

Chairman's Statement

TAN SRI DATO' SERI DR. TING CHEW PEH

Chairman/Non-Independent Non-Executive Director



Dear Shareholders,

2024 has been an encouraging year for Hua Yang as we achieved yet another respectable performance, driven by improving market conditions on the post-pandemic growth trail, which paved the way for a more stable property market.

The past year presented both opportunities and challenges. Despite the ongoing global uncertainties, we managed to build a strong foundation over the past 2 - 3 years, in terms of revenue and Profit After Tax (PAT).

Our FY2024 revenue surged to RM205.0 million from RM120.1 million year-on-year, resulting in RM6.2 million of PAT as compared with RM3.1 million for FY2023, nearly doubled.

The 97% increase in PAT affirms our resilience and strength in navigating a challenging environment marked by an uncertain global outlook of economic and geopolitical instability, alongside the pressure of inflation and interest rates, plus unfavourable foreign exchange.

Despite a competitive and challenging landscape, the demand for our products remained strong, thanks to our proactive approach to market changes, which allowed us to adapt swiftly and maintain our competitive edge.

This further reflects Hua Yang's firm commitment to delivering excellent value to all stakeholders including our customers, partners, suppliers, shareholders and employees. It also bears testimony to our strategic initiatives, operational excellence, and the dedication of our team.

Knowing that there will be persistent

97%

increase in PAT affirms our resilience and strength in navigating a challenging environment.



Chairman's Statement

challenges lying ahead such as rising material cost and geopolitical tension, we are taking necessary measures including the adoption of automation solutions and other digital transformation efforts for streamlined workflows and customer engagement, which will ultimately improve our operational productivity with optimised cost savings.

One of our main goals is to consistently deliver quality and affordable products in established and thriving districts. Being a developer known for quality products, Hua Yang will continue to deliver excellent value that exceeds both industry standards and customer expectations, in terms of product portfolio and innovation.

The freehold two-block Aston Acacia in Bukit Mertajam, Penang - is a good example of how we harmonise luxury and affordability into a flagship project in the northern region, driven by positive market feedback about our previous projects.

More good news is on the way. The new launches - Altus @ Penang, Shatin-Retail & Bemban @ Perak, and the new phase of Taman Ara Saujana @ Dengkil are taking shape, which suggests an extended growth trajectory for the Group.

Emphasis is also placed on sustainability and good corporate governance. At Hua Yang, we are integrating sustainable practices into our operations to reduce our environmental impact and improve efficiency and cost savings.

Our Board of Directors has provided valuable oversight and strategic guidance to ensure that we adhere to best practices and maintain transparency in all our operations. As such, the Group will be carefully guided by the Sustainability Committee to further support its sustainable business practices.

Such commitment is fundamental to our long-term success as we strengthen the trust among all the stakeholders.

Our achievements would not have been possible without the hard work and dedication of our employees. We have been consistently investing in their career development, in which our talent development programmes have equipped our teams with the skills needed to thrive in an evolving industry.

Once again, given the financial performance that shows our capability of growing from strength to strength, Hua Yang is expected to maintain a stable growth in the next financial year.

Despite continued economic and geopolitical uncertainty, we remain confident in our ability to keep outperforming the market and achieve another year of growth in sales and profits.

On behalf of the Board, I would like to extend my heartfelt gratitude to our Management team for their hard work and dedication. Special thanks to my fellow Board members too for your unwavering commitment. I also wish to acknowledge our appreciation to our former Director, Dato' Tan Bing Hua, for his leadership and guidance.

New launches - Altus @ Penang, Shatin-Retail & Bemban @ Perak, and the new phase of Taman Ara Saujana @ Dengkil are taking shape, which suggests an extended growth trajectory for the Group.

At Hua Yang, we are integrating sustainable practices into our operations to reduce our environmental impact and improve efficiency and cost savings.

Finally, as we move forward with a strong foundation, we are confident and optimistic that we will be on track to achieve our goals and create lasting value for our shareholders and other stakeholders.

One thing for sure, we will be further expanding our product offerings and market presence in the future.

Together, we will continue to grow, innovate and lead in our industry.

Thank you.

Sincerely,

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

Management Discussion and Analysis Report

HO WEN YAN

Chief Executive Officer



Dear Shareholders,

The following Management Discussion and Analysis (MD&A) provides an overview of our financial performance and notable business developments for FY2024. To help your understanding, this discussion should be read in conjunction with the Group's audited financial statements and accompanying notes.

Last year, Hua Yang reported an improved financial performance, surpassing the results of the previous year, driven by a more stable property market. What is worth highlighting here is that the improvement came amid global uncertainties and persistent challenges.

Total revenue for FY2024 stood at RM205.0 million with a Profit After Tax (PAT) of RM6.2 million, marking a significant increase of approximately 71% and 97% respectively, as compared with the FY2023 revenue of RM120.1 million and PAT of RM3.1 million.

Management Discussion and Analysis Report

Such an uplifting performance manifests Hua Yang’s resilience, adaptability and strength in navigating a challenging and evolving environment dominated by rising material costs and prolonged geopolitical conflicts. Having said that, not only did we successfully produced positive outcome for the fiscal year, but we also ushered in an accelerating growth momentum.

The ability to keep thriving in adversity further affirms our consistency in delivering enhanced value to all our stakeholders.

Last year, Hua Yang launched three projects including new phases: Elemence (Phase 5P2A, 5P2B & 5P2C(1)) in Kota Masai, Johor; Plumeria (Phase 1) in Bandar Universiti Seri Iskandar, Perak; and Aston Acacia (retail component) in Bukit Mertajam, Penang.

Having three ongoing projects underway in three different localities from south to north of Peninsular Malaysia – means we are strengthening the portfolio of our existing projects, as we ride on a continued growth and expansion trajectory. This is to ensure that we do not rely on a single development in risk mitigation and revenue generation.

Cost optimisation and operational efficiency are two key sustainable measures at the core of Hua Yang’s strategic maneuverability. We are making better use of every available resource, internally and externally, on how we manage and streamline our expenses and operations, driven by the highly productive digitalisation.

To future-proof our presence for sustainable growth and success, we are taking a proactive approach to doing business, putting adaptable strategies and resilient practices in place, while constantly adapting and innovating, in response to changing market dynamics, technological advancements, and consumer needs.

FINANCIAL PERFORMANCE

The past few years, including 2024, have not been easy for the real estate industry, having to deal with the pandemic adversity and geopolitical conflicts that had inflicted rounds of inflationary shocks. Hua Yang was not exempted. Nevertheless, the Group managed to soldier on against the odds, recording a significant improvement in terms of revenue and profitability.

In the FY2024, Hua Yang earned RM205.0 million of revenue that resulted in RM6.2 million of Profit After Tax (PAT), hugely surpassing the corresponding figures achieved in the FY2023 i.e. RM120.1 million of revenue and RM3.1 million of PAT. This translates into a remarkable increase of approximately 71% and 97%, respectively. For a clearer picture of a continued growth, PAT for the FY2022 stood at RM1.4 million. Despite a very challenging business landscape, the past three years have seen a robust growth of PAT for the Group, consistently.

The commendable achievement has once again displayed the resilience and strength of Hua Yang in weathering uncertainties faced by the industry at large. The improved profitability suggests a stable and consistent financial performance for the Group.



Total Revenue FY2024

RM205.0
MILLION

(FY2023 Revenue RM120.1 million)



Profit After Tax

RM6.2
MILLION

(FY2023 PAT RM3.1 million)

To future-proof our presence for sustainable growth and success, we are taking a proactive approach to doing business, putting adaptable strategies and resilient practices in place, while constantly adapting and innovating, in response to changing market dynamics, technological advancements, and consumer needs.

Management Discussion and Analysis Report

Penang topped the list with a 72% contribution, followed by Perak at 15%, Johor at 9% and Klang Valley at 4%. Aston Acacia in Bukit Mertajam contributed the biggest chunk with 72% of the Group's revenue as of March 2024. Bandar Universiti Seri Iskandar came in second with a 15% contribution.

Hua Yang recorded RM364.0 million of total liabilities as compared with RM405.4 million at the end of FY2023. Total borrowings continued to decline to RM189.5 million from RM229.1 million in the previous year.

With a net gearing ratio of 0.35 against a total equity of RM495.6 million, our current financial position remains stable and well-managed for operation purpose. Looking ahead, the Group is determined to further decrease this ratio by end of FY2025, driven by anticipated revenue recognition from ongoing projects and increased sales of existing projects, with reduction in borrowings.

By strengthening our financial foundation, Hua Yang is set to command new growth prospects, including land-banking opportunities.

In terms of economic growth for the nation, Bank Negara Malaysia forecast a Gross Domestic Product (GDP) growth of 4% to 5% for 2024, marking a rebound from 3.8% as recorded in the previous year. This was mainly driven by greater spillover from the tech upswing, more robust tourism activities, and faster implementation of new and existing investment projects.

Overall, resilient domestic demand and stable labour market conditions continued to be the key drivers of growth for 2024.

The central bank's report also highlights that Malaysia achieved a higher GDP growth rate of 4.2% for 1Q 2024, compared with just 2.9% for 4Q 2023, the previous quarter. This was attributed to stronger private expenditure and positive turnaround in exports, alongside higher household spending due to continued growth in employment and wages.

Malaysia's inflation rate as shown in the Consumer Price Index remained at 1.8 percent in April 2024 for the third consecutive month, with index points standing at 132.4 as compared to 130.0 in the same corresponding period last year, according to the Department of Statistics Malaysia (DOSM). Rising prices were observed in dining out in restaurants, accommodation and personal care services, among others.

On Business Confidence Indicator, DOSM pointed out that businesses were anticipating improved conditions, especially those in the construction sector. The 1Q 2024 growth rate for the construction sector stood at 11.9% versus 3.6% for the corresponding quarter a year ago.

At the meeting on 9 May 2024, chaired by the Monetary Policy Committee (MPC), Bank Negara Malaysia decided to maintain the Overnight Policy Rate (OPR) at 3.00%, which would remain in effect until the next MPC meeting. The central bank forecast that continued recovery in global trade would be a positive factor.

Source of reference:

<https://open.dosm.gov.my/publications?page=1>

1Q 2024 Quarterly Report by Department of Statistics Malaysia (DOSM)

FY2024 REVENUE CONTRIBUTION BY REGION

The three key regions from north to south remained the top contributors to the total group revenue. Once again, Penang topped the list with a 72% contribution, followed by Perak at 15%, Johor at 9% and Klang Valley at 4%. Aston Acacia in Bukit Mertajam contributed the biggest chunk with 72% of the Group's revenue as of March 2024. Bandar Universiti Seri Iskandar came in second with a 15% contribution.

