

PROFILE OF DIRECTORS

TAN SRI DATO' SERI DR. TING CHEW PEH AGED 80, MALAYSIAN, MALE

CHAIRMAN / NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- Member of Audit Committee, Remuneration Committee and Nomination Committee



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

Tan Sri Dato' Seri Dr. Ting started his career as a lecturer in the Faculty of Social Sciences and Humanities at Universiti Kebangsaan Malaysia in 1974 until 1980. He was then appointed as an Associate Professor at the Faculty until 1987. In 1987, Tan Sri Dato' Seri Dr. Ting ventured into politics with his election as a Member of Parliament for the Gopeng constituency, which he held until the 2008 general elections.

He previously served as a Parliamentary Secretary of the Ministry of Health (1988 – 1989), Deputy Minister in the Prime Minister's Department (1989 – 1990), Minister of Housing and Local Government (1990 – 1999) and Secretary-General of Malaysian Chinese Association (MCA) (1990 – 2005). He served as Independent Director on the Board of Puncak Niaga Holdings Berhad from July 2000 and retired in May 2018.

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

PROFILE OF DIRECTORS (CONT'D)



HO WEN YAN
AGED 49, MALAYSIAN, MALE

CHIEF EXECUTIVE OFFICER / EXECUTIVE DIRECTOR

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

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

He was appointed to the Board of Magna Prima Berhad on 13 February 2017 as Executive Director. On 13 February 2020, he was redesignated from Executive Director to Non-Independent Non-Executive Director of Magna Prima Berhad.



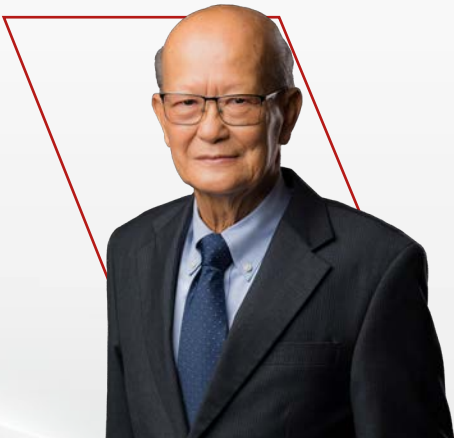
CHEW HOE SOON
AGED 71, MALAYSIAN, MALE

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- Member of Audit Committee, Remuneration Committee and Nomination Committee

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

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



DATO' TAN BING HUA
AGED 79, MALAYSIAN, MALE

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

- Member of Audit Committee, Remuneration Committee and Nomination Committee

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

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

He served as Independent Director on the Board of Far East Holdings Berhad from July 2012 to March 2020.

PROFILE OF DIRECTORS (CONT'D)



CHEW PO SIM
AGED 80, MALAYSIAN, FEMALE

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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



**Y.A.M. TENGKU DATO' RAHIMAH BINTI
AL-MARHUM SULTAN MAHMUD**
AGED 57, MALAYSIAN, FEMALE

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Member of Remuneration Committee

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

Y.A.M. Tengku Dato' Rahimah was appointed the Chairman of Loh and Loh Corporation Berhad ("LLCB") on 19 September 2008 until 2012. From 2012 until 2017, she co-owned shares in LLCB and continued to hold the position of the Chairman of LLCB and Director in Loh and Loh Construction Sdn Bhd until November 2017.

She served as a Non-Independent Non-Executive Director on the Board of Puncak Niaga Holdings Berhad from August 2006 to October 2019. Y.A.M. Tengku Dato' Rahimah has working experience in various sectors namely management, construction, agriculture, trading and tourism having held positions and co-owned various companies.



HO WEN FAN
AGED 45, SINGAPOREAN, MALE

ALTERNATE DIRECTOR

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

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

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

OTHER INFORMATION OF DIRECTORS

FAMILY RELATIONSHIP

None of the Directors have any relationship with each other and major shareholders of the Company except that Ho Wen Yan and Ho Wen Fan are the sons of Chew Po Sim and the nephew of Chew Hoe Soon. Chew Po Sim and Chew Hoe Soon are siblings.

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

CONFLICT OF INTEREST

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

LIST OF CONVICTIONS OF OFFENCE

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

ATTENDANCE OF THE BOARD

All the Directors have complied with the minimum 50% attendance in respect of Board Meeting as required in the Listing Requirements. There were five (5) Board Meetings held during the financial year ended 31 March 2023 and the attendance of each Director is as follows:

NO.	NAME OF DIRECTOR	ATTENDANCE
1.	TAN SRI DATO' SERI DR. TING CHEW PEH	5/5
2.	HO WEN YAN	5/5
3.	DATO' TAN BING HUA	5/5
4.	CHEW PO SIM	4/5
5.	CHEW HOE SOON	5/5
6.	Y.A.M. TENGKU DATO' RAHIMAH BINTI AL-MARHUM SULTAN MAHMUD	4/5

PROFILE OF SENIOR MANAGEMENT

HO WEN YAN

Aged 49, Malaysian, Male

CHIEF EXECUTIVE OFFICER

Mr. Ho's profile is set out on page 19 of this Annual Report.

TAN HWAI LUN

Aged 46, Malaysian, Male

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Tan joined Hua Yang as Financial Controller in 2011 and was promoted to Chief Financial Officer in 2017 and subsequently, Deputy Chief Executive Officer in June 2022. He is a member of the Malaysian Institute of Accountant (MIA) and CPA Australia.

He has more than 16 years financial management working experience. He currently oversees the finance strategy and planning of the Group.

NG KOK HONG

Aged 47, Malaysian, Male

GENERAL MANAGER

Mr. Ng joined Hua Yang in 2011 as the Ipoh Branch Manager and was promoted to General Manager in 2018. He graduated with a Bachelor Degree in Civil Engineering from the Universiti Malaysia Sabah in 2000.

He has more than 21 years of working experience in planning, directing, designing and coordinating various property development projects. He currently oversees the new business ventures of the Group.

YEOH SWEE HENG

Aged 54, Malaysian, Male

ASSISTANT GENERAL MANAGER

Mr. Yeoh joined Hua Yang as Project Manager in 2008 and was promoted to Assistant General Manager in 2015. He graduated from the University of Sheffield Hallam, United Kingdom in Building Construction Management.

He has extensive experience in construction and property development and is currently overseeing the Group's property development in Klang Valley and Johor.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

TAN KWEE FAR

Aged 50, Malaysian, Female

ASSISTANT GENERAL MANAGER

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

She has more than 21 years of working experience in the areas of Accounts and Finance, Administration and Human Resource. At the moment, she is responsible of all office administration and operations of the Group.

LIM YEW KANG

Aged 40, Malaysian, Male

GENERAL MANAGER

Mr. Lim joined Hua Yang in December 2010 as a Project Coordinator and was promoted to Assistant General Manager in June 2020 and subsequently, General Manager in April 2022. He graduated with a Bachelor of Science in Construction Project Management from Herriot-Watt University, United Kingdom.

He has more than 17 years of working experience in construction and property development. He currently oversees the operations of the Northern region's branches.

NOTES:

Save for the Chief Executive Officer who has family relationship with other Directors and/or major shareholder of Hua Yang Berhad as disclosed on page 21 of this Annual Report, none of the Senior Management has:

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

CHAIRMAN'S STATEMENT



We are optimistic that our future strategic orientation will present us with even more opportunities.



TAN SRI DATO' SERI DR. TING CHEW PEH
Chairman / Non-Independent Non-Executive Director

Dear Shareholders,

Our financial performance has improved in a challenging economic environment, and we are optimistic that our future strategic orientation will present us with even more opportunities. Indeed, our FY2023 results reflect the agility and resilience of Hua Yang in weathering numerous challenges while displaying our team's unwavering emphasis on providing excellent value to customers as we deliver our long-term strategic goals.

The rising cost of living and doing business globally have been affected by a changing political landscape, persistently high inflation environment, economic uncertainty, and added pressures from Russia's invasion of Ukraine. All these factors put consumers and businesses at risk of increasing expenses and uncertainty. The economic climate will remain challenging for some time, with further tightening of consumer spending placing pressure on household budgets.

According to Bank Negara, a recession is unlikely to occur in 2023 as the economy is predicted to rise moderately, between 4% and 5%. Despite the economy's impressive resurgence, property purchasers saw their wallets shrink as headline inflation hit 4.5% in Q3 2022, and the Overnight Policy Rate (OPR) rose to 3.00% from its historic low of 1.75% in May 2022.

