

# CHAIRMAN'S STATEMENT

Dear Shareholders,

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

## REFLECTIONS ON FY2025 FINANCIAL PERFORMANCE

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

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

## KEY ACHIEVEMENTS AND OPERATIONAL MILESTONES

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

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

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

## KEY CHALLENGES ENCOUNTERED

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

## CHAIRMAN'S STATEMENT



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

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

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

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

### ECONOMIC AND PROPERTY MARKET OUTLOOK

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

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

### TAN SRI DATO' SERI DR. TING CHEW PEH

Chairman/  
Non-Independent  
Non-Executive Director

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## CHAIRMAN'S STATEMENT

### MANAGING RISING CONSTRUCTION COSTS

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

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

### EMBRACING INNOVATION AND EFFICIENCY

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

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

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

### SUSTAINABILITY PRINCIPLES AND LEADERSHIP

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

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

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

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

## OPPORTUNITIES AND CHALLENGES IN THE YEAR AHEAD

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

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

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



## ONGOING AND UPCOMING PROJECTS

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

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

## EMPLOYEE CONTRIBUTIONS AND CAREER GROWTH

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

## WORDS OF APPRECIATION

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

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

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

Thank you.

Sincerely,

**Tan Sri Dato' Seri Dr. Ting Chew Peh**

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Dear Shareholders,

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

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

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

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

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

**Total Revenue FY2025**

**RM104.6  
MILLION**

(FY2024 Revenue  
RM205.0 million)



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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT



## HO WEN YAN

Chief Executive Officer

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

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## FINANCIAL AND OPERATIONAL PERFORMANCE

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

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

## FINANCIAL POSITION AND STABILITY

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## KEY MILESTONES IN FY2025

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

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

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

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

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

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## RISK MANAGEMENT

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

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

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

## TECHNOLOGY ADOPTION AND TRANSFORMATION

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

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

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

## ESG INITIATIVES

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

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

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

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

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



Further details are presented in the Sustainability Statement.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### COMPLETED AND ONGOING PROJECTS, SALES AND PROGRESS

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

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

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

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

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



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

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

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## UPCOMING LAUNCHES IN FY2026

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

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

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

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

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

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

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

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

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

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

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



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## PROSPECTS AND OUTLOOK

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

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



## LEADERSHIP PERSPECTIVES AND STRATEGIC DIRECTION

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

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

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

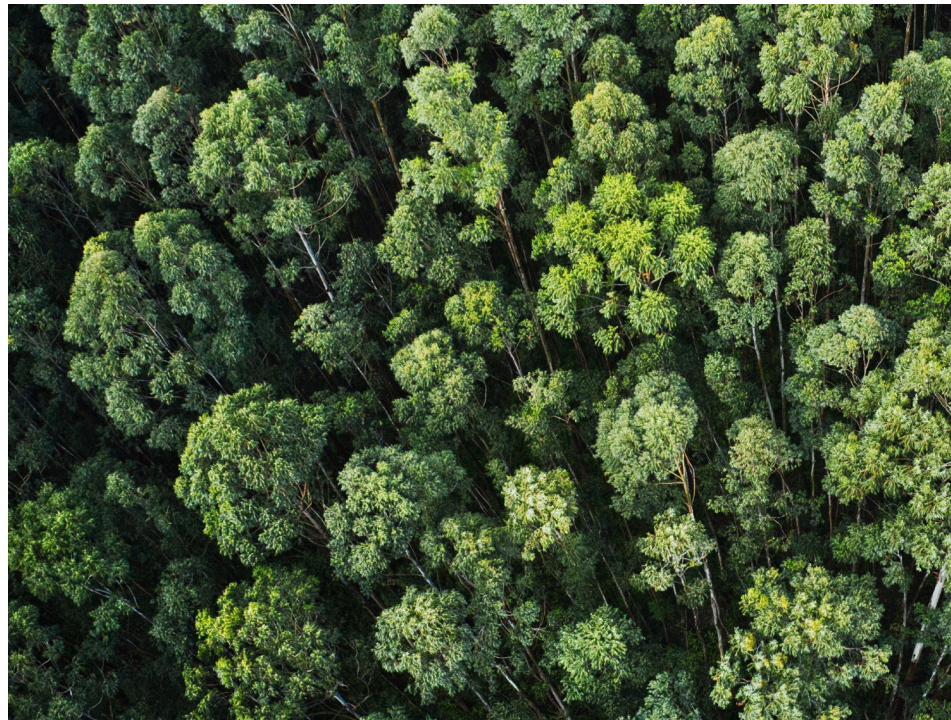
The Group is implementing strategic initiatives to remain relevant, competitive, agile, and future-ready. These efforts are driven by continuous transformation, sound corporate governance, and a strong customer-centric focus – all for greater operational productivity and efficiency.

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


# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

**For nearly five decades since 1978, Hua Yang Berhad has been holding firm to its vision of delivering affordable housing that supports Malaysia's socio-economic development.**




## ECONOMIC SUSTAINABILITY

 For more information, please refer to **page 41**.




## WORKPLACE SUSTAINABILITY

 For more information, please refer to **page 43**.



## ENVIRONMENTAL SUSTAINABILITY

 For more information, please refer to **page 46**.



Today, our commitment goes beyond building homes as we strive to foster sustainable, inclusive communities that In alignment with the United Nations Sustainable Development Goals (UN SDGs), we integrate environmental, social, and governance (ESG) principles across our operations, products, and services. As part of our ongoing sustainability journey, we actively identify and manage sustainability-related risks and opportunities (SROs) to strengthen our resilience, drive responsible growth, and create lasting value for all stakeholders.

This statement outlines our ESG approach for the financial year ended 31 March 2025, as we continue our building mission responsibly, engaging stakeholders meaningfully, and supporting a more sustainable future for all.

# SUSTAINABILITY STATEMENT

## 01 REPORTING SCOPE AND BOUNDARY

This Statement covers the reporting period from 1 April 2024 to 31 March 2025, unless stated otherwise. Where applicable, historical data from the past three years is included to facilitate comparison and trend analysis. The scope of this Statement encompasses all domestic operations where the Group maintains direct control and holds a majority ownership stake.

## 02 REPORTING FRAMEWORK

This Statement complies with Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide (3rd Edition). Our climate-related disclosures are guided by the International Financial Reporting Standards (IFRS) S2, the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals ("UN SDGs").

## 03 REPORT QUALITY AND DATA ASSURANCE

We have established a dedicated sustainability database to enhance data management across the organisation. While we acknowledge the presence of existing data gaps, efforts are underway to strengthen data collection processes across all business units. All information presented in this Statement has been internally sourced and reviewed by the relevant departments. Moving forward, we plan to explore independent third-party assurance to further improve the accuracy, reliability, and credibility of our sustainability disclosures.

## 04 FORWARD LOOKING STATEMENTS

This report contains forward-looking statements that reflect the Group's current expectations, assumptions and intentions regarding its future plans, objectives, strategies, and performance. These statements are based on management's best projections at the time of preparation. However, such forward-looking statements involve risks and uncertainties, and actual outcomes may differ materially due to factors beyond the Group's control. Readers are cautioned not to place undue reliance on these statements, as future events and developments may affect the Group's actual results and performance.