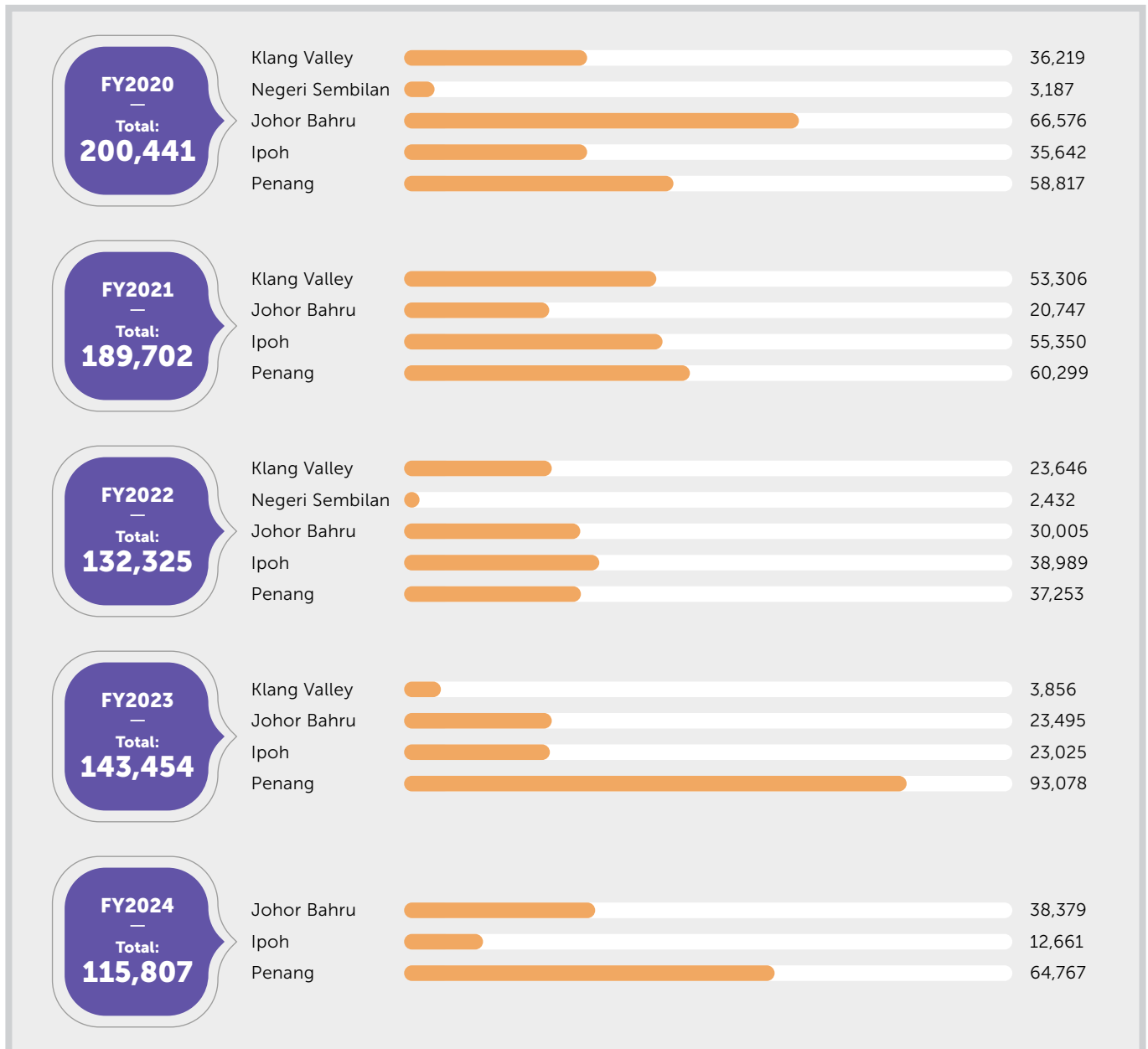
DIVIDENDS

Due to market uncertainty with rising costs worsened by the prolonged global conflicts, and in an effort to reinvest our earnings to fund new growth opportunities, the Board has not recommended any dividend payments for the year, as part of a proactive financial planning with long-term stability of our company in mind. Nevertheless, we remain optimistic despite the challenging market conditions as we improve our business operations and strengthen our sales for a more sustainable growth.

Management Discussion and Analysis Report

PROPERTY DEVELOPMENT

HISTORICAL TREND IN NEW SALES

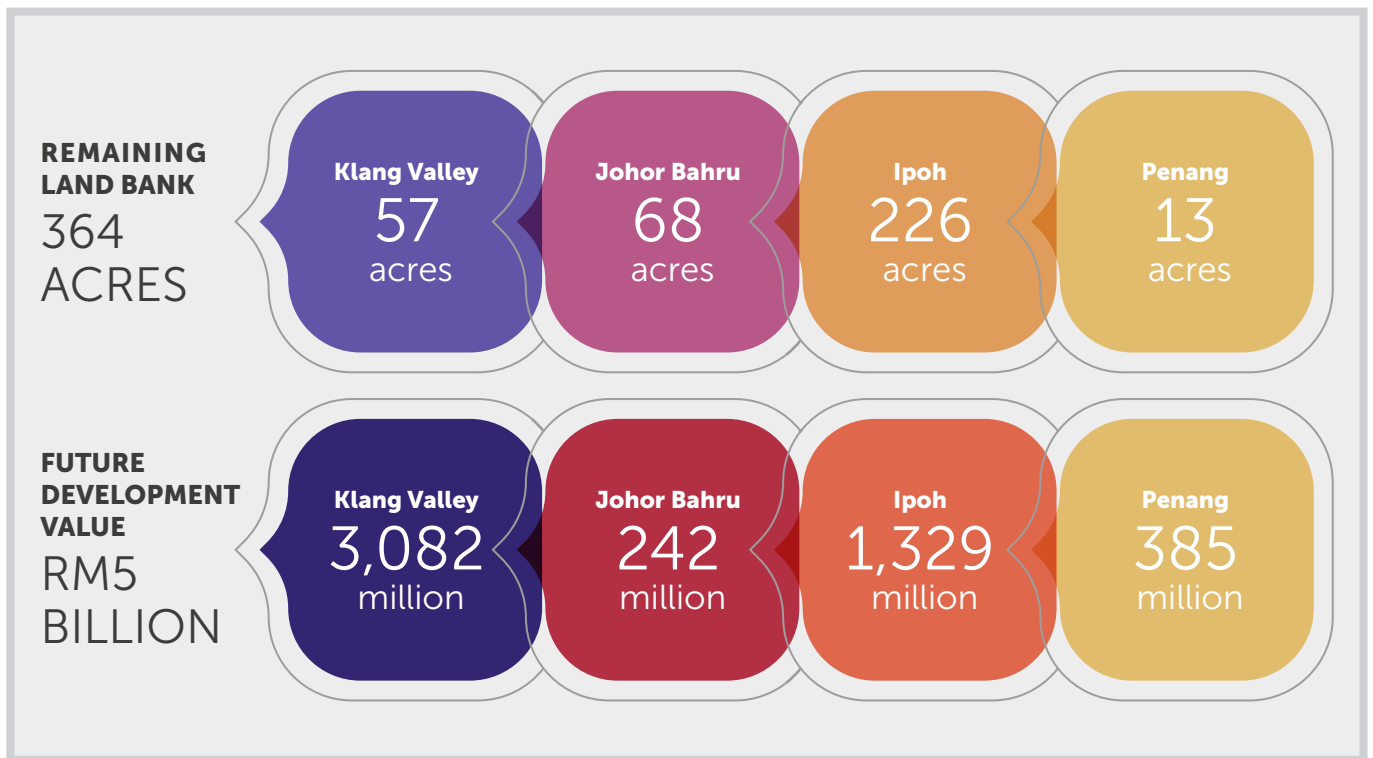


The total value of unbilled sales for FY2024 stood at RM129.4 million, as compared with RM208.5 million recorded in the previous year. Looking ahead, we are anticipating growth in unbilled sales through ongoing projects as well as the new launches planned for FY2025. Last year, Hua Yang launched (i) Elemence - Phase 5P2A, 5P2B & 5P2C(1) in Kota Masai; (ii) Plumeria Phase 1 in Bandar U Seri Iskandar and (iii) Aston Acacia – Retail Component in Bukit Mertajam. Projects in all these three locations had been selling well as of March 2024 with Aston Acacia (retail) recording a 61% takeup, followed by Bandar U Seri Iskandar (terrace) at 68% and Elemence (shop offices) at 72%.

Management Discussion and Analysis Report

LANDBANKING

Hua Yang holds an extensive landbank at the moment, securing about 364 acres of land in strategic localities, with approximately RM5 billion worth of Gross Development Value (GDV) for future development and growth. During the year, the Group acquired a 5.3 acres parcel of leasehold land in Bemban, Perak.



PROPERTY DEVELOPMENT PROJECTS

Affordable housing remains a key priority for Hua Yang to build sustainable communities where people have access to affordable living spaces, targeting the mid-market segment. We have been creating a distinctive product portfolio known for 'affordable luxury' since our inception, catering to customers in different regions, covering Mainland Penang, Perak, Klang Valley, Negeri Sembilan and Johor. The following examples are some of our noteworthy projects.

Management Discussion and Analysis Report

JOHOR

ELEMENCE,
TAMAN DENAI ALAM,
Johor

STATUS

Ongoing

SALES OF ONGOING PHASES

86%

(as of March 2024)

TOTAL ESTIMATED GDV

RM375 million

LAND SIZE

73.2 acres



ELEMENCE at TAMAN DENAI ALAM is situated on a 73.2-acre freehold land, and is our latest township development in Johor, representing a significant milestone for the Group. The initial phases of this project were introduced in October 2017, marking a continuation of our long-standing commitment to township development in Johor, namely TAMAN PULAI INDAH and TAMAN PULAI HIJAUAN, which started back in 2001.

This RM375 million gated and guarded township project is conveniently 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 13 kilometres radius, while Pengerang is about 80km away. Frequent flyers will also appreciate the proximity of the Senai International Airport, just 55 kilometres from this new township project.

ELEMENCE at TAMAN DENAI ALAM is a thoughtfully designed development that boasts a delightful ambiance, featuring treelined avenues, recreational gardens, and serene green spaces. Each home within ELEMENCE offers spacious living areas and well-planned layouts that cater to the needs of the entire family. Positioned around a river, Sungai Kim Kim, the development enjoys close proximity to essential amenities such as supermarkets, hospitals, educational institutions, banks, and restaurants.

For FY2024, the latest phase involves the construction of the commercial component i.e. ELEMENCE (Phase 5P2A, 5P2B & 5P2C(1)), with sales gaining momentum at 72% as of March 2024.

Management Discussion and Analysis Report

PERAK

BANDAR U
SERI ISKANDAR,
Perak

STATUS

Ongoing

SALES OF ONGOING PHASES

84%

(as of March 2024)

TOTAL ESTIMATED GDV

RM1,460 million

LAND SIZE

777 acres



Bandar U, an integrated university township, is strategically located in-between the state capital and southern part of Perak, approximately 35km to the southwest of Ipoh City. The 777-acre township is well-connected with direct access from the Ipoh-Lumut highway.

Embracing a lifestyle that seamlessly integrates with nature, this vibrant and rapidly expanding affordable township showcases high-quality residential homes and commercial elements overlooking picturesque lakes and captivating natural landscapes. Within its bounds, a myriad of leisure and entertainment amenities await, alongside an esteemed in-town institute of higher learning and a cutting-edge medical centre. This holistic development fosters a harmonious environment where residents can truly thrive.

