CREDIT SUISSE

Tuesday, 22 February 2011

Asian Daily (Asia Edition)

EPS, TP and Rating changes

(% change)	EPS T+1	EPS T+2	TP Chg	TP Up/Dn	Rating
Alibaba	0	0	4	6	N (N)
Anta Sports	(2)	(4)	(10)	27	O (O)
NetEase	(1)	(1)	17	(4)	N (N)
Parkson	(4)	(3)	0	25	O (O)
Want Want China	(7)	(10)	8	6	N (O)
ABB India	(53)	(39)	(5)	(13)	U (U)
Raffles Medical	0	3	12	9	N (N)
Asian Property	0	13	13	73	O (O)
Preuksa	1	(2)	(9)	(1)	U (U)
Land and Houses	(5)	5	14	29	O (U)

C3: Connecting clients to corporates

Hong Kong

Emperor Watch (0887.HK)
Date: 22 February, Hong Kong
Coverage Analyst: Garibel Chan

Country Garden (2007.HK)
Date: 23 February, Hong Kong
Coverage Analyst: Jinsong Du,

The Link REIT (0823.HK)
Date: 23 February, Hong Kong
Coverage Analyst: Cusson Leung

Hopewell Holdings (0054.HK) Post results
Date: 25 February, Hong Kong
Coverage Analyst: Cusson Leung

Sun Hung Kai Properties (0016.HK)
Date: 01 March, Hong Kong
Coverage Analyst: Cusson Leung

Texhong Textile (2678.HK) Post Results
Date: 01-02 March, Hong Kong
Coverage Analyst: Eva Wang

MTR (0066.HK) Post results
Date: 04 March, Hong Kong
Coverage Analyst: Cusson Leung

Peak Sport Products Co.Ltd. (1968.HK) Post result
Date: 16 March, Hong Kong
Coverage Analyst: Eva Wang

Singapore

ARA Asset Management (ARAM.SI) FY10 results
Date: 25 February, Singapore
Coverage Analyst: Tricia Song

Midas Holding Ltd (MIDA.SI) Post Results
Date: 28 February, Singapore
Coverage Analyst: Su Tye Chua

Texhong Textile (2678.HK) Post Results
Date: 03 March, Singapore
Coverage Analyst: Eva Wang

US

SK Innovation (096770.KS)
Date: 22-25 February, US
Coverage Analyst: A-Hyung Cho

OCI (010060.KS)
Date: 23-25 February, US
Coverage Analyst: A-Hyung Cho

RDA Microelectronics (RDA.OQ)
Date: 07-08 March, New York
Coverage Analyst: Randy Abrams

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Top of the pack ...

Asia Equity Strategy — Sakthi Siva (3)
German IFO, European PMI, Philly Fed all rise in Feb; stay long cyclicals

Thailand Market Strategy – Maintain OW — Dan Fineman (4)
Property: Paradigm shift

Thai Residential Property Sector — Chai Techakumpuch (5)
New report: Market concern is an opportunity

... and the whole pack

Regional

Asia Equity Strategy — Sakthi Siva (3)
German IFO, European PMI, Philly Fed all rise in Feb; stay long cyclicals

Asia Pacific Strategy — Kin Nang Chik (6)
Credit Suisse GEM valuation snapshot

Asia Pacific Strategy — Kin Nang Chik (7)
Credit Suisse valuation snapshot

China

China Insurance Sector – Maintain MW — Arjan van Veen (8)
New report: 2011 Jan premium trends – bancassurance impact not as big as feared

China Property Weekly – Maintain UW — Jinsong Du (9)
Weekly update: Volume rebounded but still 32% lower than the week before the Chinese New Year

Alibaba (1688 HK) – Maintain N — Wallace Cheung, CFA (10)
Taobao CEO appointed new Alibaba.com CEO; positive to Alibaba fundamentals

Anta Sports (2020 HK) – Maintain O — Eva Wang (11)
FY10 results in-line; revising down future EPS and target price on margin pressure

NetEase (NTES.OQ) – Maintain N — Wallace Cheung, CFA (12)
Starcraft as 2011E driver; e-commerce to fuel the growth, but limited contribution

Parkson (3368 HK) – Maintain O — Julie Ke (13)
2010 recurrent earnings up 13.5% YoY on GSP growth of 14% YoY: in-line with our estimates

Want Want China (151 HK) – Downgrade to N — Kevin Yin (14)
New Report: Turning around on a refined business model

Zoomlion Heavy Industry (1157 HK) – Maintain O — Victoria Li (15)
Investment in insurance company shouldn't hurt fundamentals

Hong Kong

AIA Group (1299 HK) – Maintain N — Arjan van Veen (16)
FY10 preview: currency and markets to provide upside risk

Asian indices - performance

(% change)	Latest	1D	1W	3M	YTD
ASX300	4,913	(0.7)	(0.7)	5.6	3.2
CSEALL	7,617	(0.7)	1.6	16.9	14.8
Hang Seng	23,485	(0.5)	1.6	(0.2)	2.0
H-SHARE	12,651	(0.7)	2.0	(4.1)	(0.3)
JCI	3,498	(0.1)	3.1	(6.5)	(5.6)
KLSE	1,526	0.5	2.1	1.5	0.5
KOSPI	2,005	(0.4)	(0.5)	3.1	(2.2)
KSE100	11,965	(0.6)	0.2	9.1	(0.5)
NIFTY	5,519	1.1	1.1	(6.3)	(10.0)
PCOMP	3,837	(0.4)	1.1	(8.3)	(8.7)
RED CHIP	4,091	(0.3)	0.5	(3.1)	(1.9)
SET	996	0.0	4.9	(2.3)	(3.6)
STI	3,071	(0.5)	(1.1)	(3.8)	(3.7)
TWSE	8,839	(0.1)	1.8	5.5	(1.5)
VNINDEX	484	(4.0)	(5.9)	13.5	(0.2)

Thomson Financial Datastream

Asian currencies (vs US$)

(% change)	Latest	1D	1W	3M	YTD
A$	1.0	0.0	0.6	1.6	(0.8)
Bt	30.5	(0.2)	0.6	(2.0)	(1.8)
D	20,835.0	0.0	0.3	(6.4)	(6.4)
NT$	29.4	0.0	0.1	3.0	(0.8)
P	43.4	0.3	0.6	1.2	0.5
PRs	85.6	0.1	(0.3)	0.0	0.2
Rp	8,845.0	(0.1)	0.7	1.0	1.5
Rs	45.0	(0.4)	1.1	0.8	(0.6)
S$	1.3	0.1	0.3	1.6	0.5
SLRs	110.9	0.0	0.1	0.5	0.1
W	1,120.2	0.4	0.0	0.5	0.1

Thomson Financial Datastream

Global indices

(% change)	Latest	1D	1W	3M	YTD
DJIA	12,391	0.6	1.0	10.6	7.0
S&P 500	1,343	0.2	1.0	11.9	6.8
NASDAQ	2,834	0.1	0.9	12.5	6.8
SOX	471	(0.4)	1.9	21.8	14.5
EU-STOX	2,724	(1.4)	(0.1)	6.3	5.3
FTSE	6,015	(1.1)	(0.7)	4.9	1.9
DAX	7,322	(1.4)	(1.0)	7.0	5.9
CAC-40	4,097	(1.4)	0.0	6.1	7.7
NIKKEI	10,858	0.1	1.2	7.3	6.1
TOPIX	975	0.1	1.6	11.3	8.4
10 YR LB	3.58	0.0	(1.1)	24.7	8.7
2 YR LB	0.76	1.1	(10.4)	49.7	27.3
US$:E	1.37	(0.1)	1.1	(0.5)	2.3
US$:Y	83.1	0.0	0.5	0.4	(2.2)
BRENT	105.1	2.9	2.8	25.7	11.5
GOLD	1,406.5	1.2	3.3	4.0	(1.0)
VIX	16.4	(1.0)	4.7	(8.9)	(7.4)

Thomson Financial Datastream

MSCI Asian indices – valuation & perf.

	EPS grth.		P/E (x)		Performance		
MSCI Index	10E	11E	10E	11E	1D	1M	YTD
Asia F X Japan	40	14	14.1	12.4	0.0	(2.0)	(2.3)
Asia Pac F X J.	30	16	14.7	12.7	0.0	0.1	(0.9)
Australia	4	19	16.5	14.0	(0.9)	5.3	2.0
China	31	16	13.3	11.5	(0.5)	(1.7)	(0.7)
Hong Kong	28	9	18.1	16.7	(0.3)	(4.8)	(1.0)
India	22	22	17.4	14.2	1.7	(2.6)	(11.2)
Indonesia	12	23	16.4	13.3	0.3	7.7	(4.2)
Korea	50	12	11.3	10.1	(1.0)	(2.5)	(0.8)
Malaysia	30	16	17.3	14.9	0.5	(0.9)	1.9
Pakistan	31	18	9.3	7.9	(1.0)	(3.9)	(0.8)
Philippines	32	9	15.4	14.1	(0.4)	(1.2)	(8.7)
Singapore	26	7	14.6	13.7	(0.9)	(3.5)	(3.5)
Sri Lanka	88	18	22.1	18.8	(0.4)	0.6	2.1
Taiwan	92	11	14.7	13.2	(0.1)	(2.4)	(2.2)
Thailand	22	19	14.1	11.9	0.6	1.1	(3.8)

* IBES estimates

India

India Economics — Robert Prior-Wandesforde (17)
Budget 2011/12 - A preview

India Financials Sector – Maintain MW — Ashish Gupta (18)
Higher central debt issuance in FY12 likely to be overhang on long yields

ABB India (ABB IN) – Maintain U — Venugopal Garre (19)
India order inflows down 42% YoY; valuations remain challenging

RIL (RIL IN) – Maintain O — Sanjay Mookim (20)
BP helps underscore RIL's E&P valuations

Indonesia

United Tractors (UNTR IJ) – Maintain O — Arief Wana (21)
January data started with robust note; still one of our top picks

Malaysia

Alliance Financial Group (AFG MK) – Maintain O — Danny Goh (22)
3Q FY11 results exceed expectations due to lower provisions

Maybank (MAY MK) – Maintain U — Danny Goh (23)
New report: Another dividend surprise, but 1H FY11 results in line

Pakistan

Oil and Gas Development Company (OGDC PA) – Maintain O — Raza Rawjani (24)
11% revenue growth to push 2Q FY11 EPS to PRs4.17, up 20% QoQ

United Bank Limited (UBL PA) – Maintain O — Farhan Rizvi, CFA (25)
CY10 earnings up 21% on the back of lower provisions

Singapore

Indofood Agri (IFAR SP) – Maintain N — Teddy Oetomo (26)
IFAR plan to list its subsidiary Salim Ivomas Pratama on IDX

Raffles Medical (RFMD SP) – Maintain N — Su Tye Chua (27)
FY10 in line — another expansion plan

South Korea

Korea Internet Sector – Maintain OW — Jeff Kahng (28)
Mixed results from Nielsen KoreanClick's first set of search ads market

Samsung Electronics (005930 KS) – Maintain O ★Focus list stock★ — MS Hwang (29)
High-beta hope

Taiwan

Taiwan Economics — Christiaan Tuntono (30)
January export orders were weaker than market expectation, but still recorded a positive sequential growth

Thailand

Thailand Economics — Santitarn Sathirathai (31)
Thailand's 4Q10 real GDP: Decent momentum led by consumption and exports

Thai Residential Property Sector — Chai Techakumpuch (5)
New report: Market concern is an opportunity

Asian Property (AP TB) – Maintain O — Chai Techakumpuch (32)
New report: Market underestimates AP's potential

Preuksa (PS TB) – Maintain U — Chai Techakumpuch (33)
Slightly below consensus for FY10 results with rising negative newsflow

Land and Houses (LH TB) – Upgrade to O — Chai Techakumpuch (34)
Finally a profit growth

Thailand Market Strategy – Maintain OW — Dan Fineman (4)
Property: Paradigm shift

O=Outperform N=Neutral U=Underperform R=Restricted OW= Overweight MW=Market Weight UW=Underweight

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Top of the pack ...

Asia Equity Strategy ---

German IFO, European PMI, Philly Fed all rise in Feb; stay long cyclicals

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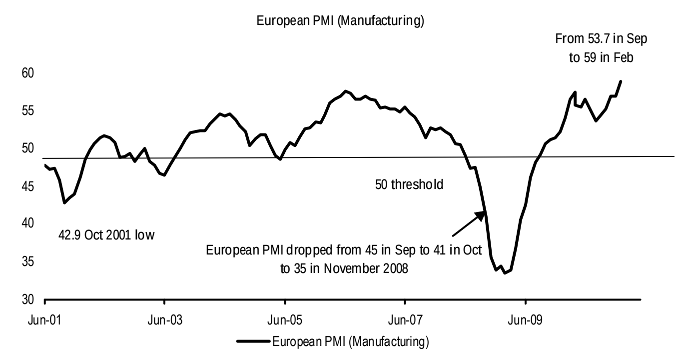
Kin Nang Chik / Research Analyst / 852 2101 7482 / kinnang.chik@credit-suisse.com

- With February data on global IP (industrial production) continuing to rise, we continue to Overweight cyclicals (Korea, Taiwan, Consumer Discretionary, Tech, Energy and Materials).
- Recently released February data for global IP include the European PMI (Purchasing Managers Index, Manufacturing) which rose to a record high of 59 (see Figure 1). German IFO business expectations also rose to a record high of 107.9 in February. And in the US, the Philadelphia Fed Index rose to 35.9 in February, the highest level since 2004 (see Figure 2).
- At the country level, Korea continues to be the cheapest market within Asia trading at a 23% discount to the region (see Figure 3). The average discount for Korea over the last five years is 12%. While Taiwan has dropped out of the cheapest four club, we note that inflation in Taiwan is just 0.8%.
- At the sector level, Figure 4 highlights Consumer Cyclicals and Tech as the two most undervalued sectors in the region. Energy and Materials are the 5th and 6th most undervalued.

Figure 1: European PMI (Purchasing Managers Index, Manufacturing)



Source: Bloomberg, Credit Suisse estimates

German IFO, European PMI and Philly Fed all rise in February

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German IFO business expectations also rose to a record high of 107.9 in February.

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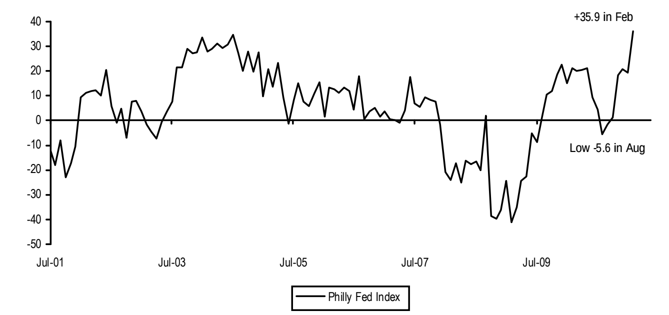
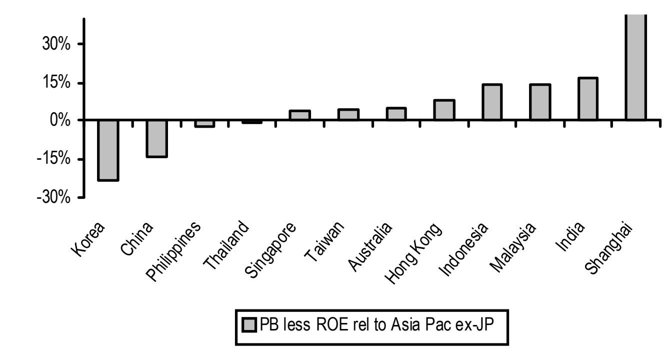
Figure 2: US Philadelphia Fed Index



Source: Datastream, Credit Suisse

At the country level, Korea continues to be the cheapest market within Asia, trading at a 23% discount to the region. The average discount for Korea over the last five years is 12%. While Taiwan has dropped out of the cheapest four club, we note that inflation in Taiwan is just 0.8%.

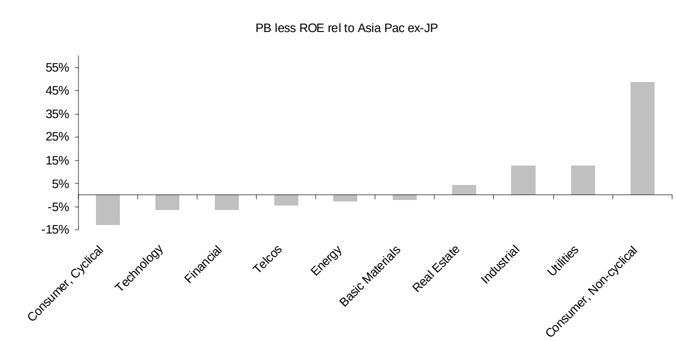
Figure 3: Countries on our price-to-book versus ROE valuation model



Source: Credit Suisse estimates

At the sector level, Figure 4 highlights Consumer Cyclicals and Tech as the two most undervalued sectors in the region. Energy and Materials are the 5th and 6th most undervalued.

Figure 4: Sectors on our price-to-book versus ROE valuation model



Source: Credit Suisse estimates

Thailand Market Strategy -- Maintain OVERWEIGHT

Property: Paradigm shift

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Siriporn Sothikul, CFA / Research Analyst / 662 614 6217 / siriporn.sothikul@credit-suisse.com

- Today we are issuing a new property strategy report and upgrading our rating on LH to OUTPERFORM from underperform.
- We believe that the market needs to re-evaluate its understanding of the sector. While most in the market view the sector as speculative and ultra-cyclical, we consider it a long-term core holding with strong structural growth drivers, low volatility earnings and the best valuations in the market. Structural drivers include industry consolidation, falling household size, and the mass transit buildout. Although many investors have sold property stocks on rate concerns, the historical data shows a very low correlation with interest rates. Instead, consumer confidence – where the outlook is healthy – is the key variable.
- We expect that signs of strong demand from good take-up rates can act as a catalyst for the sector.
- We rate AP and LPN our top picks in the market, and also consider QH highly attractive for investors needing more trading liquidity. We are upgrading LH on better valuations and an improved growth outlook.

Valuation metrics

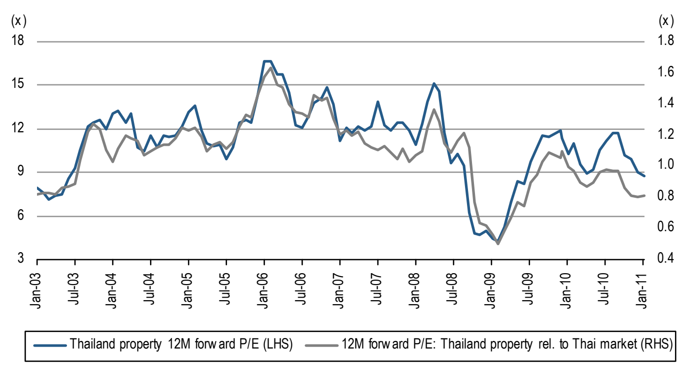
Company	Ticker	CS rating	Price Local	Price Target	Year ending	P/E (x) FY11E	P/E (x) FY12E	P/B (x)
Asian Property	AP TB	O	5.95	10.30	Dec-09	5.6	4.8	1.3
Land and Houses	LH TB	O	5.80	7.50	Dec-09	13.0	9.9	2.1
L.P.N.	LPN TB	O	9.10	12.70	Dec-09	6.0	4.3	1.8
Preuksa	PS TB	U	18.10	17.40	Dec-09	10.4	9.2	2.2
Quality Houses	QH TB	O	2.10	3.30	Dec-09	6.6	5.5	1.2

Note: O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM
Source: Company data, Credit Suisse estimates

Thailand's cheapest major sector

Of Thailand's largest sectors, property has by far the cheapest earnings-based valuations. The current P/E is at a seven-year trough excluding the Lehman crisis period, and the P/E relative to the market is at a nine-year low ex. Lehman (Figures 1).

Figure 1: Sector P/E at seven-year low ex. Lehman crisis

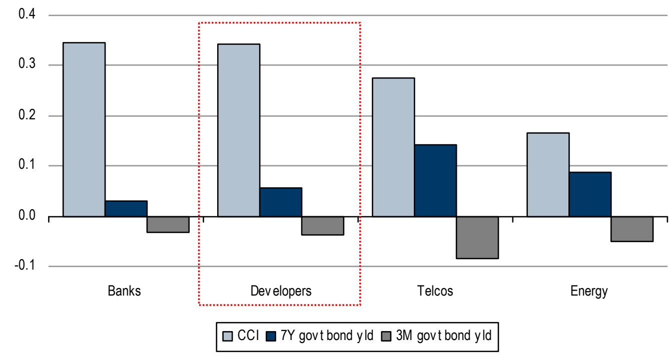


Source: Factset, Thomson Reuters, Credit Suisse estimates.

Low correlations with interest rates

Investors have sold down property names on rate hikes, but the data shows very low correlations with interest rates. The more important variable by far is consumer confidence, a factor we see improving this year (Figures 2). As we see high agricultural product prices and a positive election outlook as boosting consumer confidence, property should perform well.

Figure 2: Property index correlated with Consumer Confidence Index, not interest rates



Monthly correlation from January 2001 to February 17, 2011, of sector indexes with variables. Source: Thomson Reuters, Bank of Thailand (BOT), Credit Suisse estimates.

Not an asset bubble sector

Many investors assume that Thai developers are asset plays vulnerable to big swings in land prices, but Thai property firms have more stable fundamentals on two counts. First, we see no sign of a bubble. Second, most Thai developers lack substantial land banks and thus are much less impacted by land prices.

Structural growth

Investors should view Thai property as a core holding rather than just a short-term trade. Fast EPS growth derives less from unsustainable cyclical factors and more due to long-term structural factors:

1. Consolidation: As consumers grow more sophisticated and are more willing to pay a premium for a quality product, the market share of property sales by the listed firms has risen from 39% in 2006 to 55% last year. Bangkok's market is still one of Asia's most fragmented, with lots of room for further consolidation.
2. Increasing households: As young adults increasingly choose to move out of extended family homes, household numbers and demand is increasing. Average household size has fallen from 3.4 persons in 1994 to 2.4 in 2009.
3. Mass transit: The mass transit build-out is accelerating the move to the city center and a condo lifestyle.

AP, LPN, QH top picks; upgrade LH to OUTPERFORM

We rate AP and LPN our top picks in the Thai market. QH is a good option for investors needing more trading liquidity. We also upgrade LH to OUTPERFORM on much-improved valuations.

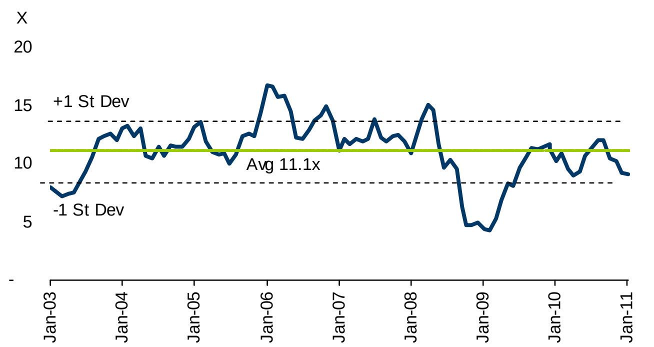
Thai Residential Property Sector

New report: Market concern is an opportunity

Chai Techakumpuch / Research Analyst / 662 614 6211 / chai.techakumpuch@credit-suisse.com

- We recommend accumulating Thai property stocks. We believe the downside risk is low in share prices. As demand numbers start emerging and likely show improvement in the coming months, we believe positive upside potential in share prices is likely to follow.
- The market's concerns of demand, supply and interest rate drove down property share prices over the last few months, many of which are now at one standard deviation below their historical forward P/E. That actually comes against our forecast of 10-38% EPS growth for this year.
- However, we do not subscribe to these concerns. Early indications suggest that demand remains strong, with medium and long term outlook remaining positive while oversupply looks unlikely given the strong demand and the prudent balance of supply and demand by developers.
- Our top picks are the condo-heavy AP and LPN. We also raise LH to OUTPERFORM (from Underperform). Among the top five developers under our coverage, four are now rated OUTPERFORM.
- For full report click here.

Figure 1: The sector is at historical low forward P/E



Source: Thompson Reuters, Credit Suisse estimates

Good values have emerged

We believe the market has oversold Thai property counters with an excessive 25% correction over the past four months. The composite forward P/E of the top five developers under our coverage plunged from 11.7x last October to its current 8.7x. That is one standard deviation (STDV) below their historical average of 11.1x. LPN Development (LPN), Asian Property Development (AP), Quality Houses (QH) and Land and Houses (LH) are now trading at their respective lowest historical P/Es (excluding the abnormal one caused by the Lehman crisis). These low P/Es come against our strong EPS growth forecasts this year that range from 10-38%.

With the market having been most pessimistic on the condo segment, we actually see best value in the condo-heavy developers, LPN and AP. At depressed 2011E P/Es of 6.0x and 5.6x against our forecast EPS growth of 38% and 33% from LPN and AP, respectively, we believe they offer the most attractive value within the Thai property space. For investors restricted with higher market cap and liquidity, we would recommend LH (Thailand's biggest developer), which we upgrade rating to OUTPERFORM (from Underperform) on its more attractive value on a stronger earnings growth outlook.

Property demand is resilient

The two condo projects recently launched by LPN saw an above-expectation reception from buyers. In the medium term, the outlook remains attractive considering that consumer confidence continues to grow. Structural change in the size of the Thai family toward smaller nucleus households should be a solid driver sustaining volume growth in the long term.

Far from an oversupply situation

The market fears that the Thai property market may be heading into an oversupply situation. However, we do not share this view. New supply was high last year, but investors seem to miss that demand was also almost as strong. Further, developers have been efficient at cutting down supply, and balancing it with demand. We have seen a sharp drop in new launches during the last 3-4 months and the announced 2011 plans by big developers also suggest that they will grow at a manageable pace. All of these factors reassure us about the Thai property market being unlikely to head into any oversupply situation in the near future.

Recent BOT regulations are a boost to major developers

The rising interest rate environment hurts smaller developers more than big players as big players have: (1) access to lower cost of funds, (2) a lower need to borrow, (3) banks prefer servicing them and (4) higher bargaining power with suppliers. Loan-to-value (LTV) limits also favour big developers as they normally cooperate with banks more closely and are thus more likely to have higher loan approval rates than smaller developers. From 40% market share a few years ago, big developers now control about two-thirds of the market. With further regulation potentially ahead from the Bank of Thailand (BOT), we believe big developers will prosper more than smaller developers.

