

Hua Yang to raise RM100m to buy land

PROPERTY developer Hua Yang Bhd will undertake a fund raising exercise next year to raise between RM50 million and RM100 million, which will be used for land acquisitions.

"We are now exploring a few options such as a bond or rights issue," chief operating officer Ho Wen Yan told reporters after the company's annual general meeting in Kuala Lumpur yesterday.

He said Hua Yang's gearing level was 0.3 times currently and its financial position

would remain comfortable even if the gearing level moved to 0.6 following the capital raising initiative.

He said Hua Yang was on the lookout for land in secondary areas such as Selayang and Seri Kembangan.

"These locations will become prime areas in the future," he added.

Ho also said the company, whose current undeveloped landbank stood at 400ha, was on track to meet the RM300 million sales target based on its first-quarter results.

He attributed the good results to encouraging sales from its One South project, which comprises a mixture of commercial, retail and residential development.

The project, which is within the property hotspot of Seri Kembangan, spreads across 17.89 acres with RM759 million in gross development value.

For its financial year ended March 31, 2010, the company achieved a profit before tax of RM15.8 million, representing an increase of 25.7% over the preceding year.

It recorded a revenue of RM103.5 million or 3.5% higher than the revenue of the preceding year due to better sales at its Symphony Heights project in Selayang.

"The industry's outlook is positive for the next two years due to good economy and low interest rates," Ho said.

Nevertheless, he hoped the government would consider giving incentives in the 2011 Budget for developers of low-cost houses because at present, the demand does not match the supply, he said. — *Bernama*