



# Hua Yang expects northern projects to contribute up to 30% of FY18 revenue

*By Sangeetha Amarthalingam / January 31, 2017 5:08 PM MYT*

BUTTERWORTH (Jan 31): Property developer Hua Yang Bhd expects its northern region projects to contribute up to 30% to its revenue for its year ending March 31, 2018 (FY18).

"We hope to generate a sales revenue of up to RM100 million for FY17 from our projects in the northern region, including two developments in Seri Iskandar, [Perak](#)," said the group's assistant general manager Tony Ng.

Its maiden project in [Penang](#), the Meritus Residensi in Prai, is projected to generate a sales revenue of RM40 million to RM50 million in FY17, and up to RM100 million in FY18, he added.

Speaking to reporters at the launch of the RM220 million gross development value (GDV) project, Ng said it has seen a 34% take-up rate, made up mostly of first-time homebuyers, since the soft launch earlier this year. He expects the rate to rise to 50% by end of March.

Meritus Residensi features 480 serviced apartment units and 15 retails shops on a 1.7 hectare (ha) land. It is part of an overall 2.8-ha mixed development freehold project, with a GDV of RM324 million.

The units, priced from RM364,500 onwards, are expected to be completed by 2020.

Elsewhere in the north, the Seri Iskandar project, featuring mixed developments and townships, has a GDV of RM1.2 billion. It began in 2002 and is 50% complete.

Hua Yang has built RM3.7 billion worth of properties since 1978, with a focus on the affordable home segment, whereby units are priced below RM500,000.

Asked if the group would be affected by the revision of the moratorium period for the 1Malaysia People's Housing Programme (PR1MA) from 10 years to five years, Ng replied:

"No, because Hua Yang is a private-driven developer. Our buyers are different from those who are keen on PR1MA. Ours is a free market catering to those who want to invest [in] a freehold property.

"PR1MA housing involves the buyers' eligibility which is more stringent. That is a rakyat-based market while our criteria is less strict. It is different," he said.

He was asked to respond to a recent note from RHB Research Institute stating that the relaxation of the PR1MA policy would have a negative effect on Hua Yang.

"This is as the company is in the affordable housing and high-rise segment in the Klang Valley, with the property prices of around RM500,000. The new policies may pose a threat to Hua Yang, as the government has cut the moratorium period for PR1MA housing to five years, from 10 years," RHB had said.

Hua Yang has an undeveloped land bank of 135.6ha in the northern region, with 8.5ha in Penang, with a potential GDV of RM1.9 billion spanning six years.

"We are aggressively looking for land and want to expand further in this region, as we see it fits in with our business model," Ng said.

On Jan 25, Hua Yang acquired a 10.86% stake in Magna Prima Bhd for RM66.6 million via an off-market direct business transaction, as part of its objective to invest in strategic land banks.

Hua Yang's net profit for its third quarter ended Dec 31, 2016 (3QFY17) declined 65.5% to RM10.42 million or 2.96 sen a share, from RM30.16 million or 8.57 sen a share a year ago.

Revenue dropped 52.3% to RM73.95 million, from RM154.98 million, due to lower sales revenue.

The group has declared a second interim dividend of two sen per share for FY17. — *theedgemarkets.com*