Figure 2: Valuation metrics

	Rating	TP	% up/	P/E (x)		Growth (%)		Div yld (%)	Gearing
		(Bt)	(down)	11E	12E	11E	12E	11E	10E
AP	O	10.3	73	5.6	4.8	33.0	18.0	7.1	0.7
QH	O	3.3	57	6.6	5.5	27.0	21.0	7.6	0.9
LPN	O	12.7	40	6.0	4.3	38.0	39.0	8.8	0.1
LH	O	7.5	29	13.0	9.9	35.0	31.0	6.2	0.4
PS	U	17.4	(4)	10.4	9.2	10.0	13.0	3.3	0.8

Note: O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM
Source: Company data, Credit Suisse estimates

Regional

Asia Pacific Strategy

Credit Suisse GEM valuation snapshot

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Figure 1: Historical valuations

18 Feb11	12M P/E (x)		Trailing P/B (x)		Trailing DY (%)	
	Current	5-yr avg.	Current	5-yr avg.	Current	5-yr avg.
Argentina	10.1	11.1	1.8	2.2	2.1	1.8
Brazil	10.3	9.9	1.9	2.3	2.7	3.0
Chile	14.8	16.3	2.6	2.3	1.4	2.0
China	11.3	13.6	2.3	2.8	2.2	2.1
Czech Republic	10.4	12.5	2.0	2.5	6.5	4.7
Egypt	8.6	11.2	1.6	3.2	4.6	3.7
Hungary	9.5	9.5	1.4	2.0	1.5	2.4
India	14.4	16.2	3.1	4.0	1.0	1.1
Indonesia	13.0	12.4	4.1	4.0	2.3	2.7
Israel	10.2	12.3	2.1	2.3	2.6	2.2
Korea	9.9	10.5	1.5	1.5	1.2	1.6
Malaysia	14.4	14.2	2.4	2.1	2.4	2.7
Mexico	14.9	13.1	2.9	3.0	1.7	1.9
Morocco	15.3	15.5	6.5	5.3	4.3	3.4
Pakistan	7.8	8.8	2.1	2.5	5.7	6.1
Philippines	13.8	13.8	2.6	2.5	2.7	2.7
Poland	10.9	11.9	1.6	1.9	2.6	3.9
Russia	6.9	8.5	1.3	1.7	1.5	1.7
South Africa	11.5	10.8	2.5	2.8	2.3	2.9
Taiwan	12.9	14.8	2.1	1.9	3.2	4.1
Thailand	11.5	10.3	2.3	1.9	2.6	3.8
Turkey	10.1	8.9	1.9	1.8	2.3	3.0
Con Discretionary	11.5	11.9	2.6	2.2	1.3	1.7
Con Staples	16.8	16.2	3.2	3.3	2.0	2.2
Energy	8.9	9.1	1.5	2.0	2.1	2.4
Financials	10.7	11.7	1.9	2.1	2.3	2.4
Health Care	12.2	15.1	4.3	3.3	0.7	0.9
Industrials	11.8	13.1	2.0	2.1	1.5	1.9
Info Technology	12.3	14.8	2.5	2.3	2.1	2.4
Materials	10.5	10.3	2.3	2.2	1.8	3.1
Telecoms	11.0	12.3	2.4	2.9	3.7	3.3
Utilities	11.3	13.0	1.2	1.3	3.1	2.9
EMF	11.0	11.5	2.0	2.2	2.1	2.5
EM Asia	11.6	12.7	2.1	2.1	2.0	2.4
EM Europe	7.9	9.1	1.4	1.8	1.9	2.3
EM Latin America	11.4	11.0	2.1	2.4	2.4	2.7

Figure 2: Forecast valuations (IBES estimates)

18 Feb 11	EPS growth (%)			3M chg. in est. (%)		P/E (x)		
	2010	2011	2012	2011	2012	2010	2011	2012
Argentina	12.5	12.3	19.8	8.6	16.2	11.8	10.5	8.7
Brazil	19.5	16.5	11.3	-0.8	-1.4	12.2	10.5	9.4
Chile	22.2	14.9	10.8	-0.9	3.0	17.3	15.1	13.6
China	30.5	15.7	16.4	1.5	1.6	13.4	11.6	9.9
Czech Republic	-3.3	-1.9	4.7	-2.8	-2.5	10.3	10.5	10.0
Egypt	14.1	23.6	35.1	-4.1	-8.9	11.7	9.1	6.7
Hungary	2.6	20.7	21.2	-1.3	-2.7	11.9	9.9	8.1
India	22.0	22.2	18.5	-1.3	-1.5	17.4	14.2	12.0
Indonesia	11.5	23.0	17.0	0.3	2.7	16.4	13.3	11.4
Israel	29.3	13.7	9.1	-0.9	-6.4	12.2	10.7	9.5
Korea	49.8	12.4	13.4	0.8	2.4	11.3	10.1	8.9
Malaysia	30.3	16.2	11.8	1.7	1.4	17.2	14.8	13.3
Mexico	-2.8	31.5	16.2	1.8	3.8	20.4	15.5	13.2
Morocco	5.1	10.2	7.3	0.2	-1.2	17.1	15.5	14.5
Pakistan	30.5	17.8	8.1	4.3	3.5	9.3	7.9	7.4
Philippines	32.0	9.4	13.7	1.6	0.2	15.4	14.1	12.4
Poland	26.3	19.7	6.1	4.4	1.7	13.1	11.0	10.4
Russia	32.2	14.4	11.5	1.5	-3.5	8.1	7.0	6.3
South Africa	25.3	27.5	17.6	-0.9	-1.1	15.7	12.3	10.5

Figure 2 (continued): Forecast valuations (IBES estimates)

	EPS growth (%)			3M chg. in est. (%)		P/E (x)		
	2010	2011	2012	2011	2012	2010	2011	2012
Taiwan	91.7	11.2	14.9	1.4	4.8	14.8	13.3	11.5
Thailand	22.4	18.8	16.4	1.8	2.5	14.1	11.8	10.2
Turkey	17.0	3.4	12.0	-3.8	-5.1	10.6	10.3	9.2
Cons. Discretionary	27.4	20.2	15.4	1.9	1.9	14.3	11.9	10.2
Consumer Staples	16.8	10.3	17.0	-0.2	0.4	19.2	17.4	14.9
Energy	13.3	7.3	8.2	2.7	1.2	9.7	9.1	8.4
Financials	26.9	21.5	17.0	-0.1	-0.2	13.4	11.0	9.4
Health Care	34.4	13.6	10.2	-2.0	-5.2	14.2	12.5	11.3
Industrials	60.3	15.9	14.1	2.3	1.2	14.0	12.1	10.6
Info.Technology	86.0	6.3	17.2	-1.3	3.3	13.5	12.6	10.7
Materials	64.9	32.1	15.0	1.0	-0.5	14.3	10.9	9.4
Telecoms	4.4	12.4	10.0	0.3	-0.4	12.5	11.2	10.1
Utilities	10.2	17.4	13.3	-5.1	-4.6	13.6	11.6	10.2
EMF	32.1	16.3	14.0	0.5	0.4	13.1	11.3	9.8
EM Asia	42.4	14.8	15.3	1.0	2.1	13.6	11.9	10.3
EM Europe	26.9	13.3	11.1	1.0	-3.1	9.1	8.0	7.2
EM Latin America	16.5	19.2	12.1	-0.2	0.0	13.9	11.6	10.3

Figure 3: Index – absolute performance in US$ (%)

18 Feb 11	1W	1M	3M	YTD	12M
Argentina	0.9	-7.1	-1.2	-6.1	63.8
Brazil	3.5	-2.8	0.1	-1.7	8.0
Chile	-2.0	-5.2	-8.5	-10.7	23.6
China	4.5	-2.8	-3.2	-0.2	9.7
Colombia	-3.5	-8.9	-12.1	-8.2	24.2
Czech Republic	-1.2	-4.7	6.4	5.5	0.1
Egypt	0.0	-15.9	-18.5	-21.3	-22.5
Hungary	1.8	1.9	3.1	11.8	4.4
India	3.9	-4.9	-10.1	-12.7	9.7
Jordan	-3.2	-7.8	-4.5	-4.1	-7.9
Indonesia	4.8	1.9	-8.3	-4.5	25.3
Israel	2.5	-4.2	3.2	-2.0	-1.1
Korea	3.8	-3.5	8.2	0.3	29.6
Malaysia	2.3	-3.0	4.1	1.4	35.5
Mexico	1.8	-1.8	4.7	-0.4	27.1
Morocco	-0.6	-1.5	5.5	3.4	11.7
Pakistan	0.7	-5.1	11.1	0.2	15.5
Peru	2.7	-6.2	-11.9	-11.8	35.1
Philippines	4.5	-3.9	-6.0	-8.3	23.8
Poland	-1.7	-3.5	0.1	-0.1	22.3
Russia	-1.8	-1.9	15.3	4.4	24.9
South Africa	2.4	-4.4	-1.4	-8.7	25.0
Taiwan	2.2	-3.2	10.6	-2.2	27.6
Thailand	8.1	-2.7	-3.5	-4.4	54.1
Turkey	3.2	-2.6	-16.9	-3.9	18.8
Consumer Discretionary	4.2	-4.3	-4.6	-4.1	32.3
Consumer Staples	3.2	-4.0	-3.1	-6.4	21.7
Energy	1.7	-1.5	7.5	0.7	16.5
Financials	3.4	-3.6	-4.3	-4.6	16.5
Health Care	4.0	-6.6	-9.1	-9.8	12.6
Industrials	2.4	-6.0	-1.9	-4.6	23.4
Information Technology	3.7	-2.5	11.1	0.0	21.8
Materials	2.6	-2.4	4.9	-0.2	24.5
Telecommunication Services	1.2	-2.3	-1.6	-2.3	9.7
Utilities	1.6	-4.5	-3.2	-4.4	2.8
EMF	2.8	-3.2	1.0	-2.6	19.0
EM Asia	3.8	-3.2	1.1	-2.5	20.5
EM Europe	-1.0	-2.2	6.4	2.8	21.7
EM Latin America	2.5	-3.1	-0.4	-2.6	13.7

Source for all figures: MSCI, IBES Aggregates. Note: Sectors are EMF sectors.

Asia Pacific Strategy

Credit Suisse valuation snapshot

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Figure 1: Country – DDM-based valuations

18 Feb 11	Implied discount rate (IDR) (%)			Equity risk premium (ERP) (%)		
	Current	5Y avg.	Std Dev.	Current	5Y avg.	Std Dev.
Australia	11.5	11.3	1.2	5.9	6.0	0.4
China	12.8	12.0	0.6	8.7	8.0	1.0
Hong Kong	9.5	9.6	0.7	6.7	6.1	0.7
India	13.2	13.0	0.7	5.1	5.4	1.2
Indonesia	14.7	14.4	1.6	5.9	3.9	1.3
Korea	11.4	12.3	0.7	6.6	7.1	1.2
Malaysia	10.6	10.9	0.3	6.6	6.6	0.6
Singapore	10.7	10.5	0.3	8.0	7.7	0.7
Taiwan	10.3	11.4	0.6	8.9	9.4	0.9
Thailand	12.5	14.4	1.0	8.6	9.8	1.1
Asia ex Japan	11.1	11.2	0.4	7.6	7.1	0.7

Figure 2: Sector – DDM-based valuations

18 Feb 11	Market implied growth rate (MIGR) (%)		
	Current	5-year average	Std Dev.
Cons. Discretionary	5.6	7.0	3.9
Consumer Staples	4.7	7.6	3.9
Energy	3.7	3.2	4.4
Financials	5.4	7.7	4.4
Health Care	7.7	9.4	4.1
Industrials	5.5	8.0	4.4
Information Tech	11.9	12.1	2.7
Materials	6.2	5.9	4.2
Telecom Services	5.2	8.0	3.8
Utilities	5.0	6.1	2.7

Figure 3: Historical valuations

18 Feb 11	12M forward P/E (x)		Trailing P/B (x)		Trailing dividend yield (%)	
	Current	5-yr avg.	Current	5-yr avg.	Current	5-yr avg.
Australia	12.7	13.4	2.2	2.4	4.0	4.3
China	11.3	13.6	2.3	2.8	2.2	2.1
Hong Kong	16.2	16.0	1.8	1.7	2.4	2.9
India	14.4	16.2	3.1	4.0	1.0	1.1
Indonesia	13.0	12.4	4.1	4.0	2.3	2.7
Japan	14.3	17.3	1.2	1.5	1.8	1.7
Korea	9.9	10.4	1.5	1.5	1.2	1.6
Malaysia	14.4	14.2	2.4	2.1	2.4	2.7
Philippines	13.8	13.7	2.6	2.5	2.7	2.7
Singapore	13.6	14.1	1.8	1.9	2.9	3.1
Taiwan	12.9	14.7	2.1	1.9	3.2	4.1
Thailand	11.5	10.3	2.3	1.9	2.6	3.8
Cons. Discretionary	12.1	12.8	2.4	2.1	1.6	2.4
Consumer Staples	15.0	16.3	2.7	3.1	2.9	2.9
Energy	12.2	12.1	2.4	2.7	2.2	2.6
Financials	12.0	13.3	1.7	1.8	3.4	3.6
Health Care	18.1	19.3	4.4	4.3	1.8	1.7
Industrials	12.7	14.2	1.9	1.9	1.8	2.6
Information Tech	12.4	14.9	2.5	2.3	2.1	2.4
Materials	11.4	11.4	2.7	2.6	1.9	2.9
Telecom Services	11.5	13.0	2.1	2.5	4.6	3.9
Utilities	14.0	14.6	1.6	1.6	2.8	2.9
Asia Pacific	12.9	14.8	1.6	1.8	2.3	2.3
Asia ex Japan	12.1	13.0	2.1	2.1	2.1	2.5
Asia Pac ex Japan	12.3	13.1	2.1	2.1	2.6	3.0

Figure 4: Forecast valuations (IBES estimates)

18 Feb 11	EPS growth (%)			3-mth chg. in EPS est. (%)		P/E (x)		
	2010	2011	2012	2011	2012	2010	2011	2012
Australia	4.1	19.0	14.5	0.5	1.9	16.6	14.1	12.3
China	30.5	15.7	16.4	1.5	1.6	13.4	11.6	9.9
Hong Kong	28.0	8.8	13.0	1.8	3.1	18.2	16.7	14.8
India	22.0	22.2	18.5	-1.3	-1.5	17.4	14.2	12.0
Indonesia	11.5	23.0	17.0	0.3	2.7	16.4	13.3	11.4
Japan	nm	84.1	13.1	3.4	2.3	29.9	16.0	14.1
Korea	49.8	12.4	13.4	0.8	2.4	11.3	10.1	8.9
Malaysia	30.3	16.2	11.8	1.7	1.4	17.2	14.8	13.3
Philippines	32.0	9.4	13.7	1.6	0.2	15.4	14.1	12.4
Singapore	26.4	7.1	10.1	0.9	1.6	14.8	13.8	12.5
Taiwan	91.7	11.2	14.9	1.4	4.8	14.8	13.3	11.5
Thailand	22.4	18.8	16.4	1.8	2.5	14.1	11.8	10.2
Cons. Discretionary	16.7	14.1	3.0	2.3	2.6	12.4	10.9	9.9
Consumer Staples	7.8	13.9	13.1	-1.2	-0.4	15.8	13.9	11.9
Energy	17.3	15.9	-0.3	3.0	4.8	12.5	10.8	11.3
Financials	16.3	13.7	10.2	0.3	0.4	12.4	10.9	9.8
Health Care	7.1	16.5	11.0	0.8	1.3	19.2	16.5	14.9
Industrials	11.3	13.7	20.0	1.8	2.2	13.1	11.5	9.8
Information Tech	6.7	17.5	0.3	-1.1	3.6	12.7	10.8	10.6
Materials	34.4	14.2	1.2	4.3	5.4	12.0	10.5	10.4
Telecom Services	3.9	8.5	8.9	-0.8	-0.5	11.7	10.8	9.7
Utilities	17.8	14.0	4.0	-4.1	-2.8	14.4	12.6	12.3
Asia Pacific	47.1	14.6	13.8	1.4	2.1	15.1	13.2	11.6
Asia F X Japan	39.9	13.8	14.7	1.0	2.1	14.1	12.4	10.8
Asia Pac F X Japan	30.4	15.7	14.3	0.9	2.1	14.7	12.7	11.1

Note: PE and EPS growth numbers for Australia and Japan corresponds to Jun 10-12 and Mar 10-12; and EPS change numbers correspond to Jun 11-12 and Mar 11-12, respectively.

Figure 5: Index – absolute performance in US$ (%)

(18 Feb 11) US$ – price index	1W	1M	3M	YTD	12M
MSCI Australia	2.0	4.5	8.7	2.9	17.5
MSCI China	4.5	-2.8	-3.2	-0.2	9.7
MSCI Hong Kong	1.7	-5.5	-2.6	-0.7	24.2
MSCI India	3.9	-4.9	-10.1	-12.7	9.7
MSCI Indonesia	4.8	1.9	-8.3	-4.5	25.3
MSCI Japan	3.0	3.8	12.0	5.4	17.2
MSCI Korea	3.8	-3.5	8.2	0.3	29.6
MSCI Malaysia	2.3	-3.0	4.1	1.4	35.5
MSCI Philippines	4.5	-3.9	-6.0	-8.3	23.8
MSCI Singapore	0.9	-4.2	-1.7	-2.6	22.1
MSCI Taiwan	2.2	-3.2	10.6	-2.2	27.6
MSCI Thailand	8.1	-2.7	-3.5	-4.4	54.1
Cons. Discretionary	4.4	-3.0	-2.4	-0.9	32.9
Consumer Staples	2.8	-2.4	-3.5	-3.9	15.5
Energy	4.0	-2.0	3.6	-1.8	25.1
Financials	2.6	-1.0	0.9	-0.9	15.4
Health Care	1.0	-4.0	0.3	-5.8	14.4
Industrials	2.8	-4.1	1.2	-1.4	26.9
Information Tech	3.6	-2.7	11.6	-0.1	22.2
Materials	3.2	2.3	7.0	1.5	28.2
Telecom Services	0.7	-1.4	-0.3	-1.3	6.7
Utilities	2.1	-3.0	-5.4	-4.8	3.9
MSCI AC Asia Pacific	3.0	0.6	6.2	1.6	18.7
MSCI AC Asia ex JP	3.3	-3.5	0.5	-2.3	21.0
MSCI AC Asia Pacific ex JP	3.0	-1.5	2.5	-0.9	19.9

Source for all figures: MSCI, Factset, Thomson Financial Datastream, Credit Suisse.
Note: All sectoral data refers to Asia Pacific ex Japan.

China Insurance Sector -- Maintain MARKET WEIGHT

New report: 2011 Jan premium trends – bancassurance impact not as big as feared

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- The Chinese insurers have reported their January 2011 premiums. While we saw weakness in bancassurance sales due to the CBRC ruling, the impact was much less than expected in regular premiums and mostly impacted very low margin single premium sales. Specifically, key trends were:
- Life insurance – Ping An and China Pacific stand out: In Jan 2011, headline premium growth was weak for China Life (+8%) and China Taiping (-5%) due to negative bancassurance sales. Despite this impact, Ping An (less reliant on bancassurance) and China Pacific held up well and grew premiums at 20% on pcp.
- P&C – overall weak with Ping An the stand-out: P&C premiums slowed materially in Jan 2011 due to strong sales in late 2010 driven by the car subsidy expiry late last year and Beijing's quota introduction. PICC's premium were down 1% and China Pacific was up just 2%. Ping An was the key stand-out.
- Valuations have started to look more attractive for the sector after its recent correction, hence we encourage investors to revisit it.
- For full report click here.

Figure 1: China Insurers - October premium growth / value metrics

	Dec-10 % pcp	2H10 % pcp	1H10 % pcp	FY10 % pcp	5-yr CAGR	P/E 2011	P/EV* 2011	P/EV* adj^
China Life	7.7	14.4	11.7	12.9	15.7	17.2	2.0	2.0
Ping An						23.3	2.3	2.0
- Life (65%**)	20.1	16.3	23.4	20.2	26.9			
- P&C (10%)	33.4	61.7	61.1	61.4	37.4			
China Pacific						18.1	1.6	1.5
- Life (65%**)	20.4	22.4	48.8	36.1	20.5			
- P&C (25%)	2.0	56.7	45.2	50.5	29.0			
China Taiping	-4.5	1.0	70.6	46.2	33.3	27.3	2.2	1.8
- APE	35.0	37.8	62.3	50.0	54.7			
PICC*	-1.0	37.9	21.7	28.9	18.5	27.7	3.8	3.8

* PICC ratio price to book rather than EV, ^ adjusted P/EV uses non-life EV at 2x book value, APE = AP + 10%.
Source: Company data, Credit Suisse estimates

Figure 2: Headline premium growth not same as APE / value

	Jan-11 % pcp	2H10 % pcp	1H10 % pcp	12-mth rolling CAGR (%pa) 1-yr	3-yr	5-yr
China Life						
- Total premium	7.7%	14.5%	11.7%	12.9%	19.2%	15.7%
- In-force APE			15.1%	21.8%	19.2%	na
Ping An						
- Total premium	20.1%	16.3%	23.4%	20.2%	26.2%	26.9%
- In-force APE			38.4%	35.1%	19.1%	na
China Pacific						
- Total premium	20.4%	22.4%	48.8%	36.1%	22.0%	20.5%
- In-force APE			40.4%	49.4%	36.1%	na
China Taiping						
- Total premium	-4.5%	1.0%	70.6%	46.2%	27.7%	33.3%
- In-force APE	35.0%	37.8%	62.3%	52.0%	66.1%	na

Source: Company data, Credit Suisse estimates

Figure 3: China life insurance market growth slowed

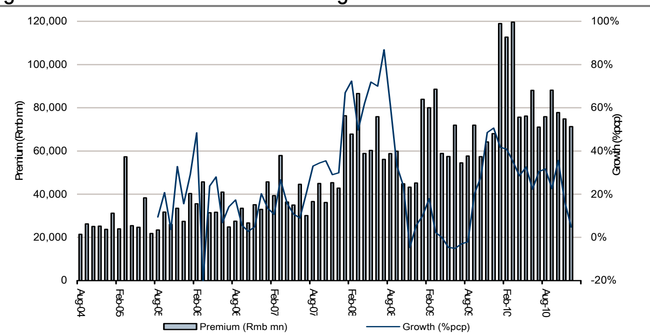
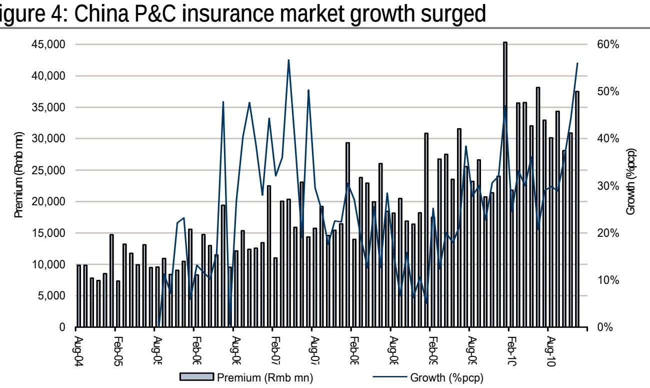


Figure 4: China P&C insurance market growth surged



Source: Company data, Credit Suisse estimates

Valuation metrics

Company	Ticker	CS	Price		TP (%)	Up/dn	P/E (x)	EPS		EV*		P/EV* (x)		VNB multiple (x)		EV* (%)	VNB gth (%)
T = Dec 09		rating	Local	Target	Chg	(%)	T+1	T+1	T+2	T+1	T+2	T+1	T+2	T+1	T+2	T+1	T+1
China Life	2628.HK	NTRL	30.40	37.00	0.0%	22%	20.7x	1.5	1.7	13.38	14.88	2.3x	2.0x	21.2x	16.9x	17%	13%
Ping An	2318.HK	RSTR	82.30	na	0.0%	na	30.3x	2.7	3.4	30.44	34.86	2.7x	2.4x	21.6x	15.2x	27%	32%
China Pacific	2601.HK	OPFM	32.05	41.00	0.0%	28%	24.7x	1.3	1.7	17.19	19.16	1.9x	1.7x	18.1x	13.1x	32%	25%
China Taiping	0966.HK	NTRL	23.05	30.00	0.0%	30%	33.7x	0.7	0.8	9.43	10.70	2.4x	2.2x	30.2x	21.1x	26%	38%
PICC*	2328.HK	UPFM	9.98	10.00	0.0%	0%	19.5x	0.5	0.6	2.83	4.33	3.5x	2.3x	na	na	28%	na

* book value used for PICC as it is P&C and hence does not publish embedded values.
Source: Company data, Credit Suisse estimates

China Property Weekly -- Maintain UNDERWEIGHT

Weekly update: Volume rebounded but still 32% lower than the week before the Chinese New Year

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- Last week (14-20 February), the weekly primary housing transaction volume in the major cities we track recovered 57% WoW after the Chinese New Year – except in Chengdu. Nevertheless, it was still 32% lower than the volume in the week preceding the Chinese New Year. Transaction volume also rebounded in the secondary housing markets.
- As more cities announced city-specific measures to restrict housing purchase and with many developers delaying project launches, we maintain our view first expressed in October 2010 that primary housing transaction volume for 2011 should decline by 10-15% YoY.
- The land market was relative quite last week. There were only 47 public land transactions with purchases from major listed developers. The land premium, on average, was 16% higher than the opening prices.
- We maintain our UNDERWEIGHT rating for the sector, and favour mass-market, Tier 3 city players such as China Vanke and Evergrande. High-end players such as COLI should suffer more.

Figure 1: Last week's primary housing sales (14–20 Feb)

Primary sales (units sold)				
Week ending	2/13/2011	2/20/2011	WoW % chg	YTD - YoY % chg
Beijing	727	1,276	76%	-3%
Shanghai	734	1,434	95%	21%
Tianjin	888	2,262	n.a.	12%
Shenzhen	480	647	35%	19%
Guangzhou	738	1,590	115%	24%
Hangzhou*	394	913	132%	237%
Nanjing	348	960	176%	14%
Suzhou	240	869	262%	45%
Wuhan*	n.a	n.a	n.a	n.a
Chengdu	3,893	3,282	-16%	57%
9 cities excluding Wuhan	8,442	13,233	57%	30%

Source: Soufun

Transaction volume recovered WoW

Last week (14-20 February), the weekly primary housing transaction volume in the major cities we track recovered 57% WoW following the Chinese New Year -- except in Chengdu, where transaction volume declined by 16% WoW. Nevertheless, it was still 32% lower than the volume in the week before the Chinese New Year. The transaction volume also rebounded in the secondary housing markets.

Land market was relative quite last week

There were only 47 public land transactions, with purchases from major listed developers. The land premium on average was 16% higher than the opening prices.

Figure 2: Last week's secondary housing sales (14–20 Feb)

	Units sold per week			GFA sold (sq m) per week		
	2/13/2011	2/20/2011	wow % chg	2/13/2011	2/20/2011	wow % chg
Beijing	3,110	4,157	34%	294,492	391,083	33%
Hangzhou	141	269	91%	12,217	19,444	59%
Shenzhen	491	1,086	121%	41,421	100,951	144%
Tianjin	356	1,058	197%	29,133	93,292	220%
Changsha	108	259	140%	10,393	23,531	126%
Chengdu	417	592	42%	37,968	52,129	37%
			104%			103%

Source: Soufun

We maintain UNDERWEIGHT for China Property Sector

We favour mass-market, Tier 3 city players such as China Vanke (000002.SZ, Rmb 8.40, OUTPERFORM, TP Rmb12.30) and Evergrande (3333.HK, HK$ 3.79, OUTPERFORM, TP HK$ 5.00). We think Tier 1 and Tier 2 city high-end players such as COLI (0688.HK, HK$13.06, UNDERPERFORM, TP HK$ 16.10) and highly geared players such as Greentown (3900.HK, HK$8.75, UNDERPERFORM, TP HK$ 7.95) should suffer more in the near term.

