

HAFARY

Holdings Limited
Annual Report 2025



*The Leading
Building Material Supplier
Since 1980*



CONTENTS

Corporate Profile	01	Our Products	02	Chairman and CEO Statement	12
Board of Directors	16	Key Management	19	Group Structure	20
Financial Highlights	21	Financial Review	23	Sustainability Report	32
Corporate Information	61	Corporate Governance Statement	62	Statement by Directors and Financial Statements	96

Corporate Profile

Hafary Holdings Limited and its subsidiaries ('Hafary') is a leading supplier of premium tiles, stone, mosaic, wood-flooring, countertops and sanitary ware and fittings in Singapore. Leveraging on our strong sourcing and procurement network, we carry a wide variety of surfacing materials from Europe (mainly Italy and Spain) and Asia and supply to our customers at competitive prices.

Established in 1980 by Executive Director and CEO, Mr Low Kok Ann, Hafary is currently organised into 3 core business segments: General, Project and Manufacturing. The General segment is spearheaded by the largest sales generator of the Group, Hafary Pte Ltd, that supplies ceramics and stone tiles, countertops and sanitary ware and fittings. Surface Project Pte. Ltd., Surface Stone Pte. Ltd. and Gres Universal Pte. Ltd. cater to demand for surfacing materials for use in construction and development projects. To date, these subsidiaries have supplied tiles and stone for use in a considerable number of quality commercial and residential development projects in Singapore.

Wood Culture Pte. Ltd. complements Hafary's businesses by offering wood, vinyl flooring and wall solutions. Melmer Stoneworks Pte. Ltd. ("MSPL"), specializing in the fabrication, polishing and profiling of stone and marble slabs for household and commercial purposes. Hafary Bathroom provides complete solutions for bathroom and kitchen, offering a thoughtfully curated range of premium products, featuring renowned European brands such as Zuchetti, Bernstein, Alice, Tece, and our in-house brand, **Klopfen**.

Hafary's Vietnam associate, Viet Ceramics International Joint Stock Company, is its first foray into the overseas tile retailing market. Foshan Hafary Trading Co., Limited, Hafary's wholly owned export agent in China, provides opportunities for the Group to widen its procurement and business network. Hafary's China subsidiary, Guangdong ITA Element Building Materials Co., Limited, is principally involved in the designing and production of glazed porcelain tiles. Hafary's Myanmar joint venture, Hafary Myanmar Company Limited, marked the Group's foray into the developing market of Myanmar.

Hafary Trading Sdn. Bhd., a wholly-owned subsidiary to venture into Malaysia's market. Hafary's Malaysia subsidiary, International Ceramic Manufacturing Hub Sdn. Bhd., enable the Group to move upstream and overcome supply chain constraints as well as leverage on the Group's MML and ITAELEMENT brands and distribution networks to grow sales in Malaysia and the global export market.

Corporate headquarters and main showroom of Hafary is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836. The Group's main warehouses are located at 3 Changi North Street 1 Singapore 498824, 18 Sungei Kadut Street 2, World Furnishing Hub, Singapore 729236, Batu 4, Jalan Batu Pahat, 86000 Kluang, Johor, Malaysia, No. PLO 1, Jalan Batu Pahat, Kawasan Perindustrian Mengkibol, 86000 Kluang, Johor, Malaysia and No. 1460, Jalan Mersing, Kawasan Jalan Mersing 86000 Kluang, Johor, Malaysia.

General

Retail customers may purchase our products directly from our showrooms located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836, 18 Sungei Kadut Street 2, World Furnishing Hub, Level 7, Singapore 729236, 18 Boon Lay Way #01-132 Tradehub 21, Singapore 609966, 11 Changi North Way, Singapore 498796, 161 Lavender Street, Singapore 338750 and No.18, Jalan 19/1, Seksyen 19, 46300 Petaling Jaya, Selangor, Malaysia. At our showrooms, customers can look forward to a wide variety of product displays, mock ups of living spaces and amicable service by our showroom sales team. Retail customers include architecture, interior design and renovation firms, who make ad-hoc purchases for small projects such as home renovation or small property development.

Project

We also supply surfacing materials to customers who are involved in public and private property development projects in Singapore and Malaysia. These public sector projects include HDB upgrading, construction or upgrading of public buildings such as schools, hospitals, sport complexes and military camps. Property development projects in the private sector include sand hotels. Our Project customers comprise architecture firms, property developers and construction companies.

Manufacturing

The manufacturing segment includes two factories in Kluang, Johor that produce ceramic tiles for both Malaysia and overseas customers. These products are supplied through OEM customers as well as through our own distribution channels which service projects, retail and export distributors.

The two manufacturing plants located at No. PLO 1, Jalan Batu Pahat, Kawasan Perindustrian Mengkibol and Batu 4, Jalan Batu Pahat.



TILES



We bring design ideas to life through a comprehensive portfolio of premium tiles, supported by strong sourcing, procurement, marketing and distribution capabilities that ensure quality at competitive prices. Complementing our curated range, we also manufacture tiles at two facilities in Kluang, Johor, serving Malaysian and international markets. This integrated model strengthens our ability to deliver consistent quality, innovation, and value across every segment of our tile offering.