### FEEDBACK

We value feedback from our stakeholders as it plays a vital role in enhancing the quality, relevance, accuracy and transparency of our sustainability reporting. If you have any comments, suggestions, or recommendations to help us improve, please reach out to us through:

**Corporate Affairs Department**

Email: [corpcomm@huayang.com.my](mailto:corpcomm@huayang.com.my)

## HUA YANG'S SUSTAINABILITY JOURNEY

FY2018 – FY2024	FY2025
<ol style="list-style-type: none"> <li>Produced our first Sustainability Statement that was incorporated into Group's Annual Report.</li> <li>Established a formal Sustainability Governance Structure.</li> <li>Adopted four United Nations Sustainable Development Goals (UN SDGs).</li> <li>Conducted a Materiality Assessment and identified 20 Material Matters.</li> <li>Developed a Sustainability Strategy across the group.</li> <li>Refined 20 Material Sustainability Matters concerning the Group's business operations and stakeholders, based on their importance, relevance and impact.</li> </ol>	<p>As a responsible property developer, Hua Yang Berhad remains committed to advancing sustainable development by aligning our EESG (Economic, Environmental, Social, and Governance) strategies with the United Nations Sustainable Development Goals (UN SDGs). Since initially adopting four SDGs in 2018, we have progressively expanded our sustainability commitments in the following years to support a total of nine UN SDGs as of FY2025. This evolution reflects our ongoing dedication to creating long-term value for stakeholders while contributing meaningfully to a more inclusive, resilient, and sustainable future.</p>

## ESG (9 UN SDGs ADOPTED)



## OUR APPROACH TO SUSTAINABILITY

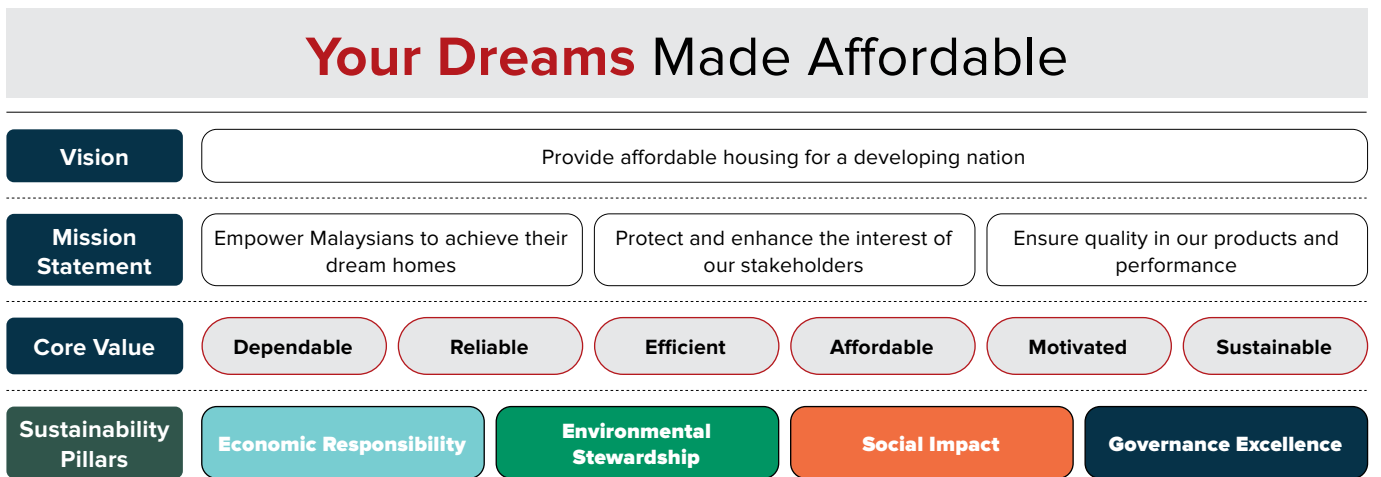
The key elements of sustainability for Hua Yang are built around our commitment to creating long-term value for stakeholders while promoting responsible growth. Our approach is guided by 4 core pillars:

- Environmental Stewardship** - We are actively managing our environmental impact by reducing carbon emissions, conserving natural resources, and protecting ecosystems – to ensure our long-term operational resilience.
- Economic Responsibility** - We recognise that sustainable financial performance must be governed by ethical business practices, responsible resource management, and contributions to local economic development – to support our long-term value creation for our stakeholders and the communities where we operate.
- Social Impact** - We are committed to building positive and lasting relationships with our stakeholders – employees, customers, and the communities – by prioritising their well-being while promoting equity and inclusivity.
- Governance Excellence** - We recognise that strong corporate governance is fundamental to ensuring ethical decision-making, effective risk management, and regulatory compliance – to maintain trust, stability and long-term sustainability.

These four pillars represent a holistic approach anchored in the foundations of global ESG standards that empower Hua Yang to operate responsibly and remain resilient in an ever-evolving landscape while creating long-term value for all stakeholders.

# SUSTAINABILITY STATEMENT

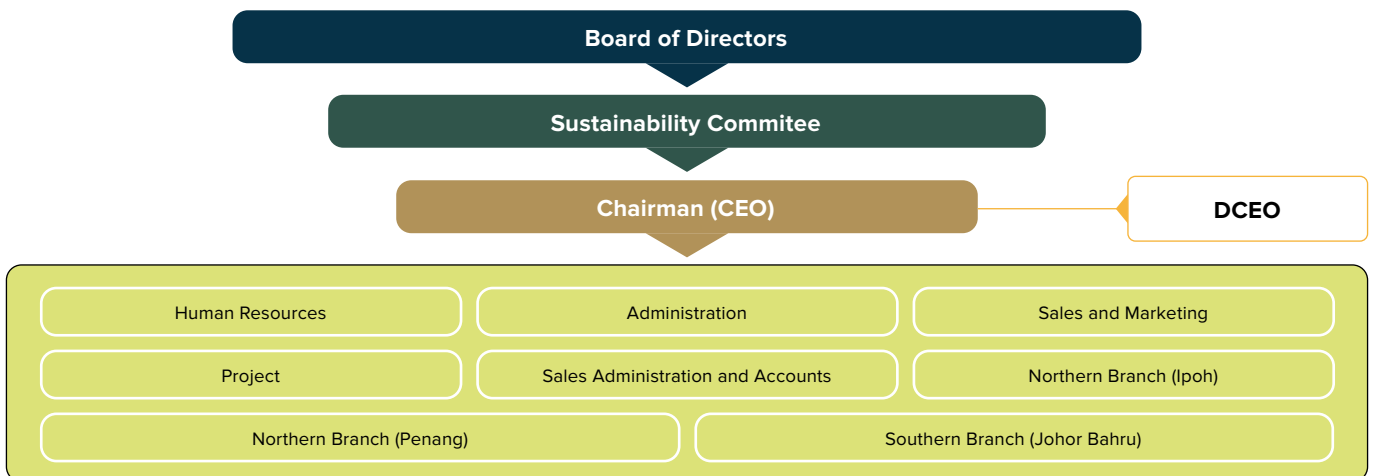
## SUSTAINABILITY FRAMEWORK



## SUSTAINABILITY GOVERNANCE STRUCTURE

In terms of governance, the Sustainability Committee serves as an internal body to ensure effective implementation of our sustainability practices alongside internal policies and statutory compliance across all levels of the organisation. The Board of Directors holds ultimate responsibility for overseeing the Group’s sustainability agenda, with strategy execution led by the Chief Executive Officer (CEO) and directly supported by the Deputy Chief Executive Officer (DCEO) – in setting direction and monitoring progress.

The Audit Committee plays a key role in providing oversight on risk-related matters, including sustainability risks and anti-corruption compliance. At the operational level, sustainability is embedded across all functions, with assistance from designated Team Leads within each department who are responsible for executing and monitoring sustainability initiatives, ensuring alignment with the Group’s ESG goals and key performance indicators (KPIs).