There is some good news as the Malaysian residential property market is experiencing a positive trend, as evidenced by a notable improvement in the reduction of overhang residential units, according to the National Property Information Centre's (Napic) Property Market Status Report for the third quarter of 2022. Furthermore, the transaction volume in the market is also demonstrating positive growth.

However, research firms have highlighted that the property market may face some temporary challenges, including interest rate hikes and the increasing cost of living. Analysts view these factors as opportunities for growth and believe that measures taken in Budget 2023, along with the interest rate adjustments and efforts to curb inflation, will contribute positively to the market's earnings outlook.

Despite facing hurdles during the past financial year, the local property sector has shown resilience and remains poised for successful planned launches. Financially, Hua Yang performance for FY2023 was similar to FY2022. The Group's revenue stood at RM120 million, which was only slightly lower compared to the FY2022 revenue of RM 120.2 million. Analysts also expect property launches to rise 40% to 50% y-o-y in 2023, given the lack of launches over the preceding year.

On our end, we continue to monitor the evolving economic environment, and in FY2023 we implemented strategic measures to enhance efficiency and reduce costs throughout our organisation. Through the implementation of advanced technologies and automation solutions, we have simplified workflows and eliminated bottlenecks, leading to improved productivity and cost savings.

At Hua Yang, we recognise the importance of sustainability in today's business landscape and are dedicated to integrating sustainable practices into our operations, not only to reduce our environmental impact but also to drive efficiency and cost savings. As such, other measures that we will soon be embarking on will be developing the Environmental, Social and Governance (ESG) policy to further support our sustainable business practices.

FY2024 will be a momentous year for us as we commemorate Hua Yang's 45th year in business. Our basic beliefs have always been the driving force behind our success, as we've gone above and beyond throughout our journey, developing solid partnerships based on trust and collaboration. The company's stability and resilience signify our commitment to weathering challenges, indicating that Hua Yang is well-positioned for future growth, with a clear purpose and momentum fueling our strategic ambition.

On behalf of the Board, I'd like to extend my sincere gratitude to our staff for their dedication to Hua Yang's ongoing and future plans. Thank you very much too to my fellow Board members for your unwavering commitment. To Dato Tan Bing Hua, I wish to express my heartfelt gratitude for his dedicated service and invaluable contributions to our organisation. As he embarks on a well-deserved retirement, we extend our deepest appreciation for his unwavering commitment, leadership and guidance, which have helped in shaping the success and growth of our company.

Finally, let me also extend my appreciation to our valued shareholders for their continued support and confidence. We look forward to continuing this adventure with you in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

“ **Our ability to perform consistently financially showcases our resilience and adaptability in navigating the evolving business landscape.** ”

Dear Shareholders,

In 2023, our company has continued to excel in financial performance, surpassing the results of the previous year following a successful return to normalcy in 2022. Despite the persistent challenges and uncertainties, we have not only sustained our momentum but also surpassed the financial performance of 2022. In 2023, our Profit After Tax (PAT) amounted to RM3.1 million, a significant increase compared to the RM1.4 million achieved in the previous year. This exceptional outcome highlights our resilience and adaptability in navigating the evolving business landscape, as we successfully replicated the positive outcomes from the post-pandemic recovery period.

We have effectively leveraged the lessons learned and implemented strategic measures to sustain our growth trajectory. By capitalising on the regained stability and focusing on operational excellence, we have solidified our position in the market and continued to meet the evolving needs and demands of our customers. Our consistent performance in 2023 demonstrates our commitment to delivering value, reinforcing our reputation as a reliable and dependable organisation in the post-pandemic era.

As we highlighted last year, we did anticipate a challenging year for the Group due to the high raw material costs and labour constraints caused by the pandemic overhang as well as continued geopolitical conflict. Although no new project launches were observed in 2023, Hua Yang successfully initiated new phases of existing development projects such as Centaurea Phase 2 in Bandar U, Perak as well as Phase 2 of Elemence in Johor. This showcases our commitment to ongoing growth and expansion as we maintain a robust portfolio of existing projects, further bolstering our position in the market. Our presence in various key locations in Malaysia ensures a diverse revenue stream and mitigates risks associated with relying on a single development. This broad market presence positions the company well for future opportunities.

Hua Yang Berhad's ability to surpass the profits of the previous year serves as a testament to our cost optimisation measures and operational efficiency. By effectively managing expenses and streamlining operations, the company has positioned itself for future growth and success. With an optimistic outlook, Hua Yang Berhad is well-equipped to leverage upcoming market opportunities and deliver enhanced value to its stakeholders.

HO WEN YAN
Chief Executive Officer



MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

FINANCIAL PERFORMANCE

Despite the absence of significant growth compared to the previous year, Hua Yang Berhad has managed to improve profitability, demonstrating a commendable level of stability in the face of challenging market conditions. This consistent financial performance underscores the company's ability to weather the uncertainties of the real estate industry.

From a financial standpoint, in FY2023, we demonstrated remarkable resilience and delivered a strong performance even amidst a challenging business landscape; achieving a noteworthy profit after tax of RM3.1 million, surpassing our previous year's figure of RM1.4 million.

As of the end of FY2023, our total assets reached RM880.6 million, similar to the RM883.9 million recorded at the end of FY2022. The value of land reserved for property development remained robust at RM578.7 million, a figure on par with the previous year ends result of RM580.1 million. Moreover, our inventories of completed properties amounted to RM44.6 million, compared to the RM47.7 million reported at the end of FY2022. These positive developments in our asset portfolio reflect our dedication to strategic expansion and continuous improvement.

Total liabilities stood at RM405.4 million compared to RM427.0 million at the end of FY2022. Total borrowings continued to decline to RM 229.1 million from RM253.1 million in the previous year. Lastly, short-term borrowings stood at RM64.3 million.

With a net gearing ratio of 0.45 times in relation to our total equity of RM475.2 million, our current financial position remains stable and well-managed. Looking ahead, the Group is determined to further decrease this ratio by year-end, driven by anticipated revenue recognition from ongoing projects and increased sales of existing projects. This proactive approach to reducing net gearing will not only bolster our capital buffer but also enable us to explore promising land banking opportunities. By strengthening our financial foundation, we are poised to seize new growth prospects and propel the company towards even greater success.

In March 2023, the Consumer Price Index (CPI) stood at 3.4%, showing a slower increase compared to the previous year's March figure of 2.2%. This deceleration in inflation has been observed since October 2022. The main contributing factor to the slower inflation rate in Malaysia during March 2023 was the reduction in the price of Unleaded petrol RON97, which led to a decrease in inflation within the transportation sector.

In the first quarter of 2023, Malaysia's Gross Domestic Product (GDP) grew by 5.6%, a decrease compared to the previous quarter's growth of 7.1%. When seasonally adjusted, GDP increased by 0.9%, contrasting with the decline of 1.7% in the fourth quarter of 2022. The growth was supported by various factors, including an expansion in household spending, sustained investment activity, and an increase in inbound tourism. The Business Confidence Index (BCI) indicated an improved outlook and conveyed a positive signal for the business sector. However, the Consumer Sentiment Index (CSI) remained cautious primarily due to uncertainties in both the domestic and global economy.

On May 3, 2023, the Monetary Policy Committee (MPC) implemented a 3.00% increase in the Overnight Policy Rate (OPR), which would remain in effect until the next MPC meeting. Despite this adjustment, household spending exhibited resilience, supported by improved labour market conditions with unemployment declining to pre-pandemic levels.

FY2023 REVENUE CONTRIBUTION BY REGION

In FY2023, the total group revenue was primarily derived from key projects, representing approximately 97% of the total group revenue. Among these projects, Penang contributed 48% to the group revenue within the key regions, followed by Perak with 27%, Johor with 22% and Klang Valley with 3%.

