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.

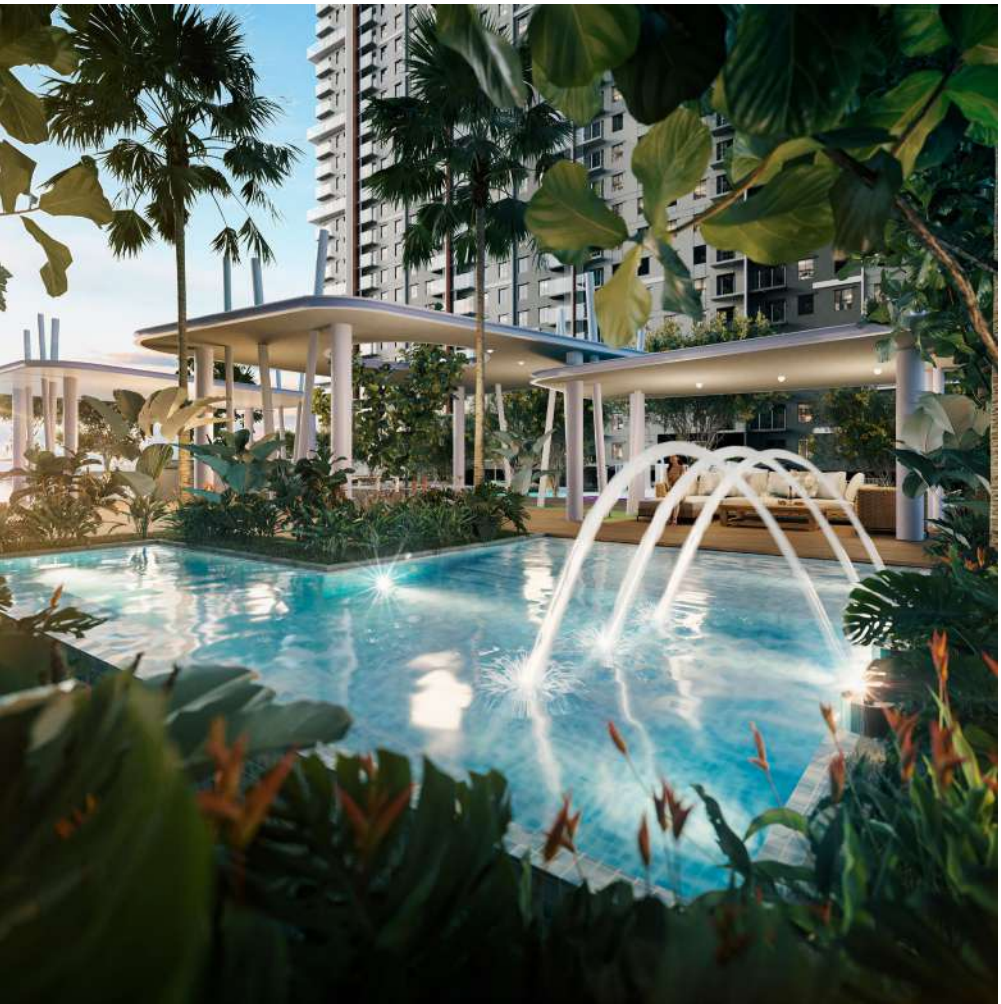
While a net loss is undesirable, the Board viewed this as a cyclical effect of our project timelines rather than a fundamental flaw. The outcome did not diminish the underlying strengths of our business model, our landbank strategy, or our commitment to delivering quality and affordable developments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

CHAIRMAN'S STATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

HUA YANG BERHAD REMAINS FUNDAMENTALLY FOCUSED ON BUILDING QUALITY, AFFORDABLE RESIDENTIAL PROPERTIES WITHIN HIGH-GROWTH, INFRASTRUCTURE-LINKED CORRIDORS ACROSS MALAYSIA. DURING FYE 2026, THE GROUP OPERATED IN A TRANSITIONAL PHASE, SHIFTING FROM CONSTRUCTION-LEANING TO STRATEGIC LAND ACQUISITION, LAUNCH PREPARATION, AND OPERATIONAL OPTIMISATION.

STRATEGIC OVERVIEW

Our business model continues to be anchored on disciplined capital allocation, selective project phasing, and a customer-centric product strategy. The Group's core strengths lie in its diversified regional footprint, an integrated supply chain, and a governance framework that embeds sustainability and efficiency into our DREAMS values (Dependable, Reliable, Efficient, Affordable, Motivated, Sustainable).

Although revenue and profitability were impacted by project completion cycles and delays in new launches, the Group continued to lay the groundwork for future expansion through strategic land acquisitions and project preparations for FYE 2027.

During FYE 2026, the Group's operations were mainly concentrated in the Klang Valley, Johor and Perak. Key contributors included ongoing developments such as Taman Ara Saujana in Dengkil (Selangor), Elemence in Pasir Gudang (Johor), and Bandar U in Seri Iskandar (Perak).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FYE 2026 OPERATING ENVIRONMENT AND MARKET CHALLENGES

FYE 2026 was defined by persistent challenges as Hua Yang operated against a backdrop of ongoing economic hurdles and industry friction. The Malaysian real estate market saw softer activity and more selective buyer behaviour as a result of several converging factors:

Cost Inflation and Geopolitical Pressures:

Ongoing international conflicts and supply chain disruptions continue to drive up costs;

Tightening Financing Conditions:

Financial institutions maintained cautious lending policies, making it harder for some buyers to get a mortgage;

Buyer Behaviour Shift:

Due to rising living costs and economic instability, consumer behaviour has shifted towards delayed purchasing;

Project Approvals and Pipeline Delays:

Extended approval timelines for development projects impacted launch schedules and revenue recognition timing, resulting in delays in replenishing the Group's development pipeline;

Market Overhang:

Data from the National Property Information Centre (NAPIC) indicated a concern in unsold housing, particularly mid-to-upper tier developments.

Confronted with these challenges, Hua Yang remained focused on operational discipline, cost optimisation and prudent project planning.

The Group also adopted a selective approach towards new project launches, carefully evaluating market demand, product positioning and sales prospects before committing resources. This disciplined strategy allowed Hua Yang to prioritise developments with stronger market potential and minimise exposure to market uncertainties.

By procuring major commodities such as steel, cement, bricks, and tiles directly at bulk scale, our trading division supplied raw materials directly to our appointed site contractors to eliminate middleman markups and insulate our supply chain from sudden price hikes. This strategy allows us to have better control over procurement costs, minimise the impact of material price fluctuations, and enhance supply chain reliability.

Meanwhile, by applying the Quality Assessment System in Construction (QLASSIC) standards into our daily workflows, we managed to reduce post-handover rectification expenses, thus enhancing our brand value as a dependable developer while aligning with our sustainability goals.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FINANCIAL PERFORMANCE REVIEW

For the financial year under review, the Group recorded a total revenue of RM64.0 million, representing a decline, in comparison to the RM104.6 million achieved in FYE 2025. This contraction was mainly due to lower contribution from ongoing developments as several projects approached completion stages. In addition, delays in new project launches arising from regulatory approval-related timelines limited the replenishment of revenue-generating activities during the year.

Profit After Tax (PAT) stood at a loss of RM4.7 million, with Earnings Per Share (EPS) at negative 1.04 sen. Consequently, the Group recorded a Return on Assets (ROA) of negative 0.53%, reflecting the temporary mismatch between the Group's asset base and earnings generation during the year.

This shortfall was driven by lower revenue generation against fixed corporate overheads, alongside upfront expenditures required for site preparation, statutory compliance, and pre-launch infrastructure. While margins faced compression from rising material and logistics costs, our in-house procurement strategy and phased development approach prevented more severe profitability erosion.

Cash flow, liquidity and working capital experienced a planned reduction during the year. The contraction was due to capital deployment ahead of future launches. These expenditures included the construction of sales galleries, statutory compliance payments, infrastructure works, structural piling works and other pre-development costs necessary to support the Group's future project pipeline.

Liquidity remains adequately supported by existing credit facilities and internal cash reserves. Management's immediate focus for FYE 2027 includes systematic debt reduction to lower financing costs, improve the net gearing ratio, and enhance financial flexibility for accelerated project execution. In other words, reducing borrowings and strengthening cash flow remain among the Group's priorities moving forward.

LANDBANK AND GROSS DEVELOPMENT VALUE (GDV)

As of 31 March 2026, the Group's undeveloped landbank stood at 394 acres, with an estimated Gross Development Value (GDV) of RM4.8 billion. This substantial land inventory provides approximately 9 to 10 years of sustained development activity. The healthy pipeline offers investors strong revenue visibility and the operational agility to capitalise on market demand in key growth areas.

A key highlight of our fiscal year was landbank expansion involving three lots: 7.33 acres in Dengkil (Selangor), 6.27 acres in Rawang (Selangor), and 9.34 acres in Pusing (Perak, secured via the acquisition of a wholly-owned subsidiary, Sulaiman Properties Sdn. Bhd.).

Total Revenue FYE 2026

RM64.0 MILLION

(FYE 2025 Revenue **RM104.6 million***)*

Gross Development Value (GDV)

RM4.8 BILLION

This substantial land inventory provides approximately 9 to 10 years of sustained development activity.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

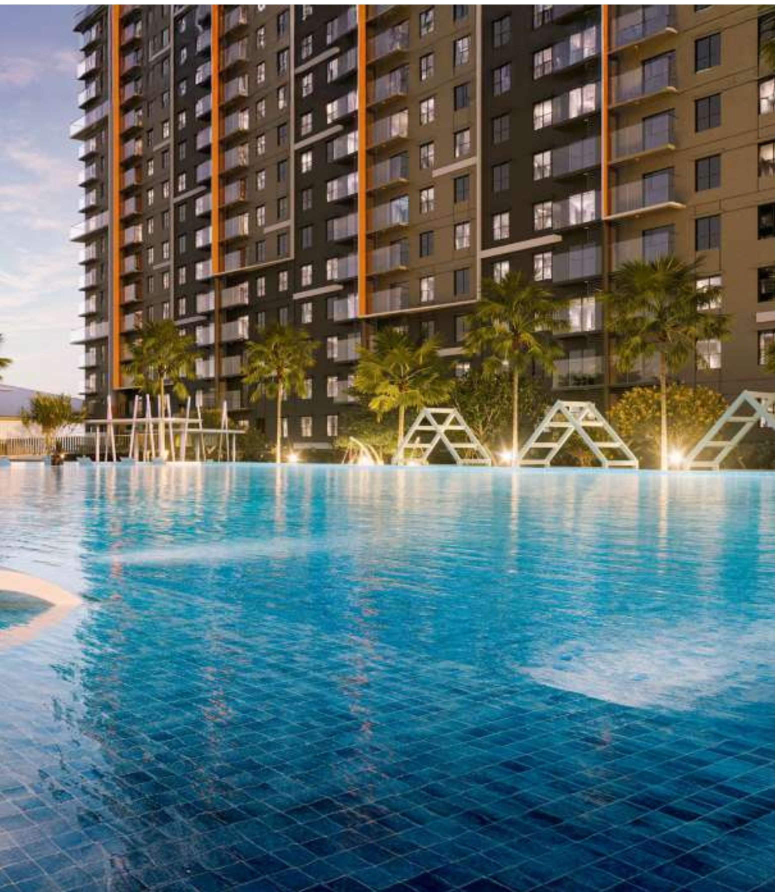
PROJECT PORTFOLIO AT A GLANCE

The Group's ongoing development pipeline carried a total GDV of RM534 million during FYE 2026. Key active sites included: Taman Ara Saujana in Dengkil, Elemence in Pasir Gudang (Phases 5P2A, 5P2B and 5P2C(1)), and Bandar U in Seri Iskandar (Azalea Phase 1 and Santolina Phase 1).

Taman Ara Saujana continued to contribute positively to earnings and cash flow during the year. The development remains a key component of the Group's presence in the Klang Valley, particularly growing residential suburbs.

Elemence in the Iskandar Malaysia economic region rides on easy access to major highways like Pasir Gudang Highway and Senai-Desaru Expressway to benefit from Johor's long-term growth potential and increasing economic activity.

Bandar U is strategically situated halfway between Ipoh and Manjung, with direct access to the Ipoh-Lumut Highway. The integrated township nestles in a major educational hub comprising Universiti Teknologi PETRONAS (UTP) and Universiti Teknologi MARA (UiTM).