STONE



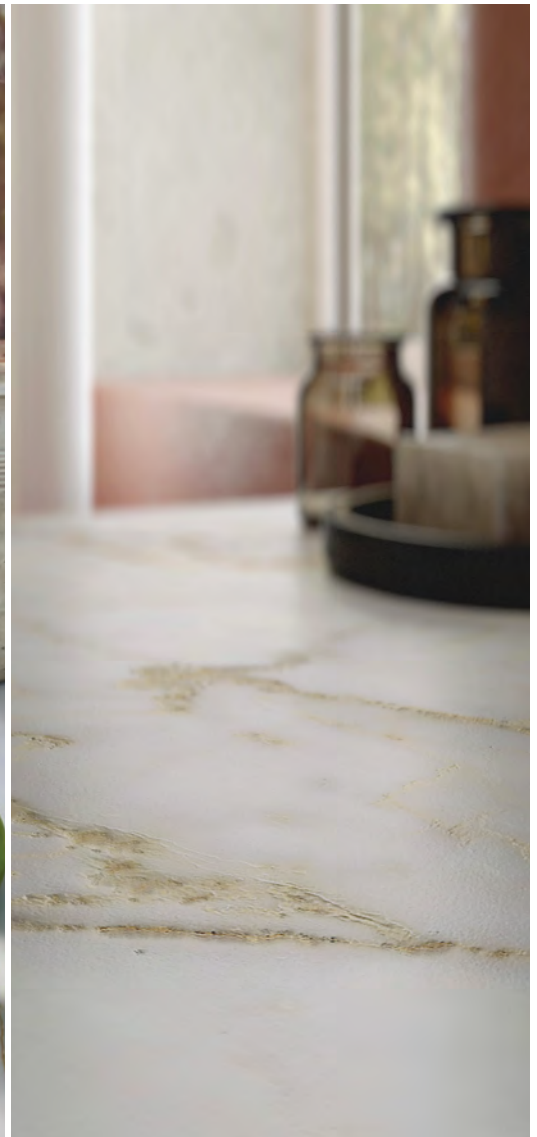
Luxury and innovation go hand in hand with our curated selection of natural and exotic stone, carefully sourced from around the world to inspire limitless design possibilities. As the exclusive distributor of Antolini in our market, we offer access to the renowned Italian brand's premium natural stone collections, celebrated for exceptional craftsmanship, distinctive finishes and timeless elegance.



