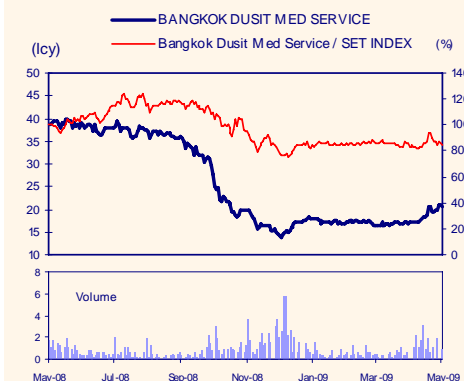
THAILAND

Healthcare

OVERWEIGHT



Source: Bloomberg



Source: Bloomberg

Analyst

Kowit Pongwinyoo
 ☎ (662) 659-8304
 kowit@uobkayhian.co.th

Recommendation

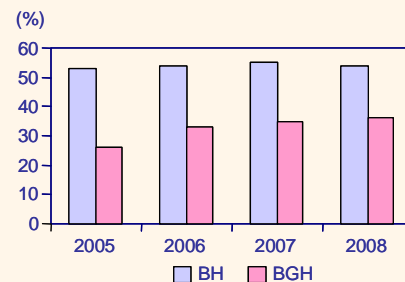
Although BH seems to perform better than BGH in 1Q09, its share price is now above the target price. BH currently trades at a 21% premium to our target price of Bt22.51 based on a DCF model at a discount rate of 7%. On the other hand, BGH remains cheap and still trades at a 14% discount to our target price of Bt24.38. We therefore recommend a switch from BH to BGH as the latter still offers a 16% price upside.

Difference Between BH and BGH

	BH	BGH
Customer base	High-end	High- to mid-end
Foreign customer	Fly-in, expatriates	Fly-in, expatriates and tourists
Pricing	+2%	Freeze and discount
Cost control	Immediate	Takes time
Refinancing	Long-term loans	Debentures
Expansion	Renovate IPD	2 new hospitals
Capex	Bt1.1b	Bt1.7b
Target price	Bt22.51	Bt24.38
% chg from target price	-17%	+16%

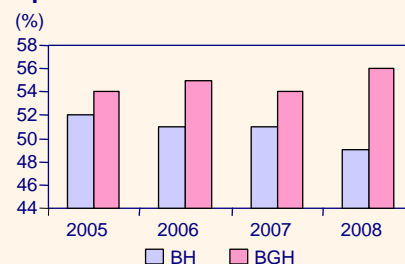
Source: UOB Kay Hian

Proportion Of Foreign Patients' Revenue



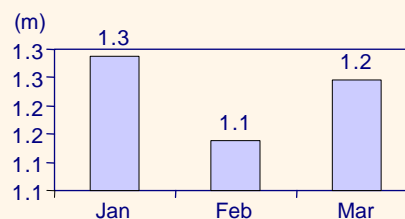
Source: BH, BGH

Proportion Of IPD's Revenue



Source: BH, BGH

Tourist Arrivals



Source: Bank of Thailand

Regional Comparison

Company	---PE (x)---		P/B (x)	ROE (%)	Yield (%)
	09F	10F			
Thailand					
BGH	15.5	12.1	1.8	12.2	3.2
BH	18.9	16.5	3.8	20.7	2.6
KH	10.9	10.3	2.3	22.9	5.5
Singapore					
Parkway	17.4	15.2	1.2	6.9	2.6
Raffles	14.8	13.5	2.0	13.8	2.6
Thomson	10.9	10.5	1.3	11.5	5.2
Malaysia					
KPJ	7.4	5.7	1.0	15.2	6.7
TMC	36.1	25.3	2.5	7.9	0.4
Faber	8.3	6.2	1.1	13.8	4.0

Source: Bloomberg and UOB Kay Hian

Quality Houses

1Q09: Results beat consensus

Sales and rental income weakened while gross margin fell below 30%. But 1Q09 net profit beat consensus on the back of a 23% yoy increase in equity-accounted profit. Maintain BUY as QH still trades below its book value.