The RM1.46 billion township is nestled among a variety of amenities, which includes Lotus's Superstore, a KFC drive-thru restaurant, police station, wet market, schools, banks, bus station terminals and many more. The township also has a good selection of national primary and secondary schools, Islamic schools and kindergartens. Also located in the vicinity are Kolej Vokasional Seri Iskandar, Sekolah Menengah Teknik Seri Iskandar and Institute Latihan Kemas Seri Iskandar. Healthcare facilities include clinics and a well-equipped medical centre.

For FY2024 as of March 2024, the Group achieved a 68% sales rate for its newly launched phase, namely Plumeria Phase 1.

Management Discussion and Analysis Report

PENANG

ASTON ACACIA,
BUKIT MERTAJAM,
Mainland Penang

STATUS

Ongoing

SALES OF ONGOING PHASES

92%


(as of March 2024)

TOTAL ESTIMATED GDV

RM269 million

LAND SIZE

5 acres



Nestled in the prime location of the suburb of Seberang Perai, Aston Acacia stands as an embodiment of modern tropical architecture. Embracing the concept of elevated living, the masterplan of this development is thoughtfully designed to create a harmonious blend of life, work, and leisure in the heart of Bukit Mertajam. Boasting a range of contemporary amenities, Aston Acacia offers residents a comfortable living environment and a vibrant lifestyle experience.

Aston Acacia is situated next to Jit Sin Independent High School, SM Impian Bukit Mertajam and Two Studio Multimedia Academy. It is also within proximity to the breath-taking Cherok Tokun Nature Park, St. Anne's Church, Lotus's (Tesco), Aeon Mall, Auto City and other amenities such as eateries, banking and health facilities.

The 2 towers of 33-storey serviced apartments are built on freehold land and comprise 622 units with built-ups ranging from 701 sq.ft. to 1,206 sq.ft. The units come in several variants offering two to four bedrooms with two to three bathrooms depending on the unit size. This development also comprises 38 commercial units and a 5-storey car park podium.

The innovative unit designs at Aston Acacia cater to a diverse range of buyers, including single professionals, small families, and larger families. These designs are carefully crafted to accommodate various demographics and individual needs. Moreover, Aston Acacia provides convenient access to a wide array of exceptional amenities, ensuring that your everyday requirements are effortlessly fulfilled.

Tower A of Aston Acacia was launched in Q4 2020 while Tower B launched in Q3 2022. The Group achieved an overall sales rate of 92% as of March 2024 with an overall construction progress of 82%.

Management Discussion and Analysis Report

ANTICIPATED RISKS

Real estate industry is clearly vulnerable to economic volatility, capital availability and interest rate fluctuations. Government policies and legislation, including tax incentives, deductions, and subsidies, can boost or hinder demand for real estate. For example, rising interest rates and retail inflation will make middle-class homeownership much more challenging. The government spending on infrastructure development is another deciding factor.

In the past few years, global geopolitical conflicts have been impacting the industry at every level, from the procurement of raw materials to costing, trade disruptions, labour supply, production cycle and other components in the supply chain. Material shortages, shipping delays and rising costs are three interconnected risks.

When there is uncertainty involving trade, travel and immigration policy, for example, the negative implications on the real estate industry can be far-reaching. These include wait-and-see approach to foreign investment and the employment opportunities that come with it; manufacturing disruptions that delay deliveries; supply-and-demand fluctuations that impact hospitality and retail properties, among others.

PROSPECTS AND OUTLOOK

According to the 2024 – 2028 Malaysian Construction Industry Report published by Research & Markets, the construction industry is expected to register an annual average growth rate of 5.7% between 2025 and 2028, supported by investment in leisure and hospitality infrastructure, manufacturing facilities, roads and renewable energy projects.

The Malaysian construction industry is also being supported by the 2024 Budget with a RM90 billion allocation for development expenditure, which represents a RM6 billion increase as compared with RM84 billion a year ago.

To ensure a healthier balance sheet with stronger financial stability, we are committed to reducing our borrowings while closely monitoring our cashflow as we continue to identify areas for optimisation for added profitability, and fulfil the growing demand for mid-market affordable housing.

We are moving towards the final phase of our digitalisation transformation for streamlined operations and enhanced productivity across our organisation.

New launches planned for the next financial year will be: (i) Altus in Mainland Penang, (ii) Shatin-Retail in Perak, (iii) Bemban in Perak, (iv) Bandar U Seri Iskandar-Santolina Phase 1 and Azalea Phase 1 in Perak, (v) Taman Ara Saujana in Dengkil, and (vi) Elemence - Phase 3P1A, 3P1B and 6 in Johor.

Looking ahead, new launches with a combined Gross Development Value (GDV) of RM257 million will be our decent target for FY2025 amid persistent challenges, including prolonged geopolitical conflicts. Therefore, we are taking necessary measures to reduce our inventory levels while optimising operational efficiency and cost to improve our overall financial health.

On a concluding note, with all the strategic initiatives in place, we are confident that we are on track to achieve sustainable growth and deliver enhanced value to our stakeholders.

Sustainability Statement

Holding firm on our vision of providing affordable housing for a developing nation, Hua Yang has been walking the talk since 1978, building affordable housing with sustainability in mind for both the people and community.

Knowing that affordable housing is a crucial element in achieving the Sustainable Development Goals set by the United Nations, Hua Yang brings the change beyond a living space, incorporating environmental and socioeconomic aspects into its products and services, alongside its business operations.

This is to ensure we operate responsibly and are committed to achieving sustainable development that benefits all stakeholders, including our shareholders, clients, business owners, suppliers, contractors, governing bodies, employees and the whole community.

From job creation to career growth and socioeconomic improvement for the community, the construction industry is always at the forefront of driving economic growth and overall development, through residential, commercial and industrial properties that complement each other.

Therefore, we are committed to striking a delicate balance between sustainability and profitability, considering the interests of our shareholders and those of the environment and local communities. Motivated by our pioneering vision of building affordable housing, we are constantly innovating to add value to our developments, pushing boundaries in our construction and business practices, tapping into new technologies and cost-effective resources for the benefit of the society and environment.



Sustainability Statement

We are putting in diligent efforts in the following four areas to achieve our sustainability goals of delivering “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Our four guiding principles are:

01

Delivering affordable, dependable and quality service and products



02

Building a sustainable environment through innovation



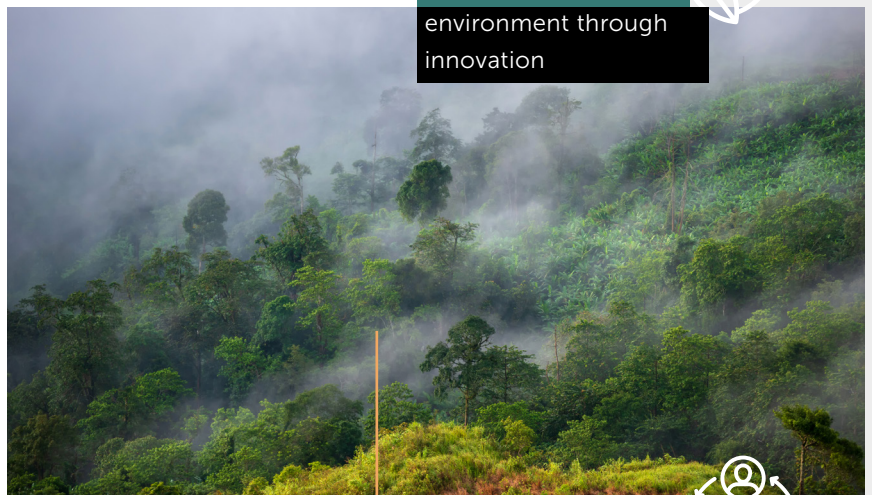
03

Promoting engagement and investing in the local community



04

Enhancing values through reliable and efficient supply chain management



Pivoted on the principle of economic, environmental and social balance, Hua Yang has even set up a Sustainability Committee chaired by the Chief Executive Officer – to develop and oversee the Group’s sustainability strategy while performing advisory and supervisory responsibilities, including how we conduct our procurement practices, community investment and engagement, and how we reduce our carbon footprint.

Board of Directors

Sustainability Committee

Chairman (CEO)

DCEO

- Human Resources
- Administration
- Sales Administration and Accounts
- Project
- Sales and Marketing
- Northern Branch (Ipoh)
- Northern Branch (Penang)
- Southern Branch (Johor Bahru)

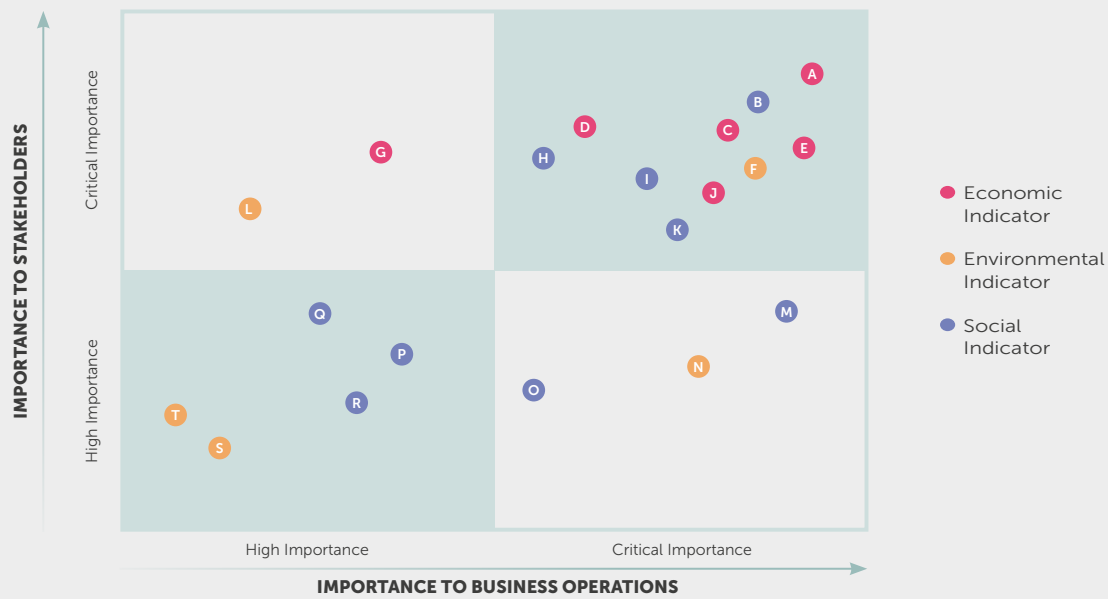
Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS/INDEX

Considering that material sustainability matters hold a great deal of significance to our business operations with a substantial impact on our stakeholders and long-term viability, we took the necessary efforts to assess, identify and prioritise the environmental, social and economic interests that are most relevant to our corporate sustainability.

This involved assessing the environmental, social and economic risks and opportunities through engagement with stakeholders, taking into consideration regulatory requirements, industry standards and emerging trends. Hua Yang had therefore identified and refined 20 material sustainability matters, based on their importance, relevance and impact to the Group and its stakeholders. Housing affordability, occupational safety and health, business digitisation, supply chain management, project management, waste management, green buildings compliance, product quality, ethics and integrity, corporate governance and transparency, employee development and training, customer satisfaction and brand reputation - are among those material sustainability matters.