Governance Structure	Roles & Responsibility
<b>Board of Directors</b>	<p><b>Role</b> Retains overall responsibility for the Group’s sustainability governance.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>➤ Leads the development and implementation of the Group’s sustainability strategy.</li> <li>➤ Approves key sustainability matters, including policies, targets and disclosures.</li> <li>➤ Ensures sustainability is integrated into business planning and communicated across the organisation and to stakeholders.</li> </ul>
<b>Sustainability Committee</b>	<p><b>Role</b> Provides oversight of the Group’s financial reporting, internal controls, compliance, and risk management.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>➤ Reviews financial statements to ensure accuracy, transparency, and compliance with relevant standards.</li> <li>➤ Oversees internal audit, compliance, and risk management functions, including ESG-related risks.</li> <li>➤ Evaluates the effectiveness of internal controls and ensures adherence to laws, regulations, and governance policies.</li> </ul>
<b>CEO</b>	<p><b>Role</b> Leads the execution of the Group’s sustainability strategy and champions sustainability across the organisation.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>➤ Embeds sustainability into the Group’s culture, operations, and leadership priorities.</li> <li>➤ Oversees ESG integration across all business functions and monitors progress against targets.</li> <li>➤ Engages key stakeholders on sustainability matters and ensures material issues are addressed at the executive and Board levels.</li> </ul>
<b>DCEO</b>	<p><b>Role</b> Supports the CEO in implementing and coordinating the Group’s sustainability initiatives.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>➤ Drives execution of sustainability initiatives across departments and monitors KPI progress.</li> <li>➤ Facilitates cross-functional collaboration to align with the Group’s sustainability goals.</li> <li>➤ Oversees preparation of sustainability disclosures and ensures operational adoption of ESG practices.</li> </ul>
<b>Sustainability Working Committee</b> (Departments & Branches)	<p><b>Role</b> Supports the implementation of sustainability initiatives within their respective functions in alignment with Group-wide direction.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>➤ Executes departmental/ branch-level sustainability action plans and contributes to Group sustainability targets.</li> <li>➤ Monitors and reports relevant ESG data and progress to the Sustainability team or DCEO’s office.</li> <li>➤ Promotes awareness and adoption of sustainability practices within daily operations.</li> </ul>

# SUSTAINABILITY STATEMENT

## STAKEHOLDERS ENGAGEMENT

Stakeholder engagement is the keystone of Hua Yang’s sustainability approach as it reflects our commitment to responsible business practices and the construction industry’s vital role in socioeconomic development. In this regard, we actively engage with a wide range of stakeholders — including customers, employees, regulatory bodies, shareholders, investors, banks, rating agencies, Sukuk holders, service providers (vendors, suppliers, contractors, lawyers), media, local communities and non-governmental organisations (NGOs). Through open and consistent engagement, we aim to foster meaningful relationships and mutual trust among stakeholders, which helps establish a strong foundation to support our long-term, sustainable growth.

Stakeholders	Key Areas of Interest	Types of Engagement	Frequency of Engagement
<b>Customers</b>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Products &amp; Services Quality</li> <li>Community Engagement</li> <li>Personal Data Protection Act (“PDPA”) Compliance</li> </ul>	• Feedback sessions/survey	• As and when required
		• Online enquiries via corporate website/ corporate email and/or social media platform	
		• Physical interactions (sales galleries)	
		• Events, roadshows and previews	
		• Defect feedback forms	
<b>Employees</b>	<ul style="list-style-type: none"> <li>KPIs and organisational objectives</li> <li>Performance Appraisal</li> <li>Learning &amp; Development</li> <li>Providing employee benefits to maintain a healthy workplace environment</li> </ul>	• Townhall sessions	• Annually
		• Employee Appraisals	• Continuous
		• Training programmes	• As and when required
		• Communication channels (emails, group chats, memo and announcements)	
<b>Regulatory Bodies</b>	<ul style="list-style-type: none"> <li>Governance &amp; Ethics</li> <li>Regulatory compliance</li> <li>Occupational health and safety</li> <li>Other applicable laws and regulations</li> <li>Transparency and disclosures</li> </ul>	• Inspection	• As required
		• Annual Reports	• Annually
		• Bursa announcements	• As and when required
		• Project inspections by authorities	
		• Timely submission/filing of regulatory reports	• Quarterly compliance report
<b>Shareholders &amp; Investors</b>	<ul style="list-style-type: none"> <li>Governance &amp; Ethics</li> <li>Risk Management</li> <li>Financial and Operational Performance</li> <li>Return on Investment</li> <li>Business Strategy</li> <li>Company Outlook</li> </ul>	• Updates on our Investor Relations webpage	• Quarterly
		• Updates on investor enquiries via email	• As and when required
		• Media Releases	
		• Corporate website/Bursa Malaysia	• Annually
		• Notification Cards	
		• Annual Reports	
		• Annual General Meetings (AGM)	
		• Extraordinary General Meetings (EGM)	

# SUSTAINABILITY STATEMENT

Stakeholders	Key Areas of Interest	Types of Engagement	Frequency of Engagement
<b>Banks, Rating Agencies, Sukuk holders</b>	<ul style="list-style-type: none"> <li>Our capability to fulfill our debt repayment obligations</li> <li>Our ability to raise financing</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Events hosted by banks/rating agencies/Sukuk holders</li> <li>Site Visits</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> </ul>
<b>Service Providers</b> (Vendors, Suppliers, Contractors, Lawyers)	<ul style="list-style-type: none"> <li>Transparent Procurement Practices</li> <li>Health, Safety, and Environment (“HSE”) Compliance</li> <li>Supply Chain Management</li> <li>Project updates</li> </ul>	<ul style="list-style-type: none"> <li>Tenders and procurements</li> <li>Independent monitoring and verification of product quality and site safety</li> <li>Contract Agreements</li> <li>Evaluation and performance reviews</li> <li>Meetings/email/phone</li> <li>Internal and external audits</li> </ul>	<ul style="list-style-type: none"> <li>Continuous</li> <li>As and when required</li> <li>Annually</li> <li>As and when required</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Community Engagement</li> <li>Upcoming events</li> </ul>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Corporate announcements</li> <li>Media releases</li> <li>Interviews</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>As and when required</li> </ul>
<b>Local communities &amp; Non-Governmental Organisations (NGOs)</b>	<ul style="list-style-type: none"> <li>Community Engagement</li> <li>Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement activities</li> <li>Media releases and project launches</li> <li>Social media engagement</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> </ul>