FYE 2026 NEW LAUNCHES

On new launches, Hua Yang successfully introduced Ara Residences @ Puchong Horizon (Klang Valley) and Altus Residency in Prai (Penang). These developments expand the Group's portfolio in strategic urban locations and are expected to contribute to future earnings as sales and construction progress.

FYE 2027 LAUNCHES IN THE PIPELINE

For FYE 2027, Hua Yang has outlined five new launches in high-growth suburbs to strengthen the Group's market presence and support future growth. These upcoming developments will be Elemence Phase 3P1A in Pasir Gudang (Johor), Azalea Phase 2 of Bandar U in Seri Iskandar (Perak), Rumah Selangorku (RSKU) affordable housing in Kajang, and two more new projects in Bemban and Tronoh (Perak).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

REGIONAL PRESENCE AND MARKET POSITION

By operating across multiple regions, this geographic diversification strategy safeguards Hua Yang against any single state's market volatility, ensuring a more stable overall performance.

01 KLANG VALLEY

This region remains our core revenue driver, benefiting from consistent population growth, infrastructure expansion, and sustained demand for well-located affordable housing. The launch of Ara Residences @ Puchong Horizon reinforces our competitiveness in mature, highly accessible suburbs. After all, Klang Valley is the country's primary economic and employment hub with unmatched infrastructure and connectivity.

02 JOHOR

The southernmost state displays resilient demand, driven by the near-completion Johor Bahru-Singapore Rapid Transit System (RTS) Link, strong development momentum in Iskandar Malaysia (South Johor Economic Region), and cross-border economic growth. The steady sales of Elemence in Pasir Gudang highlights our product-market fit within this strategic corridor.

03 PERAK

Hua Yang's Bandar U township development in Seri Iskandar underscores our successful expansion into a regional growth area that doubles as an education hub, giving the Group the advantage of riding on long-term demand for affordable landed properties. In addition, Seri Iskandar is the administrative centre of Perak Tengah District.

04 PENANG

Following last year's successful handover of Aston Acacia in Bukit Mertajam, our presence in the northern region is currently shifting towards a consolidation phase. However, the recent launch of Altus Residency in Prai continues to show our ongoing undertakings in this high-growth region.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

HUA YANG'S MULTI-STATE PRESENCE ENSURES THAT THE GROUP DOES NOT RELY ON ANY SINGLE MARKET FOR GROWTH. FROM TOWNSHIP DEVELOPMENT IN PERAK AND JOHOR TO HIGH-RISE HOUSING IN THE KLANG VALLEY AND PENANG, OUR REGIONAL STRATEGY DIRECTLY ADDRESSES THE NATIONWIDE DEMAND FOR AFFORDABLE, ACCESSIBLE HOUSING. THIS BALANCED APPROACH PROVIDES A RESILIENT FOUNDATION FOR OUR SUSTAINED FINANCIAL HEALTH AND OPERATIONAL STABILITY.

FYE 2027 OPERATIONAL PRIORITIES

The Board has set five (5) key pillars to advance our corporate priorities throughout the next financial year:

- **Sales Execution & Construction Acceleration:** Step up booking conversions and speed up physical site progress across all active phases to secure steady, progressive billings;
- **Cost Optimisation:** Continue disciplined budget management such as leveraging in-house procurement, digitally driven project monitoring, and lean construction methods to protect margins;
- **De-gearing the Balance Sheet:** Prioritise project billings towards reducing bank borrowings to reduce interest expenses, improve net gearing, and strengthen balance sheet resilience;
- **Digital Transformation:** Accelerate the adoption of integrated systems, AI-driven analytics, and digital tools across project management, sales tracking and customer engagement, while upskilling staff for operational efficiency and cost optimisation;
- **Branding & Social Media Campaigns:** Intensify targeted marketing through digital channels, community engagement, and lifestyle-focused branding to improve project visibility and buyer conversion.

FYE 2027 GROWTH TARGET

Despite external uncertainties like geopolitical conflicts, oil price fluctuations, and property market overhangs, Hua Yang maintains a cautiously optimistic outlook for FYE 2027, driven by sustained urbanisation that supports the underlying demand for affordable housing. Backed by forthcoming product pipeline and optimised cost structure, and with our presence in all those growth regions as discussed earlier, the Group remains focused on driving sustainable growth and delivering long-term value in the next financial year.

Sincerely,

Ho Wen Yan
Chief Executive Officer (CEO)
Hua Yang Berhad

SUSTAINABILITY STATEMENT

AT HUA YANG, SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS AS WE DELIVER AFFORDABLE HOUSING ACROSS A GROWING NATION.

As a property developer spanning the northern, central, and southern regions of Malaysia, we understand that our strategic decisions carry economic, environmental and social responsibilities that reach far beyond the physical structures we build.

While our sustainability journey continues to evolve, we remain committed to integrating Environmental, Social and Governance (ESG) considerations into our business operations in a practical and responsible manner. We acknowledge that sustainability is an ongoing process that requires continuous improvement, stronger data management, greater transparency and closer engagement with stakeholders.

Guided by our "Structured for Growth, Built on Strength, Driven by Sustainability" tagline, this Sustainability Statement has been prepared with reference to the Sustainability Reporting Guide by Bursa Malaysia Securities Berhad (Bursa Malaysia), covering the ESG matters considered material to the Group for the financial year ended 31 March 2026 (FYE 2026).

ECONOMIC SUSTAINABILITY

*For more information, please refer to **page 38**.*

ENVIRONMENTAL SUSTAINABILITY

*For more information, please refer to **page 39**.*

SOCIAL SUSTAINABILITY

*For more information, please refer to **pages 40 to 47**.*

ESG (8 UN SDGS Adopted)

SUSTAINABILITY GOVERNANCE

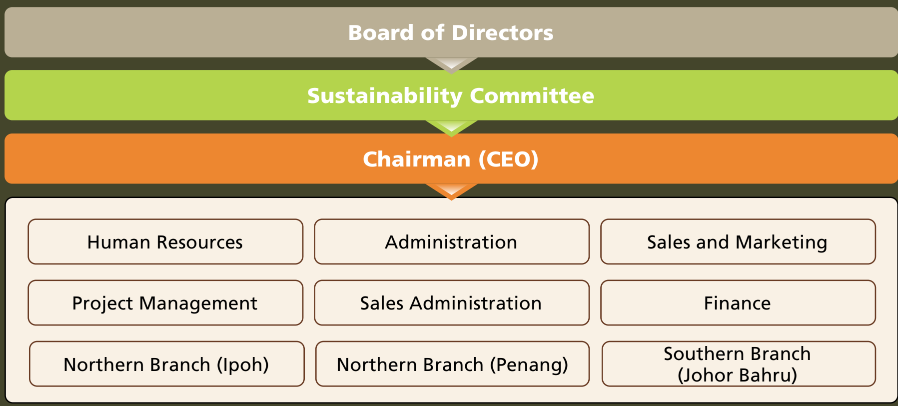
The Board of Directors maintains ultimate oversight of sustainability matters, supported by the Chief Executive Officer (CEO), senior management and the Sustainability Committee, who are responsible for guiding, monitoring and implementing sustainability initiatives across the Group.

At the operational level, the Heads of Departments at the Group's Headquarters across Finance, Human Resources and Administration, Sales Administration, Sales and Marketing, and Project Management collaborate with the regional offices in Penang, Ipoh, and Johor Bahru to execute sustainability initiatives within their respective areas.

Sustainability-related matters are integrated into the respective departments' operational monitoring processes and are generally reviewed on a monthly or quarterly basis, alongside mid-year performance reviews. This approach enables the Group to identify emerging concerns, monitor operational performance and respond appropriately to evolving stakeholder expectations.

Sustainability Governance Structure

Guided by our commitment to sustainable growth, the Group has established a sustainability governance structure that provides clear oversight, accountability and responsibilities across all levels of the organisation. This framework enables the Board of Directors, Management and operational teams to work collaboratively in integrating sustainability into the Group's strategy, decision-making processes and day-to-day operations, while supporting the effective management of material sustainability matters.



Governance Structure	Roles & Responsibility
Board of Directors	**Role** Retains overall responsibility for the Group's sustainability governance. **Responsibilities** • Leads the development and implementation of the Group's sustainability strategy. • Approves key sustainability matters, including policies, targets and disclosures. • Ensures sustainability is integrated into business planning and communicated across the organisation and to stakeholders.
Sustainability Committee	**Role** Provides oversight of the Group's financial reporting, internal controls, compliance, and risk management. **Responsibilities** • Reviews financial statements to ensure accuracy, transparency, and compliance with relevant standards. • Oversees internal audit, compliance, and risk management functions, including ESG-related risks. • Evaluates the effectiveness of internal controls and ensures adherence to laws, regulations, and governance policies.
CEO	**Role** Leads the execution of the Group's sustainability strategy and champions sustainability across the organisation. **Responsibilities** • Embeds sustainability into the Group's culture, operations, and leadership priorities. • Oversees ESG integration across all business functions and monitors progress against targets. • Engages key stakeholders on sustainability matters and ensures material issues are addressed at the executive and Board levels.
Sustainability Working Committee (Departments & Branches)	**Role** Supports the implementation of sustainability initiatives within their respective functions in alignment with Group-wide direction. **Responsibilities** • Executes departmental/ branch-level sustainability action plans and contributes to Group sustainability targets. • Monitors and reports relevant ESG data and progress to the Sustainability team. • Promotes awareness and adoption of sustainability practices within daily operations.

SUSTAINABILITY STATEMENT

REPORTING PERIOD, SCOPE AND BOUNDARY

When, Where and What

This Sustainability Statement covers the period from 1 April 2025 to 31 March 2026, unless otherwise stated. The reporting Scope and Boundary encompasses Hua Yang's domestic operations in Malaysia, including its headquarters in Selangor and regional offices in Penang, Ipoh and Johor Bahru, as well as business activities where the Group exercises operational control.

Basis of Preparation and Data Sources

Prepared in reference to the Bursa Malaysia's Sustainability Reporting Guide, the information is compiled internally based on operational data and inputs from relevant departments. While the Group's financial information is subject to external statutory audit, non-financial sustainability data is currently reviewed through internal management-level verification processes. The Group is progressively enhancing its internal Standard Operating Procedures (SOPs) to improve data traceability and reporting consistency.

STAKEHOLDER ENGAGEMENT AND AREAS OF INTEREST

The Group identifies and prioritises material sustainability matters through internal management processes, operational feedback, and ongoing engagements with key stakeholders.

Stakeholders and Engagements

The Group engages with a diverse range of stakeholders to understand their expectations, address their concerns and strengthen long-term relationships. Our key stakeholder groups include customers, employees, shareholders and investors, financial institutions, suppliers and contractors, regulatory authorities, local communities and the media.

Engagement was conducted through multiple channels including customer service platforms, sales galleries, project launches, internal meetings, performance reviews, regulatory submissions, investor communications, supplier evaluations, site coordination meetings and community engagement activities.

Through these engagements and internal operational reviews, the Group continues to monitor sustainability matters relevant to its business operations, as shown in the table that follows:

Stakeholders	Key Areas of Interest	Engagement Channels	Frequency
Customers	• Product quality • Defect management • Data protection	• Sales galleries • Corporate website • Emails • Social media • Sales & Marketing events • Project previews	As and when required
Employees	• Performance • Workplace environment • Training and development	• Meetings • Townhall sessions • Performance reviews • Internal communications • Training programmes	Periodic / Annually / As required

Stakeholders	Key Areas of Interest	Engagement Channels	Frequency
Regulatory Authorities	• Compliance • Governance • Safety and statutory requirements	• Submissions • Inspections • Announcements • Regulatory reporting	As required / Annually / Periodic
Shareholders & Investors	• Financial performance • Business updates • Governance	• Annual reports • Annual General Meeting • Extraordinary General Meeting • Bursa announcements • Corporate website • Investor enquiries	Periodic / As required / Annually
Financial Institutions	• Financial position • Funding requirements • Project updates	• Meetings • Presentations • Site visits • Documentation	As and when required
Suppliers & Contractors	• Procurement • Project delivery • Quality • Safety	• Contracts • Tenders • Meetings • Site coordination • Evaluation and performance review • Qlassic Assessment	As and when required / Continuous
Media	• Corporate updates • Announcements • Events	• Press releases • Interviews • Corporate communications	As and when required
Local Communities	• Community impact • Development activities	• Community engagement activities • Social media • Project updates • Corporate Social Responsibility (CSR) initiatives	As and when required

The material matters as summarised above consistently reflect the nature of our property development activities.

