HAFARY HOLDINGS LIMITED
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Six Months Ended 30 June 2024

	Notes	2024 $'000	2023 $'000	Change %
Revenue	2	116,630	104,843	11.2
Interest income		35	79	(55.7)
Other income and gains		2,870	2,931	(2.1)
Changes in inventories of goods held for resale		(2,490)	2,082	(219.6)
Purchases and related costs		(66,225)	(57,929)	14.3
Employee benefits expense		(16,914)	(15,835)	6.8
Amortisation and depreciation expense		(6,002)	(5,055)	18.7
Impairment losses		198	(85)	(332.9)
Other losses		(115)	(247)	(53.4)
Finance costs		(5,792)	(4,549)	27.3
Other expenses		(9,459)	(7,463)	26.7
Share of profit from an equity-accounted associate		602	1,554	(61.3)
Share of profit from equity-accounted joint ventures		377	20	1,785.0
Profit before income tax		13,715	20,346	(32.6)
Income tax expense	4	(3,547)	(4,238)	(16.3)
Profit, net of tax		10,168	16,108	(36.9)
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax		(585)	(844)	(30.7)
Total comprehensive income for the year		9,583	15,264	(37.2)
Profit attributable to:				
- Owners of the parent, net of tax		10,184	15,764	(35.4)
- Non-controlling interests, net of tax		(16)	344	(104.7)
		10,168	16,108	(36.9)
Total comprehensive income attributable to:				
- Owners of the parent		9,610	14,920	(35.6)
- Non-controlling interests		(27)	344	(107.8)
		9,583	15,264	(37.2)
		Cents	Cents	
Earnings per share				
Basic and diluted		2.37	3.66	

Additional Information on the Interim Consolidated Statement of Profit or Loss
For The Six Months Ended 30 June 2024

The following significant items of gains / (charges) were included in the statement of profit or loss.

	2024 $'000	2023 $'000	Change %
Rental income	2,527	2,508	0.8
Interest expense on borrowings	(5,416)	(4,329)	25.1
Interest expense on lease liabilities	(376)	(220)	70.9
Interest income	35	79	(55.7)
Depreciation of investment properties	(110)	(189)	(41.8)
Depreciation of property, plant and equipment	(3,944)	(3,542)	35.9
Depreciation of right-of-use assets	(1,623)	(1,324)	74.8
Amortisation of intangible assets	(325)	–	100.0
(Allowance) reversal for impairment of trade receivables:			
- Individually impaired – additions	(311)	(92)	238.0
- Collectively impaired – reversal	37	25	48.0
Bad debts written-off – trade receivables	(4)	–	100.0
Bad debts recovered – trade receivables	4	16	(75.0)
Reversal (allowance) for impairment of inventories	472	(34)	N.M.
Foreign exchange adjustment loss	(97)	(215)	(54.4)
Fair value loss on derivative financial instruments, net	(16)	(33)	(51.5)
(Loss) gain on disposal of plant and equipment	(2)	1	(300.0)
Government grants	91	89	2.2

N.M. – Not Meaningful

Condensed Interim Statements of Financial Position
As at 30 June 2024

		Group		Company	
	Notes	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
ASSETS		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	6	117,842	115,128	320	371
Right-of-use assets	7	137,398	134,168	–	–
Investment properties	8	21,074	21,184	–	–
Intangible assets	9	8,151	8,476	–	–
Investments in subsidiaries		–	–	9,239	9,239
Investment in an associate	10	20,614	20,351	–	–
Investments in joint ventures	11	576	193	–	–
Other financial assets		374	374	338	338
Total non-current assets		306,029	299,874	9,897	9,948
Current assets					
Inventories	12	105,287	90,258	–	–
Trade and other receivables	13	65,407	56,341	33,637	30,309
Derivative financial assets		–	–	–	–
Other non-financial assets		5,752	7,231	5	2
Cash and cash equivalents		17,396	17,897	108	39
Total current assets		193,842	171,727	33,750	30,350
Total assets		499,871	471,601	43,647	40,298
EQUITY AND LIABILITIES					
Equity					
Share capital	14	26,930	26,930	26,930	26,930
Retained earnings		93,476	94,576	6,091	1,253
Foreign currency translation reserve	15	(3,932)	(3,358)	–	–
Equity, attributable to owners of the parent		116,474	118,148	33,021	28,183
Non-controlling interests		6,850	7,687	–	–
Total equity		123,324	125,835	33,021	28,183
Non-current liabilities					
Deferred tax liabilities		1,499	1,768	–	–
Loans and borrowings, non-current	17, 18	161,132	168,199	–	–
Lease liabilities, non-current	17, 19	18,396	15,633	–	–
Total non-current liabilities		181,027	185,600	–	–
Current liabilities					
Income tax payable		7,831	8,803	–	16
Provision	20	1,014	980	–	–
Trade and other payables	21	49,675	53,407	10,626	12,099
Derivative financial liabilities		17	1	–	–
Loans and borrowings, current	17, 18	124,347	86,302	–	–
Lease liabilities, current	17, 19	3,862	2,809	–	–
Other non-financial liabilities		8,774	7,864	–	–
Total current liabilities		195,520	160,166	10,626	12,115
Total liabilities		376,547	345,766	10,626	12,115
Total equity and liabilities		499,871	471,601	43,647	40,298

The accompanying notes form an integral part of these financial statements.

Condensed Interim Statements of Changes in Equity
For The Six Months Ended 30 June 2024

Group:	Total equity $'000	Attributable to parent subtotal $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000
Current period:						
Opening balance at 1 January 2024	125,835	118,148	26,930	94,576	(3,358)	7,687
Changes in equity:						
Total comprehensive income (loss) for the period	9,583	9,610	–	10,184	(574)	(27)
Dividends paid (Note 5)	(6,458)	(6,458)	–	(6,458)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,171)	–	–	–	–	(1,171)
Acquisition of a non-controlling interest without a change in control	(4,465)	(4,826)	–	(4,826)	–	361
Closing balance at 30 June 2024	123,324	116,474	26,930	93,476	(3,932)	6,850
Previous period:						
Opening balance at 1 January 2023	96,012	92,571	26,930	67,350	(1,709)	3,441
Changes in equity:						
Total comprehensive income for the period	15,264	14,920	–	15,764	(844)	344
Dividends paid (Note 5)	(6,458)	(6,458)	–	(6,458)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,141)	–	–	–	–	(1,141)
Consolidation of a subsidiary	1,171	–	–	–	–	1,171
Closing balance at 30 June 2023	104,848	101,033	26,930	76,656	(2,553)	3,815

Condensed Interim Statements of Changes in Equity (cont'd)
For The Six Months Ended 30 June 2024

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current period:			
Opening balance at 1 January 2024	28,183	26,930	1,253
Changes in equity:			
Total comprehensive income for the year	11,296	–	11,296
Dividends paid (Note 5)	(6,458)	–	(6,458)
Closing balance at 30 June 2024	33,021	26,930	6,091
Previous period:			
Opening balance at 1 January 2023	34,216	26,930	7,286
Changes in equity:			
Total comprehensive income for the year	5,428	–	5,428
Dividends paid (Note 5)	(6,458)	–	(6,458)
Closing balance at 30 June 2023	33,186	26,930	6,256

Condensed Interim Consolidated Statement of Cash Flows
For The Six Months Ended 30 June 2024

