JPMorgan

YNH Property Berhad

New kid on the block well positioned in both the residential and commercial segments

- **We initiate coverage on YNH Property with an Overweight** rating and a December 2007 PT of M$4.50, implying 40% upside. YNH is well positioned to ride the improving outlook and recent government incentives for residential properties, as well as the upcycle in the commercial/office segment in the Klang Valley.
- **Share price drivers:** (1) YNH's key edge for its Klang Valley residential projects is its prime land bank (90%, or 23 acres, near popular suburban Mont Kiara area), relatively low entry or land cost, and competitive pricing. (2) Its maiden M$1B Grade A office project should benefit from marketing/branding support from JV partner, Capital Land, and the shortage of Grade A office in the city center (>90% occupancy rate). (3) We forecast 3-year EPS CAGR of 24% for FY07-09E—about the strongest in the sector.
- **PT and risks.** Its P/E of 9x FY08E is at a 50% discount to the average of 17x for its large-cap peers. This is despite its strong growth, superior FY08E ROE of 21% (peer average: 13.5%), and operating margin of 39% (peer average: 24%). Our December 2007 PT is M$4.50 on 13x FY08E P/E, a 20% discount to large-cap peers. Risks: (1) Inability to replenish land to sustain earnings beyond FY11E. (2) Lack of a strong brand name in Klang Valley, though compensated by its prime land-bank; JVs, cheap land cost and competitive pricing. (3) High foreign shareholding of 45%.

Bloomberg: YNHB MK; Reuters: YNHB.KL

Year-end December	FY05	FY06	FY07E	FY08E	FY09E
Sales (M$MM)	168.7	265.3	297.3	427.7	587.4
Operating profit (M$MM)	78	103	121	169	212
Core net profit (M$MM)	47	72	94	122	139
EPS (M$)	0.14	0.20	0.26	0.34	0.39
Net cash (debt)	-83	-82	-92	-105	-105
Net gearing (%)	19	17	17	17	15
Equity (M$MM)	439	493	554	627	703
ROE (%)	13	15	18	21	21
ROCE (%)	12	13	14	18	19
P/E (x)	22.1	15.3	11.8	9.1	8.0
EV/EBITDA (x)	15.9	11.9	10.1	7.3	5.8
P/BV (x)	2.4	2.3	2.1	1.8	1.6
P/CF (x)	-10.5	34.5	62.2	49.8	22.3
Dividend yield (%)	2.4	2.3	2.9	4.3	5.5
Dividend payout ratio (%)	-47	-35	-35	-40	-45
	1Q06	2Q06	3Q06	4Q06	1Q07
Sales	51.2	44.7	89.0	80.5	57.6
Reported EPS	4.81	5.05	5.2	5.36	5.88

Source: Company reports, JPMorgan estimates.

Initiation
Overweight

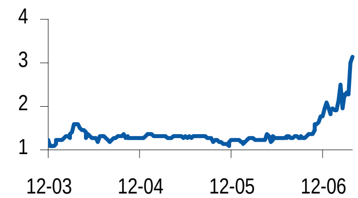
M$3.20
19 April 2007
Price Target: M$4.50

Malaysia
Property
Emerging Growth

Simone Yeoh[AC]
(60-3) 2270-4710
simone.x.yeoh@jpmorgan.com

Seedlings

Three-year price performance



Source: IRESS.

Price performance

	1M	3M	12M
Absolute (%)	43	66	153
Relative (%)	27.4	42.3	78.9

Source: Bloomberg.

Company data

52-wk range (M$)	1.20-3.14
Mkt cap. (M$ MM)	1,138.6
Mkt cap. (US$ MM)	330.0
Shares O/S (MM)	355.8
Free float (%)	60
Avg. daily volume (MM)	2.0
Liquidity (US$ MM)	1.9
Exchange rate	3.45
Index	1306.36
Year-end	December

Source: Bloomberg.

Company description

YNH Property has an established business history in property development since 1982. It was started and grown organically by the Yu family in the state of Perak. The company was listed on the Main Board in December 2003.

YNH's historical business focus has been in affordable housing and shop offices in the Manjung district of Perak, with a 65-70% market share in the area. The project will continue to provide a steady income stream, and land bank here will last the group another 20 years.

In recent years, the group has expanded into commercial developments in the city of Ipoh Perak, and has strategically positioned itself in the Klang Valley via acquisitions of prime land bank at comparatively low entry cost since the crisis period in 1998/1999.

