



Making **DREAMS** Affordable for **40 Years** and Beyond



Annual
Report
2019

OUR CORE VALUES



A salute to 40 years of making homes affordable for Malaysians, the colourful illustration symbolises Hua Yang's accomplishments in empowering many to realise their dream of owning their first home. Hua Yang continues to forge ahead with a forward-thinking mindset that focuses on enriching the design experience to embody integrated lifestyles without compromising quality and safety. It is all about adopting a contemporary approach that merges nature with technology within a nurturing and sustainable environment.

OUR VISION

Provide affordable housing for a developing nation



OUR MISSION

- Empower all Malaysians to achieve their dream homes
- Protect and enhance the interest of our stakeholders
- Ensure quality in our products and performance



DEPENDABLE

The smallest details get our full attention as we develop homes that owners can be proud of



RELIABLE

Hua Yang aspires to offer quality and reliable homes



EFFICIENT

Performing efficiently is not a goal nor mission, it is our culture



AFFORDABLE

Providing Malaysians with affordable homes is our pioneering vision



MOTIVATED

We strive to do our best in building homes that meet the needs of Malaysians



SUSTAINABLE

Sustainability is key in building a home for generations

DREAMS

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ABOUT US

Huayang

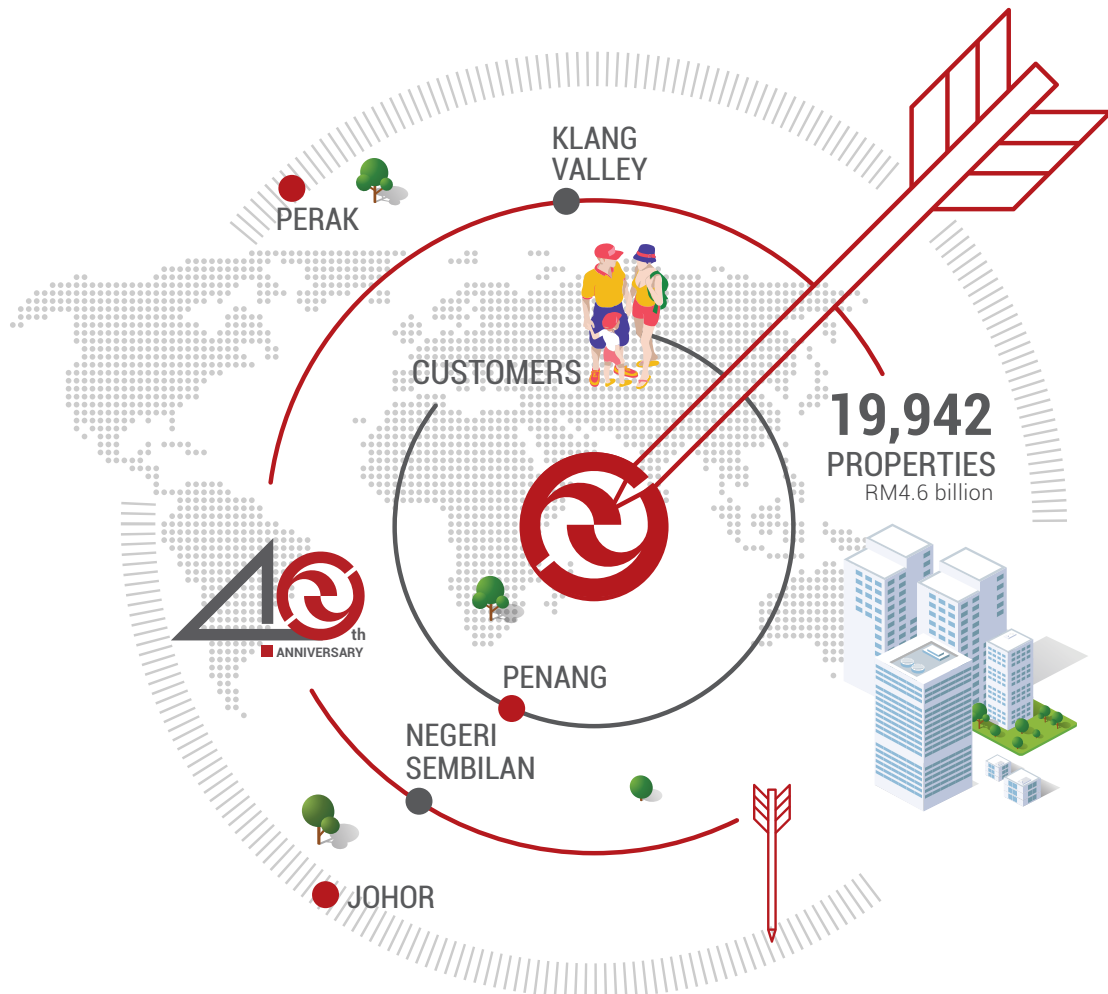
Your dreams, made affordable®

For 40 years since its inception in 1978, Hua Yang Berhad has realised its vision to help make dreams of affordable home ownership a reality for many first-time buyers, and will continue to do so in generations to come. To date, we have completed more than 19,942 properties worth RM4.6 billion, and have realised thousands of dreams in Klang Valley, Johor, Perak, Negeri Sembilan, and now Penang.

Hua Yang has further strengthened its presence and is now recognised as one of the nation's leading property developers in the affordable home segment. This is a testament to the commitment of our dedicated workforce and the close rapport we have always strived to establish with our customers.

Building affordable homes is not our only ambition. With thoughtful and meticulous planning, our self-sustaining townships are a fusion of nature's wonders and modern innovations, which result in green spaces that help to raise living standards and improve quality of life.

Celebrating its 40 years in the industry, Hua Yang Berhad continues to forge ahead and make home ownership more affordable for all, especially the young generation of today.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Dr. Ting Chew Peh
Chairman / Independent Non-Executive Director

Ho Wen Yan
Chief Executive Officer / Executive Director

Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Ho Mook Leong
Non-Independent Non-Executive Director

Chew Po Sim
Non-Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

**Y.A.M. Tengku Dato' Rahimah Binti
Al-Marhum Sultan Mahmud**
Independent Non-Executive Director

Ho Wen Fan
Alternate Director to Chew Po Sim

AUDIT COMMITTEE

Chairman

Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Members

Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman

Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Members

Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman

Tan Sri Dato' Seri Dr. Ting Chew Peh
Independent Non-Executive Director

Members

Dato' Tan Bing Hua
Senior Independent Non-Executive Director

Chew Hoe Soon
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Leong Oi Wah (MAICSA 7023802)
Tan Hwai Lun (MIA 24085)
Lam Cho Wai (MIA 37324)

REGISTERED OFFICE

C-21, Jalan Medan Selayang 1
Medan Selayang, 68100 Batu Caves
Selangor Darul Ehsan
Tel : +603-6188 4488
Fax : +603-6188 4487
E-mail : kl@huayang.com.my

OFFICE IN MALAYSIA

Head Office

C-21, Jalan Medan Selayang 1
Medan Selayang, 68100 Batu Caves
Selangor Darul Ehsan
Tel : +603-6188 4488
Fax : +603-6188 4487
E-mail : kl@huayang.com.my
Website : www.huayang.com.my

Perak Branch

123A, Jalan Raja Permaisuri Bainun
(Jalan Kampar), 30250 Ipoh
Perak Darul Ridzuan
Tel : +605-254 3812
Fax : +605-254 2625
E-mail : ipoh@huayang.com.my

Johor Branch

53 & 55, Jalan Besi
Taman Sri Putri, 81300 Skudai
Johor Darul Takzim
Tel : +607-559 1388
Fax : +607-556 0388
E-mail : jb@huayang.com.my

Penang Branch

Unit 3-07 & 3-08,
Medan Perniagaan Pauh Jaya
Jalan Baru, 13700 Perai
Pulau Pinang
Tel : +604-386 6138
Fax : +604-386 6137
E-mail : pg@huayang.com.my

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

AL Rajhi Banking & Investment
Corporation (Malaysia) Berhad
Alliance Bank Malaysia Berhad
AMBank Berhad
Bangkok Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share
Registrars Sdn Bhd)

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7849 0777
Fax : +603-7841 8151/ 8152/ 8100

STOCK EXCHANGE LISTING

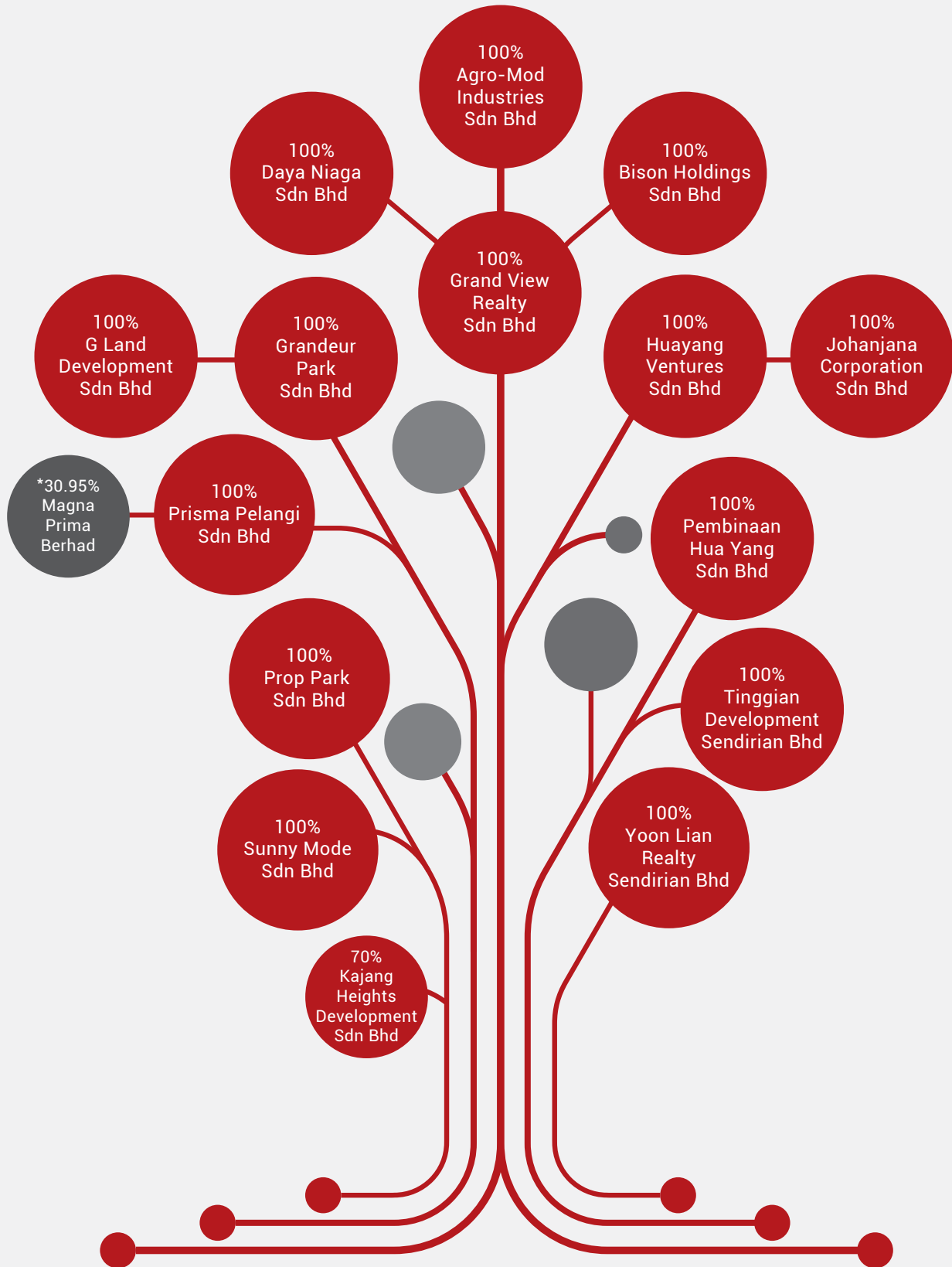
Main Market of Bursa Malaysia Securities Berhad