	2024 $'000	2023 $'000
Cash flows from operating activities		
Profit before income tax	13,715	20,346
Adjustments for:		
Interest expense on borrowings	5,416	4,329
Interest expense on lease liabilities	376	220
Interest income	(35)	(79)
Depreciation of property, plant and equipment	4,814	3,542
Depreciation of right-of-use assets	2,314	1,324
Depreciation of investment properties	110	189
Amortisation of intangible assets	325	–
Loss (gain) on disposal of plant and equipment	2	(1)
Share of profit from an equity-accounted associate	(602)	(1,554)
Share of profit from equity-accounted joint ventures	(377)	(20)
Net effect of exchange rate changes in consolidating subsidiaries	(226)	(33)
Operating cash flows before changes in working capital	25,832	28,263
Inventories	(15,029)	(4,900)
Trade and other receivables	(10,440)	(1,241)
Other non-financial assets	1,479	(1,561)
Provision	34	42
Trade and other payables	(2,542)	9,422
Derivative financial assets / liabilities	16	34
Other non-financial liabilities	910	(1,406)
Net cash flows from operations	260	28,653
Income taxes paid	(4,788)	(3,709)
Net cash flows (used in) from operating activities	(4,528)	24,944
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,303)	(2,525)
Increase in construction in progress	(5,212)	(14,166)
Proceeds from disposal of plant and equipment	9	1
Consolidation of a subsidiary net of cash acquired	–	1,103
Net movements in amount due from joint ventures	(33)	(159)
Net movements in amount due from other related parties	223	(1,203)
Interest income received	35	39
Net cash flows used in investing activities	(7,280)	(16,910)

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For The Six Months Ended 30 June 2024

	2024 $'000	2023 $'000
Cash flows from financing activities		
Dividends paid to equity owners	(6,458)	(6,458)
Dividends paid to non-controlling interests	(1,171)	(1,141)
Lease liabilities – principal portion paid	(2,075)	(580)
Increase (decrease) in trust receipts and bills payable	16,567	(2,332)
Increase from new borrowings	23,001	27,258
Decrease in loans and borrowings	(8,590)	(7,348)
Interest expense paid	(5,430)	(4,643)
Acquisition of a non-controlling interest without a change in control (Note A)	(4,465)	–
Net cash flows from financing activities	11,379	4,756
Net (decrease) increase in cash and cash equivalents	(429)	12,790
Net effect of exchange rate changes on cash and cash equivalents	(72)	(37)
Cash and cash equivalents, beginning balance	17,897	11,504
Cash and cash equivalents, ending balance	17,396	24,257

Note A: Acquisition of a non-controlling interest without a change in control

On 18 January 2024, the company's subsidiary, Hafary Pte Ltd completed the acquisition of World Furnishing Hub Pte. Ltd from 81% to 100%. with the purchase consideration cost of $4,465,000.

Notes to the Financial Statements
30 June 2024

1. General

Hafary Holdings Limited (the “company”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries. The registered office and principal place of business of the company is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

The board of directors approved and authorised these condensed interim financial statements for issue on the date of this announcement.

The company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

The principal activities of the group are disclosed in Note 2 on segment information.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the provisions of the SGX Mainboard Listing Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the group since the latest audited annual financial statements.

Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclose with further details in the relevant Notes to these condensed consolidated interim financial statements.

1. General (cont'd)

Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of expected credit loss allowance on trade receivables:
The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Assessment of allowance on inventories:
The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Critical judgement over the lease terms:
The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in note on lease liabilities.

2. Financial information by operating segments

2A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the reporting entity is organised into four major strategic operating segments: General, Project, Manufacturing and Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

2. Financial information by operating segments (cont'd)

2A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The goods in the General and Project segments comprise ceramic tiles, stone and wood furnishing for residential and commercial properties.

The goods in the Manufacturing segment comprise ceramic tiles manufactured by the plants operating at Kluang in Malaysia. The tiles are distributed to the domestic market as well as the global market.

The segments and the types of products and services are as follows:

- General segment includes retail "walk-in" customers who purchase their requirements from the showrooms or customers (such as architecture, interior design and renovation firms) who make ad-hoc purchases for home renovation or small property development. The quantities purchased are typically small.
- Project segment includes customers who are usually involved in major property development projects, in residential, commercial, public and industrial sectors. Project customers include architecture firms, property developers and construction companies.
- Manufacturing segment includes manufacturing of ceramic tiles that cater to the customers' requirements and specifications. The quantities are generally large orders. The customers include property developers, wholesalers and distributors.
- Others segment relates to investing activities including net rental collected from properties.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before amortisation and depreciation, interests and income taxes ("Recurring EBITDA"); and (2) operating results before income taxes and other unallocated items ("ORBIT").

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations

The tables below illustrated the information about the reportable segment profit or loss, assets and liabilities.

	General	Project	Manufacturing	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Continuing operations – 6 months ended 30 June 2024:						
Total revenue by segment	75,244	44,948	19,966	–	–	140,158
Inter-segment sales	(10,472)	(7,371)	(5,685)	–	–	(23,528)
Total revenue	64,772	37,577	14,281	–	–	116,630
Recurring EBITDA	15,615	8,840	(2,223)	2,080	218	24,530
Amortisation and depreciation expense	(4,114)	(985)	(229)	(674)	–	(6,002)
Finance costs	(3,020)	(212)	(590)	(1,970)	–	(5,792)
Share of profit from an equity-accounted associate	–	–	–	602	–	602
Share of profit from equity-accounted joint ventures	–	–	–	377	–	377
ORBIT	8,481	7,643	(3,042)	415	218	13,715
Income tax expense						(3,547)
Profit, net of tax						10,168

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations (cont'd)

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Unallocated $'000	Group $'000
Continuing operations – 6 months ended 30 June 2023:						
Total revenue by segment	79,595	48,067	–	–	–	127,622
Inter-segment sales	(12,071)	(10,748)	–	–	–	(22,819)
Total revenue	67,524	37,319	–	–	–	104,843
Recurring EBITDA	22,565	5,822	(2,418)	2,119	288	28,376
Amortisation and depreciation expense	(3,638)	(547)	(8)	(862)	–	(5,055)
Finance costs	(2,540)	(72)	(72)	(1,865)	–	(4,549)
Share of profit from an equity-accounted associate	–	–	–	1,554	–	1,554
Share of profit from equity-accounted joint ventures	–	–	–	20	–	20
ORBIT	16,387	5,203	(2,498)	966	288	20,346
Income tax expense						(4,238)
Profit, net of tax						16,108

2C. Assets, liabilities and reconciliations

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
As at 30 June 2024:					
Segment assets	303,452	61,172	84,832	50,415	499,871
Segment liabilities	253,252	38,531	60,709	14,725	367,217
Deferred tax liabilities					1,499
Income tax payable					7,831
Total liabilities					376,547
As at 31 December 2023:					
Segment assets	299,167	66,376	55,854	50,204	471,601
Segment liabilities	236,330	41,913	41,757	15,195	335,195
Deferred tax liabilities					1,768
Income tax payable					8,803
Total liabilities					345,766

2. Financial information by operating segments (cont'd)

2D. Other material items and reconciliations

For 6 months ended 30 June:	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
Impairment of assets:					
2024	(520)	322	–	–	(198)
2023	(44)	129	–	–	85
Expenditure for non-current assets:					
2024	880	74	1,349	5,212	7,515
2023	655	103	11,839	4,093	16,690

2E. Geographical information

	Revenue 6 months ended 30 June		Non-current assets	
	2024 $'000	2023 $'000	30 Jun 2024 $'000	31 Dec 2023 $'000
Singapore	76,129	86,974	252,201	251,280
Malaysia	22,730	13,459	24,640	19,485
Socialist Republic of Vietnam	117	–	20,614	20,351
People's Republic of China	2,251	–	7,624	8,174
Republic of the Union of Myanmar	386	64	576	210
United States of America	11,137	1,436	–	–
Taiwan	1,723	948	–	–
Thailand	607	–	–	–
Australia	248	–	–	–
Philippines	225	–	–	–
Republic of Indonesia	179	36	–	–
Japan	175	351	–	–
Cambodia	151	910	–	–
Hong Kong	55	130	–	–
Others	517	535	–	–
	116,630	104,843	305,655	299,500

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments.