Emerging Sustainability Matters

For FYE 2026, there were no significant changes to Hua Yang's material sustainability matters compared to the previous reporting period. While the Group currently focuses on existing operational priorities, we recognise emerging sustainability topics such as climate-related physical risks (extreme weather affecting construction), resource efficiency, and sustainable land use. These emerging sustainability matters are being considered in our ongoing business reviews as we adapt to evolving regulatory requirements.

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY

Affordable Housing and National Agenda

HUA YANG'S ECONOMIC SUSTAINABILITY IS DRIVEN BY ITS CORE BUSINESS OF DELIVERING AFFORDABLE HOUSING AND INTEGRATED TOWNSHIPS. OUR COMMITMENT ALIGNS WITH MALAYSIA'S NATIONAL HOUSING PRIORITIES AND THE MADANI ECONOMIC FRAMEWORK BY INCREASING ACCESS TO QUALITY HOMES.

The Group's residential and commercial developments in the Northern (Penang and Perak), Central (Klang Valley) and Southern (Johor) regions supports economic activity through construction, employment and related business activities.

Supply Chain and Local Procurement

In FYE 2026, Hua Yang continued to support local economic participation through its procurement practices, maintaining 100% spending on local suppliers and contractors. This not only supports local businesses and contractors, but also strengthens the resilience of Malaysia's construction ecosystem. The Group also made an indirect contribution to local economic development through the construction of essential infrastructure such as roads, drainage systems and community facilities integrated within its developments, enhancing accessibility and liveability for residents.

Digitalisation and Operational Efficiency

The Group continued its digital transformation efforts to improve operational efficiency and service delivery. During the year, the Group also strengthened its digital governance by enhancing cloud administration, cybersecurity and IT infrastructure management, supporting more secure, efficient and resilient business operations and exploration of AI-enabled reporting and analytics tools. These initiatives support productivity improvements, reduce manual processes and strengthen the Group's ability to manage operations more effectively.

Safeguarding Business Integrity

Hua Yang remains committed to maintaining high standards of integrity and ethical business conduct. Through refresher training to employees, the Group continues to implement Anti-Bribery and Anti-Corruption (ABAC) policies and awareness programmes to reinforce ethical business practices and compliance requirements throughout the organisation. This commitment supports transparency and integrity in the Group's operations and reinforces trust among key stakeholders, including financial institutions, business partners, and investors. These measures contribute to maintaining a culture of integrity within the organisation and support the Group's commitment to ethical business conduct. During FYE 2026, there were no confirmed incidents of corruption, reflecting the Group's commitment to responsible business practices and regulatory compliance.

ENVIRONMENTAL SUSTAINABILITY

RECOGNISING THE CRITICAL ROLE OF ENVIRONMENTAL STEWARDSHIP IN PROPERTY DEVELOPMENT, THE GROUP IMPLEMENTS MEASURES TO OPTIMISE RESOURCE EFFICIENCY AND ENSURE RESPONSIBLE DEVELOPMENT.

Energy and Water Management

Hua Yang adopts energy-efficient design practices, incorporating LED lighting in common areas and natural ventilation in selected high-rise projects. While we have not yet established quantitative baseline reduction targets or implemented rainwater harvesting systems, we continue to integrate energy and water efficiency considerations at the design stage of new developments, in compliance with regulatory requirements.

Green Building Development

Ara Residences Puchong Horizon achieved GreenRE Bronze Provisional Certification, marking an important milestone in the Group's efforts to incorporate sustainability considerations into project design and development. The Group will continue evaluating opportunities to integrate green building principles into future projects where commercially and technically feasible.

Waste Management

While consolidating waste tracking data across all operations remains a work in progress, Hua Yang promotes the principles of Reduce, Reuse and Recycle (3R) across its office operations and development activities. Construction waste management is primarily undertaken by appointed contractors in accordance with regulatory requirements. The Group continues to engage with appointed contractors to improve the availability of construction waste information for sustainability reporting purposes.

Climate-Related Risks

The Group acknowledges that climate change presents both risks and opportunities for the property development industry as construction activities may be affected by severe storms, excessive rainfall and shifting weather patterns. These environmental hazards can cause project delays, hinder on-site productivity and push back project completion dates.

At the same time, transition risks may arise from shifting consumer habits, demands for sustainable buildings, stricter environmental reporting, and evolving green regulations. While the Group has not yet formalised a full climate scenario analysis, we are increasingly integrating climate risks into project planning, engineering design and operational evaluations.

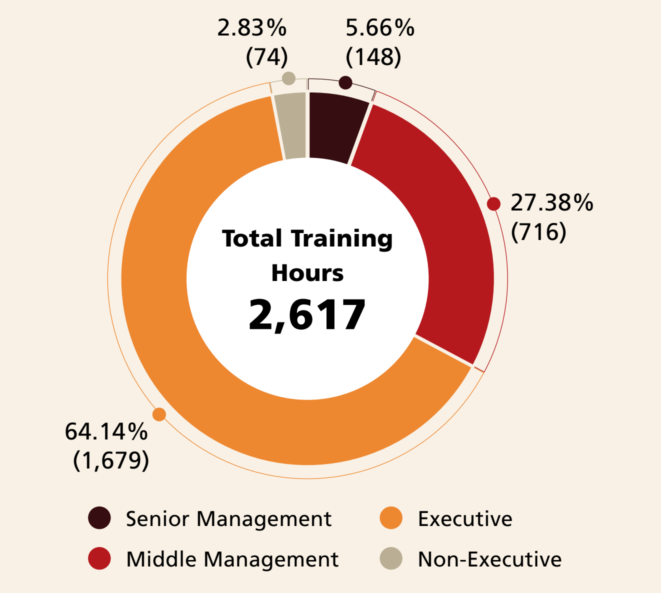
SOCIAL SUSTAINABILITY

AT HUA YANG, WE RECOGNISE THAT OUR PEOPLE ARE THE FOUNDATION OF OUR LONG-TERM SUCCESS. IN LINE WITH OUR "DREAMS" (DEPENDABLE, RELIABLE, EFFICIENT, AFFORDABLE, MOTIVATED, SUSTAINABLE) VALUES, THE GROUP REMAINS COMMITTED TO DEVELOPING A CAPABLE, ADAPTABLE AND FUTURE-READY WORKFORCE THROUGH CONTINUOUS LEARNING, UPSKILLING AND RESKILLING INITIATIVES.

Talent Development

Our learning and development programmes are designed to enhance employees' technical competencies, digital capabilities, leadership effectiveness and awareness of evolving industry requirements, while supporting the Group's strategic objectives, operational excellence and long-term sustainable growth.

During FYE 2026, the Group invested a total of 2,617 training hours across various employee levels, reflecting our commitment to providing continuous learning opportunities throughout the organisation. The distribution of training hours by employee category was as follows:



During FYE 2026, the Group's training initiatives focused on the following key areas:

1. **Digital Readiness and Innovation**

   Strengthening employees' digital capabilities and confidence in adopting emerging technologies, including Artificial Intelligence (AI), digital tools and productivity solutions to enhance efficiency, encourage innovation and support business transformation.

2. **Responsible Business Practices and Safety Awareness**

   Enhancing employees' awareness and understanding of responsible business practices through programmes covering cybersecurity awareness, financial governance, workplace safety and emergency preparedness to promote a secure and resilient working environment.

3. **Leadership Excellence**

   Developing effective leaders by strengthening supervisory, managerial and leadership capabilities, enabling them to inspire teams, manage change effectively and contribute towards organisational performance.

4. **Professional and Technical Excellence**

   Enhancing job-specific competencies through industry-related, technical and operational training programmes to strengthen functional expertise and support operational effectiveness across the Group.

5. **Compliance and Future Readiness**

   Ensuring employees remain informed and prepared for evolving regulatory requirements, industry developments and emerging business needs through relevant compliance and governance-related training.

Through these comprehensive learning and development initiatives, Hua Yang continues to foster a culture of continuous improvement, strengthen organisational capabilities and empower employees to contribute meaningfully towards sustainable business growth.

Diversity and Equal Opportunity Workplace

The Group recognises that a diverse and inclusive workforce is essential in driving organisational excellence, innovation and long-term sustainable growth. As part of its commitment to responsible employment practices, the Group continues to uphold equal opportunity principles across all levels of the organisation.

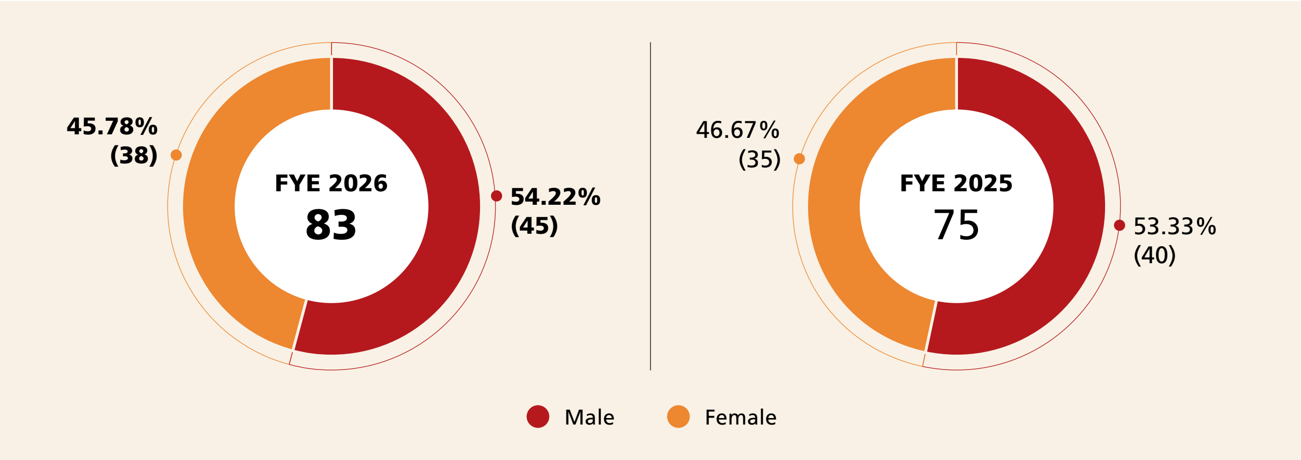
The Group remains committed to providing a workplace environment that promotes respect, fairness and inclusivity, with zero tolerance towards any form of discrimination, victimisation, intimidation, bullying or harassment. In accordance with the Group's code of conduct and Business Ethics Policy, all employment decisions are guided by merit, competencies, qualifications and business requirements, regardless of gender, age, ethnicity, religion, disability or other socio-cultural and demographic factors.

The Group continues to support workforce diversity by providing equitable opportunities for employees to develop their capabilities and progress within the organisation. Where applicable, preference may be given to qualified local candidates who fulfil the required job competencies and position requirements.

In FYE 2026, the Group maintained a diverse workforce composition across all employee categories, including Senior Management, Middle Management, Executive and Non-Executive levels. The Group also recorded an increase in female employee representation, reflecting its continued efforts in strengthening gender diversity and fostering an inclusive workplace culture.

