CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

IN OUR PREVIOUS FINANCIAL YEAR, HUA YANG EMPHASISED FINANCIAL RESILIENCE AND OPERATIONAL EFFICIENCY AMID A SUBDUED PROPERTY MARKET. SIMILARLY, THE FYE 2026 EXPERIENCED ANOTHER VOLATILE YEAR THAT TESTED THE RESILIENCE OF THE PROPERTY DEVELOPMENT INDUSTRY.

Against a backdrop of economic uncertainty, geopolitical tensions, rising construction and energy costs, and an increasingly competitive market, the Group remained focused on strengthening its foundation and preparing for future opportunities.

NAVIGATING A TRANSITIONAL YEAR

On behalf of the Board of Directors, I am pleased to present Hua Yang's 2026 Annual Report for the financial year ended 31 March 2026 (FYE 2026), reflecting a transitional financial year of navigating external uncertainties, such as longer-than-anticipated approval, the expansion of the Sales and Service Tax, loan rejections, US tariffs, the Iran conflict, and oil price increase.

Although the reduction in interest rates by 0.25% during the year provided some relief to homebuyers and businesses, the monetary stimulation was insufficient to fully offset the broader cost pressures affecting the industry, and buyer affordability.

As our ongoing projects were mostly approaching their final completion stages during the financial year, we diligently focused on consolidating our position, advancing critical land acquisitions, fortifying our development pipeline, and embedding sustainability deeper into our operations.

SETTING THE STAGE FOR FYE 2027

We recognise that meaningful growth requires disciplined preparation, operational agility, and prudent financial management. Therefore, we braced the headwinds of FYE 2026 by finalising important groundwork to position Hua Yang well for a more active execution in FYE 2027.

Although FYE 2026 proved to be a more challenging year for Hua Yang compared with FYE 2025, the Group maintained a careful and forward-thinking approach. Rather than pursuing aggressive launches in a constrained market, we prioritised securing approvals, optimising project phasing, and ensuring our product offerings remain accessible to core Malaysian homebuyers. Our strategy was clear: to maintain balance sheet strength, manage cash flow cautiously, and build a proactive scalability, while getting ready for market rebounds.

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

For FYE 2026, Hua Yang recorded a Revenue of RM64.0 million, down from the RM104.6 million reported in FYE 2025. With fewer ongoing projects were in active construction phases, and several new launches pending regulatory approvals and favourable market timing, together with compressed margins from lower economies of scale and sustained operating overheads, the Group posted a Net Loss After Tax of RM4.7 million, translating into a negative Earnings Per Share (EPS) of 1.04 sen.

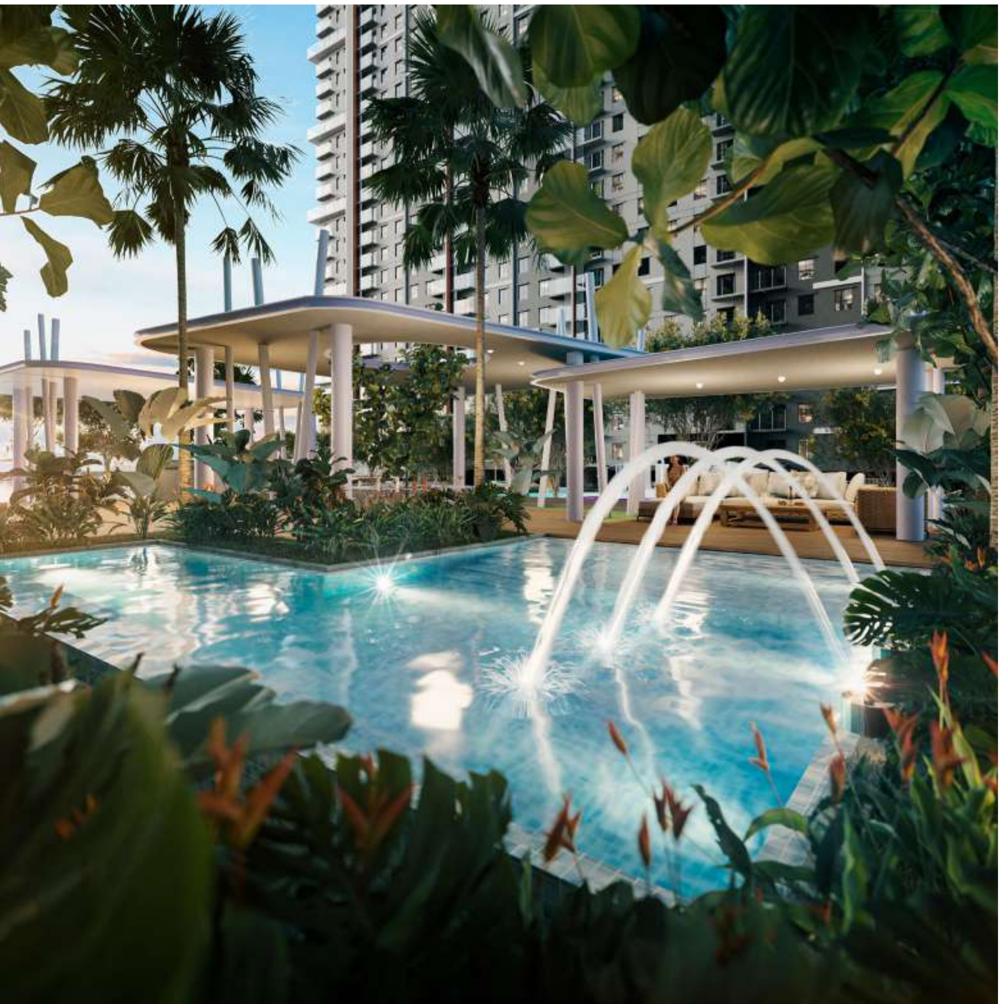
While a net loss is undesirable, the Board viewed this as a cyclical effect of our project timelines rather than a fundamental flaw. The outcome did not diminish the underlying strengths of our business model, our landbank strategy, or our commitment to delivering quality and affordable developments in locations where demand fundamentals remain intact.