By addressing these material sustainability matters, we can enhance our resilience, mitigate risks, and create long-term value for both our shareholders and the society where we belong. The resulting materiality matrix is presented as follows:



Material Sustainability Matters	Relevant Stakeholder (s)	Applicable GRI Indicator (s)
A Housing Affordability	Customers, Communities	Product Service and Labelling
B Occupational Safety and Health	Regulators & Government Agency, Vendors & Suppliers, Employees	Occupational Health and Safety
C Business Digitisation	Customers, Communities	GRI General Standard Disclosures
D Market Presence	Shareholders & Investors, Vendors & Suppliers	GRI General Standard Disclosures
E Economic Performance	Shareholders & Investors, Customers	GRI General Standard Disclosures
F Regulatory Compliance	Regulators & Government Agency, Shareholders & Investors, Customers	Compliance
G Supply Chain Management	Vendors & Suppliers, Customers	GRI General Standard Disclosures
H Ethics and Integrity	Regulators & Government Agency, Shareholders & Investors	GRI General Standard Disclosures
I Customer Satisfaction and Brand Reputation	Customers and Shareholders & Investors	Product Service and Labelling
J Project Management	Regulators & Government Agency	Compliance
K Corporate Governance and Transparency	Regulators & Government Agency, Shareholders & Investors	GRI General Standard Disclosures
L Energy	Regulators & Government Agency, Customers, Vendors & Suppliers	Energy
M Product Quality	Customers	Product Service and Labelling
N Waste Management	Regulators & Government Agency, Customers, Communities	Waste and Effluents
O Employee Benefits	Employees	Diversity and Equal Opportunity
P Customer Privacy	Customers	Customer Privacy
Q Employee Development and Training	Employees	Training and Education
R Contribution to Society	Communities, Media	Local Communities
S Green Buildings Compliance	Customers, Shareholders & Investors and Vendors & Suppliers	Compliance
T Water	Customers, Communities	Water

Sustainability Statement



For Hua Yang, the ability to create and maintain value over the long term while balancing business sustainability with social and environmental impacts remains mission-critical. In addition to long-term value creation, we are constantly aligning ourselves with market trends, demographic shifts and consumer preferences as we maintain financial resilience by avoiding excessive leverage with adequate liquidity to weather economic downturns and market fluctuations.

For us, long-term profitability and growth can only be justified by making meaningful contributions to a more sustainable society. Apart from our corporate social responsibility, we see affordable housing as a means to enrich lives and communities as we free up financial resources within households and empower them to pursue economic advancement.

Knowing that housing is connected to economic development, our projects have been creating positive impact on employment, career growth, support for local businesses, improvement for local communities and value for our shareholders since our establishment.

In an effort to strengthen our economic sustainability, we have zoomed in on the following aspects to elevate our customer experience and brand reputation:

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is always at the core of Hua Yang's sustainability approach, considering the construction industry holds a major role in socioeconomic development. By engaging with employees, customers, shareholders, investors, partners, local communities, government authorities, non-governmental organisations (NGOs), contractors and suppliers, we are building a lasting connection that lays a strong foundation for a sustainable growth.

Having understood the needs and expectations of all those stakeholders, we can come up with sustainability ideas of the shared value and incorporate them into our strategies. This means, each group of stakeholders influences and contributes differently to how our operations and strategies are implemented and achieved. In other words, we need their valuable inputs to fine-tune our socioeconomic and environmental sustainability, while keeping a close eye on our corporate governance and operational efficiency and business productivity.

Building trust and relationships through constructive stakeholder engagement fosters long-term value for both the community and environment we belong. This means satisfying the needs of different stakeholders by meeting or exceeding their expectations for every development that we deliver.

Hua Yang has come a long way since its inception in Ipoh back in 1978. The Group has then expanded its footprint into Johor Bahru, Selangor, Negeri Sembilan and Penang.

Sustainability Statement

PRODUCT QUALITY CONTROL

Product quality control is crucial for Hua Yang as it dictates our customer satisfaction, protects our brand reputation, helps us gain a competitive edge and achieve our sustainability goals. Pairing quality products with good service will result in satisfied customers. Being able to meet and exceed customer expectations will help enhance Hua Yang's reputation.

Therefore, we will always be taking firm measures to ensure all our deliverables meet the established standards and guidelines set by both the regulatory and environmental agencies. For instance, we maintain and improve our product quality through effective monitoring and tracking. With advanced planning techniques in place, our operational processes become more manageable and measurable. Together with valuable feedback and constant reviews to identify gaps, we adopt a proactive approach towards optimising our product quality.

Governed by the Quality Assessment System in Construction (QLASSIC), an independent assessment tool to measure and evaluate the workmanship quality of building construction, based on the Construction Industry Standard CIS 7:2021, as mandated by Malaysia's Construction Industry Development Board (CIDB), Hua Yang is committed to ensuring quality control processes so that our construction projects meet the highest industry benchmarks and deliver the intended results.

BUSINESS DIGITALISATION

Digital technology is transforming the economy. As with other industries, construction is undergoing a digital transformation too. The shift is inevitable and deemed a necessity, given the productivity it brings. Hua Yang is no exception. This is an ongoing process that is reshaping the way we run our business.

One thing for sure, digital technology is improving our customer experience as we optimise our operations with higher efficiency and productivity for better cost reduction without compromising on product quality.

To match up with the demand of the digital age, our digital transformation initiatives include computer replacement and upgrade, plus the adoption of digital process automation and employee training and upskilling, from front-end to the back-end. We call this "business digitalisation", which brings together different stakeholders, applications, devices and information across our organisation, internally and externally.

This kind of next-generation evolution of business process management is crucial to Hua Yang's sustainability in terms of winning, serving and retaining customers in a more responsive, efficient and productive way. Data-driven marketing, fortified cybersecurity, and AI predictive analytics are among the digital tools that help us gain insights into market dynamics for improved decisions and risk management.

After all, digitalisation helps foster a new culture of innovation that can happen with anyone, anywhere, at any time.

CUSTOMER SATISFACTION

For Hua Yang, customer satisfaction is about taking the entire customer experience to the next level. It starts with understanding the needs of our customers through feedback and comments that we gather and then deliver on our promises.

To facilitate the interaction between Hua Yang and its customers, we have set up multiple communication channels for customers to share their thoughts with us, including via email, phone and walk-in options. We have dedicated Customer Care Offices, Walk-in Customer Care and Defect Management System teams to keep customer satisfaction high and increase customer lifetime value.

Nurturing positive customer relationships is the foundation that we have been thriving on as we establish a high level of trust with our customers. This is evidenced by how we address customer enquiries, concerns, and provide personalised assistance. Rest assured, we remain committed to continually improving our products and pre-and-after-sales service to meet and exceed our customers' expectations.

We will be constantly delivering quality products that satisfy market needs to strengthen our brand reputation. At the same time, we are putting in a lot of diligence to ensure we continue to sustain the increased customer satisfaction and loyalty.

Sustainability Statement



First of all, real estate industry itself not only creates a sustainable and inclusive living environment, but also contributes to the social well-being and community connection. Being a developer spanning different zones from north to south across the peninsula, Hua Yang is home to a big team of diverse and aspiring individuals of different talents, covering Architecture and Design, Construction Management, Surveying and Inspection, Engineering, Skilled Trades, Health and Safety, Specialised Roles, Support and Administration, Sales and Marketing, Procurement and Supply Chain Management.

For Hua Yang, employees are considered our biggest and most valuable assets. They contribute to the overall success, growth and sustainability of the Group. Therefore, we are constantly investing in the talent development and career advancement of our employees through training and upskilling, while providing them with a fair, stimulating and rewarding workplace.

Considering they represent the brand reputation of Hua Yang and deliver value to all of our stakeholders at the same time, we are placing a great deal of emphasis on their well-being, including their safety and health. For example, we have even set up a dedicated Group Emergency Response Team (ERT) with 20 members on board, who are responsible for the implementation and monitoring of workplace safety, policy compliance, and conducting emergency evacuation exercises, among others.

DIVERSITY AND INCLUSION

Having diversity and inclusion in our workplace means we have a broader talent pool to tap into. In other words, our diverse teams from different zones and backgrounds bring together different perspectives, experiences and ideas, which can lead to more creative and innovative solutions, and ultimately more value for all of our stakeholders.

At Hua Yang, we are fostering a dynamic organisational culture that recognises and values the multi-faceted inputs from different ethnicities, genders and ages, where everyone feels welcome, respected and empowered to perform their best for greater success. Everyone is given an equal opportunity to grow and advance. A diverse and inclusive environment also translates into increased talent attraction and retention.

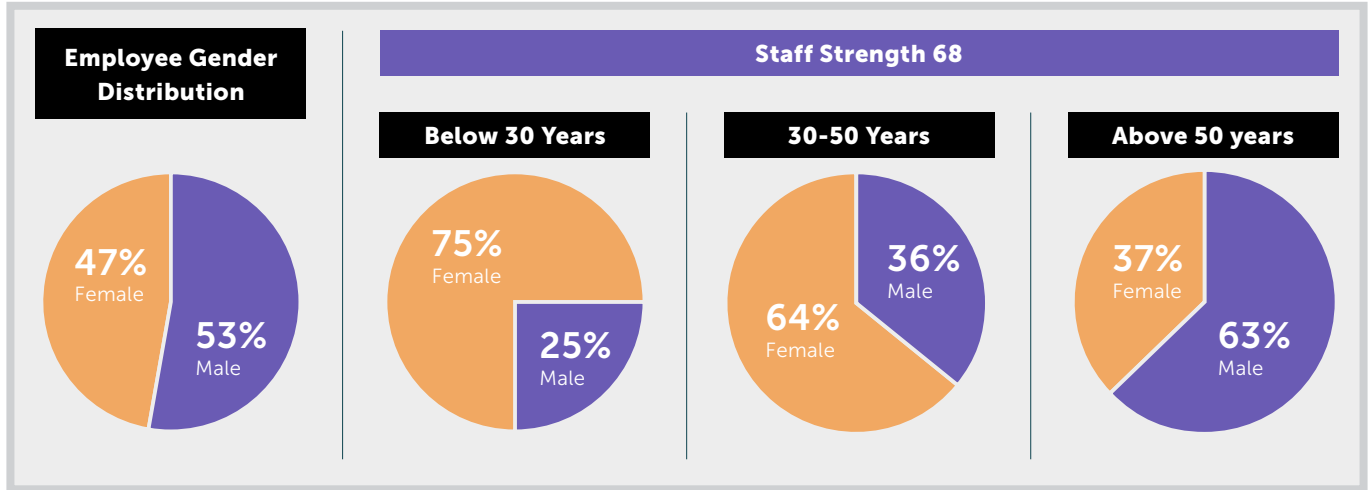
This means, for instance, regardless of gender, race or age, everyone has a fair chance to pursue managerial positions based on their merits, capabilities and qualifications. The Company has all along been providing employees with specialised training programmes to enhance their skills and knowledge so that they can become more resilient and adaptable to changes and take up new, greater roles more easily.

EMPLOYEE GENDER DISTRIBUTION

Working towards a balanced and healthy gender representation in our talent pool remains a key driver for sustainability. It is part of our corporate diligence in advancing gender equality, treating females and males of similar skills and competencies with equitable career pathways.

Our workforce is made up of 47 % females and 53 % males, which reflects a respectable gender balance of diversity and inclusion in our workplace. While a majority of our workforce belongs to the 30 and above age group, we embrace age diversity by including members of different generations to create an inclusive and dynamic environment of different skillsets and experiences.

