

Hua Yang eyes land in Sabah, Penang

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KUALA LUMPUR: Having established a foothold in four states in Peninsular Malaysia, mid-sized property developer Hua Yang Bhd is on the lookout for land in Sabah and Penang to cement its position as a nationwide affordable home builder.

Chief financial officer May Chan said Hua Yang was actively looking for large land parcels in Kota Kinabalu, Sabah to build a township but the group was still in the midst of finalising its plans,

"This is our first entry into Sabah and we'll have to make sure it starts on the right footing," Chan told reporters after a briefing on Hua Yang's upcoming launch of the Gardenz serviced apartments — Phase 3 of its OneSouth project.

Despite the higher land prices, Hua Yang is also pursuing pocket-sized land parcels in the urban centres of the Klang Valley and

Penang, Chan said. The group currently has ongoing projects in the Klang Valley, Johor and Perak and had previously launched projects in Negri Sembilan.

Chan said Hua Yang has an undeveloped landbank measuring 790 acres, located mainly in Johor and Perak, with an estimated gross development value (GDV) of RM2.4 billion based on initial plans.

She said Hua Yang did not rule out the possibility of moving into the high-end segment, but for now it would be concentrating on affordable housing, to cement its position in that market. "Hua Yang's focus is on providing affordable properties. We aim to fill the gap left by other developers who are focused on providing high-end products. Our target markets are young graduates and first time homeowners," Chan said.

Hua Yang's unbilled sales stand at RM372 million and its ongoing projects have a total GDV of RM857 million which should keep

the group busy for the next two years. In the medium term, Chan said Hua Yang is looking to rebalance revenue contributions from each of its three operating regions as almost half its revenue came from its Klang Valley projects over the last two years.

An optimum revenue distribution would see Hua Yang's Johor and Perak projects each contributing 30% of total revenue, with the Klang Valley projects garnering 40%, Chan said.

Hua Yang is aiming to build up its revenue to about RM800 million in the medium term and Chan believes that this will be largely accounted for by the group's Klang Valley projects.

OneSouth is Hua Yang's largest project in the Klang Valley with a GDV of RM840 million. Located near the Mines Resort City in Seri Kembangan, the development comprises a retail mall, serviced apartments, an office tower and small office home office (SOHO) units. For the first quarter ended June 30, 2011 (1QFY12), Hua

Yang's net profit more than doubled to RM11.48 million from RM4.91 million a year ago, while revenue rose 65.92% to RM61.75 million from RM37.22 million. Earnings per share was 10.63 sen while its net assets per share was RM2.15 as at June 30.

Hua Yang attributed the stronger results to better sales, steady construction progress recognition and the completion of its land disposal.

In late March, Hua Yang's share price surged over 55% in a week, rising from RM1.06 on March 22 to RM1.65 on March 30. The counter has since traded above the RM1.50-mark, hitting an all-time high of RM1.76 on July 14. It closed at RM1.68 yesterday with 65,700 shares transacted.

Chan said Hua Yang was in the midst of planning corporate exercises to improve its liquidity, including a potential private placement.

The group recently proposed a one-for-three bonus issue of 36 million.