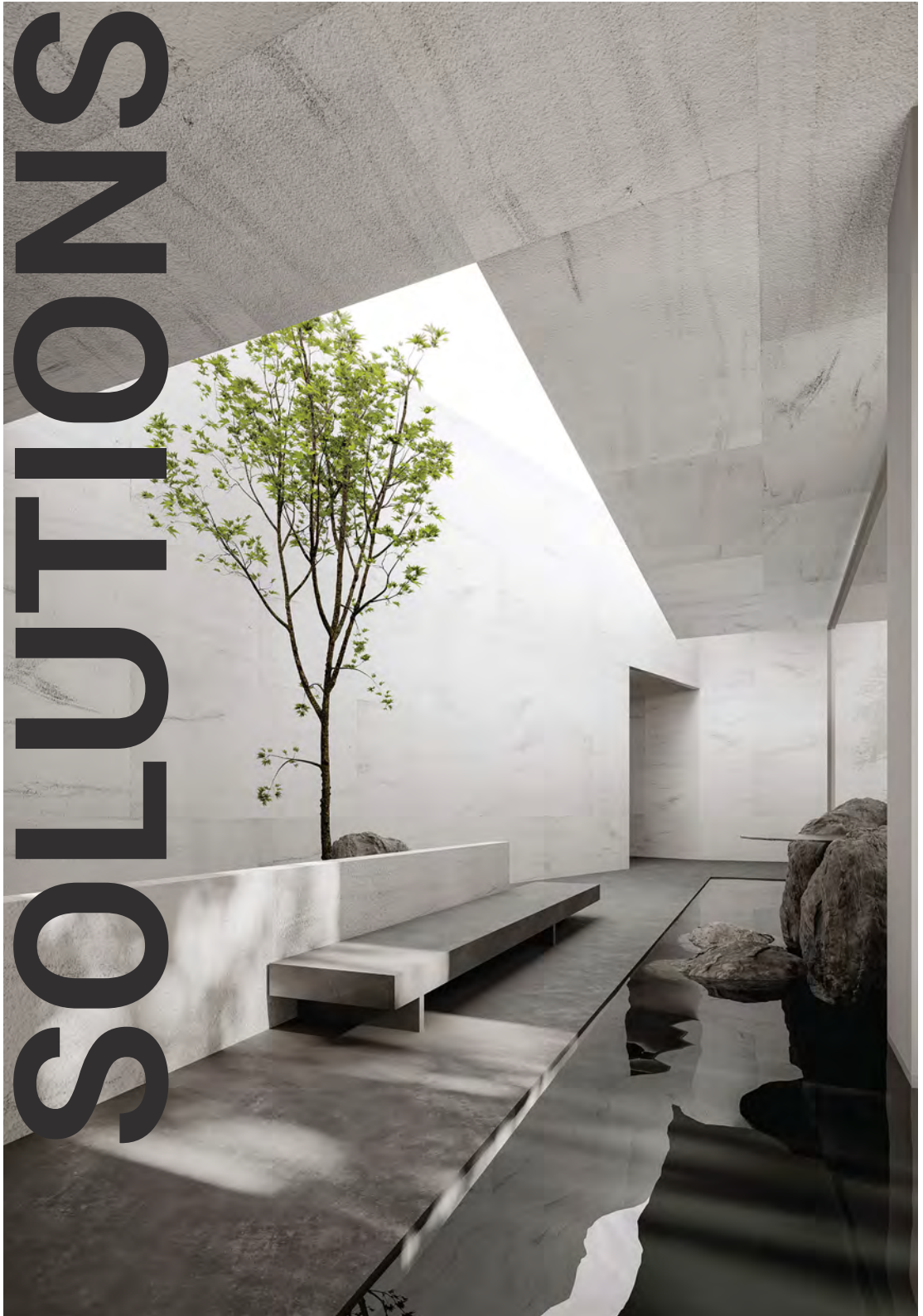
COUNTERTOP



Committed to delivering innovative surfacing solutions, we offer a premium range of countertop surfaces to meet our diverse design preferences and functional requirements. Our portfolio includes Florim and Marazzi, globally renowned Italian brands recognised for advanced porcelain technology, refined aesthetics and durability. Each selection meets stringent international standards, assuring customers of quality, performance and lasting value.



VINYL & WALL SOLUTIONS



We offer a comprehensive range of surfacing solutions, including vinyl planks and tiles, engineered wood, solid timber, and innovative wall surfaces. Our large-format wall surfaces are designed for versatility, seamlessly cladding both flat and curved surfaces. This diverse selection meets both aesthetic and technical requirements, ensuring high-quality solutions that cater to the needs of every customer.



BATHROOM



We supply a comprehensive range of bathroom products, including water closets, basins and taps, serving both public and private sector developments. Our Grande range is approved for Singapore public housing projects and complies with all relevant performance and regulatory requirements. We also offer our proprietary Klopfen brand, delivering quality, design excellence and innovation for contemporary bathroom spaces.



Chairman and CEO Statement



Foo Yong How
Independent Non-Executive Chairman

Low Kok Ann
Executive Director & Chief Executive Officer

2025 has been an exciting year as we successfully navigated uncertainty and volatility and showcased strong growth. As a company we were execution-led and our earnings growth demonstrated the value of this discipline.

Dear Shareholders,

We are pleased to present our first combined Chairman and CEO Statement, showcasing a stronger alignment between Board stewardship and management execution as Hafary enters its next phase of development. The Board's constant efforts to ensure disciplined governance, risk oversight and capital allocation coupled with the management's focus on translating strategy into performance resulted in a strong FY2025 financial performance as profitability strengthened due to steady growth across segments and markets. We remain committed to improving our earnings quality going forward and delivering long-term sustainable returns for our shareholders.

Operating environment: demand held up, but uncertainty remained

FY2025 unfolded against a mixed backdrop. Globally, trade policy uncertainties and geopolitical tensions continued to influence business momentum and growth, supply chain costs and currency movements – factors that matter to the Group given our expanding international footprint. Despite these uncertainties, the global economy has remained resilient, and growth is expected to remain steady over the next two years, as per World Bank¹.

In Singapore, the economy expanded by 5.0% in 2025, despite external volatility linked to trade tariffs implemented by the US. The construction sector expanded by 5.2% in 2025, underpinned by an increase in both public and private sector projects².

Amid ongoing market volatility, we maintained a disciplined operating stance, prioritising margin integrity, calibrated growth and balance sheet resilience.

FY2025 performance: broader revenue base, stronger margins, positive profitability

FY2025 delivered a stronger outcome in both scale and profitability. The Group registered a revenue of \$287.0 million, increasing 9.1% year-on-year ("YoY") from \$263.1million in FY2024.

Growth was broad based across all three operating segments, supported by clear, segment specific drivers. The General segment recorded revenue of \$142.7 million, marking a YoY increase of 4.0% in FY2025. This was supported by stronger retail sales performance in Singapore, reflecting healthier customer activity linked to residential transactions and renovation demand, which typically translates into improved footfall and conversion at the Group's retail outlets.

¹ <https://www.worldbank.org/en/news/press-release/2026/01/13/global-economic-prospects-january-2026-press-release>

² <https://www.mti.gov.sg/newsroom/mti-upgrades-2026-gdp-growth-forecast-to-2-0-to-4-0-per-cent/>

Chairman and CEO Statement

The Project segment revenue increased by 2.2% YoY to \$81.2 million in FY2025. The increase was mainly driven by incremental contribution from the newly acquired China subsidiary, MML Shanghai Trading Co., Ltd. ("MML Shanghai"), which was consolidated from the beginning of FY2025. This expanded the Group's project revenue base and contributed additional sales during the year.

The Manufacturing segment continued to showcase strong growth momentum as revenue increased by 35.6% YoY to \$63.1 million in FY2025, up from \$46.5 million in FY2024. This was primarily due to the continued ramp up of production following the commencement of ceramic tile manufacturing for distribution since June 2023 and was also supported by higher sales volumes arising from increased distribution into foreign markets.