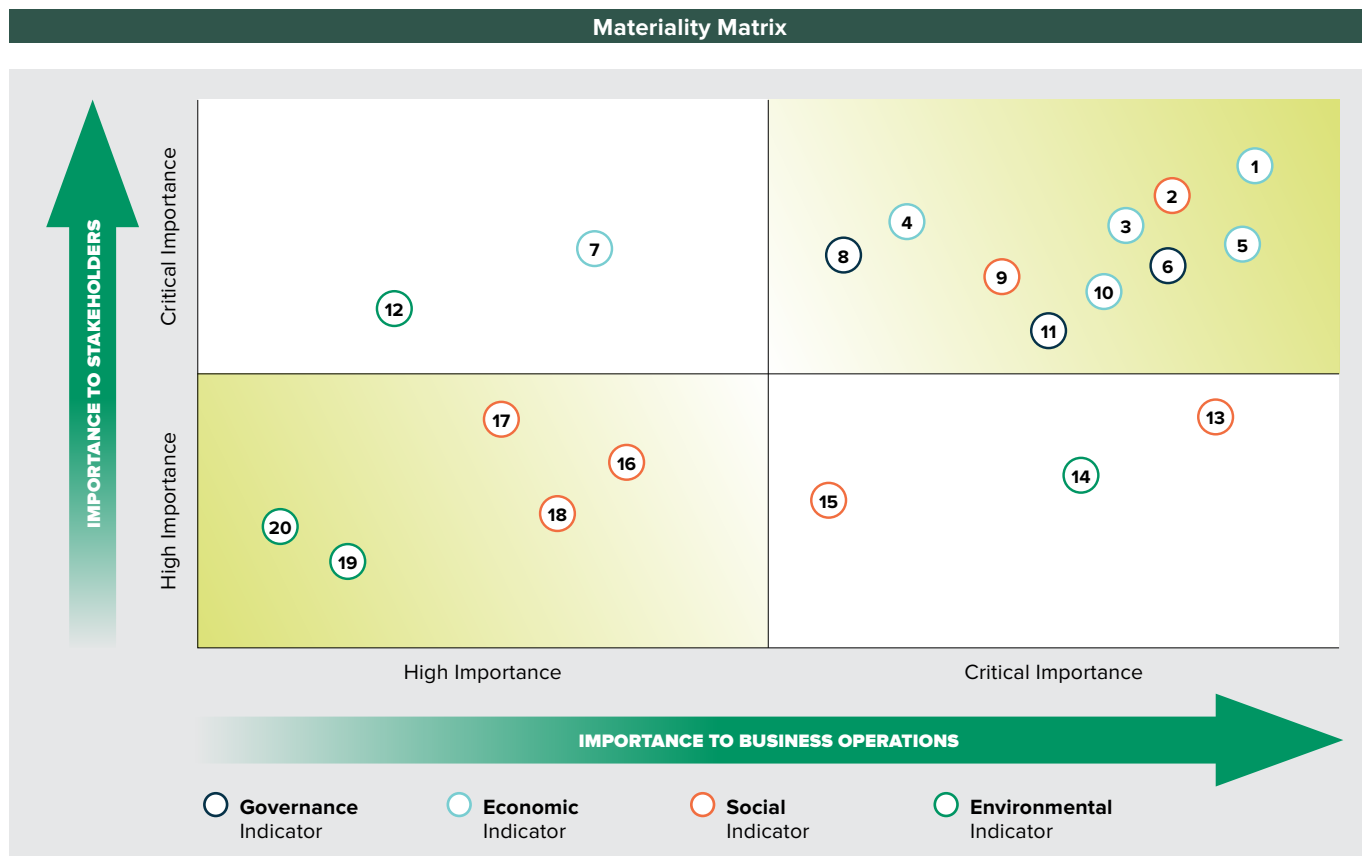
## MATERIALITY ASSESSMENT

### Materiality Matters

We recognise the importance of addressing the most significant sustainability matters to ensure our practices remain aligned with stakeholder expectations and business priorities. While we have yet to adopt the new materiality assessment format, we have realigned our existing 20 material matters in accordance with the latest sustainability reporting frameworks and global best practices.

The realignment exercise ensures our disclosures remain consistent with evolving ESG reporting requirements, while maintaining the integrity of our previous stakeholder engagements. We will reassess our material matters as and when needed to ensure continued relevance, in line with the Group’s strategic direction and stakeholder expectations.

# SUSTAINABILITY STATEMENT



### The 20 Material Matters As Categorised Into 4 Sustainability Pillars

Governance Excellence	Economic Responsibility	Social Impact	Environmental Stewardship
<ul style="list-style-type: none"> <li>6 Governance &amp; Compliance</li> <li>8 Ethics and Integrity</li> <li>11 Corporate Governance &amp; Transparency</li> </ul>	<ul style="list-style-type: none"> <li>1 Housing Affordability</li> <li>3 Digital Transformation</li> <li>4 Market Presence</li> <li>5 Economic Performance</li> <li>7 Supply Chain Management</li> <li>10 Project Management</li> </ul>	<ul style="list-style-type: none"> <li>2 Occupational Safety and Health</li> <li>9 Customer Satisfaction &amp; Brand Reputation</li> <li>13 Product Quality</li> <li>15 Employee Benefits</li> <li>16 Customer Privacy</li> <li>17 Employee Development</li> <li>18 Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>12 Energy Efficiency</li> <li>14 Waste Management</li> <li>19 Green Building Compliance</li> <li>20 Water</li> </ul>

#### Key Areas of Interest

<ul style="list-style-type: none"> <li>Data Privacy and Security</li> <li>Anti-Corruption and Corporate Governance</li> <li>Whistleblowing Policy</li> <li>Risk Management and Mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management</li> <li>Digital Transformation</li> <li>Housing Affordability</li> <li>Brand Recognition &amp; Product Quality Control</li> <li>LandBank</li> </ul>	<ul style="list-style-type: none"> <li>Healthy Lifestyle</li> <li>Talent Retention &amp; Development</li> <li>Anti-Sexual Harassment</li> <li>Gender Equality</li> <li>Career Development (Local Talent)</li> <li>Occupational Health &amp; Safety</li> <li>Labour &amp; Human Rights</li> <li>Community Aid</li> </ul>	<ul style="list-style-type: none"> <li>Resource Management</li> <li>Energy Efficiency</li> </ul>
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## ECONOMIC SUSTAINABILITY



**Hua Yang is committed to supporting and strengthening the local economy through our business operations. We proudly maintain a workforce consisting of 100% local employees, ensuring that job opportunities directly benefit the communities in which we operate. In addition, our entire supply chain is sourced locally, enabling us to support local businesses and foster economic growth, while building long-term partnerships with local suppliers and contractors. These efforts reflect our dedication to sustainable development and community empowerment.**

By prioritising Malaysian suppliers and contractors, we help stimulate domestic business activity, generate multiplier effects within the local economy, and reduce dependency on imported materials. Not only this approach enhances supply chain agility, but it also shortens delivery timelines, and contributes to a lower carbon footprint by minimising transportation needs.

The emphasis on local procurement helps us build long-term relationships with our supply chain partners, driven by trust, mutual growth, and shared sustainability goals. Many of our business relationships have endured for years, reflecting our commitment to growing together with our partners. Such efforts support our national development priorities and reaffirm our commitment to inclusive, sustainable growth that empowers local communities and contributes meaningfully to the broader Malaysian economy.

### Product Quality Control

At Hua Yang, product quality is a key pillar of our brand reputation and customer satisfaction. We uphold stringent quality control measures across every stage of our project lifecycle – from planning and design to construction and handover – to ensure our homes meet both regulatory requirements and the evolving expectations of homebuyers.

We benchmark our quality practices against recognised industry standards, with particular emphasis on the Quality Assessment System in Construction (QLASSIC), set forth by the Construction Industry Development Board (CIDB) Malaysia.

All contractors and subcontractors are required to comply with specific quality standards as outlined in the contracts. A key condition is the attainment of a minimum QLASSIC score of 75%. Failure to meet this threshold may result in penalties or corrective actions, as outlined in the contractual terms.

To ensure consistent quality, we adopt the following measures:

- **Quality Audits & Inspections:** Regular internal and third-party audits are conducted at various stages of construction to assess workmanship, material quality, and compliance with defined specifications and industry standards.
- **Stakeholder Involvement:** Our quality control process involves close coordination among project consultants, contractors, site teams, and internal QA/QC personnel to maintain consistent standards from design to handover.
- **Process Optimisation:** We put quality assurance at the heart of our project milestones – covering pre-construction planning, in-progress inspections, and post-construction evaluations.
- **Training & Accountability:** Contractors and site personnel are regularly trained on quality expectations, with performance closely monitored to ensure compliance and accountability throughout project execution.