1Q09 Results

Year to 31 Dec	1Q09 (Btm)	yoy % chg	qoq % chg	Remarks
Housing sales	1,925	(5.8)	(6.6)	1Q09 presales: Bt2b
Rental income	288	(7.3)	3.5	
Total revenue	2,213	(6.0)	(5.4)	
Gross profit	659	(14.1)	(15.2)	Gross margin dipped to 29%
EBIT	366	1.0	(19.0)	
Pre-EI profit	195	(14.5)	(21.1)	
Net profit	292	(4.8)	(10.6)	Results beat consensus
Gross margin (%)-Housing	29.1			2008: 33%
Gross margin (%)	29.8			2008: 33%
SG&A/sales (%)	14.1			4Q08: 15.3%
Net margin (%)	13.2			4Q08: 14%

Source: QH, UOB Kay Hian

Results

QH's 1Q09 net profit came in at Bt292m (-5% yoy and -11% qoq), slightly better than consensus' Bt280m. Housing sales weakened to Bt1.925b, in line with presales of Bt2b. Despite weak sentiments over the past six months, QH saw solid demand for high-end houses. The portion of high-end housing sales has increased from 55% in 2007 to 58% in 2008 and 60% in 1Q09. Gross margin fell to 29% (2008: 33%) given sales of low-margin houses and more discounts to drive sales of mid-end houses. Rental business picked up qoq but remained weak yoy. QH also saw a 23% yoy increase in equity accounted profit to Bt97m mainly from HMPRO. 1Q09 net profit represented 26% of our full-year forecast of Bt1.1b.

Stock Impact

QH is now more upbeat on market demand after its newly-launched Bt2.3b condominium project, QH Condo Sathorn, was 70% sold in one week. Revenue from this project and a second condominium project, high-end Q Langsuan worth Bt3.5b launched in 3Q09, will kick in next year.

To reflect strong condominium sales, we raise our 2010 net profit estimate to Bt1.37b (+24% yoy), assuming Bt2.3b revenue from Sathorn condominium project will be fully realised. We also lift 2011 net profit forecast by 6% to Bt1.4b, assuming Bt3.5b revenue from Q Langsuan condominium will be realised.

Recommendation

Maintain BUY. QH trades at a 15% discount to its book value, cheap compared to other major developers who already trade at above 1x P/B. This is unjustified for QH which is also a high-beta stock with strong fundamentals that are similar to LH and AP. Even on conservative assumptions that sales of low-rise projects in 2010 will be flat yoy, QH can still grow its bottom line by 24%, thanks to the recognition of sales from two condominium projects.

THAILAND

Quality Houses (QH TB)

BUY

Current Price: Bt1.20

Target Price: Bt1.33

Sector	Property
52-Wk Avg Daily Vol. ('000)	126,590
Market Cap (Btm)	10,172.8
(US\$m)	294.9

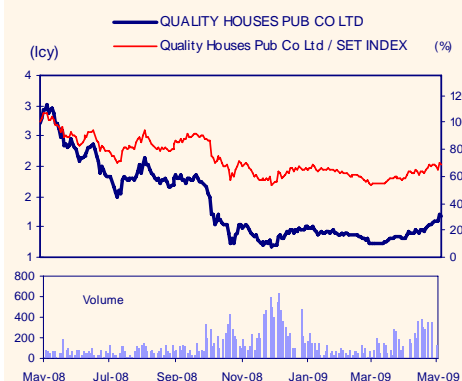
Major Shareholders (%)	
Land and Houses	22.6

Book NTA per Share (Bt)	1.36
ROE (%)	15.94
Net debt/share (Bt)	1.20

Results Due

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

Price Chart



Source: Bloomberg

Analyst

Wanida Geisler
 ☎ (662) 659 8302
 wanida@uobkayhian.co.th

Year to 31 Dec	Turnover (Btm)	EBITDA (Btm)	Net Profit (Btm)	EPS (Bt)	EPS Growth (%)	PE (x)	EV/EBITDA (x)	P/B (x)	DPS (Bt)	Yield (%)
2007	10,246	2,073	1,066	0.13	5.99	9.53	11.12	0.97	0.070	5.8
2008	10,620	2,348	1,558	0.18	46.07	6.52	9.30	0.88	0.080	6.7
2009F	8,601	1,542	1,108	0.13	(28.83)	9.16	13.18	0.85	0.065	5.4
2010F	12,061	1,786	1,373	0.16	23.84	7.40	7.89	0.80	0.081	6.7
2011F	11,600	1,692	1,404	0.17	2.26	7.25	4.65	0.76	0.083	6.9