DEVELOPMENT HIGHLIGHTS

Most importantly, the core earnings and cash flow for the year were sustained by three key developments: Taman Ara Saujana in Dengkil (Selangor), Elemence in Pasir Gudang (Johor), and Bandar U in Seri Iskandar (Perak).

These developments continued to demonstrate the strength of Hua Yang's affordable mid-range housing proposition and its ability to cater to the needs of owner-occupiers seeking quality homes within accessible price points.

Although no major project completions were recorded during FYE 2026, the Group successfully launched Ara Residences in Puchong (Selangor) and Altus Residency in Prai (Penang), both of which represent important additions to our pipeline and reinforce our presence in strategic growth locations.



"WE RECOGNISE THAT MEANINGFUL GROWTH REQUIRES DISCIPLINED PREPARATION, OPERATIONAL AGILITY, AND PRUDENT FINANCIAL MANAGEMENT. THEREFORE, WE BRACED THE HEADWINDS OF FYE 2026 BY FINALISING IMPORTANT GROUNDWORK TO POSITION HUA YANG WELL FOR A MORE ACTIVE EXECUTION IN FYE 2027."

LAND ACQUISITIONS

To support our medium-to-long-term development pipeline, the Group successfully expanded its landbank during the financial year. This was achieved through the direct acquisition of two development land parcels in Dengkil (7.33 acres) and Rawang (6.27 acres), alongside the acquisition of a wholly-owned subsidiary, Sulaiman Properties Sdn. Bhd., with 9.34 acres in Pusing.

The Board believes that maintaining quality landbank in locations with favourable growth prospects remains essential to sustaining future earnings and ensuring the Group is well-positioned to respond to market opportunities when conditions improve.

"THE BOARD RECOGNISES THAT ESG CONSIDERATIONS ARE BECOMING INCREASINGLY IMPORTANT TO INVESTORS, REGULATORS, CUSTOMERS AND COMMUNITIES. AS SUCH, WE REMAIN COMMITTED TO IMPLEMENTING RESPONSIBLE BUSINESS PRACTICES THROUGHOUT OUR OPERATIONS WHILE BALANCING AFFORDABILITY, QUALITY AND LONG-TERM SUSTAINABILITY."

EMBEDDING ESG INTO OUR DREAMS CORE VALUES

Meanwhile, sustainability is no longer a secondary consideration; it is integral to Hua Yang's long-term viability, stakeholder trust, and operational resilience. To ensure Environmental, Social, and Governance (ESG) principles are actionable and measurable, we are actively aligning them with our core DREAMS values:

D

Dependable: Earning buyer trust by consistently performing at the highest standards;

R

Reliable: Ensuring effective management through strong organisational productivity;

E

Efficient: Making operational efficiency a core part of the corporate culture;

CHAIRMAN'S STATEMENT

These values continue to guide our approach to development, stakeholder engagement, operational management and decision-making.

The Board recognises that ESG considerations are becoming increasingly important to investors, regulators, customers and communities. As such, we remain committed to implementing responsible business practices throughout our operations while balancing affordability, quality and long-term sustainability.

A

Affordable: Providing accessible and value-for-money housing for all Malaysians;

M

Motivated: Investing in our internal talent to meet customer needs and add value;

S

Sustainable: Developing eco-friendly projects that benefit customers, society and the environment.

FYE 2027 OUTLOOK AND PROSPECTS

The Board maintains an optimistically cautious outlook for FYE 2027. While certain challenges are expected to persist in the near term, Malaysia's property market continues to be supported by underlying demand for affordable housing, ongoing urbanisation, infrastructure development and favourable demographic trends.

As market conditions gradually stabilise, we expect demand for well-located and affordably priced developments to remain resilient.

For Hua Yang, FYE 2027 will be a pivotal year. Much of the preparatory work undertaken during FYE 2026 has established the foundation for upcoming launches and growth initiatives. With approvals progressing and project pipelines taking shape, management's focus will be on executing these launches effectively and converting opportunities into sustainable earnings growth.

Surely, the Board remains committed to prudent capital management, disciplined project execution and delivering long-term value to all stakeholders.

BOARD CHANGES AND ACKNOWLEDGEMENT

We are deeply grateful to Madam Chew Po Sim, who stepped down as a Non-Executive Director during the year. Her years of dedicated service and invaluable guidance have left a lasting mark on the Group.

Concurrently, we warmly welcome Mr. Ho Wen Fan to our board as a Non-Independent Non-Executive Director. We look forward to leveraging his professional expertise and insightful perspectives to drive Hua Yang's growth.

APPRECIATION

On behalf of the Board, I wish to extend my sincere gratitude to our management team and employees for their dedication, professionalism and resilience throughout a challenging year.

We are also deeply thankful to our customers, business partners, contractors, consultants, financial institutions, regulators and the communities we serve for their continued trust.

Finally, I would like to express my heartfelt appreciation to our shareholders. Your steadfast confidence is the foundation of Hua Yang's growth, progress and success.

Sincerely,

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