Klang Valley projects, comprising both residential and commercial developments, will be the key growth driver going forward and is estimated to account for 80% of profits by FY09E from 21% in FY06.

Corporate governance metrics

Company dividend policy	Dividend track record
Minimum 35% pay-out	FY05: 47% pay-out FY06: 35% pay-out
# Days to publish quarterly report	# Days to consolidated annual report
60	180
% independent directors	Inter-company Transactions
2/4	None
History of share placement	Insider ownership (%)
85MM shares to Bumi investors in 2005.	Dato' Dr. Yu Kuan Chon (26% stake)

Source: Company, JPMorgan estimates.

Positive price drivers

Residential projects to benefit from prime land bank and favorable government policies, against an attractive macro backdrop (i.e., low interest rates, strengthening M$, and cheap capital values regionally). The government's recent relaxation in foreign home ownership and removal of real property gains tax (RPGT) should spur demand. YNH's land bank with a GDV of M$2B in the state of Perak has consistently contributed M$30 MM pa to the bottom line, and this is expected to be sustained. Growth will come from YNH's new Klang Valley projects, with an additional GDV of M$2B, and sits on prime land bank, i.e., 23 acres in Mont Kiara (second-largest in the area after listed Sunrise), a prime sub-urban area within a 20-minute drive from KLCC, which is also popular among foreigners.

Well positioned to ride on the upcycle in the commercial/office sector: Its maiden M$1B Grade A office project in a 60:40 JV with Capital Land in a prime area in Kuala Lumpur is timely in view of the shortage of prime grade office space in the city centre. Based on a GDV of M$1B, YNH aims to price its office space at M$900 psf, we believe this is fair as it implies a net yield of 7% based on recent comparable rentals in the vicinity, in line with recent transactions. On the upside, a compression in transacted yields beyond the current 6-7% (4% in Singapore) given the upcycle and its prime location, could see a higher GDV for this project.

Strongest growth, ROEs, and margins in the sector: We forecast three-year EPS CAGR of 24% over FY07-09E, driven by the group's Klang Valley projects, estimated to account for 80% of earnings by FY09E from 21% in FY06. Given its low land cost and tight cost controls, YNH commands superior FY08E ROE of 21% (peer average: 13.5%) and high operating margin of 36-41%. Net yields of 3-4% over FY07-08E are also attractive and comparable to that of SP Setia.

Negative price drivers & risks to thesis

Lack of branding in Klang Valley: While YNH has established itself in the state of Perak, it is still a newcomer in Klang Valley and has yet to build a branding synonymous to that already built up by Sunrise in the Mont Kiara area. Nevertheless, its cheap land cost will enable it to price competitively at an estimated M$360-380 psf for its initial Mont Kiara project versus Sunrise's M$500-600 psf. Also, over 85% of its maiden Klang Valley project—'163 Suites' service apartments near the KLCC area launched in 2004/05—has already been sold. Furthermore, its new flagship Grade A M$1B commercial/office project in the city centre is in a JV with Capital Land, which will help with the branding and marketing expertise here.

High 45% foreign shareholding and strong outperformance of 30% YTD (22% for the property sector): The sector's prospects remain strong over the next 12 months. YNH's still attractive relative valuations, growth and operational parameters to peers mean it is likely to outperform them. We believe good take-up rates for its upcoming residential and commercial projects are future key upside catalysts.

The main risk to our thesis is: (1) Downturn in property prices. (2) Oversupply of commercial/office properties which will put pressure on asset values and rentals. However, there is a shortage of quality grade offices in the Klang Valley currently.

Simone Yeoh
(60-3) 2270-4710
simone.x.yeoh@jpmorgan.com

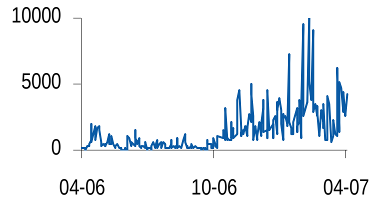
Valuation and rating analysis

YNH has unbilled sales of M$350MM representing 1.3x of historical FY06 revenue. This and, we believe, good earnings visibility for its new projects given prime land bank, the sector's up-cycle and recent government incentives translate to a three-year EPS CAGR of 24% over FY07-09E—about the strongest in the sector besides E&O Property. The stock currently trades on 9x FY08E, a 50% discount to the average of 17x for its large-cap comparable peers (i.e., E&O Property and SP Setia).