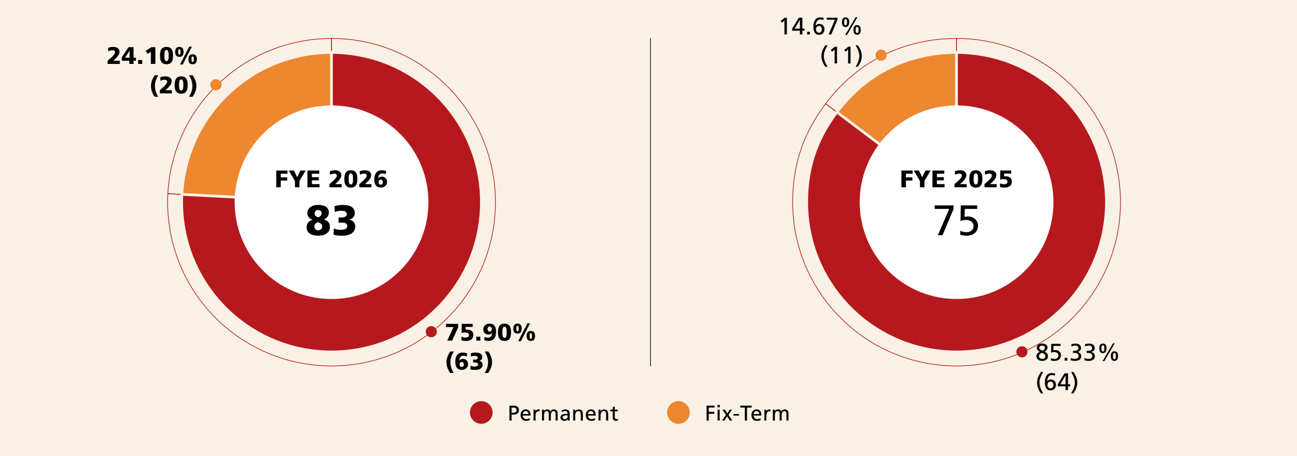
To help your understanding, the following charts provide comparison figures between FYE 2025 and FYE 2026:

1) **Total Workforce (%)**



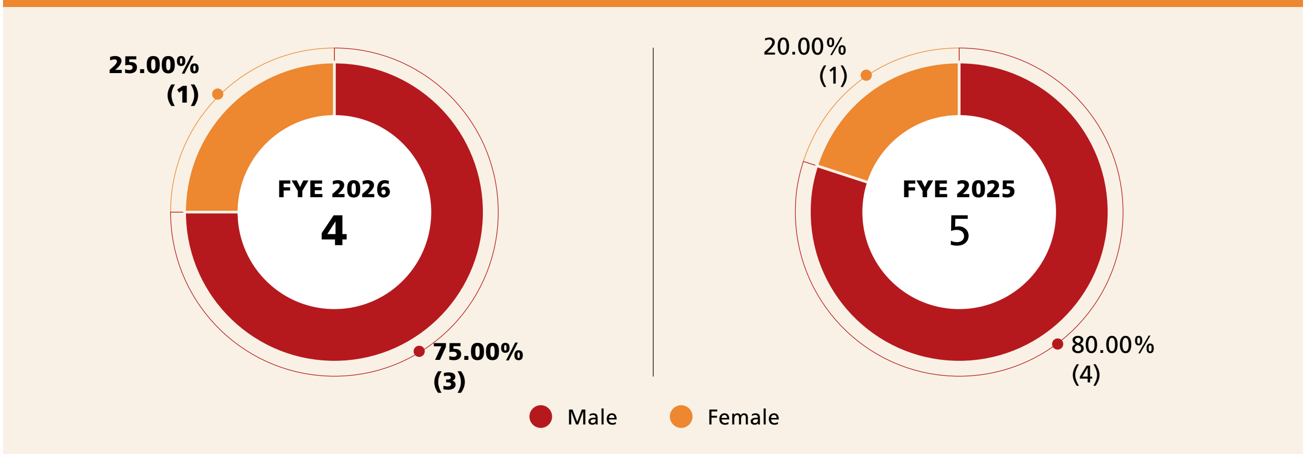
SUSTAINABILITY STATEMENT

2) Total Workforce by Job Category (%)

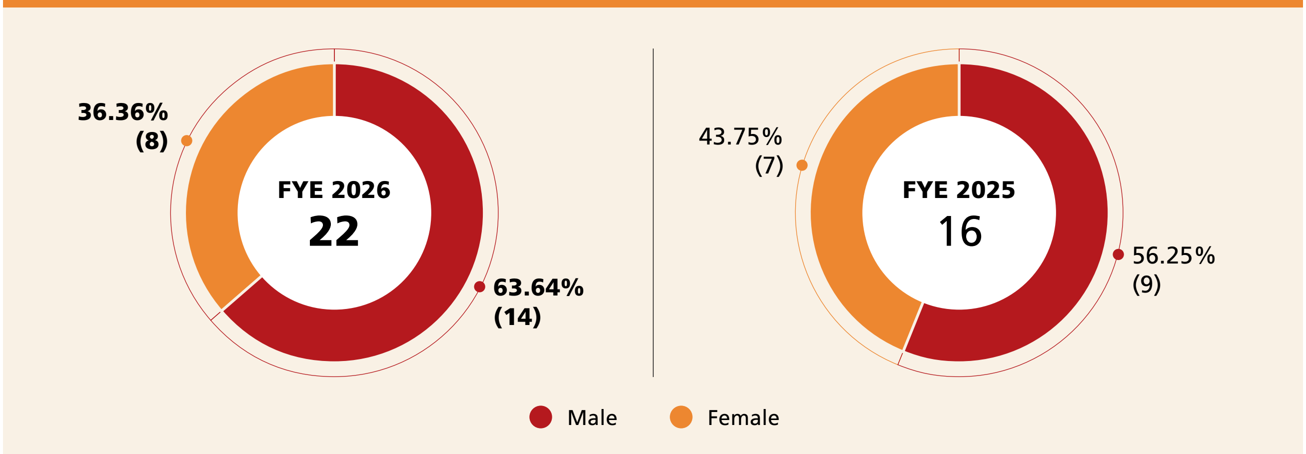


3) Workforce Gender Breakdown by Employee Category (%)

Senior Management

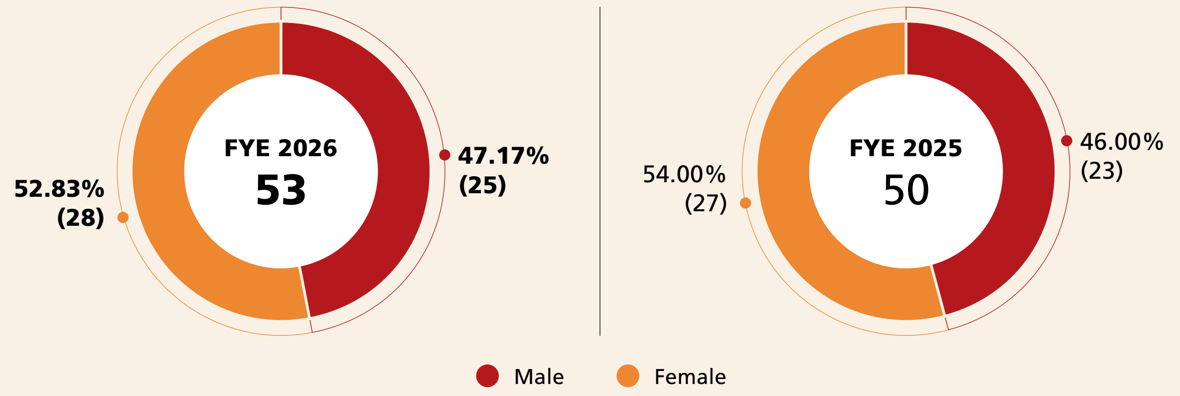


Middle Management

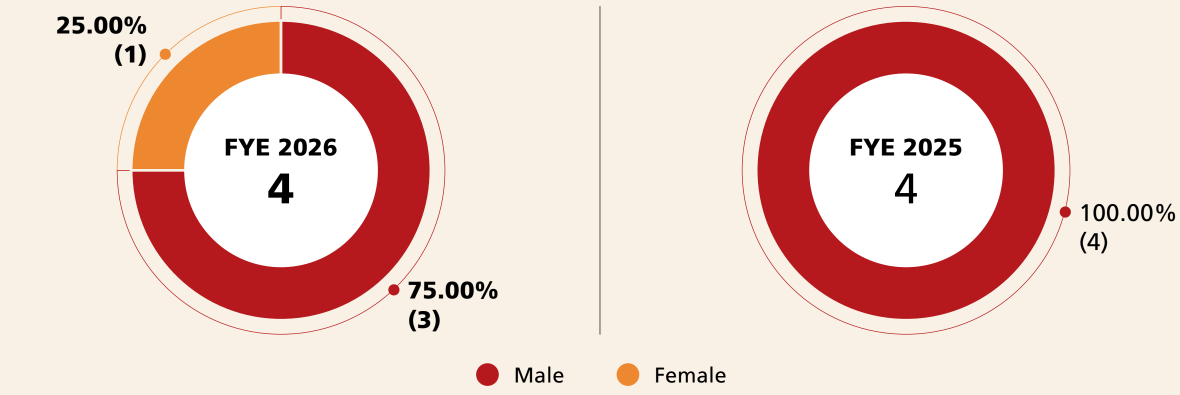


SUSTAINABILITY STATEMENT

Executive

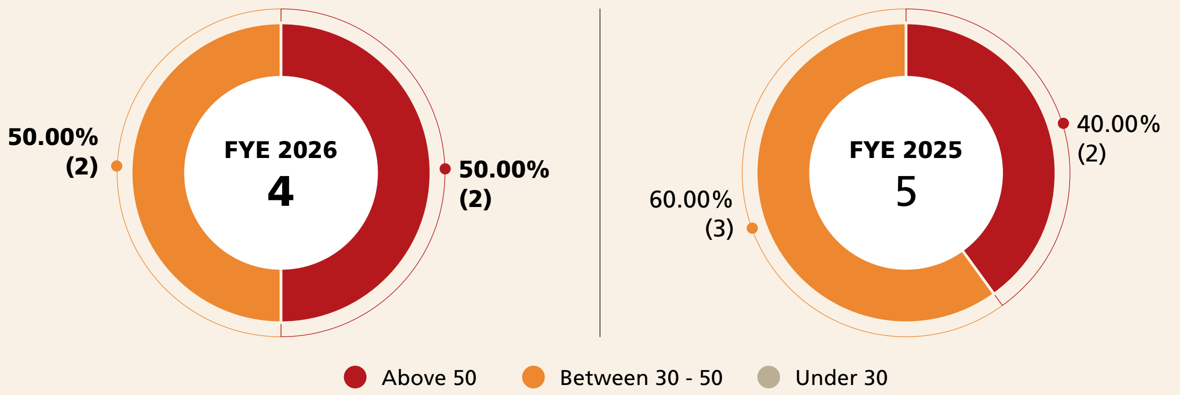


Non-Executive



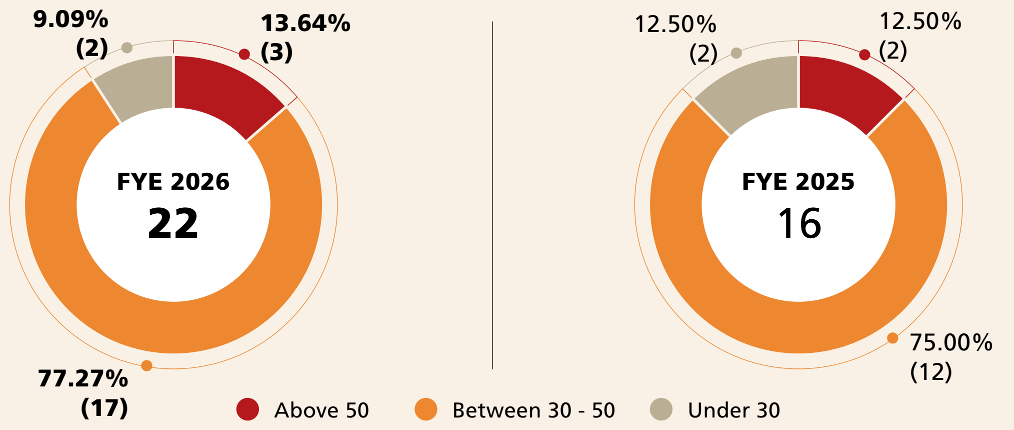
4) Workforce Age Group Distribution by Employee Category (%)

