

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Dear Shareholders,

**The Financial Year 2025 (FY2025) presented a challenging landscape for Malaysia’s property sector, influenced by macroeconomic uncertainties such as trade tensions, geopolitical conflicts, currency fluctuations, supply chain disruptions and of course, inflationary pressures.**

Despite rising operational costs and increased market competition, Hua Yang remained resilient in the affordable housing segment, so did Malaysia’s economy, which saw a moderate GDP growth (e.g. 4.4%, Q1 2025). Nevertheless, it still underscored the country’s ability to withstand external pressures especially the fluctuating commodity prices, braving the headwinds of tighter financial conditions. In a broader perspective, our economy could still reflect a degree of stability amid global uncertainties, driven by a healthy domestic demand and sustained government infrastructure spending.

The evolving government policies on housing affordability and market regulation required the Group to remain agile and adaptive, in response to shifting market dynamics. The ability to anticipate changes and adjust accordingly enabled the Group to maintain a balanced portfolio, all while meeting new market standards and demands, within the affordability frameworks that we have been championing.

During the year under review, Hua Yang operated within a challenging cost environment, marked by sustained increases in the prices of construction materials, labour, logistics, and other operational inputs, both globally and domestically.

Again, despite all these challenges, Hua Yang remained committed to delivering value across its project portfolio through optimised resources, cost management and operational efficiency, while capitalising on growth opportunities in underserved and high-potential markets, especially the suburban areas.

**Total Revenue FY2025**

**RM104.6  
MILLION**

(FY2024 Revenue  
RM205.0 million)



For more information, please refer to **page 7**.

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**HO WEN YAN**

Chief Executive Officer

Above all, there were no unexpected or unusual events that had a material impact on the Group's operations during the year under review. The continued demand for affordably priced, well-located homes has been a key driver. In addition to the strategic focus on high-growth regions, Hua Yang's commitment to digital transformation has also contributed to sustained operational momentum.

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**FINANCIAL AND OPERATIONAL PERFORMANCE**

Hua Yang's financial performance for FY2025 narrated a mix of hurdles and opportunities in a challenging yet dynamic operating environment. The Group recorded a revenue of RM104.6 million, representing a year-over-year (YoY) decline of 49%, due to a combination of external market conditions and internal operational adjustments as discussed earlier.

Nonetheless, Profit After Tax (PAT) registered a modest increase of 3%, amounting to RM6.3 million. This improvement was attributed to effective cost optimisation measures, project mix, and efficient resource allocation. In other words, strategic efforts to streamline operations, reduce overheads, and enhance productivity – helped cushion the impact of declining revenues and supported bottom-line stability.

**FINANCIAL POSITION AND STABILITY**

Hua Yang maintained a healthy net gearing ratio of 0.35, indicating a cautious capital structure with manageable debt levels to fund its operations. The sensible use of debt and equity hinted a degree of strength in the Group's balance sheet and liquidity, implying an ability to navigate economic challenges and grow sustainably.

Put simply, for the year under review, Hua Yang adopted a disciplined approach to cash flow and working capital management with financial flexibility in place, ensuring sufficient liquidity to support current project execution and future growth opportunities. Despite prevailing market volatility, the Group's performance remained broadly in line with industry trends, demonstrating resilience and operational stability in a challenging environment.

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## KEY MILESTONES IN FY2025

Hua Yang achieved several significant milestones during the 2025 fiscal year, reinforcing its project portfolio and long-term growth strategy. Encouraging sales momentum and landbank expansion were the two accomplishments that reflect strong execution capabilities, strategic planning, and a continued focus on delivering quality projects and value to consumers.

The successful completion of Aston Acacia in Bukit Mertajam (Penang Mainland) marked a key achievement for the Group. The freehold serviced apartment that nestles in an urban location neighbouring Jit Sin Independent High School, recorded a 98% sales rate as of March 2025, and earned an impressive QCLASSIC score of 82%, manifesting our commitment to delivering value and quality.