2F. Disaggregation of revenue from contracts with customers

	Revenue 6 months ended 30 June	
	2024 $'000	2023 $'000
Goods recognised at point in time	114,069	100,479
Services recognised over time	2,561	4,364
Total continuing operations	116,630	104,843

3. Related party transactions - Group

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	6 months ended 30 June	
	2024	2023
	$'000	$'000
Joint ventures:		
Interest income	–	(40)
Sales of goods	(392)	(148)
Purchases of goods	–	4,607
Other related parties:		
Sale of goods	(991)	(1,056)
Rental income	(119)	(121)
Secondment fee income	(663)	–
Reimbursement of expenses payment on behalf of other related parties	(178)	(14)
Miscellaneous income	–	(27)
Purchases of goods	10,980	14,654
Rental expenses	804	321
Secondment fee expense	836	514
Reimbursement of expenses payment on behalf of the group	973	352
Property management charges	45	45
Receiving of services	156	54
Purchase of plant and equipment	714	–

4. Income tax

4A. Components of tax expense recognised in profit or loss

	6 months ended 30 June	
	2024	2023
	$'000	$'000
Current tax expense:		
Current tax expense	3,748	4,238
Under adjustments in respect of prior years	20	–
Subtotal	3,768	4,238
Deferred tax income:		
Deferred tax income	(130)	(3)
Over adjustments in respect of prior years	(91)	3
Subtotal	(221)	–
Total income tax expense	3,547	4,238

4. Income tax (cont'd)

4A. Components of tax expense recognised in profit or loss (cont'd)

The reconciliation of income taxes below is determined by using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period:

	6 months ended 30 June	
	2024	2023
	$'000	$'000
Profit before income tax	13,715	20,346
Less:		
- Share of profit from an equity-accounted associate	(602)	(1,554)
- Share of profit from equity-accounted joint ventures	(377)	(20)
	12,736	18,772
Income tax expense at 17% (2023: 17%)	2,165	3,191
Effect of different tax rates in different countries	93	77
Expenses not deductible for tax purposes	1,489	1,109
Tax exemption and rebates	(129)	(142)
(Over) under adjustments in respect of prior years	(71)	3
Total income tax expense	3,547	4,238
Effective income tax rate for the period	28%	23%

5. Dividends on equity shares

	6 months ended 30 June	
	2024	2023
	$'000	$'000
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023 (FY2022: 0.75 cent)	3,229	3,229
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	3,229	–
Special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2022	–	3,229
Total dividends paid during the period	6,458	6,458

6. Property, plant and equipment

Group	Leasehold properties $'000	Plant and equipment $'000	Construction in progress $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 January 2024	115,752	41,412	3,745	5,284	166,193
Additions	269	1,765	5,212	269	7,515
Disposals	–	(1,881)	–	(238)	(2,119)
Foreign exchange adjustments	30	65	–	2	97
At 30 June 2024	116,051	41,361	8,957	5,317	171,686
Accumulated depreciation:					
At 1 January 2024	30,993	16,136	–	3,936	51,065
Depreciation for the period	2,336	2,243	–	235	4,814
Disposals	–	(1,865)	–	(235)	(2,100)
Foreign exchange adjustments	11	53	–	1	65
At 30 June 2024	33,340	16,567	–	3,937	53,844
Carrying value:					
At 1 January 2024	84,759	25,276	3,745	1,348	115,128
At 30 June 2024	82,711	24,794	8,957	1,380	117,842

	6 months ended 30 June	
	2024 $'000	2023 $'000
The depreciation is		
Capitalised as manufactured inventory costs	870	–
Expensed to profit or loss	3,944	3,542
Total depreciation for the period	4,814	3,542

As at the reporting period ended 30 June 2024, the group's leasehold properties with carrying amount of $79,718,000 (31 December 2023: $81,688,000) are mortgaged for bank facilities (Note 18).

Certain motor vehicles are under lease liabilities (Note 19).

7. Right-of-use assets

Group	Leasehold land $'000	Premises $'000	Total $'000
Cost:			
At 1 January 2024	146,690	9,660	156,350
Additions	–	5,471	5,471
Foreign exchange adjustments	26	65	91
At 30 June 2024	146,716	15,196	161,912
Accumulated depreciation:			
At 1 January 2024	17,123	5,059	22,182
Depreciation for the period	961	1,353	2,314
Foreign exchange adjustments	7	11	18
At 30 June 2024	18,091	6,423	24,514
Carrying value:			
At 1 January 2024	129,567	4,601	134,168
At 30 June 2024	128,625	8,773	137,398

	6 months ended 30 June	
	2024	2023
	$'000	$'000
The depreciation is		
Capitalised as manufactured inventory costs	691	–
Expensed to profit or loss	1,623	1,324
Total depreciation for the period	2,314	1,324

As at the reporting period ended 30 June 2024, the group's land use rights with carrying amount of $113,081,000 (31 December 2023: $113,635,000) are mortgaged for bank facilities (Note 18). The land use rights relate to parcels of lands in Singapore and People's Republic of China.

Leasehold land
The group has made upfront payments for six parcels of leasehold land in Singapore and People's Republic of China, which are used in the group's warehousing and business operations.

The leases from JTC Corporation are under a non-cancellable operating leases which are from eight to forty-seven years, and amounts payable are subject to annual revision. The variable rent adjustments in the JTC lease would include changes in market rental rates.

Premises
The group leases warehouses and retail shops for the purpose of warehousing and retail operations.

The leases for the group's premises are negotiated for terms of one to three years.

8. Investment properties

Group	Freehold land $'000	Freehold property $'000	Leasehold properties $'000	Total $'000
Cost:				
At 1 January 2024 and 30 June 2024	3,906	370	17,660	21,936
Accumulated depreciation:				
At 1 January 2024	–	142	610	752
Depreciation for the period	–	9	101	110
At 30 June 2024	–	151	711	862
Carrying value:				
At 1 January 2024	3,906	228	17,050	21,184
At 30 June 2024	3,906	219	16,949	21,074

	Group 30 Jun 2024 $'000	Group 31 Dec 2023 $'000
Fair value at end of the period / year for disclosure purposes only	18,684	18,684

	30 Jun 2024 $'000	30 Jun 2023 $'000
Rental income from investment properties	550	603
Direct operating expenses (including repairs and maintenance) arising from investment properties	(230)	(246)

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

The investment properties are mortgaged as security for the bank facilities (Note 18).

9. Intangible assets

Group	Goodwill $'000	Customer relationship $'000	Total $'000
Cost:			
At 1 January 2024 and 30 June 2024	5,233	3,892	9,125
Accumulated amortisation:			
At 1 January 2024	–	649	649
Amortisation for the period	–	325	325
At 30 June 2024	–	974	974
Carrying value:			
At 1 January 2024	5,233	3,243	8,476
At 30 June 2024	5,233	2,918	8,151

9. Intangible assets (cont'd)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary follows:

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Subsidiary:		
Melmer Stoneworks Pte. Ltd.	5,233	5,233
Carrying value at end of the year	5,233	5,233

Goodwill is tested annually for impairment. The Group will perform impairment test of goodwill at the end of the financial year by comparing the carrying value of the cash-generating unit ("CGU") against the fair value less cost of disposal.

10. Investment in an associate

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Unquoted equity shares at cost	2,061	2,061
Goodwill at cost	758	758
Share of post-acquisition profit, net of dividends received	17,795	17,532
Carrying amount	20,614	20,351
Movements in carrying amount:		
At beginning of the reporting period / year	20,351	19,423
Share of profit for the reporting period / year	602	3,220
Dividends	–	(1,312)
Foreign exchange adjustments	(339)	(980)
At end of the reporting period / year	20,614	20,351

The carrying amount of investment in the associate is denominated in Vietnamese Dong.