Listed on : 29th November 2002
Stock name : HuaYang
Stock code : 5062
Sector : Properties

SHARIAH COMPLIANCE LISTING

Shariah Advisory Council of the
Securities Commission Malaysia
listing on 31st May 2019

CORPORATE STRUCTURE



*Investment in associate

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MARCH	2015 RM' 000	2016 RM' 000	2017 RM' 000	2018 [^] RM' 000	2019 RM' 000
(A) KEY DATA OF OPERATING RESULTS:					
Revenue	583,576	575,740	385,358	227,357	272,520
(Loss)/Profit Before Tax	153,452	144,729	80,622	8,625	(13,812)
(Loss)/Profit After Tax	110,568	110,075	60,929	2,162	(22,470)
(Loss)/Profit Attributable To Equity Holders of the Company	110,568	110,075	60,929	2,162	(22,230)
(B) KEY DATA OF FINANCIAL POSITION:					
Total Assets	928,388	952,852	1,050,348	1,207,180	1,196,123
Total Borrowings	270,673	228,745	278,385	441,820	403,082
Shareholders' Equity	465,871	541,625	595,397	590,965	562,566
(C) FINANCIAL INDICATORS:					
Return on Equity (%)	24%	20%	10%	0%	(4%)
Return on Total Assets (%)	12%	12%	6%	0%	(2%)
(Loss)/Earnings Per Share (sen)	31.41 [#]	31.27 [#]	17.31	0.61	(6.32)
Gross Dividend Per Share (sen)	13.00	5.00	4.00	-	-
Net Dividend Per Share (sen)	13.00	5.00	4.00	-	-
Net Assets Per Share (RM)	1.76	2.05	1.69	1.68	1.66
Net Gearing Ratio	0.49	0.34	0.39	0.72	0.69
Net Assets	465,871	541,625	595,397	590,965	585,143

[^] Restated following the first-time adoption of MFRS framework

[#] The comparative figures for earnings per share have been restated to reflect the adjustment arising from the bonus issue completed during the financial year 2017



OUR JOURNEY

1978

Hua Yang Berhad was incorporated on 28 December 1978 under a private limited company, Heng Po Sdn Bhd. First project in Ipoh comprising 8 units of 4-storey shops at Jalan Gopeng, Ipoh. The project was completed in September 1981.



Jalan Gopeng,
Ipoh

Bandar Universiti
Seri Iskandar, Perak



1991

Acquisition of 838 acres of land in Bandar Universiti Seri Iskandar, Hua Yang's first integrated township in Perak consisting of residential and commercial units that was launched in year 2001.

1993

The Group expanded to the Southern region with an acquisition of 477 acres of freehold land in Johor Bahru for a township development, launched in March 2001.



Taman
Pulai Indah,
Johor

Image for
illustration only



2002

Hua Yang was listed on Bursa Malaysia Main Board on 29 November.

2007

Acquisition of 17.89 acres of land in Sungai Besi to develop One South, a mixed development flagship project.

The 1st phase of One South was launched at the start of 2010.



Seri Kembangan,
Klang Valley

OUR JOURNEY (CONT'D)

Medan Selayang,
Klang Valley



2008

In October, the Group launched its first high-rise development in Klang Valley, Symphony Heights Serviced Apartments, which was successfully completed in November 2012.

The Group further expands in Johor with its progressive land acquisition of 140 acres to develop Taman Pulai Hijauan, a township consisting of residential and commercial units.

2010

At the beginning of 2010, the Group launched Senawang Link, an integrated commercial and industrial development project in Seremban.



Seremban,
Negeri Sembilan

Seberang Perai,
Penang



2015

The Group ventured into a new market by acquiring 4.9 acres of land in Bukit Mertajam, Penang.

Hua Yang further strengthened its presence in Penang via the acquisitions of 9.5 acres of land in Taman Juru and 8.59 acres of land in Seberang Prai.

2018

The Group launched its first project in Bukit Mertajam, Penang.

Meritus Residensi, a 44-storey tower with 480 units of serviced apartments and 15 retail shops is targeted to complete in July 2020.



Bukit Mertajam,
Penang

OUR FOOTPRINT ACROSS MALAYSIA

PERAK

ERICA

Bandar Universiti Seri Iskandar

Strategically located in the bustling town of Bandar Universiti Seri Iskandar (BUSI), Perak, Erica comprises 250 double-storey terraced houses spread across 14 acres of land. Erica is perfect for families who are seeking to update their living space.

Erica presents practical living spaces with each unit measuring 20 ft x 60 ft with a built-up size of 1,481 sqft. Boasting 4 bedrooms and 3 bathrooms, the homes offer quality fittings and finishing, designed for comfortable living. With a modern, simple concept, each unit is a canvas for residents to design the space to suit their taste and creativity.

Launched in January 2017, Erica is priced from RM302,000 onwards, with a 5% Bumiputera discount for eligible buyers. Erica is a leasehold development with a tenure of 99 years.



PERAK

FREESIA

Bandar Universiti Seri Iskandar

Each unit of Freesia measures 22 ft x 60 ft with a built-up size of 880 sqft. The homes come with 3 bedrooms and 2 bathrooms, and is centered on offering residents a relaxing living space, complete with high ceilings for added comfort.

Built with practicality in mind, Freesia exudes an architecture concept with a modern, contemporary facade. Perfect for a small family, the homes allow for two cars and corner units come with a spacious garden area.

Launched in January 2017, Freesia is priced from RM220,000 onwards, with a 5% Bumiputera discount for eligible buyers. Freesia is a leasehold development with a tenure of 99 years.

Situated within the dynamic and fast-growing 777-acre township of BUSI, Erica and Freesia are nestled among a variety of amenities, including a Tesco Superstore, a KFC drive-thru restaurant, major universities (UiTM and Universiti Teknologi Petronas), police station, wet market, schools, banks and bus station terminals.

The township also has a good selection of national primary and secondary schools, Islamic schools and kindergartens. Also located in the vicinity is Kolej Vokasional Seri Iskandar, Sekolah Menengah Teknik Seri Iskandar and Institut Latihan Kemas Seri Iskandar. Healthcare facilities include clinics and a well-equipped medical centre.

OUR FOOTPRINT ACROSS MALAYSIA (CONT'D)

KLANG VALLEY

ASTETICA RESIDENCES

Seri Kembangan

Making waves in Klang Valley is Astetica Residences, the latest lifestyle serviced apartments located in the heart of Seri Kembangan. 34 storeys and 35 storeys in height, these towering residential masterpieces offer exquisite homes with comprehensive sky facilities and a range of practical layouts and built-up sizes suitable for large families, newly-weds and young adults alike.



KLANG VALLEY

AVIARY RESIDENCE

Puchong Horizon, Puchong

The 29-acre integrated development of Puchong Horizon is situated off the LDP highway. Enjoy a green environment combining residences and commercial components, where tropical landscaping is interwoven into elegant architecture.

Puchong Horizon is located next to the matured Puchong and Subang Jaya townships, ensuring long-term property value. Get easy access to highways like the LDP, ELITE, and KESAS, as well as education, shopping and medical hotspots - necessities in today's ultra connected world.

JOHOR

OVAL

Elemence, Taman Denai Alam

Launched in October 2017, OVAL @ Elemence at Taman Denai Alam comprises 64 cluster houses and 2 link bungalows. At the 73-acre township, Elemence is richly designed with tree-lined avenues, recreational gardens and green pockets.

With access and exit to at least six major routes and highways, Elemence is excellently connected to surrounding areas, whereby one can easily reach major towns like Pasir Gudang, the Masai town centre, and Johor Bahru city centre.



HIGHLIGHTS OF 2018-2019

04

APRIL 2018



In-house training:
Sales Championship Mindset



Townhall Sessions

05

MAY 2018



Bandar Universiti
Seri Iskandar PPR Project Handover

06

JUNE 2018



Jamuan Raya



07

JULY 2018



Performance Management
System Refresher Course



Health Talk & Basic Health
Screening by KPJ Tawakkal

08

AUGUST 2018



39th AGM Media Briefing



In-house training: Delivering Hua
Yang Customer Buying Experience

09

SEPTEMBER 2018



In-house training: Enhance Your
Communication Skill

HIGHLIGHTS OF 2018-2019 (CONT'D)

10

OCTOBER 2018



In-house training:
Project Management



Citywood AGM

11

NOVEMBER 2018



Launching of myHuayang
staff portal

12

DECEMBER 2018



Opening of our 1st Kluang Station
outlet @ One South

01

JANUARY 2019



In-house training: Construction
Methodology: The Dynamics of
Construction Method

02

FEBRUARY 2019



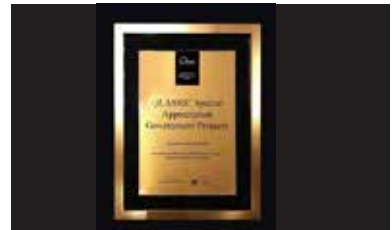
Majlis Penyerahan Kunci Rumah
Perakku Program Perumahan Rakyat
(PPR) Seri Iskandar, Perak



In-house training: The Dynamics of
Construction Method

03

MARCH 2019



QLASSIC Special Appreciation
Government Project Rumah
Mampu Milik Johor

OUR NEWSBOARD

AFFORDABLE HOME DEVELOPER

ESTABLISHED in 1978, Hua Yang Bhd is today one of the leading affordable housing developers in Malaysia. The group's vision of making affordable homes a reality has been driving force for the past 40 years. With this passion, Hua Yang has completed more than 11,500 properties worth RM3.5 billion across its key regions in Klang Valley, Johor, Perak, Penang and Seremban.

