

Hua Yang weighs rights issue

To raise funds for working capital and purchase of new landbank

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KUALA LUMPUR: Property developer Hua Yang Bhd plans to expand to Penang and east Malaysia, from its current portfolio of Perak, Johor and the Klang Valley. It is also exploring the possibility of a rights issue within the year to raise funds for the expansion.

"The economic and population growth in east Malaysia has proven to be very strong" CEO Ho Wen Yan said yesterday at a press briefing, adding

that its project there may potentially be a residential development.

Ho also said there are no plans to diversify from its property development business or seek landbank beyond Malaysia.

He added the company is exploring the possibility of a rights issue within the year, to raise funds for working capital and the purchase of new landbank. Financial controller May Chan said that one-tenth of the funds required will be from private placements, and the rest to be sourced from the public and conventional borrowing.

The company plans to double revenue in its financial year ending March 31, 2011, in anticipation of major con-

tributions from its ongoing works, namely the mixed development One South in Sungai Besi and residential project Symphony Heights in Selayang respectively.

Recently released results for the third quarter ended Dec 31, 2010 (3QFY11) saw net profit surge 179.9% on-year to RM7.7 million from RM2.7 million a year ago. It said revenue climbed 80.8% to RM49.3 million. Net assets per share stood at RM2.20 as of Dec 31, compared to RM2.07 the previous year.

"The positive 3Q were due to better sales for phases under development and from the improved profit margin," it said.

Ho said initial sales of One South,

with gross development value of RM750 million, was the main driver for 3Q, and is expected to be one of the major revenue drivers going forward as the project is expected to be fully completed within five to seven years.

Listed on Bursa Malaysia in 2001, Hua Yang focuses on the affordable homes segment, catering to the growing mass market. The Perak-based developer has been in the property business for 32 years.

It recently completed a bonus issue of 18 million shares on a one-for-five basis.

Shares of the company closed two sen lower at RM1.03 yesterday with 320,400 units done.