

Symphony of projects puts Hua Yang on solid footing



One South is Hua Yang's largest project in the Klang Valley with a GDV of RM840 million to be rolled out over eight years

by SITI RADZIAH HAMZAH

PROPERTY developer Hua Yang Bhd currently has an undeveloped landbank of 31795ha with a total gross development value (GDV) of RM2.2 billion.

Chief executive officer Ho Wen Yan said the company plans to develop the remaining land in stages over the next six years from financial year (FY) 2012, and the projects will comprise mainly mixed developments the bulk of which is residential properties with some commercial elements.

The developments will be in its key centres in Selangor, Johor, Perak and Seremban. The largest tract of undeveloped land is located in Perak with 19796ha, followed by Johor with 84ha, Negeri Sembilan (29.49ha) and Selangor with 6.46ha.

"We are always in acquisition mode for landbank, with our focus on secondary locations, which are near enough to the city with potential for growth, and where there is market demand for affordable homes," he told *The Malaysian Reserve* in an email interview recently.

"We remain positive on the outlook for the affordable and mass housing market segment, in which we operate. We believe it will remain relatively and reasonably strong as it is mainly driven by owner-occupiers," Ho added.

The group's primary focus would be within the Klang Valley and its vicinity such as Sri Kembangan, Puchong, Putrajaya, Kajang and Shah Alam. "What is today considered secondary may well emerge as a primary or much sought after location just a few years down the road," he explained.

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One South Leads Development Projects

To kick off its development plan on the remaining land, Hua Yang has lined up seven projects worth some RM525 million to be launched in

the FY ending March 31, 2012. Of the total GDV, 70% or RM370 million consists of projects in Selangor, RM126 million (24%) in Johor and RM29 million (6%) in Perak.

These include One South Phase 4 in Sungai Besi comprising two blocks of serviced apartments with a GDV of RM160 million, 144 units of terraced houses worth RM29 million in Bandar Universiti Seri Iskandar in Ipoh, Perak, 163 units of terraced houses in Taman Pulau Indah (RM63 million) in Johor and 147 units of terraced houses valued at RM33 million in Taman Pulau Hijauan and Polo Park (RM30 million) both in Johor Baru.

The developer recently launched 418 units of serviced apartments in Parc @ One South valued at RM154 million, which have been fully booked. Expected for completion in April 2014, the project offers apartment units sized between 800 sq ft to 1,200 sq ft with an average price of RM320 per sq ft.

One South is Hua Yang's largest project in the Klang Valley with a GDV of RM840 million to be rolled out over eight years. The remaining phases of the development will comprise SOHO (small office home office) units and two blocks of office towers, slated for launch in FY2013 and FY2014, respectively.

Unbilled Sales of RM1280m

Another positive note for Hua Yang is that the group has unbilled sales worth RM1280 million as of end-March this year that will be able to

sustain its earnings visibility over the next two years.

The group also made a commendable performance with record sales of RM310.2 million in FY11. Klang Valley projects comprising Symphony Heights and One South were the major contributors accounting for 67% of sales.

Hua Yang recorded a group revenue of RM188.86 million for FY11, an increase of 82% compared to RM103.54 million the year before. Net profit for the year was RM25.28 million, or 25.52 sen a share, compared to RM11.58 million, or 12.86 sen a share, achieved in FY10.

For the fourth-quarter (4Q) ended March 31, 2011, the group achieved a revenue of RM66.72 million and while net profit rose 156% to RM8.40 million. The better performance in 4Q FY11 and the whole financial year was due to better sales and the contribution from new projects. Sales achieved in FY2011 were 123% higher than that recorded in the preceding year. The company has declared a gross dividend payout of 29% for FY2011.

With its plate already quite full with projects in strategic locations in Peninsular Malaysia, Hua Yang is now planning to spread its wings to East Malaysia.

Eastern Expansion

"The population and economic growth is strong, with sufficient demand for affordable housing. Thus, we are looking for parcels of land there, particularly in Kota Kinabalu and Kuching," he said.

"We will fund our expansion plans by efficiently leveraging from our own internal funds, and also considering other avenues of financing which can offer competitive rate," he added.

The group is targeting to raise RM100 million in FY12 from the capital market.

The developer is prudent in maintaining a low gearing ratio of 0.33x, and that allows the group to leverage quickly when the opportunity arises, Ho said.

To keep up with its acquisition mode for landbank, Hua Yang acquired 0.63ha of prime land in Desa Pandan Commercial Centre in Kuala Lumpur for RM32 million. The project will have a GDV of RM160 million.

Hua Yang has completed more than 10,000 units of commercial and residential properties in its key markets worth RM1.2 billion.

The developer seems to adopt an aggressive stance in its development strategy, which is not surprising as it aspires to become a leading developer with revenue of more than RM500 million within five to seven years.



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Taman Pulau Indah in Johor has 163 units of terraced houses valued at RM63 million