Hua Yang's forte in Johor Baru dates back to 1993. Today, the southern region is one of the key contributors to the group's revenue, thanks to a number of strong and in-demand housing projects in Pagar Dewa, Komplek Pula, and Johor Bahru in Johor.

Some of the popular projects include Everness, a new township development at Taman Duta Alam, Cikaywoods, comprising serviced apartments along Jalan Abdul Samad, two townships located along Jalan Proton, Taman Pula Hujan and Taman Pula Indah and The Gardens @ Pula Park, which is a gated and secure premier community at Taman Iskandar that comes with semi-detached homes with balconies.

Hua Yang also offers commercial options for retailers in search of a fast-growing catchment population.

Some of its developments currently on sale include Everness Perdana, specifically Duta, which has enjoyed a strong take-up of over 60 percent.

Duta forms part of Parcel One and comprises 44 units of cluster homes and two units of townhouses. This development is strategically located within Iskandar Malaysia's eastern corridor where demand for affordable homes are on the rise. The cluster homes are of 2,176 sq ft and priced RM182,000 each while the two townhouses are 2,546 sq ft in size with prices of RM205,915. The group will be launching Parcel Two of Duta, comprising 44 cluster homes and two townhouses at January next year.

Aspiring to Hua Yang, there will be a series of special events planned throughout the year, in line with the new launch, starting with The Unicorn World at January 11.

Limited units of Cikaywoods, which comprises two towers of serviced apartments, are also available and perfect for small businesses. It is situated just a stone's throw away from the city centre and close to Singapore. Cikaywoods gives residents the opportunity to take in a breathtaking view of the Singapore skyline and the straits of Johor from their apartments. Units are sold from RM149,999 to RM179,999, with prices starting from RM149,999.

Hua Yang has strong presence in Malaysia



An aerial's impression of Cikaywoods, Hua Yang's development located along Jalan Abdul Samad in Johor Bahru city centre.

INFOBOX
19,500

Number of properties worth RM1.5b completed by Hua Yang

Two facing the highway at one of Johor's hottest growth areas.

As a developer that has made a niche in affordable housing, Hua Yang believes that affordability is paramount.

Factors such as accessibility, connectivity, amenities in the surrounding area and facilities offered within the development are important and well-considered by the group before introducing a new offering.

Leveraging its experience in the property sector that spans close to four decades, coupled with the group's expertise in delivering innovative, quality and affordable homes, Hua Yang is confident that the quality of developments in Johor matches demands in the local market.

Two facing the highway at one of Johor's hottest growth areas.

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房产销售走高
华阳第三季度赚 577 万

(吉隆坡 24 日讯) 由于旗下产业项目的销售业绩走高，华阳 (HUA YANG, 5062, 主板产业股) 截至去年 12 月底的 2019 财年第三季，净赚 577 万 2000 令吉，较前两季每股 1.64 仙；上财年同季净赚 81 万 5000 令吉。

华阳昨天向交易员汇报，营业额按年上涨 37.1%，

推 6842 万 4000 令吉，高于上财年同季的 4991 万 2000 令吉。

首 三 季 净 利 翻 近 4 倍。

华阳指出，营业额和税前盈利改善，归功于 Astetica 和斯里肯邦安住宅项目，以及斯里依斯干达大学城项目的销售贡献走高。

累积前三季度，净利按年大增 5.9 倍，报 868 万 4000 令吉；营业额按年上扬 41.2%，写 1 亿 9951 万 1000 令吉。

财务总监陈伟伦 (译音) 发文指出，公司旗下项目的定价是根据市场的需求，再加上为购房者提供诱人的配置，贡献业绩的表现。

“迈入新的一年，我们的战略是推出新的项目，并更加重视新项目的营销方式，以及在已完竣和正在进行的项目中交出更强劲的销售。”

他也指出，巴生谷的项目是大功臣，贡献当季的营业额 35%；其次为柔佛州，贡献 32%、怡保贡献 16%、檳城贡献 14%，以及森兰三贡献 3%。

目前，公司共有 466 英亩的土地有待发展，发展总值达 53 亿令吉。

相信是受到业绩出色的推动，华阳今天的股价大幅上涨，收市报 39 仙，起 2 仙，或 5.41%，成交量有 322 万 3600 股。



Hua Yang sasar jualan RM400 juta

dua khabar dalam baris

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未来盈利有望改善 华阳评级维持

未来盈利有望改善

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未来盈利有望改善

Hua Yang seen to perform better in coming quarters

Hua Yang Bhd (July 19, 46 sen)

Maintain market perform with an unchanged target price of 46.5 sen: Although only making up 10% and 12% of our and consensus full-year estimates, we deem Hua Yang Bhd's first quarter ended June 30, 2018 (1QFY19) results to be in line as we are banking on a stronger performance in subsequent quarters, backed by better sales, progressive billings and normalised effective tax rate by the second half of FY19 (2H FY19).

Property sales of RM63.3 million are on track to meet our target of RM249.7 million. No dividend declared as expected.

Hua Yang's 1QFY19 revenue saw a major improvement of 39% year-on-year but core net profit (CNP) was down by 41%. We believe the revenue growth was backed by better sales from inventories and also ongoing projects, while the sharp drop in CNP was due to a 122% increase in taxes as some of its expenses are non-deductible and higher net interest cost, which rose 420%.

Positively, earnings before interest and tax margins improved by 3.5 percentage points to 9.6% driven by the improvement in revenue. Quarter-on-quarter (q-o-q), both revenue and CNP fell by 23% and 67%, respectively. The drop in revenue was mainly due to the lack of handover of projects for the quarter, which solely relied on property sales and progressive billings.

Notably, we are positive with its inventories from completed projects coming down by 27%, but cash flows remain tight with its net gearing creeping up to 0.8 times from 0.72 times, arising from the completion of the Kajang land acquisition.

Despite the challenging operating landscape in the property sector, we believe that Hua Yang is on the right path to recovery given its focus on clearing inventories. Its unbilled sales in 1QFY19 improved by 12% q-o-q, from RM178.9 million to RM201.4 million with one-year visibility.

Post results, we make no changes to our FY19 estimate (FY19E) and FY20E earnings for now as we are banking on stronger performance in subsequent quarters.

To recap, previously we lowered our revalued net asset value (RNAV) from RM2.84 to RM2.81 as we had lowered our project margin assumptions in our RNAV to better reflect the current margin trend, while maintaining our RNAV discount of 83%.

We believe its profitability would improve, backed by its recent sales performance, which we deem to be encouraging under current market circumstances. — Kenanga Research, July 19

OUR NEWSBOARD (CONT'D)

HUA YANG BACK IN THE BLACK IN THIRD QUARTER

PETALING JAYA: Hua Yang Bhd posted a net profit of RM5.77 million for the third quarter ended Dec 31, 2018, from a net loss of RM815,000 a year ago mainly attributed to property development driven by higher sales contribution from Astetica Residence, Seri Kembangan and Bandar Universiti Seri Iskandar. The group's revenue rose 37% to RM68.42 million compared with RM49.91 million in the previous year's corresponding quarter. For the nine-month period, its net profit surged almost five fold to RM8.68 million from RM1.77 million a year ago, while revenue increased 41.2% to RM199.51 million from RM141.30 million.

Hua Yang nine-month profit above expectations

Hua Yang Bhd (Jan 24, 2019) Upgrade to outperform with an unchanged target price (TP) of 41 sen. Cumulative nine months for the financial year 2018 (RMFY18) core net profit (CNP) of RM8.7 million came above both our and consensus estimates, at 133% each of full-year estimates. The positive deviation came mainly from stronger than expected property billings and stronger contribution from its associate — Magna Prima Bhd (TP:16.5 sen). Property sales of RM29.7 million also came in higher than our estimated FY18 (FY18) sales target of 86%, of which Astetica Residences project made up about 37% of the sales. Our sales target was previously overly conservative as the group had previously been unable to meet its own sales target. No dividend was declared as expected. 9MPY18 CNP increased by close to four times to RM8.7 million driven by better billings from its ongoing projects and sales from its completed units, which saw inven-

tories falling by 29%, positive contribution from its associate Magna Prima of RM3.7 million (versus a loss of RM1.5 million in 9MPY18), and lower effective tax rate at 43% (-30 percentage points [ppnt]). The previously high effective tax rate was due to the non-deductible tax expense arising from borrowings they took to acquire Magna Prima in 2018. The third quarter (3QFY18) CNP was higher by 264% mainly from improvement in earnings before interest, taxes, depreciation and amortisation margin in 15% (+1ppnt), likely from recognition of better margin products and lower operating costs, lower net interest expense (-22%), stronger contribution from its associate (+46%), and lower effective tax rate at 28% (-20ppnt) from the same reason above. Despite the challenging operating landscape in the property sector, we think that Hua Yang is on the right path given their consistent effort in changing inventories as shown by the 29% drop (from FY18 to 9MPY18) in

Moreover, we are also comforted by the group's commitment to lower its net gearing as shown by the recent disposal of a 30% stake in Kajang Heights Land for RM21 million completed in October 2018 that saw net gearing rose at 0.7 times. We expect to see more aggressive efforts to reduce gearing with FY18 to FY20E net gearing estimated at 0.69 to 0.67 times. Unbilled sales currently stand at RM217.3 million, providing slightly less than one year of earnings visibility. Post results, we increased our FY19-20E earnings to RM11.0-13.4 million after revising our sales target up to RM300 million. We are also factoring in the stronger-than-expected associate contribution seen in 9MPY18. Our sales target is still lower than the management's guided sales target of RM450 million for FY19 because we prefer to remain conservative as Hua Yang had previously been unable to meet its own sales target for four consecutive financial years. Our TP is left unchanged and is

Hua Yang Bhd

FINANCIAL METRIC	2018	2019E	2020E
Turnover	230.7	251.4	252.2
EPS	21.3	27.8	30.5
PBT	11.6	18.3	19.2
Net profit (RM)	4.4	11.0	13.4
Consensus (RM)	NA	6.5	10.4
Earnings revision	NA	4.6	7.1
EPS beat	1.3	3.1	3.8
EPS growth (%)	-93	348	22
NDPS (beat)	2.0	0.0	0.0
NTA/share (RM)	1.65	1.63	1.66
P/E ratio	29.5	11.9	9.7
Price/NTA (x)	9.2	9.2	9.2
Net gearing (x)	6.7	0.7	0.7
Dividend yield (%)	5.4	0.8	0.8

Source: Kinrade Research

based on a 10x P/E discount of 85% (at historical high level) to its 10x P/E of RM2.74. We will only seek to review our TP should Hua Yang shows stronger earnings over the next one to two quarters as previously earnings had been volatile.

