



News Flash – Hua Yang

Land Acquisition in Sri Kembangan

Neutral ◀ ▶

Price: RM3.09

Target Price: RM3.08

LAW Mei Chi

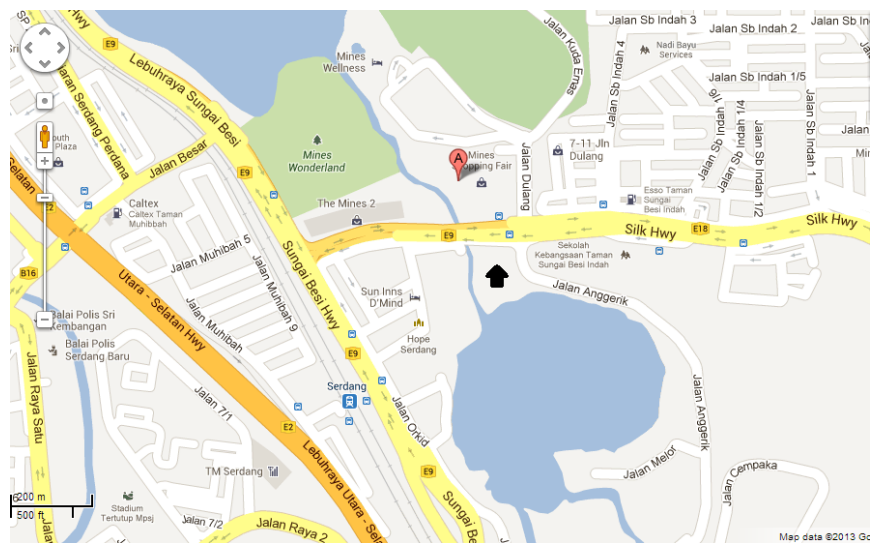
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Planned for serviced apartment and retail units. Hua Yang has acquired a piece of leasehold land in Sri Kembangan for a total consideration of RM56.9m (RM350 psf). The land is located within Klang Valley, south to the Kuala Lumpur in Seri Kembangan. The 3.7.3 acres land is surrounded by mature residential and commercial development, hotel and shopping mall. It is planning to build 2 blocks of serviced apartment and retail units with an estimated total GDV of RM285m to be developed over 2-3 years.

Our comments. We are positive on the land deal due to its strategic locations and ready catchment with good accessibility to the city through two major highways, namely SILK highway and Besraya highway as well as good amenities such as KTM station (approximately 300m), Mines shopping center (approximately 120m via a tunnel), UPM, Columbia Asia Hospital Balakong and others. We also think the price of RM350 psf is fair if we compare against the latest transacted price of RM390 psf in Mines Resort City. Moreover, the land cost is still within 20% of its GDV. This new acquisition will increase its remaining GDV to RM4.1bn.

Figure 1: Potential location of the land acquired



Source: BIMB Securities

Valuation and recommendation. This acquisition would not have any impact on the company's bottom line for the next 2 years and we made no changes in our FY14 and FY15 earnings forecast. We maintain **Neutral** with an unchanged target price of RM3.08 based on RNAV. This implies an undemanding PER of 7.2x based on FY14 earnings which is still relatively cheaper than most peers.

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BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in 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. Fundamentals remain intact. Look to accumulate at lower levels.
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SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

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OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
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