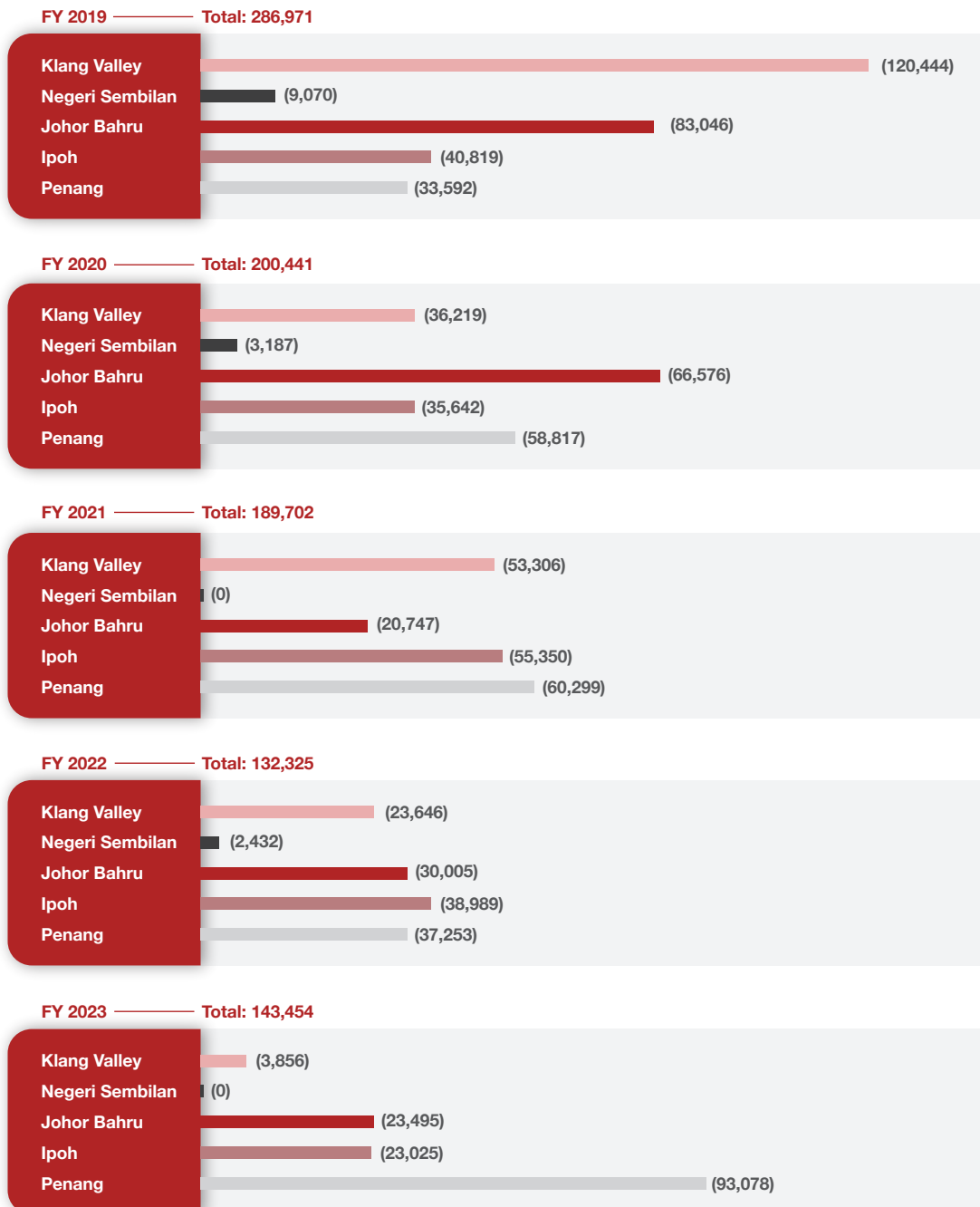
DIVIDENDS

Due to unprecedented market conditions and other financial challenges, the Board has decided not to recommend any dividend payments for the year. While the decision not to distribute dividends to our valued shareholders may come as a disappointment, it reflects our unwavering commitment to ensuring prudent financial management and the long-term stability of our company. As we move forward, our aim is to sustain solid growth and remain hopeful for an improvement in overall market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PROPERTY DEVELOPMENT

HISTORICAL TREND IN NEW SALES



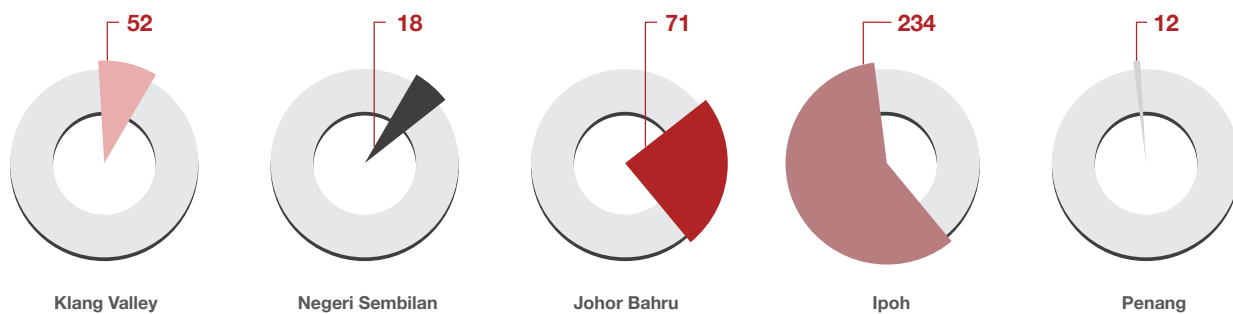
In FY2023, the total value of unbilled sales at the end of the year reached RM208.5 million, showing an increase compared to the previous year's figure of RM150.5 million. Looking ahead to the coming year, we maintain an optimistic outlook for the improvement of unbilled sales. We anticipate growth in unbilled sales through sales of ongoing projects as well as the new launches planned for FY2024.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

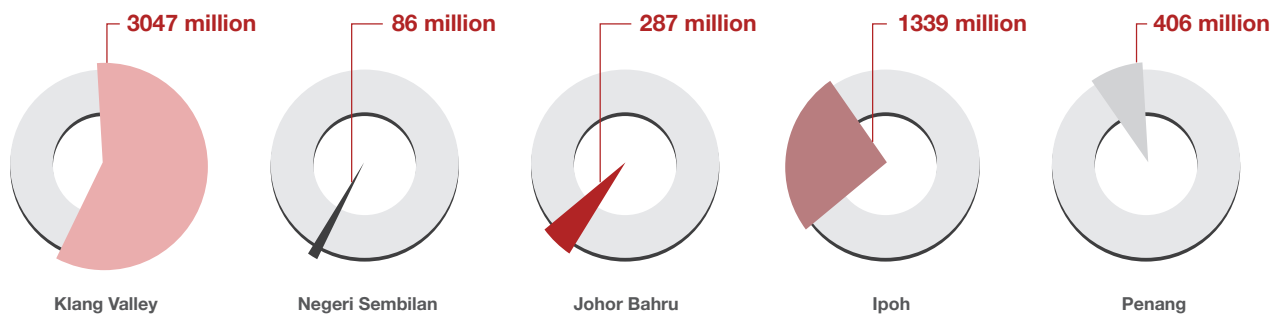
LANDBANKING

Currently, the Group possesses an extensive landbank portfolio, encompassing about 386 acres across strategic regions. This substantial landbank holds a potential Gross Development Value (GDV) of RM5.2 billion, offering promising opportunities for future growth and development.

REMAINING LAND BANK (386 ACRES)



FUTURE DEVELOPMENT VALUE (RM5.2 BILLION)



PROPERTY DEVELOPMENT PROJECTS

Being at the forefront of the affordable housing sector, Hua Yang holds steadfast in our belief that the creation of new affordable housing is crucial in addressing the ever-growing housing needs of today and tomorrow. Our commitment remains unwavering as we consistently deliver distinctive mid-market homes that cater to the diverse requirements of all Malaysians. Here, we present some noteworthy examples of our prominent development projects.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

JOHOR

ELEMENCE, TAMAN DENAI ALAM, Johor

Total Estimated GDV : RM375 million

Land size : 73.2 acres

Status : Ongoing

Sales of ongoing phases : 78% (as at 31 March 2023)



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

This RM375 million gated and guarded township project is conveniently connected to surrounding areas, such as Pasir Gudang, the Masai town centre and Johor Bahru city centre, with excellent access to at least six major routes and highways including Senai-Desaru Expressway and East Coast Highway. Vital industrial amenities like the Johor Port and Tanjung Langsat Port are situated within a 13 kilometres radius, while Pengerang is about 80km away. Frequent flyers will also appreciate the proximity of the Senai International Airport, just 55 kilometres from this new township project.