Taman Ara Saujana in Dengkil (Southern Klang Valley), a two-storey residential project with an impressive 90% take-up rate within a year of its launch – was another milestone to note, demonstrating strong market demand for well-located, affordably priced homes. The strong market response suggested the Group's ability to deliver developments that align with buyer preferences, driven by effective market positioning and responsiveness to evolving housing needs.

Hua Yang has also completed the Centaurea Phase 2 and Plumeria Phase 1 projects in Seri Iskandar (Perak) under the BUSI (Business, Urban, Smart, Innovative) master plan. These mixed-use developments are in line with the evolving market demand for modern, integrated living and working spaces. The projects bear witness to the Group's commitment to innovation and urban lifestyle solutions.

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The Element Phase 2 project in Pasir Gudang (Johor) was successfully completed too, further expanding the Group's presence in southern region. The new township will be supported by nearby institutional, commercial and industrial facilities such as educational institutions, hospitals, supermarkets, retail stores, convenience stores, banks, restaurants, beachfront developments and seaports (in the likes of Pasir Gudang Port, Tanjung Langsat Port and Johor Bahru City Centre).

Landbank expansion remained a strategic priority in FY2025, with the Group securing two new parcels of land to support future development plans: 3.15 acres in Sitiawan and 5.21 acres in Tronoh – both in Perak.

Sitiawan is served by the West Coast Expressway (WCE) with the Kampung Lekir – Changkat Cermin stretch already open to traffic, where the town is located. The bustling town is also accessible via the North-South Expressway (NSE) and just about 12km from the coastal town of Lumut, the gateway to Pangkor Island. With easy access to Ipoh and Kuala Lumpur, Sitiawan's accessibility makes it appealing to both residential and commercial development, which supports the outward shift from major cities.

Tronoh, which lies between Seri Iskandar and Batu Gajah, holds significant potential for future development due to a combination of strategic, economic, and infrastructural factors. Universiti Teknologi PETRONAS is a notable, nearby landmark. Tronoh is connected to Ipoh in the northeast with a manageable distance of 70km. Kampar, home to the main campus of Universiti Tunku Abdul Rahman (UTAR), lies 30km southeast. Being surrounded by established infrastructure and growing educational institutions, Tronoh presents a number of advantages for new townships development.

Both Sitiawan and Tronoh help position the Group in the medium to long-term growth trajectory. Hua Yang's current landbank holding as of March 2025 amounts to 357 acres and is estimated to generate a Gross Development Value (GDV) of RM5 billion.

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## RISK MANAGEMENT

In response to ongoing economic uncertainties and rising construction costs, Hua Yang has been proactively implementing strategic risk mitigation strategies to ensure business resilience, flexibility and stability in the long run.

The measures include expanding into high-growth areas in Penang, Perak, Selangor, and Johor to reduce dependency on any single market and capture emerging growth opportunities. By diversifying its geographical footprint into locations with growing demand for residential and commercial properties, the Group is well-positioned to strengthen and broaden its revenue streams.

Hua Yang has also been reinforcing its financial discipline by tightening cost management across key operational areas, particularly in procurement and construction processes. Among them – optimising supply chain efficiencies, renegotiating vendor contracts, and leveraging economies of scale to achieve cost savings without compromising on quality.

## TECHNOLOGY ADOPTION AND TRANSFORMATION

Technological innovation remains central to Hua Yang's transformation journey to meet and exceed operational and customer expectations. The Group will continue to advance its digital adoption across multiple business functions, from sales and marketing to project management and customer service.

Key initiatives to enhance efficiency, decision-making capabilities, and stakeholder engagement include digital booking platforms, virtual showrooms, and data-driven customer engagement strategies. For example, operational efficiencies can be further enhanced through automation and digitised monitoring tools to reduce lead times and errors, utilising the emerging proptech.

All in all, the implementation of integrated digital platforms has helped streamline workflow coordination, document control, and progress tracking, resulting in improved transparency and communication across internal teams and external partners.