From a geographic perspective, Singapore remained our anchor market with revenue of \$171.4 million, while Malaysia contributed \$54.5 million, providing a stable base for our retail and project activities. Overseas momentum continued to remain robust alongside growth momentum in core markets.

These movements reflect the support of exports and regional markets in complementing our core Singapore and Malaysia business.

In line with our resilient topline performance, profitability improved as well and margins remained encouraging. Profit after tax increased by 8.2% YoY to \$31.1 million in FY2025. Earnings per share also increased to 6.94 cents in FY2025, compared to 6.40 cents in FY2024.

Rewarding our shareholders

The Board remains committed to capital allocation that balances growth investment, financial resilience and shareholder returns.

Given our shareholders' continued support throughout our growth phase, the Group has declared a total dividend of 2.75 Singapore cents per ordinary share in FY2025. This includes an interim dividend of 0.75 Singapore cents per share and a special interim dividend of 0.5 Singapore cents per share, declared on 8 August 2025 and paid on 22 August 2025. Following that, the Board declared a second interim dividend of 0.75 Singapore



Chairman and CEO Statement



cents per ordinary share and a second special interim dividend of 0.75 Singapore cents per ordinary share on 6 February 2026, which was subsequently distributed on 25 February 2026.

Risk management and governance: disciplined, practical, and embedded

In a business where procurement, inventory and credit are material operational levers, risk management is of primary importance.

We continued to strengthen financial discipline through careful credit monitoring and inventory management. The Board supports this approach: protecting the quality of earnings and the integrity of the balance sheet is a prerequisite for sustainable dividend payout.

Sustainability and stakeholder value

Sustainability for Hafary is grounded in operational realities such as responsible sourcing, product quality and durability, safe workplaces, and resource efficiency across our facilities and logistics footprint. Our aim is to ensure that the way we grow across retail, projects and manufacturing builds trust with customers and partners, supports employee capability development, and strengthens our licence to operate in every market we serve.

In the coming year, we will continue to embed sustainability practices into procurement standards, operational efficiency initiatives and workforce development.

In FY2025, we continued to strengthen our sustainability foundation. Our solar panels generated clean electricity across key facilities, and we supported local communities through

donations and sponsorships. We also maintained strong workplace and ethics standards and invested in training and capability development.

Outlook: Singapore and Malaysia remain constructive, with clear demand drivers

Singapore: steady pipeline, renovation demand supported by ongoing activity

In Singapore, the macro picture continues to support the built environment sector. Singapore's economy expanded in 2025, and the construction sector continued to contribute positively².

Singapore's Building and Construction (BCA) authority projects construction demand in 2026 to remain steady at \$47-53 billion, similar to 2025. This is supported by major developments and infrastructure projects in the pipeline including Changi Airport Terminal 5, the Tuas Megaport expansion, and integrated resort expansions at Marina Bay Sands and Resorts World Sentosa³. Aside from these major projects, other key projects underpinning the growth of the sector include HDB BTO projects, transport infrastructure upgrades such as Downtown Line 2 and Thomson-East Coast Line, as well as healthcare facilities like New Tengah General & Community Hospital. These projects have multi-year timelines and meaningful downstream demand for building materials and finishing solutions.

While we remain cautious on short-term volatility, the medium-term project pipeline provides a supportive base, and Hafary is positioned to participate with a well-established brand, comprehensive product range and proven delivery capabilities.



³ [media-release-for-bca-redas-built-environment-and-real-estate-prospects-seminar-2026-final.pdf](#)

Chairman and CEO Statement

Malaysia: stable growth outlook

Malaysia's official outlook points to continued growth. The Government's projections indicate GDP growth of 4.0% - 4.5% in 2026⁴, with the construction sector forecast to grow 6.1%⁵.

The macro narrative is anchored by domestic demand:

- Private consumption is projected to stay supportive, aided by income growth, labour market conditions and easing inflation trends.
- The Visit Malaysia 2026 campaign is positioned as a meaningful driver for services activity, with an official target of 47 million foreign visitors, supporting spillovers into retail and related sectors.
- Construction activity has been supported by non-residential developments such as industrial facilities, commercial complexes and data centres, alongside continued affordable housing initiatives and specialised infrastructure works⁶.

For Hafary, Malaysia matters both as a market and as a platform. It supports project and retail demand, and it underpins our manufacturing and export scalability. Our priorities will be to sustain production reliability and quality, sharpen cost competitiveness, and continue to build the distribution reach needed to grow domestic and export volumes responsibly.

Although our core markets remain fundamentally strong, we are actively monitoring developments in the Middle East following the military escalations and heightened uncertainties. We remain focused on execution and remaining agile and adaptable as we navigate through this period of uncertainty.

Closing

2025 has been an exciting year as we successfully navigated uncertainty and volatility and showcased strong growth. As a company we were execution-led and our earnings growth demonstrated the value of this discipline. Not only did we grow our local presence but also maintained a continued footprint in the U.S. and stepped-up contributions in several regional markets. We will continue to strengthen our export capabilities where we have a clear proposition, focusing on product competitiveness, reliable delivery, and sustainable partner relationships.