Through these efforts, we not only meet regulatory requirements, but also reinforce our commitment to delivering safe, reliable, and high-quality properties that meet stakeholder expectations.

# SUSTAINABILITY STATEMENT

## Business Digitalisation

At Hua Yang, we actively embrace digital and emerging technologies to drive operational efficiency, improve service delivery, and strengthen stakeholder engagement across all facets of our business. Our digital transformation initiatives are aligned with our strategic goals to innovate, optimise processes, and remain agile in a rapidly evolving industry landscape.

Our key digitalisation initiatives include:

- **Enhancement of the Contact Management Module:** It is a productivity tool that improves system efficiency by streamlining semi-manual processes, facilitating interactions among colleagues, and enabling more effective follow-ups through centralised data tracking and unified workflows.
- **Infrastructure Upgrades:** We are currently reviewing the Wi-Fi access point (AP) infrastructure to ensure stable, high-performance connectivity across our facilities – an essential foundation for digital operations particularly at our headquarters.
- **Energy-Efficient Systems:** We are evaluating the Variable Refrigerant Flow (VRF) air-conditioning system, which uses smart controls to optimise energy consumption and minimise environmental impact, in alignment with our sustainability goals.
- **Automated, Cashless Car Park System:** The upgrade of our basement parking facility to an automated, cashless system led to improved traffic flow, user convenience, and data analytics for space optimisation.
- **Cloud-Based Phone System:** We are exploring the implementation of a cloud telephony system to enhance responsiveness and professionalism in stakeholder communications, while reducing the need for physical infrastructure maintenance.
- **E-Invoicing System (in progress):** To improve financial operations and regulatory compliance, we are exploring the implementation of electronic invoicing system – to reduce processing time, improve transparency, and support paperless operations.
- **Future Exploration – AI and Automation:** We are actively exploring the integration of AI-driven technologies such as dynamic dashboard analytics and automated reporting tools into our operations – to enhance real-time visibility, improve responsiveness, and support more informed, data-driven decision-making across departments.

## Customer Satisfaction

At Hua Yang, delivering a positive and seamless customer experience is central to our commitment to quality service and long-term satisfaction. We will keep innovating ourselves to improve the way we engage with homebuyers as we respond to their needs throughout the entire customer journey – from purchase to post-handover support.

To facilitate open and timely communication, a dedicated corporate email address has been established, providing customers with a direct channel to share their concerns, feedback, and enquiries. This inbox is actively monitored by a designated person-in-charge, ensuring that all messages are promptly acknowledged and addressed within a reasonable timeframe.

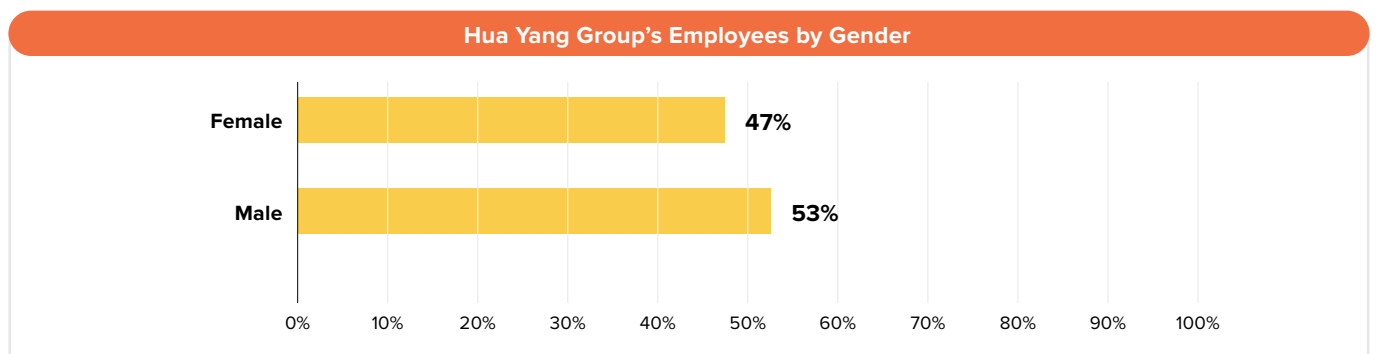
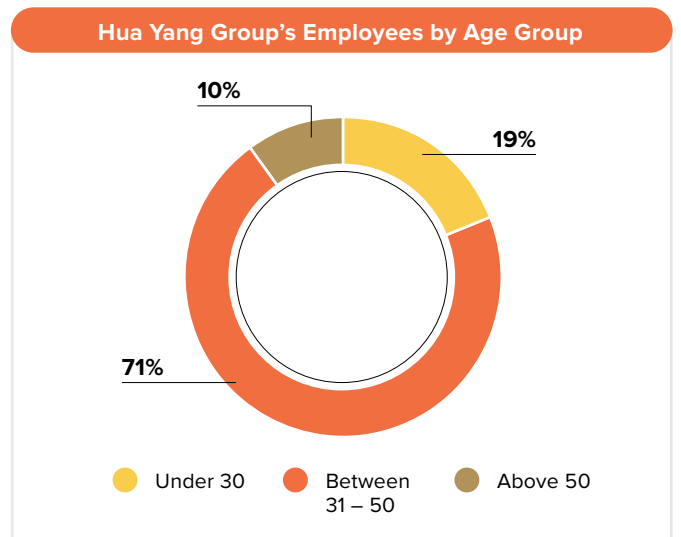
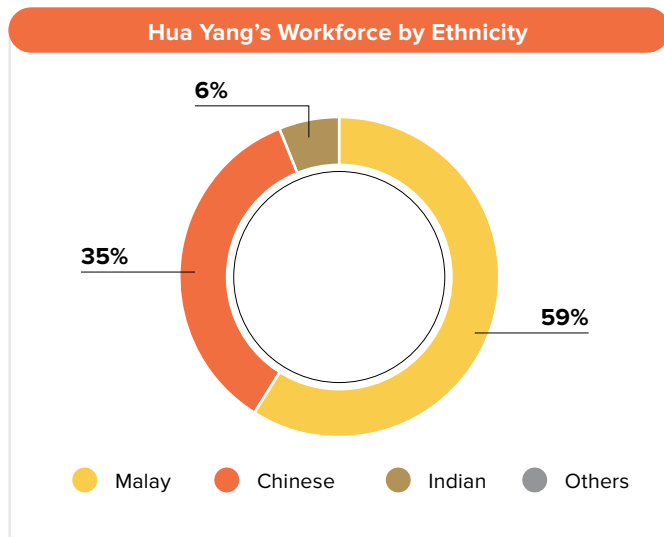
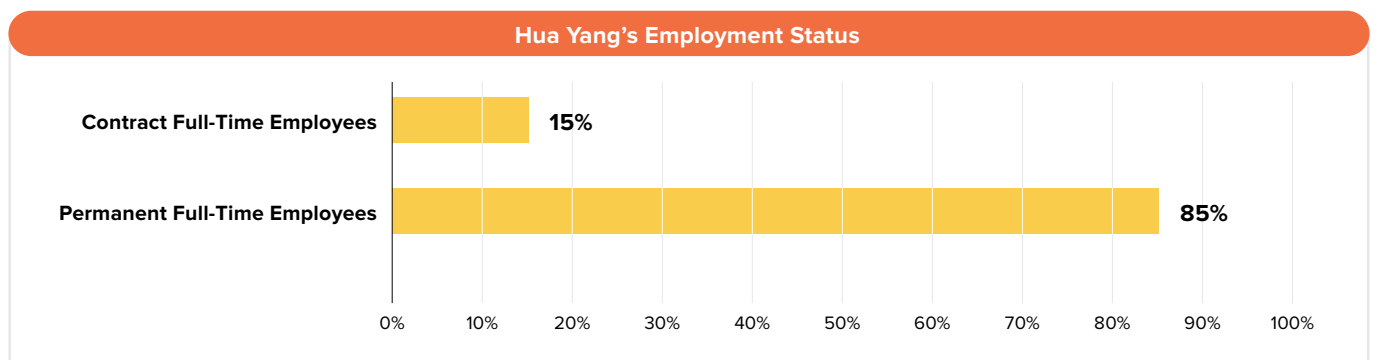
In addition, in an effort to enhance transparency and responsiveness – particularly during the critical Vacant Possession (VP) process – we have introduced a dedicated digital platform and mobile app to allow customers to easily lodge service tickets, track the status, and receive real-time updates from our customer service team. With the digitised process in place, we aim to streamline issue resolution, reduce response times, and provide a more user-friendly experience for our valued customers.