Figure 3: Key residential land transactions last week (14–20 Feb)

City	GFA (sq m)	Final price per sq m (Rmb/sq m)	Premium over opening price (%)	Buyer
Quanzhou	46,680	437	3%	Local developer
Quanzhou	38,169	449	4%	Local developer
Quanzhou	36,148	456	4%	Local developer
Quanzhou	18,842	547	3%	Local developer
Huzhou	148,798	1,169	1%	Local developer
Shanghai	39,998	5,303	n.a.	Local developer
Ningbo	54,947	698	6%	Local developer
Quanzhou	54,774	437	4%	Local developer
Shenyang	56,397	2,054	3%	Local developer
Zhongshan	169,555	550	0%	Local developer
Zhongshan	132,430	550	0%	Local developer
Zhongshan	116,370	550	0%	Local developer
Zhongshan	191,767	550	0%	Local developer
Zhongshan	105,358	550	0%	Local developer
Zhongshan	419,229	275	0%	Local developer
Guiyang	451,360	85	n.a.	Local developer
Nanning	894,223	60	0%	Local developer
Qingdao	20,206	1,307	1%	Local developer
Hefei	352,014	1,616	39%	Local developer
Dalian	99,376	2,516	0%	Local developer
Guiyang	489,797	85	n.a.	Local developer
Weifang	33,244	281	n.a.	Local developer
Weifang	35,148	281	n.a.	Local developer
Nantong	11,238	221	0%	Local developer
Jiaxing	47,337	3,383	237%	Local developer
Tianjin	80,223	897	37%	Local developer

Source: Soufun

Alibaba--- Maintain NEUTRAL

Taobao CEO appointed new Alibaba.com CEO; positive to Alibaba fundamentals EPS: ◄► TP: ▲

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- Alibaba announced the resignations of both CEO David Wei and COO Elvis Lee, and the appointment of Mr. Jonathan Lu as the new CEO. Jonathan Lu is the current CEO of Taobao.
- Alibaba announced that it got fraudulent activities in the International marketplace investigated internally. Although neither CEO David nor COO Elvis were involved in the activities, they took responsibility and resigned. We do not expect any significant impact on fundamentals by the departure of the CEO and COO as well as the fraudulent cases, as stated in the announcement.
- We are positive on the appointment of the Taobao CEO as Alibaba's CEO, and hope to hear of more synergies between both companies. In our view, the scenario to merge both companies is unlikely due to their differences of corporate culture and structure.
- Our DCF target price has been raised from HK$17.1 to HK$17.7, due to a minor adjustment of the long-term cost assumptions. But, we have not factored in any potential synergies from Taobao. We maintain our NEUTRAL rating on the stock.

Bbg/RIC	1688 HK / 1688.HK	Price (18 Feb 11, HK$)			16.68
Rating (prev. rating)	N (N)	TP (Prev. TP HK$)			17.70 (17.10)
Shares outstanding (mn)	5,048.80	Est. pot. % chg. to TP			6
Daily trad vol - 6m avg (mn)	10.2	52-wk range (HK$)			18.28 - 12.92
Daily trad val - 6m avg (US$ mn)	20.1	Mkt cap (HK$/US$ bn)			84.2/ 10.8
Free float (%)	23.0	Performance	1M	3M	12M
Major shareholders	Alibaba Group	Absolute (%)	(3.0)	19.8	(3.6)
		Relative (%)	(0.3)	23.3	(12.3)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rmb mn)	3,004	3,875	5,539	6,893	9,375
EBITDA (Rmb mn)	1,190	1,192	1,730	2,207	3,272
Net profit (Rmb mn)	1,155	1,013	1,422	1,770	2,536
EPS (Rmb)	0.23	0.20	0.28	0.35	0.50
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (Rmb)	n.a.	n.a.	0.29	0.38	0.49
EPS growth (%)	14.7	(12.5)	40.1	24.2	42.7
P/E (x)	61.7	70.5	50.3	40.5	28.4
Dividend yield (%)	0	1.3	1.5	0	0
EV/EBITDA (x)	54.3	53.6	35.7	27.7	17.7
P/B (x)	14.5	14.3	10.5	9.0	6.5
ROE (%)	27.1	20.5	24.3	24.2	27.1
Net debt (net cash)/equity (%)	(132.6)	(143.4)	(138.6)	(126.5)	(120.7)

Note 1: Ord/ADR=5.0000. Note 2: Alibaba is the world largest online market place. Note 3: EPS = Diluted EPS; Net profit = Reported net profit.

Appointment of new CEO

Alibaba announced the resignation of both CEO David Wei and COO Elvis Lee, and the appointment of Mr. Jonathan Lu as the new CEO. Jonathan Lu is the current CEO of Taobao (2008 to present). He joined the Alibaba Group in 2000, and is an executive vice president in the group. He was president of Alipay (2004-08) and worked in he B2B unit during 2000-04. The announcement stated 'Mr. Lu will dedicate as much time as necessary to perform duties as CEO of Alibaba.com'.

Limited fundamental impact on CEO departure

According to the announcement, Alibaba performed an internal investigation on fraudulent activities among Alibaba Gold suppliers in the International marketplace, leading to marketplace quality deterioration. Although both CEO David and COO Elvis were not involved in the activities, they took responsibility and resigned.

During the conference call, Alibaba Group and Alibaba.com management explained that the fraudulent cases have limited financial impact on Alibaba.com and long-term user targets remain unchanged. Also, Alibaba.com has been improving its internal system to avoid future frauds. We do not expect any significant impact on fundamentals due to the departures as well as by the fraudulent cases, as stated in the announcement. In addition, we are unsurprised by the departure of both executives, given the slow marketplace growth.

Further synergies with Taobao in the future

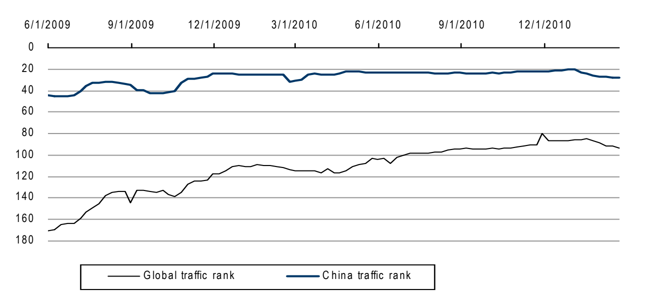
We are positive on the Taobao CEO's appointment as Alibaba CEO, and expect more synergies between Alibaba.com and Taobao.

We expect the appointment of Taobao CEO as Alibaba CEO will be positive to Alibaba fundamentals, as Jonathan would likely introduce Taobao best practice to Alibaba.com. We believe the long-term story of Alibaba.com is the growth of the B2B marketplace. Also, with Jonathan as the CEO of both companies, the market would potentially be interested in any possibilities of a merger between Alibaba.com and Taobao. We maintain our view that there is limited possibility to merge both companies due to their different corporate culture and structures.

Investors would likely question future inter-company transactions and look for ways to avoid interest conflicts between the companies. Management explained that all transactions of Alibaba.com and Taobao will be on an arm's length basis.

According to Alexa.com, Alibaba's global traffic ranking improved from 170 in June 2009 to its highest 92 on 1 November 2010, and China's ranking rose from 45 to 22 over the same period. The rising traffic ranking is possibly due to: 1) improving export and domestic online trade, 2) positive response from overseas and domestic promotion and 3) growth of the online marketplace Ali-Express and 1688.com.

Figure 1: Alibaba Alexa traffic ranking



Source: Alexa

Our DCF target price was raised from HK$17.1 to HK$17.7, due to a minor adjustment of long-term cost assumptions. However, we have not factored in any potential synergies from Taobao. We maintain our NEUTRAL rating on the stock.

Anta Sports -- Maintain OUTPERFORM

FY10 results in-line; revising down future EPS and target price on margin pressure — EPS: ▼ TP: ▼

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- Anta reported a solid set of results with net earnings +24% YoY, 3.0% higher than consensus and 1.4% higher than our estimates. While margin pressure was offset by a lower effective tax rate in 2H10, Anta declared a final dividend of HK$0.25, implying 62% of total FY10 dividend payout ratio (2009: 61%).
- 3Q11 trade fair results were in-line at +20%YoY in value with ASP growing at double digits for both footwear and apparel. Altogether, in the first 9 months of 2011, Anta achieved order growth of 21%.
- We revise down future EPS on margin pressures from: 1) a stable 2011E gross margin guidance after factoring in higher costs (especially in 1H11) and City Construction and Maintenance Tax (CCMT); 2) a higher effective tax rate (gradually rising to 25% in 2013); 3) higher A&P assumptions for 2012 due to more sporting events such as London Olympics.
- With 28.8% ROE and 17.9% 2010-12E EPS CAGR, we believe Anta's valuation is attractive at 12.6x 2012E P/E. Our revised TP of HK$15.6 (from HK$17.40) is based on 0.9x target PEG ratio (unchanged), implying 16x target 2012E P/E and 27% upside.

Bbg/RIC	2020 HK / 2020.HK	Price (21 Feb 11, HK$)			12.26
Rating (prev. rating)	O (O) [V]	TP (Prev. TP HK$)			15.60 (17.40)
Shares outstanding (mn)	2,493.83	Est. pot. % chg. to TP			27
Daily trad vol - 6m avg (mn)	7.4	52-wk range (HK$)			18.50 - 10.22
Daily trad val - 6m avg (US$ mn)	13.9	Mkt cap (HK$/US$ mn)			30,574.4/ 3,927.4
Free float (%)	30.7	Performance	1M	3M	12M
Major shareholders	Mr. Ding Shizhong (57.68%)	Absolute (%)	(2.2)	(13.4)	17.4
		Relative (%)	0.5	(10.9)	6.8

Year	12/09A	12/10A	12/11E	12/12E	12/13E
Revenues (Rmb mn)	5,875	7,408	9,075	10,793	12,718
EBITDA (Rmb mn)	1,459	1,822	2,258	2,646	3,227
Net profit (Rmb mn)	1,251	1,551	1,802	2,051	2,438
EPS (Rmb)	0.50	0.62	0.72	0.82	0.97
- Change from prev. EPS (%)	n.a.	n.a.	(2)	(4)	
- Consensus EPS (Rmb)	n.a.	n.a.	0.72	0.86	0.98
EPS growth (%)	39.7	23.9	16.0	13.8	18.9
P/E (x)	20.7	16.7	14.4	12.6	10.6
Dividend yield (%)	3.0	3.7	4.2	4.8	5.7
EV/EBITDA (x)	16.0	12.3	9.6	8.0	6.2
P/B (x)	5.1	4.5	4.0	3.5	3.1
ROE (%)	26.2	28.8	29.8	29.9	31.0
Net debt (net cash)/equity (%)	(47.4)	(59.2)	(63.8)	(62.1)	(66.9)

Note 1: Ord/ADR=25.0000. Note 2: Anta markets, brands, researches and develops its self-owned ANTA sporting goods. It is partially involved in the manufacturing process. Anta also holds a majority stake in the ownership rights to the FILA brand in Greater China. Note 3: Starting 2008, all figures only consider continued operations of Anta Sports where the financial impact from discontinued operations have been accounted for in 1H08 below the line.

Figure 1: Faster expansion in 2010; conservative plan for 2011E

Number of stores	2010A total	2010A new	2010E	2010 A vs E	2011E Total	2011E New
Anta stores	7,549	958	7,400	149	8,200	651
Anta Lifestyle	749	406	600	149	1000	251
Anta Kids	383	155	350	33	500	117
FILA	200	140	200	0	300	100

Source: Company data, Credit Suisse estimates

Margin pressure offset by lower effective tax rate in 2H10

Although margins were under pressure due to footwear in-house capacity decrease in 2H10 (on high worker turnover at year-end), with resultant outsource production increase and higher OP expenses to sales ratio especially as A&P rose 0.9% YoY to 13.6% in 2010 due to more sports events such as Asian Games, Anta realised an EPS of Rmb0.62, 2% higher than estimates because of some preferential tax treatment in 2H10 that was not recognized in 1H. Its working capital remained healthy with unchanged 19 days cash conversion cycle YoY.

Figure 2: FY10 results review – net earnings 1.4% higher than expected

Year end 31 Dec (Rmb mn)	2010 A	2009 A	YoY %	A vs E %	2H10 A	YoY %	A vs E %
Sales volume (mn)							
Footwear	38.43	34.64	10.9	0.8	20.5	12.4	1.6
Apparel	50.63	39.83	27.1	-0.5	18.2	28.4	-1.3
ASP							
Footwear (Rmb/pair)	99.5	95.7	4.0	1.9	101.8	5.7	3.5
Apparel (Rmb/piece)	65.8	60.5	8.8	0.8	94.9	9.8	1.9
Turnover							
Footwear	3,825	3,315	15	3	2,085	19	5
Apparel	3,333	2,410	38	0	1,723	41	1
Accessories	250	149	68	20	148	83	39
Total turnover	7,408	5,875	26	2	3,955	29	4
Gross profit	3,171	2,473	28	0	1,661	27	1
Gross margin (%)	*42.8*	*42.1*	+0.7p.p.	-0.7p.p.	*42.0*	-0.7p.p.	-1.3p.p.
GM – Footwear (%)	*44.6*	*44.4*	+0.2p.p.	-1.4p.p.	*43.2*	-2.8p.p.	-2.5p.p.
GM – Apparel (%)	*40.8*	*39.0*	+1.8p.p.	+0.0p.p.	*40.5*	+2.6p.p.	-0.1p.p.
GM – Accessories (%)	*42.1*	*41.4*	+0.7p.p.	+0.6p.p.	*42.5*	+1.0p.p.	+0.9p.p.
Operating profit	1,738	1,395	25	-5	842	18	-10
Operating margin (%)	*23.5*	*23.8*	-0.3p.p.	-1.8p.p.	*21.3*	-2.0p.p.	-3.3p.p.
Op. expenses / sales	*19.3*	*18.3*	+1.0p.p.	+1.1p.p.	*20.7*	+1.4p.p.	+2.0p.p.
Net finance income	76	51	49	4	42	69	7
FX & fair value gains	30	0	n.a.	n.a.	4	n.a.	-n.a.
Profit before taxation	1,843	1,446	27	-4	888	21	-9
Taxation	-297	-197	51	-27	-99	3	-52
Effective tax rate	*16.1*	*13.6*	+2.5p.p.	-4.9p.p.	*11.1*	-1.9p.p.	-10.2p.p.
Profit for period	1,546	1,249	24	2	789	23	3
Minority interests	5	2	184	-22	2	1	-45
Profit to shr. holders	1,551	1,251	24	1	791	23	3
Net margin (%)	*20.9*	*21.3*	-0.4p.p.	-0.1p.p.	*20.0*	-1.0p.p.	-0.2p.p.
Diluted EPS (Rmb)	0.62	0.50	24	2	0.32	23	3
Ordinary DPS (HK$)	0.45	0.24	88	13	0.25	108	25
Special DPS (HK$)	0.00	0.11	n.a.	same	0.00	n.a.	same

Source: Company data, Credit Suisse estimates

High single-digit SSSG in 4Q10; same for 2011 guidance

Anta's SSSG were in high single digits for 4Q10 and 2010 full year, same as management guidance but slightly short of our expectation of 10%. For 2011, management expects a same high single digit SSSG. We revise down our SSSG assumption for 2011 to 9% accordingly.

Revise down target price to HK$15.6 on margin pressure

We expect margin pressure in 2011-12 on higher raw materials and labour costs, CCMT, rising effective tax rate and more A&P with London Olympics. We cut our EPS estimates by 2% and 4%, respectively, and our three-year EPS CAGR is revised down to 17.9%.

Trading at 12.6x 2012E P/E, we believe Anta's valuation is attractive given its quality growth. Our new target price of HK$15.6 is based on 0.9x target PEG ratio (unchanged) and a revised 17.9% EPS CAGR, implying 16x target 2012E P/E and 27% upside potential.

NetEase-- Maintain NEUTRAL

Starcraft as 2011E driver; e-commerce to fuel the growth, but limited contribution EPS: ▲ TP: ▲

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- According to QQ IT channel, Ministry of Culture (MoC) approved Starcraft II on 19 Jan. Starcraft II is reported to be launched in Mar at the earliest or 2Q11, close to our expectation. But, we delayed our assumption of Starcraft's launch time from 1Q11 to 2Q11. We assume Starcraft II can generate Rmb66 mn revenue in 2Q10.
- Among all new e-commerce businesses, we believe NetEase airline ticket channel should be key near-term driver, as NetEase has provided airline tickets at competitive pricing and promoted aggressively. We forecast NetEase can sell 200,000 airline tickets in 1Q11, but with a rising trend with Rmb20 commission per ticket
- We cut 2011 EPS by 1% due to delay in Starcraft's launch date from 1Q to 2Q. But, we have revised upwards 2012 earnings by 10% due to higher Starcraft ACU assumptions and incremental e-commerce revenue. DCF target price was increased from US$36.8 to US$42.9. Trading at 15x 2011E P/E and 11x 2011E ex-cash P/E, NetEase is trading at historical fair value. We reiterate our NEUTRAL rating on NetEase.

Bbg/RIC	NTES US / NTES.OQ	Price (18 Feb 11 , US$)			44.48
Rating (prev. rating)	N (N)	TP (Prev. TP US$)			42.90 (36.80)
Shares outstanding (mn)	129.52	Est. pot. % chg. to TP			(4)
Daily trad vol - 6m avg (mn)	0.2	52-wk range (US$)			45.38 - 28.92
Daily trad val - 6m avg (US$ mn)	9.4	Mkt cap (US$ mn)			5,761.1
Free float (%)	50.0	Performance	1M	3M	12M
Major shareholders	William Ding	Absolute (%)	14.8	12.3	16.7
		Relative (%)	18.1	15.6	6.1

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rmb mn)	3,085	3,661	5,344	6,742	7,503
EBITDA (Rmb mn)	1,915	2,023	2,410	3,018	3,272
Net profit (Rmb mn)	1,597	1,850	2,043	2,583	2,823
EPS (Rmb)	12.3	14.2	15.7	19.8	21.6
- Change from prev. EPS (%)	n.a.	n.a.	(1)	(1)	10
- Consensus EPS (Rmb)	n.a.	n.a.	16.6	19.7	21.7
EPS growth (%)	29.2	15.4	10.0	26.3	9.3
P/E (x)	23.7	20.5	18.7	14.8	13.5
Dividend yield (%)	0	0	0	0	0
EV/EBITDA (x)	19.4	18.1	14.3	10.5	8.8
P/B (x)	6.8	5.1	3.9	3.1	2.5
ROE (%)	35.8	28.6	23.9	23.3	20.3
Net debt (net cash)/equity (%)	(14.4)	(15.7)	(34.5)	(50.0)	(59.3)

Note1:Ord/ADR=.0400.Note2:NetEase is a leading online game operator and developer in China with over 80% of revenue generated from online games. Also, NetEase is one of the top three general portals in China and provides WVAS to mobile phone users..Note3:EPS = Diluted EPADS; Net profit = Reported net profit; 1ADS = 25 ordinary shares.

Starcraft II as 2011 driver

According to QQ IT channel, Ministry of Culture (MoC) approved Starcraft II on 19 Jan and posted the approval message on MoC website on 14 Feb. Developed by Blizzard, Starcraft II is the sequel to Starcraft and a MMO version of real-time strategy (RTS) game. Starcraft II is reported to be launched in Mar at the earliest or 2Q11. Timing of the approval is close to our expectation. But, we delayed our assumption of Starcraft's launch time from 1Q11 to 2Q11. Sohu IT channel reported that Starcraft II's pricing model includes: (1) one-off package (Rmb238/268), (2) subscription package (monthly: Rmb25, three-month: Rmb75, six-month: Rmb150). Management commented those reported package is incorrect. Due to positive market sentiment on Starcraft, we revise up 2Q11 Starcraft ACU from 100,000 to 150,000. Currently, we assume Starcraft II can generate Rmb66 mn revenue in 2Q10, 4% of game revenue.

E-commerce as a driver; but contribution still small

In 1Q11, NetEase entered into the e-commerce sector aggressively and launch the airline ticket channel (jipiao.163.com) on 31 Dec 2010, and Luxury channel (l.163.com) in Jan 2011. Together with the Lottery channel (caipiao.163.com) and Shopping Mall (shop.163.com), NetEase has at least four e-commerce related channels. Also, on 14 Jan, NetEase announced to launch its online payment platform. According to Sohu IT channel, NetEase already submitted applications on online payment licence. As a late applicant, NetEase understood they will be approved as a first batch of payment licensor.

Among all new initiatives, we believe the airline ticket channel should provide key near-term drivers, as NetEase has provided airline tickets at competitive pricing and promoted aggressively. For instance, NetEase was the price leader of four out of six ticket samples below.

Figure 1: Comparison on airline ticket prices*

Average ticket price (RMB)	ctrip	taobao	netease	qunar
Airline 1: Beijing --> Wuhan	1,080	1,005	1,020	978
Airline 2: Shanghai -->Harbin	1,690	1,648	1,555	1,548
Airline 3: Shanghai -->Wuhan	770	744	708	710
Airline 4: Chengdu -->Xiamen	1,510	1,422	1,389	1,399
Airline 5: Changchun -->Tianjin	730	701	671	691
Airline 6: Beijing -->Shanghai	1,130	919	884	910

* Date: 17th Jan 2011; Source: Company data, Credit Suisse estimates.

Since NetEase has been focusing on portals and the game business, we expect NetEase has partnered with other companies to develop e-commerce business, thus leading to lower margin. Thus, we assume NetEase's airline ticket commission per ticket would be Rmb20 only, half of Ctrip at around Rmb40. Given limited operation history and absence of hotel business, we forecast NetEase can sell 200,000 airline tickets in 1Q11, but with a rising trend.

Figure 2: NetEase quarterly earnings forecast

Rmb mn	2Q10	3Q10	4Q10E	1Q11E
Online game	1,157	1,233	1,333	1,361
Advertising	132	147	149	104
WVAS & others	20	20	21	27
Total revenue	1,309	1,400	1,504	1,493
Net income	486	585	519	560
EPS (diluted) (US$)	0.546	0.670	0.603	0.650
EPS (QoQ %)	7%	23%	-10%	8%

Source: Company data, Credit Suisse estimates

We cut 2011 EPS by 1% due to delay in Starcraft's launch date from 1Q to 2Q. But, we have revised upwards 2012 earnings by 10% due to higher Starcraft ACU assumptions and incremental e-commerce revenue. We raise our DCF-based target price from US$36.8 to US$42.9. Trading at 15x 2011E P/E and 11x 2011E ex-cash P/E, NetEase is trading at historical fair value. We reiterate our NEUTRAL rating on NetEase.

Parkson-- Maintain OUTPERFORM

2010 recurrent earnings up 13.5% YoY on GSP growth of 14% YoY: in-line with our estimates EPS: ▼ TP: ◄►

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- Parkson's 2010 total operating revenue increased 13% YoY to Rmb4,400 mn, 1.5% higher than our estimates of Rmb4,333 mn and consensus of Rmb4,339 mn. Taking out one-off items, the recurring net profit amounted to Rmb1,034 mn, in line with our projection of Rmb1,036 mn. SSS growth recovery continued in 4Q, with a full year figure at 11.4%, in line with our 11.5%.
- Parkson aims to open 8-10 new stores in each year 2011 and 2012, all of which will be based on an asset-light strategy. It has already signed lease contracts for 8, 8 and 7 new stores for 2011-13, respectively. This represents 24%, 20% and 17% GFA growth for the three years, respectively. Management expects earnings growth of 18-20% for 2011 and above 20% for 2012 onwards.
- We revise down our earnings forecast for 2011 and 2012 by 3-4%, to factor in higher-than-expected new stores loss and financial expense. We expect earnings growth to accelerate in 2012, supported by the contribution from new stores. We maintain our target price and our OUTPERFORM rating on the stock.

Bbg/RIC	3368 HK / 3368.HK	Price (18 Feb 11, HK$)			11.96
Rating (prev. rating)	O (O)	TP (Prev. TP HK$)			15.00 (15.00)
Shares outstanding (mn)	2,810.46	Est. pot. % chg. to TP			25
Daily trad vol - 6m avg (mn)	5.6	52-wk range (HK$)			14.42 - 10.68
Daily trad val - 6m avg (US$ mn)	9.4	Mkt cap (HK$/US$ mn)			33,613.1/ 4,317.8
Free float (%)	46.1	Performance	1M	3M	12M
Major shareholders	Parkson Holdings	Absolute (%)	(7.0)	(11.0)	(3.4)
		Relative (%)	(4.4)	(8.4)	(12.1)

Year	12/09A	12/10A	12/11E	12/12E	12/13E
Revenues (Rmb mn)	3,461	3,838	5,004	6,453	7,859
EBITDA (Rmb mn)	1,496	1,648	1,942	2,410	2,845
Net profit (Rmb mn)	911	1,034	1,256	1,671	2,061
EPS (Rmb)	0.33	0.37	0.45	0.59	0.73
- Change from prev. EPS (%)	n.a.	n.a.	(4)	(3)	
- Consensus EPS (Rmb)	n.a.	n.a.	0.47	0.58	0
EPS growth (%)	7.8	13.3	21.5	33.0	23.4
P/E (x)	31.1	27.4	22.6	17.0	13.8
Dividend yield (%)	1.5	1.6	2.0	2.7	3.3
EV/EBITDA (x)	17.9	15.8	12.9	9.9	7.6
P/B (x)	7.2	6.3	5.3	4.4	3.7
ROE (%)	24.7	24.6	25.6	28.5	29.1
Net debt (net cash)/equity (%)	(41.6)	(50.2)	(61.9)	(70.5)	(87.0)

Note 1: Ord/ADR=30.0000. Note 2: Headquartered in Beijing, Parkson operates 47 mid to high-end department stores in 26 cities across 22 provinces. It targets to speed up expansion mainly through increasing network density in the entered cities. It sticks to a relatively asset-light strategy.

2010 results in-line with our estimates

Total operating revenue amounted to Rmb4,400 mn (up 12.6% YoY), 1.5% higher than our projection of Rmb4,333 mn and consensus Rmb4,339 mn. On taking out the share option expense (non-recurring item), the recurrent earnings is adjusted to Rmb1,034 mn (up 13.5% YoY), in line with our estimates of Rmb1,036 mn. The 2010 SSS growth was 11.4%, comparable to our forecast of 11.5%. We estimate the SSS growth improved from 11.3% in 1H10 and 11% in 3Q10 to 12% in 4Q10. Stripping out option expense, 2010 EBIT margin and net margin were adjusted to 10.7% and 7.6%, respectively – flat with 2009.