The details of the associate are given as below:

Name of associate, country of incorporation, place of operations and principal activities	Equity held by the Group	
	30 Jun 2024	31 Dec 2023
	%	%
Viet Ceramics International Joint Stock Company Socialist Republic of Vietnam Importer and dealer of building materials	49	49

11. Investments in joint ventures

	Group	
	30 Jun 2024 $'000	31 Dec 2023 $'000
Unquoted equity shares at cost	5	5
Share of post-acquisition gains, net of dividends	571	188
Carrying amount	576	193
Movements in carrying amount:		
At beginning of the period / year	193	2,832
Share of profits for the period / year	377	280
Transferred to subsidiaries of the group	–	(2,915)
Foreign exchange adjustments	6	(4)
At end of the period / year	576	193

The details of the joint venture are given as below:

Name of joint venture, country of incorporation, place of operation and principal activities	Equity held by the Group	
	30 Jun 2024 %	31 Dec 2023 %
Hafary Myanmar Investment Pte. Ltd. # Singapore Investment holding	33	33

(#) Audited by RSM SG Assurance LLP.

The group jointly controls Hafary Myanmar Investment Pte. Ltd. with other partners under the contractual agreements that require unanimous consent or two thirds of board of directors' consent for all major decisions over the relevant activities.

12. Inventories

	Group	
	30 Jun 2024 $'000	31 Dec 2023 $'000
Goods held for resale	105,287	90,258
Inventories are stated after allowance. Movements in allowance:		
At beginning of the period / year	18,198	18,571
Reversed to profit or loss included in impairment losses	(472)	(814)
Acquisition of subsidiaries	–	451
Foreign exchange adjustments	1	(10)
At end of the period / year	17,727	18,198

There are no inventories pledged as security for liabilities.

13. Trade and other receivables

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Trade receivables:		
Outside parties	53,413	45,127
Less: Allowance for impairment	(1,922)	(1,928)
Joint venture	266	38
Other related parties	890	951
Retention receivables on contracts	2,546	2,882
Net trade receivables – subtotal	55,193	47,070
Other receivables:		
Outside parties	1,232	1,038
Joint venture	1,608	1,575
Less: Allowance for impairment	(697)	(697)
Other related parties	2,058	3,465
Refundable deposits	6,013	3,890
Net other receivables – subtotal	10,214	9,271
Total trade and other receivables	65,407	56,341
Movements in above allowance on trade receivables:		
At beginning of the period / year	1,928	2,070
Additions individually impaired	311	797
Reversal collectively impaired	(37)	(39)
Bad debts written-off	(280)	(900)
At end of the period / year	1,922	1,928
Movements in above allowance on other receivables:		
At beginning of the period / year	697	483
Additions individually impaired	–	214
At end of the period / year	697	697

As the group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position except for financial guarantee contracts provided to banks.

(i) Concentration of credit risk

There is no significant concentration of credit risk with respect to trade receivables as the exposure is spread over a large number of counter-parties and customers.

(ii) Credit risk exposure

The group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk for trade receivables by countries at the end of the reporting period, approximately:

- 62% (31 December 2023: 73%) of the group's trade receivables from Singapore.
- 38% (31 December 2023: 27%) of the group's trade receivables from other countries.

13. Trade and other receivables (cont'd)

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 days (31 December 2023: 60 days). But some customers take a longer period to settle the amounts.

The allowance on trade receivables above is based on individual accounts totaling $1,720,000 (31 December 2023: $1,689,000) of the group that are determined to be impaired at the end of the reporting period / year. These are not secured.

Expected credit losses

The expected credit losses ("ECL") on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions. The allowance model is based on the historical observed default rates (over a period of 12 months to 18 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The loss allowance of $202,000 (31 December 2023: $239,000) for the group is included in the allowance for impairment of receivables amounting to $1,922,000 as at 30 June 2024 (31 December 2023: $1,928,000). There is no collateral held as security and other credit enhancements for the trade receivables held by the group.

The amounts are written-off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

Other receivables are normally with no fixed terms and therefore there is no fixed maturity date. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

At the end of the reporting period, a loss allowance of $697,000 (31 December 2023: $697,000) is recognised on other receivables.

14. Share capital

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at 31 December 2023 and 30 June 2024	430,550	26,930

The company's subsidiaries do not hold shares in the company.

There was no movement in the issued and paid-up capital of the company since 31 December 2023.

There were no outstanding convertibles as at 30 June 2024 (30 June 2023: Nil).

The company did not hold any treasury shares as at 30 June 2024 (30 June 2023: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2024.

15. Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the group. This reserve is not available for cash dividends unless realised.

16. Net asset value per share

	Group		Company	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Net asset value per share based on existing issued share capital as at the respective dates (cents)	27.1	27.4	7.7	6.5

17. Aggregate amount of the group's borrowings and debt securities

	Secured		Unsecured	
	30 Jun 2024 $'000	31 Dec 2023 $'000	30 Jun 2024 $'000	31 Dec 2023 $'000
Repayable in one year or less, or on demand:				
Bank borrowings (Note 18)	43,609	38,239	41,960	25,851
Trust receipts and bills payable (Note 18)	2,228	22,212	36,550	–
Lease liabilities (Note 19)	107	143	3,755	2,666
Subtotal	45,944	60,594	82,265	28,517
Repayable after one year:				
Bank borrowings (Note 18)	153,418	158,321	7,714	9,878
Lease liabilities (Note 19)	150	229	18,246	15,404
Subtotal	153,568	158,550	25,960	25,282
Total	199,512	219,144	108,225	53,799

18. Loans and borrowings

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Non-current:		
With floating interest rates:		
Bank loan H (secured) (Note 18E)	34,771	–
Bank loan P (secured) (Note 18I)	11,088	11,324
Bank loan U (secured) (Note 18M)	57,600	59,100
Bank loan Y (secured) (Note 18O)	6,907	7,850
Subtotal	110,366	78,274
With fixed interest rates:		
Bank loan F (secured) (Note 18C)	6,994	7,527
Bank loan H (secured) (Note 18E)	–	35,275
Bank loan I (secured) (Note 18F)	5,473	6,081
Bank loan J (secured) (Note 18F)	4,925	5,473
Bank loan K (secured) (Note 18G)	1,891	1,976
Bank loan M (unsecured) (Note 18H)	–	388
Bank loan N (unsecured) (Note 18H)	173	430
Bank loan O (unsecured) (Note 18H)	54	118
Bank loan Q (unsecured) (Note 18H)	418	608
Bank loan R (secured) (Note 18J)	24,207	24,774
Bank loan S (secured) (Note 18K)	873	976
Bank loan T (secured) (Note 18L)	5,596	5,815
Bank loan W (unsecured) (Note 18H)	162	484
Subtotal	50,766	89,925
Non-current, total	161,132	168,199
Current:		
With floating interest rates:		
Bank loan A (secured) (Note 18A)	10,500	8,500
Bank loan B (secured) (Note 18A)	8,000	8,000
Bank loan C (secured) (Note 18A)	4,500	1,000
Bank loan D (unsecured) (Note 18B)	11,100	8,000
Bank loan E (unsecured) (Note 18B)	3,500	3,500
Bank loan G (secured) (Note 18D)	3,750	3,750
Bank loan H (secured) (Note 18E)	2,232	–
Bank loan L (secured) (Note 18A)	5,500	5,500
Bank loan P (secured) (Note 18I)	461	449
Bank loan U (secured) (Note 18M)	3,000	2,500
Bank loan V (unsecured) (Note 18N)	12,000	6,000
Bank loan X (unsecured) (Note 18N)	1,439	1,436
Bank loan Y (unsecured) (Note 18O)	2,303	1,340
Bank loan Z (unsecured) (Note 18N)	3,741	2,872
Bank loan AA (unsecured) (Note 18P)	1,006	297
Bank loan AB (unsecured) (Note 18N)	3,000	–
Bank loan AC (unsecured) (Note 18N)	1,439	–
Trust receipts and bills payable (Note 18Q)	38,778	22,212
Subtotal	116,249	75,356