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

Phase 1, which was launched during the financial year of 2018, included double-storey cluster houses and link bungalows with a Gross Development Value (GDV) of RM41 million. The construction and handover of these units to our buyers were successfully completed in January 2020. Moving into FY2023, the Group has introduced a new phase, Linea @ ELEMENCE comprising 52 exclusive homes featuring modern contemporary design, collectively estimated to have a GDV of RM22 million.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PERAK

BANDAR U, SERI ISKANDAR, Perak

Total Estimated GDV : RM1,460 million

Land size : 777 acres

Status : Ongoing

Sales of ongoing phases : 99% (as at 31 March 2023)



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

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

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

During FY2023, we have completed and handed over the Sakura Phase 2 and 4 development, with total GDV of RM33.1 million; which was fully sold as at end-Mar 2023. Other ongoing phases include:

- Sakura Phase 3, with GDV of RM15.5m, fully sold as at end-Mar 2023
- Sakura Phase 5, with GDV of RM15.7m, fully sold as at end-Mar 2023
- Centaurea Phase 1, with GDV of RM20.8m, fully sold as at end-Mar 2023
- Centaurea Phase 2, with GDV of RM19.0m, 97% sold as at end-Mar 2023

Since its initial launch in 2001, the development has successfully introduced properties worth approximately RM880 million. With the majority of previous phases launched, completed, and fully sold, the focus now shifts to the remaining ongoing residential phases. These phases feature single- and one and half-storey terrace houses, carefully designed to offer practicality and comfort. The response from homebuyers has been overwhelmingly positive, resulting in an impressive overall sales rate of 99% as of the end of March 2023. Looking ahead, the Group has plans to unveil new phases that will showcase one and half- and single-storey terrace houses, with an estimated Gross Development Value (GDV) of RM62 million.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

PENANG

ASTON ACACIA, BUKIT MERTAJAM, Mainland Penang

Total Estimated GDV : RM269 million

Land size : 5 acres

Status : Ongoing

Sales of ongoing phases : 75% (as at 31 March 2023)



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

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

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

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

Tower A of Aston Acacia was launched in Q4 2020 while Tower B launched in Q3 2022. Sales achieved as at FY2023 was 96% and 53% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (CONT'D)

ANTICIPATED RISKS

In the first quarter of 2023, the Construction sector continued its positive momentum, witnessing a 9.4% expansion in the value of work done, reaching RM32.2 billion. The Building Material Cost Index (BCI) indicated an overall increase in material costs, particularly for steel. Among the states, Perak recorded the highest increase in building material costs.

Looking at the Malaysian economy, recent developments indicate further expansion in economic activity during the first quarter of 2023, following a strong performance in 2022 driven by robust domestic demand. Despite the challenging global environment, domestic demand is expected to remain the primary driver of growth. The property market's performance is anticipated to align with the moderately lower economic growth projected for 2023, given the unpredictable external environment. However, the implementation of accommodative policies, continued government support, effective execution of planned measures outlined in the revised Budget 2023, and the proper implementation of strategies and initiatives under RMK-12 are expected to provide support to the property sector.

We are optimistic that our strategic focus on affordable housing, combined with our established brand presence and strong track record, positions the company favourably to capitalise on the growing demand for quality housing in Malaysia.

PROSPECTS AND OUTLOOK

Looking ahead to the upcoming year, we have set ambitious goals to drive our sales target, aiming for an exceptional FYE24 sales target of RM266 million. In line with this objective, we are focused on reducing our inventory levels to optimise efficiency and improve our overall financial health. Furthermore, our priority is to successfully complete the digitalisation transformation, enabling streamlined operations and enhanced productivity across the organisation.

We recognise the importance of closely monitoring cashflow and implementing effective cash management strategies to maintain a strong financial position. In addition, we are dedicated to diligent cost management practices, identifying areas for optimisation and implementing measures to drive profitability. As part of our financial strategy, we are committed to reducing our borrowings, ensuring a healthier balance sheet and increased financial stability for the company. Through these strategic initiatives, we are confident in our ability to achieve sustainable growth and deliver value to our stakeholders.

FY2024 PLANNED LAUNCHES

• Aston Acacia, Bukit Mertajam – Retail	38 UNITS	RM24 MILLION
• Altus, Prai	148 UNITS	RM110 MILLION
• Centaurea Phase 3, Plumeria Phase 1 and Phase 12 (Parcel A), Bandar U	252 UNITS	RM69 MILLION
• Shatin – Retail	23 UNITS	RM32 MILLION
• Dengkil	59 UNITS	RM34 MILLION
• Elemence Phase 3P1A, 5P2A and 5P2B	61 UNITS	RM45 MILLION

SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT (CONT'D)

Hua Yang recognises the significant potential for growth and long-term value creation in sustainability. We firmly believe that responsible business practices must incorporate sustainability as a fundamental element. Our company views sustainability as a strategic driver that permeates every aspect of our operations; encompassing economic, environmental, and social dimensions.

We are committed to striking a delicate balance between the interests of our shareholders and those of the environment and local communities. The impact our business has on these entities is carefully considered, guided by strong ethical standards. It is our aim to set a positive example for our stakeholders and ensure that sustainability is deeply ingrained within our entire organisation.

To achieve this, we have identified four pillars of sustainability that serve as our guiding principles:



Deliver affordable and dependable quality service and products



Build a sustainable environment through innovation



Promoting engagement and investing in the local community

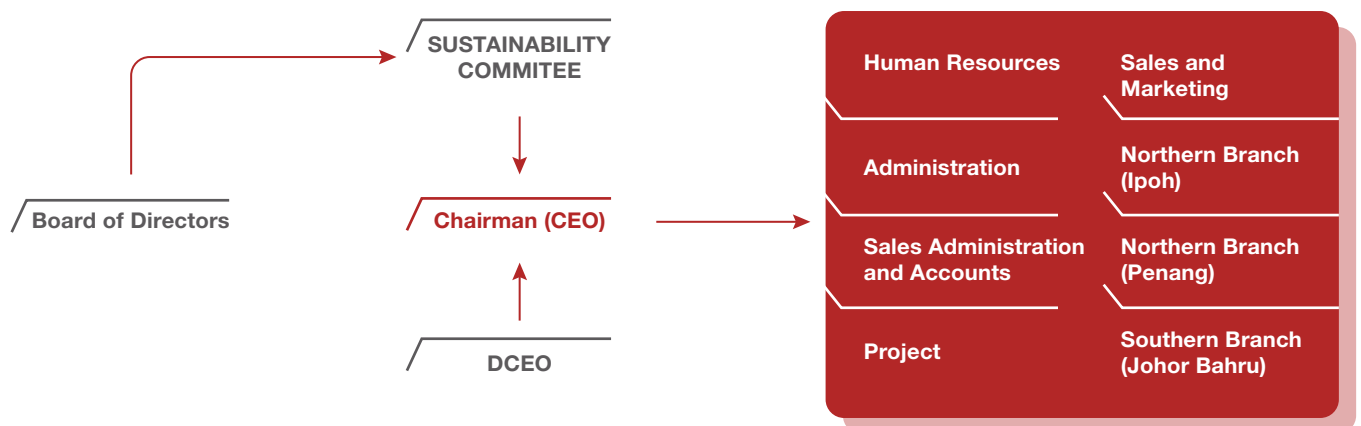


Enhancing values by motivating our workers and ensure reliable and efficient supply chain management

By addressing the economic, environmental, and social risks (EES) we face, our strategies establish a strong foundation for our business. Additionally, we actively seek to tackle specific local issues and challenges, striving to make a positive and lasting impact on the communities we serve.