We have valued YNH differently compared to large land bank owners, where valuations on RNAV is a fairer method given their strong asset-backing but longer lead time and capital to turn assets into earnings. YNH's key strategy/focus is: (1) Faster-than-normal construction period for its Manjung township at 12 months for link-houses versus the norm of 18-24 months. (2) Prime land bank in Klang Valley with almost immediate development potential and quick turnaround time. (3) Replenishment of land bank to sustain long-term earnings. For instance, the recent acquisition of a very prime six-acre land in Mont Kiara for mixed development (service apartments, office blocks and retail) has enhanced FY09E earnings by 20%. Its quick turnaround strategy is a key contributor to above average margins and ROE at 21% for FY08E (peer average: 13.5%), aside from its relatively low land cost.

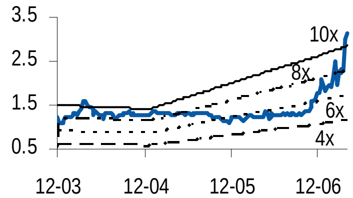
We hence set a December 2007 price target for YNH at M$4.50 based on a fair multiple of 13x P/E, a discount of 20% and 40% respectively to its large-cap peers at current levels and at their fair values. YNH's RNAV of M$3.80/share based on DCF of future development profits (WACC of 9%) also provides support.

Figure 1: One-year historical daily trading volume



Source: Bloomberg.

Figure 2: YNH—P/E band chart



Source: Bloomberg, Company, JPMorgan estimates.

Table 1: Residential prices—Regional comparison

	Overall price (US$ psf)	Initial yield (%)
Sydney	112	2.8
Shanghai	100	6.5
Hong Kong	495	4.5
Tokyo	556	5.5
Kuala Lumpur	106	6.0
Manila	170	7.0
Singapore	420	3.2
Bangkok	98	NA

Source: JPMorgan.

Table 2: YNH Property RNAV

Undeveloped land	% held	GDV (M$MM)	Acres	Revaluation surplus* (M$MM)
Manjung, Perak state	100%	2000	1000	358
Klang Valley (all on prime land)				
163 Residence, KL , near KLCC	100%	278	1	43
Ceriaan Kiara, Mont Kiara	100%	189	3	38
Wisma YNH (JV with Capital Land)	60%	1000	3	271
Mont' Kiara, next to Plaza Mont' Kiara	70%	550	6	146
Jalan Sultan Ismail	90%	200	2	46
Duta Nusantara, Duta Solaris	90%	712	14	143
Total		4,929	1029	1044
Less: taxation				271
Net revaluation surplus				783
Add: FY07 shareholders funds				554
Total RNAV				1337
No. of existing shares				354
RNAV/share				3.80

Source: Company, JPMorgan. *Arrived at based on future development profits discounted at a WACC of 9%.

Table 3: Malaysian property developers—Valuation comparison

	Rec	Price (M$)	CY P/E 2007E	CY P/E 2008E	EPS gwth (%) 2007E	EPS gwth (%) 2008E	Net yield (%) FY08E	P/NTA (x) FY08E	ROE (%) FY07E	FY08 OP margin (%)	Prem/ (disc) to RNAV (%)	RNAV (M$)
SP Setia	OW	8.00	20.6	17.8	6%	16%	3.3%	2.8	16.0	26%	1%	9.50
E&O Prop	OW	3.24	21.4	16.0	38%	33%	0.9%	2.1	11.1	28%	-35%	5.00
MK Land	UW	1.01	50.5	34.8	-22%	45%	0.7%	1.1	3.1	18%	-57%	2.33
YNH	OW	3.20	12.1	9.4	29%	29%	4.3%	1.8	20.6	39%	-16%	3.80
Average			21.0	17.0	22%	25%	2.1%	2.4	13.5	24%	-17%	

Source: JPMorgan. #Represents average for its more comparable larger cap peers, i.e., SP Setia and E&O Property.