18. Loans and borrowings (cont'd)

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Current (cont'd):		
With fixed interest rates:		
Bank loan F (secured) (Note 18C)	1,063	1,066
Bank loan H (secured) (Note 18E)	–	2,945
Bank loan I (secured) (Note 18F)	1,216	1,216
Bank loan J (secured) (Note 18F)	1,095	1,095
Bank loan K (secured) (Note 18G)	172	172
Bank loan M (unsecured) (Note 18H)	773	765
Bank loan N (unsecured) (Note 18H)	512	507
Bank loan O (unsecured) (Note 18H)	128	126
Bank loan Q (unsecured) (Note 18H)	378	374
Bank loan R (secured) (Note 18J)	1,135	1,135
Bank loan S (secured) (Note 18K)	549	479
Bank loan T (secured) (Note 18L)	436	432
Bank loan W (unsecured) (Note 18H)	641	634
Subtotal	8,098	10,946
Current, total	124,347	86,302
Total	285,479	254,501
The non-current portion is repayable as follows:		
Due within two to five years	102,634	108,310
After five years	58,498	59,889
Total non-current portion	161,132	168,199

The ranges of fixed interest rates per annum paid were as follows:

	Group	
	30 Jun 2024	31 Dec 2023
	%	%
Bank loan F (secured)	1.58	1.58
Bank loan H (secured)	–	1.58
Bank loan I (secured)	1.58	1.58
Bank loan J (secured)	1.58	1.58
Bank loan K (secured)	1.58	1.58
Bank loan M (unsecured)	2.00	2.00
Bank loan N (unsecured)	2.00	2.00
Bank loan O (unsecured)	2.00	2.00
Bank loan Q (unsecured)	2.00	2.00
Bank loan R (secured)	1.50	1.50
Bank loan S (secured)	–	1.30
Bank loan T (secured)	1.50	1.50
Bank loan W (unsecured)	2.00	2.00

18. Loans and borrowings (cont'd)

The ranges of floating interest rates per annum paid were as follows:

	Group	
	30 Jun 2024	31 Dec 2023
	%	%
Bank loan A (secured)	4.81 to 5.09	4.69 to 5.17
Bank loan B (secured)	4.92 to 5.09	4.69 to 5.08
Bank loan C (secured)	5.47 to 5.62	5.33 to 5.94
Bank loan D (unsecured)	4.89 to 5.35	4.82 to 5.72
Bank loan E (unsecured)	5.35 to 5.45	5.20 to 5.50
Bank loan G (secured)	4.81 to 5.05	4.69 to 5.08
Bank loan H (secured)	1.55 to 4.67	–
Bank loan L (secured)	5.47 to 5.62	5.33 to 5.94
Bank loan P (secured)	4.64 to 4.71	1.30 to 4.70
Bank loan S (secured)	4.70 to 6.50	–
Bank loan U (secured)	4.48 to 4.70	3.58 to 4.73
Bank loan V (unsecured)	4.71 to 4.95	3.71 to 5.07
Bank loan X (unsecured)	4.99 to 5.07	3.41 to 4.98
Bank loan Y (unsecured)	5.25 to 5.31	5.10 to 5.14
Bank loan Z (unsecured)	3.79 to 5.07	4.97 to 4.98
Bank loan AA (unsecured)	3.75 to 3.90	3.75
Bank loan AB (unsecured)	4.78 to 4.87	–
Bank loan AC (unsecured)	4.92	–
Trust receipts and bills payable	3.99 to 5.45	1.20 to 5.95

18A. Bank loans A, B, C and L (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

18B. Bank loans D and E (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Corporate guarantee from the company.
(iii) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18C. Bank loan F (secured)

These relate to two loan facilities. The agreements for the bank loans provide among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from November 2011 and July 2013 respectively.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18D. Bank loan G (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months), subject to yearly reduction of $750,000 over 8 years until the limit is reduced to $4,000,000.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18E. Bank loan H (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by over 3 years fixed principal instalment of $125,000 each and remaining by equal monthly instalments over 12 years commencing from May 2017.
(ii) Legal mortgage on a leasehold property (Note 6) and leasehold land (Note 7).
(iii) Legal assignment of insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreement in respect of the leasehold property.
(iv) Joint and several corporate guarantees from the company and a subsidiary.
(v) Personal guarantee from a director cum a shareholder.
(vi) Need to comply with certain financial covenants.

18F. Bank loans I and J (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by equal monthly instalments over 14 years from January 2016.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18G. Bank loan K (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from July 2016.
(ii) Legal mortgage on an investment property (Note 8).
(iii) Assignment of rental proceeds.
(iv) Corporate guarantee from the company.
(v) Personal guarantee from a director.
(vi) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18H. Bank loans M, N, O, Q and W (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) The loans were drawn under the Enterprise Financing Scheme and repayable by monthly instalments over 5 years from the draw down date.
(ii) The loans have an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.

18I. Bank loan P (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

18J. Bank loan R (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 25 years.
(ii) The loan has an interest servicing period for the first 6 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from a subsidiary.
(v) Need to comply with certain financial covenants.

18K. Bank loan S (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18L. Bank loan T (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) Legal mortgage on a leasehold property (Note 6).
(iii) Corporate guarantee from a subsidiary.
(iv) Need to comply with certain financial covenants.

18M. Bank loan U (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing March 2024.
(ii) The loan has an interest servicing period for the first 15 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a mix of leasehold property (Note 6), leasehold land (Note 7) and investment property (Note 8).
(iv) Corporate guarantee from the company and a subsidiary.
(v) Need to comply with certain financial covenants.

18N. Bank loan V, X, Z, AB and AC (unsecured)

The agreement for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Corporate guarantee from the company.

18O. Bank loan Y (unsecured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing June 2024.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

18P. Bank loan AA (unsecured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by one lump sum within 12 months from draw down date.

18Q. Trust receipts and bills payable

These are repayable within 150 to 180 days (31 December 2023: 150 to 180 days) and are guaranteed by the company.

19. Lease liabilities

	Group 30 Jun 2024 $'000	Group 31 Dec 2023 $'000
Lease liabilities, current	3,862	2,809
Lease liabilities, non-current	18,396	15,633
Total	22,258	18,442

Movements of lease liabilities for the reporting period / year are as follows:

	Group 30 Jun 2024 $'000	Group 31 Dec 2023 $'000
Total lease liabilities at beginning of reporting period / year	18,442	14,398
Additions	5,467	4,439
Acquisition from subsidiary	–	841
Accretion of interest	376	500
Lease payments – principal portion paid	(2,075)	(1,595)
Interest paid	(8)	(8)
Foreign exchange adjustments	56	(133)
Total lease liabilities at end of reporting period / year	22,258	18,442

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Certain leases are secured by the lessors' charge over the leased assets as follows:

	Group 30 Jun 2024 $'000	Group 31 Dec 2023 $'000
Carrying amounts of motor vehicles under lease liabilities	364	433

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 7.

During the reporting period, expense of the group relating to short-term leases included in other expenses was $174,000 (30 June 2023: $334,000).

20. Provision

	Group	
	30 Jun 2024 $'000	31 Dec 2023 $'000
Provision for rebates	1,014	980
Movements in above provision:		
Balance at beginning of the period / year	980	1,119
Additions	1,014	980
Used	(980)	(1,119)
Balance at end of the period / year	1,014	980

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (31 December 2023: 60 days).

