Yu Neh Huat forays into **Klang Valley**

BY ANGIENG

PROPERTY developer Yu Neh Huat Bhd will be making its presence felt in the Klang Valley property scene to ride on the strong demand for niche residential properties here.

The move is part of the group's expansion plans to venture into the fast growing and exciting market of the Klang Valley, and to diversify out of its market strongholds of Sitiawan, Seri Manjung and Lumut

To kick off its foray into the Klang Valley, the group will be launching its maiden development featuring 250 units of serviced apartments near the Kuala Lumpur City Centre

The freehold land was acquired for about RM20mil about two to three years ago, and the development would translate into a gross development value (GDV) of RM180mil to RM200mil.

Construction for the serviced apartments will begin in the next few months for completion in three years. The units, with built-up areas from 500 to 2,000 sq ft, will be priced from about RM800 per sq ft.

We are talking to several parties to manage the serviced apartments and are confident of tying up with a renowned operator to turn the property into a highly sought-after address," Yu Neh Huat executive

chairman Datuk Dr Yu Kuan Chon told SturBiz in an interview.

The group has also purchased a three-acre parcel near Garden International School in Mont'Kiara for a luxurious condominium development. The 28- and 29-storey blocks will have a total of 230 condominium units.

The 2,000-sq ft units with full condominium facilities will be priced from RM330 psf for a GDV of RM130mil. Construction is expected to take off by the middle of next year for completion in three years.

Another Yu Neh Huat project in

the Klang Valley will be located in S514 in Subang Jaya. The RM50mil low-density condominium enclave will feature 70 to 80 units of between 2,000 and 2,500 sq ft priced from RM250 psf. Slated for launch in the first quarter next year, the project will also take about three

"We are eyeing a few more parcels of five to 30 acres land in Mont'Kiara and the Kuala Lumpur city centre for niche developments, including luxurious condominiums, as well as gated and guarded community developments. These pro-jects will have fast turnaround time and offer good profit margins for the group," Yu said

He said most of the group's projects had a turnaround time of between 12 months and 112 years.



its landed projects normally take only a year to complete compared with the industry norm of two

"While venturing into other niche market segments, we will continue to pay attention to our bread-andbutter business of building affordable homes for the Manjung district folks. The development there will keep us busy for the next 20 to 25

years and provides a stable earnings stream for the group, 'Yu said. Yu Neh Huat's share capital of RM265mil will be expanded to RM350mil after the 85 million bumiputra shares are placed out in the next two months. This will allow the group to pare down its debt and to acquire new land bank.

On its dividend payout policy. Yu said the group was committed to pay 10 sen per share for the current financial year ending Dec 31, 2004.

Analysts are confident of Yu Neh Huat's earnings potential with its good land bank and product offerings. They expect to see a minimum of 20% earnings growth a year for

It is in its early stages of growth and can expect to register 20% to 30% growth in net earnings over the next two to three years," an analyst with a local brokerage said.

Net earnings for the group's first quarter ended March 31 are expected to be between RM9mil and RM10mil. Its borrowings of about RM61mil to shareholders' fund of RM270mil translate to a gearing of

Lending credence to the group's strong potential is the fact that 45% of its shareholding is held by institutional investors who are mostly insurance institutions and bankbacked asset management compa-nies. The Yu family holds a 52% stake in the group.

A senior research analyst with a A senior research analyst with a foreign brokerage said the three new projects coming onstream in the Klang Valley would be able to contribute between 40% and 50% to group earnings and sales in the next two to three years. two to three years.
The group has the advantage of

having very strategic and well-locat-ed projects which will certainly help to earn it a good name in the ne markets it is venturing into said the analyst.

Its land bank of 1,127 acres should underpin development efforts over the next 10 years.

"Through several savvy purchases in recent years, from Danaharta and other parties, the group looks well placed to tap robust demand for housing and commercial properties in the Klang Valley and Perak," he

its stable recurrent income from the Manjung development will pro-vide the necessary cashflow for the acquisition of strategic land for its foray into more niche develop-

ments.

Manjung, with a population of 200,000, is a very stable market for the group as there is a ready demand from the nearby Lumot Dockyard. The 1,000 to 2,000 new personnel recruited by the dockyard a year need a regular supply of residential mints.