Sustainability Statement



EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

Employee development has become a strategic investment for Hua Yang, considering human capital is our greatest asset. We prepare our employees for current and future job demands by improving their knowledge, skills and abilities.

Knowing that they are our largest group of stakeholders, investing in their growth is key to driving productivity and profitability. Getting the right talent onboard and helping them grow to their optimal capabilities will help propel our business growth. This is where we put talent management in place, equipping our employees with clear personal and professional development plans.

The Company even makes sure that all staff members undergo a minimum of four hours of training per year, covering a wide range of technical and soft skill topics. It is part of Hua Yang’s continuous improvement effort for sustainable growth.

At Hua Yang, we have always emphasised the importance of our people as our greatest asset. We firmly believe that the value of our employees is directly linked to the time and energy invested in their growth and development. In line with our vision, values, as well as business goals, we are committed to nurturing our talent, recognising that their development is instrumental in driving both productivity and profitability.

As our largest group of stakeholders, we are dedicated to providing our employees with clear development plans and pathways that enable them to learn, grow, and reach their full potential. To support their continuous improvement and personal growth, we have initiated a comprehensive training program, ensuring that all staff members have the opportunity to participate in a minimum of eight (8) hours of training per year. These training sessions cover a wide range of technical and soft skill topics, equipping our employees with the knowledge and skills needed to thrive in their roles and beyond.

Sustainability Statement



REDUCING ENERGY USAGE

Reducing energy usage is a critical component of sustainability as it helps us address environmental, economic and social challenges. In a broader sense, we are playing a corporate social responsibility role in mitigating climate change, conserving resources, reducing pollution, saving costs, improving health, and supporting economic and social development.

Given that our industry consumes a substantial amount of energy and resources, we are obliged to minimise our environmental impact on the planet, striking a balance between our operations and nature. As such, we have taken certain measures to cut down on energy consumption as follows:

EXTERNAL (HUA YANG’S PROJECTS)

- Incorporating energy-saving light fixtures and implementing specific control systems that optimise elevator usage in our high-rise projects.
- Utilising LED lightbulbs in corridors and carparks for projects within the Central region.
- Implementing an open-corridor concept that promotes excellent ventilation, reducing the reliance on air conditioning or fans.
- Installing an elevator collective control system that enhances the efficiency of elevator travel time while simultaneously reducing energy consumption.

INTERNAL (HUA YANG’S OFFICES)

- Moving from physical server to a cloud server to reduce energy cost.
- Closure of certain working floors and reorganisation of staff seating arrangement.
- Encouraging staff to use the stairs when moving between office floors.
- Ensuring the air conditioning and lights are turned off in the office during lunch time.

Such initiatives affirm our strong commitment to environmental sustainability – on how we manage our resources in a responsible and efficient manner, throughout our projects and corporate buildings.

CENTRAL REGION			ENERGY SAVING INITIATIVES	
LED Lightbulbs	Ventilation & Open Corridor Concept	Elevator Collective Control System	Install Energy-Saving Light Fixtures	Implement Control Systems

WATER MANAGEMENT

As the demand for housing grows, so does the need for efficient water management. Inefficient use of water affects the well-being of society, environmental health, and economic productivity. Coupled with the impact of climate change, sustainable water management presents an opportunity for Hua Yang to lead the way in shaping a more liveable future.

Driven by a social responsibility to protect the environment, optimising the use of water resources remains a key initiative for Hua Yang. In view of this, we take pride in implementing an efficient water management system on our projects to reduce water consumption through responsible water usage that minimises wastage.

Sustainability Statement

For instance, several water management initiatives have been introduced, particularly the integration of a rainwater harvesting system into our development projects in the Northern, Central, and Johor Bahru regions. Rainwater collected through this system can be recycled for irrigation and landscaping purposes. The following infographics provide an overview of our water management efforts across various projects throughout the country.



STATE	PROJECT	SOLUTION	DESCRIPTION
PENANG	Aston Acacia	Rain water harvesting tank	Tank at roof top supplies rain water for landscaping usage at podium and cleaning at refuse room
KLANG VALLEY	Astetica	Rain water harvesting tank	Rain water collected and supplied for landscaping purposes
JOHOR	Elemence (Taman Denai Alam)	Rain water harvesting tank at Phase 1 Parcel 1 & Parcel 2, 4 unit Link bungalow	Rain water collected for landscaping purposes as well as to fulfil requirements by Local Authorities

RESPONSIBLE WASTE MANAGEMENT

There is no denying that construction industry produces a significant amount of waste. If this is left unchecked, the negative impact on the environment and society can be far-reaching. It is a big challenge that requires a concerted effort to tackle.

Waste management is yet another crucial component of our sustainability push. To manage construction waste properly and effectively, as a responsible developer, we have put in place an efficient and sustainable waste management system that minimises waste generation to prevent pollution, conserve natural resources, and protect the environment.

Walking the talk, we joined forces with independent contractors to carry out proper waste disposal in accordance with stringent regulatory guidelines, as manifested in Phase 1, Parcel 1 of our Elemence Project in Taman Denai Alam, Johor. An independent contractor was engaged for a 6-month period to handle rubbish collection and mitigate pollution, while working together with the Local Authorities in charge of waste management.

Recycling practices were also applied to other phases of the Elemence project during the construction stage, including the use of centralised waste and recycling stations for scrap metal recycling. As you can see, a well-designed waste management system can help reduce the burden on landfills and enhance energy production at the same time.

MONITORED BY THE DEPARTMENT OF ENVIRONMENT



Environmental Quality Act 1974 Compliance



Environmental Quality (Scheduled Wastes) Regulations 2005 Compliance

We take regulatory compliance seriously as all our construction sites undergo regular monitoring by the governing bodies such as the Department of Environment (DOE). This is to ensure we comply with the Environmental Quality Act 1974 and all its subsidiary regulations, including the Environmental Quality (Scheduled Wastes) Regulations 2005.

Beyond our projects, we nurture the waste management mindset in our offices as well, emphasising a recycling culture such as the “Go Paperless” campaign that encourages the use of electronic communications, documents, and report submissions via email.

On a concluding note, sustainability forms an integral part of Hua Yang’s business philosophy, which is in line with the value we have been championing all along – striving for resource optimisation with long-term viability in mind, including the socioeconomic and environmental well-being.

Sustainability Statement

BURSA ESG PERFORMANCE REPORT

Indicator	Measurement Unit	2024
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	177,986.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	8,250.000000
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	32
Middle Management	Hours	336
Executive	Hours	640
Non-Executive	Hours	80
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.90
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Middle Management	Number	4
Executive	Number	13
Non-Executive	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	100.00
Senior Management Above 50	Percentage	0.00
Middle Management Under 30	Percentage	76.00
Middle Management Between 30-50	Percentage	24.00
Middle Management Above 50	Percentage	10.00
Executive Under 30	Percentage	90.00
Executive Between 30-50	Percentage	0.00
Executive Above 50	Percentage	0.00
Non-Executive Under 30	Percentage	0.00
Non-Executive Between 30-50	Percentage	40.00
Non-Executive Above 50	Percentage	60.00
Gender Group by Employee Category		
Senior Management Male	Percentage	100.00
Senior Management Female	Percentage	0.00
Middle Management Male	Percentage	57.00
Middle Management Female	Percentage	43.00
Executive Male	Percentage	18.00
Executive Female	Percentage	22.00
Non-Executive Male	Percentage	4.00
Non-Executive Female	Percentage	1.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	5.00

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

Indicator	Measurement Unit	2024
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	0.00
Middle Management	Percentage	0.00
Executive	Percentage	0.00
Non-Executive	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Hua Yang Berhad ("Hua Yang" or "the Company") is committed to ensure that the highest standards of corporate governance are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value. Therefore, the Board supports the principles laid out in the Malaysian Code on Corporate Governance 2021 ("the Code"). These principles and practices supported by existing internal controls processes, are regularly audited and reviewed to ensure that transparency, integrity and accountability has been in place for the financial year ended 31 March 2024 ("FYE 2024"). Further details on the application of each individual practice of the Code are available in the Corporate Governance Report that is available at the Company's website www.huayang.com.my.

This Statement is prepared pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and the following describes how the Group has applied the principles and recommendations set out in the Code.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant field and bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activity.

The role of the Board as stated in the Board Charter is as follows:

- Representing and promoting interest of the shareholders with a view to adding long-term value to the Company's shares.
- Ensuring the positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals.
- Ensuring the Company Goals are clearly established, and that strategies plan developed by Management support long term value creation and includes strategies on economic, environment and social consideration underpinned by sustainability.
- Directing future expansion and reviewing investment made by the Company.
- Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.
- Establishing policies to strengthen the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.
- Monitoring the performance of Management to determine whether the business is being properly managed.
- Appointing the CEO, setting the terms of the CEO's employment contract and, where necessary, terminating the CEO's employment with the Company.
- Formulating the succession plan to ensure that all the candidates appointed to senior management positions are of sufficient calibre and that there are programmes to provide for the orderly succession of senior management.
- Deciding on steps to be taken to protect the Company's assets and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- Ensuring proper procedures are in place to ensure the Company's financial statements are true and fair and prepared based on the applicable accounting standards. The financial performance of the Group are reviewed for integrity and approved by the Board.
- Ensuring that the Company has in place appropriate risk management/compliance policies and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks.

Corporate Governance Overview Statement

- Ensuring that the Company has in place procedures to enable effective communication with stakeholders.
- Ensuring the Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practice. The appointment and removal of the Secretary shall be a matter of the Board as a whole.

KEY RESPONSIBILITIES OF CHAIRMAN

During FYE 2024, Tan Sri Dato' Seri Dr. Ting Chew Peh, the Non-Independent Non-Executive Chairman was responsible for the effectiveness of conduct and governance of the Board.

The Chairman is principally responsible for the working of the Board which include:

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions and ensuring the integrity and effectiveness of the governance process of the Board.
- Participating in the selection of Board members and ensuring that the membership is properly balanced.
- Setting agenda for Board meetings, usually in conjunction with the CEO and Secretary. The Chairman should ensure that the agenda and all necessary background papers are given to Directors 7 days before the meeting to enable the papers to be adequately considered before the meeting.
- Chairing meetings of the Board and general meeting in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.
- Facilitating meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Directors is forthcoming.
- Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.
- Ensuring the Company provides an orientation and education program for new directors.
- Initiating, normally in conjunction with the CEO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.
- Initiating the establishment of Board Committees and ensuring that they achieve their objectives.
- Leading the Board in establishing and monitoring good corporate governance practices in the Company.

The Chairman acts as an informal link between the Board and Management and particularly between the Board and the CEO to ensure the Company runs effectively and efficiently.

The Chairman, along with all other Directors, recognises that the CEO is the leader of the Company in all matters of Management. Although the Chairman does not get involved in the Company's day-to-day operations, he is kept informed by the CEO of all important matters and will make himself available to the CEO as part of the control mechanism in ensuring that the CEO's decisions are properly considered and are sound, providing assistance and advice when needed especially on sensitive matters which the CEO feels unable to discuss with other executives as well as to ensure that the CEO understands properly the Board's decisions and instructions. The CEO is responsible to report to the Board as a whole and not just to the Chairman.

