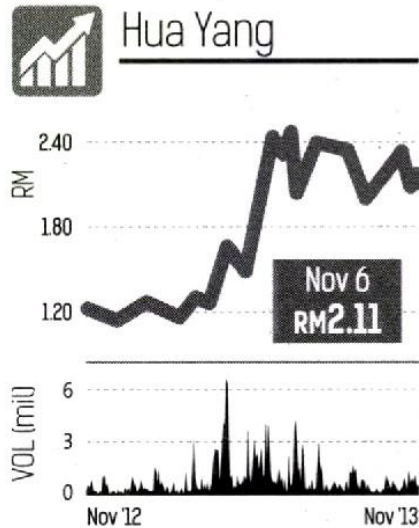


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**Hua Yang Bhd**  
 By RHB Research Institute  
**Target price: RM2.76**  
**Buy**

RHB Research has initiated a "buy" call on Hua Yang Bhd with a RM2.76 fair value.

Despite the re-rating in its stock over the past one year, the bank-backed research house finds the 5.1 times financial year 2014 (FY14) forecast price per earnings (P/E) undemanding. Given the company's niche in the affordable housing segment, it should be relatively unfazed by the recent tightening of regulations. The stock's medium-term growth will be driven by its strategic landbank in Puchong in Selangor.

Defending its niche, the developer continues to strengthen its presence as a quality developer in affordable housing (RM500,000 per unit and below segment).

The outstanding gross development value (GDV) of the company's landbank, currently concentrated in the Klang Valley, Perak and Johor, is about RM4.12bil.

This includes RM1bil of GDV slated for launch in FY14. Hua Yang will continue to target local first-time home buyers, especially those in the 25-to-40 years age group, which makes up about 46% of Malaysia's population.

Valuing Hua Yang at RM2.76, it is based on a 20% discount to revised net asset value at 5.1 times of FY14 P/E.