In addition to strong bottom-up execution, there are structural tailwinds in Singapore driving strong share price performance over the past year. As a result of MAS's EQDP capital injection and SGX's Value Unlock programme, there is renewed investor interest in small to mid-cap companies in Singapore. The STI index has broken historical highs and crossed 5,000 this year and capital market stakeholders are predicting further upside by the end of 2026. We perceive this to be a positive development which will drive a re-rating across SGX-listed companies.

Most importantly, none of this would've been possible without our dedicated Board of Directors, management team, and employees. We thank you for the professionalism and resilience that underpinned FY2025's performance. To our customers and business partners, we appreciate the trust you place in Hafary on projects large and small. And to our shareholders, thank you for your continued support as we build a stronger, more balanced and more durable Hafary.

Foo Yong How

Independent Non-Executive Chairman

Low Kok Ann

Executive Director & Chief Executive Officer

⁴ <https://theedgemaalaysia.com/node/795993>

⁵ <https://belanjawan.mof.gov.my/pdf/belanjawan2026/economy/Key-Data-Forecast.pdf>

⁶ <https://belanjawan.mof.gov.my/pdf/belanjawan2026/economy/Chapter-3.pdf>

Board of Directors



Foo Yong How
Independent Non-Executive Chairman

Other present directorship:

- NIL

Past directorship (Preceding three years):

- NIL

Mr Foo Yong How was appointed as an Independent Director of our Company on 9 July 2020 and was re-elected on 25 April 2024. Subsequently, he was redesignated as Independent Non-Executive Chairman and Lead Independent Director with effect from 12 July 2024. He graduated with a BSc in Electrical Engineering from the National University of Singapore in 2003, and is a CFA® Charterholder.

Mr Foo has more than 15 years of experience in investment banking, business development and wealth management. He was formerly the Chief Corporate Officer at Sapphire Corporation Limited (listed on SGX Mainboard), assisting the CEO of Sapphire in key functions which includes formulation of strategic planning in mergers and acquisition, new business opportunities, corporate finance related activities, as well as compliance, regulatory and legal affairs. He can contribute to the Group with his expertise in all these various key functions.

Mr Foo was also formerly the General Manager of International Healthway Corporation Ltd (now known as OUE Healthcare Ltd), assisting the Board of Directors in the management and supervision of operations, financial management and marketing, as well as being part of the Interim Transition Committee, when the new Board of directors was appointed with the existing CEO being suspended of all executive functions and authority.

Mr Foo has also worked in UOB Kay Hian where he was involved in structuring both public and private deals in the investment banking arena and international capital markets. He has co-led numerous successful IPO deals in diverse sectors, such as real estate, medical and resources.

Mr Foo is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.



Low Kok Ann
Executive Director and Chief Executive Officer

Other present directorship:

- NIL

Past directorship (Preceding three years):

- NIL

Mr Low Kok Ann was appointed as Executive Director of our Company on 6 October 2009 and was re-elected on 28 April 2023. He attained a Government Higher School Certificate (Chinese) in 1969.

Mr Low was one of the founders of the main subsidiary of our Company, Hafary Pte Ltd, and has been an Executive Director since its incorporation in 1980. His wealth of experience in the tile industry has been pivotal to our success and growth. He was appointed as Chief Executive Officer ("CEO") of our Company on 1 February 2014. On 6 March 2015, he relinquished his role of Executive Chairman of the Board to the Lead Independent Director for better corporate governance. As the CEO, his primary responsibility is to formulate and oversee the corporate and strategic development and overall management and operations of our Group.

Mr Low is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.

Board of Directors



Datuk Edward Lee Ming Foo, _{JP}
Non-Independent Non-Executive Director

Other present directorship:

- Hap Seng Consolidated Berhad
- Hap Seng Plantations Holdings Berhad

Past directorship (Preceding three years):

- NIL

Datuk Edward Lee Ming Foo, _{JP} was appointed as a Non-Independent Non-Executive Director of our Company on 6 March 2015 and was re-elected on 25 April 2024. He graduated with a Degree in Bachelor of Arts from the McMaster University in Canada in 1977.

Datuk Edward Lee is presently the Managing Director of Hap Seng Consolidated Berhad ("HSCB") and Hap Seng Plantations Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. In addition, he is the Managing Director of Gek Poh (Holdings) Sdn. Bhd., the holding company of HSCB. HSCB is also the 50.82% major shareholder of the Company.

Datuk Edward Lee is retiring at the forthcoming AGM and being eligible, has offered himself for re-election as Director.



Low See Ching
Non-Independent Non-Executive Director

Other present directorship:

- Oxley Holdings Limited
- The Assembly Place Holdings Ltd.

Past directorship (Preceding three years):

- Aspen (Group) Holdings Limited
(Alternate Director)

Mr Low See Ching was appointed as Director on 6 October 2009 and was re-designated as Non-Independent Non-Executive Director on 31 January 2014 and was re-elected on 23 April 2025. He graduated with a Bachelor of Accountancy Degree from Nanyang Technological University, Singapore in 1999.