The Chairman chairs all general meetings and uses this as an opportunity to inform shareholders of the Company's affair including its performance. He allows and encourage shareholders to have their say while remaining relevant to the matter at issue, and the Chairman then summarises and unifies thoughts and ideas that are discussed. He has control over the meeting to ensure the proceedings run smoothly.

The Chairman also leads the role in presenting the Company's proposal, whether formally or informally, with the authorities, institutional or potential investors and those having influence on the environment in which the Company operates.

The Chairman of the Board is not a member of the Board Committees.

Corporate Governance Overview Statement

KEY RESPONSIBILITIES OF CEO

Mr. Ho Wen Yan holds the position of Chief Executive Officer.

The principal responsibilities of the CEO include:

- The CEO is responsible in leading the management team, implementation of the policies/decisions approved by the Board, and acts as the Group's official spokesperson.
- The CEO is responsible to plan the future direction of the Group for the Board's consideration and approval.
- Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Directors, officers or committees are not binding except in those instances where specific authorisation is given by the Board.
- The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Company goals and the CEO is accountable for the observance of the Management Limitations.

KEY RESPONSIBILITIES OF COMPANY SECRETARIES

The Board of Directors is supported by qualified and competent Company Secretaries.

The Company Secretaries have attended seminars and workshops during the financial year 2023/2024 to keep abreast with the latest development in the Listing Requirements and Companies Act 2016.

The responsibilities of the Company Secretaries are:

- Ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are compiled with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.
- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications.
- Advise the Board on its roles and responsibilities.
- Facilitate the orientation of new directors and assist in director training and development.
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements.
- Manage processes pertaining to the annual shareholder meeting.
- Monitor corporate governance developments and assist the board in applying governance practices to meet the Board's needs and stakeholders' expectations.
- Serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

All Directors, particularly the Chairman, have access to the advice and services of the Secretaries for the purposes of the Board's affairs and the Business.

To facilitate robust Board discussion, the Chairman together with the Company Secretaries ensures that Directors are provided with sufficient information and time to prepare for Board meeting. The meeting materials are circulated at least 7 days in advance of the Board meeting.

The Company Secretaries record, prepare and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

Corporate Governance Overview Statement

BOARD CHARTER

The Board has formalised and adopted a Board Charter which serves as a source of reference for Directors. The Board Charter is established to provide guidance and clarity on the Board's roles and responsibilities as well as the relationship between the Board and shareholders.

The Board Charter also sets out processes and procedures for convening Board meetings. The Board reviews the Board Charter when it is necessary to ensure it remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the Board's responsibilities. The matters reserved for the Board are:

- Land/investment in subsidiary acquisitions, disposal, leasing and joint ventures with total purchase consideration at percentage ratio of 5% and above in respect of non-related party transaction and percentage ratio of 0.25% and above in respect of related party transaction as set in Listing Requirements.
- The approved Discretionary Authority Limit (DAL) should be read in tandem with this section.
- Transfer of funds within the Group shall be subject to the Board Resolution governing the mode of operation and signing conditions of each bank account.



The full Board Charter is available online at www.huayang.com.my.

CODE OF CONDUCT AND BUSINESS ETHICS

The Board is aware of the need to establish a corporate culture that would foster the common goal of achieving business profitability, whilst cultivating ethical business conducts.

The Board has developed and formalised a clear set of values that emphasises on a culture encompassing sound business practices and good ethical conduct and incorporated them in the Code of Conduct and Business Ethics. The Board has also formulated the Group's Policies and Procedures of which all employees are required to adhere to, failure of which will result in appropriate action being taken.



The full Code of Conduct and Business Ethics is available online at www.huayang.com.my.

WHISTLEBLOWING POLICY AND PROCEDURES

This will provide an avenue for the internal or external stakeholders to raise concerns related to possible improprieties in matters of compliance and other malpractices in an appropriate manner and without fear of reprisal or retaliation.

The Whistleblowing Policy seeks to enhance corporate governance by helping to foster an environment where integrity and ethical behaviour is maintained and any illegality, improper conduct and / or wrongdoings in the Group may be exposed.

The Policy serves as an early warning system and may enable the Group to remedy any wrongdoings before serious damage is caused.



The full Whistleblowing Policy and Procedures is available online at www.huayang.com.my.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Group has established an Anti-Bribery and Anti-Corruption Policy which prohibits all forms of bribery and corruption practices pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Company is committed to uphold a high standard of business ethics to create an environment of mutual trust whilst increasing confidence of our stakeholders internally and externally.



The full Anti-Bribery and Anti-Corruption Policy is available online at www.huayang.com.my.

Corporate Governance Overview Statement

INDEPENDENCE

During FYE 2024, the Board comprised two (2) Independent Directors out of the six (6) Directors which represent 33% of the Board composition. The current ratio of Executive Director to Non-Executive Directors was 1:5 and this ensures that the Board decision-making is not pushed through by the executives. The Independent Directors play a key role in providing unbiased and independent views. They consistently strive to attend all the Board meetings to advise and contribute their knowledge and experience. This is to ensure the Board discussions takes into account the different viewpoints.

Both the Independent Directors have served less than 9 years. The current composition of the Board complies with the Listing Requirements where one third of the Board are Independent Directors. In FYE 2023, the Independent Directors form 50% of the Board composition in line with the best practices 5.2 of the Code. Due to the amendments on the definition of Independent Director in the Listing Requirements, Tan Sri Dato' Seri Dr. Ting Chew Peh was redesignated from Independent Director to Non-Independent Non-Executive Director. The Board views that the current composition still allows the Company to meet the intended outcome of diverse perspective.

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board acknowledges the importance of Independent Non-Executive Directors, who provide objectivity, impartiality and independent judgement to ensure that there is an adequate check and balance on the Board. The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Securities.

Based on the assessment carried out during the financial year ended 31 March 2024, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management of the Group. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Company's business and the reporting of quarterly business performances.

BOARD COMPOSITION

During FYE 2024, the Company had six (6) members on the Board of whom two (2) are Independent Non-Executive Directors, one (1) Executive Director and three (3) Non-Independent Non-Executive Directors. A brief profile of each Director is presented on pages 16 to 19 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, economics, legal, accounting, finance, administration, project development, management, marketing and public service. Together, the Directors bring a broad range of skills, experiences and knowledge to successfully direct and supervise the Group's business activities. The composition of the Board will reflect the duties and responsibilities that is to be discharged and performed as representative of the interests of shareholders, and in setting the Company's strategy and seeing that it is implemented.

Generally, the qualifications for Board membership are the ability and intelligence to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of Shareholder value, the ability to see the wider picture, the ability to ask the critical questions, preferably some experience in the industry sector, high ethical standards, sound practical sense, and a total commitment to furthering the interests of shareholders and the achievement of the Company goals.

Independent Non-Executive Directors will be active in areas which enable them to relate to the strategies of the Company and to make a meaningful contribution to the Board's deliberations. They will be independent of Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. To be effective, Independent Non-Executive Directors should make up at least one third of the Board membership.

Corporate Governance Overview Statement

The size of the Board will be such that involvement, participation, harmony and sense of responsibility of the Director are not jeopardised. It must be large enough to ensure a range of knowledge, views and experience. Generally, in addition to the listing requirement that one third of the Board should comprise of Independent Non-Executive Directors, the Board should include a number of Directors which fairly reflects the investment in the Company by shareholders other than the significant shareholders.

Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

Directors shall retire from office at least once every three years but shall be eligible for re-election.

During the financial year 2024, the Board through its Nomination Committee conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board had appointed Mr. Choo Seng Choon as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed. The Senior Independent Non-Executive Director provides a secure and confidential channel to address any concerns conveyed to him directly on matters relating to the Company. Mr. Choo Seng Choon is authorised to seek information as required, from any employee of the Company and all employees are directed to co-operate on any request made by the Senior Independent Non-Executive Director. During the year, there was no issue raised to the Senior Independent Non-Executive Director.

PROMOTE SUSTAINABILITY

The Board is aware of the importance of business sustainability and ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the environmental, social, cultural and governance aspects of business operations. These strategies seek to meet the expectations of stakeholders such as customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

The Sustainability Statement is set out on pages 33 to 43 of this Annual Report.

ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to all information pertaining to the Group's business and affairs on the Group's developments and business strategies, to enable them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings in advance to allow sufficient time for the Board to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

Senior Management officer may be invited to attend Board meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries and Senior Management and the Board may seek independent professional advice, at the Company's expense if the cost is reasonable in practice.

Corporate Governance Overview Statement

BOARD DIVERSITY

The Board is aware of the gender diversity policy and target as set out in Practice 5.9 and 5.10 of the Code. When appointing a Director, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, as well as take into consideration the boardroom diversity.

The Board has established a policy to maintain at least 20% of women Directors on the Board as the Board recognises the value it can bring. Currently, the Board comprises of 33% women Directors, namely, Mdm. Chew Po Sim and Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud. The age of the Directors range from 50 to 81 and this creates an environment where each generation brings different skills, experience and talents to the Board.

CRITERIA FOR RECRUITMENT AND ASSESSMENT

There is a transparent process for selection, nomination and appointment of suitable candidates to the Board.

The candidates for the Board appointment has been delegated to the Nomination Committee. Such responsibilities include recommendation to the Board of suitable candidates for all directorship to be filled and review annually its mix of skills and experience and other qualities, including core competencies which Non-Executive Director should bring to the Board. In addition, the effectiveness of the Board as a whole by the contribution of each individual Director will be assessed by Nomination Committee.

DIRECTORS' REMUNERATION

The Remuneration Committee is to establish an annually review of the remuneration packages for each individual Executive and Non-Executive Director and Management.

The remuneration of Directors and Management is determined at levels which will enable the Company to attract and retain the Executive Directors and Management in order to run the Company successfully.

Other than the Executive Director, all Non-Executive Directors are paid a fixed fee for each Board and Committee meeting they attend. Directors' fees are subject to the approval of shareholders. The Chairman of the Board and Board Committee are paid a higher fee compared to other Board members and Board Committee members in recognition of their additional responsibilities.

The Executive Director's remuneration is contractual and reflects the Board's recognition of his skills and experience in the industry, job responsibilities and the Group's performance against financial objectives. The Executive Director does not participate in discussion on his own remuneration. It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director. The Executive Director would abstain from discussion and decision on his own remuneration.

The Board as a whole determines the remuneration package of Non-Executive Directors including the Independent Chairman by linking the remuneration to their experience and level of responsibilities undertaken.

Corporate Governance Overview Statement

The details of the remuneration of the Directors in respect of the financial year ended 31 March 2024 are as follows:

	Fees (RM)		Salaries (RM)	Bonuses (RM)	Meeting attendance allowance (RM)	Estimated money value of benefits in-kind (RM)
	Company	Subsidiaries	Company	Company	Company	Company
Executive Director						
Ho Wen Yan	-	-	1,120,000	160,000	-	7,200
Non-Executive Directors						
Tan Sri Dato' Seri Dr. Ting Chew Peh	171,545	-	-	-	6,000	7,200
Chew Hoe Soon	126,768	-	-	-	6,000	-
Chew Po Sim	100,695	-	-	-	6,000	-
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	130,356	-	-	-	5,000	-
Choo Seng Choon (appointed 30 August 2023)	76,104	-	-	-	3,000	-
Ho Wen Fan	-	19,442	-	-	-	-
Dato' Tan Bing Hua (resigned 1 September 2023)	52,820	-	-	-	3,000	-
Total	658,288	19,442	1,120,000	160,000	29,000	14,400

DIRECTORS' TRAINING

All directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities. In addition, seminars and conferences organised by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board will also identify training needs amongst the Directors and enrol the Directors for training programme, as and when required.