Figure 1: 2010 results summary

(Rmb mn)	2009	2010	CS est.	diff. (%)	Cons	diff. (%)
GSP	12,367	14,106	13,829	2.00%		
YoY growth (%)		*14.10%*	*11.80%*			
Total revenue	3,909	4,400	4,333	1.50%	4,339	1%
YoY growth (%)		*12.60%*	*10.90%*		*11.00%*	
EBIT	1,330	1,468	1,497	-1.90%	1,529	-4%
YoY growth (%)		*10.40%*	*12.50%*		*14.90%*	
Net profit	911	992	1,066	-7.00%	1,066	-7%
YoY growth (%)		*8.90%*	*17.00%*		*17.10%*	
EPS- basic Rmb	0.325	0.353	0.380		0.382	
Net profit (recurring)	911	1,034	1,036	-0.20%		
YoY growth (%)		*13.50%*	*13.70%*			
DPS Rmb	0.15	0.16	0.171		0.177	

Source: Company data, Credit Suisse estimates

Accelerating store opening with secured pipeline

Looking ahead, Parkson plans to open 8-10 new stores in 2011 and 2012 each and targets at a 20% GFA CAGR. It has already signed 8 stores' lease contracts for 2011, representing a 24% GFA growth. It also plans to acquire 2 managed stores from the parent company in mid-2011. We model 10 new store openings for 2011 and 24.3% GFA CAGR for 2010-13. Management guides low-to-mid teen growth for operating profit in 2011. The 2011 margin erosion is mainly due to expected new store loss of Rmb120-130 mn. After factoring in interest saving through refinancing, management expects earnings growth of 18-20% for 2011 and above 20% from 2012 onwards. It maintains SSS growth guidance of 12% for 2011, though SSS in January and February were higher. We assume 12.5% SSS growth for 2011.

Earnings to grow at 24.6% CAGR in 2010-13E

Our P/E and PEG-based target price of HK$15.0 implies 28.4x 2011E P/E and 21.3x 2012E P/E, representing 1.1x PEG and a 15% discount to our DCF calculation. Catalysts include higher-than-expected SSS growth and faster-than-expected new store ramp-up and opening. We maintain our OUTPERFORM rating on the stock.

Figure 2: Summary of assumption and earnings changes

	Old		New			Change	
Assumptions	2011E	2012E	2011E	2012E	2013E	2011E	2012E
Consolidated GFA (sq.m. m)	1,688	2,073	1,688	2,073	2,428	0.0%	0.0%
Consolidated GFA growth	33.6%	22.8%	33.6%	22.8%	17.1%	0.0%	0.0%
SSS growth	12.5%	13.5%	12.5%	13.5%	13.5%	0.0%	0.0%
Concessionaire rate	19.6%	19.9%	19.2%	19.5%	19.5%	-0.4%	-0.4%
Direct sales gross margin	17.4%	17.5%	17.3%	17.5%	17.5%	-0.2%	0.0%
Operating expense / GSP	-13.2%	-13.5%	-13.8%	-14.0%	-14.2%	-0.6%	-0.5%
Effective tax rate %	25.0%	25.0%	25.0%	25.0%	25.0%	0.0%	0.0%
Borrowing interest rate	5.5%	5.5%	10.5%	10.5%	5.0%	5.0%	5.0%
Forecasts							
GSP (Rmb mn)	17,504	21,796	17,841	22,215	27,062	2%	2%
Total revenue (Rmb mn)	5,640	7,241	5,714	7,338	8,937	1%	1%
EBIT (Rmb mn)	1,826	2,258	1,715	2,148	2,553	-6%	-5%
Net profit recurring (Rmb mn)	1,307	1,727	1,256	1,671	2,061	-4%	-3%
EPS recurring (Rmb)	0.465	0.615	0.447	0.595	0.734	-4%	-3%

Source: Company data, Credit Suisse estimates

Want Want China -- Downgrade to NEUTRAL

New Report: Turning around on a refined business model — EPS: ▼ TP: ▲

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- We expect Want Want to achieve its 2010 sales target (30% for rice cracker, 30% for beverage and 18% for snack). We are modelling a 230 bp gross margin erosion, from 40.5% in 2009 to 38.2% in 2010. In 4Q10, it raised ASP by 3-5% on 17% of its rice cracker and 30% of its dairy products.
- Management is considering further price adjustment, pending input cost movement in 2011. The company also targets EBIT breakeven for its pocket drinks segment (launched in early 2009 and accounting for 6% of total sales in 1H10) in 2011.
- We cut earnings forecast for 2010-12E by 7-10%, on lower sales and margin assumptions. We roll over DCF base to end-2011. Our new target price of HK$6.6 implies 25.2x 2011E and 20.7x 2012E P/E, matching a 23.5% earnings CAGR (PEG of 1.1x). Want Want trades at 13-31x P/E since IPO. The trough happened during the financial crisis and channel stuffing. Our 85% dividend payout assumption implies a 3.6% yield. We downgrade to NEUTRAL.
- For full report click here.

Bbg/RIC	151 HK / 0151.HK	Price (18 Feb 11 , HK$)			6.23
Rating (prev. rating)	N (O)	TP (Prev. TP HK$)			6.60 (6.10)
Shares outstanding (mn)	13,211.67	Est. pot. % chg. to TP			6
Daily trad vol - 6m avg (mn)	14.9	52-wk range (HK$)			7.77 - 5.03
Daily trad val - 6m avg (US$ mn)	12.9	Mkt cap (HK$/US$ bn)			82.3/ 10.6
Free float (%)	41.6	Performance	1M	3M	12M
Major shareholders	Eng-Meng Tsai	Absolute (%)	(0.6)	(4.2)	17.1
	(48.8%)	Relative (%)	2.2	(1.3)	6.5

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (US$ mn)	1,554	1,711	2,173	2,795	3,475
EBITDA (US$ mn)	358.0	406.4	502.5	638.1	787.6
Net profit (US$ mn)	262.7	312.6	355.5	444.9	541.2
EPS (US$)	0.02	0.02	0.03	0.03	0.04
- Change from prev. EPS (%)	n.a.	n.a.	(7)	(10)	
- Consensus EPS (US$)	n.a.	n.a.	0.03	0.04	0.04
EPS growth (%)	26.6	19.4	13.7	25.1	21.6
P/E (x)	40.4	33.8	29.7	23.8	19.5
Dividend yield (%)	2.5	2.6	2.9	3.6	4.4
EV/EBITDA (x)	29.2	25.2	20.6	16.3	13.1
P/B (x)	11.3	10.7	9.9	9.3	8.7
ROE (%)	32.4	32.6	34.5	40.3	45.9
Net debt (net cash)/equity (%)	(12.6)	(35.1)	(19.6)	(17.7)	(23.1)

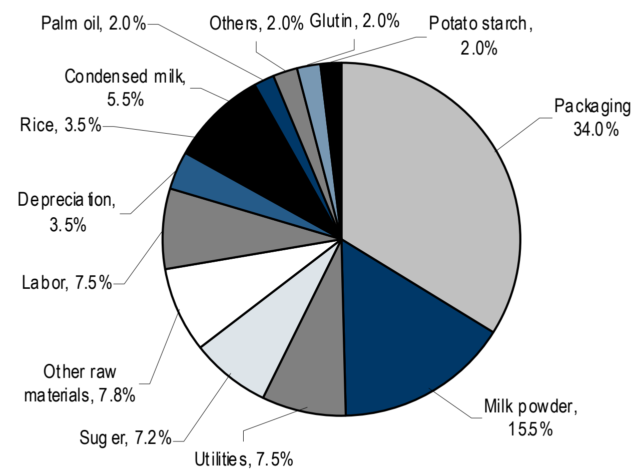
Note 1:Ord/ADR=50.0000. Note 2: The company manufactures and trades rice crackers, snack food, beverages, and packing materials.its activities are primarily based in Mainland China and Taiwan.

Better inventory management on new system

Management placed signficant efforts in restructuring its distribution system, post the channel stuffing in December 2008. The company launched its new exclusive distributor model in ten provinces in April 2010, before rolling it out across the whole country in August 2010. It targets completing the restructuring in 2Q11.

Currently, Want Want has nearly 7,000 distributors—a significant fall from its 15,000 in 2007 and 11,000 in 2008. This also compares with Tingyi's 5,872, Mengniu's 5,000, Hengan's 2,900 and Uni-president China's 2,000 in 2008. Of the 7,000, nearly 3,500 are exclusive distributors, while the remaining are sub-distributors. The total sales force amounts to nearly 11,000 people a 23% reduction from the 14,316 in 2008. Based on the new exclusive distributor model and ERP system (connecting Want Want with most distributors), the company is able to monitor its distributor inventory level and real sales performance more accurately. In addition, inventory management becomes a key performance matrix when it decides commission rates for distributors. According to management, the key distributors' inventory levels are lowered to 10-15 days already.

Figure 1: A diversified cost base to defend inflation (1H10)



Source: Company data, Credit Suisse estimates

Figure 2: Sensitivity analysis to quantify inflation impact

		Assuming additional 10% rise in each input cost				
2011E	Base case	Packaging	Milk powder	Sugar	Rice	Starch
GP margin (%)	38.6%	36.5%	37.6%	38.1%	38.3%	38.4%
- Chg fm base case		-2.1%	-1.0%	-0.4%	-0.2%	-0.1%
Earnings (US$ mn)	445	398	423	435	439	442
- Chg fm base case		-11%	-5%	-2%	-1%	-1%
Net margin (%)	15.9%	14.3%	15.1%	15.6%	15.7%	15.8%
- Chg fm base case		-1.7%	-0.8%	-0.3%	-0.2%	-0.1%

Source: Company data, Credit Suisse estimates.

What we like and dislike

Want Want's EBIT margin is slightly below Hengan and way higher than most listed China F&B companies. We attribute this to Want Want's market dominance and its focus on the kids/teenage groups. We believe the new distribution model aims to improve fundamental and lower channel management risks. Compared with peers, Want Want is better positioned to defend inflation, based on its cost base diversification and high profitability. However, we are concerned about the long-term growth momentum for the rice cracker segment and high-margin sustainability for its beverage segment.

Catalysts to move share price

We believe catalysts include: (1) stronger-than-expected sales growth underpinned by the new distribution model and further channel expansion; (2) earlier-than-expected breakeven for the pocket drink segment; and (3) success of potential new product launches. 2010 results are due on 8 March.

Zoomlion Heavy Industry--- Maintain OUTPERFORM

Investment in insurance company shouldn't hurt fundamentals

EPS: ◄► TP: ◄►

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- Zoomlion's stock price dropped nearly 4% on Monday after the company announced it would invest Rmb100 mn to help establish an insurance company.
- The market is concerned about why it would invest money in insurance, which has no relationship with its core business; also, continued investment in the insurance company could be necessary to grow its business, which could be a big burden; and this may open the door to the local government to ask for other investments in the future, which may not be in Zoomlion's interest.
- But we think the HK market has overreacted because: 1) it's just a financial investment, and Zoomlion may not add to it in the future; 2) Zoomlion is still focused on its core business of construction machines; 3) Zoomlion has the right to refuse invitations by the local government for other non-core business investment if it is not in its interest; 4) the investment amount is small, accounting for only 8.7% of total capital of the target company and 2% of estimated net income in FY10. Reiterate OUTPERFORM.

Bbg/RIC	1157 HK / 1157.HK	Price (18 Feb 11 , HK$)			19.72
Rating (prev. rating)	O (O) [V]	TP (Prev. TP HK$)			22.06 (22.06)
Shares outstanding (mn)	1,100.02	Est. pot. % chg. to TP			12
Daily trad vol - 6m avg (mn)	26.3	52-wk range (HK$)			19.84 - 16.16
Daily trad val - 6m avg (US$ mn)	68.2	Mkt cap (HK$/US$ mn)			21,692.4/ 2,786.5
Free float (%)	32.9	Performance	1M	3M	12M
Major shareholders	Hunan SASAC	Absolute (%)	11.8	—	—
		Relative (%)	14.9	—	—

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rmb mn)	13,548	20,762	33,176	46,547	59,238
EBITDA (Rmb mn)	2,251	3,452	5,703	8,463	10,689
Net profit (Rmb mn)	1,544	2,447	4,398	6,695	8,526
EPS (Rmb)	0.37	0.59	0.90	1.15	1.47
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (Rmb)	n.a.	n.a.	0	0	0
EPS growth (%)	61.0	58.5	54.6	27.6	27.4
P/E (x)	45.1	28.5	18.4	14.4	11.3
Dividend yield (%)	0.2	0.7	4.1	0.9	1.4
EV/EBITDA (x)	11.3	8.2	2.9	2.2	1.7
P/B (x)	13.7	9.4	3.2	3.1	2.5
ROE (%)	35.5	39.2	26.8	23.6	24.5
Net debt (net cash)/equity (%)	136.6	132.2	(5.9)	1.3	0.6

Note1:Zoomlion is the second largest concrete pump manufacturer and second largest truck-mounted crane manufacturer in China. Its products include concrete machines, cranes,enviormental sanitation machinery,excavators.etc..

Zoomlion announced that it will invest Rmb100 mn as a shareholder to build up an insurance company in Hunan. This news hurt the stock price as it dropped nearly 4% on Monday. In our view, this event won't hurt the company's fundamentals and the market has overreacted. We reiterate OUTPERFORM rating.

The reason why Zoomlion invests

We believe this event doesn't indicate that Zoomlion has low confidence on its own business growth. Instead, it's the Hunan government that wants to build up a local insurance company, and Zoomlion has been invited to play a contributing role as one of the more important companies in Hunan.

Zoomlion said it accepted the government's invitation for this investment because the business has low risk, given the support from Hunan government. However, how far the insurance company could go would still depend on the capability of the new company itself in the future.

On the other hand, Zoomlion's exposure to this new company is low. There are nine shareholders in total for the new company. Zoomlion's investment is relatively low compared with others', its investment only accounts for 8.7% of the insurance company's total capital (Rmb1.15 bn). Because Zoomlion still wants to focus on its own business, it said it wouldn't get involved in the insurance company's daily operation.

Given the background of this event, we think it's a neutral thing for Zoomlion. It's necessary for the company to maintain a close relationship with the local government by making the investment. But we expect the profit contribution from the insurance company to be set up would be quite low in the next few years.

Market concerns may not come true

Many investors are concerned about this investment because: 1) they wonder why Zoomlion would spend money on insurance, which has no relationship with its core business; 2) further investment in the insurance company is necessary with its business growing, which could be a big burden to Zoomlion; 3) local government may ask for investment on some other business in the future, which may not be in Zoomlion's interest.

We've explained our thoughts on the first concern above. The other concerns may not come true because: 1) Zoomlion would still focus on its core business. The investment on the insurance company is just a financial investment. And it's good for Zoomlion to maintain a close relationship with the local government; 2) Zoomlion is not likely to add investment on the insurance company in the future, if this company needs to raise capital; 3) Although this investment is facilitated by local government, Zoomlion still can negotiate with the government. If the business to be set up is seen as too risky for the company, Zoomlion is not likely to make it. We believe the company will not necessarily get involved in any business the local government wants to promote in the future if that business could hurt the company.

Hong Kong

AIA Group ---------- Maintain NEUTRAL

FY10 preview: currency and markets to provide upside risk EPS: ◄► TP: ◄►

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- AIA will report its FY10 results on Friday, 25 February around 7am HKT, with the investor briefing at 9:30 AM HKT (dial in =852 2112 1322, passcode B7317025).
- We are forecasting FY10 reported NPAT of US$2.1 bn (US$18 cps consensus 17 cps) and normalised NPAT of US$1.8 bn (US$15 cps), which excludes investment market impacts.

Key things to look for:

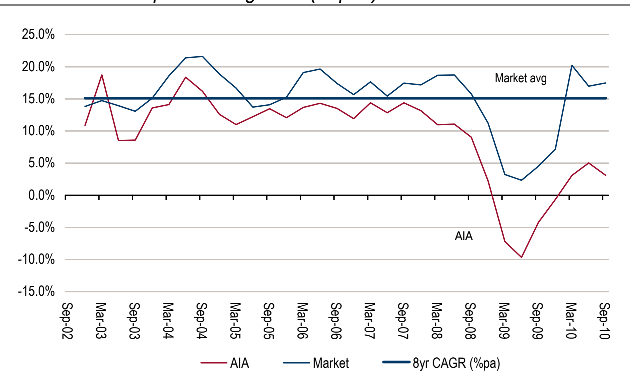
- Operational turnaround: we deem it will be too early to see material operational turnaround, but would look for improving trends. Figure 1 below highlights while HK improved in 3Q10, growth at 5% still lagged market growth of 15% on pcp.
- Bond yields: while rising rates are positive for AIA, we note average bond rates were down 5 bp in 2H10 (up 33 bp in 1H11).
- Equity markets: we deem more upside is possible in 2H10 from equity markets, with markets up strongly in the periods.
- Currency: average exchange rates benefited AIA 3.5% in 2H10.

Bbg/RIC	1299 HK / 1299.HK	Price (18 Feb 11 , HK$)			21.80
Rating (prev. rating)	N (N) [V]	TP (Prev. TP HK$)			23.50 (23.50)
Shares outstanding (mn)	12,044.00	Est. pot. % chg. to TP			8
Daily trad vol - 6m avg (mn)	224.6	52-wk range (HK$)			24.45 - 21.15
Daily trad val - 6m avg (US$ mn)	604.6	Mkt cap (US$ bn)			33.7
Free float (%)	—	Performance	1M	3M	12M
Major shareholders	—	Absolute (%)	3.1	(6.4)	—
		Relative (%)	5.5	(6.3)	—

Year	11/08A	11/09A	11/10E	11/11E	11/12E
Net profit (US$ bn)	0.4	1.8	2.1	2.1	2.5
EPS (US$)	0.03	0.15	0.18	0.18	0.21
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (US$)	n.a.	n.a.	0.16	0.17	0.19
EPS growth (%)	(78.7)	329.9	22.3	0.0	17.3
P/E (x)	82.6	19.2	15.7	15.7	13.4
Dividend yield (%)	0	0	0	0.2	0.3
P/B (x)	3.8	2.3	1.9	1.8	1.6
ROE (%)	—	—	—	—	—

Note1:AIA Group Limited is an independent listed pan-Asian life insurance group, operting in 15 markets across the Asia Pacific region (main countries HK, Singapore, Thailand, Malaysia, Korea and China)..

Figure 1: HK market growth back to ~15% in 2010, but AIA lagging…
HK and AIA in-force premiums growth (% p.a.)



Source: Company data, OCI, Credit Suisse estimates

Bond yield changes limited in 2H10

Given AIA is a 30 Nov 2010 year-end, the impact of rising bond yields is limited in 2H10, given rises occurred mainly from Dec 2010 onwards.

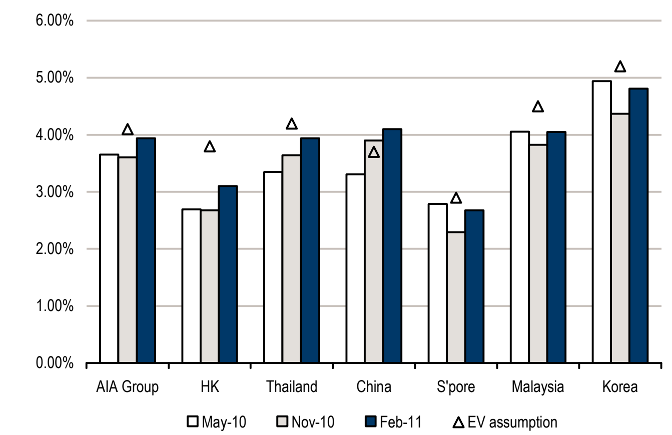
Figure 2: Change in 10-year government bond yields

	AIA Group	HK	TH	CN	SG	MY	KR	Other
Δ in 2H10	-0.05%	-0.02%	0.29%	0.59%	-0.49%	-0.23%	-0.57%	0.03%
Δ in 1H11	0.33%	0.42%	0.30%	0.20%	0.38%	0.23%	0.44%	0.19%
Equity % 1H10		33%	27%	5%	13%	4%	8%	11%

Source: Company data, Credit Suisse estimates

However, rates are up materially in 1H11 (33 bp so far on a weighted basis) and importantly approaching embedded value assumptions (and overtaking in the case of China).

Figure 3: Bond yields approaching EV assumptions
10yr government bond yields by division and EV assumption



Source for all charts: Company data, OCI, Credit Suisse estimates

Equity markets strong in 2H10

We highlight that equity markets are more likely to provide upside to AIA reported earnings, with equity markets up 19% on a weighted basis. As such, our reported NPAT is US$2.1 bn versus normalised at US$1.8 bn (which excludes market impacts).

Figure 4: Change in main equity market indices during period

	AIA Group	HK	TH	CN	SG	MY	KR	Other
Δ in 2H10	18.9%	16.4%	33.9%	8.6%	14.2%	15.6%	16.0%	3.5%
Δ in 1H11	1.9%	2.6%	-1.0%	2.8%	-1.8%	2.2%	5.7%	7.7%

Source: Company data, Credit Suisse estimates

Currency uplift around 3-3.5% in 2H10

In addition, the USD depreciated on average 3.7% during 2H10 on an equity weighted basis and 2.9% on profit weighted basis.

Figure 5: Change currency (relative to USD) in period

	AIA Group	HK	TH	CN	SG	MY	KR	Other
Δ in 2H10	3.66%	0.3%	7.3%	2.4%	5.6%	2.9%	3.8%	3.7%
Δ in 1H11	1.14%	-0.2%	0.0%	1.4%	3.6%	4.2%	4.1%	2.2%

Source: Company data, Credit Suisse estimates

India

India Economics

Budget 2011/12 - A preview

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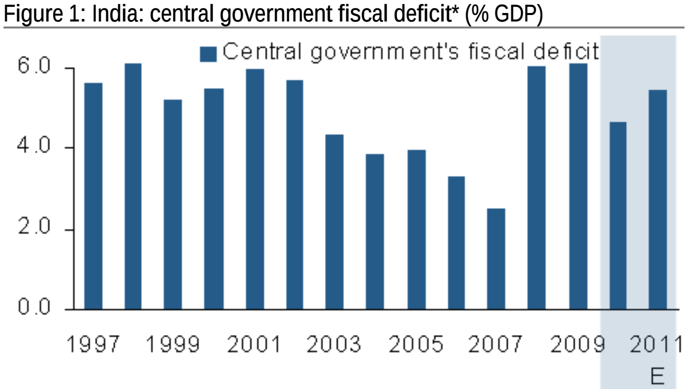
We just published 'India 2011/12 Budget Preview'. Key points are summarised below:

- Government budget for 2011/12*, to be announced on 28 February, is likely to somewhat stimulate the economy.
- While the government is likely to set a fiscal deficit target not far above that of 2010/11 (around 5% of GDP), we think it actually could be higher − closer to 5.5%.
- Inflation concerns mean the government is likely to step up allocations for social schemes and agriculture. Import duties on certain food products and/or fuels may be lowered.
- Widespread expectations for a stable debt issuance are unlikely to materialise. The government, in our view, is likely to target net central debt issuance at around INR3.9 tn (INR3.3 tn estimated for 2010/11). We think actually it could be even higher.

Figure 1: India: central government fiscal deficit* (% GDP)



* E = our estimate; could be revised post budget. Fiscal years begin in April.

Source: Credit Suisse, CEIC

2011/12 budget - likely to stimulate the economy

We expect the budget to stimulate the economy due to emerging growth concerns, state elections (Kerala, Tamil Nadu, West Bengal and Assam) in April and May, and inflation concerns.

2011/12 fiscal deficit could be closer to 5.5% of GDP (est 4.7% in 2010/11)

For 2010/11, the government would announce a revised estimate for fiscal deficit − likely to look pretty impressive at around 4.7% of GDP, thanks partly due to the windfall from the sale of 3G telecom licences. For 2011/12, it is likely to set a budget target not too higher than that for 2010/11 (close to 5% of GDP). In that case, however, we think an overshoot is likely. On the revenues side, we think growth in tax collections is likely to moderate from an estimated 24% in 2010 to around 18% in 2011, reflecting slower GDP growth in 2011. The one-off bounty on telecom revenues would of course drop out. The government, we think, is likely to target slower spending growth in 2011/12 compared to the average high 19% YoY during 2007/10. But, we would expect some overshoot on the targeted spending.

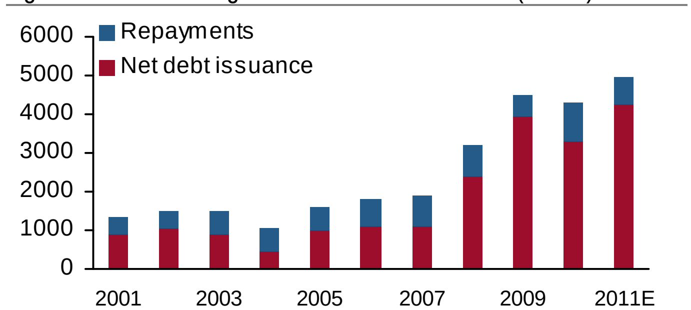
Inflation concerns could imply import duty cuts; spending focus on social schemes and agriculture

Given the increased attention on climbing inflation, particularly in food prices, import duties on certain food commodities and/or fuel products could be reduced. The personal income tax exemption limit could be revised up from the current INR160,00. In terms of spending increases, the government is likely to weigh in on social schemes such as the National Rural Employment Guarantee scheme and education, and sectors like agriculture. As usual, we expect it to highlight increases in the infrastructure sector; but here, implementation is the key, not higher allocations.

Debt issuance likely to move higher in 2011

So far many have expected debt issuance to be flat to slightly higher than in 2010/11. We think the government could announce target net debt issuance for 2011/12 at around INR3.9 tn (INR3.3 tn estimated for 2010/11); actually, it could be even higher. So, bond yields are likely to remain elevated (with other factors unchanged).

Figure 2. India: central government net debt issuance (INR bn)*



* E = our estimate; could be revised post budget. Fiscal years begin in April.

Source: Credit Suisse, CEIC

** 2011/12 refers to fiscal year beginning April 2011*

India Financials Sector -- Maintain MARKET WEIGHT

Higher central debt issuance in FY12 likely to be overhang on long yields

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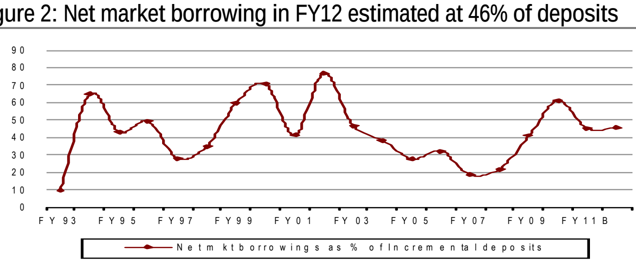
- Our economist in the recently published note on FY12 budget preview, published on 21 Feb, estimates FY12 central government fiscal deficit to rise to 5.5% (versus 4.7% in FY11). On the back of this, they expect the central government market borrowing requirement to rise about 30%YoY to a high at Rs4.3 tn in FY12.
- We believe this magnitude of government borrowing will put an additional strain on domestic liquidity as even assuming an 18% deposit growth in FY12, this would translate to about 46% of incremental deposits. While the borrowing requirements have been running at a high 40-60% of incremental deposits since FY09 (versus FY03-08 average of 30%), this were supported by central bank monetising part of the deficit. Given the high inflation, we expect Central Bank's ability to monetise the deficit to be limited.
- With liquidity likely to remain strained even in FY12, we expect the upward pressure on interest rates to continue next year. Moreover, the large supply of government bonds will put a sharp upward pressure on domestic long bond yields that have over the past few months surprisingly not yet reacted to the move up in domestic rates or caught up with the recent rise in global yields.
- While banks over the past few years have reduced the share of investments in the AFS portfolio, the potential MTM hits are still significant at about 5-15% of earnings for a 100 bp rise in rates. BOI, SBI and Union Bank are the most vulnerable, given the relatively longer duration of their investment portfolios. We continue to prefer retail-funded franchises (HDFC Bank, ICICI) that have lower leverage to bond yield rise in this environment.