Business savvy team helps group branch out from Perak

THE hands-on and entrepreneurial team that is steering Yu Neh Huat Bhd will place the property group on a strong financial footing to build up its standing in the local property

The management team is very business savvy and possesses very good land banking skills. Their hands-on approach in managing the business has landed the group with the opportunity to break out from its traditional stronghold of Perak and to build a name in the bigger Klang Valley market," said a senior research analyst with a foreign brokerage.

Yu Neh Huat is also renowned as a highly efficient group that uses its own in-house construction team and equipment and building materials

distribution arm. This has resulted in faster than normal construction period of 12 months to 112 years for completion compared with the industry norm of

two years.

The use of the in-house construction and procurement team has certainly helped to bring in higher margins from its development projects of up to 50%

Founded by the late Datuk Yu Neh Huat father of executive chairman Datuk Dr Yu Kuan Chon and group managing director Yu Kuan Huat, the group has charted tremendous

100% 100% Yu & Sons Kar Sin Sdn Bhd Bhd 100% 100% 100% 100% Saujana Mesra Hanidel Lead View Bay Unggul Sdn Bhd Clubhouse Harian Sdn Bhd San Bhd Sdn Bhd Sdn Bhd

Corporate Structure

growth from its humble beginnings in Sitiawan, Perak.

The late Yu, who began his career as a farmer and keeper of livestock, had inspired his sons to venture into construction in the early 1980s, with the establishment of Kar Sin Enterprise Sdn Bhd in 1982.

Its first project involved the construction of 10 units of doublestorey shop office in Jalan Kampung Sitiawan in 1987.

Its maiden housing project, Taman Indah Muhibbah, comprises 39 units of double-storey terrace house. In 1992, it took up a bigger challenge by

launching its first township development, Taman Samudera.

Since then, Yu Neh Huat has grown into the largest developer in the rapidly growing Manjung district, which covers the towns of Sitiawan, Lumut and Sri Manjung in Perak.

The group, which assumed the listing status of main board company Techno Asia Holdings Bhd in December last year, is building on its reputation as an affordable housing developer in Manjung by venturing into more niche developments in other new markets.

Anchored by its strong market

position in Bandar Baru Sri Manjung. where the group has developed 65% to 70% of the properties in the township, it is expanding its land bank and development to Ipoh and the Klang

Valley.
"Under the 8th Malaysia Plan (2001-2005), the government has estimated the need for 490,000 units of affordable residential properties to cater to the growing population, new households and replacement of existing homes.

"In the pipeline the group has planned to build more than 2,000 units of affordably priced homes (below RM150,000) over the next five years in Perak and other highend properties, especially in the Klang Valley," said executive director Kuan Chon.

In total, Yu Neh Huat builds about 1,500 property units a year, of which 600 are in Perak.

Its 1,000 acres in the Manjung dis-trict, which are being developed into 20,000 units of affordable homes and commercial property, will provide a total gross development value (GDV) of RM1.5bil.

To date, 8,000 property units with RM600mil in sales value have been completed and sold. The balance 12,000 units will be launched in the next 20 to 25 years.

Group financial controller Chan

Yan Meng said the group had target-ed to sell 500 residential units and 100 shop lots a year in its flagship project in Manjung Point to generate annual sales of RM100mil over the next 10 years.

Since 1988, Yu Neh Huat group, through wholly-owned subsidiary Kar Sin Bhd, has completed more than 100 projects, featuring 8,000 properties worth RM600mil within the Sitiawan-Sri Manjung-Lumut

The development comprises mainly single- and double-storey terrace houses, semi-detached houses, bungalows and condominium units. priced from RM88,000 to RM138,000.

The 1,000 acres in the Sittawan-Sri Manjung-Lumut corridor, acquired about a decade ago, has appreciated about 10 times in value. There is another 800 acres to be developed.

Chan said the next launch would be the 31-acre Medan Ipoh commercial development in Ipoh, Perak.

It will feature 400 to 500 units of two- and three-storey shop office for a GDV of RM150mil. The project to be launched soon will take about three years to complete.

"Over the next two years, we expect to launch RM658mil worth of properties, and these will contribute to the group's medium-term earnings growth," he added.