However, we upgrade our call to 'outperform' as share price has seen a sharp revaluation recently. At our current TP, our valuation implies a forward FY18 to FY20E price-to-book value of 0.2 to 0.2 times, which is still at its historical trough levels. — Kinrade Research, Jan 24

Hua Yang to maintain sales target of RM400m for FY19

KUALA LUMPUR: Property developer Hua Yang Bhd is maintaining last year's target sales of RM400 million for the financial year ending March 31, 2019 (FY19). Chief executive officer Ho Wen Yan said the company is optimistic about achieving the sales target, banking on new property launches worth RM284 million in the Klang Valley, Ipoh, Ipo, and Penang.

"All these projects are within the affordable category, priced at less than RM450,000 per unit, and we are optimistic that these developments will be well received. "Last (financial) year (FY18) the property market was really soft as we only achieved sales of RM222 million, hopefully this (financial) year, it will improve given that the sector will not be affected by the sales and services tax," he told reporters after the company's annual general meeting here yesterday.

Ho said Hua Yang is unlikely to pursue any new land acquisition in the near term as the company's strategy remains in pacing new launches and putting more emphasis on marketing initiatives to promote new products, as well as delivering stronger sales. As of end-March 2018, the company's landbank across key regions amounted to 192.63ha with an estimated gross development value of RM2.2 billion, while unsold sales stood at RM170 million.

"Priority will be on driving sales and efficiently managing our capital resources. "We may be moving into a more measured pace currently, but should the property market turn more favourable, we are confident that we have the available land bank to accelerate our launches and return to a sustainable growth path," Ho said. — Bernama



Ho Wen Yan is driving sales and efficiently managing our capital resources. The Edge FinTech photo

发展策略效果显现 华阳前景看好

焦点评析

华阳 (01914, 0662, 主理人) 集团去年业绩表现亮眼，加上近期减少负债并改善现金流，整体表现优异。分析员因此看好其未来发展。

华阳集团去年业绩表现亮眼，主要得益于其稳健的发展策略。集团去年实现营业收入 230.7 亿元，同比增长 15.4%。同时，集团还成功降低了负债率，从 6.7 倍降至 0.7 倍，这显示了集团强大的财务实力和风险控制能力。

分析员指出，华阳集团目前处于一个非常有利的位置。随着新项目的陆续推出，集团的销售目标有望实现。此外，集团还计划在未来几个月内进一步降低负债率，这将有助于提高公司的信用评级和融资能力。

总的来说，华阳集团的发展前景非常看好。集团将继续秉承稳健的发展策略，不断提升公司的核心竞争力，为股东创造更大的价值。

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Hua Yang tumpu pelancaran baharu



Untung bersih syarikat naik lebih lima kali ganda

Wah Kwan Ho, Ketua Pegawai Eksekutif Hua Yang Bhd, berkata syarikat itu mencatat keuntungan bersih yang meningkat lima kali ganda berbanding tahun sebelumnya.

Kelompok itu mencatat keuntungan bersih yang meningkat lima kali ganda berbanding tahun sebelumnya, iaitu RM8.68 juta pada suku ketiga 2018 berbanding RM1.77 juta pada suku ketiga 2017. Keuntungan bersih meningkat lima kali ganda ini adalah hasil daripada peningkatan pendapatan operasi yang signifikan, terutama disebabkan oleh peningkatan penjualan projek perumahan yang sedang dijalankan.

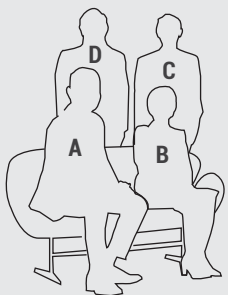
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The collage includes several news snippets and a large financial chart. The main headline reads '華陽找到翻身竅門' (Hua Yang finds the key to turning around). Other headlines include '集團去年業績表現亮眼' (Group's performance last year was eye-catching) and '分析員看好其未来发展' (Analysts are optimistic about its future development). The financial chart shows various metrics over time, with a prominent upward trend in revenue and profit.

BOARD OF DIRECTORS



A.
Ho Wen Yan
Chief Executive Officer /
Executive Director

B.
Chew Po Sim
Non-Independent
Non-Executive Director

C.
Chew Hoe Soon
Non-Independent
Non-Executive Director
Member of Audit Committee
Remuneration Committee
and Nomination Committee

D.
Ho Mook Leong
Non-Independent
Non-Executive Director

BOARD OF DIRECTORS (CONT'D)

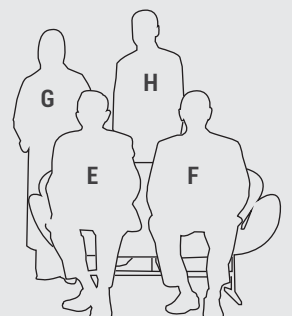


E.
Tan Sri Dato' Seri
Dr. Ting Chew Peh
Chairman / Independent
Non-Executive Director
Chairman of Nomination
Committee
Member of Audit Committee
and Remuneration Committee

F.
Dato' Tan Bing Hua
Senior Independent
Non-Executive Director
Chairman of Audit Committee
and Remuneration Committee
Member of Nomination
Committee

G.
Y.A.M. Tengku Dato'
Rahimah Binti
Al-Marhum Sultan Mahmud
Independent Non-Executive
Director

H.
Ho Wen Fan
Alternate Director



PROFILE OF DIRECTORS



Tan Sri Dato' Seri Dr. Ting Chew Peh
Aged 76, Malaysian, Male

Chairman / Independent Non-Executive Director

- Chairman of Nomination Committee
- Member of Audit Committee and Remuneration Committee

Tan Sri Dato' Seri Dr. Ting Chew Peh was appointed to the Board of Hua Yang Berhad ("Hua Yang") on 1 June 2000 and was made the Chairman of the Board. He has a Bachelor of Arts Degree from University of Malaya and a Master of Science Degree from University of London. He also holds a Doctorate in Philosophy, which he obtained from University of Warwick.

Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the faculty until 1987.

In 1987, Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections. He previously served as a Parliamentary Secretary of the Ministry of Health (1988 - 1989), Deputy Minister in the Prime Minister's Department (1989 - 1990), Minister of Housing and Local Government (1990 - 1999) and Secretary-General of Malaysian Chinese Association (MCA) (1990 - 2005). He served as Independent Director on the Board of Puncak Niaga Holdings Berhad from July 2000 and retired in May 2018.

He currently sits on the Boards of Johan Holdings Berhad, Sycal Ventures Berhad and UTAR Education Foundation. He also serves as a Director of several private companies.



Ho Wen Yan
Aged 45, Malaysian, Male

Chief Executive Officer / Executive Director

Mr. Ho Wen Yan was appointed to the Board of Hua Yang on 1 June 2007. He received his architectural training in the United Kingdom at the University of Bath and the Architectural Association. He also holds a Master of Science (Construction Economics and Management) Degree from University College London.

He joined Hua Yang on 20 October 2003 as a Project Coordinator at its Johor Branch. He has been an Executive Director of the Group since 1 June 2007 and was appointed Chief Executive Officer on 20 August 2010.

He was appointed to the Board of Magna Prima Berhad on 13 February 2017 as Executive Director.



Chew Po Sim
Aged 76, Malaysian, Female

Non-Independent Non-Executive Director

Mdm. Chew Po Sim was appointed to the Board of Hua Yang on 27 January 2003. She holds a teaching certificate and on her early retirement from the teaching profession, she ventured into a horticulture trading business for more than 20 years.

Mdm. Chew Po Sim is also currently overseeing her investment holding company, namely Heng Holdings Sdn. Berhad, a substantial shareholder of the Company.

PROFILE OF DIRECTORS (CONT'D)



Ho Mook Leong
Aged 59, Malaysian, Male

Non-Independent Non-Executive Director

Mr. Ho Mook Leong was appointed to the Board of Hua Yang on 31 January 2002. He has a Degree in Civil Engineering from Ohio State University, United States of America.

Mr. Ho Mook Leong started his career as a Site Engineer with IOI Properties Berhad in 1984 and subsequently left to join Hua Yang as Project Manager in 1988 to oversee the property development projects in Ipoh. From 1991 to 1997, Mr. Ho Mook Leong was on secondment to one of the associate companies to manage another mixed property development project in Ipoh. Having acquired extensive experience and expertise in project management and construction related fields over the years, he became General Manager of Hua Yang in 1997 to oversee all the development projects of Hua Yang Group.

Mr. Ho Mook Leong left Hua Yang in year 2000 to pursue his own consultancy business. In the preparation for the initial public listing of Hua Yang in 2001/2002, Mr. Ho Mook Leong re-joined the Company as Executive Director on 2 January 2002. He was promoted to Chief Operating Officer and Chief Executive Officer of Hua Yang on 1 September 2003 and 1 June 2007 respectively. He resigned as Chief Executive Officer of Hua Yang on 19 August 2010 to pursue his own business interest and remains as Non-Executive Director on the Board of Hua Yang.



Chew Hoe Soon
Aged 67, Malaysian, Male

Non-Independent Non-Executive Director

- Member of Audit Committee, Remuneration Committee and Nomination Committee

Mr. Chew Hoe Soon was appointed to the Board of Hua Yang on 2 June 2003. He holds a Bachelor of Economics (Accounting) Degree (Honours) and a Diploma in Accounting, both from University Malaya. He is a member of the Malaysian Institute of Accountants (MIA).

Mr. Chew Hoe Soon has extensive working experiences in the field of finance, and sales and marketing of consumer products, having held the position of Managing Director in a large multinational company for a number of years.



Dato' Tan Bing Hua
Aged 75, Malaysian, Male

Senior Independent Non-Executive Director

- Chairman of Audit Committee and Remuneration Committee
- Member of Nomination Committee

Dato' Tan Bing Hua was appointed to the Board of Hua Yang on 16 January 2006. He graduated from University of Malaya with a B.A (Hons) degree in year 1967. In 1982, he decided to further his studies in law, graduating with L.L.B. (Honours) degree from the University of London in 1985 and a Barrister-at-Law of the Lincoln's Inn, England in 1986.

Dato' Tan Bing Hua started his career in public service in Bank Negara Malaysia upon his graduation in 1967 where he served for a period of 15 years until 1982. He then practised law in the firm of Amin-Tan & Co in Kuala Lumpur from 1987 to 2012 upon his call to the Malayan Bar in 1987. Thereafter, he continued to practise law in the firm of Choong & Partners from 2013 to 2014.

