

# Hua Yang eyeing up to RM100m for expansion

**Developer looking at rights or bond issues to raise capital to acquire land**

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**KUALA LUMPUR:** Fresh from getting shareholders' approval for its proposed bonus issue, ambitious property developer Hua Yang Bhd is exploring the possibility of raising up to RM100 million in new capital for land acquisition for future development.

"We currently have a gearing ratio of 0.2 times (20%), and will be comfortable with a gearing level of up to 0.6 times or in the region of RM50 million to RM100 million. We are currently looking at several options including rights or bond issues.

"It will mainly be used for land acquisition, mainly in key secondary markets such as Seri Kembangan and Selayang, matured areas with high population," its chief operating officer Ho Wen Yan said after the company's AGM and EGM here yesterday.

Hua Yang yesterday announced the promotion of Ho to CEO, with effect from today, taking over from Ho Mook Leong who will continue to serve as a director.

Meanwhile, Hua Yang's proposed five-for-one bonus issue of up to 18 million new shares was approved during the EGM.

The developer has been in aggressive expansion mode this year to grow its landbank. On March 5, it acquired 493,333 shares or an additional 15% stake in Sunny Mode Sdn Bhd from Nestin Sdn Bhd, increasing Hua Yang's stake in the property developer to 60%.

Sunny Mode owns a vacant 28.5-acre plot of leasehold land near Seremban, Negeri Sembilan. Hua Yang has announced plans to develop a mixed commercial and industrial development with a gross development value (GDV) of RM48 million on the land over three to four years.

For its first quarter ended June 30, 2010 (1QFY11), Hua Yang posted a 75% jump in net profit to RM4.9 million from RM2.8 million a year earlier, while revenue rose 48% to RM37.22 million from RM25.17 million.

Ho said Hua Yang was maintaining its target of RM300 million sales for FY11, or almost 200% jump from RM103.54 million recorded in FY10.

The main revenue driver would be the One South mixed development in Sungai Besi. With a GDV of RM750 million, One South represents a large chunk of the RM1 billion worth of projects that the group will roll out this year.

One South is a mixed project consisting of retail, commercial and residential properties spanning 7.2 hectares of land in Sungai Besi, to be developed in five phases and take eight years to complete.

Phase One, valued at RM200 million in GDV, will consist of retail outlets and offices while Phases Two, Three and Four will consist of serviced apartments.

Hua Yang's other notable projects include the RM45 million Senawang Link, an industrial and commercial development in Seremban; the RM28 million Polo Park, an exclusive residential area in Johor Bahru; and the final phase of the RM200 million Symphony Heights in Selayang, Selangor.

"For now, we will continue to focus on building affordable and quality homes and plans to further strengthen our presence in the market, particularly in the Klang Valley, Perak, Johor and Seremban before going into the high-end market," said Ho.

Hua Yang shares closed up one sen to RM1.22 yesterday with some 2.04 million shares traded. The counter has surged 62.67% year-to-date, compared with a 9.41% gain by the benchmark FBM KLCI.

Hua Yang's net assets per share stood at RM2.25 as of June 30, up 2.3% from RM2.20 as at end-FY10.