SUSTAINABILITY COMMITTEE

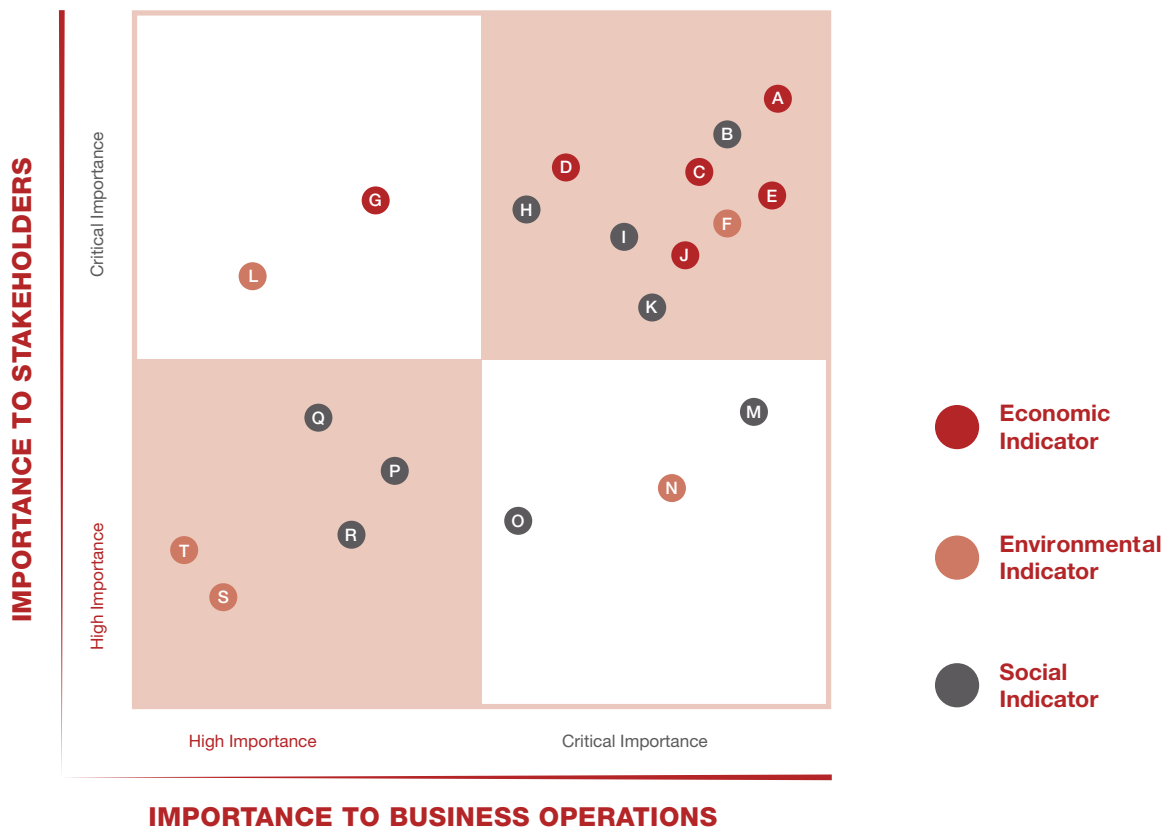
Our Sustainability Committee serves as an internal body within our organisation, tasked with both advisory and supervisory responsibilities related to our sustainability objectives. The primary role of the committee is to develop and oversee the Group's sustainability strategy. The Board of Directors provides oversight to the Sustainability Committee, and it is chaired by the Chief Executive Officer.



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS / INDEX

By implementing a comprehensive process of identification, ranking, and verification, the Group identified and refined 20 material sustainability matters that hold significance to our business operations and have a substantial impact on our stakeholders. These matters were assessed based on their importance, relevance, and impact. The resulting materiality matrix, which highlights the final findings, is presented as follows:



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

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC SUSTAINABILITY

As the Group remains dedicated to its primary goal of attaining business sustainability and making meaningful contributions to a more sustainable society, we have successfully identified priority areas that will safeguard long-term profitability and foster growth for the Group.

1. EMBEDDING ETHICAL BUSINESS PRACTICES

An essential aspect of fostering an ethical corporate culture is compliance with government laws and regulations, as well as adopting the Malaysian Code of Corporate Governance 2021 (“MCCG”), which guides our commitment to corporate accountability as a responsible business. We prioritise sustainability by integrating it into our company strategy, with the active involvement and full support of our senior management team.

To uphold high ethical standards and demonstrate responsible business practices, our Board of Directors has approved the Group’s Anti-Bribery and Anti-Corruption Policy. This policy serves as a testament to our unwavering dedication to maintaining integrity.

Furthermore, we have implemented a Whistleblowing Policy, which is readily accessible to our stakeholders through our corporate website. This policy is designed to encourage the reporting of any instances of business misconduct, ensuring transparency and providing a means for stakeholders to voice concerns regarding any wrongdoing within the Group.

2. BUSINESS DIGITALISATION

The digitalisation of our business has been instrumental in enhancing efficiency and productivity. With the introduction of new initiatives, such as computer replacement, sourcing a new workflow system to improve automation processes, and enhancing network security features, we have experienced significant improvements in our operations.

Notably, the replacement of our computers has led to enhanced performance and reliability. This upgrade has enabled our employees to work more efficiently, ultimately benefiting the overall productivity of the company. Furthermore, we are currently in the process of sourcing a new Workflow system that will enhance automation processes within our organisation. This system aims to streamline workflows, improve efficiency, and optimise productivity. Additionally, we are taking proactive measures to enhance network security by implementing advanced features to mitigate phishing and spam emails. Our priority is to safeguard sensitive information and ensure the utmost security for our network infrastructure.

3. PRODUCT QUALITY CONTROL

The significance of quality control within the construction industry cannot be overstated. Its primary objective is to ensure that all deliverables meet the established standards and guidelines set by regulatory and environmental agencies, as well as client expectations. The quality of construction heavily relies on effective monitoring and tracking. By implementing a robust monitoring system and employing advanced planning techniques, we can minimise errors and achieve optimal outcomes. This proactive approach allows us to identify and address potential issues before they manifest.

Our unwavering commitment to safety standards and building guidelines is evident through our ongoing adherence to the updated CIS 7:2021 standard, titled ‘Quality Assessment System for Building Construction Work,’ and the ‘Quality Assessment System in Construction’ (QLASSIC) standard, as mandated by Malaysia’s Construction Industry Development Board (CIDB). These standards serve as the foundation for our quality control processes, ensuring that our construction projects meet the highest industry benchmarks and deliver exceptional results.

SUSTAINABILITY STATEMENT (CONT'D)

4. CUSTOMER SATISFACTION

Ensuring customer satisfaction is an essential aspect of every industry, and the construction sector is no different. Recognising the significance of fostering positive customer relationships, we have implemented various communication channels to facilitate seamless and effective interactions with our valued customers. These channels encompass:

1. **Feedback and Comments:** We provide customers with the convenience of sharing their feedback and comments through both email and phone, enabling them to communicate with us easily and promptly.
2. **Walk-in Customer Care:** At all our Customer Care Offices, we have dedicated personnel available to address customer inquiries, concerns, and provide personalised assistance.
3. **Continued Usage of Customer Care Offices:** We maintain ongoing accessibility to our Customer Care Offices across all completed projects managed by our own personnel. This ensures that customers can continue to benefit from our services and support even after the project's completion.
4. **Defect Management System:** We subscribed a comprehensive defect management system to address any issues that may arise in our completed projects during the Defect Liability Period (DLP). This system allows us to meticulously analyse and evaluate defects, utilizing the Qlassic scoring framework as a benchmark for assessing product quality.

Our commitment to providing multiple communication channels has yielded positive results in managing customer satisfaction as we have built strong relationships and established a high level of trust with our customers. We remain dedicated to nurturing these relationships and continually improving our services to meet and exceed customer expectations.

SUSTAINABILITY STATEMENT (CONT'D)

WORKPLACE SUSTAINABILITY

At Hua Yang, we recognise that our employees are the foundation of our company, and aligning them with our corporate values is crucial for creating value for all stakeholders. We are committed to fostering a positive employee experience, understanding that happy and engaged employees are motivated to deliver exceptional results and foster positivity throughout the organisation.

As our most valuable asset, we strive to provide our employees with a fair, stimulating, and rewarding workplace that facilitates their career growth. We emphasise the significance of career development and encourage our employees to seize opportunities to reach their full potential through our range of self-development programs.

Furthermore, the health and well-being of our employees remain a top priority and in recent years we have established a dedicated Group Emergency Response Team (ERT) consisting of 20 members who are responsible for implementing and monitoring workplace safety measures. Their roles include reporting, recording, and investigating workplace accidents and instances of non-compliance with safety standards outlined in the Group's policies and procedures. Additionally, the ERT conducts annual planned emergency evacuation exercises to ensure preparedness and safety in unforeseen situations.