Prior to this appointment, Mr Low served in the Board as Executive Director and in the Company as CEO. He joined the main subsidiary of our Company, Hafary Pte Ltd, in 2000 and rose through the ranks from Sales Executive to CEO in 2005. As the CEO, he was responsible for the overall management, operations and charting our corporate and strategic direction, including our sales, marketing and procurement strategies.

Mr Low is presently the Executive Director and Deputy Chief Executive Officer of Oxley Holdings Limited and the Non-Executive Director and Chairman of The Assembly Place Holdings Ltd., listed on the Mainboard and Catalist of the Singapore Exchange respectively.

Board of Directors



Cheah Yee Leng
Non-Independent Non-Executive Director

Other present directorship:

- Hap Seng Consolidated Berhad
- Hap Seng Plantations Holdings Berhad
- Paos Holdings Berhad

Past directorship (Preceding three years):

- NIL

Ms Cheah Yee Leng was appointed as a Non-Independent Non-Executive Director of our Company on 6 March 2015 and was re-elected on 23 April 2025. She holds a Bachelor of Economics Degree and Bachelor of Laws Degree from Monash University in Australia.

Ms Cheah joined Hap Seng Consolidated Berhad ("HSCB") Group of companies in 1997 and was appointed as Executive Director of HSCB on 1 June 2014. She is presently the Director of Corporate Affairs and the Legal Counsel of HSCB Group.

Ms Cheah is also an Executive Director of Hap Seng Plantations Holdings Berhad ("HSP") and a Non-Independent Non-Executive Director of Paos Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. In addition, she is the Group Company Secretary of HSP.



Darrell Lim Chee Lek
Independent Director

Other present directorship:

- BRC Asia Limited
- Prospera Global Limited
- Coolan Group Limited
- Hong Lai Huat Group Limited

Past directorship (Preceding three years):

- NIL

Mr Darrell Lim was appointed as an Independent Director of our Company on 12 July 2024 and was re-elected on 23 April 2025. Mr Darrell has more than 20 years of capital markets experience, and is currently a partner of the ICH Group, where he focuses primarily on helping companies, both publicly-listed and privately-held, scale for long term sustainable growth.

Certified by the Singapore Institute of Directors as a Senior Accredited Director, Mr Darrell currently serves as non-executive director on several SGX-listed, MAS-licensed, and privately-held companies.

Mr Darrell holds degrees from Oxford University (UK), Sydney University (Australia) and the National University of Singapore. Additionally, Mr Darrell has completed the SMU-SID Directors Program conducted by the Singapore Management University.



Lim Wah Fong
Independent Director

Other present directorship:

- The Assembly Place Holdings Ltd.

Past directorship (Preceding three years):

- NIL

Mr Lim Wah Fong was appointed as an Independent Director of our Company on 12 July 2024 and was re-elected on 23 April 2025. Mr Lim holds a degree in Business Administration from National University of Singapore.

Mr Lim has more than 20 years of capital markets experience, rising through the ranks over the years from Research Analyst to Senior Portfolio Manager. He is well versed in different asset classes across global markets and has ample experience in broking firms, hedge funds and family office. His years of analysing company balance sheet, valuation skills and macro trend forecast is an asset to the Board.

Mr Lim is presently the Lead Independent Director of The Assembly Place Holdings Ltd., listed on the Catalist of the Singapore Exchange.

Key Management



Lee Yee Fei Mandy

Chief Financial Officer & Company Secretary

Ms Lee joined our Group in 2015. She is currently the Chief Financial Officer and Company Secretary of the Group. She oversees the Group's finance, corporate functions and corporate secretarial functions, including financial reporting, tax, treasury, internal controls, governance and regulatory compliance.

Ms Lee has more than 15 years of working experience in the area of audit, finance and accounting. She is a non-practising Chartered Accountant (Singapore).

Koh Yew Seng Mike

Director - Logistics

Mr Koh joined our Group in 2008. His responsibilities include overseeing our warehouse and logistics operations and also assisting the CEO with procurement administration. He also facilitates operational coordination between the Group's Singapore and overseas entities.

Mr Koh has more than 30 years of experience in the tile industry. He attained his General Certificate of Education 'O' Levels in 1977.

Goh Keng Boon Frank

Project Director

Mr Goh joined our Group in 2004. He heads the Project Sales and Marketing team of Surface Project Pte. Ltd., a key subsidiary involved in private sector project sales and leads the execution of its corporate sales strategies.

Mr Goh has more than 20 years of experience in the tile industry. He graduated with a Bachelor Degree in Building Management from RMIT University, Australia in 2001.

Tay Chye Heng Stephen

Public Project Director

Mr Tay joined our Group in 2011 to set up and lead the Public Project Department specialising in the supply of building materials for use in Housing Development Board ("HDB") flats and government buildings.

Mr Tay has more than 40 years of experience and held various key positions in his past employments in the tile industry. He attained his General Certificate of Education 'O' Levels in 1974.