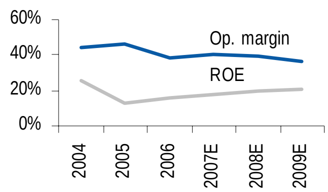
Simone Yeoh
(60-3) 2270-4710
simone.x.yeoh@jpmorgan.com

Table 4: YNH's land entry cost vs. current market values

Landbank	Book cost (M$psf)	Mkt value (M$psf)
Manjung, Perak state	0.40	8
Ipoh, commercial	18	50
163 Residence, KL	444	1000
Ceriaan Kiara, M.Kiara	66	200
Wisma YNH	480	1500
Jalan Sultan Ismail	480	1000
Duta Solaris area	83	300
Mont' Kiara (recent)	300	300

Source: Company, JPMorgan.

Figure 3: Operating margin & ROE trend



Source: Company, JPMorgan.

Table 5: Prime office cap values and yields—Regional comparison

	Overall price (US$psf)	Initial yield (%)
Sydney	720	6.0
Shanghai	332	8.5
Hong Kong	1680	5.8
Tokyo	2091	3.4
Kuala Lumpur	171	7.5
Manila	109	9.9
Singapore	1259	5.0
Bangkok	192	7.5

Source: JPMorgan.

Table 6: Occupancy rates and rental trends for grade A office

Klang Valley	Occupancy rate (%)	Rentals M$psf
2002	88%	3.90
2003	88%	3.92
2004	91%	4.06
2005	91%	4.32
2006	91-94%	4.86
2007E	90%	5.47
2008E	90%	6.15

Source: CEIC, *The Edge*, JPMorgan.

Earnings breakdown & project details

Table 7: YNH Property – EBIT breakdown

In M$MM; year-end December	2006A	2007E	2008E	2009E	2010E
Manjung, Perak	44	44	42	42	42
Ipoh, commercial#	38	10	-	-	-
Klang Valley projects (very prime land)					
Ongoing projects					
163 Jalan Perak, near KLCC	21	43	43	-	-
Ceriaan Kiara, Mont Kiara	-	24	24	14	-
Wisma YNH (60:40 JV with Capital Land)	-	-	53	76	76
Planning stages					
Mont Kiara (next to Plaza Mont Kiara, 70% JV)**	-	-	7	46	77
Jln Sultan Ismail (next to Renaissance hotel, KL)	-	-	-	8	11
Duta Nusantara, Duta Solaris (near Mont Kiara)	-	-	-	27	40
Total	103	121	169	212	247
Klang Valley contribution	21%	55%	75%	80%	83%
Wisma YNH contribution	0%	0%	32%	36%	31%

Source: Company, JP Morgan estimates. #Reaching tail-end. **Very prime land for commercial (office, retail) cum service apartments.

YNH has 1,000 acres in Manjung with a GDV of M$2B. It is the fastest growing district in the state of Perak, where the economy is driven by Malaysia's largest naval base in the area. The land will last YNH for the next 20 years, where the focus is on affordable housing and shop offices. Under the Manjung Structural Plan, population growth there is forecast to rise by 10,000 pa to 2010, translating to 1,800 units of new houses pa. YNH's project in Manjung is expected to continue to be a stable contributor at M$30MM net profit pa based on targeted annual sales of 500 units.

Klang Valley projects—the key growth drivers

YNH's Klang Valley projects, with a total GDV of M$3B, will last it the next five to six years at least. With rising contributions from Klang Valley where customer base is more discerning, and focus is on higher quality, up-market projects, we forecast operating margins will ease to 36-41% over FY07-09E (43% average for three years to FY06). Margins however are still attractive, helped by YNH's relatively low entry/land cost.

Residential projects

YNH's maiden Klang Valley project near KLCC, '163 Suites', i.e., high-end service apartments launched in 2004/05, has been 85% sold. YNH's key edge for its ongoing and future projects is its prime land, largely near Mont Kiara and competitive pricing. The group's Ceriaan Kiara project to be launched soon is being priced at M$360-380 psf versus M$535 psf for the recent launch by Sunrise (more established player in the area). Sunrise's newer upcoming launch may be priced at M$600-700psf at least.

Flagship commercial project/Grade A office tower

This key flagship project in a 60:40 JV with Capital Land will comprise 1.1 million sq.ft. of retail (10% of space) and Grade A office (90%) in a prime area in KL city with a total GDV of over M$1B. We believe there will be good demand here given its prime location, branding/marketing support from Capital Land, the current shortage of Grade A office in KL city (occupancy >90%), and rising foreign interest due to Malaysia's attractive capital values and yields regionally (see Table 5).