DIVERSITY AND INCLUSION

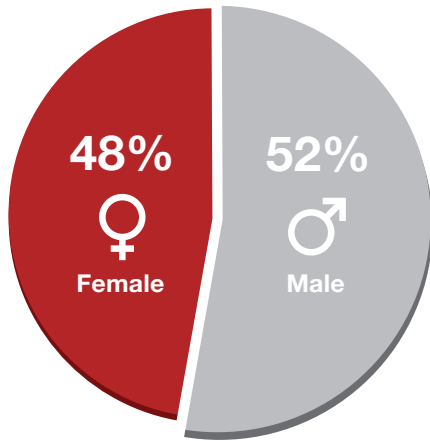
Diversity and inclusion in the workplace play a crucial role in fostering a thriving and dynamic organisational culture. At Hua Yang, we embrace diversity as it means recognising and valuing the unique perspectives, backgrounds, and experiences that individuals from different races, ethnicities, genders and ages bring to the table. Inclusion, on the other hand, involves creating an environment where all employees feel respected, empowered, and included, regardless of their differences. As we foster diversity and inclusion in the workplace, we believe that we can unlock a wealth of benefits; while enhancing creativity, innovation, and problem-solving by bringing together a variety of perspectives and ideas.

We are committed to maintaining an equal opportunity workplace, one in which all our employees have a fair chance to pursue managerial positions based on their merits, capabilities, and qualifications, irrespective of their gender, race, or age. We understand the connection between an employee's drive, motivation, and the organisation's career development program. Therefore, we offer a range of training programs to empower our employees, enhance their skills and knowledge, and provide opportunities for growth and advancement within the company.

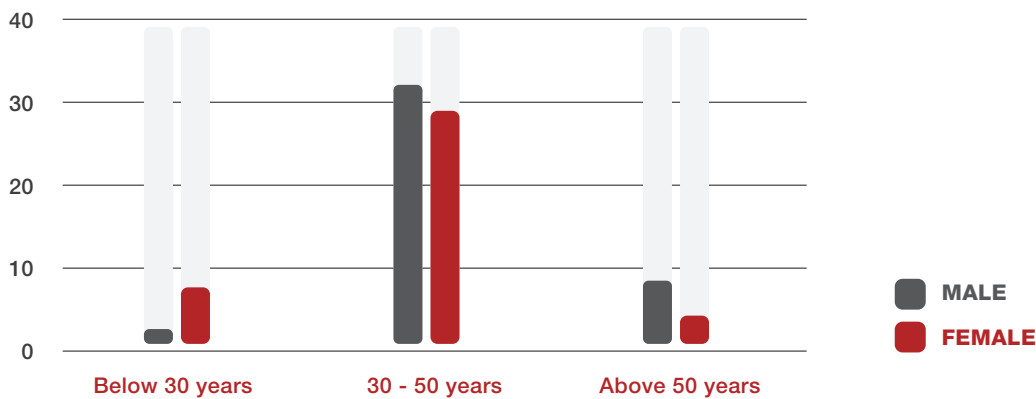
Our workforce reflects a balanced distribution, with 48% females and 52% males. We value the diversity in age among our employees, with the majority falling within the age range of 30 and above. This diverse age representation contributes to the strength and dynamism of our workplace, creating a stable and vibrant environment that benefits our organisation as a whole.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE GENDER DISTRIBUTION



STAFF STRENGTH: 79



EMPLOYEE DEVELOPMENT AND TALENT MANAGEMENT

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

As our largest group of stakeholders, we are dedicated to providing our employees with clear development plans and pathways that enable them to learn, grow, and reach their full potential. To support their continuous improvement and personal growth, we have initiated a comprehensive training program, ensuring that all staff members have the opportunity to participate in a minimum of four (4) hours of training per year. These training sessions cover a wide range of technical and soft skill topics, equipping our employees with the knowledge and skills needed to thrive in their roles and beyond.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL SUSTAINABILITY

REDUCING ENERGY USAGE

In our daily lives, we naturally rely on a substantial amount of energy and resources, which in turn have an impact on the environment. As a responsible and environmentally conscious business, we understand the significance of maintaining a harmonious balance between human activities and nature. As such, we strive to create value for all stakeholders, including employees, shareholders, supply chains, society, and the planet by ensuring best business practices are adhered to in our projects.

Given the nature of our business, our projects inherently consume significant amounts of energy, particularly during the construction phase. However, we have implemented measures to mitigate this impact and actively reduce wasteful practices. Some of the initiatives we have undertaken encompass:

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

Some steps we have implemented to reduce energy usage within the office include:

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

These initiatives demonstrate our unwavering dedication to reducing our environmental impact and pursuing sustainable practices in all aspects of our operations. We are fully committed to managing our resources in a responsible and efficient manner. As part of this commitment, we closely monitor our energy consumption throughout our projects and corporate buildings, striving to decrease the Group's overall electricity usage.

CENTRAL REGION



LED
Lightbulbs



Ventilation & Open
Corridor Concept



Elevator Collective
Control System

ENERGY SAVING INITIATIVES



Install Energy-Saving
Light Fixtures



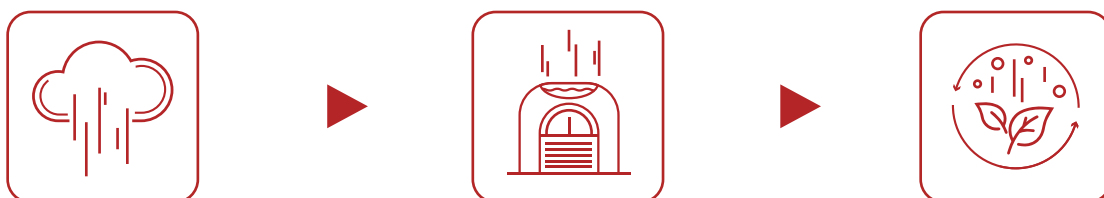
Implement Control
Systems

SUSTAINABILITY STATEMENT (CONT'D)

WATER MANAGEMENT

Recent unpredictable weather patterns in the country have underscored the significance of implementing an efficient water management system and optimising the use of our water resources. Water conservation remains a crucial concern, and at Hua Yang, we are actively engaged in reducing our water consumption through effective planning that prioritises both comfort and performance.

To ensure responsible water usage and minimise wastage, we have implemented several water management initiatives. Notably, we have integrated rainwater harvesting systems into our development projects in the Northern, Central, and Johor Bahru regions. This system allows us to collect rainwater, which is then recycled for irrigation purposes and landscape usage. The table below provides an overview of our water management efforts across various projects throughout the country.



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

SUSTAINABILITY STATEMENT (CONT'D)

RESPONSIBLE WASTE MANAGEMENT

Responsible waste management is of utmost importance specifically in the construction industry due to the significant amount of waste it generates. To prevent any adverse effects on the environment and society, implementing an efficient and sustainable waste management system is crucial in preserving the natural environment. A well-designed waste management system not only reduces the burden on landfills but also enhances energy production.

In our previous projects, we have collaborated with independent contractors to ensure proper waste disposal in accordance with stringent guidelines, minimising pollution. For instance, in Phase 1, Parcel 1 of our Elemence Project in Taman Denai Alam, Johor, we engaged an independent contractor for a six (6) month period to handle rubbish collection and mitigate pollution before the Local Authorities took over waste management responsibilities. Other phases of the Elemence project received education on recycling practices during the construction stage, including recycling scrap metal and utilising centralised waste and recycling stations.

Additionally, our construction sites undergo regular monitoring by regulatory bodies such as the Department of Environment (DOE) to ensure compliance with the Environmental Quality Act 1974 and its subsidiary regulations, including the Environmental Quality (Scheduled Wastes) Regulations 2005. Within our organisation, we have instilled a strong emphasis on recycling and effective waste management. We have even initiated an internal “Go Paperless” campaign, encouraging the use of electronic communications, documents, and report submissions via email.

Hua Yang maintains that environmental sustainability is an integral part of our business philosophy. As a law-abiding organisation, we are committed to fulfilling our responsibilities in a responsible manner to safeguard the environment.