Senior Management

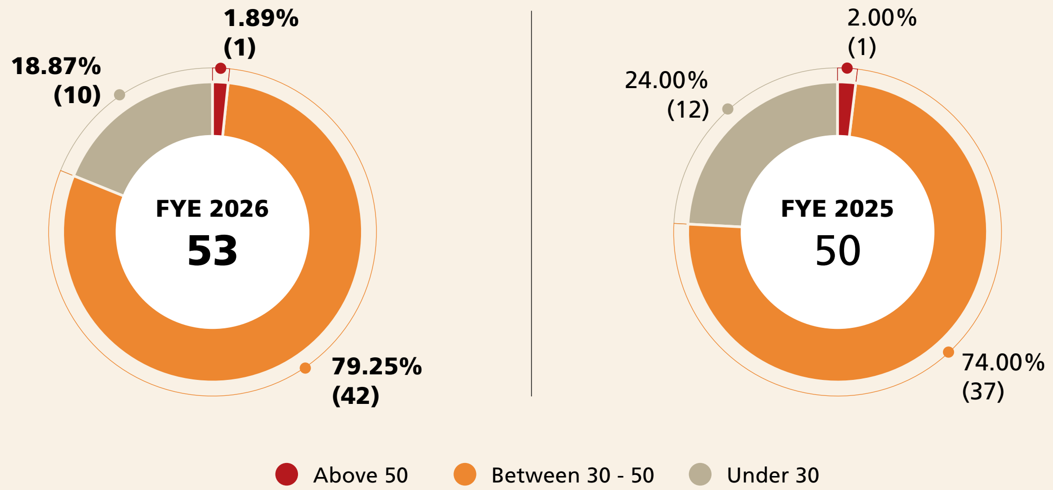


SUSTAINABILITY STATEMENT

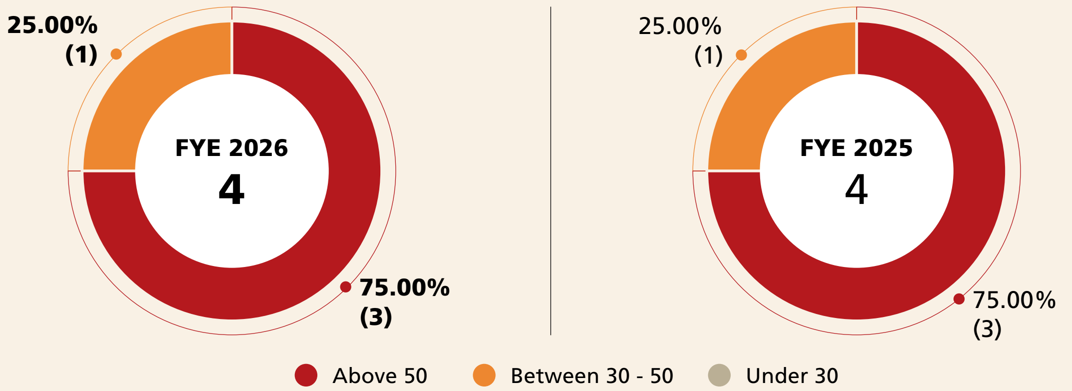
Middle Management



Executive



Non-Executive



SUSTAINABILITY STATEMENT

Employee Turnover and Retention

At Hua Yang, we recognise that our employees are integral to our long-term success and sustainability. Maintaining a stable, engaged and capable workforce is essential in supporting operational resilience, preserving organisational knowledge and achieving our strategic objectives.

The Group continues to place strong emphasis on talent retention by fostering a supportive workplace culture, providing competitive compensation and benefits, enhancing employee engagement, recognising employee contributions and creating opportunities for continuous learning and development.

During FYE 2026, the Group recorded an employee turnover rate of 20%, reflecting an improvement from 23% in FYE 2025. This positive trend demonstrates the effectiveness of our ongoing efforts to strengthen employee engagement and workforce stability. In particular, turnover among middle management employees recorded a significant improvement, declining from 9% in FYE 2025 to 1% in FYE 2026, reflecting stronger retention of experienced talent and leadership capabilities within the Group.

To further support employee retention, Hua Yang continues to enhance its workplace initiatives through employee engagement programmes, communication platforms, recognition initiatives and comprehensive employee welfare programmes aligned with the principles outlined in the Group's Employee Guidebook.

Employee Engagement

Hua Yang recognises that meaningful employee engagement is essential in building a connected, motivated and high-performing workforce. The Group continues to strengthen employee relationships by promoting open communication, encouraging collaboration and creating opportunities for employees to actively participate in shaping a positive workplace environment.

The Group has established various communication platforms to facilitate continuous engagement between employees and management, including Town Hall sessions, group operations committee meetings, operational branch meetings and departmental discussions. These platforms enable employees to share feedback, exchange ideas and gain better understanding of the Group's direction, priorities and business objectives.

Beyond communication initiatives, Hua Yang continues to organise employee engagement activities throughout the year to strengthen team relationships, promote employee well-being and cultivate a culture of appreciation and inclusiveness.

During FYE 2026, key employee engagement initiatives included:

- **Festive Celebrations** – Company-wide celebrations for Chinese New Year and Hari Raya to promote cultural appreciation, inclusiveness and stronger connections among employees.
- **Chinese New Year Hamper Giveaway** – An appreciation initiative to recognise employees and share festive joy during the celebration period.
- **Annual Fruits Festival** – An initiative aimed at promoting wellness, encouraging social interaction and strengthening team bonding through shared experiences.
- **Hua Yang Wellness & Financial Safety Day** – A holistic employee wellness programme featuring health screenings, dental and optical checks, health awareness sessions and financial management talks.

Through these initiatives, Hua Yang continues to foster a workplace culture where employees feel valued, engaged and connected to the organisation's long-term success.

SUSTAINABILITY STATEMENT

Recognising Employee Contributions and Loyalty

Hua Yang believes that recognising employees' dedication and contributions is essential in building a culture of appreciation and strengthening employee commitment.

The Group continues to implement recognition initiatives to acknowledge employees who have demonstrated exceptional commitment, loyalty and valuable contributions throughout their employment journey.

The Long Service Reward reflects Hua Yang's appreciation towards employees who have dedicated significant years of service to the Group. In FYE 2026, a total of nine (9) employees were recognised under this reward for achieving continuous service milestones, commencing from five (5) years of service onwards.

Through this recognition, the Group reinforces the importance of employee loyalty, commitment and shared success, while encouraging employees to continue growing their careers with the Group.

Employee Benefits and Well-being

Hua Yang remains committed to supporting employees' overall well-being by providing a comprehensive range of benefits designed to support their professional and personal needs.

The Group regularly reviews its human resource policies, benefits structure and employee welfare initiatives to ensure alignment with market practices and evolving workforce expectations.

In addition to statutory benefits, Hua Yang provides a broad range of monetary and non-monetary benefits, including:

Leave Benefits
- Annual Leave
- Emergency Leave
- Maternity Leave
- Paternity Leave
- Medical and Hospitalisation Leave
- No Pay Leave
- Prolonged Illness Leave
- Hajj Leave
- Unrecorded Leave (Half-day leave on the eve of Chinese New Year and Hari Raya)
- Special Leave, including Compassionate Leave, Marriage Leave and Exam Leave

Health and Wellness Benefits
- Outpatient medical coverage
- Dental and optical benefits
- Health screening
- Hospitalisation and surgical insurance coverage
- Group Personal Accident coverage

Employee Support and Reimbursement
- Mileage, toll and parking reimbursement
- Overtime
- Meal allowance
- Business travel entitlements
- Accommodation and transportation benefits

Additional Employee Benefits
- Free parking facilities
- Wedding gifts
- Examination rewards
- Professional membership subsidies
- Staff discounts on property purchases
- Long Service Rewards

These initiatives demonstrate the Group's commitment to creating a supportive workplace environment that promotes employee welfare, engagement and long-term retention.

SUSTAINABILITY STATEMENT

Occupational Health and Safety (OHS)

The safety and well-being of our employees and contractors remain a priority across all our construction sites, offices and wherever they operate. Hua Yang recorded zero (0) work-related fatalities and zero (0) Lost Time Injury Rate (LTIR) during FYE 2026, reflecting continued emphasis on workplace safety practices and compliance. In addition, a total of twenty-six (26) employees received First Aid training during the year, supporting greater safety awareness and emergency preparedness within the organisation.

Product Quality and Customer Satisfaction

The Group remains committed to delivering quality homes that meet customer expectations. During FYE 2026, the commercial component of Elemence Phase 5P2A in Pasir Gudang achieved a Qlassic score of 81%, reflecting the Group's commitment to maintaining quality standards throughout project delivery. Insights gathered across sales galleries, customer care and post-handover stages help refine quality and improve the homeowner experience.

Customer Data Privacy

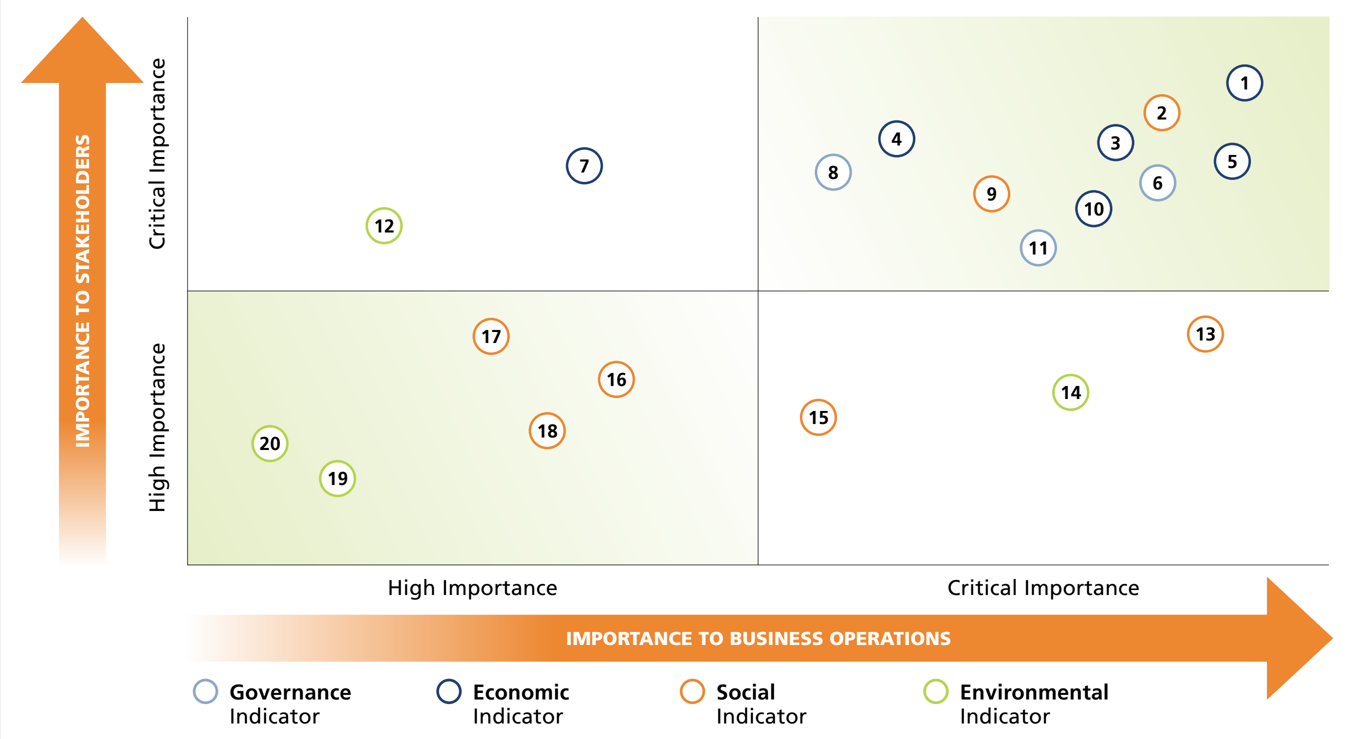
Protecting customer information and complying with the Personal Data Protection Act (PDPA) are fundamental to maintaining the trust of our homebuyers. The Group implements measures to comply with the PDPA in relation to the collection, storage, processing and protection of customers' personal information. Personal data collected through sales galleries and online channels is safeguarded through appropriate controls, with access restricted to authorised personnel and used only for legitimate business purposes.

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

For FYE 2026, the following tables summarise the Group's sustainability performance against Bursa Malaysia's Common Indicators. The data reflects the current readiness and regulatory alignment of the Group's sustainability reporting framework and serves as an important baseline for strengthening future ESG performance.

Materiality Matrix



The 20 Material Matters As Categorised Into 4 Sustainability Pillars

Governance Excellence	Economic Responsibility	Social Impact	Environmental Stewardship
6 Governance & Compliance 8 Ethics and Integrity 11 Corporate Governance & Transparency	1 Housing Affordability 3 Digital Transformation 4 Market Presence 5 Economic Performance 7 Supply Chain Management 10 Project Management	2 Occupational Safety and Health 9 Customer Satisfaction & Brand Reputation 13 Product Quality 15 Employee Benefits 16 Customer Privacy 17 Employee Development 18 Community Engagement	12 Energy Efficiency 14 Waste Management 19 Green Building Compliance 20 Water
Key Areas of Interest			
• Data Privacy and Security • Anti-Corruption and Corporate Governance • Whistleblowing Policy • Risk Management and Mitigation	• Supply Chain Management • Digital Transformation • Housing Affordability • Brand Recognition & Product Quality Control • LandBank	• Healthy Lifestyle • Talent Retention & Development • Anti-Sexual Harassment • Gender Equality • Career Development (Local Talent) • Occupational Health & Safety • Labour & Human Rights • Community Aid	• Resource Management • Energy Efficiency

SUSTAINABILITY STATEMENT

A. Environmental Data

Metric	Unit	FYE 2025	FYE 2026
Total Energy Consumption	Megawatt	393.445	**529.801**
Total Volume of Water Used	Megalitres	13.138	**21.931**
Total Waste Generated	Metric tonnes	0.00	**0.00***
Scope 1&2 GHG Emissions	Metric tonnes CO_2e	0.00	**392.05**
Scope 3 GHG Emissions	Metric tonnes CO_2e	0.00	**0.00**

*Note:
Construction waste is managed by contractors at the site level.