21. Trade and other payables

	Group	
	30 Jun 2024 $'000	31 Dec 2023 $'000
Trade payables:		
Outside parties and accrued liabilities	36,503	32,874
Other related parties	4,314	12,392
Trade payables – subtotal	40,817	45,266
Other payables:		
Outside parties [#]	7,905	6,004
Other related party	64	1,248
Director cum shareholder	889	889
Other payables – subtotal	8,858	8,141
Balance at end of the period / year	49,675	53,407

[#] Included in other payables is a loan from CNA Pte. Ltd., a shareholder of a subsidiary, International Ceramic Manufacturing Hub Pte. Ltd., amounting to $3,634,000 (31 December 2023: $2,713,000), which is unsecured, interest-free and repayable on demand.

22. Capital commitments

Estimated amounts committed at the end of the reporting period / year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	30 Jun 2024 $'000	31 Dec 2023 $'000
Commitments to purchase plant and equipment	329	–
Contractual obligations for construction works for investment property and property, plant and equipment	2,143	6,527
Total	2,472	6,527

23. Categories of financial assets and liabilities

The following table categorises the carrying amounts of financial assets and liabilities recorded at the end of the reporting period / year:

	Group	
	30 Jun 2024	31 Dec 2023
	$'000	$'000
Financial assets:		
Financial assets at amortised cost	82,803	74,238
Financial assets at fair value through profit or loss	374	374
	83,177	74,612
Financial liabilities:		
Financial liabilities at amortised cost	357,412	326,350
Derivatives financial instruments at fair value	17	1
	357,429	326,351

24. Changes and adoption of financial reporting standards

The same accounting policies and methods of computations used in the latest audited annual financial statements have been applied.

Other Information Required by Listing Rule Appendix 7.2
30 June 2024

1. Review

The condensed interim consolidated statements of financial position of Hafary Holdings Limited (the “company”) and its subsidiaries (the “group”) as at 30 June 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the reporting period then ended and certain explanatory notes have not been audited or reviewed.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business

Revenue

For 6 months ended, revenue increased by S$11.8 million or 11.2% from S$104.8 million during HY2023 to S$116.6 million during HY2024.

The revenue consists of below segments:

General segment
For 6 months ended, revenue from the general segment (where customers include home owners, architecture, interior design and renovation firms) decreased by S$2.7 million or 4.0% from S$67.5 million during HY2023 to S$64.8 million during HY2024. The decrease in revenue was at the back of less active property resale market due to the introduction of new around of market-cooling measures in last year 2023. Months earlier, in September 2022, the Singapore government introduced several market curbs to restrain property demand and encourage prudent borrowing.

Project segment
For 6 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) increased by S$0.3 million or 0.8% from S$37.3 million during HY2023 to S$37.6 million during HY2024 which relatively constant, due to the shortage of skilled labour and higher-for-longer interest rates continue to affect construction growth opportunities in 2024.

Manufacturing segment
For 6 months ended, revenue from the manufacturing segment (where customers include property developers, wholesalers and distributors) generated S$14.3 million during HY2024. The manufacturing plant located at Kluang Malaysia started to produce the ceramic tiles products for distribution at the end of June 2023.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Interest income

For HY2024, interest income mainly derived from bank deposits.

For HY2023, interest income mainly derived from bank deposits and a loan of US$1.2 million (equivalent to approximately S$1.8 million) to a joint venture, Guangdong ITA Element Building Materials Co., Limited ("ITA Element"), to support their business expansion in China.

On 26 October 2023, the Group has acquired additional 15% effective interest from the non-controlling interests in ITA and obtained the control over ITA, as such ITA is consolidated into the Group with effective from 26 October 2023. Accordingly, interest income was eliminated since 26 October 2023.

Other income and gains

The other income and gains remained constant at S$2.9 million during HY2023 and HY2024. For HY2024, other income and gains primarily consisted of rental income of S$2.5 million, sales of solar energy of S$0.1 million and government grants of S$0.1 million.

For HY2023, other income and gains primarily consisted of rental income of S$2.5 million, sales of solar energy of S$0.2 million and government grants of S$0.1 million.

Purchase of inventories are mainly denominated in United States Dollar ("USD"), Euro and Renminbi ("RMB"). The group entered into foreign currency forward contracts to hedge against fluctuations of exchange rates in USD, Euro and RMB. These are binding contracts in the foreign exchange market that locks in the exchange rate for the purchase or sale of a currency on a future date. The difference between foreign currency forward contract rates and forward market rates as at period end date would then be recorded as fair value gain / (loss) on derivative financial instruments under 'Other Gains' or 'Other Losses'.

Other losses

For 6 months ended, other losses mainly comprised of foreign exchange adjustments losses for HY2024 and HY2023.

Cost of sales

Cost of sales is computed based on purchases and related costs net of changes in inventories of goods held for resale for the respective financial period.

For 6 months ended, cost of sales increased by S$12.9 million or 23.0% from S$55.8 million during HY2023 to S$68.7 million during HY2024. The increase in revenue led to a corresponding increase in the cost of sales.

The gross profit margin (based on revenue from sale of goods (excluding rental and other income) and cost of sales, without taking into account labour costs and overheads) of 41.1% for HY2024 has decreased as compared to 46.7% for HY2023.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Employee benefits expense

For 6 months ended, employee benefits expenses increased by S$1.1 million or 7.0% from S$15.8 million during HY2023 to S$16.9 million during HY2024. The increase is mainly due to the salary adjustment and increase in employees from 929 as at 31 December 2023 to 1,002 as at 30 June 2024.

Amortisation and depreciation expense

For 6 months ended, amortisation and depreciation expenses increased by S$0.9 million or 18.7% from S$5.1 million during HY2023 to S$6.0 million during HY2024. The increase is mainly due to the consolidation of Guangdong ITA Element as the subsidiary of the Group and the amortisation of the intangible assets arising from consolidation of Melmer Stoneworks Pte Ltd as the subsidiary of the Group.

Impairment losses

The impairment losses mainly comprised of allowance for impairment of inventories and allowance of trade receivables.

The assessment of the allowance for impairment of inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Of these inventories, substantial impairment allowance has been made for slow-moving inventories. The impairment allowance for slow-moving inventories is based on the age of these inventories, the prevailing market demand of the inventory category and the deterioration of the products based on past experience.

In respect of the impairment of trade receivables, the management assesses the collectability of trade receivables regularly, considering various factors such as the financial status of the group's customers and the aging of trade debts. Impairment on specific trade receivables would be made if the chance of recovery is very low. Other than that, the expected credit losses ("ECL") model is also applied to determine the loss allowance for trade receivables based on historically observed default rates adjusted for forward-looking estimates. The assessment of the allowance for ECL requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the ECL, the management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, the increase in the number of delayed receipts in the portfolio that passed the average credit period, and forward looking information such as forecasts of future economic conditions.

For 6 months ended, impairment losses mainly comprises the additions allowance on trade receivables of S$0.3 million and reversal of impairment of inventories of S$0.5 million. The additions allowance on trade receivables are based on individual accounts of the group that are determined to be impaired at the end of the reporting period.

Finance costs

For 6 months ended, finance costs increased by S$1.3 million or 28.9% from S$4.5 million during HY2023 to S$5.8 million during HY2024. The increase mainly due to revision of interest rate from fixed rate to floating rate and interest arising from additional of term loans and trust receipts for working capital use.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Other expenses

For 6 months ended, other expenses increased by S$2.0 million or 26.7% from S$7.5 million during HY2023 to S$9.5 million during HY2024. The increase is mainly due to the business operations in Malaysia which contributed a total of S$1.2 million and the consolidation of Guangdong ITA Element which contributed a total of S$0.8 million to the group's other expenses respectively.

Share of profit from an equity-accounted associate

For 6 months ended, share of profit from associate amounted to S$0.6 million (HY2023: share of profit of S$1.6 million).

Share of profits from equity-accounted joint ventures

For 6 months ended, share of profits from joint ventures amounted to S$0.4 million (HY2023: share of profits of S$20,000). The decrease in joint venture profits was mainly affected by the business performance of a joint venture in China during the period.