Figure 1: Valuation metrics

Company	Ticker	CS rating	Price local	Price target	P/E (x) FY11E	P/E (x) FY12E	P/B FY12E
Axis Bank	AXSB IN	O	1,296	1,448	16.8	14.8	2.6
HDFC Bank	HDFCB IN	O	2,172	2,499	26.0	20.2	3.5
ICICI	ICICIBC IN	O	1,030	1,304	17.5	12.9	1.8
BOB	BOB IN	O	898	1,024	8.3	8.1	1.6
BOI	BOI IN	N	444	477	9.4	7.6	1.4
PNB	PNB IN	O	1,099	1,276	8.5	7.6	1.5
SBI	SBIN IN	U	2,773	2,382	11.0	10.6	1.5
Yes	YES IN	U	285	235	14.7	12.1	2.2
IndusInd	IIB IN	O	228	265	18.2	15.1	2.5

Note: O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM
Source: Company data, Credit Suisse estimates

Figure 2: Net market borrowing in FY12 estimated at 46% of deposits



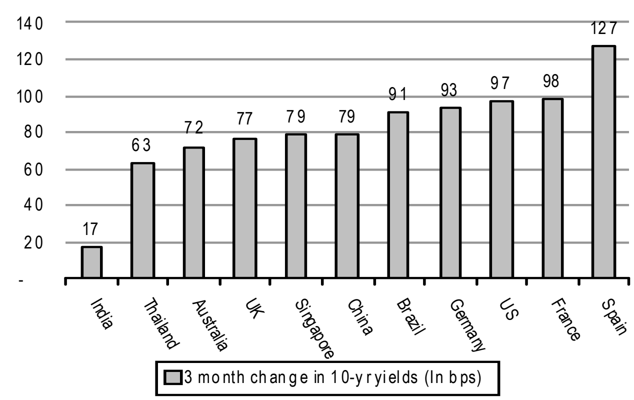
Source: Bloomberg, Credit Suisse estimates

Figure 3: Govt. borrowing – crowding out still a concern in FY12

(US$ bn)	FY09	FY10	FY11E	FY12E
Net market borrowing	4232	5402	4517	5476
Central government	3195	3984	3300	4289
State governments	1037	1418	1187	1187
Sources of funds	4232	5402	4517	5476
RBI	771	800	590	0
MSS bonds	783	880	0	0
Others*	1,283	1,219	1,402	1,612
Banks	1395	2503	2525	3864
G-sec investments as % of incremental deposits	22	38	31	41

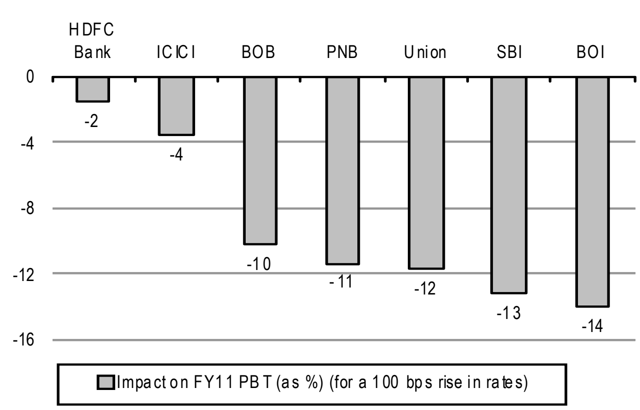
Note: *includes LIC, Employee Provident Funds, Source: Government budget estimates, Credit Suisse estimates.

Figure 4: India bond yields haven't yet caught up with rise in global yields



Note: Government budget estimates, RBI, Credit Suisse estimates.

Figure 5: SBI and BOI are the most sensitive in a rising rate environment



Note: Company data, Credit Suisse estimates.

ABB India -- Maintain UNDERPERFORM

India order inflows down 42% YoY; valuations remain challenging

EPS: ▼ TP: ▼

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- ABB Group reported CY10 financials last week. India inflows were down 42% YoY, with power segment order inflows down 72% YoY. Minority interest declined about 33%, suggesting likely muted India PAT. Of note, order inflows in Europe improved substantially led by strength in the power segment – this is a positive read for CGL.
- ABB's competitive positioning is also not very strong, as evident from deterioration in order inflows for the power segment. While a large HVDC order is anticipated in CY11, the portion of order meant for ABB India would be substantially lower than the estimated order size of over Rs60 bn. (order in a JV with BHEL).
- ABB has also not won any Powergrid order since Sep-10, and we expect moderation in short cycle automation inflows in the coming months. Order inflows will hence remain muted even in 1H/CY11.
- ABB India reports on 23 Feb. On the weak order inflow, we revise down our estimates pre CY10 annual results. We reduce CY10/11E EPS by 53%/39% to Rs10.3/16.3. We revise our target price to Rs575 (previously Rs603). Maintain UNDERPERFORM.

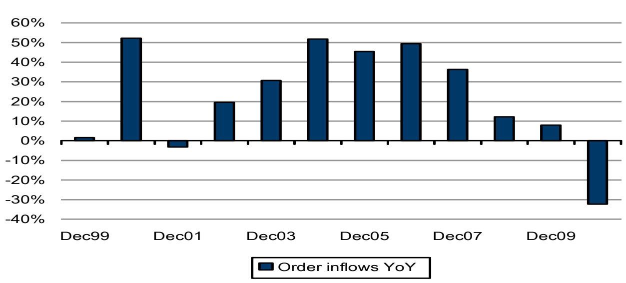
Bbg/RIC	ABB IN / ABB.BO	Price (18 Feb 11 , Rs)	662.30
Rating (prev. rating)	U (U)	TP (Prev. TP Rs)	575 (603)
Shares outstanding (mn)	211.91	Est. pot. % chg. to TP	(13)
Daily trad vol - 6m avg (mn)	0.0	52-wk range (Rs)	976.00 - 611.80
Daily trad val - 6m avg (US$ mn)	0.4	Mkt cap (Rs/US$ bn)	140.3/ 3.1
Free float (%)	47.9		
Major shareholders	ABB Zurich		

Performance	1M	3M	12M
Absolute (%)	(11.6)	(23.0)	(17.0)
Relative (%)	(7.3)	(15.7)	(25.6)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rs mn)	68,370	62,372	65,944	79,914	104,855
EBITDA (Rs mn)	7,654	5,259	3,772	5,697	7,692
Net profit (Rs mn)	5,474	3,546	2,173	3,463	4,666
EPS (Rs)	25.8	16.7	10.3	16.3	22.0
- Change from prev. EPS (%)	n.a.	n.a.	(53)	(39)	
- Consensus EPS (Rs)	n.a.	n.a.	12.3	24.2	31.1
EPS growth (%)	11.3	(35.2)	(38.7)	59.3	34.8
P/E (x)	25.6	39.6	64.6	40.5	30.1
Dividend yield (%)	0.4	0.4	0.2	0.3	0.4
EV/EBITDA (x)	17.9	25.7	36.0	23.8	17.7
P/B (x)	6.6	5.8	5.4	4.8	4.2
ROE (%)	29.2	15.6	8.6	12.5	14.9
Net debt (net cash)/equity (%)	(16.4)	(21.6)	(17.7)	(17.0)	(12.2)

Note1:ABB India, a part of the ABB group, is a leading provider of products and solutions for transmission and distribution (T&D) and industrial automation..

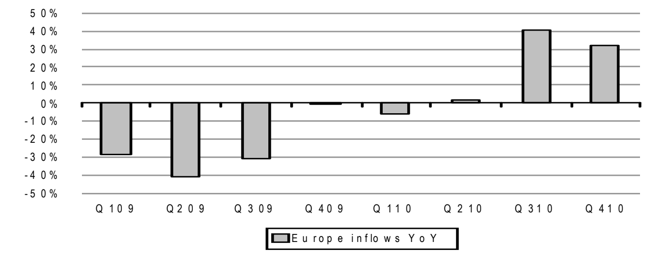
Figure 1: Deterioration in India order inflow continues – down 13% in CY10



Source: Company data, Credit Suisse estimates

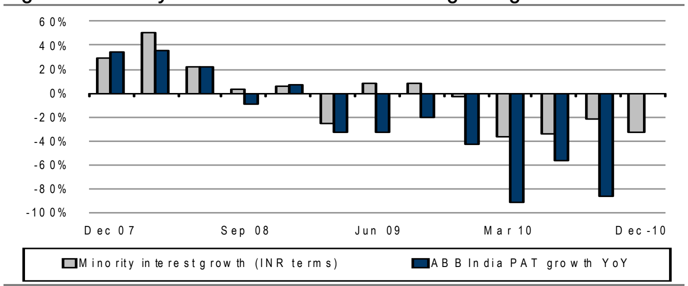
ABB's commentary on order inflows in Europe was positive. Performance in Europe has continued to sequentially strengthen over the past few quarters. Continued improvements in Europe and general strength in inflows (ex. India) is a positive read for Crompton Greaves.

Figure 2: Order inflows in Europe continue to strengthen



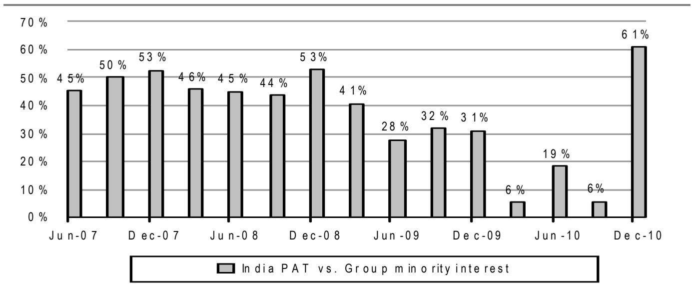
Source: Company data, Credit Suisse estimates

Figure 3: Minority interest continues to have negative growth



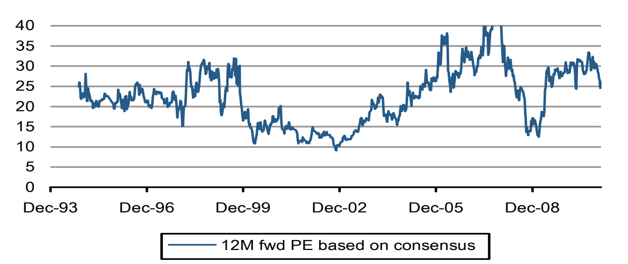
Source: Company data, Credit Suisse estimates

Figure 4: India PAT as % of group minority interest suggests that our 4Q estimates are at risk



Source: Company data, Credit Suisse estimates

Figure 5: Valuations are rich and are already pricing in a recovery



Source: Company data, Credit Suisse estimates

CREDIT SUISSE

RIL ---------- Maintain OUTPERFORM

BP helps underscore RIL's E&P valuations

EPS: ◄► TP: ◄►

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- BP, on 21 Feb, agreed to pay $7.2 bn to RIL for a 30% stake in most of the latter's Indian E&P acreage (incl. KG D6, NEC 25, D3, D9 and the MN D4 blocks); with another $1.8 bn linked to E&P successes. RIL/BP also now have a JV for sourcing/selling of gas.
- The $7.2 bn is almost exactly in line with our numbers. The $1.8 bn represents upside, but current value should be low. RIL's tax obligations on money received are yet unclear. Near-term EPS estimates can fall; the extent of which will depend on use of cash.
- BP/RIL have discussed this deal for 2 years. BP will have looked at geological data and production issues at D6. BP's investment is then a vote of confidence in the longer term prospects of RIL's E&P; that will help provide support to RIL's E&P valuations. Near-term volatility in E&P volumes may not matter that much now.
- This shifts focus on RIL's refining, petchem businesses; both of which are currently doing well; and valuations for which are easier to benchmark. This can help RIL get closer to our target price. Use of cash now becomes a larger medium-term issue. Maintain OUTPERFORM.

Bbg/RIC	RIL IN / RELI.BO	Price (18 Feb 11 , Rs)			938.00
Rating (prev. rating)	O (O)	TP (Prev. TP Rs)			1,132 (1,132)
Shares outstanding (mn)	3,272.98	Est. pot. % chg. to TP			21
Daily trad vol - 6m avg (mn)	0.9	52-wk range (Rs)			1132.00 - 894.60
Daily trad val - 6m avg (US$ mn)	19.8	Mkt cap (Rs/US$ bn)			3,070.1/ 68.0
Free float (%)	51.0	Performance	1M	3M	12M
Major shareholders	Promoter - 45%	Absolute (%)	(5.9)	(9.0)	(6.0)
		Relative (%)	(1.4)	(0.4)	(15.7)

Year	3/09A	3/10A	3/11E	3/12E	3/13E
Revenues (Rs mn)	1,513,355	2,033,706	2,808,769	2,772,218	2,874,927
EBITDA (Rs mn)	234,222	308,939	382,231	416,523	480,317
Net profit (Rs mn)	149,687	245,031	203,042	223,808	266,691
EPS (Rs)	47.6	74.9	62.1	68.4	81.5
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (Rs)	n.a.	n.a.	63.6	74.1	85.9
EPS growth (%)	(26.7)	57.5	(17.1)	10.2	19.2
P/E (x)	19.7	12.5	15.1	13.7	11.5
Dividend yield (%)	1.4	0.7	1.0	1.5	2.1
EV/EBITDA (x)	15.4	11.6	9.5	8.1	6.5
P/B (x)	2.7	2.3	2.1	1.9	1.7
ROE (%)	15.5	20.3	14.5	14.2	15.2
Net debt (net cash)/equity (%)	49.0	38.3	37.2	18.1	1.7

Note1:Reliance Industries is India's largest private sector business enterprise in India. It has three business divisions: exploration & production, refining & marketing, and petrochemicals..

BP buys 30% of RIL's domestic E&P

In a deal announced 21 Feb, BP has agreed to take a 30% stake in most of RIL's Indian E&P acreage. These include the producing KG D6 (oil and gas) block, the discovered NEC 25 reserves, and other promising acreage on the east coast (D3/D9/MND4) blocks. BP will pay US$7.2 bn in phases through FY12 (as government approvals come through), and can pay US$1.8 bn based on commercially exploitable exploratory successes in future. BP and RIL have also formed a 50:50 JV for the sourcing and marketing of natural gas in India. In total, BP expects to invest about US$20 bn in India over several years. On the call, the companies suggested that both the UK and the Indian governments had been taken on board (the agreement is reportedly being signed at 10 Downing Street) before the deal was announced. While they make time, approvals from the Government of India should come through.

De-risking E&P valuations

- In our SOTP, we have RIL's E&P (KG D6 oil and gas, NEC 25 and exploration upsides) at Rs336/share. BP's US$7.2 bn payment for 30% is almost exactly in line.
- RIL's tax obligations on the money received are yet unclear.
- The US$1.8 bn upside payments are likely to happen over an extended time period; present value (upside to our TP) should be relatively small. The few blocks that BP has not taken stakes in are, by implication, unlikely to have much E&P promise.
- BP and RIL have been in discussion for two years: BP would have looked at geological data in detail, and analysed current output issues at D6. Our valuations for D6 oil and gas assume 80 mmscmd production by FY14. The fact that BP is 1) willing to take on current reservoir uncertainties, and 2) pay valuations that imply higher volumes, will de-risk RIL's upstream portfolio valuations (and allow stock to get closer to our target price), we think.
- As the deal closes, RIL EPS numbers should see cuts; the extent of which will depend on RIL's use of cash.
- RIL has not specified any use for its now approximately US$15 bn cash. The drag on returns can make the imperative for inorganic growth stronger.
- RIL shall now be able to access BP's technical expertise in deep water exploration and in fixing D6 gas volumes; and potentially look at a LNG terminal / business in India.
- BP believes this purchase allows it to partner a strong company, enter a promising basin and access a growing energy market. Given the deep water exploratory risks, we presume BP has used a reasonably high IRR for its valuation of RIL's E&P assets. BP has about US$18 bn in cash and a plan to divest US$22 bn in assets.

Figure 1: RIL SOTP valuation

SOTP	Rs/sh	SOTP	Rs/sh	BP valuation
a) Chemicals	237	d) KGD6+MA Oil+NEC25+Exp option	336	331*
b) Refining	469			
c) Others	36	e) CBM+US Shale	54	
		Total (a+b+c+d+e)	1,132	1,127

*Assuming no value for the $1.8bn potential upside
Source: Company data, Credit Suisse estimates.

We will update our numbers as the deal closes and as we get clarity on taxation. Near-term oil/gas production volumes will continue to cause EPS estimate volatility. With this deal however, RIL has helped 'fix' valuations for almost all of its E&P business. Near-term valuation uncertainties now lie with the commodity petchem/refining businesses; both of which have surprised the market with their recent strength. Lower refining spare capacity and seasonality towards late 2011 can help refining do better. RIL's use of its cash is now a bigger a driver of medium-term valuations, we think. Maintain OUTPERFORM.

Indonesia

United Tractors -- Maintain OUTPERFORM

January data started with robust note; still one of our top picks EPS: ◄► TP: ◄►

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- United Tractors' January 2011 operating data started with a strong note across the divisions, suggesting positive impact from rising commodity prices.
- Heavy equipment sales were extremely strong at 116% YoY (+134% MoM) with 731 units. We saw robust performance across all sectors, with the forestry division posting the highest January growth of 205% YoY (+237% MoM). The mining division also posted very strong growth with a historical high of 514 units due to strong demand arising from a favourable coal price environment.
- Mining contracting and coal mining businesses post positive growth, while softening on MoM basis. Note that the TTA mine has started production and recorded 0.07 mn t in January. Hence, total coal sales came in line with our expectations.
- We continue to remain positive on the company's fundamentals. United Tractors remains one of our top picks in the market and in the coal sector. We maintain our OUTPERFORM rating.

Bbg/RIC	UNTR IJ / UNTR.JK	Price (18 Feb 11, Rp)	23,100.00
Rating (prev. rating)	O (O)	TP (Prev. TP Rp)	28,000 (28,000)
Shares outstanding (mn)	3,326.90	Est. pot. % chg. to TP	21
Daily trad vol - 6m avg (mn)	3.8	52-wk range (Rp)	25900 - 16000
Daily trad val - 6m avg (US$ mn)	8.3	Mkt cap (Rp/US$ bn)	76,850.9/ 8.7

		Performance	1M	3M	12M
Free float (%)	42.0				
Major shareholders	PT Astra International	Absolute (%)	3.1	0.9	36.7
		Relative (%)	4.5	6.0	(0.1)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rp bn)	27,903	29,242	36,128	40,975	46,965
EBITDA (Rp bn)	5,899	7,373	7,238	9,189	10,177
Net profit (Rp bn)	2,661	3,818	3,760	4,831	5,438
EPS (Rp)	858	1,147	1,130	1,452	1,635
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (Rp)	n.a.	n.a.	1,216	1,437	1,652
EPS growth (%)	78.2	33.8	(1.5)	28.5	12.6
P/E (x)	26.9	20.1	20.4	15.9	14.1
Dividend yield (%)	1.1	1.5	2.2	2.2	2.8
EV/EBITDA (x)	13.3	10.6	10.9	8.6	7.8
P/B (x)	6.4	5.6	4.8	4.0	3.4
ROE (%)	31.6	30.6	25.3	27.7	26.3
Net debt (net cash)/equity (%)	13.7	7.2	13.1	9.7	8.2

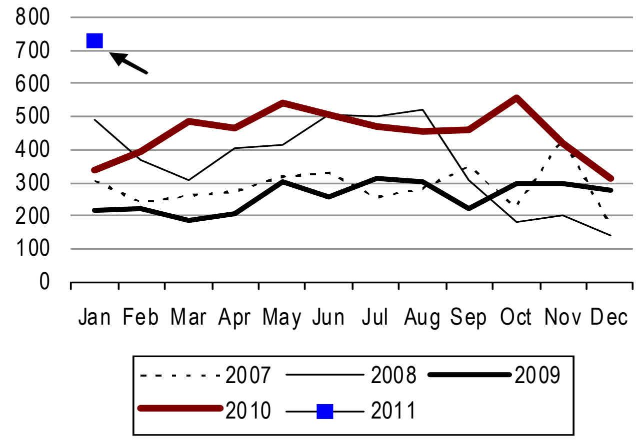
Note 1: Ord/ADR=20.0000. Note 2: United Tractors is the largest heavy equipment distributor in Indonesia, and is also involved in the mining and mining contracting businesses.

Figure 1: United Tractors' January operating data

	Jan 11	Jan 10	% MoM	% YoY	% to 11E
Construction machinery (CM)					
Agro	82	54	61	52	7%
Construction	71	54	15	31	10%
Forestry	64	21	237	205	11%
Mining	514	210	184	145	14%
Total	731	339	134	116	12%
Mining contraction (MC)					
Coal production (m t)	6.3	6.0	(11)	5	7%
Overburden (mn bcm)	55.4	46.3	(0)	20	8%
Strip ratio (x)	8.8	7.7			
Mining (M)					
Coal sales volume	0.2	0.2	(10)	3	6%

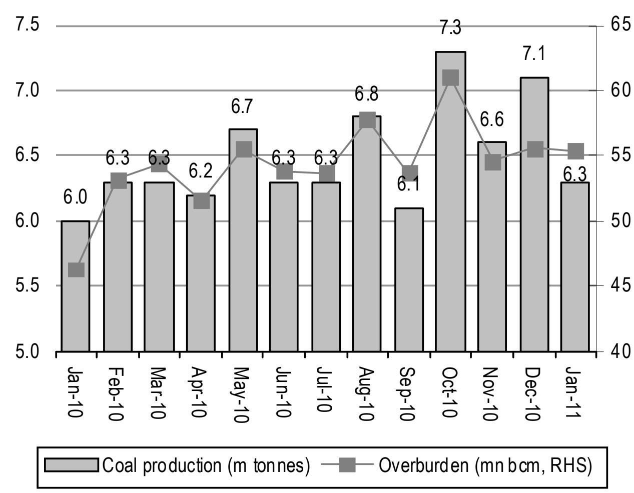
Source: Company data, Credit Suisse estimates

Figure 2: Monthly equipment sales volume performance



Source: Company data, Credit Suisse estimates

Figure 3: Monthly trend for mining contracting division



Source: Company data, Credit Suisse estimates

Malaysia

Alliance Financial Group -- Maintain OUTPERFORM

3Q FY11 results exceed expectations due to lower provisions

EPS: ◄► TP: ◄►

Danny Goh / Research Analyst / 603 2723 2083 / danny.goh@credit-suisse.com

- Alliance's 9M FY11 net profit of RM324 mn (+45% YoY) was 82% of CS's and 81% of street's full-year estimates. While 9M FY11 PPOP was slightly below CS estimate (71% of full-year estimates), provisions were much lower than we expected (17% of CS's full-year estimates). 9M FY11 annualised ROE improved to 13.8% (10.6% last year).
- Profit growth was driven by higher interest income (+9% YoY), lower expenses (-4%) and lower provisions (-70%). 3Q FY11 net profit expanded 9% QoQ despite lower PPOP (-8% QoQ) due to a provision write-back (RM23 mn provision last quarter).
- Positives : (1) NPL trending down, (2) better cost-to-income ratio, (3) healthy capital ratio, (4) robust deposit growth. Negatives : (1) losing market share of loans, (2) lower NIM, (3) weak non-interest income ratio.
- Maintain OUTPERFORM rating. The stock trades at attractive valuations of CY11E P/E of 10.6x (vs peer average of 13x) and FY11E P/B of 1.5x (FY2012 ROE of 14.2%). Potential catalysts include positive earnings surprises and M&A possibilities.

Bbg/RIC	AFG MK / ALFG.KL	Price (18 Feb 11 , RM)	3.09
Rating (prev. rating)	O (O)	TP (Prev. TP RM)	3.70 (3.70)
Shares outstanding (mn)	1,548.11	Est. pot. % chg. to TP	20
Daily trad vol - 6m avg (mn)	2.5	52-wk range (RM)	3.30 - 2.64
Daily trad val - 6m avg (US$ mn)	7.9	Mkt cap (RM/US$ mn)	4,783.6/ 1,576.7
Free float (%)	67.0		
Major shareholders	Vertical Theme (30%), EPF (14%)		

Performance	1M	3M	12M
Absolute (%)	(5.5)	(2.8)	17.0
Relative (%)	(2.2)	(4.2)	(2.9)

Year	3/09A	3/10A	3/11E	3/12E	3/13E
Pre-prov Op profit (RM mn)	495.4	509.9	650.6	762.1	863.2
Net profit (RM mn)	229.1	301.4	394.6	473.9	542.3
EPS (RM)	0.15	0.19	0.25	0.31	0.35
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (RM)	n.a.	n.a.	0.26	0.30	0.33
EPS growth (%)	(52.9)	31.6	30.9	20.1	14.4
P/E (x)	20.9	15.9	12.1	10.1	8.8
Dividend yield (%)	2.0	2.0	2.9	4.0	4.5
BVPS (RM)	1.78	1.90	2.07	2.25	2.46
P/B (x)	1.7	1.6	1.5	1.4	1.3
ROE (%)	8.6	10.6	12.8	14.2	14.9
ROA (%)	0.8	1.0	1.2	1.2	1.2
Tier 1 (%)	10.4	11.4	12.2	12.1	11.9

Note1:Alliance Financial Group provides various financial products & services including merchant banking, stockbroking, unit trust management and investment advisory via its 100% owned subsidiaries, primarily Alliance Bank..Note2:Divdend yield is net.

Loan growth remained weak at 2% annualised. Most loan categories were flat to lower YoY with the exception of housing loans (+4% annualised) and personal loans (+9%, mostly low-risk loans to civil servants).

Deposit base (excluding wholesale deposits) grew 21% annualised. As a result, the loan-to-deposit ratio declined to 81% from 92% as at end FY10. However, CASA was flat over past nine months and as a result, CASA ratio declined to 36% at end 3Q FY11 from 42% at end 4Q FY10.

NIM declined to 2.58% in 3Q FY11 compared to 2.82% in 2Q FY11 and 2.83% average in FY10. The lower NIM can be attributed to a decline in the loan-to-deposit ratio (average of 79% in 3Q FY11 versus 88% in 2Q FY11) and lower interest yield of 4.23% (versus 4.49% last quarter). While the group's favourable mix of variable rate loans (85% of total) and low cost deposits (36% of total) should translate into margin expansion when rates rise, the group's sluggish loan growth combined with fast-growing high cost deposit base has weighed on its NIM. Within fee income, brokerage fees suffered the largest drop by 41% YoY. Going forward, we believe that the group's bancassurance tie-up with Prudential Malaysia Sdn Bhd could enhance non-interest income.