Group Structure

As of Reporting Year HAFARY HOLDINGS LIMITED

UEN: 200918637C

100%

HAFARY PTE LTD

UEN: 198001531R

Singapore

70% Surface Project Pte. Ltd. UEN: 200500263N	90% Surface Stone Pte. Ltd. UEN: 200906485D	100% Wood Culture Pte. Ltd. UEN: 201007442H	100% Hafary Centre Pte. Ltd. UEN: 201026113W
100% Hafary Vietnam Pte. Ltd. UEN: 201120831H	50% Melmer Stoneworks Pte. Ltd. UEN: 201216143E	100% Hafary International Pte. Ltd. UEN: 201305688M	100% World Furnishing Hub Pte. Ltd. UEN: 201317854K
100% Hafary Trademarks Pte. Ltd. UEN: 201526416M	51% Hafary Balestier Showroom Pte. Ltd. UEN: 201603055M	56% Gres Universal Pte. Ltd. UEN: 201610591C	100% Hafary Building Materials Pte. Ltd. UEN: 201724020R
100% Hafary W+S Pte. Ltd. UEN: 201834344K	33.3% ¹ Hafary Myanmar Investment Pte. Ltd. UEN: 201834571E (Joint Venture)	100% Hafary Crescent Pte. Ltd. UEN: 202126825D	95% ² Hafary Element Pte. Ltd. UEN: 202221070W
66.5% ³ International Ceramic Manufacturing Hub Pte. Ltd. UEN: 202221067C	100% Hafary Flagship Store Pte. Ltd. UEN: 202223334G	82.5% ⁴ MML x Element International Pte. Ltd. UEN: 202320755R	100% Hafary Bathroom Pte. Ltd. UEN: 202435413D
100% Hafary Shanghai Pte. Ltd. UEN: 202436238k			

Overseas

49% ⁵ Viet Ceramics International Joint Stock Company UEN: 0311028311 (Associate incorporated in Vietnam)	100% Hafary Trading Sdn. Bhd. UEN: 202001030234(1386554-D) (Subsidiary incorporated in Malaysia)	66.5% ⁶ International Ceramic Manufacturing Hub Sdn. Bhd. UEN: 202201021959(1467656-H) (Subsidiary incorporated in Malaysia)	33.3% ⁷ Hafary Myanmar Company Limited UEN: 108551070 (Joint Venture incorporated in Myanmar)
100% Foshan Hafary Trading Co., Limited UEN: 440600400022964 (Subsidiary incorporated in China)	65% ⁸ Guangdong ITA Element Building Materials Co., Limited UEN: 91440604MA4WQTML60 (Subsidiary incorporated in China)	62.4% ⁹ Foshan Element Building Material Co., Ltd. UEN: 91440604MA4WQNH9X8 (Subsidiary incorporated in China)	65% ¹⁰ Foshan Element Ceramic Co., Ltd. UEN: 91440604MA51HKW081 (Subsidiary incorporated in China)
66.5% ¹¹ PT ICMH Ceramic Indonesia UEN: 4024050331100777 (Subsidiary incorporated in Indonesia)	100% Hafary Trading (Shanghai) Co. Ltd. UEN: 91310000MAE4GFTJ4T (Subsidiary incorporated in China)	100% MML (Shanghai) Trading Co., Ltd. UEN: 91310000671154676N (Subsidiary incorporated in China)	

¹ Effective holding of 33.3%
Held through Hafary Pte. Ltd. - 33.3%

² Effective holding of 95%
Held through Hafary Pte Ltd - 85.7%
Held through Guangdong ITA Element Building Materials Co., Limited - 9.3%

³ Effective holding of 66.5%
Held through Hafary Element Pte. Ltd. - 66.5%

⁴ Effective holding of 82.5%
Held through Hafary Trading Sdn. Bhd. - 50%
Held through Guangdong ITA Element Building Materials Co., Limited - 32.5%

⁵ Effective holding of 49%
Held through Hafary Vietnam Pte. Ltd. - 49%

⁶ Effective holding of 66.5%
Held through International Ceramic Manufacturing Hub Pte. Ltd. - 66.5%

⁷ Effective holding of 33.3%
Held through Hafary Myanmar Investment Pte. Ltd. - 33.3%

⁸ Effective holding of 65%
Held through Hafary Building Materials Pte. Ltd. - 65%

⁹ Effective holding of 62.4%
Held through Guangdong ITA Element Building Materials Co., Limited - 62.4%

¹⁰ Effective holding of 65%
Held through Guangdong ITA Element Building Materials Co., Limited - 65%

¹¹ Effective holding of 66.5%
Held through International Ceramic Manufacturing Hub Pte. Ltd. - 66.5%

Financial Highlights

For the Year	FY2025 \$'000	FY2024 \$'000	FY2023 \$'000	FY2022 \$'000	FY2021 \$'000
Revenue - General	142,702	137,157	139,732	109,225	82,716
Revenue - Project	81,236	79,492	81,259	59,660	43,288
Revenue - Manufacturing	63,053	46,487	5,431	-	-
Total Revenue	286,991	263,136	226,422	168,885	126,004
Revenue - General (% of Total Revenue)	49.7%	52.1%	61.7%	64.7%	65.6%
Revenue - Project (% of Total Revenue)	28.3%	30.2%	35.9%	35.3%	34.4%
Revenue - Manufacturing (% of Total Revenue)	22.0%	17.7%	2.4%	-	-
Earnings Before Interest, Income Taxes and Depreciation (EBITDA)	70,877	65,390	70,220	51,544	25,651
EBITDA Margin (%)	24.7%	24.9%	31.0%	30.5%	20.4%
Finance Cost (i.e. Interest Expense)	10,718	12,176	9,491	4,616	3,204
Profit before Income Tax	38,795	36,909	48,969	37,583	15,133
Profit before Income Tax Margin (%)	13.5%	14.0%	21.6%	22.3%	12.0%
Net Profit	31,051	28,699	40,096	30,638	12,312
Net Profit Margin (%)	10.8%	10.9%	17.7%	18.1%	9.8%
Profit After Income Taxes and Non-Controlling Interest (PATNCI)	29,865	27,551	39,066	29,372	11,580
PATNCI Margin (%)	10.4%	10.5%	17.3%	17.4%	9.2%