During the financial year, the Directors have attended training programmes, the details of which are set out as follows:

Director	Training Programme	Date of Training
Tan Sri Dato' Seri Dr. Ting Chew Peh	1. Bursa's Sustainability Reporting Requirements for Listed Companies	20 July 2023
	2. Amendments on Conflict of Interest	20 July 2023
	3. Amendments on Sustainability Training for Directors	20 July 2023
Ho Wen Yan	1. Bursa's Sustainability Reporting Requirements for Listed Companies	20 July 2023
	2. Amendments on Conflict of Interest	20 July 2023
	3. Amendments on Sustainability Training for Directors	20 July 2023

Corporate Governance Overview Statement

Director	Training Programme	Date of Training
Choo Seng Choon	1. Embracing ESG in Value Creation	21 & 22 June 2023
	2. Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	19 & 20 September 2023
	3. Equity Accounting, Joint Ventures, Joint Arrangements and Joint Operations	6 December 2023
	4. Joint Ventures, Shareholders Agreement and Conflict of Interest Situations	22 December 2023
	5. MFRS/IFRS Technical Update 2024 – Including a brief on IFRS Sustainability Standards	8 March 2024
Chew Hoe Soon	1. Bursa's Sustainability Reporting Requirements for Listed Companies	20 July 2023
	2. Amendments on Conflict of Interest	20 July 2023
	3. Amendments on Sustainability Training for Directors	20 July 2023
Chew Po Sim	1. Bursa's Sustainability Reporting Requirements for Listed Companies	20 July 2023
	2. Amendments on Conflict of Interest	20 July 2023
	3. Amendments on Sustainability Training for Directors	20 July 2023
Y.A.M Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	1. Bursa's Sustainability Reporting Requirements for Listed Companies	20 July 2023
	2. Amendments on Conflict of Interest	20 July 2023
	3. Amendments on Sustainability Training for Directors	20 July 2023

RETIREMENT OF DIRECTORS

In accordance with the Company's Constitution, one-third (1/3) or nearest to one-third (1/3) of the Directors shall retire from office and be eligible for re-election at each annual general meeting provided that all Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Directors appointed during the year are subject to retirement and re-election by shareholders in the Annual General Meeting immediately after his/her appointment. A retiring Director shall retain office until the close of the meeting at which he retires.

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director who wishes to continue his office before making recommendation to the Board. The Nomination Committee has at its meeting on 29 May 2024 evaluated the performance and recommended the re-election of the retiring Directors, Mr. Ho Wen Yan, Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud and Mr. Choo Seng Choon.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD COMMITTEE

(i) Audit Committee

The Board is assisted by the Audit Committee, which operates within clearly defined key functions. The composition, terms of reference and activities of the Audit Committee are set out on pages 56 to 58 of this annual report.

Corporate Governance Overview Statement

(ii) Nomination Committee

The Board is also assisted by the Nomination Committee, which operates within clearly defined key functions. The composition, terms of reference and activities of the Nomination Committee are set out on pages 59 to 60 of this annual report.

(iii) Remuneration Committee

The Remuneration Committee met once during the financial year and the activities which had been carried out were as follows:

- i. Reviewed and recommended the bonus, increment and benefits of the staff, senior management and Executive Director to the Board by linking their rewards to corporate and individual performance; and
- ii. Reviewed the Directors' fees and meeting attendance allowance.

SOUND AND RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness regularly by setting up an internal audit and risk management audit function which provides support to Audit Committee in discharging its duties with respect to the adequacy and integrity of the system of risk management and internal control within the Group.

The Statement on Risk Management and Internal Control which has been reviewed by the External Auditors and Audit Committee is set out on pages 62 to 64 of this annual report.

INTERNAL AUDIT FUNCTION

The Directors acknowledge their responsibility to maintain a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risk management system through independent review by the internal auditors.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The activities of the internal auditors during the financial year are set out in the Audit Committee Report set out on pages 56 to 58 of this annual report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Directors are required by the Companies Act 2016 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors are satisfied with the presentation of the financial statements of which has been prepared in accordance with the applicable accounting standards, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 71 to 139 of this annual report.

Corporate Governance Overview Statement

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

Through the Audit Committee of the Board, the Group has established a transparent and appropriate relationship with the Group's auditors, both internal and external. The external auditors are invited to attend meetings on special matters when necessary.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 to prepare financial statements which have been made out in accordance with the Financial Reporting Standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- ensured that Financial Reporting Standards in Malaysia have been followed; and
- considered the going concern basis used as being appropriate.

The Directors are responsible for ensuring that proper accounting records are kept in compliance with the Companies Act 2016 and disclose with reasonable accuracy of the financial position of the Group and of the Company.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE POLICY

The Board is satisfied that during the financial year under review, the Company has applied most of the Principles and Recommendations of the Code.

The Board will, moving forward, continues to make considerable efforts in working towards aligning the Company's governance framework as far as practicable to the Principles and Recommendations of the Code.

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Board values the importance of effective, clear and timely releases of financial information and updates on other developments to enable shareholders and the general public to receive information on the performance and prospects of the Group on a regular basis.

Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website at www.bursamalaysia.com and other information via the Company's website at www.huayang.com.my.

Shareholders, investors and members of the public may also forward their queries to the Company by contacting its Corporate Communication team at Tel: 603-6188 4488 and Email: kl@huayang.com.my.

The Board recognises the use of the Annual General Meeting as a principal forum for dialogue and communication with shareholders. Extraordinary General Meeting are held as and when required.

Corporate Governance Overview Statement

ENCOURAGE SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Annual Report, which contains the Notice of Annual General Meeting, is sent to shareholders at least 28 days prior to the date of the meeting. Items of special business included in the Notice of Annual General Meeting will be accompanied by an explanation of the proposed resolution.

At each meeting, shareholders are able to participate in the question-and-answer session in respect of the matters listed in the Notice of Annual General Meeting. There is no time limitation for shareholders to raise questions and to solicit replies from the Board.

Paragraph 8.29A of the Main Market Listing Requirements provides that any resolution set out in the notice of any general meeting or in any notice of resolution which properly be moved and is intended to be moved at any general meeting, shall be voted by poll. At least one (1) scrutineer will be appointed to validate the votes cast at the general meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. Consequently, decisions at the Company's AGM scheduled to be held on 5 September 2024 will be conducted via polling, and for this purpose, the Company will engage independent scrutineers to validate the voting at the forthcoming AGM for each proposal presented to shareholders.

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT

An Investor Relations and Shareholder Communication Policy has been adopted by the Board to enable the Company to communicate effectively with its shareholders, potential investors, other stakeholders and public generally. The Board recognise and values the importance of informing shareholders of all major developments of the Group on a timely basis.

Apart from the mandatory announcements on the Group's financial results and corporate developments to Bursa Securities, the Group disseminates information to the public via press releases which provide up-to-date information on the Group's key corporate initiatives, new products and services launches.

TIME COMMITMENT

Board meetings are held at regular intervals with additional meetings convened when necessary. During the financial year, the Board met five (5) times to review the Group's operations, quarterly and annual financial statements and any other matters that required the Board's approval. Details of each Director's attendance are set out on page 20 of this annual report.

Audit Committee Report

For the financial year ended 31 March 2024, the Audit Committee comprised of the following members:-

Chairman	Choo Seng Choon (Independent Non-Executive Director)
Member	Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud (Independent Non-Executive Director) Chew Hoe Soon (Non-Independent Non-Executive Director)

KEY FUNCTIONS OF AUDIT COMMITTEE

- To consider any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts;
- To review the quarterly unaudited financial results announcements, the audited financial statements of the Group before recommending for the Board of Directors' approval, focusing on:
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - compliance with Bursa Malaysia and other statutory requirements
 - going concern issues of any activities
 - significant and unusual issues arising from the audit
- To discuss with the external auditor the results of the audit and areas for improvement in the system of internal control identified during the audit, if any;
- To consider and recommend the appointment of the external auditors, their remuneration and any questions of resignation or dismissal;
- To recommend the nomination of a person or persons as external, internal and risk auditors;
- To assist the Board in the review of adequacy and effectiveness of the internal control system including information technology security and control, and the policies and compliance procedures with respect to business practice;
- To review the risk management policies and practices of the Group to ensure their effectiveness;
- To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report;
- To discuss with the external auditors, their audit plan and the scope of audit and ensure co-ordination where more than one audit firm is involved;
- To review the assistance given by the employees of the Group to the external auditors;
- To carry out such other responsibilities, functions or assignments as may be directed by the Board of Directors from time to time;
- To review the findings of any examination by regulatory agencies and any auditor observations relating to compliance matters;
- To do the following in relation to the outsourced internal audit function:
 - to review the internal audit programme and consider the findings arising from internal audit report or other internal investigations and management's response and to determine appropriate corrective actions required by management;
 - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
 - to assess the performance of the outsourced service provider.
- To consider other topics as defined by the Board.

Audit Committee Report

MEETINGS

Four (4) meetings were held during the financial year ended 31 March 2024 and the attendance of the Audit Committee is as follows:

No.	Name of Committee	Attendance
1.	Choo Seng Choon (appointed 30 August 2023)	3/3
2.	Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	3/3
3.	Chew Hoe Soon	4/4
4.	Tan Sri Dato' Seri Dr. Ting Chew Peh (ceased office 30 August 2023)	1/1
5.	Dato' Tan Bing Hua (resigned 1 September 2023)	1/1

The External Auditors were invited to present their report on the examination of the financial statements. The Audit Committee met with the External Auditors on 20 July 2023 and 27 March 2024 without the presence of the Executive Board member and executives of the Company. The Chief Executive Office and the Deputy Chief Executive Officer attended the Audit Committee meetings to present the financial results whilst other Board members attended on invitation.

The Chairman of the Audit Committee had engaged on a continuous basis with senior management of the Company in order to be kept informed of matters affecting the Group.

Nothing has come to the attention of the Audit Committee that causes them to believe that the financial reporting is inconsistent with the accounting standards and other legal requirements.

HIGHLIGHTS OF ACTIVITIES

In accordance with the terms of reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 March 2024:

- (a) Reviewed the unaudited consolidated quarterly results and audited financial statements of the Company and of the Group before recommending them to the Board for approval and prior to the announcement/submission to Bursa Securities.
- (b) Reviewed the findings of the statutory audit with the external auditors.
- (c) Reviewed the performance of the external auditors and internal auditors.
- (d) Reviewed and approved the internal audit plan and internal audit reports and considered the major findings of internal audit review and management's response.
- (e) Reviewed and received the group risk assessment report.
- (f) Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion into the Annual Report.
- (g) Reviewed the re-appointment of external auditors and the proposed audit fees prior to recommending the same to the Board for approval.
- (h) Reviewed the Audit Planning Memorandum with the external auditors.
- (i) Recommended the nomination of new internal auditors.
- (j) Reviewed the revision to the terms of reference of audit committee and recommended the same for Board approval.

