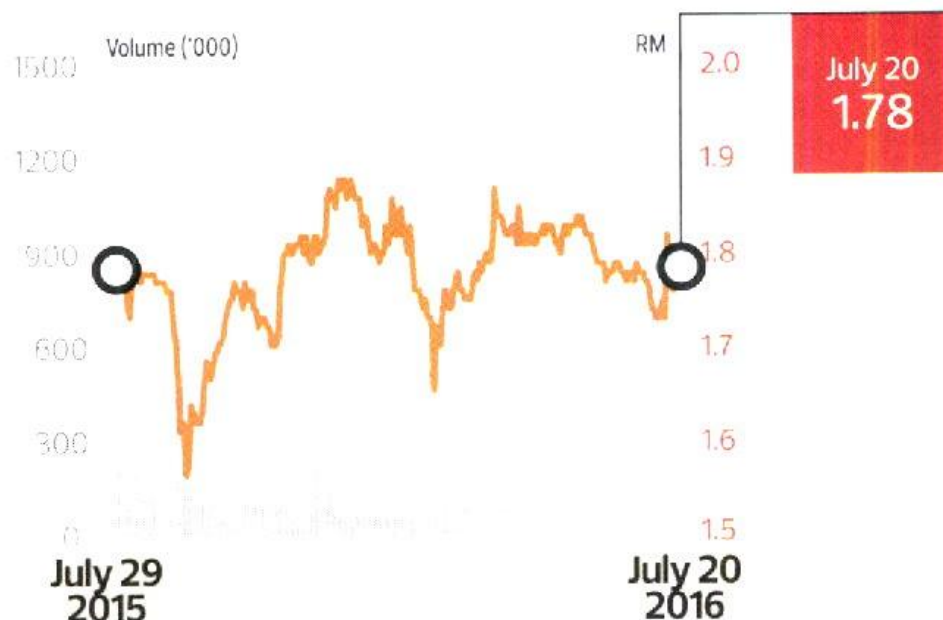


Hua Yang Bhd

Target price: **RM1.83** **MARKET PERFORM**



KENANGA RESEARCH (JULY 21): Management highlighted that FY16 sales were slower than expected due to poor property market sentiment as home buyers adopted a wait-and-see stance, coupled with the high loan rejection rates, which prompted Hua Yang to delay some launches — Astetica and Mines South — to focus on clearing “inventories” from previously launched projects.

Its 1Q17 net profit was down 20% year on year on the back of lower revenue due to slower construction recognition of its ongoing projects. Likewise, it registered a 12% improvement in net profit quarter on quarter despite flattish revenue, mainly driven by better cost efficiencies, which resulted in 26% higher operating margins.

For FY17, management hopes to achieve its sales target of RM500 million, driven by the planned launches of RM721 million worth of projects. We keep our sales estimates at RM409.2 million as we maintain a cautious view of the property market.