YNH's planned selling price at M$900 psf for its office space translates to a net yield of 7% based on current market rents, in line with recent transacted yields of 6-7%.

SWOT analysis

Strengths

- **Prime land bank in Klang Valley,** will last the group five to six years. It has a strong foothold in the fast-growing Mont Kiara area, where YNH has 23 acres of land, the second-largest in the area after Sunrise's remaining 80 acres.
- **Well positioned to ride on the upturn in the office sector.** Its new M$1B office tower project also sits on extremely prime land in the city centre, with JV partner Capital Land to provide the branding/marketing support.
- **Superior profitability and returns versus peers.** FY08E ROE is 21% (peer average: 13.5%), while operating margin of 36-41% over the forecast period we believe is the highest in the sector after IOI Properties at about 50%. This is due to the group's low land cost, tight cost controls, and fast construction turnaround.
- **Strong finances.** Positive FCF with net gearing at 15-17% over FY07-09E. Cash from sale of 40% stake in office tower project to Capital Land, estimated at over M$50MM, will help fund new land acquisitions. Net yield of 3-4% over FY07-08E is also one of the sector's highest and comparable to SP Setia.

Weaknesses

- **Lack of branding in Klang Valley.** YNH is still a newcomer in Klang Valley and has yet to build a strong brand name. Nevertheless, its relatively low entry levels or land cost will enable it to price its products more competitively. Also, strong JV partner, Capital Land, will help in the marketing/sale of its new M$1B commercial or office project in the city centre.
- **The ability to replenish land bank to sustain earnings after 2011 crucial**. YNH's land in the state of Perak will last the group 20 years, while its Klang Valley land bank will last five to six years. Hence, while earnings growth in the next three years will be strong, earnings sustainability beyond 2010/11 however will depend much on the group's ability to acquire more land.

Opportunities

- **Compression in rental yields could provide higher sales value for its office project.** The GDV of M$1B for the office towers translates to a price of M$900psf. This gives an estimated rental yield of 7% in line with recent Klang Valley transacted yields but lower than Singapore's 4%. Assuming a bullish scenario where yields compress to 4-5% due to the strong upturn in the office sector, the GDV for the project could rise to M$1.3-1.6B.
- **Higher prices and higher GDV.** The new government incentives for property against an attractive macro backdrop, translate to strong appreciation potential in land and property prices especially in prime areas. Hence, this could provide upside to the GDV of the group's projects. We estimate that every 20% rise in GDV for the group's Klang Valley projects will raise our RNAV by 7%.

Threats

- **High foreign shareholding of 45%** is a risk in the event of any market sell-off due to external shocks.
- **Limited manpower or ability to take on multiple projects** could result in risks of delays or implementation. While its Perak project had been its key focus in the past, the group now has to manage multiple projects. There are now three additional or ongoing developments in the Klang Valley, with another three in the planning stages.
- **Pricey land acquisitions.** YNH is constantly on the look-out for new land to sustain earnings beyond 2010/11, but indicated that its key criterion is that land cost must be no more than 20% of expected project GDV.

Analyst Certification:
The research analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report.

Important Disclosures

Price Charts for Compendium Reports: Price charts are available for all companies under coverage for at least one year through the search function on JPMorgan's website https://mm.jpmorgan.com/disclosures/company or by calling this toll free number (1-800-477-0406).

Explanation of Equity Research Ratings and Analyst(s) Coverage Universe:
JPMorgan uses the following rating system: **Overweight** [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Neutral** [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] **Underweight** [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] The analyst or analyst's team's coverage universe is the sector and/or country shown on the cover of each publication. See below for the specific stocks in the certifying analyst(s) coverage universe.

JPMorgan Equity Research Ratings Distribution, as of March 30, 2007

	Overweight (buy)	**Neutral** (hold)	**Underweight** (sell)
JPM Global Equity Research Coverage	42%	41%	17%
IB clients*	49%	51%	38%
JPMSI Equity Research Coverage	38%	48%	14%
IB clients*	68%	64%	53%

*Percentage of investment banking clients in each rating category.
For purposes only of NASD/NYSE ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category.

Valuation and Risks: Please see the most recent JPMorgan research report for an analysis of valuation methodology and risks on any securities recommended herein. Research is available at http://www.morganmarkets.com , or you can contact the analyst named on the front of this note or your JPMorgan representative.

Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

Other Disclosures

Options related research: If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options, please contact your JPMorgan Representative or visit the OCC's website at http://www.optionsclearing.com/publications/risks/riskstoc.pdf.

Legal Entities Disclosures
U.S.: JPMSI is a member of NYSE, NASD and SIPC. J.P. Morgan Futures Inc. is a member of the NFA. JPMorgan Chase Bank, N.A. is a member of FDIC and is authorized and regulated in the UK by the Financial Services Authority. **U.K.:** J.P. Morgan Securities Ltd. (JPMSL) is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority. **South Africa:** J.P. Morgan Equities Limited is a member of the Johannesburg Securities Exchange and is regulated by the FSB. **Hong Kong:** J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong. **Korea:** J.P. Morgan Securities (Far East) Ltd, Seoul branch, is regulated by the Korea Financial Supervisory Service. **Australia:** J.P. Morgan Australia Limited (ABN 52 002 888 011/AFS Licence No: 238188) is regulated by ASIC and J.P. Morgan Securities Australia Limited (ABN 61

003 245 234/AFS Licence No: 238066) is a Market Participant with the ASX and regulated by ASIC. **Taiwan:** J.P.Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Commission. **India:** J.P. Morgan India Private Limited is a member of the National Stock Exchange of India Limited and The Stock Exchange, Mumbai and is regulated by the Securities and Exchange Board of India. **Thailand:** JPMorgan Securities (Thailand) Limited is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Indonesia:** PT J.P. Morgan Securities Indonesia is a member of the Jakarta Stock Exchange and Surabaya Stock Exchange and is regulated by the BAPEPAM. **Philippines:** J.P. Morgan Securities Philippines Inc. is a member of the Philippine Stock Exchange and is regulated by the Securities and Exchange Commission. **Brazil:** Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. **Japan:** This material is distributed in Japan by JPMorgan Securities Japan Co., Ltd., which is regulated by the Japan Financial Services Agency (FSA). **Singapore:** This material is issued and distributed in Singapore by J.P. Morgan Securities Singapore Private Limited (JPMSS) [mica (p) 069/09/2006 and Co. Reg. No.: 199405335R] which is a member of the Singapore Exchange Securities Trading Limited and is regulated by the Monetary Authority of Singapore (MAS) and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore) which is regulated by the MAS. **Malaysia:** This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-x) which is a Participating Organization of Bursa Malaysia Securities Bhd and is licensed as a dealer by the Securities Commission in Malaysia. **Pakistan:** J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan.

Country and Region Specific Disclosures

U.K. and European Economic Area (EEA): Issued and approved for distribution in the U.K. and the EEA by JPMSL. Investment research issued by JPMSL has been prepared in accordance with JPMSL's Policies for Managing Conflicts of Interest in Connection with Investment Research which can be found at http://www.jpmorgan.com/pdfdoc/research/ConflictManagementPolicy.pdf. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction **Germany:** This material is distributed in Germany by J.P. Morgan Securities Ltd. Frankfurt Branch and JPMorgan Chase Bank, N.A., Frankfurt Branch who are regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht. **Australia:** This material is issued and distributed by JPMSAL in Australia to "wholesale clients" only. JPMSAL does not issue or distribute this material to "retail clients." The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of JPMSAL. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for persons licensed by or registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months' prior.) J.P. Morgan Broking (Hong Kong) Limited is the liquidity provider for derivative warrants issued by J.P. Morgan International Derivatives Ltd and listed on The Stock Exchange of Hong Kong Limited. An updated list can be found on HKEx website: http://www.hkex.com.hk/prod/dw/Lp.htm. **Korea:** This report may have been edited or contributed to from time to time by affiliates of J.P. Morgan Securities (Far East) Ltd, Seoul branch. **Singapore:** JPMSI and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Legal Disclosures section above. **India:** For private circulation only not for sale. **Pakistan:** For private circulation only not for sale. **New Zealand:** This material is issued and distributed by JPMSAL in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. JPMSAL does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of JPMSAL.

General: Additional information is available upon request. Information has been obtained from sources believed to be reliable but JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively JPMorgan) do not warrant its completeness or accuracy except with respect to any disclosures relative to JPMSI and/or its affiliates and the analyst's involvement with the issuer that is the subject of the research. All pricing is as of the close of market for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein. JPMSI distributes in the U.S. research published by non-U.S. affiliates and accepts responsibility for its contents. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Clients should contact analysts and execute transactions through a JPMorgan subsidiary or affiliate in their home jurisdiction unless governing law permits otherwise.