Non-interest income weakened 5% YoY in 9M FY11 due primarily to lower fee income (-2% YoY), forex income (-21%) and in the absence of gains on disposal of foreclosed properties (RM5.7 mn last year). Non-interest income ratio fell to 20% (from 23% last year).

Asset quality improved as gross impaired loan ratio declined to 3.7% by end 3Q FY11 versus 3.8% at end 2Q FY11. Provision coverage was stable QoQ at 83%. The group had a net provision write-back of RM3 mn in 3Q FY11 compared to a provision of RM22 mn in 2Q FY11 (RM0.7 mn write-back in 3Q FY10), thanks to a higher bad debt recovery and lower individual impairment allowance. Credit cost improved to 13 bp in 9M FY11 versus 45 bp in 9M FY10. We believe there is room for further positive surprises on provisions as there is scope for the group to write back more of its impairment provisions for CLOs (some RM280 mn provided).

Effective cost control – Costs declined 4% YoY (versus 9% revenue growth) driven by lower administrative cost (-33%) and establishment cost (-4%). Cost-to-income ratio for 9M FY11 improved to 46% (versus 52% in FY10).

Healthy capital position – Alliance's core equity capital ratio stood at 11.8% (RWCR at 15.9%).

We maintain our OUTPERFORM rating. The stock trades at attractive valuations of CY11E P/E of 10.6x (versus peer average of 13x) and FY11E P/B of 1.5x (FY12 ROE of 14.2%).

Figure 1: Summary of results

FYE Mar 31 (RM mn)	9M11	9M10	YoY%	CS FY11E	% CS FY11E	% Street FY11	3Q11	2Q11	QoQ%	2Q11	YoY%
Net interest income	684.7	604.8	13.2	999.7	68.5	n.a.	227.0	232.9	(2.5)	219.4	3.5
Non-interest income	173.5	182.2	(5)	227.1	76.4	n.a.	57.9	64.1	(9.6)	57.7	0.5
Revenue	858.2	787.0	9.1	1,226.8	70.0	n.a.	285.0	297.0	(4.0)	277.1	2.8
Op expense	(398.6)	(415.9)	(4)	(576.2)	69.2	n.a.	(137.4)	(136.4)	0.7	(146.8)	(6.4)
Op profit	459.6	371.0	23.9	650.6	70.6	n.a.	147.6	160.6	(8.1)	130.3	13.3
Provisions	(20.8)	(69.5)	(70)	(122.6)	17.0	n.a.	3.2	(22.9)	114.1	0.7	375.8
PBT	438.8	301.5	45.5	528.0	83.1	n.a.	150.8	137.6	9.6	131.0	15.1
Net profit	324.3	224.2	44.7	394.6	82.2	80.9	111.1	102.3	8.7	99.9	11.2

Source: Company data, Thomson One Analytics, Credit Suisse estimates.

Maybank--- Maintain UNDERPERFORM

New report: Another dividend surprise, but 1H FY11 results in line
EPS: ◄► TP: ◄►

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- Maybank's 1H FY11 reported net profit of RM2.15 bn (+15% YoY) is 54% of CS's and 50% of street's full-year estimate. Core net profit is slightly lower at RM2.13 bn. PPOP was in line (51% of CS's full-year estimate), but LLP was better than expected (35% of CS's full-year estimate). Annualised ROE was 15% (versus management's 14% target).
- Profit growth was largely driven by decline in LLP by 44% YoY while PPOP was flattish (+2.6% YoY). On a QoQ basis, net profit grew 9% QoQ as LLP dropped 56% QoQ while PPOP was flat QoQ.
- Key positives: (1) surprise interim dividend of 21sen net (=71% payout ratio versus management guidance of 40-60%), (2) NIM stable, (3) credit cost of 37 bp in 1H FY11 (versus 71 bp in 1H FY10).
- Key negatives: (1) domestic loans slowed to +8.5% (+11% in FY10, system +12%), (2) non-interest income flattish YoY, (3) expense (+8% YoY) outgrew revenue (+5% YoY).
- Maintain UNDERPERFORM as valuation of 2011E core P/E of 15.4x (peer av of 12.7x) seems pricey. At 2.1x P/B, it trades at a market-implied ROE of 15.5% (versus CS FY12E of 14.6%).

Bbg/RIC	MAY MK / MBBM.KL	Price (18 Feb 11 , RM)	8.59		
Rating (prev. rating)	U (U)	TP (Prev. TP RM)	7.60 (7.60)		
Shares outstanding (mn)	7,322.24	Est. pot. % chg. to TP	(12)		
Daily trad vol - 6m avg (mn)	9.8	52-wk range (RM)	9.29 - 6.89		
Daily trad val - 6m avg (US$ mn)	26.8	Mkt cap (RM/US$ bn)	62.9/ 20.7		
Free float (%)	52.0	Performance	1M	3M	12M
Major shareholders	PNB (45.9%), EPF (12.4%)	Absolute (%)	(4.1)	(2.6)	24.7
		Relative (%)	(0.8)	(3.9)	3.4

Year	6/09A	6/10A	6/11E	6/12E	6/13E
Pre-prov Op profit (RM mn)	4,960	6,460	6,526	7,367	8,126
Net profit (RM mn)	494	3,795	3,985	4,494	5,062
EPS (RM)	0.07	0.53	0.55	0.62	0.70
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (RM)	n.a.	n.a.	0.61	0.68	0.75
EPS growth (%)	(88.9)	667.7	5.0	12.8	12.7
P/E (x)	125.5	16.3	15.6	13.8	12.3
Dividend yield (%)	0.7	2.5	3.2	3.6	4.1
BVPS (RM)	3.45	3.86	4.11	4.42	4.77
P/B (x)	2.5	2.2	2.1	1.9	1.8
ROE (%)	2.2	14.4	13.9	14.6	15.3
ROA (%)	0.2	1.2	1.1	1.2	1.2
Tier 1 (%)	11.0	11.1	11.3	11.0	10.8

Note1:Ord/ADR=2.0000.Note2:Malayan Banking Berhad provides commercial and Islamic banking services in Malaysia, Singapore and other locations..Note3:Divdend yield is net.

Loan growth. Loans grew at an annualised rate of 12.5%, higher than the 10.3% loan growth in FY10. Group loan growth was driven by overseas loans (+21% annualised), while domestic loan growth was slower at 8.5% (versus 11% in FY10 and system loan growth of 12%). Loans (in local currency terms) grew 17.8% in Singapore and 27.3% in Indonesia. While domestic loan growth of 8.5% is below the group's 12% target, management expects a pick up in 2H FY11 in anticipation of growing appetite for wholesale banking loans. Domestic consumer loans grew at an annualised rate of 12% in 1H FY11, spurred by car financing (+13.5%) and unit trust loans (+15.6%). SME loan growth was still modest at 3% YoY.

NIM remained firm QoQ at 2.80% in 2Q FY11 (2.77% in 1Q FY11) but was still below our assumed NIM (FY10 = 2.86%). Management indicated that there is still pricing pressure on domestic mortgage and HP loans, while Indonesian operations are facing funding cost pressure.

Non-interest income in 1H FY11 grew by a modest 1.9% YoY. Normalised non-interest income (ex. one-off gains on derivatives, forex) grew 3.9% YoY. Non-interest income was primarily weighed down by lower insurance net income (-17% YoY).

Expenses grew 7.8% YoY, driven largely by a 17% YoY growth in personnel costs (higher bonus provisions and conclusion of union agreement). However, the higher personnel costs were mitigated by lower IT (-10%) and marketing (-11%) costs. 1H FY11 cost-to-income ratio was 49% (versus 47% in 1H FY10). While management expects to be less aggressive in provisions for bonuses in 2H, it indicated that IT expenses could trend up.

Asset quality. Gross impaired loan ratio improved to 4.2% at end-2Q FY11 (4.7% at end-1Q FY11). Provision coverage stood at 84.6% (versus 87.6% at start FY11). Credit cost improved QoQ to 22 bp in 2Q FY11 (versus 52 bp in 1Q FY11 versus 60 bp average in FY10). 1H FY11 credit cost averaged 37 bp (versus CS's estimate of 51 bp and was below management's guidance of 50-60 bp. Management has lowered credit cost guidance to 35-50 bp.

Another positive dividend surprise. Maybank surprised investors with a surprisingly high interim net dividend of 21sen/share (3sen cash and option of cash or shares for 18sen) or 71% payout ratio, which is well ahead of management's guidance of 40-60% payout. We believe regulators are willing to approve its high payout due to the high share participation of 89% in its past dividend declared.

Capital position. Maybank's core equity Tier 1 would be 8.7% assuming all dividends are paid in cash (9.2% if 89% opt for shares).

Maintain our UNDERPERFORM rating as valuation of 2011E core P/E of 15.4x (peer av of 12.7x) looks rich. At 2.1x P/B, Maybank trades at a market-implied ROE of 15.5%, well above CS's FY12E of 14.6% and appears to have priced in street's FY12E ROE of 15.4% .

Figure 1: Summary of results

Year-end Jun 30 (RM mn)	1H 2011	1H 2010	YoY%	% CS FY11E	% Street FY11E	2Q11	1Q11	QoQ%	2Q10	YoY%
Net interest income	4,318.8	4,048.2	6.7	48.6	n.a.	2,206.1	2,112.7	4.4	2,039.0	8.2
Non-interest income	2,116.9	2,077.1	1.9	46.3	n.a.	1,076.0	1,094.9	(1.7)	1,218.1	(11.7)
Revenue	6,435.8	6,125.2	5.1	47.8	n.a.	3,282.1	3,207.7	2.3	3,257.1	0.8
Op expense	(3,136.1)	(2,908.3)	7.8	45.2	n.a.	(1,634.1)	(1,556.0)	5.0	(1,638.7)	(0.3)
PPOP	3,299.7	3,216.9	2.6	50.6	n.a.	1,648.0	1,651.6	(0.2)	1,618.4	1.8
Loan-loss provisions	(402.5)	(721.6)	(44.2)	35.1	n.a.	(123.8)	(278.7)	(55.6)	(253.4)	(51.1)
PBT	2,966.4	2,556.2	16.0	53.7	n.a.	1,562.0	1,404.3	11.2	1,400.0	11.6
Core PBT	2,879.0	2,440.1	18.0	52.1	n.a.	1,663.7	1,215.2	36.9	1,374.8	21.0
Net profit	2,153.4	1,875.3	14.8	54.0	50.0	1,125.2	1,028.1	9.4	993.5	13.3
Core net profit	2,132.3	1,775.2	20.1	53.5	49.5	1,283.8	848.5	51.3	977.0	31.4

Source: Company data, Credit Suisse estimates

Pakistan

Oil and Gas Development Company---------------------------------- Maintain OUTPERFORM

11% revenue growth to push 2Q FY11 EPS to PRs4.17, up 20% QoQ

EPS: ◄► TP: ◄►

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- Oil and Gas Development Co. (OGDC) will announce its 1H FY11 results on 24 February 2011.
- We expect the company to post 2Q FY11 EPS of PRs4.17 (+20% QoQ) due to 11% higher revenue and 41% lower exploration expenses. This, together with a lower effective tax rate of 31% (37% in 1H FY10), would take 1H FY11 EPS to PRs8.1. The company is also expected to announce a second interim dividend of PRs2/share, taking 1H FY11 DPS to PRs3.5.
- OGDC's production during 2Q FY11 is estimated to have increased 6% (PPIS data) owing to an increase in gas production from the Qadirpur and TAL block, coupled with uninterrupted oil production from the Nahspha, Mela and Chanda fields. A 4% rise in average realised prices will further augment revenue growth.
- Oil prices have recently increased to US$90-100/bbl levels and, if sustained, pose an upside risk of 8-10% to our earnings. At current prices, OGDC is trading at a 6/12E dividend yield of 6% and offers 4% potential upside to our target price of PRs173.

Bbg/RIC	OGDC PA / OGDC.KA	Price (18 Feb 11)			165.75
Rating (prev. rating)	O (O)	TP (Prev. TP)			173 (173)
Shares outstanding (mn)	4,300.93	Est. pot. % chg. to TP			4
Daily trad vol - 6m avg (mn)	1.1	52-wk range			180 - 116
Daily trad val - 6m avg (mn)	7.5	Mkt cap (bn)			712.9/ 8.3
Free float (%)	15.0	Performance	1M	3M	12M
Major shareholders	Pakistan government	Absolute (%)	(4.7)	4.5	37.2
	85.02%	Relative (%)	0.1	(4.9)	12.7

Year	6/09A	6/10A	6/11E	6/12E	6/13E
Revenues (mn)	115,674	125,843	137,091	147,068	157,082
EBITDA (mn)	92,701	101,561	110,206	117,841	125,040
Net profit (mn)	55,540	59,177	65,385	70,983	77,421
EPS	12.9	13.8	15.2	16.5	18.0
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS	n.a.	n.a.	15.0	16.5	16.4
EPS growth (%)	25.3	6.6	10.5	8.6	9.1
P/E (x)	12.8	12.0	10.9	10.0	9.2
Dividend yield (%)	5.0	3.3	3.8	6.0	6.5
EV/EBITDA (x)	7.6	6.8	6.3	5.9	5.6
P/B (x)	5.7	4.5	3.6	3.1	2.7
ROE (%)	47.0	41.7	36.8	33.1	31.3
Net debt (net cash)/equity (%)	(7.2)	(12.1)	(6.7)	(6.3)	(5.1)

Note1: Oil & Gas Development Co. Ltd. Explores and develops oil and natural gas properties in Pakistan.

Revenue growth, lower exploration costs to increase 2Q FY11 EPS to PRs4.17

11% higher revenue and 49% decline in exploration expenses are expected to lift OGDC's 2Q FY11 EPS to PRs4.17 (+20% QoQ over 1Q FY11 recurring EPS of PRs3.46). This, together with a lower effective tax rate of 31% (37% in 1H FY10), would take 1H FY11 EPS to PRs8.1 (adjusted EPS of PRs7.63 would be up 29% YoY). The company had booked prior period revenue of PRs2.8 bn and PRs7.1 bn in 1Q FY11 and 2Q FY10 on account of delayed price revision in the Bobi and Qadirpur field.

Revenue up 11% on higher production and selling prices

We expect 2Q FY11 revenue to rise 11% QoQ, due to a 6% increase in production, along with a 4% increase in average realised prices. According to PPIS data, OGDC's gas production in 2Q FY11 rose 7% to 1,018 mmcf/day from 954 mmcf/day in the previous quarter, due to the installation of compressors at the Qadirpur field (increased production by 100 mmcf/day to 550 mmcf/day) and production ramp-up at the TAL block. Oil sales have also improved to 3.47 mn barrels (+4% QoQ) due to uninterrupted production from the Nashpa, Mela and Chanda fields (the fields were closed for a few days in 1Q FY11 due to floods) coupled with higher oil production from TAL.

An estimated 4% increase in average selling prices owing to rising oil prices is further expected to augment company revenue.

Figure 1: Increase in production from key assets to boost revenue in 2Q

	2Q FY11	1Q FY11	+/- (%)
Gas – (mmcf per day)			
Qadirpur	389	307	27
TAL	85	81	5
Total	1,018	954	7
Oil (barrels per day)			
Nashpa	3,040	2,387	27
Mela	2,680	2,445	10
Chanda	3,190	2,348	36
TAL	2,057	1,904	8
Total	37,748	36,394	4
Total – (BOE per day)	207	195	6
Realised price (net)			
Gas - PRs/mmcf	213	213	-
Oil - US$/bbl	59	65	9
Blended price - PRs / boe	2,040	2,124	4

Source: Company data, PPIS, Credit Suisse estimates

E&P expenses to fall 41% as only 2 wells declared dry

Exploration and prospecting expenditures (E&P) are expected to fall 41% QoQ to PRs1.4 bn, as only two wells were declared dry during 2Q FY11 versus four declared dry in 1Q FY11 and five in 2Q FY10.

Figure 2: OGDC – 2Q FY11 results preview

PRs mn	2Q11E	1Q11	QoQ	2Q10	YoY	1H11E	1H10
Revenue	40,540	36,666	11	33,703	20	77,206	65,529
Prior period revenue	-	2,786		7,105		2,786	7,105
Royalties	4,648	4,523	3	4,788	(3)	9,172	8,402
Operating expenses	4,008	4,363	(8)	3,588	12	8,371	6,909
-per boe (PRs)	210	243		199		226	188
EBITDAX	31,399	30,057	4	32,079	(2)	61,456	56,617
Exploration expenses	1,489	2,532	(41)	3,495	(57)	4,021	4,722
Depreciation	2,389	2,389	-	2,373	1	4,778	4,721
EBIT	27,520	25,136	9	26,211	5	52,656	47,174
PBT	26,364	24,137	9	25,013	5	50,501	45,421
Taxation	8,436	7,428	14	8,586	(2)	15,864	16,928
-tax rate	32%	31%		34%		31%	37%
PAT	17,927	16,710	7	16,428	9	34,637	28,493
PAT – recurring	17,927	14,879	20	12,516	43	32,806	25,399
EPS (PRs)	4.17	3.89	7	3.82	9	8.05	6.62
EPS – recurring (PRs)	4.17	3.46	20	2.91	43	7.63	5.91

Source: Company data, Credit Suisse estimates

Rising oil price pose 8-10% upside risk to our estimates – OUTPERFORM maintained

Oil prices have recently risen to US$90-100/bbl levels and, if sustained, pose an upside risk of 8-10% to our earnings. At current prices, OGDC is trading at a 6/12 dividend yield of 6% and offers 4% potential upside to our target price of PRs173.

United Bank Limited --- Maintain OUTPERFORM

CY10 earnings up 21% on the back of lower provisions

EPS: ◄► TP: ◄►

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- UBL reported robust CY10 earnings of PRs11.2 bn (EPS PRs9.1), up 21%YoY and slightly ahead of consensus EPS estimate of PRs9.0. Along with results, UBL announced a higher-than-expected final dividend of PRs4/share.
- CY10 earnings came in higher mainly due to 1) lower provisions down 36%YoY, 2) 4% rise in net interest income due to higher earnings assets and 3) 7% rise in fee income led by initiatives such as bancassurance and Watan cards. 4Q10 earnings also clocked in higher, up 8% YoY to PRs2.5/share.
- Operating expenses remained tightly controlled up 8% YoY in CY10, which is encouraging given the 14% CPI. Earnings growth was however marginally contained by a 21% decline in non funded income (excluding fee income) due to lower derivative gains.
- UBL remains our preferred stock in the banking sector, trading at one of the lowest 2011E P/B of 1.0x supported by improving asset quality. We will revisit our estimates post release of detailed accounts expected shortly.

Bbg/RIC	UBL PA / UBL.KA	Price (18 Feb 11)			63.40
Rating (prev. rating)	O (O)	TP (Prev. TP)			64.00 (64.00)
Shares outstanding (mn)	1,224.18	Est. pot. % chg. to TP			1
Daily trad vol - 6m avg (mn)	0.9	52-wk range			69 - 51
Daily trad val - 6m avg (mn)	1.7	Mkt cap (mn)			77,613.0/ 907.8
Free float (%)	19.0	Performance	1M	3M	12M
Major shareholders	Bestway group (31%), Abu Dhabi group (30%), Govn of Pakistan (20%)	Absolute (%)	(8.1)	7.9	(1.7)
		Relative (%)	(3.4)	(1.7)	(19.3)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Pre-prov Op profit (mn)	22,241	26,666	25,235	26,962	28,622
Net profit (mn)	8,333	9,193	11,306	14,168	16,401
EPS	6.8	7.5	9.2	11.6	13.4
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS	n.a.	n.a.	9.2	11.2	12.8
EPS growth (%)	(0.8)	10.3	23.0	25.3	15.8
P/E (x)	9.3	8.4	6.9	5.5	4.7
Dividend yield (%)	3.3	3.6	4.8	6.0	6.3
BVPS	35.8	49.8	55.9	64.4	74.5
P/B (x)	1.8	1.3	1.1	1.0	0.9
ROE (%)	19.3	17.5	17.5	19.2	19.3
ROA (%)	1.5	1.5	1.8	2.1	2.3
Tier 1 (%)	5.8	9.0	10.8	11.9	12.7

Note1:UBL is the 3rd largest bank in Pakistan with significant international operations in the Middle East. This combined with an innovative product line and a focus on human capital it is well positioned to achieve above average growth moving forward..

Solid earnings growth of 21% in CY10

UBL reported impressive earnings of PRs11.2 bn (EPS PRs9.1) in CY10, up 21%YoY. Earnings were boosted by lower provisions for non performing loans and steady growth in both net interest income and fee income. Amid a systematic decline in new NPL accretions, due to stringent lending policy, UBL's provisions fell 36% YoY. Provisions were also down 8% QoQ in 4Q10, which is encouraging and reflects likely decline in NPL accretions, however, we await detailed accounts to confirm this trend. Moreover, an estimated 35 bp increase in NIMs in 4Q10 due to higher KIBOR (up 67 bp QoQ) helped drive a 4% increase in net interest income. Further, fee income rose 7%YoY to PRs6.3 bn helped by higher remittance inflows and initiatives such as bancassurance and distribution of Watan card as part of flood relief efforts.

Non funded income fell 21% on lower derivatives income

In contrast to 4%YoY growth in net interest income, UBL's non funded income (excluding fee income) fell 21YoY to PRs3.8 bn. Derivative gains, which amounted to PRs1.7 bn in CY09, is likely to have fallen to PRs300 mn in CY10. Excluding the volatile derivative business, UBL's non funded income (excluding fee income) is estimated to arrive 2% higher YoY.

CY10 earnings were boosted by lower provisions

Figure 1: UBL CY10 results snapshot

	Q410	Q4 CS est.	+/-%	3Q10A	QoQ%	2010A	2009	+/-%
Net interest inc.	9,027	9,206	(1.9)	8,566	5.4	34,109	32,693	4.3
Fee income	1,627	1,449	12.3	1,603	1.5	6,338	5,925	7.0
Other income	1,116	1,006	10.9	954	17.0	3,783	4,799	(21.2)
Non-interest inc.	2,744	2,456	11.7	2,557	7.3	9,962	10,790	(7.7)
Op. expenses	-5,089	-4,547	11.9	-4,630	9.9	-18,419	-17,071	7.9
Pre-pro op profit	6,682	7,115	(6.1)	6,493	2.9	25,651	26,413	(2.9)
Provision	-1,886	-2,348	(19.7)	-2,065	(8.6)	-7,863	-12,312	(36.1)
Non-op. income	-53	248	NM	-69	(23.8)	-46	-319	(85.7)
Profit before tax	4,744	5,015	(5.4)	4,359	8.8	17,742	14,035	26.4
Taxation	-1,718	-1,772	(3.1)	-1,500	14.5	-6,582	-4,842	35.9
Reported profit	3,100	3,243	(4.4)	2,860	8.4	11,160	9,193	21.4
EPS (PRs)	2.5	2.6		2.3		9.1	7.5	

Source: Company data, Credit Suisse estimates

NIMs would have inched higher in 4Q10 due to rising KIBOR

Figure 2: UBL's key financial ratios CY10

	4Q10E	3Q10	4Q09	QoQ	YoY	2010E	2009	YoY
Loan growth	-0.1	-1.8	1.5	1.7	-1.6	-2.3	-2.2	-0.1
Deposit growth	2.5	-1.7	8.8	4.2	-6.3	2.5	1.8	0.7
LDR	67.6	68.2	72.0	-0.5	-4.3	67.6	72.0	-4.3
Net interest margin	6.6	6.3	6.5	0.4	0.1	6.4	6.4	-0.1
NPL ratio	11.5	12.6	10.2	-1.1	1.3	11.5	10.2	1.3
Prov. (bp of loans)	203.4	222.2	350.2	-18.8	-146.8	208.0	318.4	-110.4
ROE	18.5	17.8	19.5	0.8	-1.0	17.4	17.5	-0.1
ROA	2.0	1.8	1.9	0.2	0.1	1.8	1.5	0.3

Source: Company data, Credit Suisse estimates (CS est. for 4Q10 and CY10)

Detailed accounts awaited

Since UBL is yet to release its detailed accounts, the current analysis is largely restricted to income statement with key financial ratios based on CS estimates. UBL remains our preferred stock in the banking sector trading at an attractive 2011E P/B of 1.0x supported by improving asset quality. We will revisit our estimates post release of detailed accounts expected shortly.

Singapore

Indofood Agri -- Maintain NEUTRAL

IFAR plan to list its subsidiary Salim Ivomas Pratama on IDX

EPS: ◄► TP: ◄►

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- IFAR reported its 90% owned subsidiary, PT Salim Ivomas Pratama (PT SIMP), is exploring a listing on Indonesia Stock Exchange (IDX). However, it plans to retain majority ownership.
- Management is yet to indicate how the IPO proceeds would be used. However, if we assume them to help repay debt, IFAR's FY11E earnings may rise by 4-12%, depending on the amount of proceeds.
- Based on what happened to ICBP's IPO, we believe a subsidiary's public offering may provide positive sentiment for IFAR's share price.
- We maintain our target price of S$3.00 and NEUTRAL rating for IFAR, pending further details from management. We maintain the 17x 11E P/E implied in our target price.

Bbg/RIC	IFAR SP / IFAR.SI	Price (18 Feb 11 , S$)	2.46
Rating (prev. rating)	N (N) [V]	TP (Prev. TP S$)	3.00 (3.00)
Shares outstanding (mn)	1,447.80	Est. pot. % chg. to TP	22
Daily trad vol - 6m avg (mn)	6.8	52-wk range (S$)	2.95 - 1.89
Daily trad val - 6m avg (US$ mn)	13.9	Mkt cap (S$/US$ mn)	3,561.5/ 2,797.2
Free float (%)	24.0	Performance	1M / 3M / 12M
Major shareholders	Indofood Sukses (69%)	Absolute (%)	(13.1) / (7.2) / 20.6
		Relative (%)	(8.5) / (3.3) / 8.2

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (Rp bn)	11,841	9,040	8,828	12,103	11,196
EBITDA (Rp bn)	2,140	3,607	2,796	3,915	3,395
Net profit (Rp bn)	795	1,527	1,352	1,842	1,512
EPS (Rp)	549	1,055	934	1,272	1,044
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (Rp)	n.a.	n.a.	853	1,259	1,443
EPS growth (%)	(10.6)	92.0	(11.4)	36.2	(17.9)
P/E (x)	31.2	16.2	18.3	13.4	16.4
Dividend yield (%)	0	0	0	0	0
EV/EBITDA (x)	15.9	9.7	12.5	8.6	9.4
P/B (x)	3.1	2.6	2.3	2.0	1.8
ROE (%)	10.6	17.6	13.5	16.0	11.6
Net debt (net cash)/equity (%)	35.1	34.2	29.8	17.6	6.5

Note1:Indofood Agri is an integrated agribusiness company, involved in research and development, oil plam seed breeding, oil palm cultivation and milling, refines, brands and markets cooking oil, margarine, shortening and other palm oil products.Note2:All estimates are on consolidated basis assuming IFAR acquiring a controlling stake in London Sumatra. Historical data is on IFAR unconsolidated basis. All earnings estimates are for core profitability and have been adjusted for changes in the value of biological assets and other non-recurring/extraordinary items. Per share data is on fully diluted basis. Above stated earnings may not match the company's reported figures..