He currently sits on the Board of Far East Holdings Berhad as an Independent Non-Executive Director.

PROFILE OF DIRECTORS (CONT'D)



**Y.A.M. Tengku Dato' Rahimah
Binti Al-Marhum Sultan Mahmud**
Aged 53, Malaysian, Female

Independent Non-Executive Director

Y.A.M. Tengku Dato' Rahimah was appointed to the Board of Hua Yang on 22 May 2018. Y.A.M. Tengku Dato' Rahimah holds a Bachelor of Science degree in Economics and Accountancy from the City of London University, England. She is a member of the Malaysian Institute of Management.

Y.A.M. Tengku Dato Rahimah was appointed the Chairman of Loh and Loh Corporation Berhad ("LLCB") on 19 September 2008 until 2012. From 2012 until 2017, she co-owned shares in LLCB and continued to hold the position of the Chairman of LLCB and Director in Loh and Loh Construction Sdn Bhd until November 2017. LLCB covered both spectrums of engineering namely civil & structural and mechanical & electrical and specialises in building dams, water and waste water treatment plants and also ventured into property development sector.

She currently sits on the Board of Puncak Niaga Holdings Berhad as Non-Independent Non-Executive Director.



Ho Wen Fan
Aged 41, Singaporean, Male

Alternate Director

Mr. Ho Wen Fan was appointed to the Board of Hua Yang on 1 September 2017 as an Alternate Director to Madam Chew Po Sim. He holds a Bachelor of Science (Economics) degree from University of Bristol, United Kingdom and is a certified Financial Risk Manager.

Mr. Ho Wen Fan started his career with OCBC Bank Singapore, spending 3 years in the Risk Management Division. He then joined the Deutsche Bank Group in Singapore and was subsequently posted overseas, spending 5 years in their Japan office.

He is currently managing the investment portfolio of Heng Holdings Sdn. Berhad, a substantial shareholder of the Company.

OTHER INFORMATION OF DIRECTORS

FAMILY RELATIONSHIP

None of the Directors have any relationship with each other and major shareholders of Hua Yang except that Ho Wen Yan and Ho Wen Fan are the sons of Chew Po Sim and the nephew of Ho Mook Leong and Chew Hoe Soon. Chew Po Sim and Chew Hoe Soon are siblings and Chew Po Sim is the sister-in-law of Ho Mook Leong.

Chew Po Sim is the mother of Ho Min Yi, Ho Wen Yan, Ho Wen Han and Ho Wen Fan, the major shareholders of Hua Yang.

CONFLICT OF INTEREST

None of the Directors have any conflict of interest with the Company.

LIST OF CONVICTIONS OF OFFENCE

None of the Directors have been convicted for any offences (other than traffic offences), public sanction or received any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past five (5) years.

ATTENDANCE OF THE BOARD

All the Directors have complied with the minimum 50% attendance in respect of Board Meeting as required in the Listing Requirements. There were five (5) Board Meetings held during the financial year ended 31 March 2019 and the attendance of each Director is as follows:-

NAME OF DIRECTOR	ATTENDANCE
1. Tan Sri Dato' Seri Dr. Ting Chew Peh	5/5
2. Ho Wen Yan	5/5
3. Dato' Tan Bing Hua	5/5
4. Ho Mook Leong	5/5
5. Chew Po Sim	4/5
6. Chew Hoe Soon	5/5
7. Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	4/4

PROFILE OF SENIOR MANAGEMENT

Ho Wen Yan

Aged 45, Malaysian, Male.

Chief Executive Officer / Executive Director

Mr. Ho's profile is set out on page 18 of this Annual Report.

Tan Hwai Lun

Aged 42, Malaysian, Male.

Chief Financial Officer

Mr. Tan joined Hua Yang as Financial Controller in July 2011 and was promoted to Chief Financial Officer in May 2017. He is a member of the Malaysia Institute of Accountant ("MIA") and CPA Australia.

He has more than 12 years of financial management working experience. He oversees the finance strategy and planning of the Hua Yang Group.

Ng Kok Hong

Aged 43, Malaysian, Male.

General Manager

Mr. Ng joined Hua Yang in March 2011 as Ipoh Branch Manager. He graduated with a Degree in Civil Engineering (Hons.) from University of Malaysia, Sabah.

He has more than 17 years of working experience in planning, directing, designing and coordinating various property development projects. He is currently overseeing the operations of the Northern region's branches as well as the new business ventures of the Group.

Wong Kam Moi

Aged 56, Malaysian, Female.

Branch Manager

Ms. Wong joined Hua Yang in 2003 and was promoted to Branch Manager in 2013. Her main portfolio is overseeing all development, planning and operational aspects of Johor Branch.

She has more than 26 years of working experience in planning and overseeing Administration, Human Resource, Sales & Marketing strategies implementation.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

Yeoh Swee Heng

Aged 50, Malaysian, Male.

Assistant General Manager

Mr. Yeoh joined Hua Yang as a Project Manager on 31 March 2008 and was promoted to Assistant General Manager in April 2015. He graduated with a Bachelor in Science (Hons) in Building Construction Management from Sheffield Hallam University, United Kingdom.

He has extensive experience in construction and property development. He oversees the property development operation and land search of the Group.

Nurhayati binti Zubir

Aged 43, Malaysian, Female.

Assistant General Manager

Puan Nurhayati joined Hua Yang in November 2013 as Human Resource Manager and was promoted to Assistant General Manager in April 2017. She is a graduate from the University of North London, United Kingdom with a Bachelor Degree (Hons) in Human Resources with Marketing in 1999.

Prior to joining Hua Yang, she has 13 years of working experience in the areas of training, marketing, corporate services and human resource. Currently, she oversees the effectiveness of the human capital functions of the Group.

Tan Kwee Far

Aged 46, Malaysian, Female.

Assistant General Manager

Ms. Tan joined Hua Yang in May 2013 as Administration Manager and was promoted to Assistant General Manager in April 2017. She holds a Certificate in Journalism obtained in year 1993 and LCCI Higher Diploma in year 1995.

She has more than 17 years of working experience in the areas of Accounts and Finance, Administration and Human Resource. Currently, she is responsible for office administration and operations functions of the Group.

Tan Chee Hin

Aged 57, Malaysian, Male.

Senior Sales & Marketing Manager

Mr. Tan has been in property sales and marketing functions for more than 25 years. He holds a Master in Business Administration (MBA) majoring in International Business from University of East London, United Kingdom.

Currently, he is spearheading the Group's 4 regions sales and marketing portfolio and strategising its sales and marketing plans to meet current market needs.

Notes:

Save for the Chief Executive Officer who has family relationship with other Directors and/or major shareholders of Hua Yang Berhad as disclosed on page 23 of this Annual Report, none of the Senior Management has:

- Any family relationship with any Director and/or major shareholder of Hua Yang Berhad;
- Any conflict of interest with Hua Yang Berhad; and
- Any conviction for offences (other than traffic offences), public sanction or received any penalty imposed by the relevant regulatory bodies inside or outside Malaysia within the past five (5) years.

CHAIRMAN'S STATEMENT

Dear Shareholders,

This year marks our 40th anniversary since the inception of Hua Yang Berhad ('Hua Yang') in 1978. Reflecting back over 4 decades as a property developer, we are proud of all that we have achieved together. It is a momentous occasion for us. From our humble beginnings when we first developed 8 four-storey shops at Jalan Gopeng, Ipoh to now delivering integrated townships, high-rise residential projects and commercial lots across Malaysia, Hua Yang has flourished to solidify its position as a leading developer of affordable mid-market homes for Malaysians.

Making dreams affordable. This vision continues to be our driving force. We remain steadfast in our efforts to create well conceptualised and innovative homes to make the dreams of affordable home ownership a reality. And this can only be made possible with the strong ensemble of personnel in Hua Yang who shares our passion and remains committed to Hua Yang's vision as a property developer. Together, we are delighted to have helped our home buyers realise their dreams with the delivery of 19,942 properties worth RM4.6 billion across the Klang Valley, Johor, Perak, Negeri Sembilan and Mainland Penang. This is indeed a significant milestone for Hua Yang.

In recent years, our financial performance has not been robust. Weak sentiment in the property market prevailed. Malaysia's economic growth moderated to 4.6% in 2018, even as the global economy faced challenges, heightened by the ongoing trade conflicts. Domestically, policy changes brought on by the change in government further brought on uncertainties which served to impact economic activities and dampen consumer confidence. Despite these market headwinds, we acknowledge the efforts made by our sales and marketing teams in achieving new sales this year that surpassed that of last two years respectively.

For the financial year ended 31 March 2019, the Board of Directors has not recommended any dividend payments. As we ride through these challenging market conditions, we appreciate the confidence placed in us by you, our shareholders and we truly value your support. I have no doubt Hua Yang will get back on a firmer footing. With the strong portfolio of development land we have in our possession, Hua Yang does have the capability and capacity to scale up on our activities and performance, and eventually return to a healthy dividend trend.

We look forward to the future with excitement. Even as we continue to fulfil our vision in property development, we must also be unwavering in our commitment as a socially responsible corporate citizen. Hua Yang will continue to embrace its sustainability strategy that is very much in line with its vision and core values. Over these past years, we have helped lighten the burden of buying a home for generations of Malaysians, and it is our aspiration to continue realising the dreams of future generations of young Malaysians in securing an affordable home for themselves.

On behalf of my Board of Directors, I wish to extend our utmost appreciation to all our stakeholders for your trust and commitment in us. We are further motivated by your support. Our sincere gratitude also goes to all our valued personnel at Hua Yang for your drive and devotion to the work. I strongly believe that together, we can successfully pursue Hua Yang's vision and reach greater milestones along the way. To my fellow directors, thank you for your influence and inspiring wisdom. It is always a pleasure having you alongside at board discussions. My deepest gratitude to Mr. Ho Mook Leong who will be retiring from the Board at the forthcoming Annual General Meeting and he is not seeking re-election. On behalf of the Board, we extend our warmest appreciation for his invaluable contribution as our board member over the past 17 years and wish him well in his undertakings.



Tan Sri Dato' Seri
Dr. Ting Chew Peh
Chairman

*From our humble beginnings,
Hua Yang has flourished to
solidify its position as a
leading developer of
affordable mid-market
homes for Malaysians.*

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Despite the prolonged industry downcycle, Hua Yang remains committed to delivering a unique brand of quality mid-market homes in key strategic urban hotspots across Malaysia.