B. Labour Practices and Diversity Data

Metric	Unit	FYE 2025	FYE 2026
Training Hours			
- Senior Management	Hours	410	**148**
- Middle Management	Hours	298	**716.5**
- Executive	Hours	147	**1,678.5**
- Non-Executive	Hours	2	**74**
Employee Turnover			
- Senior Management	Number	0	**1**
- Middle Management	Number	9	**1**
- Executive	Number	12	**15**
- Non-Executive	Number	1	**4**
Workforce Diversity (FYE 2026)			
- Gender (Male/Female)	%	-	**54.22% / 45.78%**
- Age (Under 30 / 30-50 />50)	%	-	**19.28% / 72.29% / 8.43%**
- Ethnicity (Malay/Chinese/Indian)	%	-	**51.81% / 40.96% / 7.23%**
Board Diversity (FYE 2026)			
- Gender (Male / Female)	%	66.67% / 33.33%	**83.33% / 16.67%**
- Age (30-50 / Above 50)	%	16.67% / 83.33%	**16.67% / 83.33%**

C. Health, Safety and Community Data

Metric	Unit	FYE 2025	FYE 2026
Work-related Fatalities	Number	0	**0**
Lost Time Incident Rate (LTIR)	Rate	0	**0**
Employees Trained on H&S	Number	5	**26**
Substantiated Human Rights Complaints	Number	0	**0**
Proportion of Spending on Local Suppliers	%	100	**100**
Confirmed Incidents of Corruption	Number	0	**0**
Breaches of Customer Privacy	Number	0	**0**

SUSTAINABILITY STATEMENT

Restatement of Prior-Year Sustainability Data

Following an internal review of the Group's sustainability data collection process, the Group has enhanced its sustainability data reporting boundary and presentation approach to provide a more comprehensive representation of its operational footprint and improve the accuracy, consistency and comparability of its sustainability disclosures.

Accordingly, the FYE 2025 energy and water consumption data have been restated to align with Bursa Malaysia's prescribed sustainability reporting format and common sustainability indicators.

For energy consumption, the FYE 2025 data has been restated to incorporate additional electricity consumption sources within the Group's operational responsibility. The revised reporting boundary includes electricity consumption from corporate offices, sales galleries, project sites, common areas of completed developments, leasing buildings, and unsold units where electricity costs are borne by the Group.

The enhanced reporting boundary also captures energy consumption arising from other operational and support facilities managed or financially supported by the Group, including electric vehicle (EV) charging facilities for company EV cars, basement car park lighting maintained for the safety, security, and convenience of car owners, as well as other building support functions required to facilitate the Group's operations. The inclusion of these additional energy-consuming areas provides a more complete representation of the Group's electricity consumption arising from facilities under its operational responsibility. The increase in the restated FYE 2025 energy consumption compared with the previously disclosed figures is primarily attributable to the expanded reporting boundary and improved data completeness, rather than a change in the actual consumption patterns of previously reported facilities.

For water consumption, the FYE 2025 data has been converted from cubic metres (m^3) to megalitres (ML) to align with Bursa Malaysia's prescribed reporting format and improve consistency across reporting periods. This conversion is a presentation enhancement and does not represent any change to the underlying water consumption data.

The restatement and unit conversion of FYE 2025 energy and water consumption data are intended to enhance transparency and ensure comparability with future reporting periods. The Group will continue to strengthen its sustainability data governance, internal controls, and data collection processes to support accurate, consistent, and transparent sustainability disclosures.

BUILDING SUSTAINABLE GROWTH

The Board believes that meaningful sustainability is built on transparency, resilience and continuous improvement. In line with Bursa Malaysia's reporting principle of balance, this Sustainability Statement presents both the Group's achievements and the areas requiring further enhancement.

Recognising Our Challenges

FYE 2026 continued to present a challenging operating environment marked by rising construction material costs, labour shortages, higher financing expenses and evolving regulatory requirements. While the Group continued implementing digitalisation initiatives, office facility & working environment upgrade, several IT infrastructure and ESG data management projects progressed at a more slowly pace as we concentrated our resources on immediate operational needs. The Group will continue to advance its digital transformation efforts to strengthen operational resilience, improve efficiency and support long-term sustainable growth.

Maturing Our Reporting Framework

Hua Yang also acknowledges that its ESG reporting framework is still evolving and in a developmental stage. We are actively expanding our data collection systems, internal workflows, and team capabilities to better address complex areas such as Scope 1, Scope 2 and Scope 3 emissions tracking, climate risk assessments, waste data consolidation and biodiversity reporting.

LOOKING AHEAD: FYE 2027 PRIORITIES

AS HUA YANG ADVANCES ITS SUSTAINABILITY JOURNEY, FINANCIAL YEAR ENDING 2027 WILL FOCUS ON STRENGTHENING ESG GOVERNANCE, IMPROVING DATA QUALITY AND ENHANCING OPERATIONAL RESILIENCE.

Our key priorities include:

Strengthening ESG Data Maturity

The Group will continue upgrading its internal reporting systems to establish reliable baselines for Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Concurrently, we will refine environmental data collection, enhance workforce diversity tracking, and strengthen overall sustainability performance monitoring.

Advancing Digital and Green Integration

Building on the Group's ongoing efforts, we will continue to leverage digital platforms to optimise project coordination and streamline workflows. These initiatives are expected to minimise rework, enhance operational efficiency and improve collaboration. Ultimately, these advancements will drive more sustainable construction practices and strengthen project delivery.

Tackling Climate Crisis and Enhancing Regulatory Readiness

The Group continues to track evolving regulatory updates, specifically the Task Force on Climate-Related Financial Disclosures (TCFD) and Bursa Malaysia Sustainability Reporting Guide. The Group will continue monitoring these developments to support future governance, risk management and sustainability reporting.

Through these priorities, Hua Yang aims to progressively strengthen its sustainability capabilities while continuing to deliver quality, affordable homes that create long-term value for all stakeholders.

Statement of Assurance

This Sustainability Statement has not been subjected to an external independent assurance process.

The non-financial and sustainability-related information presented in this Statement is compiled internally based on operational data and inputs from the respective departments across the Group. The data is subject to internal management-level verification processes to support the consistency and accuracy of the reported data.

The Group continues to enhance its internal SOPs and data management processes to strengthen data traceability, accuracy and consistency in sustainability reporting across its operations.

SUSTAINABILITY STATEMENT

BURSA MALAYSIA CSI PLATFORM PRESCRIBED TABLE

HUA YANG BHD
BMLR Transition Period

Date & Time: 2026-07-23_17:25:33
Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Energy management	Total energy consumption	Megawatt	393.445	529.801	-	No assurance	Please refer to the "Restatement of Prior-Year Sustainability Data" on page 50 of the Annual Report
Water	Total volume of water used	Megalitres	13.138	21.931	-	No assurance	Please refer to the "Restatement of Prior-Year Sustainability Data" on page 50 of the Annual Report
Labour practices and standards	Total hours of training by employee category - Senior Management	Hours	410	148	-	No assurance	
Labour practices and standards	Total hours of training by employee category - Middle Management	Hours	298	716.5	-	No assurance	
Labour practices and standards	Total hours of training by employee category - Executive	Hours	147	1678.5	-	No assurance	
Labour practices and standards	Total hours of training by employee category - Non-Executive	Hours	2	74	-	No assurance	
Labour practices and standards	Percentage of employees that are Full Time Fixed-Contract	Percentage	15	24.10	-	No assurance	
Labour practices and standards	Total number of employee turnover by employee category - Senior Management	Number	0	1	-	No assurance	
Labour practices and standards	Total number of employee turnover by employee category - Middle Management	Number	9	1	-	No assurance	

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HUA YANG BHD

BMLR Transition Period

Date & Time: 2026-07-23_17:25:33

Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Labour practices and standards	Total number of employee turnover by employee category - Executive	Number	12	15	-	No assurance	
Labour practices and standards	Total number of employee turnover by employee category - Non-Executive	Number	1	4	-	No assurance	
Labour practices and standards	Number of substantiated complaints concerning human rights violations	Number	0	0	-	No assurance	
Diversity	Percentage of employees by age group - Senior Management Under 30	Percentage	0.00	0.00	-	No assurance	
Diversity	Percentage of employees by age group - Senior Management Between 30-50	Percentage	60.00	50.00	-	No assurance	
Diversity	Percentage of employees by age group - Senior Management Above 50	Percentage	40.00	50.00	-	No assurance	
Diversity	Percentage of employees by age group - Middle Management Under 30	Percentage	12.50	9.00	-	No assurance	
Diversity	Percentage of employees by age group - Middle Management Between 30-50	Percentage	75.00	77.00	-	No assurance	
Diversity	Percentage of employees by age group - Middle Management Above 50	Percentage	12.50	14.00	-	No assurance	
Diversity	Percentage of employees by age group - Executive Under 30	Percentage	24.00	19.00	-	No assurance	

HUA YANG BHD

BMLR Transition Period

Date & Time: 2026-07-23_17:25:33

Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Diversity	Percentage of employees by age group - Executive Between 30-50	Percentage	74.00	79.00	-	No assurance	
Diversity	Percentage of employees by age group - Executive Above 50	Percentage	2.00	2.00	-	No assurance	
Diversity	Percentage of employees by age group - Non-Executive Under 30	Percentage	0.00	0.00	-	No assurance	
Diversity	Percentage of employees by age group - Non-Executive Between 30-50	Percentage	25.00	25.00	-	No assurance	
Diversity	Percentage of employees by age group - Non-Executive Above 50	Percentage	75.00	75.00	-	No assurance	
Diversity	Percentage of employees by gender group - Senior Management Male	Percentage	80.00	75.00	-	No assurance	
Diversity	Percentage of employees by gender group - Senior Management Female	Percentage	20.00	25.00	-	No assurance	
Diversity	Percentage of employees by gender group - Middle Management Male	Percentage	56.25	64.00	-	No assurance	
Diversity	Percentage of employees by gender group - Middle Management Female	Percentage	43.75	36.00	-	No assurance	
Diversity	Percentage of employees by gender group - Executive Male	Percentage	46.00	47.00	-	No assurance	

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BMLR Transition Period

Date & Time: 2026-07-23 17:25:33

Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Diversity	Percentage of employees by gender group - Executive Female	Percentage	54.00	53.00	-	No assurance	
Diversity	Percentage of employees by gender group - Non-Executive Male	Percentage	100.00	75.00	-	No assurance	
Diversity	Percentage of employees by gender group - Non-Executive Female	Percentage	0.00	25.00	-	No assurance	
Diversity	Percentage of directors by gender group - Male	Percentage	66.67	83.33	-	No assurance	Restated the FYE 2025 percentage.
Diversity	Percentage of directors by gender group - Female	Percentage	33.33	16.67	-	No assurance	Restated the FYE 2025 percentage.
Diversity	Percentage of directors by age group - Under 30	Percentage	0.00	0.00	-	No assurance	
Diversity	Percentage of directors by age group - Between 30-50	Percentage	16.67	16.67	-	No assurance	Restated the FYE 2025 percentage.
Diversity	Percentage of directors by age group - Above 50	Percentage	83.33	83.33	-	No assurance	Restated the FYE 2025 percentage.
Health and safety	Number of work-related fatalities	Number	0	0	-	No assurance	
Health and safety	Lost time incident rate ("LTIR")	Rate	0	0	-	No assurance	
Health and safety	Number of employees trained on health and safety standards	Number	5	26	-	No assurance	

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HUA YANG BHD

BMLR Transition Period

Date & Time: 2026-07-23_17:25:33

Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Community/Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0	0	-	No assurance	
Community/Society	Total number of beneficiaries of the investment in communities	Number	0	0	-	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Senior Management	Percentage	6.67	0.00	-	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Middle Management	Percentage	21.33	0.00	-	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	66.67	0.00	-	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Non-Executive	Percentage	5.33	0.00	-	No assurance	
Anti-corruption	Percentage of operations assessed for corruption--related risks	Percentage	0.00	0.00	-	No assurance	
Anti-corruption	Confirmed incidents of corruption and action taken	Number	0	0	-	No assurance	