Consensus Net profit--FY09: Bt1207m
 -- FY10: Bt1394m

Profit & Loss

Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Turnover	10,246	10,620	8,601	12,061	11,600
EBIT	1,450	2,051	1,426	1,672	1,587
Pre-tax Profit	1,307	1,837	1,163	1,512	1,545
Net Profit	1,066	1,558	1,108	1,373	1,404
EPS (Bt)	0.126	0.184	0.131	0.162	0.166

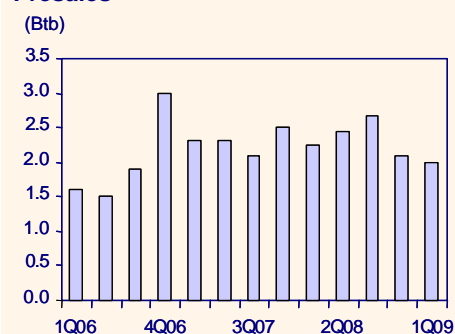
Balance Sheet

Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Current Assets	7,118	10,579	8,655	8,419	6,996
Total Assets	23,858	28,811	28,777	24,155	18,895
Current Liabilities	7,557	8,529	7,029	2,580	1,639
Long-Term Loans	6,450	7,980	9,000	8,000	3,000
Shareholders' Funds	9,044	11,497	11,936	12,754	13,472
Total Equity & Liabilities	23,858	28,811	28,777	24,155	18,895

Cash Flow

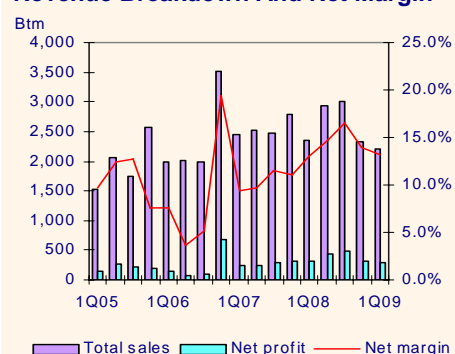
Year to 31 Dec (Btm)	2007	2008	2009F	2010F	2011F
Operating	114	(1,427)	2,651	2,179	2,826
Investing	(3,578)	(1,509)	(1,875)	4,423	3,881
Financing	3,147	3,200	(1,143)	(6,054)	(6,686)
Net Cash In/out flow	(318)	264	(367)	547	20
Begin Cash & Cash Equiv.	930	612	876	510	1,057
End'g Cash & Cash Equiv.	613	876	510	1,057	1,077

Presales



Source: QH

Revenue Breakdown And Net Margin



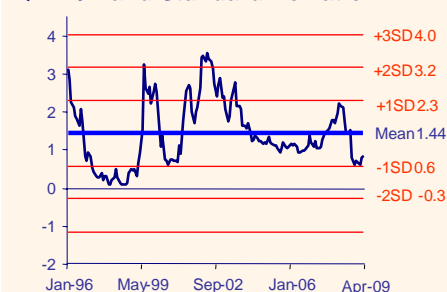
Source: QH, UOB Kay Hian

New Housing Projects

(Btm)	Value	Launch
High-end (Bt8m up)	7,920	2008
Mid- to low-end (Bt4m-5m)	7,700	2008
Total 2008 (9 projects)	15,620	
High-end (Bt8m up)	5,900	2009
Mid- to low-end (Bt4m-5m)	2,730	2009
Total 2009 (9 projects)	8,630	
Condo high-end, Langsuan	3,510	3Q09
Condo mid-range, Sathorn	2,300	2Q09
Complete in 2010	5,810	
High end (Bt8m up)	12,580	2010
Mid-to low end (Bt4m-5m)	6,160	2010
Total 2010 (9 projects)	18,740	
Condo mid-range, Thapra	520	n.a.

Source: QH

QH: P/B and Standard Deviation



Source: SETSMART, UOB Kay Hian

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