Revised March 30, 2007.

Simone Yeoh
(60-3) 2270-4710
simone.x.yeoh@jpmorgan.com

YNH Property: Summary of financials

M$ in millions, year-end December

Profit and Loss statement						Cash flow statement					
MYR in millions, year-end Dec	FY05A	FY06A	FY07E	FY08E	FY09E	MYR in millions, year-end Dec	FY05A	FY06A	FY07E	FY08E	FY09E
Revenues	169	265	297	428	587	EBIT	78	103	121	169	212
% change Y/Y	38.3	57.3	12.1	43.8	37.4	Depreciation & amortisation	1	2	2	3	4
EBIT	78	103	121	169	212	Change in working capital	-158	-41	-18	-64	-78
% change Y/Y	43.2	32.6	27.9	44.5	22.9	Taxes	-21	-27	-33	-46	-57
EBIT Margin (%)	46.0	38.8	40.6	39.4	36.1	Cash flow from operations	-101	37	71	62	81
Net Interest	-3	-4	-4	-5	-5						
Earnings before tax	75	99	127	185	228	Capex	1	-3	-54	-43	-34
% change Y/Y	47.0	31.6	28.7	45.5	23.4	Disposal/ (purchase)	0	-5	0	0	0
Tax	-21	-27	-33	-46	-57	Net Interest	-3	-4	-4	-5	-5
as % of EBT	28.6	27.2	26.0	25.0	25.0	Free cash flow	-103	25	12	14	42
Net Income (Reported)	54	72	94	122	139						
% change Y/Y	40	34	31	29	14	Equity raised/ (repaid)	107	7	0	0	0
Core Net Profit	47	72	94	122	139	Debt raised/ (repaid)	51	-20	50	0	0
% change Y/Y	21	54	31	29	14	Other	-1	-5	0	0	0
Shares Outstanding	329	352	356	356	356	Dividends paid	25	25	33	49	62
EPS (reported)	0.14	0.20	0.26	0.34	0.39	Beginning cash	4	34	15	55	42
% change Y/Y	-5	44	29	29	14	Ending cash	34	15	55	42	42
Core EPS	0.141	0.204	0.264	0.342	0.390	DPS	0.11	0.10	0.13	0.19	0.24
% change Y/Y	-5	44	29	29	14						

Balance sheet						Ratio Analysis					
MYR in millions, year-end Dec	FY05A	FY06A	FY07E	FY08E	FY09E	%, year-end Dec	FY05A	FY06A	FY07E	FY08E	FY09E
Cash and cash equivalents	34	15	55	42	42	EBIT margin	46.0	38.8	40.6	39.4	36.1
Accounts receivable	143	120	134	193	265	Operating margin	46.0	38.8	40.6	39.4	36.1
Inventories	7	18	24	34	47	Net profit margin	31.8	27.1	31.6	28.4	23.6
Others	150	216	216	216	216	SG&A/sales					
Current assets	333	370	430	485	571						
						Sales per share growth	38.3	57.3	12.1	43.8	37.4
LT investments	19	24	24	24	24	Sales growth	38.3	57.3	12.1	43.8	37.4
Net fixed assets	273	99	127	185	228	Net profit growth	39.7	34.1	30.8	29.4	14.1
Total assets	626	669	781	877	992	EPS growth	-5.3	44.4	29.4	29.4	14.1
Liabilities						Interest coverage (x)	0.0	0.1	0.0	0.0	0.0
ST loans	88	75	75	75	75	Net debt to total capital	14	13	13	13	11
Payables	29	38	39	45	52	Net debt to equity	19	17	17	17	15
Others	11	17	17	17	17	Sales/assets	27	40	38	49	59
Total current liabilities	129	130	131	137	144	Assets/equity	142	136	141	140	141
Long term debt	29	22	72	72	72	ROE	12.5	15.4	18.0	20.6	20.9
Other liabilities	29	25	25	42	74	ROCE	11.7	13.0	14.1	17.5	19.2
Total liabilities	186	176	227	250	289						
Shareholders' equity	439	493	554	627	703						
BVPS	1.33	1.40	1.56	1.76	1.98						

Source: Company data, JPMorgan estimates.