



PROPERTY

Mervin Chow Yan Hoong
+60 (3) 9207 7668
mervin.chow@osk.com.my

FY09 Results Review

Private Circulation Only

Hunza Properties

Under Review	-
Price	RM1.43
Target	Under Review

Above Expectation

Given the extremely weak sales for most of the FY, Hunza's FY09 y-o-y turnover and net profit fell significantly by 63% and 43% respectively. However, with slightly better than expected sales performance and progress billings in 4QFY09, the FY09 net profit came in 16% above our expectation and some 10% above street estimates. Unbilled sales are estimated at RM180m-RM200m, equivalent to approximately 2.0x of the Group's total FY09 turnover. Our Target Price and Call on Hunza are currently under review, pending for our sector update. Our previous target price was RM0.94, with a sell call.

Above expectation. Both top- and bottom-lines for FY09 contracted significantly y-o-y, which was mainly due to extremely weaker sales for the first 3 quarters of FY09 and a slower pace for construction works (basement and foundation) at Gurney Paragon. In addition, the Alila and Mutiara Seputeh (semi-Ds) projects, which contributed significantly to its earnings a year ago, were completed in April '08. Q-o-q earnings, however, improved significantly by 63% on the back of: (i) higher profit sharing from the Infinity project due to higher progress billings, with expected completion by late-2009; and (ii) improved sales performance as a result of intensified marketing efforts and improved market sentiment.

Penang new property sales show signs of life. After languishing for five consecutive quarters, new property sales picked up slightly in 4QFY09 due in part to improving market sentiment and aggressive marketing efforts. Unlike Klang Valley luxury condos where the sub-segment is facing a serious oversupply situation amid a smaller pool of demand, this recent improvement in new property sales in Penang is perhaps an early sign of genuine recovery of the real estate market on the island. Having said that and to be prudent, we are maintaining our earnings forecasts for now.

Call and TP under review. Hunza is currently trading at approximately 0.6x CY09 P/NTA. In view of the recent much improved sentiment in the stockmarket, we are currently reviewing our TP and call on Hunza, pending our sector review soon.

Stock Profile/Statistics

Bloomberg Ticker	HPB MK Equity
KLCI	1174.49
Issued Share Capital (m)	150.67
Market Capitalisation (RMm)	215.46
52 week H L Price (RM)	1.68 0.93
Average Volume (3m) '000	102.60
YTD Returns (%)	0.16
Net gearing (x)	0.21
Altman Z-Score	1.68
ROCE/WACC	1.23
Beta (x)	0.60
Book Value/share (RM)	2.16

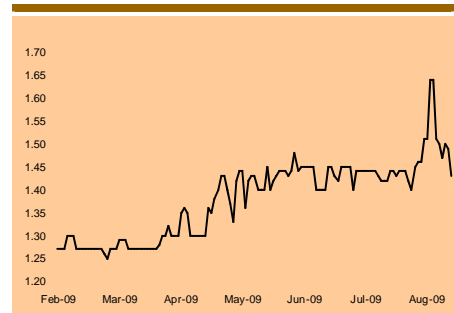
Major Shareholders (%)

Khor Teng Tong	35.5
Lembaga Tabung Haji	8.0
Yayasan Bumiputra Pulau Pinang	7.2

Share Performance (%)

Month	Absolute	Relative
1m	0.70	-0.89
3m	0.70	-10.33
6m	12.60	-14.05
12m	6.60	-6.19

6-month Share Price Performance



Hunza Properties is principally involved in property development with main exposure on Penang Island and the Klang Valley.