MONITORED BY THE DEPARTMENT OF ENVIRONMENT



**Environmental Quality Act
1974 Compliance**



**Environmental Quality
(Scheduled Wastes)
Regulations 2005
Compliance**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Hua Yang Berhad (“Hua Yang” or “the Company”) is committed to ensure that the highest standards of corporate governance are implemented and maintained throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value. Therefore, the Board supports the principles laid out in the Malaysian Code on Corporate Governance 2021 (“the Code”). These principles and practices supported by existing internal controls processes, are regularly audited and reviewed to ensure that transparency, integrity and accountability has been in place for the financial year ended 31 March 2023 (“FYE 2023”). Further details on the application of each individual practice of the Code are available in the Corporate Governance Report that is available at the Company’s website www.huayang.com.my.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

KEY RESPONSIBILITIES OF CHAIRMAN

During FYE 2023, Tan Sri Dato' Seri Dr. Ting Chew Peh, the Independent Non-Executive Chairman was responsible for the effectiveness of conduct and governance of the Board.

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

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

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

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

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

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

At the moment the Chairman of the Board is also a member of the Board Committees. The Board will consider the application of Practice 1.4 of the Code in future when there are appointment of new Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

KEY RESPONSIBILITIES OF CEO

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

The principal responsibilities of the CEO include:

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

KEY RESPONSIBILITIES OF COMPANY SECRETARIES

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

The Company Secretaries have attended seminars and workshops during the financial year 2022/2023 to keep abreast with the latest development in the Listing Requirements and Companies Act 2016.

The responsibilities of the Company Secretaries are:

- Manage all board and committee meeting logistics, attend and record minutes of all board and committee meetings and facilitate board communications.
- Advise the Board on its roles and responsibilities.
- Facilitate the orientation of new directors and assist in director training and development.
- Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements.
- Manage processes pertaining to the annual shareholder meeting.
- Monitor corporate governance developments and assist the board in applying governance practices to meet the Board's needs and stakeholders' expectations.
- Serves as a focal point for stakeholders' communication and engagement on corporate governance issues.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD CHARTER

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

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

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

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

CODE OF CONDUCT AND BUSINESS ETHICS

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

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

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

WHISTLEBLOWING POLICY AND PROCEDURES

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

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

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

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

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

INDEPENDENCE

During FYE 2023, the Board comprised three (3) Independent Directors out of the six (6) Directors which represent 50% of the Board composition. The current ratio of Executive Director to Non-Executive Directors was 1:5 and this ensures that the Board decision-making is not pushed through by the executives. The Independent Directors play a key role in providing unbiased and independent views. They consistently strive to attend all the Board meetings to advise and contribute their knowledge and experience. This is to ensure the Board discussions takes into account the different viewpoints.

ANNUAL ASSESSMENT OF INDEPENDENCE

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

Based on the assessment carried out during the financial year ended 31 March 2023, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

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

TENURE OF INDEPENDENT DIRECTORS

The Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. During FYE 2023, the Nomination Committee and Board assessed, reviewed and determined that the length of service of a Director does not affect the Directors' ability to exercise their objective and independent judgment to discharge their duties and responsibilities.

Furthermore, the Board is satisfied that Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua who have both served the Board as Independent Non-Executive Directors for more than twelve (12) years still remain objective and had actively participated in the Board's and Board Committee's discussion and provided independent views to the Board. From time to time, they ensured effective check and balance in the proceedings of the Board and Board Committees. Their vast experiences enabled them to provide the Board with a diverse set of experience and expertise. The Board had recommended their retention at the Annual General Meeting held on 30 August 2022.

BOARD COMPOSITION

During FYE 2023, the Company had six (6) members on the Board of whom three (3) are Independent Non-Executive Directors (including the Chairman), one (1) Executive Director and two (2) Non-Independent Non-Executive Directors. A brief profile of each Director is presented on page 18 to 20 of this Annual Report.

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD COMPOSITION (CONT'D)

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

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

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

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

During the financial year 2023, the Board through its Nomination Committee conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The Nomination Committee is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively.

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

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

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

PROMOTE SUSTAINABILITY

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

The Sustainability Statement is set out on pages 33 to 42 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ACCESS TO INFORMATION AND ADVICE

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

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

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

BOARD DIVERSITY

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

The Board has established a policy to have at least 10% of women Directors on the Board as the Board recognises the value it can bring. Currently, the Board comprises of 33% women Directors, namely, Mdm Chew Po Sim and Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud. The age of the Directors range from 49 to 80 and this creates an environment where each generation brings different skills, experience and talents to the Board.

CRITERIA FOR RECRUITMENT AND ASSESSMENT

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' REMUNERATION

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

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

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

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

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

The details of the remuneration of the Directors in respect of the financial year ended 31 March 2023 are as follows:

	Fees (RM)		Salaries (RM)	Bonuses (RM)	Meeting attendance allowance (RM)	Estimated money value of benefits-in-kind (RM)
Executive Director	Company	Subsidiaries	Company	Company	Company	Company
Ho Wen Yan	-	-	769,200	100,400	-	7,200
Non-Executive Directors						
Tan Sri Dato' Seri Dr. Ting Chew Peh	169,212	-	-	-	6,000	7,200
Dato' Tan Bing Hua	129,520	-	-	-	6,000	-
Chew Hoe Soon	122,482	-	-	-	6,000	-
Chew Po Sim	97,290	-	-	-	6,000	-
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	102,693	-	-	-	6,000	-
Ho Wen Fan	-	18,783	-	-	-	-
Total	621,197	18,783	769,200	100,400	30,000	14,400

DIRECTORS' TRAINING

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Director	Training Programme	Date of Training
Tan Sri Dato' Seri Dr. Ting Chew Peh	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Sustainability Management and Reporting 3. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 4. Human Rights Risk Management for Malaysian Companies 5. Guidebook 3 on Public Listed Companies Transformation Programme 6. Corporate Governance Monitor 2022 7. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 7 July 2022 20 July 2022 27 September 2022 19 October 2022 18 January 2023 18 January 2023
Ho Wen Yan	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 3. Guidebook 3 on Public Listed Companies Transformation Programme 4. Corporate Governance Monitor 2022 5. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 20 July 2022 19 October 2022 18 January 2023 18 January 2023
Dato' Tan Bing Hua	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 3. Guidebook 3 on Public Listed Companies Transformation Programme 4. Corporate Governance Monitor 2022 5. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 20 July 2022 19 October 2022 18 January 2023 18 January 2023
Chew Hoe Soon	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 3. Guidebook 3 on Public Listed Companies Transformation Programme 4. Corporate Governance Monitor 2022 5. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 20 July 2022 19 October 2022 18 January 2023 18 January 2023
Chew Po Sim	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 3. Guidebook 3 on Public Listed Companies Transformation Programme 4. Corporate Governance Monitor 2022 5. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 20 July 2022 19 October 2022 18 January 2023 18 January 2023
Y.A.M. Tengku Dato' Rahimah Binti Al-Marhum Sultan Mahmud	<ol style="list-style-type: none"> 1. Bursa Malaysia Sustainability Disclosure Review 2021 2. Guidebooks 1 and 2 on Public Listed Companies Transformation Programme 3. Guidebook 3 on Public Listed Companies Transformation Programme 4. Corporate Governance Monitor 2022 5. Guidebooks 4 and 5 on Public Listed Companies Transformation Programme 	25 May 2022 20 July 2022 19 October 2022 18 January 2023 18 January 2023

RETIREMENT OF DIRECTORS

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

Each year, the Nomination Committee assesses the experience, competence, integrity and capability of each Director who wishes to continue his office before making recommendation to the Board. The Nomination Committee has at its meeting on 25 May 2022 evaluated the performance and recommended the re-election of the retiring Directors, Tan Sri Dato' Seri Dr. Ting Chew Peh and Dato' Tan Bing Hua.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD COMMITTEE

(i) Audit Committee

The Board is assisted by the Audit Committee, which operates within clearly defined key functions. The composition, terms of reference and activities of the Audit Committee are set out on pages 55 to 57 of this annual report.

(ii) Nomination Committee

The Board is also assisted by the Nomination Committee, which operates within clearly defined key functions. The composition, terms of reference and activities of the Nomination Committee are set out on pages 58 to 59 of this annual report.

(iii) Remuneration Committee

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

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

SOUND AND RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

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

The Statement on Risk Management and Internal Control which has been reviewed by the External Auditors and Audit Committee is set out on pages 61 to 63 of this annual report.