WORKPLACE SUSTAINABILITY



Fostering a Diverse and Inclusive Culture

At Hua Yang, we recognise that a sustainable future begins with a workplace that embraces diversity, inclusion and equity. As of 31 March 2025, our workforce of 75 employees reflects a vibrant mix of ages, genders, and ethnicities. This translates into a dynamic blend of backgrounds and experiences that strengthens our organisational culture, fosters collaboration, and drives innovation across the organisation.



# SUSTAINABILITY STATEMENT

## Employee Training and Development

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At Hua Yang, we recognise that our people are the foundation of our success and the strength of our organisation lies in the capabilities of our people. As part of our talent development strategy, we invest in targeted, forward-looking training programmes that enhance skills, nurture potential, and support long-term career advancement. These initiatives aim to build a highly competent workforce that drives sustainable growth and ensures the Group's readiness for the future.

Training and development initiatives are coordinated by each Head of Department (HOD), in collaboration with the HR Department. This joint approach ensures training efforts are aligned, effective, and support employees in advancing their careers. Our Training and Development Standard Operating Procedure (SOP) guides management in identifying skill gaps and providing targeted training opportunities. Employees may also submit a Training Requisition Form to request specific training based on individual development needs.

To support continuous growth, we engage relevant experts to enhance employee skills – particularly in areas concerning digitalisation and new technologies. Employee feedback is collected at the end of each training session to evaluate its effectiveness and to improve on future training programmes.

## Performance Management Appraisal System

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In FY2025, we utilised a more structured performance management in the form of a comprehensive annual appraisal system. The process consists of three key stages – planning, mid-year review, and year-end review – for all confirmed employees.

This comprehensive system includes a self-assessment component, along with evaluations by immediate supervisors or managers, to assess employee performance against the Group's overarching business goals. Appraisals are based on the achievement of individual Key Performance Indicators (KPIs), SMART goals, and behavioural competencies per the Group's strategic objectives.

The system fosters open, two-way communication between employees and immediate supervisors or managers, enabling personalised review of strengths and areas for development. Feedback gathered during this process is shared with the HR department to support the design of targeted training and development programmes.

Apart from strengthening employee capabilities, the appraisal process helps enhance job satisfaction and employee retention by fostering continuous growth and aligning individual goals with the Group's overall vision.

## Formal Employee Induction and Exit Process

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At Hua Yang, we recognise that employee experience plays a critical role in effective talent management and long-term retention. While employee attrition is a natural aspect of any organisation, we remain committed to providing a structured and professional approach to both employee induction and exit.

All new employees will undergo a comprehensive induction programme facilitated by the HR Department, conducted either in-person or virtually. As part of this process, new employees are also registered into the Human Resource Management System (HRMS) to ensure a seamless integration into the organisation.

Equally important, Hua Yang offers departing employees the opportunity to share candid feedback through a transparent exit interview process. This enables us to gain valuable insights into the factors influencing employee turnover, and to implement informed strategies to enhance employee engagement and retention across the Group.

### Competitive Employee Compensation and Benefits

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At Hua Yang, competitive employee compensation is key to our talent management strategy. We offer a comprehensive mix of monetary and non-monetary benefits designed to attract, develop, and retain high-performing individuals. Our remuneration practices are regularly benchmarked against industry standards to ensure fairness and relevance. All employees are paid above the national minimum wage, reflecting our commitment to equitable pay, based on individual roles, experience, qualifications, and performance – reinforcing our focus on recognising and rewarding talent in a consistent and transparent manner.

### Workplace Safety Policy

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We are committed to maintaining a safe and secure workplace for all employees, visitors and other stakeholders. Our Workplace Safety Policy outlines a comprehensive approach to managing occupational safety and mitigating security risks through structured procedures, preventive strategies, and compliance with the industry best practices.

The key elements of our Workplace Safety Policy include:

- **Employer Responsibilities:** Providing a safe working environment, implementing safe operating procedures, conducting regular hazard assessments, and offering ongoing training to ensure awareness and preparedness;
- **Employee Responsibilities:** Taking reasonable care of their own and others' safety, complying with safety instructions, and correctly using protective equipment provided;
- **Facility Safety Measures:**
  - **Fire safety equipment** such as extinguishers and smoke detectors are maintained through scheduled inspections.
  - **Proper emergency signage and clear exit routes** to facilitate safe evacuation.
  - **First Aid kits** are maintained regularly and scaled to the workforce size.
- **Site Safety Equipment:** Project site personnel are provided with personal protective equipment (PPE) such as safety boots and helmets, adhering to a structured issuance and replacement policy.

# SUSTAINABILITY STATEMENT

## ENVIRONMENTAL SUSTAINABILITY



**Hua Yang is committed to managing environmental resources responsibly and efficiently across both our development projects and internal operations. Our initiatives reflect our ongoing efforts to reduce energy consumption, improve operational efficiency, and support a low-carbon future.**

### External Initiatives (Projects)

Across our property developments, particularly high-rise and central region projects, we have implemented various energy-efficient features such as:

- Installation of energy-saving light fixtures and advanced control systems to optimise elevator usage in high-rise buildings.
- Use of LED lighting in corridors and car parks to improve energy efficiency.
- Adoption of open-corridor designs to enhance natural ventilation, reducing reliance on air-conditioning and mechanical ventilation systems.
- Deployment of elevator collective control systems to minimise elevator travel time and energy consumption.

### Internal Initiatives (Offices)

Within our corporate offices, we continue to adopt environmentally conscious practices to reduce our operational footprint such as:

- Migrating from physical servers to cloud-based infrastructure and services to reduce energy consumption.
- Closing under-utilised office floors and reorganising seating arrangements to optimise space usage and reduce energy consumption.
- Promoting stair use for movement between floors to encourage energy-efficient habits.
- Switching off air-conditioners and lights during lunch hours to conserve energy.

Such initiatives demonstrate our dedication to environmental sustainability through responsible resource management and consistent conservation practices across all aspects of our operations and development projects.

### Water Management

Recognising the strong connection between housing demand and sustainable water use, Hua Yang continues to prioritise efficient water management across its developments. With increased awareness of climate risks, our strategies address social well-being, environmental health, and operational resilience.