## ESG INITIATIVES

For the financial year under review, Hua Yang remained steadfast in its commitment to Environmental, Social, and Governance (ESG) principles, aligning its business strategies with sustainable development goals mapped out by Bursa Malaysia and United Nations.

As outlined in the Group's Sustainability Statement, Hua Yang integrated responsible practices across its operations to create long-term value for stakeholders and the environment. Guided by the ESG principles, the Group prioritised environmentally friendly design features in its new projects, emphasising energy efficiency, green landscaping, and community well-being.

Beyond green building practices, Hua Yang maintained active community engagement through Corporate Social Responsibility (CSR) programmes, focusing on education, youth empowerment, welfare and environmental awareness. The underprivileged groups were among the community members who benefitted from our outreach initiatives. Through meaningful partnerships with local organizations and institutions, Hua Yang aims to build stronger, more resilient communities while fostering long-term, sustainable impact.

Meanwhile, strong corporate governance is central to Hua Yang's operational framework. Therefore, the Group upholds high standards of integrity, transparency and accountability across all levels of management.

Hua Yang also ensures that its supply chain partners adhere to responsible business practices through vendor screening and sustainability assessments. By embedding ESG considerations into decision-making processes, the Group reinforces stakeholder trust and long-term resilience.



Further details are presented in the Sustainability Statement.

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### COMPLETED AND ONGOING PROJECTS, SALES AND PROGRESS

Hua Yang continued to consolidate its presence in key property markets across Malaysia, covering Klang Valley, Johor, Penang Mainland and Perak – with a growing presence in strategic suburban areas of high-growth potential, which is in sync with the Group’s affordability direction.

The Group successfully delivered several residential developments in FY2025, indicating strong execution capabilities of affordable and quality homes.

The completion of Aston Acacia in Bukit Mertajam (Penang Mainland), Centaurea Phase 2 and Plumeria Phase 1 in Seri Iskandar (Perak), and Elemence Phase 2 in Pasir Gudang (Johor) reflects Hua Yang’s ability to navigate challenges such as rising construction costs and supply chain disruptions while reinforcing its reputation for delivering value-for-money homes that meet the evolving needs of modern homebuyers.

In terms of the ongoing projects, Hua Yang continued to make steady progress across its portfolio with encouraging market acceptance. The notable achievements include BUSI - Azalea Phase 1 (launched March 2025; take-up rate: 31%), BUSI - Santolina Phase 1 (launched March 2025, take-up rate: 32%), and Taman Ara Saujana in Dengkil (90% take-up rate within a year of its launch).

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Elemence Phase 5P2A, a township development in Pasir Gudang has been 100% sold out, reflecting a sustained demand for quality affordable housing in the southern region. Sales momentum as of March 2025 also remained strong in the subsequent phases: Elemence Phase 5P2B was 81% sold, indicating continued buyer confidence; and Elemence Phase 5P2C(1) scored a 63% take-up rate, marking an upward momentum with marketing efforts focused on maintaining traction through targeted promotions and enhanced digital engagement.

Throughout FY2025, project execution remained largely on schedule with minimal delays, thanks to effective cost-control, procurement and supplier engagement strategies, which led to strong operational efficiency.

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## UPCOMING LAUNCHES IN FY2026

Hua Yang is driving future growth with a strong pipeline of new residential projects slated for launch in FY2026. These developments are strategically located across key growth corridors in Perak, Penang Mainland and Selangor, targeting the affordable to mid-tier housing segments with high-demand potential.

Perak, the birthplace of Hua Yang, remains a key market for the Group as it continues to leverage its deep market understanding and established presence to unlock the value of new, booming townships. In Perak alone, five new launches have been planned for FY2026: Ellington 23 @ Shatin in Ipoh, Station 18 in Pasir Puteh, and three other projects in Bemban, Sitiawan, Tronoh respectively, with official announcements to follow soon.

Ellington 23 @ Shatin is a commercial development with modern design and practical layouts, ideal for retailers, F&B operators, professional services, and startups. Station 18 is located near transportation nodes, and aims to capture demand from professionals and commuters seeking affordable housing within easy reach of major urban centres.