Profit before income tax

For 6 months ended, the group generated a profit before tax of S$13.7 million as compared to a profit before tax of S$20.3 million in HY2023.

For 6 months ended, excluding share of profit from associate and share of profits from joint ventures amounting to S$1.0 million for HY2024 (HY2023: S$1.6 million), profit before income tax incurred from recurring activities was S$12.7 million for HY2024 (HY2023: S$18.8 million).

Other comprehensive income (loss)

This pertained to foreign exchange difference on translating foreign operations.

Income tax expense

The current tax expense is based on the statutory tax rates of the respective countries in which the group operates and takes into account non-deductible expenses and temporary differences. For 6 months ended, income tax expense amounted to S$3.5 million (HY2023: S$4.2 million). The decrease in income tax expense was due to lower taxable profit during the period.

Non-current assets

Non-current assets increased by S$6.1 million or 2.0% from S$299.9 million as at 31 December 2023 to S$306.0 million as at 30 June 2024.

Property, plant and equipment increased by S$2.8 million or 2.4% from S$115.1 million as at 31 December 2023 to S$117.9 million as at 30 June 2024. The increase was mainly due to addition of property, plant and equipment amounting to S$7.5 million during HY2024. The increase is partially offset by the depreciation expense amounting to S$4.8 million during the period.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Non-current assets (cont'd)

The increase was mainly due to:

a) Purchase of plant and equipment amounting to S$1.8 million;
b) Purchase of motor vehicles amounting to S$0.3 million; and
c) Construction in progress for developing property work at 161 Lavender Street amounting to S$5.2 million.

The right-of-use assets comprised of leasehold lands (land use rights relating to group's leasehold properties in Singapore and China) and leases of premises. Right-of-use assets increased by S$3.2 million or 2.4% from S$134.2 million as at 31 December 2023 to S$137.4 million as at 30 June 2024. The increase was due to the capitalisation of right-of-use assets in relation to the leases of S$5.5 million and partially offset by depreciation of S$2.3 million.

Investment properties decreased by S$0.1 million or 0.5% from S$21.2 million as at 31 December 2023 to S$21.1 million as at 30 June 2024. The decrease was mainly due to the depreciation expense amounting to S$0.1 million.

Intangible assets decreased by S$0.3 million or 3.5% from S$8.2 million as at 31 December 2023 to S$8.5 million as at 30 June 2024. Intangible assets comprise of goodwill and customer relationship which arising from consolidation of MSPL. The decrease was mainly due to the amortisation expense amounting to S$0.3 million.

Investment in associate increased by S$0.2 million or 1.0% from S$20.4 million as at 31 December 2023 to S$20.6 million as at 30 June 2024. The increase was mainly due to share of profit amounting to S$0.6 million during the period and partially offset by exchange differences on translating associate with foreign operation amounting to S$0.3 million.

Investment in joint venture increased by S$0.4 million or 200.0% from S$0.2 million as at 31 December 2023 to S$0.6 million as at 30 June 2024. The increase was mainly due to share of profit amounting to S$0.4 million during the period.

Other financial assets pertain to the group's investment in shares of Healthbank Holdings Limited (Listed on SGX Catalist).

Current assets

Current assets increased by S$22.1 million or 13.0% from S$171.7 million as at 31 December 2023 to S$193.8 million as at 30 June 2024.

The increase was mainly due to increase in inventories of S$15.0 million and trade and other receivables of S$9.1 million. The increase is partially offset by decrease in other non-financial assets of S$1.5 million and cash and cash equivalents of S$0.5 million.

Trade receivables turnover day as at 30 June 2024 is 84 days compared to 75 days as at 31 December 2023. Inventory turnover day as at 30 June 2024 is 263 days compared to 249 days as at 31 December 2023.

Other non-financial assets is made of advance payment to suppliers, deposits to secure services and prepayments.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Non-current liabilities

Non-current liabilities decreased by S$4.6 million or 2.5% from S$185.6 million as at 31 December 2023 to S$181.0 million as at 30 June 2024. The decrease was mainly due to decrease in bank loans of $7.1 million and deferred tax liabilities of S$0.3 million. The decrease is partially offset by the increase in lease liabilities of S$2.8 million.

Current liabilities

Current liabilities increased by S$35.3 million or 22.0% from S$160.2 million as at 31 December 2023 to S$195.5 million as at 30 June 2024.

The increase was mainly attributable to the increase in loans and borrowings of S$38.0 million, lease liabilities of S$1.1 million and other non-financial liabilities of S$0.9 million. The increase was partially offset by the decrease in trade and other payables of S$3.7 million and income tax payable of S$1.0 million.

The provision pertains to provision of rebate to customers.

Total amount of trade payables and trust receipts and bills payable to banks was S$63.2 million (31 December 2023: S$50.1 million). The turnover of the aforesaid items (based on cost of sales) is 177 days as at 30 June 2024 compared to 150 days as at 31 December 2023.

The increase in loans and borrowings was mainly due to increase in short term loans by S$21.5 million and trust receipts and bill payables by S$16.6 million.

Other reserves

This pertains to foreign exchange difference on translating foreign operations.

Cash flows review

HY2024

Net cash flows used in operating activities was S$4.5 million due to operating cash flows before working capital changes of S$25.8 million, net cash flows used in working capital of S$25.6 million and income tax paid of S$4.8 million. The net cash flows used in working capital of S$25.6 million was mainly attributable by the increase in inventories of S$15.0 million, trade and other receivables of S$10.4 million and decrease in trade and other payables of S$2.5 million. This was partially offset by the decrease in other non-financial assets of S$1.5 million and increase in non-financial liabilities of S$0.9 million.

Net cash flows used in investing activities amounting to S$7.3 million was mainly attributable by the purchase of plant and equipment of S$2.3 million and expenditure in construction in progress of S$5.2 million. This was partially offset by the net movements in amount due from other related parties of S$0.2 million.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Cash flows review (cont'd)

HY2024 (cont'd)

Net cash flows from financing activities amounting to S$11.4 million was mainly attributable by the increase in loans and borrowings of S$23.0 million and trust receipts and bills payable of S$16.6 million. This was partially offset by the dividends paid to equity owners and non-controlling interests of S$6.5 million and S$1.2 million respectively. It is also offset from the repayment of lease liabilities of S$2.1 million, repayment of loans and borrowings of S$8.6 million, payment of interest expense of S$5.4 million and acquisition of a non-controlling interest in World Furnishing Hub Pte Ltd without a change in control of S$4.5 million.

As a result of the above, there was a net decrease of S$0.4 million in cash and cash equivalents. Cash and cash equivalents as at 30 June 2024 was S$17.4 million.

3. Forecast, or a prospect statement

There was no forecast or a prospect statement.

4. Significant trends and competitive conditions of the industry

Singapore outlook

Based on advance estimates, the Singapore economy grew by 2.9% on a year-on-year basis in the second quarter of 2024, extending the 3.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.4%, slightly faster than then 0.3% expansion in the first quarter of 2024.

The construction sector grew by 4.3% year-on-year in the second quarter, extending the 4.1% growth in the preceding quarter. Growth during the quarter was supported by an increase in public sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 2.4%, a reversal from the 1.9% contraction in the previous quarter.

According to the media release on 15 January 2024, the Building and Construction Authority (BCA) projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S$32 billion and S$38 billion in nominal terms in 2024.

The public sector is expected to drive total construction demand in 2024, reaching between S$18 billion and S$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works.

4. Significant trends and competitive conditions of the industry (cont'd)

Singapore outlook (cont'd)

Private sector construction demand is projected to be between S$14 billion and S$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S$31 billion and S$38 billion per year from 2025 to 2028. Private sector construction demand is projected to remain steady over the medium-term, reaching approximately S$11 billion to S$14 billion per annum from 2024 to 2027.

While there is steady demand in the sector, there are geopolitical and economic uncertainties, which the sector needs to manage.

