

29 May 2007

Description: Property developer.

Catalyst: Prime beneficiary of zerorisation of RPGT, pump priming effect of 9MP, robustness of equity markets locally and regionally, and anticipation of more positive newsflow from upcoming general election.

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YNH Property

Buy

(Unchanged)

Land banking for future development

TP: RM4.30

Current Price: RM3.30

- **YNH Property (YNHB) has proposed to acquire a piece of land measuring 30,687sq ft near Mid Valley Megamall (along the Federal Highway), for RM4.6m for future launches.**
- **Our back-of-the envelope calculation shows that YNHB's existing RNAV of RM3.80 could be enhanced by 6-8sen, while adding some RM7-10m in yearly profit for 3 years upon launch of the development.**
- **Maintain Buy and target price of RM4.30 per share, pending further details from management.**

Boosting its landbank. YNHB is proposing to acquire a piece of land measuring approx. 30,687sq ft near Mid Valley Megamall (along the Federal Highway) from Great Wall Park Sdn Bhd, for a total consideration of RM4.6m or RM150psf. While we are not aware of similar transactions in the vicinity, we believe this is a fair price given its locality and small acreage, which typically commands a higher price. In nearby launches, Sunrise's Seputeh 1128 bungalow land is selling for RM120 psf. YNHB has earmarked this piece of land for condominium development, with an estimated GDV of RM100m, to be launched in the future. This will bring YNHB's present remaining GDV to >RM5.2b, with sufficient development work to last at least a decade.

Compulsory land acquisition by government. On a separate announcement, YNHB announced that it has received notice of compulsory acquisition for 2 parcels of land in Daerah Manjung, measuring 15.25 acres, which is earmarked for educational purposes. Based on recent transactions within the locality, the Company expects to receive approximately RM8.6m in compensation, which we estimate will add RM5.9m to PBT and RM4.4m (+4.3%) to PAT in FY07.

Maintain Buy. We are inclined to maintain our earnings forecast for now, pending further guidance from management on the proposed acquisition and the final gain on disposal of land in Manjung, which will be recognized upon receipt of cash from the government. In the meantime, we are maintaining our Buy call and target price of RM4.30.

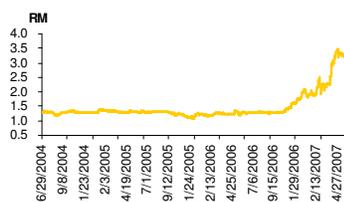
Stock Information:

Ticker:	YNHB MK
Closing Price:	3.30
KLCI:	1345.99
Sector:	Property
Shares Issued (m):	355.8
Market Cap (RM m):	1,188.4
3-mth Avg Daily Volume (m):	1.6

Major Shareholders:

	%
Dato' Dr Yu Kuan Chon	26.0
EPF	9.3
Lembaga Tabung Haji	5.1

Price Chart (RM3.30)



Price Performance:

52-week High/Low RM3.40/RM1.20

1-mth	3-mth	6-mth	1-yr	YTD
45.2	73.1	147.4	173.8	61.4

YNH Property – Summary Earnings Table

FYE Dec (RM m)	2005A	2006A	2007F	2008F	2009F
Turnover	168.7	265.3	303.2	484.6	637.6
EBITDA	78.2	103.5	144.7	187.5	256.9
Pretax Profit	75.0	98.7	140.1	182.9	252.4
Net Profit	53.6	71.8	102.3	122.2	132.4
Net Profit Ex. EI	53.6	71.8	102.3	122.2	132.4
EPS Ex. EI (sen)	16.3	20.4	28.7	34.4	37.2
EPS Ex. EI growth (%)	8.9	25.6	40.8	19.5	8.4
PE Ex. EI (x)	20.3	16.2	11.5	9.6	8.9
EV/EBITDA (x)	15.9	12.1	8.3	6.4	4.5
Div Yield (%)	2.4	2.2	4.2	4.9	5.3
Net Gearing (%)	18.9	16.6	5.5	3.1	Cash
ROE (%)	12.2	14.6	18.2	19.1	18.2
P/BV (x)	2.6	2.4	2.1	1.8	1.6
Earnings revision (%)	n.a	n.a	n.a	n.a	n.a
Consensus NI (RM 'm)	n.a	n.a	96.4	116.2	123.2

Source: Bloomberg, Aseambankers

Definition of Ratings

Aseambankers uses the following rating system:

STRONG BUY	Total return is expected to exceed 20% in the next 12 months
BUY	Total return is expected to be between 10-20% in the next 12 months
HOLD	Total return is expected to be between above 0% to 10% in the next 12 months
FULLY VALUED	Total return is expected to be between -10% and 0% in the next 12 months
SELL	Total return is expected to be below -10% in the next 12 months
TRADING BUY	Total return is expected to be between 10-20% in the next 6 months arising from positive newsflow e.g. mergers and acquisition, corporate restructuring, and potential of obtaining new projects. However, the upside may or may not be sustainable

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Some common terms abbreviated in this report (where they appear):

Adex = Advertising Expenditure	FCF = Free Cashflow	PE = Price Earnings
BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
EV = Enterprise Value	PBT = Profit Before Tax	

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