Among the key initiatives we have implemented are the integration of rainwater harvesting systems into residential projects in Northern Region, Central Region, and Southern Region. The collected rainwater is repurposed for non-potable uses such as landscaping irrigation, cleaning, and cooling systems – hence reducing reliance on municipal water sources.

These efforts reflect our broader commitment to incorporating sustainability into every stage of our operations, which supports both environmental conservation and community well-being, in alignment with global best practices and local needs.

## Waste Management

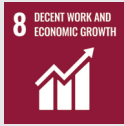

As a responsible property developer, Hua Yang recognises the critical role of effective waste management in minimising environmental impact, conserving natural resources, and advancing sustainable development. In FY2025, we continued to enhance our waste management practices across construction sites and corporate offices, with a focused emphasis on the principles of reduce, reuse, and recycle.

Aligned with regulatory requirements and guided by circular economy principles, our initiatives are designed to reduce reliance on landfills, improve operational efficiency, and foster environmental stewardship across our value chain. Through proactive waste reduction strategies and responsible disposal methods, we remain committed to integrating sustainability into every phase of our development lifecycle.







Integrated contractor-led waste management systems are in place across all major projects, including Element Phase 1 in Taman Denai Alam, Pasir Gudang, Johor – ensuring the professional collection, segregation, and disposal of construction waste, in compliance with regulatory standards such as the Environmental Quality (Scheduled Wastes) Regulations 2005.

Our dedicated recycling stations for scrap metal and recoverable materials help reduce the dumping into landfills – reducing our environmental impact while promoting circular resource use throughout our operations.

### FY2025 SUSTAINABILITY ACHIEVEMENTS


No	ESG Pillars	Material Matter	KPI	Targets	Progress	Aligned UN SDGs
1	Economic	<b>Supply Chain Management</b>	100% Local procurement, supply chain, supporting local businesses and contributing to economic growth	100% spending on local suppliers	100%	 8 DECENT WORK AND ECONOMIC GROWTH
2	Economic	<b>Digital Transformation – Enhancement of the system</b>	Contact Management Module reducing manual tasks, enhancing internal collaboration, and ensuring consistent tracking through centralised data and standardised processes	Deployment and utilisation of the module across key departments	Achieved	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

# SUSTAINABILITY STATEMENT

No	ESG Pillars	Material Matter	KPI	Targets	Progress	Aligned UN SDGs
3	Economic	<b>Housing Affordability</b>	Be one of the nation's leading property developers in the affordable housing segment	Targeted min 26,000 units by FY2030; 22,796 units in progress as of 31 March 2025	In Progress	
4	Economic	<b>Brand Recognition &amp; Product Quality Control</b>	Construction achieved an average score of 72.4% for FY2025	>75% quality achievement	Achieved	
5	Economic	<b>Landbank</b>	Sustain a minimum of 300 acres of landbank annually	372 acres as at 31 March 2025	In Progress	
6	Environmental	<b>Resource Management</b>	Rain harvesting systems implemented on all applicable new projects	Continue the implementation of rainwater harvesting systems on all applicable highrise projects	In Progress	
7	Environmental	<b>Energy Efficiency</b>	Save energy in all office buildings	Adopt 100% LED lighting in all operational buildings and projects including car parks	Achieved	
8	Social	<b>Healthy Lifestyle</b>	Provision of facilities promoting healthy lifestyle (e.g. gym, playground, open spaces)	Full compliance at all high-rise projects	Achieved	

No	ESG Pillars	Material Matter	KPI	Targets	Progress	Aligned UN SDGs
9	Social	<b>Healthy Lifestyle</b>	Subsidised medical check-ups to encourage healthy living	Annual subsidy extended to all employees, refreshed at start of every financial year	Achieved	
10	Social	<b>Talent Retention &amp; Development</b>	In-person + digital learning & training	Minimum 8 training hours per annum for all levels	Partially Achieved	
11	Social	<b>Anti-Sexual Harassment</b>	Foster a safe and inclusive environment free from bullying and harassment	Display awareness materials in common areas	Achieved	
12	Social	<b>Gender Equality</b>	Commitment to gender equity and inclusive workplace	Board: 33.33% women; Org-wide: 47% female, 53% male	Achieved	
13	Social	<b>Career Development (Local Talent)</b>	Leadership development and national economic contribution	100% senior management hired from Malaysia	Achieved	
14	Social	<b>Occupational Health &amp; Safety</b>	Promote safe and secure working environments	Dedicated staff assigned to Occupational Safety and Health training	Achieved	
15	Social	<b>Labour &amp; Human Rights</b>	Ethical hiring through background checks and due diligence	Zero incidents of labour/human rights violations in controlled ops	Achieved	

# SUSTAINABILITY STATEMENT

No	ESG Pillars	Material Matter	KPI	Targets	Progress	Aligned UN SDGs
16	Social	<b>Healthy Lifestyle</b>	Enhance occupant well-being and sustainable workspace design	Laminated glass installed at HQ to improve sound attenuation	Achieved	
17	Governance	<b>Data Privacy and Security</b>	Enforce strict access control and role-based permissions for customer database	Maintain zero substantiated data breaches or complaints	Achieved	
18	Governance	<b>Anti-Corruption and Corporate Governance</b>	Annual ABAC (Anti-Bribery and Corruption) awareness training on MACC Section 17A	All staff attended ABAC awareness training	Achieved	
19	Governance	<b>Anti-Corruption and Corporate Governance</b>	ABAC acknowledgement embedded in onboarding process	Obtain 100% written acknowledgement from all employees	In Progress	
20	Governance	<b>Anti-Corruption and Corporate Governance</b>	Conflict of Interest (COI) declaration integrated into HR workflows	Maintain 100% employee sign-off on COI declaration	In Progress	
21	Governance	<b>Whistleblowing Policy</b>	Whistleblowing cases	Zero reported cases	Achieved	
22	Governance	<b>Risk Management and Mitigation</b>	Risk management execution	100% annual implementation of risk management functions and audits	Achieved	

## CONCLUSION

**As we reflect on our ESG performance for FY2025, Hua Yang remains steadfast in our commitment to responsible growth and measurable impact. While we have made strides in key areas – including zero work-related fatalities, 100% local supplier spending, no data privacy breaches, and no incidents of corruption – we are aware that sustainability is an ongoing journey, not a destination. In short, the Bursa ESG Performance Report affirms our commitment to safety, integrity, and accountability.**

Going by the four sustainability pillars, our investment in human capital saw a marked increase in training hours for senior management and a more gender-diverse leadership structure, with women now making up 20% of senior management. At the same time, efforts to raise environmental stewardship are ongoing, including our evaluation of energy-efficient systems and cloud-based infrastructure upgrades. While total energy and water consumption data for FY2025 are pending, our continued alignment with sustainable practices remains a priority.

Moving forward, Hua Yang is accelerating our sustainability transformation by strengthening governance, enhancing climate resilience, fostering inclusivity, and embedding digital innovation throughout our operations. With the USDGs and Bursa Malaysia's ESG frameworks as our compass and stakeholder expectations as our guide, we will continue building a more sustainable future – for people, business, and the planet.

On that note, we invite our partners, employees, and communities to be part of this journey – because sustainable progress is a shared responsibility that begins with individual commitment and collective action.