Ho Wen Yan
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Dear Valued Shareholders,

Hua Yang Berhad ("Hua Yang") reported improved operating activities during the financial year ended 31 March 2019 ("FY2019"). This is commendable due to the fact that the property sector remained subdued as a result of stringent lending policies and affordability issues; leading to rising inventory overhang. The Group's main focus during the year was to clear completed inventories and aggressively market ongoing projects. New launches were strategically undertaken at a more measured pace, taking into account projected market demand and project cash flow requirements. This approach has paid off as inventory levels have been reduced significantly and revenue experienced a healthy uptick during the year.

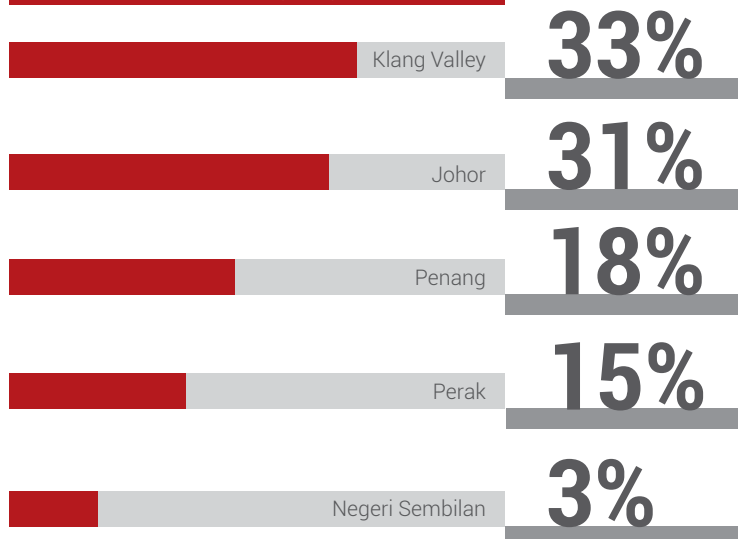
Financial Performance

In FY2019, the Group's total revenue grew 20% to RM272.5 million from RM227.4 million recorded in the previous financial year ("FY2018"). The stronger revenue growth was mainly attributable to the steady construction progress of ongoing projects and sale of completed properties. Key ongoing projects that contributed to FY2019 revenue included ASTETICA RESIDENCES in Selangor and MERITUS RESIDENSI in Mainland Penang. Completed properties that drove revenue growth comprised ONE SOUTH in Selangor, CITYWOODS in Johor, and RIDGEWOOD in Perak. Sales from these completed projects accounted for approximately 23% of total group revenue.

Within the key regions, the Klang Valley accounted for 33% of group revenue, whilst Johor contributed 31%, supported by construction activities at the ongoing townships of TAMAN PULAI INDAH, TAMAN PULAI HIJAUAN and ELEMENCE @TAMAN DENAI ALAM, as well as higher sales from CITYWOODS. Revenue contribution from Mainland Penang increased from the previous year due to the steady construction progress of MERITUS RESIDENSI.

FY2019

Revenue Contribution by Region

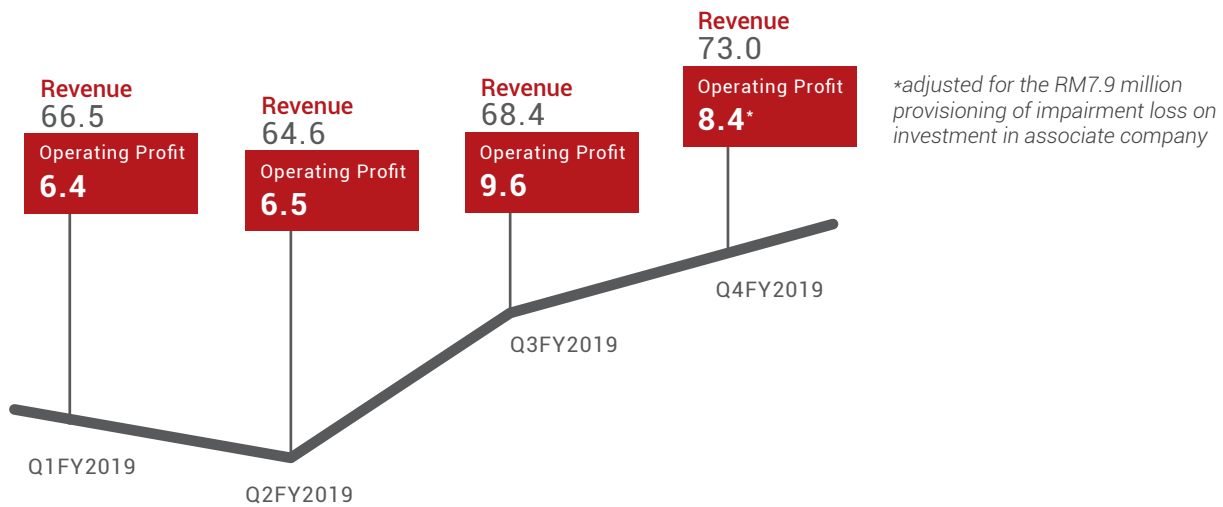


During the year under review, Hua Yang reported a loss before tax of RM13.8 million, compared to a profit before tax of RM8.6 million delivered in FY2018. Consequently, the Group posted a net loss of RM22.5 million in FY2019, compared to a net profit of RM2.2 million a year ago.

Earnings performance was undermined by the share of loss of RM16.6 million from its 30.95%-owned associate company, Magna Prima Berhad ("Magna Prima"), which also resulted in Hua Yang having to make a provision of impairment loss on its investment in Magna Prima amounting to RM7.9 million. Excluding this provision of impairment loss and the share of loss at the associate level, Hua Yang's adjusted operating profit would have risen 43% to RM30.9 million, whilst adjusted profit before tax would have improved 47% to RM10.7 million in FY2019. This underscores Hua Yang's healthy progress in its development activities, where core operating profit sustained a steady growth trend on a quarterly basis despite the difficult market environment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

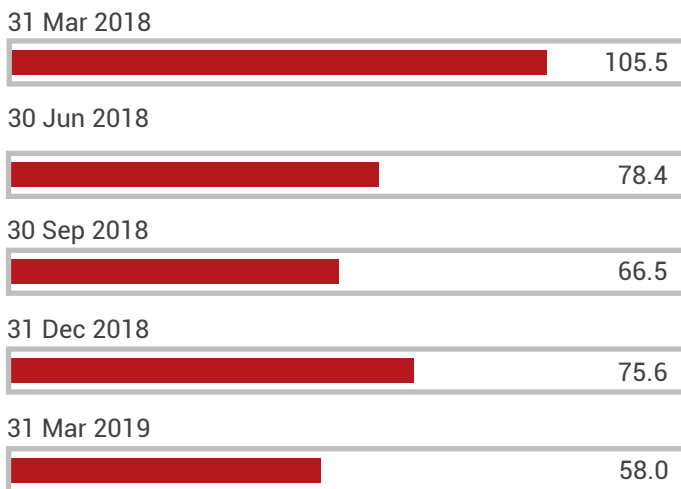
FY2019 Quarterly Performance in Group Revenue & Operating Profit (RM million)



Success in our marketing efforts to dispose of available units in our completed properties has yielded positive results, as can be seen in the following chart.

FY2019

Inventories in Completed Properties (RM million)



In FY2019, Hua Yang completed and handed over a total of 440 units of properties with a total Gross Development Value ("GDV") of RM123.8 million. This included terrace houses in ERICA phase 1 and FREESIA phase 1 at BANDAR UNIVERSITI SERI ISKANDAR and RIDGEWOOD 2 residential development, both located in Perak.

FY2019

Completed Properties

Johor
(RM million) million

28.3 @ 22.9%

Perak
(RM million)

95.5 @ 77.1%

Total
RM123.8 million

100%

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Total assets as at end FY2019 amounted to RM1,196.1 million, compared to RM1,207.2 million as at end FY2018. Land held for property development stood at RM478.6 million, increasing 5% from RM455.6 million last year. Most notably, the Group's strategy to aggressively market completed projects during the year has resulted in a significantly lower value in inventories of RM58.0 million. This is 45% lower than the RM105.5 million as at end FY2018.

Total liabilities stood at RM611.0 million as at end FY2019 from RM616.2 million at the end of the previous financial year, with total borrowings brought lower to RM403.1 million as at end FY2019 from RM441.8 million one year ago. Consequently, net gearing eased to 0.69 times as at end FY2019 from 0.72 times of shareholder funds as at the end FY2018. Hua Yang's net gearing position should continue to improve through positive cash generation from projects to be completed this financial year, as well as continuing sales of completed developments.

The Group's net assets attributable to shareholders stood at RM562.6 million as at end FY2019 or RM1.60 per share. This is comparable to net assets attributable to shareholders of RM590.9 million as at end FY2018, or equivalent to RM1.68 per share.

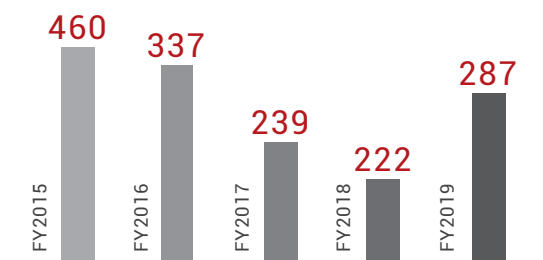
Dividends

The Board has not recommended any dividend payments for FY2019. Near term, capital resources will continue to be focused towards our core development activities. Hua Yang possesses a strong development platform with a solid development landbank portfolio. We remain confident that we would be able to return to a steady growth and dividend trend when market conditions improve.

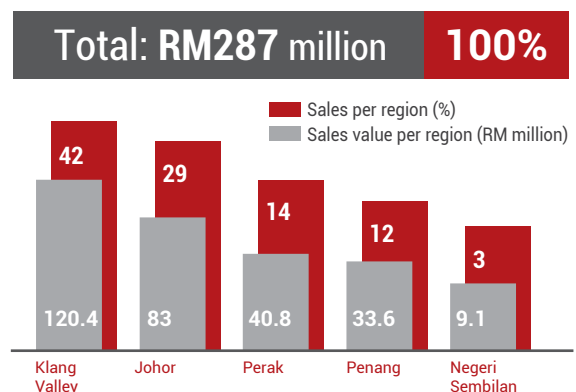
Property Development

In FY2019, we have delivered higher new sales of RM287 million, a 29.3% growth from RM222 million recorded in FY2018, underpinned by sales from completed and ongoing projects across key development regions. ASTETICA RESIDENCE in Seri Kembangan, Selangor, the top performer, contributed 34% of total new sales in FY2019. The project chalked up new sales of RM98.0 million in FY2019 with sales picking up steadily despite a slower start. ELEMENCE @ TAMAN DENAI ALAM in Johor, which made its debut in FY2018, continue to see encouraging sales. Likewise, MERITUS RESIDENSI on Mainland Penang, has also seen healthy take-up amid intense market competition in the northern region. Save for the contributions from ongoing projects, sales derived from completed projects had driven new sales stronger in FY2019. Contributing completed projects include CITYWOODS in Johor as well as CUBE and ZETA RESIDENCE at ONE SOUTH in Seri Kembangan.