IFAR to offer its subsidiary (PT SIMP) to public

IFAR reported its 90%-owned subsidiary PT SIMP is exploring a listing on IDX. However, it plans to retain majority ownership.

Management has not provided any information on how the IPO proceeds would be used. However, to assess the listing's impact, if we assume the proceeds are used to repay existing debt, IFAR's FY11E earnings may increase by 4-12%, due to lower interest expense The impact of the listing on IFAR's earnings varies due to our different assumed proceeds amounts, as outlined in Figure 1.

Figure 1: PT SIMP IPO scenario analysis

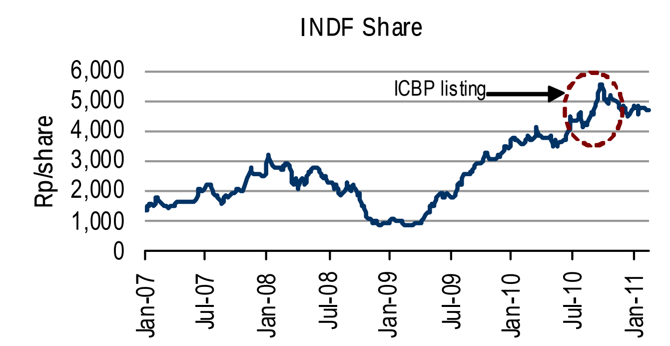
			Offering Size Assumptions			
		Pre-Offering	10%	20%	30%	40%
Est IPO proceed	Rp bn	0	1,765	3,530	5,295	7,059
FY11E Debt	Rp bn	5,422	3,657	1,892	127	-
FY11E Net gearing	%	23.8	9.6	(4.6)	(18.8)	(33.0)
FY11E Net income	Rp bn	1,842	1,912	1,983	2,053	2,058
FY11E EPS	Rp/share	1,272	1,321	1,369	1,418	1,421
Chg in FY11E EPS	%		4	8	11	12

Source: Company data, Credit Suisse estimates

IPO may provide positive sentiment to IFAR's share price

Based on how the INDF share reacted when ICBP was listed, we expect an IPO to create positive sentiment for IFAR's share price.

Figure 2: INDF's share price



Source: Company data, Credit Suisse estimates

Maintain target price and rating

We maintain our target price of S$3.00 and NEUTRAL rating for IFAR. Our target price is based on 17x 11E P/E. We pegged IFAR at higher valuation multiples over its Indonesia peers, due to its contiguous plantations, branded downstream business and higher daily trading value.

Figure 3: Regional valuations

		Price		Upside	Mcap	PER		EPS growth	
Code	Rtg	Curr	TP	%	US$mn	10E	11E	10E	11E
SGRO	N	2,750	3,356	22	587	14.5	11.5	28	27
AALI	N	22,050	24,812	13	3,920	19.6	14.2	7	38
LSIP	N	10,950	13,030	19	1,687	16.5	12.4	28	32
IOIB	U	5.52	5.11	(7)	12,209	19.6	17.3	23	13
KLKK	N	22.02	21.70	(1)	7,748	22.7	17.1	43	33
SIME	U	9.22	8.60	(7)	18,262	25.0	16.0	50	56
WLIL	O	5.47	6.40	17	27,467	22.3	16.9	(36)	32
IFAR	N	2.46	3.00	22	2,797	18.3	13.4	11	36
GENP	N	8.11	8.30	2	2,028	17.5	14.7	58	20

Source: Company data, Credit Suisse estimates

Raffles Medical-- Maintain NEUTRAL

FY10 in line — another expansion plan
EPS: ▲ TP: ▲

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- Raffles Med's 4Q10 results were in line with our estimates. Dec-quarter revenue grew 9% YoY, while core net profit rose 6% YoY to S$12 mn. The S2.5ct final dividend declared brings full-year payout to 41% of earnings, or up 16% YoY.
- Operating margin (excluding property revaluation gains) during the quarter was 20.4% (slightly down from 21.1% a year ago), but strong cash flows increased the cash hoard to S$84.6 mn.
- Raffles Med has won the tender for a seven-storey freehold podium/ commercial property (Thong Sia Building) at 30 Bideford Road for S$92.08 mn (or S$2,158 psf/NLA), with plans for a specialist medical centre. Location is strategic we believe, given proximity to Orchard Road and Parkway's Mount Elizabeth Hospital.
- We raise earnings by 0-3% on stronger hospital segment growth assumptions and remain positive on fundamentals. Valuation at 23x P/E, however, remains unattractive compared to history and regional peers (both at 18x P/E). With new capacities likely contributing from 2013 and limited near-term catalysts, we remain NEUTRAL on our new S$2.35 target price.

Bbg/RIC	RFMD SP / RAFG.SI	Price (21 Feb 11 , S$)			2.16
Rating (prev. rating)	N (N)	TP (Prev. TP S$)			2.35 (2.10)
Shares outstanding (mn)	526.53	Est. pot. % chg. to TP			9
Daily trad vol - 6m avg (mn)	0.6	52-wk range (S$)			2.52 - 1.34
Daily trad val - 6m avg (US$ mn)	1.2	Mkt cap (S$/US$ mn)			1,137.3/ 893.2
Free float (%)	33.0	Performance	1M	3M	12M
Major shareholders	Dr Loo Choon Yong (40.0%)	Absolute (%)	(8.1)	(11.8)	61.2
		Relative (%)	(3.2)	(8.2)	44.6

Year	12/09A	12/10A	12/11E	12/12E	12/13E
Revenues (S$ mn)	218.6	239.1	266.6	312.9	351.2
EBITDA (S$ mn)	52.3	59.9	67.1	84.3	97.3
Net profit (S$ mn)	37.9	45.3	49.2	58.6	66.6
EPS (S$)	0.07	0.09	0.10	0.11	0.13
- Change from prev. EPS (%)	n.a.	n.a.	0	3	
- Consensus EPS (S$)	n.a.	n.a.	0.10	0.11	0
EPS growth (%)	19.8	17.8	13.0	19.0	13.6
P/E (x)	29.9	25.4	22.4	18.9	16.6
Dividend yield (%)	1.4	1.6	1.8	2.1	2.4
EV/EBITDA (x)	20.8	17.6	17.0	13.8	12.1
P/B (x)	4.5	4.0	3.6	3.2	2.8
ROE (%)	16.1	16.9	16.3	17.3	17.5
Net debt (net cash)/equity (%)	(19.9)	(29.5)	0.7	6.5	9.2

Note1:Raffles Medical Group (RMG) is a leading medical group and the largest private group practice in Singapore, owning and operating a fully integrated healthcare system comprising hospital, clinics, insurance and consumer healthcare..Note2:..

Figure 1: Results summary

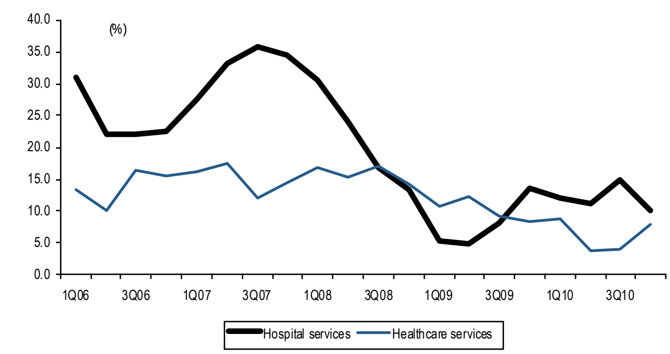
(S$ mn)	4Q10	4Q09	YoY (%)	FY10E (old)	% of FY10E
Revenue	63.5	58.3	9.0	238.9	100.1
EBITDA	17.4	14.6	19.3	55.8	107.4
Op. profit	15.9	12.9	23.4	51.3	103.9
Net profit *	12.0	11.3	6.2	42.3	100.0
EPS (Sct)	2.85	2.29	24.5	8.23	105.1
EBITDA margin (%)	27.5	25.1	-	23.4	-
Op margin (%)	25.1	22.1	-	21.5	-
Net margin* (%)	18.8	19.3	-	17.7	-

Source: Company data, Credit Suisse estimates. *excludes property revaluation gains

Figure 2: Site of acquired property – Thong Sia Building

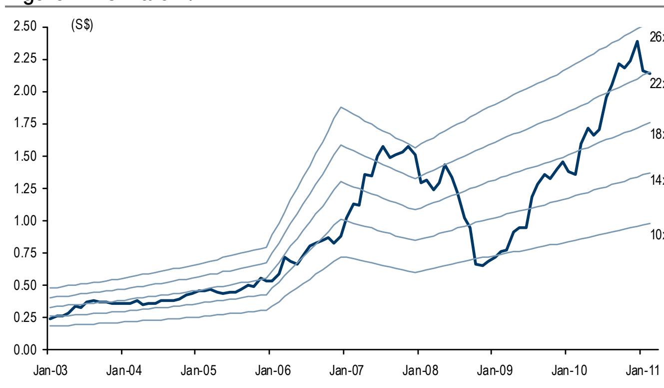
Source: streetdirectory.com

Figure 3: Quarterly revenue growth



Source: Company data, Credit Suisse estimates

Figure 4: Forward P/E



Source: Company data, Credit Suisse estimates

South Korea

Korea Internet Sector -- Maintain OVERWEIGHT

Mixed results from Nielsen KoreanClick's first set of search ads market

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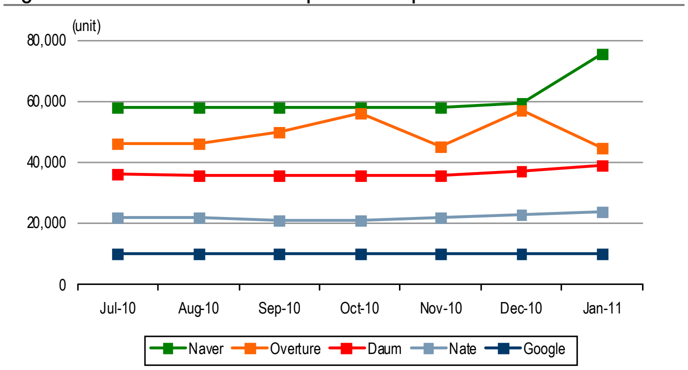
- Nielsen KoreanClick, the largest Internet data mining company in Korea, released search ads (SA) market report following NHN's switch from Overture to NBP at the start of 2011. The Jan-11 data indicates mixed results for both NHN and Daum, as NBP saw a large pick up in advertiser base, but a fall in its monthly search keyword click. Daum, on the other hand, saw a sharp fall in Overture's advertiser base but rise in its monthly keyword click.
- Given that Nielsen data is based on 5,000 panels' usage pattern, there seems to be a large amount of sampling error particularly for estimating the number of advertisers for each SA platform. That said, as indicated by Nielson's analysis, it is likely that NHN is narrowing its advertiser gap with Overture.
- With massive changes taking place in the Korean SA market, it is too early for any data analysis to capture full changes in the market. However, we remain fully confident about our analysis that NHN and Daum will each show YoY 2011E SA growth of 24.8% and 16.5%, respectively.
- With a three-year. (2011-14E) EPS CAGR of 18.0% (versus NHN's 11.2%), Daum is our preferred pick in the Korean online ads market with an OUTPERFORM rating.

Figure 1: Number of advertisers per search platform



Source: Nielsen KoreanClick

Changes in January advertiser pool: NBP vs Overture

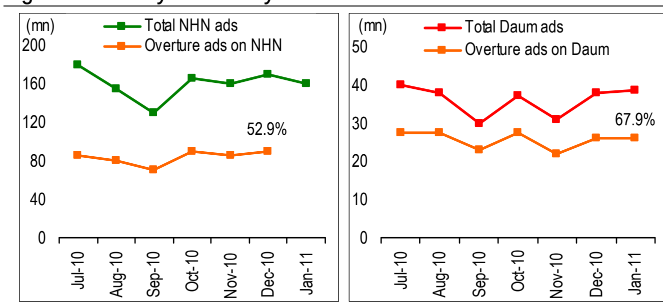
It was a major surprise to see a 21.6% decline in Overture's January 2011 advertiser base compared to December, while NBP's advertisers increased 26.9% MoM. Given that the price for search keywords are determined under the bidding system, it is a major concern for Daum's PPC (price per click) if its advertisers pool is actually down by 21.6% MoM.

However, there is a question mark on the validity of Nielson's data. Although the NBP's advertiser base was expected to rise in Jan-11, it's hard to believe whether NBP has a larger advertiser base than Overture in absolute terms before Jan-11. In fact, it is widely understood that Overture has at least 20% higher advertiser base than NBP in 4Q10 (180,000 versus 140,000). The companies including No.3 search engine SKComms have maintained view that Overture's advertiser pool hasn't fallen in 2011. Even NBP was quoting that it still falls behind Overture in terms of advertiser pool at end of January.

Changes in search keyword click: NHN vs Daum

Nielson, however, reported that NHN's total search keyword clicks declined 5.9% MoM for 1Q11 while Daum's keyword clicks increased 1.3% MoM. Although Daum's rise in keyword click was partially driven through its own search ad platform (Daum generates roughly 50% of its SA revenue from its own search platform), the majority of the rise in Daum's keyword click was driven up by rise in Overture click.

Figure 2: Monthly search keyword click : NHN vs Daum



Source: Nielsen KoreanClick

Implications to our earnings estimates

Nielson's analysis of Jan SA market provides more confusion than answers. It's an indication that the market is still in mayhem, with advertisers unclear of all the changes. That said, we remain confident that Overture will maintain most of its advertiser pool, with advertisers prefering to bid on both NBP and Overture platforms. Hence, we do not expect any fall in Overture's PPC and expect Daum to achieve our 11E SA revenue growth rate of 16.5% (versus the company's growth outlook of 20%).

For NHN, it is difficult to interpret Nielson data. Although we have already assumed a higher number of advertiser base for 11E, the early data points also indicate a fall in search keyword click. Hence, for the time being, we maintain our 24.8% YoY growth expectation (versus the company's 20% growth outlook) for NHN's SA revenue driven by: 1) its switch to NBP platform (no revenue sharing with NBP versus 17-18% revenue sharing with Overture) and 2) an organic SA market growth of 15%.

Valuation metrics

Company	Ticker	CS Rating	Price Local	Price Target	Year T	P/E (x) 11E	P/E (x) 12E	P/B 11E
NHN	035420 KS	N	185,500	205,000	12/09	16.5	14.6	5.1
Daum	035720 KS	O	89,500	105,000	12/09	13.6	11.5	2.8
SK Comms	066270 KS	N	12,350	14,100	12/09	26.8	19.9	2.5

Note: O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM
Source: Company data, Credit Suisse estimates

As of close of business on Feb 18 2011, Credit Suisse Securities (Europe) Limited, Seoul Branch performs the role of liquidity provider on the warrants of which underlying asset is NHN and holds 3,371,230 of warrants concerned. These may be covered warrants that constitute part of a hedged position.

Samsung Electronics --- Maintain OUTPERFORM

High-beta hope

EPS: ◄► TP: ◄►

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- Samsung's beta to the KOSPI is now at 1.22 in one year, a reversal of a downward trend from 1.5 in 2001 and a bottom of 0.8 in FY06-09. The KOSPI's beta to the MSCI EM remains below 1.
- Tech used to be a high-beta stock, with strong growth in demand and boom-bust supply cycle. The structural change in demand driver, from slowly growing PCs/TVs to fast growing smart devices and in supply, from either cash rich or easy funding condition to supply consolidation leads a high-beta hope, in our view.
- Strong share return against the DRAM price drop from late-FY10 and lack of meaningful correction represent the increasing risk appetite, in our view. Upside in downstream inventory, sustained economic recovery and operating earnings leverage should be required to extend such a trend, while the risk of oversupply in the new growth driver looks premature.
- We maintain an OUTPERFORM, with W1,100,000 target price, the average of mid-cycle P/E (12x) and P/B (1.8x) using 2011 base. Samsung Electronics is our NJA Focus List stock.

Bbg/RIC	005930 KS / 005930.KS	Price (21 Feb 11 , W)	948,000.00
Rating (prev. rating)	O (O)	TP (Prev. TP W)	1,100,000 (1,100,000)
Shares outstanding (mn)	147.30	Est. pot. % chg. to TP	16
Daily trad vol - 6m avg (mn)	0.4	52-wk range (W)	1010000 - 736000
Daily trad val - 6m avg (US$ mn)	300.3	Mkt cap (W/US$ bn)	139,639.8/ 125.5
Free float (%)	75.6		
Major shareholders	Samsung Life, 7.3%		

Performance	1M	3M	12M
Absolute (%)	(2.4)	15.9	24.7
Relative (%)	0.8	12.2	(0.9)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
Revenues (W bn)	72,953	136,324	154,629	176,010	187,948
EBITDA (W bn)	12,141	19,495	28,221	30,188	28,141
Net profit (W bn)	5,529	9,761	16,146	16,232	13,585
EPS (W)	32,501	57,370	94,905	95,409	79,850
- Change from prev. EPS (%)	n.a.	n.a.	0	0	0
- Consensus EPS (W)	n.a.	n.a.	96,442	96,933	109,861
EPS growth (%)	(25.5)	76.5	65.4	0.5	(16.3)
P/E (x)	29.2	16.5	10.0	9.9	11.9
Dividend yield (%)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	11.0	6.6	4.5	4.0	4.4
P/B (x)	2.8	2.2	1.9	1.6	1.4
ROE (%)	9.5	13.4	18.8	16.3	12.2
Net debt (net cash)/equity (%)	(11.3)	(15.7)	(17.1)	(18.3)	(16.0)

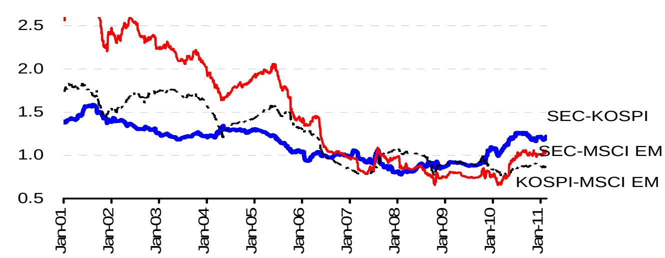
Note1:Ord/ADR=.5000.Note2:Samsung Electronics manufactures and exports a wide range of consumer and industrial electronic equipment and products such as memory chips, TFT-LCD, personal computers, peripherals, monitors, televisions, and home appliances..

Samsung beta. (1) Samsung's beta to the KOSPI is at 1.22, in one year, a reversal of a 10-year old downward trend since 2001 and a meaningful change from a low of 0.8 in 2008. Samsung's beta at 1 or below 1 since FY06 led Samsung to be a safe stock, defensive to the downside, than a growth stock. (2) The change in Samsung's beta is more tech sector driven than market driven, in our view. The beta of the SOX relative to the S&P500 returned to 1.5 from a low of 1 in 2008-09. The beta of Micron returned to 2, close to its peak of early 2000s from a low of 1 in 2008. In contrast, the KOSPI's beta to the MSCI EM remains low below 1.

High-beta hope. We find rationale for potential upside in Samsung's beta and/or hope for high-beta condition in the following: (1) Demand driver, especially in developed markets, has shifted from slowly growing PCs, handsets and TVs to fast growing new IT (smartphones and smart media devices). The fast growing demand would impact expectations, guidance, inventory policy and operating leverage. (2) Supply used to be the main driver of boom and bust. The slowing growth expectation has driven the low beta capex cycle while funding was readily available for most companies at low costs, preventing supply consolidation. As we have argued, the cash return gap in the memory industry has increased to an unprecedented range and suggests supply consolidation. In addition, demand from cloud computing and mobile demand is taking capacity from commodity memories to specialty, similar to that of 2005 when NAND was taking capacity from DRAM. Funding condition also becomes much difficult.

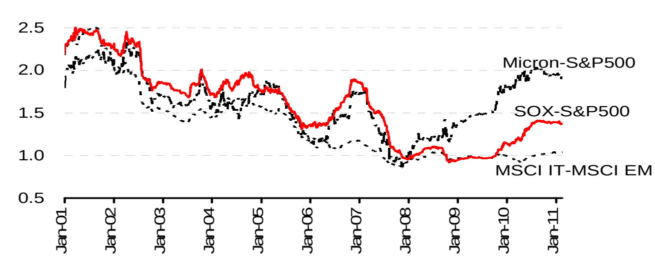
Impact on stock. As we have argued, the current situation is similar to that of FY05, with hope for economic growth and NAND flash. Samsung's positive performance ended in end-FY05, as expectation for NAND demand slowed and the market turned out to be in oversupply. To extend the performance in 2011-12, upside in downstream inventory, sustained recovery in economic condition, and operating earnings leverage should be required, while the risk of oversupply in the new growth driver looks premature.

Figure 1: Samsung beta (1-year) turns from its 10-year downward trend



Source: Bloomberg, Credit Suisse

Figure 2: SOX and Micron Technology beta (1-year) turn as well



Source: Bloomberg, Credit Suisse

Rating history (005930.KS)

Date	Old rating	New rating	Old TP	New TP
Jan 5, 2011	OUTPERFORM	OUTPERFORM	W940,000	W1,100,000

As of close of business 18 Feb 2011, Credit Suisse Securities (Europe) Limited, Seoul Branch performs the role of liquidity provider on the warrants of which underlying assets are SEC and holds 37,017,550 of warrants concerned. These may be covered warrants that constitute part of a hedged position

Taiwan

Taiwan Economics

January export orders were weaker than market expectation, but still recorded a positive sequential growth

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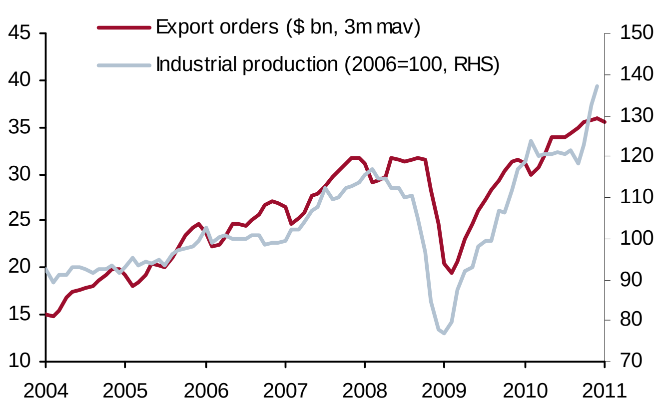
- Export orders were up 13.47% YoY in January, weaker than consensus' expectation, but still recorded a 1.53% MoM gain on an official seasonally-adjusted basis. On an absolute level, January's export orders reached US$34.5 bn.
- Orders received from mainland China and Hong Kong rose 7.22% YoY, though they moderated from December on a non-seasonally adjusted basis. Orders from the US rose stronger at 18% YoY, supported by increased demand in information and communications equipment products.
- We believe the recent signs of stronger momentum in the US economy suggest better global growth in 2011. The Chinese economy remains resilient, pointing to continued import demand, though we reckon that its growth pace is likely to slow in the near-to-medium term as monetary normalisation progresses.

Figure 1: Export orders were weaker than expected in January, but still record a positive sequential gain



Note: Industrial production levels are seasonally adjusted; export orders are unadjusted.
Source: Ministry of Economic Affairs, Credit Suisse

Weaker than expected, but still grew sequentially

Export orders were up 13.47% YoY in January, weaker than consensus' expectation as surveyed by Bloomberg, but still recorded a 1.53% MoM gain on an official seasonally-adjusted basis. On an absolute level, January's export orders reached US$34.5 bn, boosted by orders received for electronics, and information and communications equipment products. The still resilient order flows are consistent with our view that actual exports and industrial production should continue to trend higher in 2011, benefitted by the improved growth prospect in the developed world.

Orders received from mainland China and Hong Kong rose 7.22% YoY, though they moderated from December on a non-seasonally adjusted basis. Orders from the US rose more strongly at 18% YoY, supported by increased demand in information and communications equipment products. Orders from Europe also recorded a 16.2% YoY gain, benefitting from demand in electronics products, though they still posed a month-on-month decline from December on a non seasonally-adjusted basis.

Product wise, the largest orders received were in electronics, which amounted to US$8.15 bn, up 9.85% YoY. Orders for information and communications equipment reached US$8.1 bn in January, up 6.8% from a year ago. Orders for other products such as metals, plastics, chemicals and machinery saw much stronger yearly gains, rebounding from a year ago by over 20% or more.

Orders may weaken in February, taking a breather from the rapid expansion in recent months

We believe the recent signs of stronger momentum in the US economy suggest better global growth in 2011, which should also support Taiwan's economy. We believe a solid US ISM new orders index, which rose to 67.8 in January, is supportive to our positive outlook. The Chinese economy remains resilient, pointing to continued import demand, though we reckon that its growth pace is likely to slow in the near-to-medium term as monetary normalisation progresses. We expect industrial production and exports for Taiwan to continue improving, supporting overall economic growth in the country.

Thailand

Thailand Economics --

Thailand's 4Q10 real GDP: Decent momentum led by consumption and exports

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- Real GDP grew 3.8% YoY in 4Q10, below the market's, the Bank of Thailand's, and our expectations. This puts real GDP growth for the whole 2010 at 7.8%.
- The composition of growth was in line with our expectations, with private consumption recovering while investments slowed, as we have been arguing for a while.
- In terms of production, the construction sector recovered and services continued to expand on a seasonally adjusted QoQ basis.
- We expect the shift in growth drivers towards consumption, and the gradual recovery in exports to continue in 2011, resulting in an overall GDP growth of 4.6% this year
- We maintain our view that the BoT will raise its policy rate by another 75 bp to bring the rate from the current 2.25% up to 3% by year end.

Figure 1: Seasonally adjusted QoQ growth of GDP components

	2Q10	3Q10	4Q10
GDP	-0.4	-0.3	1.2
Private consumption	2.5	-0.2	1.2
Government consumption	-0.5	-1.7	2.0
Gross fixed capital formation	4.3	-1.4	-3.0
Exports	1.6	-2.4	3.6
Imports	2.4	0.5	0.5
Productions			
Agriculture	0.4	-4.8	0
Manufacturing	0.9	-1.7	0
Construction	3.8	-1.9	2.8
Services	-1.8	1.7	2.3

Source: NESDB, Credit Suisse estimates

Lower-than-expected headline numbers but better momentum

Real GDP grew 3.8% YoY in 4Q10, below the market's, the Bank of Thailand's, and our expectations. This puts real GDP growth for the whole 2010 at 7.8%, below the market's, the BoT's, and our estimates. On a seasonally adjusted basis, however, real GDP rebounded 1.2% from 3Q, after declining for two consecutive quarters in 2Q and 3Q.