Malaysia outlook

Malaysia's real estate market is projected to remain stable and experience positive growth in 2024, driven by increased foreign direct investment (FDI), economic stability, and strategic infrastructure developments. This optimistic outlook comes amidst a backdrop of resilient economic performance and evolving investment trends that are shaping the property landscape.

According to Knight Frank Malaysia's Commercial Real Estate Investment Sentiment Survey for 2024, as reported by The Sun, the local property market exhibited considerable strength in 2023. The first nine months alone saw 293,095 transactions valued at MYR142.5 billion, an 8.8 percent increase in value from the same period in 2022. The agency emphasized the resilient performance of both the economy and the real estate market in 2023, setting a cautiously optimistic tone for 2024.

The first quarter of 2024 (1Q 2024) saw the Malaysian property market recording a 34.3 percent growth compared to the same period in 2023, with over 104,297 transactions valued at RM56.53 billion, cited Bernama. This significant growth was observed across various property sub-sectors, with the commercial sub-sector growing by 33.4 percent, residential by 16.6 percent, industry by 14.3 percent, agriculture by 13.7 percent, and development land and others by 10.7 percent. The residential sub-sector dominated market activities with over 62,000 transactions valued at RM25 billion.

Construction activities also showed positive growth in 1Q 2024. New residential launches increased by 19.8 percent, and the serviced apartment segment saw a 70 percent spike in completed units. The Malaysian House Price Index rose marginally by 0.5 percent to 216.9 points, with average house prices at MYR468,000 per unit.

Recent loan data from Bank Negara Malaysia, showing a 5.7 percent year-on-year increase in total property purchase loan applications in 2023, reflecting a steady interest in real estate investments. The introduction of the Housing and Local Government Ministry's (KPKT) Program Residensi Rakyat (PRR), aimed at providing quality housing at a construction cost of MYR300,000, is expected to further support the market.

4. Significant trends and competitive conditions of the industry (cont'd)

Malaysia outlook (cont'd)

As Malaysia navigates global uncertainties, its real estate market remains resilient and attractive, bolstered by strategic investments, infrastructure projects, and supportive economic policies.

Global outlook

According to a report published by World Bank Group in June 2024, global growth is projected to stabilize at 2.6 percent this year, holding steady for the first time in three years despite flaring geopolitical tensions and high interest rates. It is then expected to edge up to 2.7 percent in 2025-26 amid modest growth in trade and investment. Global inflation is projected to moderate—but at a slower clip than previously assumed, averaging 3.5 percent this year. Given continued inflationary pressures, central banks in both advanced economies and emerging market and developing economies (EMDEs) will likely remain cautious in easing monetary policy. As such, average benchmark policy interest rates over the next few years are expected to remain about double the 2000-19 average.

Despite an improvement in near-term growth prospects, the outlook remains subdued by historical standards in advanced economies and EMDEs alike. Global growth over the forecast horizon is expected to be nearly half a percentage point below its 2010-19 average pace. In 2024-25, growth is set to underperform its 2010s average in nearly 60 percent of economies, representing more than 80 percent of global population and world output. EMDE growth is forecast to moderate from 4.2 percent in 2023 to 4 percent in both 2024 and 2025. Prospects remain especially lackluster in many vulnerable economies—over half of economies facing fragile- and conflict-affected situations will still be poorer by the end of this year than on the eve of the pandemic.

Global risks remain tilted to the downside despite the possibility of some upside surprises. Escalating geopolitical tensions could lead to volatile commodity prices, while further trade fragmentation risks additional disruptions to trade networks. Already, trade policy uncertainty has reached exceptionally high levels compared to other years that have featured major elections around the world since 2000. The persistence of inflation could lead to delays in monetary easing. A higher-for-longer path for interest rates would dampen global activity. Some major economies could grow more slowly than currently anticipated due to a range of domestic challenges. Additional natural disasters related to climate change could also hinder activity. On the upside, global inflation could moderate more quickly than assumed in the baseline, enabling faster monetary policy easing.

Nonetheless, the Group will remain committed to weathering the challenging business environment as market risks remain elevated and will also closely monitor its supply chain activities.

4. Significant trends and competitive conditions of the industry (cont'd)

The above information is sourced from:

1. *MTI's press release on 12 July 2024 - https://www.mti.gov.sg/Newsroom/Press-Releases/2024/04/Singapore-GDP-Grew-by-2_9-Per-Cent-in-the-Second-Quarter-of-2024*

2. *BCA's media release on 15 January 2024 - https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024*

3. *PropertyGuru media release on 2 July 2024 - https://www.asiapropertyawards.com/en/strategic-investments-and-infrastructure-developments-propel-malaysias-property-outlook/#:~:text=Malaysia's%20real%20estate%20market%20is,stability%2C%20and%20strategic%20infrastructure%20developments.*

4. *World Bank Group, Global Economic Prospects, June 2024 - https://documents1.worldbank.org/curated/en/099003106112426991/pdf/IDU1bc56b5c41f04914acb194181b46ce62466fe.pdf*

5. Dividend

5A. Dividend declared for the current financial period

	HY2024	
Name of Dividend	Interim Dividend Exempt (1-tier)	Special Interim Dividend Exempt (1-tier)
Type of Dividend	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550
Dividend per share	0.75 cent	0.50 cent

5B. Dividend declared for the corresponding period of the immediately preceding financial year

	HY2023	
Name of Dividend	Interim Dividend Exempt (1-tier)	Special Interim Dividend Exempt (1-tier)
Type of Dividend	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550
Dividend per share	0.75 cent	0.50 cent

5. Dividend (cont'd)

5C. Date payable

To be announced later.

5D. Record date

To be announced later.

5E. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

Not applicable.

6. Interested person transactions

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) 6 months ended 30 June		Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 6 months ended 30 June	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Purchases of goods:				
Malaysian Mosaics Sdn Bhd		–	10,814	14,626
Sales of goods:				
Malaysian Mosaics Sdn Bhd	–	–	135	238
Hap Seng Trading (BM) Sdn Bhd	–	–	–	681
Hap Seng Trading (M) Sdn Bhd	809	–	–	–
Rental expense:				
Malaysian Mosaics Sdn Bhd	–	–	742	290
Recharge of employment cost:				
Malaysian Mosaics Sdn Bhd	–	–	1,499	436
Reimbursement of expenses:				
Malaysian Mosaics Sdn Bhd	178	366	–	–
Sales of diesel:				
Hap Seng Trading (M) Sdn Bhd	167	–	–	–
Insurance expense:				
Hap Seng Insurance Services Sdn Bhd	156	–	–	–
Corporate management charges:				
Hap Seng Management Services Sdn Bhd	532	–	–	–

6. Interested person transactions (cont'd)

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) 6 months ended 30 June		Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 6 months ended 30 June	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Purchase of plant and equipment:				
Malaysian Mosaics Sdn Bhd	714	–	–	–
Purchase of 19% shares in World Furnishing Hub Pte Ltd:				
Low See Ching	4,465	–	–	–
Aggregate value of transactions under the Associate of the Group's Controlling Shareholder, Hap Seng Consolidated Berhad	2,556	366	13,190	16,271
Aggregate value of transactions under the Associate of the Director, Low See Ching	4,465	–	–	–

General mandate for IPT was renewed at the Annual General Meeting held on 25 April 2024.

7. Confirmation of directors and executive officers' undertakings pursuant to Listing Rule 720(1) (in the format set out in Appendix 7.7) under Rule 720(1)

The company confirms that it has procured undertakings from all its directors and executive officers in compliance with Rule 720(1).

8. Confirmation by the board

On behalf of the directors of the company, we, the undersigned directors, do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors that may render the interim financial statements to be false or misleading in any material aspect.

By Order of the Board

Low Kok Ann
Executive Director and Chief Executive Officer

Low See Ching
Non-Independent Non-Executive Director

12 August 2024