FYE June (RMm)	FY07	FY08	FY09	FY10f	FY11f
Turnover	186.7	245.3	91.8	133.0	150.0
Net Profit	39.2	48.4	27.6	36.6	54.2
% chg Net Profit	98.4	23.4	(43.0)	32.6	48.3
Consensus Net Profit	-	-	-	32.0	29.2
FDEPS (sen)	24.9	30.7	17.5	23.2	34.4
DPS (sen)	12.5	12.4	7.6	9.5	14.9
Div Yield (%)	8.7	8.7	5.3	6.6	10.4
PER (x)	5.8	4.7	8.2	6.2	4.2
P/BV (x)	0.8	0.7	0.6	0.6	0.5
ROE (%)	17.5	17.2	8.7	10.8	14.6
ROA (%)	8.3	9.2	5.3	7.1	9.9

KEY HIGHLIGHTS

Quarter Results Table FYE June (RMm)	4QFY09	3QFY09	% chg	YTD FY09	YTD FY08	% chg
Turnover	23.3	18.6	24.9%	91.8	245.3	-62.6%
EBITDA	13.6	9.6	41.9%	41.4	70.4	-41.2%
Depreciation	(0.4)	(0.3)	36.8%	(1.2)	(0.7)	59.8%
Net interest expense	(0.2)	(0.3)	-17.2%	(1.1)	(1.4)	-16.7%
Associates	0.0	0.0	-	0.0	0.0	-
PBT	12.9	9.0	43.9%	39.1	68.3	-42.7%
Tax	(3.4)	(2.7)	26.6%	(10.9)	(19.3)	-43.7%
MI	(0.1)	(0.5)	-80.2%	(0.7)	(0.6)	6.3%
Net Profit	9.4	5.8	62.8%	27.6	48.4	-43.0%
EPS (sen)	6.3	4.3		18.3	32.9	
Gross DPS (sen)	5.6	0.0		5.6	9.2	
EBITDA margin	58.5%	51.5%		45.1%	28.7%	
NTA/share (RM)	2.16	2.10		2.16	2.24	

OSK Research Guide to Investment Ratings**Buy:** Share price may exceed 10% over the next 12 months**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months**Take Profit:** Target price has been attained. Look to accumulate at lower levels**Sell:** Share price may fall by more than 10% over the next 12 months**Not Rated:** Stock is not within regular research coverage

All research is based on material compiled from data considered to be reliable at the time of writing. However, information and opinions expressed will be subject to change at short notice, and no part of this report is to be construed as an offer or solicitation of an offer to transact any securities or financial instruments whether referred to herein or otherwise. We do not accept any liability directly or indirectly that may arise from investment decision-making based on this report. The company, its directors, officers, employees and/or connected persons may periodically hold an interest and/or underwriting commitments in the securities mentioned.

Distribution in Singapore

This research report produced by OSK Research Sdn Bhd is distributed in Singapore only to "Institutional Investors", "Expert Investors" or "Accredited Investors" as defined in the Securities and Futures Act, CAP. 289 of Singapore. If you are not an "Institutional Investor", "Expert Investor" or "Accredited Investor", this research report is not intended for you and you should disregard this research report in its entirety. In respect of any matters arising from, or in connection with, this research report, you are to contact our Singapore Office, DMG & Partners Pte Ltd ("DMG").

All Rights Reserved. No part of this publication may be used or re-produced without expressed permission from OSK Research.

Published and printed by :-

OSK RESEARCH SDN. BHD. (206591-V)

(A wholly-owned subsidiary of OSK Investment Bank Berhad)



Chris Eng

Kuala Lumpur	Hong Kong	Singapore	Jakarta	Shanghai
Malaysia Research Office OSK Research Sdn. Bhd. 6 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Malaysia Tel : +(60) 3 9207 7688 Fax : +(60) 3 2175 3202	Hong Kong Office OSK Securities Hong Kong Ltd. 1201-1203, 12/F, World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : + (852) 2525 1118 Fax : + (852) 2537 1332	Singapore Office DMG & Partners Securities Pte. Ltd. #22-01 Ocean Towers 20 Raffles Place Singapore 048620 Tel : +(65) 6438 8810 Fax : +(65) 6535 4809	Jakarta Office PT OSK Nusadana Securities Indonesia Plaza Lippo, 14 th Floor, Jl. Jend. Sudirman Kav. 25. Jakarta 12920 Indonesia Tel : + (6221) 520 4599 Fax : + (6221) 520 4505	Shanghai Office OSK (China) Investment Advisory Co. Ltd. Room 6506, Plaza 66 No. 1266 West Nanjing Road 200040, Shanghai China Tel : +(8621) 6288 9611 Fax : + (8621) 6288 9633