The suburban development in Bemban caters to local buyers and investors, benefiting from improving infrastructure and connectivity. Sitiawan is positioned to serve growing residential demand in the coastal town, with proximity to industrial and educational hubs. Tronoh represents Hua Yang's expansion into emerging sub-markets with strong fundamentals such as land availability and affordability.

Outside Perak, the Group will be launching two developments in other high-potential regions: Altus Residency in Seberang Perai (Penang Mainland), and Ara Residences in Puchong (Selangor).

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Altus Residency is a residential development targeting first-time homebuyers, young families, professionals and investors seeking affordable housing options outside the more expensive central areas of Penang Island, in comparison with that of George Town and Bayan Lepas.

With ongoing industrial expansion and transportation improvements, demand for housing is expected to remain strong in Seberang Perai, which is becoming a hotspot for residential development due to its strategic location and economic growth. Therefore, Altus is well-positioned to ride on such advantages, offering both owner-occupiers and investors value appreciation potential.

Another residential development with similar target groups, Ara Residences, commands a strategic location south of Petaling Jaya in Klang Valley, considered Malaysia's most developed urban corridor. It is highly sought after due to its proximity to Kuala Lumpur (about 20km), excellent connectivity (e.g. Federal Highway, LDP, SPRINT, KESAS, MRR2, NKVE, KLIA), growing infrastructure (part of the Greater Klang Valley integrated transport network e.g. LRT, MRT) and established amenities (e.g. IOI Mall Puchong, SetiaWalk).

Altogether, those new launches are expected to generate a Gross Development Value (GDV) of over RM600 million to support Hua Yang's sales and revenue targets for FY2026 and beyond.

With a current landbank of 357 acres worth an estimated GDV of over RM5 billion, Hua Yang has adequate land resources to sustain its development plans over the next decade. The Group will continue to evaluate strategic partnerships and acquisitions to support future expansion.



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## PROSPECTS AND OUTLOOK

**Looking ahead, Hua Yang has set a sales target of RM400 million for the next financial year, bolstered by a strong project pipeline and market fundamentals. These include new launches in Perak, Penang and Selangor as discussed earlier, urban migration trends, affordable housing policies by the government that align with the Group's direction, and sustained interest among first-time homebuyers, young professionals and middle-income earners.**

The Malaysian property market is projected to stabilise in 2026, supported by improving consumer confidence as inflation eases and job opportunities rise. Other key factors contributing to this positive outlook include public infrastructure expansion especially transportation networks, and growing township and industrial development trends – which supports long-term residential demand in the aforesaid growth corridors in Perak, Penang, Klang Valley and Johor.



## LEADERSHIP PERSPECTIVES AND STRATEGIC DIRECTION

Under the leadership of Hua Yang, the Group will remain focused and disciplined in the execution of its strategies – delivering quality and affordable homes to address the genuine needs of the Malaysian families.

Bracing for headwinds in the middle of persistent geopolitical uncertainties, labour shortages, supply chain disruptions, rising construction and operational costs, despite all these challenges in an unfavourable environment presently, Hua Yang will continue to steer its mission towards this direction: delivering value-for-money homes that serve the aspirations of the general public.

Hua Yang will continue to capitalise on emerging opportunities in booming towns across different regions from the north through to the south, leveraging its solid financial foundation, resilience, and adaptability, together with the landbank for long-term growth, plus a proven track record and strong brand equity – to drive sustainable growth throughout FY2026 and beyond.

The Group is implementing strategic initiatives to remain relevant, competitive, agile, and future-ready. These efforts are driven by continuous transformation, sound corporate governance, and a strong customer-centric focus – all for greater operational productivity and efficiency.

As Malaysia's property market is expected to gradually regain momentum, Hua Yang remains confident in its growth prospects. The Group is optimistic that stronger growth will emerge in 2026, supported by improving economic stability and rising consumer confidence.