This report was generated on the Bursa Malaysia CSI Platform on 2026-07-23_17:25:33

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BMLR Transition Period

Date & Time: 2026-07-23_17:25:33

Main Market | Group 2 | FYE 31/03/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance	Remarks
Supply chain management	Proportion of spending on local suppliers	Percentage	100	100	-	No assurance	
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	-	No assurance	
Waste management	Total waste generated	Metric tonnes	0.00	0.00	-	No assurance	
Waste management	Total waste diverted from disposal	Metric tonnes	0.00	0.00	-	No assurance	
Waste management	Total waste directed to disposal	Metric tonnes	0.00	0.00	-	No assurance	
Emissions management	Scope 1 emissions in tonnes of CO2e	Metric tonnes	0.00	0.00	-	No assurance	
Emissions management	Scope 2 emissions in tonnes of CO2e	Metric tonnes	0.00	392.05	-	No assurance	
Emissions management	Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.00	0.00	-	No assurance	

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Hua Yang Berhad ("Hua Yang" or "the Company") is committed to ensuring that the highest standards of corporate governance are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities in protecting and enhancing shareholders' value. In this regard, the Board supports the principles set out in the Malaysian Code on Corporate Governance 2021 ("the Code"). These principles and practices, together with the Group's existing internal control processes, are regularly audited and reviewed to ensure that transparency, integrity and accountability are upheld throughout the financial year ended 31 March 2026 ("FYE 2026"). Further details on the application of each individual practice of the Code are available in the Corporate Governance Report, which is available on the Company's website at 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 sets out the manner in which the Group has applied the principles and recommendations prescribed under the Code.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company is led and managed by an experienced Board comprising members with diverse expertise and extensive experience in relevant field, who collectively brings a broad range of skills, experience and knowledge necessary to effectively direct, supervise and oversee the Group's business activities.

The roles of the Board as stated in the Board Charter are as follows:

- Representing and promoting the interests of the shareholders with a view to adding long-term value to the Company's shares.
- Ensuring that the positions of Chairman and Chief Executive Officer ("CEO") are held by different individuals.
- Ensuring the Company's goals are clearly established, and that the strategic plans developed by Management support long-term value creation, including strategies on economic, environment and social consideration underpinned by sustainability.
- Directing future expansion and reviewing investments made by the Company.
- Together with senior management, promoting a good corporate governance culture within the Company that 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 succession plans to ensure that all candidates appointed to senior management positions are of sufficient calibre and that programmes are in place to provide for the orderly succession of senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Deciding on the steps to be taken to protect the Company's assets and its ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- Ensuring that proper procedures are in place to ensure that the Company's financial statements present a true and fair view and are prepared in accordance with 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.
- Ensuring that the Company has in place procedures to enable effective communication with stakeholders.
- Ensuring that 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 the adoption of corporate governance best practices. The appointment and removal of the Company Secretary shall be a matter of the Board as a whole.

KEY RESPONSIBILITIES OF CHAIRMAN

During FYE 2026, Tan Sri Dato' Seri Dr. Ting Chew Peh, the Non-Independent Non-Executive Chairman, was responsible for the effective conduct and governance of the Board.

The Chairman is principally responsible for the functioning of the Board, which includes the following:

- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions, and ensuring the integrity and effectiveness of the Board's governance process.
- Participating in the selection of Board members and ensuring that the composition of the Board is appropriately balanced.
- Setting agenda for Board meetings, usually in conjunction with the CEO and the Company Secretary. The Chairman ensures that the agenda and all necessary background papers are given to the Directors at least seven (7) days before the meeting to enable adequate consideration prior to the meeting.
- Chairing meetings of the Board and general meeting in a manner that stimulates debate on the issues before the Board and encourages effective contributions from each Director.
- Facilitating Board meetings to ensure that no Directors, whether executive or non-executive, dominates discussions, that appropriate deliberations take place, and that relevant opinions among Directors are forthcoming.
- Reviewing the minutes of Board meetings before circulation to ensure that they accurately reflect the Board's deliberations, and matters arising requiring further action have been appropriately addressed.
- Ensuring that the Company provides orientation and education programmes 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 these goals are to 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 within the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Chairman, along with all other Directors, recognises that the CEO is the leader of the Company in all matters relating to Management. Although the Chairman is not involved in the day-to-day operations of the Company, he is kept informed by the CEO of all significant matters and makes himself available to the CEO as part of the control mechanism to ensure that the CEO's decisions are properly considered and sound. The Chairman also provides assistance and advice when necessary, especially on sensitive matters which the CEO may feel unable to discuss with other executives, and ensures that the CEO properly understands the Board's decisions and instructions. The CEO is responsible for reporting to the Board as a whole and not solely to the Chairman.

The Chairman chairs all general meetings and uses these occasions as an opportunity to inform shareholders of the Company's affair, including its performance. He allows and encourages shareholders to express their views, provided that such views remain relevant to the matters under discussion. The Chairman then summarises and unifies the thoughts and ideas raised. He also maintains control over the meetings to ensure that the proceedings are conducted smoothly.

The Chairman also plays a leading role in presenting the Company's proposal, whether formally or informally, to the authorities, institutional or potential investors, and parties who influence the environment in which the Company operates.

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

KEY RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

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

The principal responsibilities of the CEO include:

- The CEO is responsible for leading the management team, overseeing the implementation of the policies/decisions approved by the Board, and acting as the Group's official spokesperson.
- The CEO is responsible for planning 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 also responsible for ensuring compliance with 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 2026 to keep abreast of the latest developments in the Listing Requirements and Companies Act 2016.

The responsibilities of the Company Secretaries are:

- Ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are compiled with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Managing all Board and Committee meeting logistics, attending and recording minutes of all Board and Committee meetings, and facilitating Board communications.
- Advise the Board on its roles and responsibilities.
- Facilitating the orientation of new Directors and assisting in Director training and development.
- Advising the Board on corporate disclosures and compliance with company and securities regulations and Listing Requirements.
- Managing processes pertaining to the Annual General Meeting.
- Monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.
- Serving 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 Company Secretaries for matters relating to the Board's affairs and the business of the Company.

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 meetings. The meeting materials are circulated at least seven (7) days in advance of the Board meeting.

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

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 the processes and procedures for convening Board meetings. The Board reviews the Board Charter as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities, as well as 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 a total purchase consideration at a 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 out in the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CODE OF CONDUCT AND BUSINESS ETHICS

The Board is aware of the need to establish a corporate culture that foster the common goal of achieving business profitability while cultivating ethical business conduct.

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

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

WHISTLEBLOWING POLICY AND PROCEDURES

This provides an avenue for 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 wrongdoing before serious damage is caused.

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

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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

The Company is committed to upholding a high standard of business ethics to create an environment of mutual trust while increasing the confidence of stakeholders, both internally and externally.

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

INDEPENDENCE

During FYE 2026, the Board comprised of two (2) Independent Directors out of a total of six (6) Directors, representing 33% of the Board composition. The ratio of Executive Director to Non-Executive Directors was 1:5, providing an appropriate balance on the Board and ensuring that the Board decision-making process is not dominated by the Executive Director.

The Independent Directors play a key role in providing objective, unbiased and independent views to the Board. They actively participate in Board deliberations and consistently strive to attend all the Board meetings to contribute their knowledge, expertise and experience. Their participation ensures that the Board discussions take into consideration diverse perspective and constructive viewpoints.

The Board is of the view that the current composition remains effective in promoting balanced and objective deliberations, while enabling the Company to achieve the intended outcome of diversity in perspectives and effective oversight. as meetings are conducted in an open and participative manner. Board meetings are conducted in an open and participative manner, where differing opinions and dissenting views are encouraged to be freely expressed, thoroughly deliberated upon, and duly considered to facilitate sound and well-informed decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognises the significant role of the Independent Non-Executive Directors in providing objectivity, impartiality, and independent judgement to ensure an adequate check and balance within the Board. The Board undertakes an annual assessment of the Independent Non-Executive Directors by evaluating their ability to exercise independent judgment at all times, taking into consideration the criteria set out in the Listing Requirements.

Based on the assessment conducted for the FYE 2026, the Board was satisfied that all the Independent Directors had continued to demonstrate independence in character and judgement, and had effectively carried out their roles and responsibilities in the best interests of the Company.

The Independent Non-Executive Directors are not involved in the day-to-day management/operations of the Group. They provide an external and independent perspective in Board deliberations, constructively challenge Management's proposals, and contribute towards the development of the Group's strategic direction, , scrutinise Management's performance in meeting approved goals and objectives, and monitor the Group's risk profile, and quarterly financial and business performance of the Group.

BOARD COMPOSITION

During FYE 2026, the Company had six (6) members on the Board, of whom two (2) are Independent Non-Executive Directors, one (1) Executive Director and three (3) Non-Independent Non-Executive Directors. A brief profile of each Director is presented on pages 20 to 22 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with diverse expertise and extensive 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, experience and knowledge to successfully direct and supervise the Group's business activities. The composition of the Board reflects the duties and responsibilities required to be discharged and performed in representing the interests of shareholders, and in setting the Company's strategy and ensuring its effective implementation.

Generally, the qualifications for Board membership include the ability and intelligence to make sound business decisions and recommendations, 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 experience in the relevant industry sector, high ethical standards, sound practical judgement, and a strong commitment to furthering the interests of shareholders and achieving the Company's goals.

Independent Non-Executive Directors are expected to be active in areas which enable them to relate to the strategies of the Company and to make meaningful contributions to the Board's deliberations. They must remain 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 (1/3) of the Board membership.

The size of the Board should be such that the involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised. At the same time, it must be sufficiently large to ensure an appropriate range of knowledge, views and experience.

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 (3) years but shall be eligible for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year 2026, 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 remain healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee was also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the Board members are appropriate to enable the Board to carry out its responsibilities effectively.

The Board will continue to monitor and review its 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 for stakeholders to raise concerns directly on matters relating to the Company. Mr. Choo Seng Choon is authorised to seek information, where required, from any employee of the Company, and all employees are expected to co-operate with any request made by the Senior Independent Non-Executive Director. During the FYE 2026, there were no issues raised to the Senior Independent Non-Executive Director.

PROMOTE SUSTAINABILITY

The Board recognises the importance of business sustainability and ensures that sustainability considerations are 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, including customers, shareholders, regulators, bankers, joint venture partners and the communities in which the Group operates.

The Sustainability Statement is set out on pages 34 to 57 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, including updates 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 sufficiently in advance of the Board meetings to allow adequate 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 personnel 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) raised by any Director.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries and Senior Management. The Board may seek independent professional advice, at the Company's expense, where deemed necessary and appropriate.

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, skills, competency, knowledge and potential contribution, while also taking into consideration 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 that diversity can bring to Board deliberations. Currently, the Board comprises of 20% women Director, namely Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud. The age of the Directors ranges from 48 to 83 years old, creating an environment where each generation brings different skills, experience and perspectives 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 responsibility for identifying and recommending candidates for the Board appointment has been delegated to the Nomination Committee. Such responsibilities include recommending suitable candidates to the Board for all directorship to be filled, and reviewing annually the Board's mix of skills, experience and other qualities, including the core competencies that Non-Executive Director should bring to the Board. In addition, the Nomination Committee assesses the effectiveness of the Board as a whole, as well as the contribution of each individual Director.

DIRECTORS' REMUNERATION

The Remuneration Committee undertakes an annual review of the remuneration packages for each individual Executive and Non-Executive Director, as well as Management.

The remuneration of the Directors and Management is determined at levels which enable the Company to attract and retain Executive Directors and Management personnel to successfully manage and operate the Group.

Other than Executive Director, all Non-Executive Directors are paid a fixed fee for each Board and Committee meeting attend. Directors' fees are subject to shareholders' approval. The Chairman of the Board and Board Committee are paid a higher fee compared to other Board 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. The approval of the Executive Director's remuneration ultimately rests with the Board, with the Executive Director abstaining from discussion and decision-making on matters relating to his remuneration.