Historical Trend in New Sales (RM million)



FY2019 Sales Contribution by Region



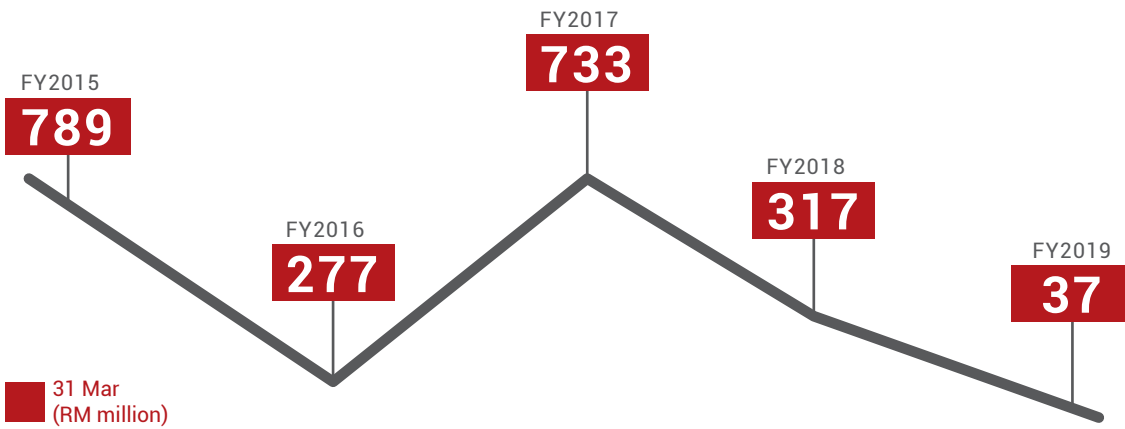
Unbilled sales stood at RM205 million as at end-FY2019, higher than RM179 million recorded as at end-March 2018. We expect unbilled sales to further improve in the current financial year, driven by our planned new launches in the pipeline for financial year ending March 2020 ("FY20").

Hua Yang launched RM37 million worth of new properties in FY2019. We have adopted a very vigilant approach in pacing new launches and committed to stay focus on driving sales of our completed and on-going projects, where our hard work was well rewarded with a 29.3% surge in new sales in FY2019.

New launches are mainly new phases in our township projects in Ipoh. Capitalising on the overwhelming response from the two residential developments, namely Freesia phase 1 and Erica phase 1, the Group rolled out Freesia and Erica phase 2 in FY2019 with a combined GDV of RM37.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

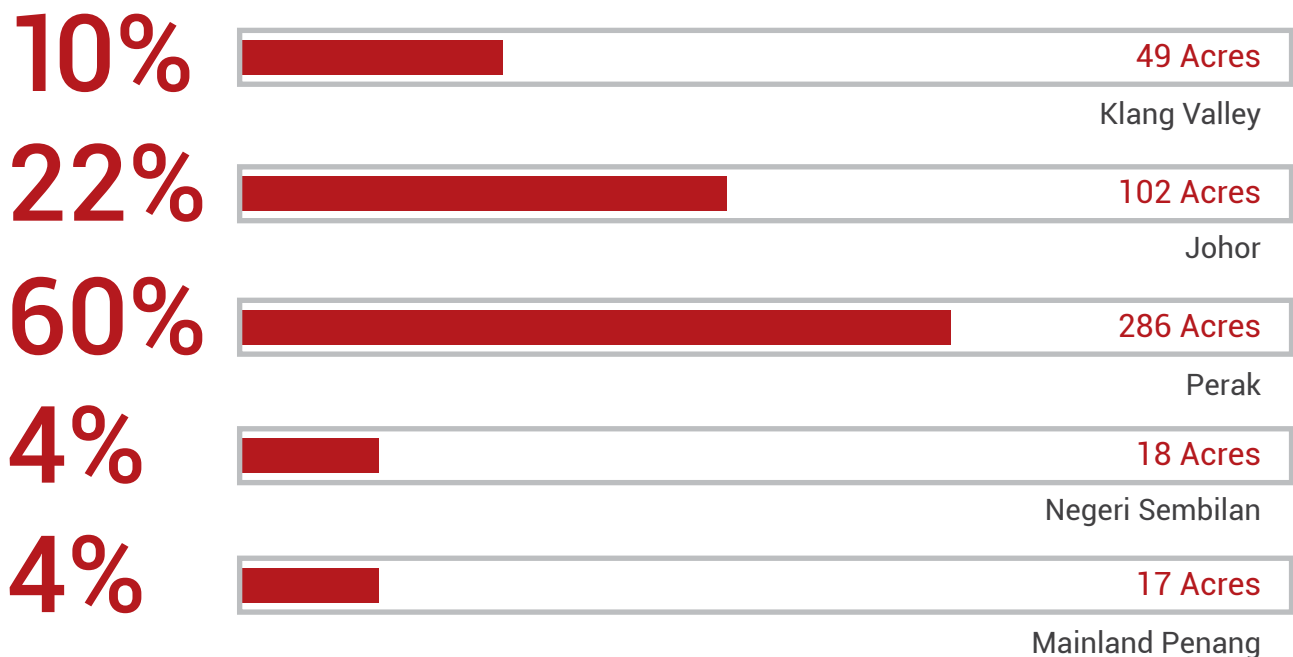
Historical Trend in New Launches



Landbanking

In October 2018, Hua Yang completed the sale of a 30% stake in Kajang Heights Development Sdn Bhd ("Kajang Heights") to KVC Properties Sdn Bhd ("KVC Properties") for a total cash consideration of RM21 million. Hua Yang maintains its 70% interest in Kajang Heights after the disposal. With this, Hua Yang is able to bring in a synergistic partner to develop the 19.8 acres in Kajang Heights, which is earmarked for a mixed development with a total estimated GDV of RM800 million. The KVC Group is a premier provider of electrical and electronics components, communications, automation, industrial, maintenance, repair & operating and advanced supply chain management and logistics services.

Hua Yang did not engage in other landbanking activities in FY2019. At present, Hua Yang's landbank for future development stands at approximately 472 acres across key development regions, with a combined GDV of approximately RM5.3 billion to be developed over a period of 5 to 7 years.

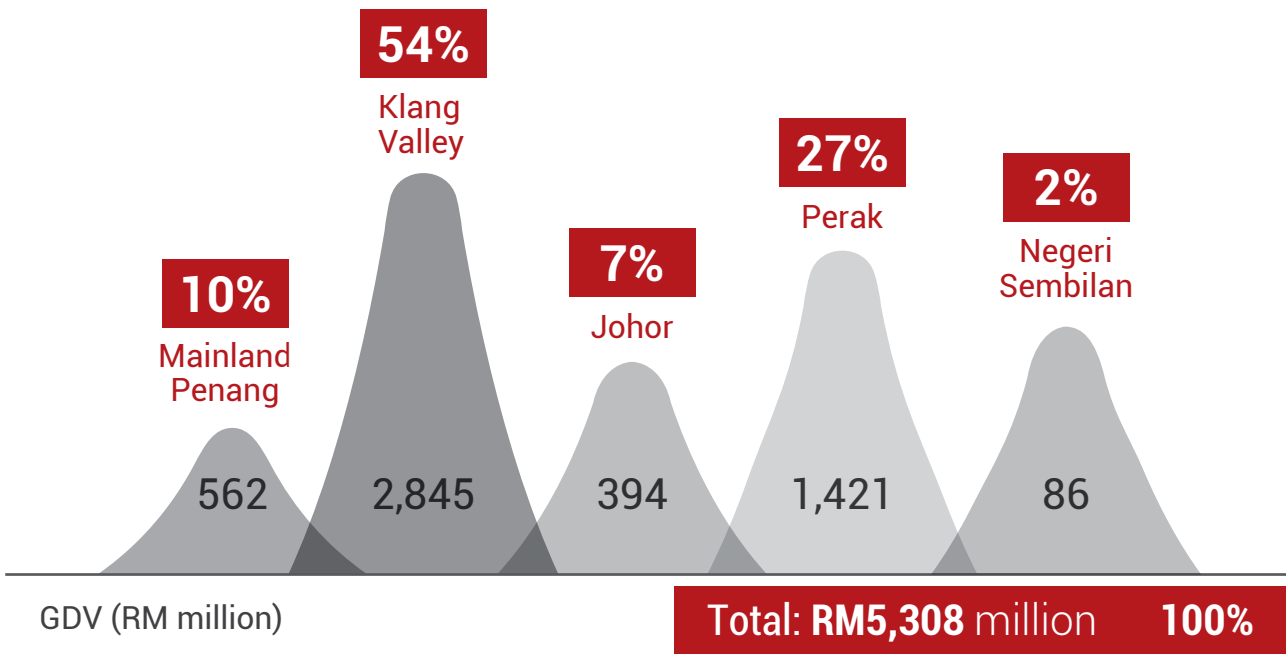


Future Undeveloped Landbank by Geographical Region

Total: 472 Acres 100%

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Future GDV by Geographical Region



Strategic Investment in Magna Prima Berhad

Hua Yang's 30.95% associate company, Magna Prima Berhad ("Magna Prima") contributed a loss of RM16.6 million at Hua Yang's associate level for FY2019 as compared to a share of profit of RM1.3 million in FY2018.

Magna Prima achieved a net loss of RM56.7 million, on the back of a revenue of RM33.1 million in their financial year ended 31 December 2018. Performance was substantially impacted by one-off sales reversal of 24 units of serviced apartments at Boulevard Business Park @ Jalan Kuching, as well as higher tax expense arising from deferred tax on real property gain tax of its investment properties and a fair value adjustment on its Jalan Ampang land.

There is significant value in Magna Prima's Klang Valley landbank which can be realised through land sale or development activities when opportunity arises. Magna Prima's net asset value stood at RM527.8 million as at end-Dec 2018, translating to RM1.59 per share. Some of its key land parcels include 2.6 acres freehold land at Jalan Ampang within the vicinity of Kuala Lumpur City Centre, 20 acres located at Seksyen 15 Shah Alam known as Magna Ecocity as well as 6.95 acres located on Jalan Gasing in Petaling Jaya.