# SUSTAINABILITY STATEMENT

## BURSA ESG PERFORMANCE REPORT

Indicator	Measurement Unit	2024	2025
<b>Bursa (Energy management)</b>			
Bursa C4(a) Total energy consumption	Megawatt	177,986.00	165,845.00
<b>Bursa (Water)</b>			
Bursa C9(a) Total volume of water used	Megalitres	8,250.000000	13,138.0000
<b>Bursa (Labour practices and standards)</b>			
Bursa C6(a) Total hours of training by employee category			
Senior Management	Hours	32	410
Middle Management	Hours	336	298
Executive	Hours	640	147
Non-Executive	Hours	80	2
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.9	15
Bursa C6(c) Total number of employee turnover by employee category			
Senior Management	Number	0	0
Middle Management	Number	4	9
Executive	Number	13	12
Non-Executive	Number	0	1
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
<b>Bursa (Diversity)</b>			
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	0.00
Senior Management Between 30-50	Percentage	100.00	60.00
Senior Management Above 50	Percentage	0.00	40.00
Middle Management Under 30	Percentage	76.00	12.50
Middle Management Between 30-50	Percentage	24.00	75.00
Middle Management Above 50	Percentage	10.00	12.50
Executive Under 30	Percentage	90.00	24.00
Executive Between 30-50	Percentage	0.00	74.00
Executive Above 50	Percentage	0.00	2.00
Non-Executive Under 30	Percentage	0.00	0.00
Non-Executive Between 30-50	Percentage	40.00	25.00
Non-Executive Above 50	Percentage	60.00	75.00

Internal assurance

External assurance

No assurance

(\*)Restated

# SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2024	2025
<b>Bursa (Diversity)</b>			
Gender Group by Employee Category			
Senior Management Male	Percentage	100.00	80.00
Senior Management Female	Percentage	0.00	20.00
Middle Management Male	Percentage	57.00	56.25
Middle Management Female	Percentage	43.00	43.75
Executive Male	Percentage	18.00	46.00
Executive Female	Percentage	22.00	54.00
Non-Executive Male	Percentage	4.00	100.00
Non-Executive Female	Percentage	1.00	0.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	60.00	60.00
Female	Percentage	40.00	40.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	0.00	0.00
Above 50	Percentage	5.00	5.00
<b>Bursa (Health and safety)</b>			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	5
<b>Bursa (Community/Society)</b>			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	0.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0
<b>Bursa (Anti-corruption)</b>			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			0
Senior Management	Percentage	0.00	6.67
Middle Management	Percentage	0.00	21.33
Executive	Percentage	0.00	66.67
Non-Executive	Percentage	0.00	5.33
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
<b>Bursa (Data privacy and security)</b>			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
<b>Bursa (Supply chain management)</b>			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100	100
<b>Bursa (Waste management)</b>			
Bursa C10(a) Total waste generated	Metric tonnes	0.00	0.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0.00	0.00
<b>Bursa (Emissions management)</b>			
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	0.00	0.00
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	0.00	0.00
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00	0.00
Internal assurance	External assurance	No assurance	(*)Restated

# 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 2025 (“FYE 2025”). 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](http://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 2025, 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 2024/2025 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 complied 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](http://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](http://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](http://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](http://www.huayang.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INDEPENDENCE

During FYE 2025, the Board comprised of 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.

The Board views that the current composition still allows the Company to meet the intended outcome of diverse perspective as meetings are conducted in an open and participative manner. Dissenting views are allowed to be freely expressed and thoroughly deliberated to ensure quality decision-making.

## 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 2025, 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 2025, 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 page 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 2025, 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 53 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 51 to 82 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 2025 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
<b>Executive Director</b>						
Ho Wen Yan	-	-	1,044,000	84,000	-	7,200
<b>Non-Executive Directors</b>						
Tan Sri Dato' Seri Dr. Ting Chew Peh	150,563	-	-	-	6,000	7,200
Chew Hoe Soon	131,205	-	-	-	6,000	-
Chew Po Sim	104,219	-	-	-	6,000	-
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	134,918	-	-	-	6,000	-
Choo Seng Choon	138,743	-	-	-	6,000	-
Ho Wen Fan	-	20,124	-	-	-	-
<b>Total</b>	<b>659,648</b>	<b>20,124</b>	<b>1,044,000</b>	<b>84,000</b>	<b>30,000</b>	<b>14,400</b>

## 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. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024
	2. MAP II: Leading for Impact	19 & 20 February 2025
Ho Wen Yan	1. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024
Choo Seng Choon	1. MIA Webinar Series: Accounting for Cryptocurrency Assets	3 April 2024
	2. Digital Signature – Understanding its Principles & Applications	7 May 2024
	3. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024
	4. Ethics for Internal Auditors Workshop	24 December 2024
	5. MIA Webinar Series: Managing Budgetary Control	22 & 23 January 2025
Chew Hoe Soon	1. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024
	2. MAP II: Leading for Impact	19 & 20 February 2025

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training Programme	Date of Training
Chew Po Sim	1. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024
	2. MAP II: Leading for Impact	19 & 20 February 2025
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	1. Provision of the Companies (Amendment) Act 2024 on Beneficial Ownership Reporting	29 May 2024

## 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 21 May 2025 evaluated the performance and recommended the re-election of the retiring Directors, Tan Sri Dato' Seri Dr. Ting Chew Peh and Mdm. Chew Po Sim.

## 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 66 to 68 of this annual report.

### (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 69 to 70 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### **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 72 to 74 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 66 to 68 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 81 to 156 of this annual report.

### **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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **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](http://www.bursamalaysia.com) and other information via the Company's website at [www.huayang.com.my](http://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](mailto: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 27 August 2025 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 2025, the Audit Committee comprised of the following members:-

<b>Chairman</b>	Choo Seng Choon (Independent Non-Executive Director)
<b>Members</b>	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.

## MEETINGS

Five (5) meetings were held during the financial year ended 31 March 2025 and the attendance of the Audit Committee is as follows:

No.	Name of Committee	Attendance
1.	Choo Seng Choon	5/5
2.	Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	5/5
3.	Chew Hoe Soon	5/5

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 24 July 2024 and 21 March 2025 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 2025:

- (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 the 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.

# AUDIT COMMITTEE REPORT

## INTERNAL AUDIT FUNCTION

During the financial year 2025, the Group 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 and high-level reviews of the major operations, discussions held with top management and key management and tests of transactions on a sample basis covering the various related records and documents supplemented with an observation of its internal control deficiencies in its current practice, if any.

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 2025, the main activities of the internal audit function focused on the assessment of adequacy and effectiveness of system of internal control and compliance with the Group’s policies and procedures over Anti-Corruption Program & Whistle-Blowing Management and Human Resource Management.

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 2025 was RM31,680.

# NOMINATION COMMITTEE REPORT

## COMPOSITION

For the financial year ended 31 March 2025, the Nomination Committee comprised of the following members:-

**Chairman** Choo Seng Choon (Independent Non-Executive Director)

**Members** 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 2025.

# NOMINATION COMMITTEE REPORT

## HIGHLIGHTS OF ACTIVITIES

During the financial year ended 31 March 2025, 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 2025, 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 2025 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

There were no corporate proposal undertaken to raise proceeds.

## 2. Audit and Non-Audit Fees

The details of fees paid/payable to the external auditors for the financial year ended 31 March 2025 as set out below:

	Group (RM'000)	Company (RM'000)
Statutory Audit	239.5	85.0
Other Services	6.0	6.0
<b>Total</b>	<b>245.5</b>	<b>91.0</b>

## 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 2025.

## 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, possible consequences of significant risks, related controls and risk responses are reflected in the respective individual SRPs. 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 2025, 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 Group Operations Committee Meetings**

Operational and Group Operations 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 Group Operations 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 2025 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 23 July 2025.