Consumption rebounded while investments slowed, setting the tone for 2011

While headline YoY numbers came in lower than expected, the momentum reflected by the QoQ growth rates showed positive signs, with GDP rebounding from an earlier "technical recession" – two consecutive decline in GDP QoQ. More importantly, the composition of growth was in line with our expectations (Figure 1), with private consumption recovering while investments slowed, as we have been arguing for a while (see, for example, our latest report *Thailand: Elections and high food prices – recipe for stronger private consumption*, published on 16 February).

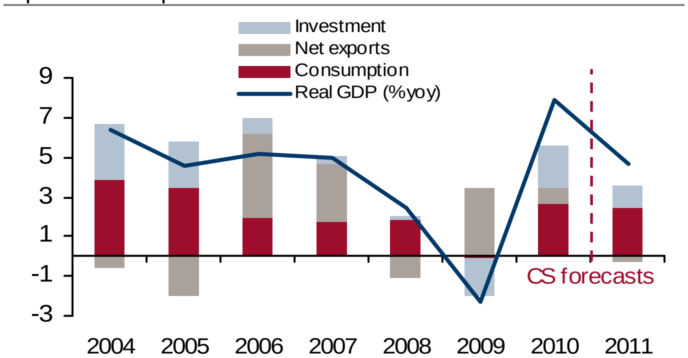
Exports also recovered from a slump in 3Q, partly reflecting recovery in the US and European core, improvement in tourism, as well as higher agricultural export prices. As argued in the report above, we expect the shift in growth drivers towards consumption, and the gradual recovery in exports to continue in 2011 (Figure 2), resulting in an overall GDP growth of 4.6% this year.

In terms of production, the construction sector recovered and services continued to expand on a seasonally adjusted QoQ basis (Figure 1). The continued expansion in the services sector is consistent with the robust performance of consumption in 4Q. On a sequential basis, the agriculture and manufacturing sectors were flat, after contracting in 3Q by 4.8% and 1.7%, respectively. We expect the manufacturing sector to recover further on the back of a recovery in exports and the agricultural sector to benefit from the rising international commodity food prices.

Policy rate to rise further in light of robust consumption

We maintain our view that the BoT will raise its policy rate by another 75 bp to bring the rate from the current 2.25% up to 3% by year end. On the back of positive growth momentum and strong consumption growth as explained above, the BoT would remain hawkish and focus on battling inflation risks. As we have been arguing for a while, the BoT's view is that producers pass on higher input prices to consumers faster when domestic demand is strong, thus the composition of growth also matters for the rate decision.

Figure 2: Percentage point contributions to real GDP growth of expenditure components



Source: NESDB, CEIC, Credit Suisse estimates

Asian Property -- Maintain OUTPERFORM

New report: Market underestimates AP's potential

EPS: ▲ TP: ▲

Chai Techakumpuch / Research Analyst / 662 614 6211 / chai.techakumpuch@credit-suisse.com

- We reiterate our OUTPERFORM rating and maintain AP as one of our top two names in the Thai property sector. The stock currently trades at only 5.6x 2011E P/E (versus our forecast 33% EPS growth) and offers a high 7.1% dividend yield.
- We believe consensus underestimates revenue potential this year. Our Bt17 bn revenue forecast is 11% above consensus while our Bt2.5 bn net profit forecast is 19% higher.
- We are also positive on AP's longer-term growth. We believe 3Q10 could prove to be the lowest point, to be followed by quarterly improvement in the next 12 quarters. We forecast a strong 25% revenue CAGR during 2010-13E.
- We revise up our 2011 and 2012 net profit estimates 13% and 3%, respectively, to reflect a more positive earnings outlook and raise our target price to Bt10.3 (from Bt9.1 previously).
- For full report click here.

Bbg/RIC	AP TB / AP.BK
Rating (prev. rating)	O (O) [V]
Shares outstanding (mn)	2,343.33
Daily trad vol - 6m avg (mn)	20.5
Daily trad val - 6m avg (US$ mn)	4.4
Free float (%)	63.6
Major shareholders	Mr. Assavabhokhin (26%)

Price (21 Feb 11 , Bt)			5.95
TP (Prev. TP Bt)			10.30 (9.10)
Est. pot. % chg. to TP			73
52-wk range (Bt)			7.85 - 4.58
Mkt cap (Bt/US$ mn)			13,942.8/ 455.8
Performance	1M	3M	12M
Absolute (%)	(1.7)	0.8	19.5
Relative (%)	(0.5)	2.2	(15.9)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
EBITDA (Bt mn)	2,471	2,865	2,823	3,735	4,416
Net profit (Bt mn)	1,638	1,866	1,847	2,463	2,908
EPS (Bt)	0.70	0.80	0.79	1.06	1.25
- Change from prev. EPS (%)	n.a.	n.a.	0	13	3
- Consensus EPS (Bt)	n.a.	n.a.	0.87	0.90	1.03
EPS growth (%)	81.6	13.9	(1.0)	33.4	18.1
P/E (x)	8.5	7.4	7.5	5.6	4.8
Dividend yield (%)	4.2	5.4	5.5	7.1	8.4
EV/EBITDA (x)	7.8	6.8	6.7	5.9	5.3
ROE (%)	26.6	24.9	21.1	24.2	24.2
Net debt (net cash)/equity (%)	91.7	76.1	60.0	72.9	70.3
NAV per share (Bt)					
Disc./prem. to NAV (%)					

Note1:Asian Property Development is a residential property development company with projects in Bangkok Metropolitan..

Valuation metrics

Company	Ticker	CS rating	Price local	Price target	Year ending	P/E (x) FY11	P/E (x) FY12	P/B (x)
Asian Property	AP TB	O	5.95	10.30	Dec-09	5.6	4.8	1.3
Land and Houses	LH TB	O	5.80	7.50	Dec-09	13.0	9.9	2.1
L.P.N.	LPN TB	O	9.10	12.70	Dec-09	6.0	4.3	1.8
Preuksa	PS TB	U	18.10	17.40	Dec-09	10.4	9.2	2.2
Quality Houses	QH TB	O	2.10	3.30	Dec-09	6.6	5.5	1.2

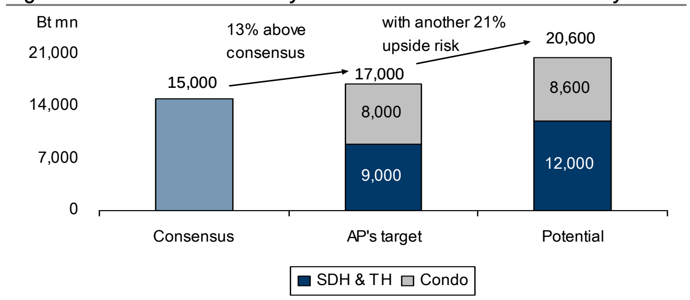
Note: O = OUTPERFORM, N = NEUTRAL, U = UNDERPERFORM
Source: Company data, Credit Suisse estimates

Consensus' 4% EPS growth looks too low

Consensus forecasts Bt15 bn revenue this year and a small 4% EPS growth. AP, however, targets a higher Bt17 bn comprising: (1) a reasonable Bt9 bn sales of single detached houses (SDH) and townhouses (TH) and (2) an almost fully secured Bt8 bn condo revenue. In such a case, revenue could exceed consensus forecast by a notable 11%. We would also note that there are upside risks to revenue of both SDH/TH as well as condo, with potential for total revenue to go as high as Bt20-21 bn.

Our revenue forecast this year is Bt17.1 bn. Together with our slightly higher-than-consensus profit margin expectation, we forecast this year net profit at Bt2.5 bn versus consensus Bt2.1 bn, 19% above consensus.

Figure 1: Consensus looks way too low on revenue forecast this year

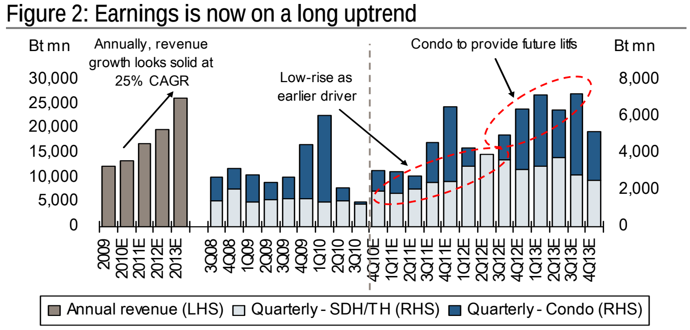


Source: Company data, Bloomberg, Credit Suisse estimates

Earnings uptrend has just started

We are also positive on the next three years' earnings potential of AP and forecast 25% revenue CAGR during 2010-13E. We believe 3Q10 could prove to the lowest point, to be followed by quarterly improvement in the following 12 quarters. First part of the improvement is expected to come from SDH and TH while the later periods will be driven higher by condo projects. From the low of Bt1.4 bn revenue in 3Q10, peak revenue could be above Bt7 bn sometime in 2013.

Figure 2: Earnings is now on a long uptrend



Source: Company data, Credit Suisse estimates

Attractively low valuations

The stock is currently trades at only 5.6x 11E P/E, at the lower end of last decade's average, and fares favourably against our forecast 28% net profit growth this year. We revise up our 2011 and 2012 net profit estimates by 13% and 3%, respectively, taking into account: (1) faster revenue recognition of one condo project and (2) slightly higher margin of condo projects. As we maintain 10x target P/E (half a standard deviation above historical average), we raise up our target price on the stock to Bt10.3 (from Bt9.1 previously). This implies a very attractive 73% potential upside. Reiterate OUTPERFORM.

Preuksa --- Maintain UNDERPERFORM

Slightly below consensus for FY10 results with rising negative newsflow

EPS: ▼ TP: ▼

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- PS reported its FY10 numbers. Net profit was 2% above our forecast but 4% below consensus.
- Based on Bloomberg consensus breakdown, we reckon that PS missed on consensus revenue forecast slightly and also posted slightly higher-than-expected operating expenses and effective tax rate.
- In addition, we notice that the news flow on PS since late last year has been a continuous flow of negative news. These raise concerns on the company's image, which could be a risk in both the short and the long term.
- We adjust our 2011E and 2012E by +1% and -2%, respectively, following the result announcement. We also lower our target P/E to reflect the rising risk on the company's business. As a result, we lower our target price to Bt17.4/sh (from Bt19.1 previously) but maintain our UNDERPERFORM rating on PS.

Bbg/RIC	PS TB / PS.BK	Price (18 Feb 11, Bt)			17.50
Rating (prev. rating)	U (U) [V]	TP (Prev. TP Bt)			17.40 (19.10)
Shares outstanding (mn)	2,206.81	Est. pot. % chg. to TP			(1)
Daily trad vol - 6m avg (mn)	6.4	52-wk range (Bt)			25.25 - 14.00
Daily trad val - 6m avg (US$ mn)	4.3	Mkt cap (Bt/US$ mn)			38,619.2/ 1,262.5
Free float (%)	21.5	Performance	1M	3M	12M
Major shareholders	Mr. Vichitpongpun	Absolute (%)	(3.3)	(6.4)	12.2
	(62.2%)	Relative (%)	(0.5)	(5.6)	(21.6)

Year	12/09A	12/10A	12/11E	12/12E	12/13E
EBITDA (Bt mn)	5,062	4,850	5,705	6,487	10,302
Net profit (Bt mn)	3,622	3,488	3,843	4,326	7,069
EPS (Bt)	1.64	1.58	1.74	1.96	3.20
- Change from prev. EPS (%)	n.a.	n.a.	1	(2)	
- Consensus EPS (Bt)	n.a.	n.a.	2.05	2.43	2.51
EPS growth (%)	51.5	(3.7)	10.2	12.6	63.4
P/E (x)	10.7	11.1	10.0	8.9	5.5
Dividend yield (%)	3.1	2.9	3.4	4.0	6.3
EV/EBITDA (x)	6.8	9.8	9.6	8.7	7.0
ROE (%)	31.3	24.7	23.1	22.1	29.7
Net debt (net cash)/equity (%)	(8.1)	75.2	102.7	96.0	125.4
NAV per share (Bt)					
Disc./prem. to NAV (%)					

Note 1: PS is a leader in the low-price townhouse market in Bangkok, but also has exposure in single detached houses as well as condominiums. Its business strategy centres on cost leadership.

FY10 is below consensus

PS reported Bt3.5 bn of net profit in 2010. This is 2% ahead of our forecast but 4% below consensus. Against our forecast, the reported figures beat our number on (1) slightly higher gross margin and (2) a better effective tax rate. The reported number, however, missed consensus expectation on (1) lower revenue recognition, (2) higher operating expenses and (3) higher effective tax rate.

The balance sheet is also looking a bit stretched lately. PS' aggressive expansion led to a big 81% YoY increase in total assets. Financing that expansion was largely debt, which jumped from Bt2.1 bn at end-09 to Bt13.1 bn at end-10. Net gearing made a big reversal, from net cash at end-09 to an above industry average 0.8x net debt position at end-10.

Figure 1: PS' quarterly numbers

(Bt mn)	4Q09	1Q10	2Q10	3Q10	4Q10	YoY	QoQ
Sales	7,734	6,655	5,916	3,761	6,974	-10%	85%
Gross profit	3,167	2,410	2,205	1,431	2,700	-15%	89%
Operating profit	2,169	1,602	1,087	459	1,356	-37%	196%
Reported net profit	1,644	1,230	840	359	1,059	-36%	195%
Gross margin	41.0%	36.2%	37.3%	38.1%	38.7%		
Operating margin	28.0%	24.1%	18.4%	12.2%	19.4%		
Net margin	21.3%	18.5%	14.2%	9.5%	15.2%		
	4Q09	1Q10	2Q10	3Q10	4Q10		
Financial assets	3,151	2,910	3,622	1,357	1,630		
Other assets	15,720	18,576	20,462	27,867	32,581		
Total assets	18,871	21,486	24,084	29,224	34,211		
Debt	2,100	2,100	5,000	9,509	13,104		
Other liab	3,748	5,132	5,215	5,505	5,844		
Equity	13,023	14,254	13,870	14,210	15,263		
Total liab. & equity	18,871	21,486	24,084	29,224	34,211		

Source: Company data, Credit Suisse estimates

Earnings revisions

We revise our net profit forecast slightly by a positive 1% in 2011E but a 2% drop in 2012E. We tweak 2011E on a small profit margin upward revision (although we still maintain our view that the company's gross margin will continue to be under pressure as it needs to outsource much of its construction work). However, we cut 2012E by 2% as we revised down the project value of the Tree Kiak Kai from Bt1.6 bn to Bt500 mn after the project is redesigned to be a low-rise condo since it could not get construction permit for the prior high-rise plan.

Negative news flow is gathering momentum

PS has recently been experiencing sequential negative news flow, which we believe is a result of its very aggressive growth strategy in recent years. These include:

1) Shortage of construction capacity to deliver its houses to customers (which we started to see since the middle of last year),

2) Lack of knowledge of a change in regulation that led to a cancellation of the Tree Kiak Kai condo project in January this year,

3) Insufficient quality control that led a group of disgruntled customers to file complaints about PS's condo project (the Seed Musee) with the Consumer Protection Board last week, and

4) An environmental impact assessment (EIA) application for another condo project, the Seed Atom, was rejected recently on grounds of insufficient assessment planning.

These factors could raise near-term concern on PS. More importantly, they will dent PS's image over the longer term, particularly as a condo developer.

Maintain UNDERPERFORM

To factor in rising risk on its future outlook, we lower our target P/E multiple on PS from one standard deviation (STD) above its historical average to a slightly more conservative 0.5 STD. As a result, we lower our target price to Bt17.4/sh (from Bt19.1).

Land and Houses --Upgrade to OUTPERFORM

Finally a profit growth
EPS: ▲ TP: ▲

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- We upgrade LH to OUTPERFORM (from Underperform) and our new target price is Bt7.5.The stock is at a historical low P/E on the backdrop of rising net profit for the first time in five years.
- The stock, however, is trading at its historical low 9x (excluding the Lehman crisis period), 1.0 standard deviation below its average historical forward P/E. That should at least provide downside support to share price, in our view.
- But we expect LH to finally post good profit growth after having been flat over the last five years, a result of being more active on new launches that started last year. It will now have more product to sell, and our 2011-2012F EPS CAGR calls for a good 33%.
- Our 2011F and 2012F net profits are revised up 5% and 22%, respectively. Our target price is raised to Bt7.5 (from Bt6.6).

Bbg/RIC	LH TB / LH.BK	Price (21 Feb 11 , Bt)			5.80
Rating (prev. rating)	O (U) [V]	TP (Prev. TP Bt)			7.50 (6.60)
Shares outstanding (mn)	10,025.92	Est. pot. % chg. to TP			29
Daily trad vol - 6m avg (mn)	26.7	52-wk range (Bt)			7.60 - 4.42
Daily trad val - 6m avg (US$ mn)	5.8	Mkt cap (Bt/US$ mn)			58,150.3/ 1,901.0
Free float (%)	50.5	Performance	1M	3M	12M
Major shareholders	Assavapokin (24%),	Absolute (%)	0.9	(9.4)	2.7
	GIC (12.6%)	Relative (%)	2.0	(8.1)	(27.7)

Year	12/08A	12/09A	12/10E	12/11E	12/12E
EBITDA (Bt mn)	3,722	4,340	3,309	4,886	6,807
Net profit (Bt mn)	3,402	3,805	3,314	4,481	5,857
EPS (Bt)	0.36	0.38	0.33	0.45	0.58
- Change from prev. EPS (%)	n.a.	n.a.	(5)	5	22
- Consensus EPS (Bt)	n.a.	n.a.	0.39	0.44	0.48
EPS growth (%)	(1.4)	4.3	(12.9)	35.2	30.7
P/E (x)	15.9	15.3	17.5	13.0	9.9
Dividend yield (%)	4.7	5.5	5.3	6.2	8.1
EV/EBITDA (x)	16.6	13.8	16.8	13.0	10.6
ROE (%)	13.6	14.6	12.5	16.4	20.0
Net debt (net cash)/equity (%)	55.1	53.7	43.7	62.5	80.9
NAV per share (Bt)					
Disc./prem. to NAV (%)					

Note1:Land and Houses is the premier residential property developer in Thailand, concentrate largely in single detached houses but also develops townhouses and condominiums.

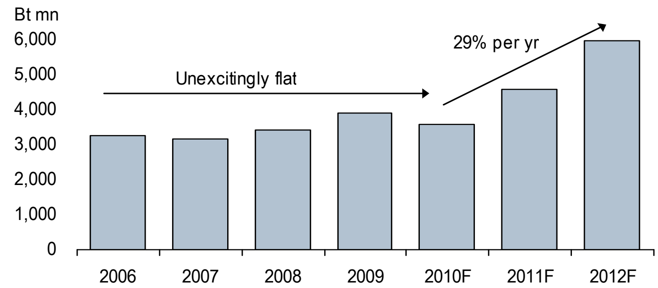
We now see better earnings outlook

We forecast LH to post a 33% EPS CAGR in net profit during 2011-12, drastically different from what we have seen from this company over the last few years where growth was single digit or even slight drops in some of the years.

The main driver will come from the fact that Thailand's biggest property developer has finally become more active on new launches again. We see a major reversal in trend of new launches from being flat during 2007-09 to more active again in 2010 and this year. New launches rose from Bt15.2 bn in 2009, doubled to Bt29.4 bn in 2010 and will grow further with Bt41.8 bn new launches this year.

As launches of SDH and TH take some time for sales to gather momentum; the delayed impact will only be seen starting in 2011. And by becoming more active on the condo segment again last year, condo revenue booking will only start contributing toward end of this year and more in 2012. Taking all these into account, the earnings outlook of LH will look different over the next two years, from a rather flat profit during 2006-10, we forecast a 29% EPS CAGR during 2011-12.

Figure 1: Finally a profit growth



Source: Company data, Credit Suisse estimates

Revisions

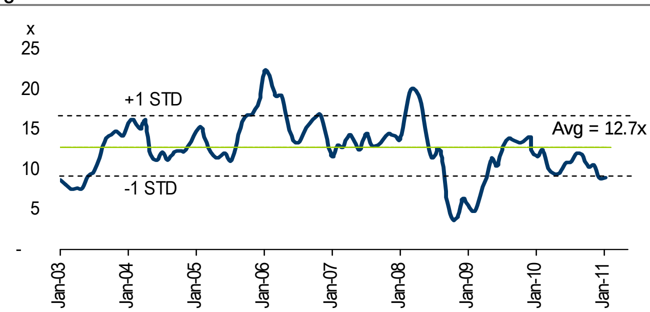
The recently announced Bt41.8 bn plan for new launches this year is higher than Bt29 bn we previously expected. With more products to sell, potential top-line growth is more favourable in 2011 and 2012, where we raise our net profits forecast by 5% and 22%, respectively.

We continue to value LH on sum-of-the-parts, with the core property development business on 12.7x 2011E P/E (based on average forward P/E of LH since 2003) and added on top with market or book values of its other investments. After our earnings revisions, we notch up our target price on LH to Bt7.5 (from Bt6.6).

More attractive valuation after recent weaknesses

LH's property development business is currently trading on 9x 2011PE, 1.0 standard deviation below its average historical forward PE of 12.7x (the lowest level since 2003, excluding the late-08 Lehman's crisis). Our target price is based on the property business trades on par with the stock's historical average P/E. And that suggests an attractive 29% potential upside. At this level, we view LH more positively than the past and raise our rating on the stock to OUTPERFORM (from Underperform).

Figure 2: At the low of historical forward P/E



Source: Thompson Reuters, Credit Suisse estimates

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Companies mentioned

NetEase.com (NTES.OQ, $44.48, NEUTRAL, TP $42.90)
ABB (ABBN.VX, SFr22.76, NEUTRAL, TP SFr21.00, MARKET WEIGHT)
ABB Ltd. (ABB.BO, Rs669.75, UNDERPERFORM, TP Rs575.41)
AIA Group Limited (1299.HK, HK$21.80, NEUTRAL [V], TP HK$23.50)
Alibaba.com Limited (1688.HK, HK$16.68, NEUTRAL, TP HK$17.70, OVERWEIGHT)
Alliance Financial Group BHD (ALFG.KL, RM3.09, OUTPERFORM, TP RM3.70)
Anta Sports Products Limited (2020.HK, HK$12.26, OUTPERFORM [V], TP HK$15.60)
Asian Property Development (AP.BK, Bt5.95, OUTPERFORM [V], TP Bt10.3)
Axis Bank Limited (AXBK.BO, Rs1296.00, OUTPERFORM, TP Rs1448.00)
Bank of Baroda (BOB.BO, Rs898.30, OUTPERFORM, TP Rs1024.00)
Bank of India (BOI.BO, Rs443.50, NEUTRAL, TP Rs477.00)
Bharat Heavy Electricals (BHEL.BO, Rs2102.00, NEUTRAL, TP Rs2212.45)
BP (BP.L, 493.00 p, OUTPERFORM, TP 585.00 p, MARKET WEIGHT)
China Life Insurance Co. (2628.HK, HK$30.40, NEUTRAL, TP HK$37.00)
China Mengniu Dairy (2319.HK, HK$21.80, OUTPERFORM, TP HK$28.00)
China Overseas Land & Investment (0688.HK, HK$13.06, UNDERPERFORM, TP HK$16.10)
China Pacific Insurance Company (2601.HK, HK$32.05, OUTPERFORM, TP HK$41.00)
China Taiping Insurance Holdings Co Ltd (0966.HK, HK$23.05, NEUTRAL, TP HK$30.00)
China Vanke Co Ltd-A (000002.SZ, Rmb8.40, OUTPERFORM [V], TP Rmb12.30)
China Yurun (1068.HK, HK$24.35, OUTPERFORM, TP HK$33.00)
Crompton Greaves Ltd (CROM.BO, Rs264.30, OUTPERFORM, TP Rs354.29)
Ctrip.com International (CTRP.OQ, $39.49)
Daum Communications Corp (035720.KQ, W89,500, OUTPERFORM, TP W105,000)
Evergrande Real Estate Group Ltd (3333.HK, HK$3.79, OUTPERFORM [V], TP HK$5.00)
Greentown China Holdings Ltd (3900.HK, HK$8.75, UNDERPERFORM [V], TP HK$7.95)
HDFC Bank (HDBK.BO, Rs2172.00, OUTPERFORM, TP Rs2682.00)
Hengan International (1044.HK, HK$59.10, NEUTRAL, TP HK$63.00)
Housing Development Finance Corp (HDFC.BO, Rs647.00, NEUTRAL, TP Rs702.00)
ICICI Bank (ICBK.BO, Rs1030.00, OUTPERFORM, TP Rs1304.00)
IndusInd Bank (INBK.BO, Rs226.50, OUTPERFORM [V], TP Rs265.00)
Infrastructure Development Finance Co Ltd (IDFC.BO, Rs143.40, NEUTRAL, TP Rs165.57)
Jammu and Kashmir Bank (JKBK.BO, Rs755.00, OUTPERFORM, TP Rs1093.00)
L.P.N. Development (LPN.BK, Bt9.10, OUTPERFORM [V], TP Bt12.70)
Land and Houses (LH.BK, Bt5.80, OUTPERFORM [V], TP Bt7.50)
Malayan Banking (MBBM.KL, RM8.59, UNDERPERFORM, TP RM7.60)
NHN Corp (035420.KS, W185,500, NEUTRAL, TP W205,000)
Parkson Retail Group Ltd. (3368.HK, HK$11.96, OUTPERFORM, TP HK$15.00)
PICC Property & Casualty (2328.HK, HK$9.98, UNDERPERFORM, TP HK$10.00)
Ping An Insurance (2318.HK, HK$82.30, RESTRICTED)
Powergrid Corporation of India Ltd (PGRD.BO, Rs97.65)
Preuksa Real Estate (PS.BK, Bt18.10, UNDERPERFORM [V], TP Bt14.40)
Punjab National Bank Ltd (PNBK.BO, Rs1099.00, OUTPERFORM, TP Rs1276.00)
Quality Houses (QH.BK, Bt2.10, OUTPERFORM, TP Bt3.30)
Raffles Medical Group (RAFG.SI, S$2.16, NEUTRAL, TP S$2.35)
Reliance Industries (RELI.BO, Rs938.00, OUTPERFORM, TP Rs1132.00)
SK Communications Co Ltd (066270.KQ, W12,350, NEUTRAL [V], TP W14,100)
State Bank Of India (SBI.BO, Rs2772.50, UNDERPERFORM, TP Rs2553.00)
Tingyi (0322.HK, HK$18.38, NEUTRAL, TP HK$18.80)
Union Bank of India (UNBK.BO, Rs339.10, OUTPERFORM, TP Rs368.00)
United Bank Limited (UBL.KA, PRs63.40, OUTPERFORM, TP PRs64.00)
United Tractors (UNTR.JK, Rp23100.00, OUTPERFORM, TP Rp28000.00)
UPC (0220.HK, HK$4.17, NOT RATED)
Want Want China Holdings Ltd. (0151.HK, HK$6.23, NEUTRAL, TP HK$6.60)
Yes Bank Ltd (YESB.BO, Rs285.25, UNDERPERFORM [V], TP Rs235.00)
Zoomlion Heavy Industry (1157.HK, HK$19.72, OUTPERFORM [V], TP HK$22.06)

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