Audit Committee Report

INTERNAL AUDIT FUNCTION

During the financial year 2024, the Group's outsourced its internal audit function to an external professional service provider firm, Augment GC Sdn Bhd ("AUGMENT"), as the internal auditor of the Group to assist the Audit Committee in discharging its duties and responsibilities more effectively. AUGMENT acted independently and with due professional care and presented the Internal Audit Reports on the findings and recommendations to the Audit Committee.

The reviews were conducted on a risk-based approach and were guided by the International Professional Practice Framework on Internal Auditing that is promulgated by the Institute of Internal Auditors. The internal audit reviews involved walkthroughs or high-level reviews of the major operations, discussions held with top management and key management as limited tests of transactions on a sample basis covering the various related records and documents supplemented with an observation of its current practices.

The Audit Committee has full and direct access to the outsourced Internal Auditors, reviews its internal audit plan and reports on audits performed, and monitors its performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of outsourced internal audit functions from time to time.

For the financial year 2024, the main activities of the internal audit function focused on the assessment of adequacy and effectiveness of system of internal control and compliance with requirements of the Malaysian Code on Corporate Governance 2021 ("MCCG").

The reviews were conducted to assist the Audit Committee by independently assessing the adequacy and effectiveness of the Group's system of internal control and make recommendations for improvement. The audit findings and recommendations for improvement and the status of the implementation status of management's action plans were presented at the Audit Committee scheduled meetings.

The total cost incurred for the Group's internal audit services in respect of the financial year was RM15,869.

Nomination Committee Report

COMPOSITION

For the financial year ended 31 March 2024, the Nomination Committee comprised of the following members:-

Chairman	Choo Seng Choon (Independent Non-Executive Director)
Member	Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud (Independent Non-Executive Director) Chew Hoe Soon (Non-Independent Non-Executive Director)

The Nomination Committee has a written terms of reference dealing with its authority and duties which includes the selection and assessment of Directors.

KEY FUNCTIONS OF NOMINATION COMMITTEE

The key functions of the Nomination Committee are as follows:

- Review and recommend to the Board for approval of the following appointments:
 - a. Members of the Board;
 - b. Members of the Board Committees;
 - c. Members of the Senior Management;
 - d. Senior Independent Non-Executive Director; and
 - e. Chief Executive Officer.
- Review regularly the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- Assess annually, the effectiveness of the Board as a whole and each individual Director, as well as the effectiveness of the various committees of the Board, including the establishment and implementation of processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director, including his time commitment, character, experience and integrity and all assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;
- Review annually, the term of office and performance of the Remuneration Committee and of each member of the Audit Committee to determine the Committee have carried out their duties in accordance with their terms of reference;
- Assess on an annual basis the independence of the Independent Non-Executive Directors;
- To give consideration to succession planning for Directors and Senior Management, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- Review the performance of the members of the Management Committee; and
- Assess the training needs of each Directors and make recommendations to the Board.

The Nomination Committee met once during the financial year ended 31 March 2024.

Nomination Committee Report

HIGHLIGHTS OF ACTIVITIES

During the financial year ended 31 March 2024, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

- a. Assessed the fitness and probity of Directors of the Company and subsidiary companies;
- b. Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- c. Reviewed the size, composition and the required mix of skills of the Board;
- d. Recommended the re-election of retiring Directors to the Board; and
- e. Assessed the independence of the Independent Directors.

The Nomination Committee upon its annual assessment carried out for financial year 2024, was satisfied that:

- a. The size and composition of the Company's Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- b. The Board has been able to discharge its duties professionally and effectively;
- c. The Board Committees have carried out their functions effectively;
- d. All the Directors continued to uphold the highest governance standards in discharging their duties and responsibilities;
- e. All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective skills and work experience, academics and professional qualifications, depth of knowledge, and their personal qualities;
- f. The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records; and
- g. The training attended by the Directors during the financial year ended 31 March 2024 were relevant and would serve to enhance their effectiveness in the Board.

Additional Compliance Information

To comply with the Listing Requirements, the following information is provided:-

1. Utilisation of Proceeds Raised from any Corporate Proposals

On 31 October 2022, the Company completed the Rights Issue of 88,000,000 ordinary shares, on the basis of 1 Rights Share for every 4 existing ordinary shares with 88,000,000 free Detachable Warrants. The proceeds from this exercise were utilised to strengthen the financial position and capital base of the Group.

The details of the utilisation of the proceeds as at 24 July 2024 are as follows:

Utilisation of Proceeds	Intended Timeframe for Utilisation *	Proceeds Raised (RM'000)	Amount Utilised # (RM'000)
Repayment of bank borrowings	Within 12 montwhs	4,000	4,000
Acquisition of new landbank, joint venture and investments	Within 6 months	1,350	^1,000
Working capital	Within 12 months	10,035	10,385
Defrayment of estimated expenses for the Proposal	Within 1 month	455	455
	Total	15,840	15,840

Notes:

* From 31 October 2022 (being the date of completion of the Rights Issue).

From 31 October 2022 to 30 October 2023.

^ Due to the amount required is less than estimated, the balance proceeds have been channelled towards general working capital requirements of the Group.

2. Audit and Non-Audit Fees

The details of fees paid / payable to the external auditors for the financial year ended 31 March 2024 as set out below:

	Group (RM'000)	Company (RM'000)
Statutory Audit	263	85
Other Services	6	6
Total	269	91

3. Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") of Hua Yang Berhad ("HYB" or "the Company") remains committed towards maintaining high standards of governance, accountability and transparency as well as towards governing itself in accordance with the relevant regulations and laws with the objectives of safeguarding shareholders' interest as well as protecting the Company's assets. In line with this, the Board of HYB is pleased to provide the following statement as required under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which is prepared in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors' of Listed Issuers. This statement outlines the nature and scope of internal control of HYB Group ("the Group") and the risk management framework for the financial year ended 31 March 2024.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities in maintaining a risk management framework and internal control system as well as to review the adequacy and integrity of the system. The system of risk management and internal control covers, inter alia, financial, operational, management information systems, organisational and compliance controls. In view of the inherent limitations in any system of risk management and internal control, such system is designed to manage rather than eliminate the risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and this process has been in place throughout the year and up to the date of approval of this annual report and financial statements. The Board reviews the adequacy and effectiveness of the risk management process across the various business segments within the Group on a periodic basis.

Whilst the Board maintains ultimate control over management of risk and control issues, the Board has outsourced the risk assessment scope of work to a professional services firm to facilitate the risk assessment of the Group within an established framework.

The risk management process of the Group is embedded in the Group's Risk Management Framework & Policy and Procedure. The ERM framework is guided by the principles set out in ISO31000:2018 Risk Management, which is an internationally recognised risk management framework.

The risk management process, amongst others, include the following procedures:

- Identify significant risks
- Assess the potential impact and likelihood of the significant risks occurring
- Respond to risks by considering existing controls as well as selecting, prioritising and implementing appropriate actions and risk responses to mitigate residual risks
- Monitor the internal and external environment for potential changes impacting significant risks and ensure that risk responses continue to operate effectively
- Report on significant risks and the status of risk responses adopted

The above procedures were undertaken in a risk validation meeting during the year, which is attended by key management personnel and heads of department of the Group's various business segments. The Significant Risk Profile ("SRP") of the various business segments are updated during such validation meetings in respect of the identification of new significant risk, the relevance of existing significant risks, details of controls, management's action plans and rating of significant risks.

Based on the information furnished during the validation meetings, information on root causes and possible consequences of significant risks, related controls and risk responses are compiled into Key Risk Indicators ("KRI") and are reflected in the respective individual SRPs. In compiling the KRI, the identified significant risks are also rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur. In the event the risk ratings are regarded by the Group to be higher than tolerable levels, action plans and risk responses are devised to establish additional mitigation measures to reduce the risk rating to acceptable levels, where possible.

Statement on Risk Management and Internal Control

INTERNAL CONTROL MECHANISM

The internal audit function is outsourced to a professional services firm. During the financial year ended 31 March 2024, the outsourced internal audit service provider carried out audits in accordance with the internal audit plan approved by the Audit Committee and other areas as required and recommended by Senior Management of the Group. Results of the internal audit visits and recommendations for improvement were presented to the Audit Committee.

During the scheduled internal audit visits, the outsourced internal audit service provider has conducted an assessment to ascertain the adequacy and effectiveness of the Group's internal control system. Areas of improvement in the internal control system have been identified and the implementation of action plans based on proposed recommendations have subsequently been initiated.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Organisation Structure & Authorisation Procedures

The Group maintains a formal line of reporting, that includes the division of responsibilities and delegation of authority. It sets out the roles and responsibilities, authority limits, review and approval procedures within the various operational segments. This includes establishing various committees with defined terms of reference.

Periodical and/or Annual Budget

The Group has a budgeting and forecasting system. The annual business plan and budget are approved by the Board. Actual results are monitored against budget where significant variances identified are highlighted to the Board for discussion on corrective action.

Scheduled Operational and Management Committee Meetings

Operational and Management Committee Meetings are held at least once a month to discuss and monitor business and operational performances of the Group. Proceedings of the Operational and Management Committee Meetings are minuted and presented to the Board at their quarterly meetings.

Periodic Reporting

Quarterly Management Discussion and Analysis are submitted by the Deputy Chief Executive Officer to the Board to provide a brief overview on financial and operational performance of the Group.

Site Visits

Site visits for on-going projects are performed by members of the Management team to ensure that contractual obligations of the Group are met.

Human Resource Policies & Procedures

Human resource policies and procedures on recruitment, performance appraisals and promotion are in place. The objective of the human resource policies and procedures is to ensure that the Group has a team of employees who are well trained and equipped with the necessary knowledge, skills and abilities to carry out their responsibilities and tasks effectively.

Discretionary Authority Limits

The Board has formally defined levels of authority for various transactions through HYB's Discretionary Authority Limits.

Statement on Risk Management and Internal Control

Anti-Bribery and Anti-Corruption Policy

During the year under review, the Group continued to enforce the application of the Anti-Bribery and Anti-Corruption Policy that decrees zero tolerance against all forms of bribery and corruption within the Group. Pursuant to this, the Group has also considered corruption risk as part of the Group's periodic risk assessment to identify areas vulnerable to bribery and corruption.

Whistle Blowing Policy

The Group has promulgated its Whistleblowing Policy to allow for genuine concerns on any improper conduct or behaviour or action within the Group to be reported using private and confidential channels. No reports were received during the financial year.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in *Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respect:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*, or
- (b) is factually inaccurate.

SUMMARY

The Board has received assurance from HYB's Chief Executive Officer and Deputy Chief Executive Officer that the risk management and internal control system is operating adequately and effectively in all material aspects.

In accordance with the assessment of the Group's system of risk management and internal control, the Board is of the view that the risks undertaken by the Group were within tolerable level in the context of the business environment the Group operates in. The system of risk management and internal control that existed throughout the year comprising the internal control framework, management processes, monitoring and review process, provided a level of confidence on which the Board is able to rely upon for assurance. During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report. Notwithstanding this, the Board will continue to ensure that the Group's system of risk management and internal control will continuously evolve with the current changing and challenging business environment.

This statement was approved by the Board of Directors at its Meeting held on 24 July 2024.