INTERNAL AUDIT FUNCTION

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

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

The activities of the internal auditors during the financial year are set out in the Audit Committee Report set out on pages 55 to 57 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

The Directors are required by the Companies Act 2016 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group. The Directors are satisfied with the presentation of the financial statements of which has been prepared in accordance with the applicable accounting standards, consistently applied and supported by reasonable and prudent judgments and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed, to ensure accuracy and adequacy. The Group's financial statements are presented on pages 72 to 165 of this annual report.

ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

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

STATEMENT ON DIRECTORS' RESPONSIBILITIES

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

In preparing the financial statements, the Directors have:

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

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

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

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

CORPORATE DISCLOSURE POLICY

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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, Fax: 603-6188 4487 and Email: kl@huayang.com.my.

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

ENCOURAGE SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

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

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

Paragraph 8.29A of the Main Market Listing Requirements provides that any resolution set out in the notice of any general meeting or in any notice of resolution which properly be moved and is intended to be moved at any general meeting, shall be voted by poll. At least one (1) scrutineer will be appointed to validate the votes cast at the general meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process. Consequently, decisions at the Company's AGM scheduled to be held on 30 August 2023 will be conducted via polling, and for this purpose, the Company will engage independent scrutineers to validate the voting at the forthcoming AGM for each proposal presented to shareholders.

EFFECTIVE COMMUNICATION AND PROACTIVE ENGAGEMENT

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

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

TIME COMMITMENT

Board meetings are held at regular intervals with additional meetings convened when necessary. During the financial year, the Board met five (5) times to review the Group's operations, quarterly and annual financial statements and any other matters that required the Board's approval. Details of each Director's attendance are set out on page 21 of this annual report.

AUDIT COMMITTEE REPORT

COMPOSITION

For the financial year ended 31 March 2023, the Audit Committee comprised of the following members:-

Chairman	Dato' Tan Bing Hua (<i>Senior Independent Non-Executive Director</i>)
Members	Tan Sri Dato' Seri Dr. Ting Chew Peh (<i>Independent Non-Executive Director</i>) Chew Hoe Soon (<i>Non-Independent Non-Executive Director</i>)

KEY FUNCTIONS OF AUDIT COMMITTEE

- To consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- 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 (CONT'D)

MEETINGS

Five (5) meetings were held during the financial year ended 31 March 2023 and the attendance of the Audit Committee is as follows:

NO.	NAME OF COMMITTEE	ATTENDANCE
1.	DATO' TAN BING HUA	5/5
2.	TAN SRI DATO' SERI DR. TING CHEW PEH	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 once during the year without the presence of the Executive Board member and executives of the Company. The Chief Executive Office and the Deputy Chief Executive Officer attended the Audit Committee meetings to present the financial results whilst other Board members attended on invitation.

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

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

HIGHLIGHTS OF ACTIVITIES

In accordance with the terms of reference of the Audit Committee, the following activities were undertaken by the Audit Committee during the financial year ended 31 March 2023:

- 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.
- Reviewed the findings of the statutory audit with the external auditors.
- Reviewed the performance of the external auditors and internal auditors.
- Reviewed and approved the internal audit plan and internal audit reports and considered the major findings of internal audit review and management's response.
- Reviewed and received the group risk assessment report.
- Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion into the Annual Report.
- Reviewed the re-appointment of external auditors and the proposed audit fees prior to recommending the same to the Board for approval.
- Reviewed the Audit Planning Memorandum with the external auditors.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group's internal audit function has been outsourced to an external professional service provider firm, Resolve IR Sdn Bhd ("RESOLVE"). In accordance with its terms of reference, the outsourced internal audit function reports directly to the Audit Committee. The responsibility of the internal audit function is mainly to undertake independent and systematic assessment of the Group's system of internal control, risk management and governance with a view to provide assurance on its adequacy and effectiveness.

The internal audit function has carried out independent reviews on the Group's internal control system according to the internal audit plan that has been approved by 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 reports and deliverables arising from the above-mentioned reviews were presented to the Audit Committee for deliberation.

Independence of the internal audit function is being reviewed on an annual basis. RESOLVE had confirmed to the Audit Committee on their independence and that they are free from any conflict of interest that may impair their objectivity.

The total cost incurred for the Group's internal audit services in respect of the financial year was RM25,000.

For the financial year 2023, the main activities of the internal audit function focused on the assessment of adequacy and effectiveness of system of internal control and compliance with policies and procedures on Project Management, Pre-sales and Marketing and Sales and Marketing.

NOMINATION COMMITTEE REPORT

COMPOSITION

For the financial year ended 31 March 2023, the Nomination Committee comprised of the following members:-

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

Members Dato' Tan Bing Hua (*Senior Independent Non-Executive Director*)
Chew Hoe Soon (*Non-Independent Non-Executive Director*)

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

KEY FUNCTIONS OF NOMINATION COMMITTEE

The key functions of the Nomination Committee are as follows:

- Review and recommend to the Board for approval of the following appointments:
 - a. Members of the Board;
 - b. Members of the Board Committees;
 - c. Members of the Management Committee;
 - 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 Senior 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 twice during the financial year ended 31 March 2023.

NOMINATION COMMITTEE REPORT (CONT'D)

HIGHLIGHTS OF ACTIVITIES

During the financial year ended 31 March 2023, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

- a. Assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- b. Reviewed the size, composition and the required mix of skills of the Board;
- c. Recommended the re-election of retiring Directors to the Board;
- d. Assessed the independence of the Independent Directors and recommend the continuation in office of Independent Directors who have served more than twelve years;
- e. Reviewed the Nomination Committee Report for inclusion into the Annual Report; and
- f. Considered the candidate for appointment as Independent Non-Executive Director.

The Nomination Committee upon its annual assessment carried out for financial year 2023, 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 2023 were relevant and would serve to enhance their effectiveness in the Board.

ADDITIONAL COMPLIANCE INFORMATION

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

1. Utilisation of Proceeds Raised from any Corporate Proposals

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

The details of the utilisation of the proceeds as at 20 July 2023 are as follows:

Utilisation of Proceeds	Intended Timeframe for Utilisation*	Proceeds Raised (RM'000)	Amount Utilised # (RM'000)
Repayment of bank borrowings	Repayment of bank borrowings	4,000	4,000
Acquisition of new landbank, joint venture and investments	Acquisition of new landbank, joint venture and investments	1,350	1,000
Working capital	Working capital	10,035	10,035
Defrayment of estimated expenses for the Proposal	Defrayment of estimated expenses for the Proposal	455	455
	Total	15,840	15,490

Notes:

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

#From 31 October 2022 to 20 July 2023.

2. Audit and Non-Audit Fees

The details of fees paid / payable to the external auditors for the financial year ended 31 March 2023 as set out below:

	Group (RM'000)	Company (RM'000)
Statutory Audit	254	88
Other Services	6	6
Total	260	94

3. Material Contracts Involving Directors and Major Shareholders' Interest

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR FINANCIAL YEAR ENDED 31 MARCH 2023

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 Directors (“the Board”) of HYB is pleased to provide the following statement as required under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which is prepared in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors’ of Listed Issuers. This statement outlines the nature and scope of internal control of HYB Group (“the Group”) and the risk management framework for the financial year ended 31 March 2023.

BOARD RESPONSIBILITIES

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

RISK MANAGEMENT

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

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

The risk management process of the Group is embedded in the Group’s Risk Management Framework & Policy and Procedure.

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

FOR FINANCIAL YEAR ENDED 31 MARCH 2023

INTERNAL CONTROL MECHANISM

The internal audit function is outsourced to a professional services firm. During the financial year ended 31 March 2023, the outsourced internal audit service provider carried out audits in accordance with the internal audit plan approved by the Audit Committee and other areas as required and recommended by Senior Management of the Group. Results of the internal audit visits and recommendations for improvement were presented to the Audit Committee.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Organisation Structure & Authorisation Procedures

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

Periodical and/or Annual Budget

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

Scheduled Operational and Management Committee Meetings

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

Periodic Reporting

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

Site Visits

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

Human Resource Policies & Procedures

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D) FOR FINANCIAL YEAR ENDED 31 MARCH 2023

OTHER KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

Discretionary Authority Limits

The Board has formally defined levels of authority for various transactions through HYB'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.

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 2023 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respect:

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

SUMMARY

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

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

This statement was approved by the Board of Directors at its Meeting held on 20 July 2023.