Property Development Projects

Hua Yang remains committed to delivering a unique brand of quality mid-market homes in key strategic urban hotspots across Malaysia. The Group advocates modern yet practical concepts and designs that are tailor made to appeal to the next generation of home buyers. The following highlights several of Hua Yang's key development projects.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

KLANG VALLEY

ASTETICA RESIDENCES, Selangor

Total estimated GDV : RM343 million
Land size : 3.7 acres
Status : Ongoing
Sales : 50% (as at 31 March 2019)

Strategically located at the heart of matured township of Seri Kembangan, Selangor, ASTETICA RESIDENCES is a mixed residential development with an estimated total GDV of RM343 million. The 34 and 35-storey residential towers offer 520 exquisite serviced apartments and 26 retail lots, with inclusive sky facilities and a wide selection of layouts and built-up sizes suitable for large families, newly-weds as well as young adults.

The concept of the serviced apartments is meant to be exclusive semi-Ds and bungalows in the sky, with low density of ten units per floor served by four lifts and each unit being a corner unit. One unique feature is the inclusion of comprehensive family-oriented facilities covering approximately 16,000 sqft (square feet) that is linked with a sky bridge on the 26th floor (double volume) of the tower blocks.

With direct access to the SILK and Besraya Highways and well-connected to other major routes, ASTETICA RESIDENCES is fronting the Mines 2 Shopping Mall and within proximity to heaps of well-established amenities such as The Mines Shopping Centre, AEON Cheras Selatan, Columbia Asia Medical Centre, Australia International School, Bukit Jalil Stadium, Palace of The Golden Horses and many more.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

KLANG VALLEY

PUCHONG HORIZON, Selangor

Total estimated GDV	: RM2.05 billion
Land size	: 29.2 acres
Maiden Phase	: Aviary Residence
Status	: Soft launched

Hua Yang's latest flagship mixed development, PUCHONG HORIZON is strategically located within proximity to the bustling Pusat Bandar Puchong district. PUCHONG HORIZON, a 29.2-acre mixed development in Klang Valley, is earmarked for an integrated residential and commercial development with GDV of approximately RM2.05 billion.

Adjacent to the matured Puchong and Subang Jaya townships, the mixed development is well-connected via numerous highways including the Lebuhraya Damansara-Puchong, ELITE Expressway, Shah Alam Expressway and South Klang Valley Expressway. Amenities and facilities within the development include Regent International School, SEGi College Subang Jaya, Monash University, IOI Mall Puchong, SetiaWalk Mall, Giant Bandar Puteri, Tesco Extra Puchong, Rakan Muda Complex, Columbia Asia Hospital and many more.

The Group is looking forward to officially roll out the maiden phase of AVIARY RESIDENCE in PUCHONG HORIZON in FY20. The debut launch with 565 serviced apartments in a 36-storey tower, has an estimated GDV of RM247 million. Touted as the tallest residential tower in the surrounding area, the serviced apartment offers residents a bird's eye view of lakes, towns and forest reserves. AVIARY RESIDENCE's unique features include choice designs and layouts, 3-tiered security, a multi-faceted facilities floor and 2 covered car parks per unit.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

JOHOR

ELEMENCE, TAMAN DENAI ALAM, Johor

Total estimated GDV	: RM375 million
Land size	: 73.2 acres
Status	: Ongoing
Sales of ongoing phases	: 61% (as at 31 March 2019)

ELEMENCE @ TAMAN DENAI ALAM is the Group's newest township development in Johor. This gated and guarded project has a total estimated GDV of RM375 million and will be a continuation of our township developments in Johor, namely TAMAN PULAI INDAH and TAMAN PULAI HIJAUAN, which started back in 1993.

Set across 73.2 acres, the freehold development is well-connected to surrounding areas such as Pasir Gudang, the Masai town centre and Johor Bahru city centre, with excellent access to at least six major routes and highways including Senai-Desaru Expressway and East Coast Highway. Vital industrial amenities like the Johor Port and Tanjung Langsat Port are situated within a 13km radius, while Pengerang is about 80km away. Frequent fliers will also appreciate the proximity of the Senai International Airport, just 55km from ELEMENCE @ TAMAN DENAI ALAM.

ELEMENCE @ TAMAN DENAI ALAM is richly designed with tree-lined avenues, recreation gardens and green pockets, and in close proximity to supermarkets, hospitals, educational institutions, banks and restaurants.

The debut launch of OVAL in FY2018, comprising double-storey cluster houses and link bungalows with a GDV of RM41 million, has so far done well with 61% take-up rate. The Group is looking to introduce new phases in the FY2020.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PERAK

BANDAR UNIVERSITI SERI ISKANDAR, Ipoh

Total Estimated GDV	: RM1,440 million
Land size	: 777 acres
Status	: Ongoing
Sales of ongoing phases	: 50% (as of 31 March 2019)

BANDAR UNIVERSITI SERI ISKANDAR is a 777-acre integrated university township development located in the Northern region of Perak. The university township is strategically located approximately 35km to the southwest of Ipoh City and is well-connected with direct access from the Ipoh-Lumut highway.

Built on the basis of a lifestyle that is in complete harmony with nature, the integrated development contains quality residential homes and commercial components fronting lakes and natural landscapes, a host of leisure and entertainment facilities, in-town educational institute of higher learning, and a state-of-the-art medical centre. The township is within close proximity to a myriad of amenities that includes Universiti Teknologi Petronas and Universiti Teknologi Mara, Tesco Superstore, a KFC drive-thru restaurant, police station, wet market, schools, banks, and bus station terminals and many more.

Since its first launch back in 2001, the RM1.44 billion thriving township is maturing well with previous phases launched fully sold. Two of its completed phases were awarded a QLASSIC Excellent Award by CIDB for quality of workmanship with a scoring of 74% for phase 2B, LAVENDER 2B and 72% for phase 2, CERIA. The recently launched landed residential, namely ERICA phase 2 and FREESIA phase 2, with a combined GDV of RM37.1 million have thus far achieved sales of 50%, whereas the earlier phases of ERICA phase 1 and FREESIA phase 1 are almost fully sold and completed in December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PENANG

MERITUS RESIDENSI, Penang

Total estimated GDV	: RM327 million
Land size	: 7 acres
Status	: Ongoing
Sales of ongoing phase	: 55% (as at 31 March 2019)

The debut of MERITUS RESIDENSI officially marked Hua Yang's maiden entry into the property market of Mainland Penang in 2017. The 4.32-acre project comprises a 44-storey tower with 480 units of serviced apartments and 15 retail shops. With an estimated GDV of RM226 million, this project makes up the first phase of a 6.98-acre freehold mixed development. The estimated GDV of the overall development is RM327 million.

At 44 storeys high, MERITUS RESIDENSI offers a dual skyline view of Penang and Butterworth. The project offers a variety of layouts and modern designs, with selected units enjoying a private garden and up to 4 parking bays.

MERITUS RESIDENSI is strategically located near matured commercial areas such as the Chai Leng Park and Perai Industrial Estate, with excellent access to Jalan Baru, the North-South Expressway, Butterworth Outer Ring Road and the Penang Bridge. It is also within proximity to the Mydin Mall, various hypermarkets and leisure and shopping malls, schools, hospital and medical centres.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

Anticipated Risks

Hua Yang operates in an environment where we will face competition from our peers. It is important that we keep ourselves relevant in understanding the market's needs and remain committed to our core values in strengthening our brand presence in the affordable mid-market homes segment.

Construction delays would also have wide implications in affecting our financial performance as well as our buyers' perception. At Hua Yang we have introduced processes for efficient planning and monitoring of construction progress on our respective development projects. To that extent, we have established a strong track record in ensuring that projects are completed and successfully handed over to our buyers on time.

Hua Yang adopts a prudent financial policy to maintain a healthy balance sheet with manageable gearing and cash flows. This would provide us with the liquidity for working capital on our development activities, and where appropriate, enable us to seek out landbanking opportunities when they arise.

Managing risks is an essential component to our ability in achieving our performance goals. Further details of our risk management can be found in the Statement on Risk Management and Internal Control on pages 61 to 63 of the Annual Report.

Prospects and Outlook

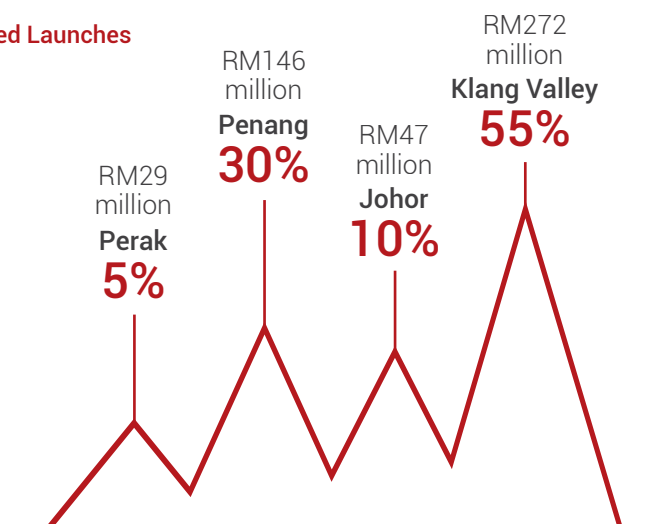
The residential property sector looks to remain challenging in the coming year. Consumers are likely to maintain a wait-and-see approach whilst eager buyers struggle to obtain financing as lending policies remain stringent. These factors work to subdue any significant near-term recovery in the residential property sector.

On the company front, our strategy is to drive sales via aggressive marketing targeted at first-time homebuyers and upgraders. The two-pronged approach greatly prioritises selling existing inventory as well as current ongoing projects. The success of this strategy will have a direct and immediate impact on our near-term earnings and financial position.

That being said, Hua Yang also plans to launch new properties with a total estimated GDV of RM494 million in FY2020. New projects will largely be launched during the second half of the year, albeit at a more measured pace. Amongst the new launches will be new phases in our existing townships of BANDAR UNIVERSITI SERI ISKANDAR in Perak and TAMAN PULAI HIJAUAN in Johor. We also plan to introduce commercial units in our latest ELEMENCE @ TAMAN DENAI ALAM township in Johor, comprising 18 units of double-storey shop offices.

In Penang, we look forward to the maiden launch of the serviced apartments in ASTON ACACIA, Bukit Mertajam. This would be our second residential project on Mainland Penang, after MERITUS RESIDENSI. Towards the second half of the current financial year, we plan to officially launch the initial phase of serviced apartments with an estimated GDV of RM272 million in AVIARY RESIDENCES, PUCHONG HORIZON, our new RM2 billion flagship integrated residential development within the Klang Valley.

FY2020 Planned Launches



The Group's existing landbank is strategically located in key regions sporting a potential GDV of approximately RM5.3 billion. Given the current market conditions, this landbank is slated to be developed at a measured pace over the coming years. However, Hua Yang will not hesitate to accelerate development activities when the market conditions improve and consumer sentiment turns positive.