

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 March 2025 (FY2025) has been both rewarding and challenging, which bears testimony to the commitment and resilience of our team, alongside our ability to navigate and adapt to an ever-changing environment.

REFLECTIONS ON FY2025 FINANCIAL PERFORMANCE

Reflecting on the FY2025 financial performance, Hua Yang Berhad recorded a revenue of RM104.6 million, with a profit after tax (PAT) of RM6.3 million and an earnings per share (EPS) of 1.49 sen – despite a challenging economic climate.

While external pressures such as rising costs and market competition impacted margins, our disciplined execution and focused approach allowed us to maintain profitability and deliver value to our stakeholders, which justifies the moderate, overall financial performance, and lays a sustained foundation for future growth.

KEY ACHIEVEMENTS AND OPERATIONAL MILESTONES

The successful completion and handover of Aston Acacia @ Bukit Mertajam, our second project in Penang, further reinforces Hua Yang's reputation as a trusted developer with a strong execution and track record. The freehold serviced apartment recorded a 98% sales rate as of March 2025, and earned an impressive QCLASSIC score of 82%, reflecting our commitment to delivering value and quality.

Taman Ara Saujana in the Klang Valley, a two-storey residential project with an outstanding 90% conversion rate within a year of its launch – was another milestone to note, demonstrating strong market demand for well-located, affordably priced homes.

The success of both Aston Acacia and Taman Ara Saujana manifests consumer confidence in our offerings, driven by our market responsiveness to changing market conditions and customer needs.

KEY CHALLENGES ENCOUNTERED

While FY2025 brought notable accomplishments, the Group also faced considerable headwinds. The industry continued to grapple with rising construction costs and volatile material prices due to supply chain disruptions, plus intensifying market competition. Such challenges placed pressure on margins and required agile decision-making and strategic realignment to maintain our growth momentum. In other words, despite these hurdles, Hua Yang managed to sustain its operational resilience, delivering value-driven offerings.

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An encouraging performance across key economic sectors lifted Malaysia's Gross Domestic Product (GDP) to 4.4% in the first quarter of 2025 (Q1 2025), in line with the GDP Advance Estimates and higher than the 4.2% growth recorded in the corresponding quarter of 2024 (Q1 2024), per the latest statement released by the Ministry of Finance.

The GDP growth in Q1 2025 was buoyed by the Services (5%), Manufacturing (4.1%), and Construction (14.2%) sectors. Further fuelling the growth momentum was stronger consumer spending during the Chinese New Year and pre-Hari Raya festive periods, the implementation of the new minimum wage in February 2025, and the recent increase in civil servant salaries.

With unemployment trending downward to 3.1% in February 2025 and the Overnight Policy Rate (OPR) holding steady at 3.0% as of May 2025 (since May 2023), as well as a low inflation at 1.5% (Q1 2025), Malaysia's stable economic fundamentals provided a conducive environment for homebuyers throughout FY2025, resulting in sustained consumer purchasing power.

Recognising this, Hua Yang remains well-positioned to cater to homebuyers of such price points, where sustained housing demand can be anticipated, as evidenced by our popular projects in high-growth areas such as Bukit Mertajam, Dengkil and Pasir Gudang, for example.

ECONOMIC AND PROPERTY MARKET OUTLOOK

The Malaysian property market showed encouraging signs of recovery and upward trajectory, with NAPIC data indicating a 2.9% drop year-on-year (Q1 2024 vs Q1 2025) in total residential overhang (completed but unsold housing).

This means the demand for affordably priced homes in strategic locations has been increasing, encouraged by factors like urban growth, job opportunities, and rising incomes. According to the Malaysia House Price Index (MHPI), housing prices for Q1 2025 were relatively stable, standing at 225.3 points (average price: RM486,070).

TAN SRI DATO' SERI DR. TING CHEW PEH

Chairman/
Non-Independent
Non-Executive Director

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MANAGING RISING CONSTRUCTION COSTS

On the other hand, rising construction costs present a significant challenge to the industry. Due to factors like inflation, global supply chain disruptions, and labour shortages, such obstacles are impacting developers' profit margins, contractors' ability to deliver projects on budget, and ultimately, the affordability of housing and infrastructure.

Nevertheless, Hua Yang has been proactively addressing cost-driven issues through strategic procurement practices, re-evaluation of supply chains, and partnership optimisation. Apart from undertaking efficient construction methods, our project teams have been undertaking value engineering initiatives such as optimised workflows and resource utilisation to preserve margins without compromising on quality or timelines.

EMBRACING INNOVATION AND EFFICIENCY

To stay ahead in an increasingly competitive market, Hua Yang continued to integrate digital tools and process automation in its operations. Embracing innovation to enhance our operational efficiency and streamline our product delivery has been a key agenda that propels us to strive for excellence.