The Board as a whole determines the remuneration package of the Non-Executive Directors, including the Independent Chairman, by taking into consideration their experience, expertise and level of responsibilities undertaken.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of the remuneration of the Directors in respect of the FYE 2026 are as follows:

	Fees (RM)		Salaries (RM)	Bonuses (RM)	Meeting attendance allowance (RM)	Estimated money value of benefits-in-kind (RM)
	Company	**Subsidiaries**	**Company**	**Company**	**Company**	**Company**
Executive Director						
Ho Wen Yan	-	-	1,074,240	-	-	1,123
Non-Executive Directors						
Tan Sri Dato' Seri Dr. Ting Chew Peh	150,563	-	-	-	6,000	7,200
Chew Hoe Soon	131,205	-	-	-	6,000	-
Chew Po Sim *(resigned w.e.f. 3 March 2026)*	95,939	-	-	-	5,000	-
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	6,282	21,000	-	-	1,000	-
Total	**657,649**	**21,000**	**1,074,240**	**-**	**30,000**	**8,323**

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 consideration and participation. The Board will also continue to identify the training needs amongst the Directors and enrol them in appropriate training programmes, 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. Anti-Bribery and Anti-Corruptions (ABAC)	22 October 2025
Ho Wen Yan	1. Mandatory Accreditation Programme II ("MAP II"): Leading for Impact	26 & 27 May 2025
	2. Anti-Bribery and Anti-Corruptions (ABAC)	22 October 2025
	3. General Cybersecurity Awareness	8 July 2025
	4. Transformational Leadership	9 October 2025
	5. E-Invoicing Implementation in Malaysia	30 October 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training Programme	Date of Training
Choo Seng Choon	1. E-Invoice Implementation for SMEs and SMP	22 April 2025
	2. Transfer Pricing & Tax Corporate Governance Seminar	27 May 2025
	3. Code Of Ethics	19 June 2025
	4. Anti-Bribery and Anti-Corruptions (ABAC)	22 October 2025
	5. Mastering the Tax Rules for Expatriates & Foreign Workers	20 January 2026
	6. Fast Closing - Improving Processes, Technology & Management	28 & 29 January 2026
Chew Hoe Soon	1. Anti-Bribery and Anti-Corruptions (ABAC)	22 October 2025
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	1. MAP II: Leading for Impact	26 & 27 May 2025
	2. Anti-Bribery and Anti-Corruptions (ABAC)	22 October 2025
Ho Wen Fan	1. MAP II: Leading for Impact	9 & 10 April 2025

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 at each Annual General Meeting and shall be eligible for re-election, provided that each Director shall retire from office once at least in every three (3) years. Directors appointed during the financial year are subject to retirement and re-election by shareholders at the first Annual General Meeting held immediately after their 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 2026 evaluated the performance and recommended the re-election of the retiring Directors, Mr. Chew Hoe Soon, Mr. Ho Wen Yan and Mr. Ho Wen Fan.

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 and activities of the Audit Committee are set out on pages 71 to 73 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 and activities of the Nomination Committee are set out on pages 74 to 75 of this annual report.

(iii) Remuneration Committee

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

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

SOUND AND RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

The Board acknowledges its responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness regularly by setting up an internal audit and risk management audit function which provides support to the 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 79 to 82 of this annual report.

INTERNAL AUDIT FUNCTION

The Directors acknowledge their responsibility for maintaining 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 71 to 73 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, which have 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 89 to 162 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

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

STATEMENT ON DIRECTORS' RESPONSIBILITIES

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

In preparing the financial statements, the Directors have:

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

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

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

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE POLICY

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

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

LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

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

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

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

The Board recognises the use of the Annual General Meeting as a principal forum for dialogue and communication with shareholders. Extraordinary General Meetings 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 twenty-eight (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 Listing Requirements provides that any resolution set out in the notice of any general meeting or in any notice of resolution which is properly 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 Annual General Meeting scheduled to be held on 2 September 2026 will be conducted via polling, and for this purpose, the Company will engage independent scrutineers to validate the voting at the forthcoming Annual General Meeting 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 the public in general. The Board recognises 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 social media 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 23 of this annual report.

AUDIT COMMITTEE REPORT

For the financial year ended 31 March 2026, the Audit 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)

KEY FUNCTIONS OF AUDIT COMMITTEE

- To consider any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts;

- To review the quarterly unaudited financial results announcements, the audited financial statements of the Group before recommending for the Board of Directors' approval, focusing on:

  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - compliance with Bursa Malaysia and other statutory requirements
  - going concern issues of any activities
  - significant and unusual issues arising from the audit

- To discuss with the external auditor the results of the audit and areas for improvement in the system of internal control identified during the audit, if any;

- To consider and recommend the appointment of the external auditors, their remuneration and any questions of resignation or dismissal;

- To recommend the nomination of a person or persons as external, internal and risk auditors;

- To assist the Board in the review of adequacy and effectiveness of the internal control system including information technology security and control, and the policies and compliance procedures with respect to business practice;

- To review the risk management policies and practices of the Group to ensure their effectiveness;

- To assist the Board in the preparation of the Audit Committee Report for inclusion in the Annual Report;

- To discuss with the external auditors, their audit plan and the scope of audit and ensure co-ordination where more than one audit firm is involved;

- To review the assistance given by the employees of the Group to the external auditors;

- To carry out such other responsibilities, functions or assignments as may be directed by the Board of Directors from time to time;

- To review the findings of any examination by regulatory agencies and any auditor observations relating to compliance matters;

- To do the following in relation to the outsourced internal audit function:

  - to review the internal audit programme and consider the findings arising from internal audit report or other internal investigations and management's response and to determine appropriate corrective actions required by management;
  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
  - to assess the performance of the outsourced service provider.

- To consider other topics as defined by the Board.

AUDIT COMMITTEE REPORT

MEETINGS

Five (5) meetings were held during the financial year ended 31 March 2026 and the attendance of the Audit Committee is as follows:

No.	Name of Committee Members	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 23 July 2025 , without the presence of the Executive Director and the Company's Management, and again on 16 March 2026. The CEO and Financial Controller attended the Audit Committee meetings to present the financial results whilst other Board members attended on invitation.

The Chairman of the Audit Committee maintained ongoing engagement with the Company's senior management to keep abreast of matters affecting the Group.

Nothing has came 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 2026:

(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) Approved the Internal Audit Plan for the financial year ending 31 March 2026 and 2027.

(e) Reviewed the internal audit reports and considered the major findings of internal audit review and management's response.

(f) Reviewed the follow-up on previous internal audit reports.

(g) Reviewed and received the group risk assessment report.

(h) Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion into the Annual Report.

(i) Reviewed the re-appointment of external auditors and the proposed audit fees prior to recommending the same to the Board for approval.

(j) Reviewed the Audit Planning Memorandum for the financial year ended 31 March 2025 with the external auditors.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

During the financial year 2026, 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, high-level reviews, discussions held with top management and key management as well as tests of transactions on a sampling basis covering 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 2026, 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 Treasury Management and Information Technology.

The reviews were conducted to assist the Audit Committee to 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's scheduled meetings.

The total cost incurred for the Group's internal audit services in respect of the financial year 2026 was RM35,231.

NOMINATION COMMITTEE REPORT

COMPOSITION

For the financial year ended 31 March 2026, 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 the following appointments:

  (a) Members of the Board;
  (b) Members of the Board Committees;
  (c) Members of the Management Committees;
  (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 other Management staff, 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 2026.

NOMINATION COMMITTEE REPORT

HIGHLIGHTS OF ACTIVITIES

During the financial year ended 31 March 2026, 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;

e. Assessed the independence of the Independent Directors; and

f. Reviewed and recommended the appointment of Ho Wen Fan as a Non-Independent Non-Executive Director to the Board for approval after considering his qualifications, background, skills, experience, time commitment, competencies, and profile.

The Nomination Committee upon its annual assessment carried out for financial year 2026, 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 2026 were relevant and would serve to enhance their effectiveness in the Board.

Retention of Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud as Independent Non-Executive Director

The Nomination Committee, with the abstention of Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud had assessed her independence at its meeting held on 21 May 2026 and recommended to the Board for her continuation as an Independent Non-Executive Director based on the following justifications:

a. She has consistently adhered to the independence guidelines outlined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

b. Her presence on the Board serves as a crucial check and balance, introducing an element of objectivity to the decision-making process;

c. She remains steadfastly independent in her thinking, effectively acting as a constructive challenger to the Chief Executive Officer; and

d. Her active participation in board discussions and provision of an independent voice contribute significantly to the Board's deliberations, ensuring the infusion of unbiased and objective judgments.

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 2026 as set out below:

	Group (RM'000)	Company (RM'000)
Statutory Audit	254	87
Other Services	6	6
Total	**260**	**93**

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.

4. Shariah Screening Report

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for the purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia.

(a) Group Total Income and Total Assets

		Group	
Total Income	**Remarks**	**2026 (RM)**	**2025 (RM)**
Revenue		64,015,854	104,560,841
Other income		2,755,308	2,481,497
Interest/Finance income		133,890	157,595
Total		**66,905,052**	**107,199,933**
Total Assets		**886,299,857**	**829,212,809**

ADDITIONAL COMPLIANCE INFORMATION

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group 2026 (RM)	Group 2025 (RM)
Interest income	Conventional	133,890	157,595
Total		**133,890**	**157,595**

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group 2026 (RM)	Group 2025 (RM)
Cash at bank		837,924	828,211
Deposits with licensed bank		273,432	273,432
Total Cash		**1,111,356**	**1,101,643**

Conventional Account/Instruments	Remarks	Group 2026 (RM)	Group 2025 (RM)
Cash at bank		2,383,912	3,661,749
Cash held under Housing Development Accounts		8,739,291	10,229,026
Deposits with licensed bank		2,491,370	1,469,700
Total Cash		**13,614,573**	**15,360,475**

ADDITIONAL COMPLIANCE INFORMATION

(ii) Debt Component

Islamic Financing	Remarks	Group 2026 (RM)	Group 2025 (RM)
Current			
Other interest bearing debt (please specify in the remarks column)	Sukuk Murabahah	1,852,000	1,858,000
Other interest bearing debt (please specify in the remarks column)	Cash Line	3,358,000	10,041,000
Non-Current			
Other interest bearing debt (please specify in the remarks column)	Sukuk Murabahah	-	1,852,000
Other interest bearing debt (please specify in the remarks column)	Cash Line	34,884,679	19,918,276
Total Financing		**40,094,679**	**33,669,276**

Conventional Borrowing	Remarks	Group 2026 (RM)	Group 2025 (RM)
Current			
Term loans		10,980,910	6,225,594
Revolving credit and loans		20,000,000	18,000,000
Bank overdrafts		42,257,974	15,396,812
Banker's acceptances		-	277,000
Non-Current			
Term loans		148,929,359	118,601,922
Total Debt		**222,168,243**	**158,501,328**

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 Hua Yang 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 2026.

BOARD RESPONSIBILITIES

The Board acknowledges its responsibilities in maintaining a sound risk management framework and internal control system, setting of risk appetite 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 AND INTERNAL CONTROL OVERSIGHT STRUCTURE

In fulfilling its fiduciary duty to uphold sound risk management and robust internal control systems, the Board is supported by Audit Committee, Management and Internal Audit Function, collectively serving as the three lines of defence in safeguarding the Group's interest:

THE BOARD

AUDIT COMMITTEE

Oversees the implementation of Risk Management and Internal Control framework

1st Line of Defence - Head of Department	2nd Line of Defence - Executive Senior Management	3rd Line of Defence - Outsourced Internal Audit Funtion
Implement risk management policies and internal controls within the organisation.	Articulates risk management policy and oversees risk management and internal control practices accross the Group.	Conducts independent assessessment and provide objective assurance on the adequacy and effectiveness of governance and risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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:

- Continues to strengthen the governance and oversight of significant risks and emerging risks (i.e. cybersecurity risks, technology risks and sustainability-related 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
- Implementation of appropriate mitigation measures

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 Board has approved the Group's risk appetite and tolerance levels which are considered during risk assessment process. The Significant Risk Profile ("SRP") of the various business segments are updated during such validation meetings in respect of the identification of new and emerging significant risks, 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 relating to the 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.

INTERNAL CONTROL MECHANISM

The internal audit function is outsourced to a professional services firm which report functionally to the Audit Committee. During the financial year ended 31 March 2026, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 CEO 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 Hua Yang's Discretionary Authority Limits.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2026 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 section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("SORMIC Guide 2025"), or

(b) is factually inaccurate.

SUMMARY

The Board has received written assurance from Hua Yang's CEO 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. Based on the review performed and assurances received, the Board is not aware of any material weaknesses in the Group's system of risk management and internal control that would result in material losses requiring 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 22 July 2026.