Through enhanced stakeholder engagement platforms, digitised property management systems, and improved energy-efficient designs and waste management practices, we are utilising technological advancements to reduce costs and strengthen our productivity. For instance, we have been adopting data-driven sales and marketing strategies to improve customer targeting, while ensuring diligent service delivery and after-sales care.

For the financial year under review, our commitment to ESG remained strong as we took further steps in reducing our carbon footprint, promoting green building practices, and engaging communities in inclusive ways.

SUSTAINABILITY PRINCIPLES AND LEADERSHIP

Being a responsible corporate, we strive to balance profitability with accountability, ensuring transparency and trust in every aspect of our operations. With this in mind, Hua Yang remains dedicated to its Environmental, Social and Governance (ESG) goals.

For the financial year under review, our commitment to ESG remained strong as we took further steps in reducing our carbon footprint, promoting green building practices, and engaging communities in inclusive ways. Our sustainability framework continues to guide our long-term vision and operational conduct, aligning our growth with societal needs.

Guided by our core values of integrity, innovation, and customer focus, we have been concentrating our efforts on affordable housing, particularly in growth corridors and key economic zones such as Penang, Ipoh, Klang Valley and Johor Bahru, leveraging the existing well-developed infrastructure while fulfilling the rising urban residential needs – as we stay true to our mission of providing affordable, quality homes for Malaysians across the nation.

We aim to strengthen our sustainability efforts in future developments, aligning with national housing affordability and sustainable urban living goals. Our projects integrate functionality, sustainability and connectivity to enhance liveability while remaining accessible to middle-income buyers. Put simply, through our urban development projects that combine sustainability, community well-being, economic inclusivity, and environmental responsibility, we are empowering communities to thrive in spaces designed with purpose and care.

OPPORTUNITIES AND CHALLENGES IN THE YEAR AHEAD

Moving forward, our strategic priorities include expanding our presence in high-growth regions, particularly in the Greater Klang Valley, Ipoh, Penang and Johor; driving digital transformation to enhance operational productivity; exploring land-banking opportunities for long-term growth; and strengthening customer engagement by aligning with evolving needs.

We remain optimistic about the residential segment, especially for competitively priced, strategically located, and value-driven homes. Key upcoming developments, including new phases in Klang Valley and northern region especially the mainland of Penang, are already generating strong interest. We are also pursuing strategic partnerships with government and private entities to create synergies in landbank optimisation, operational efficiencies and development capabilities.

We are tapping into two key segments: first-time homebuyers through affordable mid-range housing, and Transit-Oriented Development (TOD) with the support of key infrastructure – in well-connected locations. The move aligns with Malaysia's urban development goals while addressing strong market demand.



ONGOING AND UPCOMING PROJECTS

The most recent ongoing projects such as Taman Ara Saujana in Dengkil (Selangor); Santolina and Azalea in Bandar Universiti Seri Iskandar (Bandar U®) (Perak); and Elemenca in Pasir Gudang (Johor) are expected to continue to record high take-up rates as the Group adopts cautious strategies amid global geopolitical tensions by monitoring and improving operational efficiency through prudent financial management and cost control, while remaining sensitive to market sentiments in the timing and pricing of new-phase launches.

Coming soon, Ara Residences in Puchong, Selangor is in the pipeline. The announcement of other forthcoming projects, especially those in Perak, Johor and Penang, will follow at a time deemed appropriate.

EMPLOYEE CONTRIBUTIONS AND CAREER GROWTH

On behalf of the Board, I would like to take this opportunity to offer my salute to our employees, who are the backbone of our success. Their hard work, resilience, dedication and commitment have kept the Group agile and responsive. We will continue to invest in talent development such as training and upskilling, provide growth pathways for career advancement, and foster a culture of innovation and teamwork with continuous improvement in mind.

WORDS OF APPRECIATION

Again, my heartfelt gratitude goes to all of our team members for their unwavering dedication and hard work, recognising the collective effort that has been instrumental in driving our achievements.

Once again, let me express my appreciation to our Board for their steadfast stewardship; to our employees for their dedication, adaptability and resilience; and to our shareholders, customers, and partners for their continued trust and collaboration.

Despite the ongoing macroeconomic uncertainties, Hua Yang approaches FY2026 with cautious optimism. Guided by our operational agility with a strong customer focus and commitment to sustainability at the same time, we are well-positioned to navigate challenges and seize new opportunities – creating lasting value for our stakeholders while continuing to shape Malaysia's housing landscape.

Thank you.

Sincerely,

Tan Sri Dato' Seri Dr. Ting Chew Peh

Chairman/Non-Independent Non-Executive Director
Hua Yang Berhad