At Year End	FY2025 \$'000	FY2024 \$'000	FY2023 \$'000	FY2022 \$'000	FY2021 \$'000
Non-Current Assets	297,528	301,118	299,874	276,206	191,187
Current Assets	212,307	210,893	171,727	127,322	94,836
Total Assets	509,835	512,011	471,601	403,528	286,023
Non-Current Liabilities	155,915	171,784	185,600	187,285	126,368
Current Liabilities	201,444	204,467	160,166	120,231	82,249
Total Liabilities	357,359	376,251	345,766	307,516	208,617
Total Debt	277,133	298,103	272,943	263,544	181,483
Cash and Cash Equivalents	22,030	22,508	17,897	11,504	6,070
Net Debt	255,103	275,595	255,046	252,040	175,413
Shareholders' Equity	146,119	129,268	118,148	92,571	75,475
Total Equity	152,476	135,760	125,835	96,012	77,406
Number of Ordinary Shares ('000)	430,550	430,550	430,550	430,550	430,550
Weighted Average Number of Ordinary Shares ('000)					
- Basic	430,550	430,550	430,550	430,550	430,550
- Diluted	430,550	430,550	430,550	430,550	430,550
Share Price at Year End (cents)	51.0	30.5	30.5	20.0	17.0
Market Capitalisation as at Year End Date	219,581	131,318	131,318	86,110	73,194

Financial Highlights

Financial Ratios	FY2025	FY2024	FY2023	FY2022	FY2021
Profitability					
Revenue Growth (%)	9.1%	16.2%	34.1%	34.0%	55.7%
PATNCI Growth (%)	8.4%	-29.5%	33.0%	153.6%	120.2%
Return on Assets (%) (PATNCI / Total Assets)	5.9%	5.4%	8.3%	7.3%	4.0%
Return on Equity (%) (PATNCI / Average Shareholders' Equity)	21.7%	22.3%	37.1%	35.0%	15.8%
Liquidity					
Current Ratio (times)	1.1	1.0	1.1	1.1	1.2
Cash as Per Share (cents)	5.1	5.2	4.2	2.7	1.4
Net Assets Per Share (cents)	33.9	30.0	27.4	21.5	17.5
Leverage					
Net Debt to Equity Ratio (times) (Net Debt / Shareholders' Equity)	1.7	2.1	2.2	2.7	2.3
Interest Cover (times) (EBITDA / Finance Cost)	6.6	5.4	7.4	11.2	8.0
Investors' Ratio					
Earnings Per Share (cents) (Basic and Fully Diluted)	6.9	6.4	9.1	6.8	2.7
Total Gross Dividend Per Share (cents) (DPS)	2.75	2.75	2.75	2.25	1.50
Gross Dividend Yield (%) Based on Year End Share Price	5.4%	9.0%	9.0%	11.2%	8.8%
Gross Dividend Payout (%) (Gross Dividend Paid / Profit After Tax Attributable to Shareholders)	39.6%	43.0%	30.3%	33.0%	55.8%

Financial Review

Statement of Comprehensive Income				
	FY2025 \$'000	FY2024 \$'000	Change \$'000	Change %
Revenue	286,991	263,136	23,855	9.1
Interest Income	121	204	(83)	(40.7)
Other Income and Gains	7,688	11,312	(3,624)	(32.0)
Changes in Inventories of Goods Held for Resale	6,719	(3,168)	9,887	(312.1)
Purchases and Related Expenses	(175,781)	(153,823)	(21,958)	14.3
Employee Benefits Expenses	(37,444)	(36,316)	(1,128)	3.1
Amortisation and Depreciation Expenses	(13,125)	(12,633)	(492)	3.9
Impairment Losses	(3,753)	(704)	(3,049)	433.1
Other Losses	(378)	(680)	302	(44.4)
Finance Costs	(10,718)	(12,176)	1,458	(12.0)
Other Expenses	(23,575)	(20,558)	(3,017)	14.7
Share of Profit from an Equity-Accounted Associate	1,285	1,528	(243)	(15.9)
Share of Profit from an Equity-Accounted Joint Venture	765	787	(22)	(2.8)
Profit Before Income Tax	38,795	36,909	1,886	5.1
Income Tax Expense	(7,744)	(8,210)	466	(5.7)
Profit, Net of Tax	31,051	28,699	2,352	8.2
Other Comprehensive Income / (Loss)				
Items that may be Reclassified Subsequently to Profit or Loss				
Exchange Differences on Translating Foreign Operations, Net of Tax	(1,273)	224	(1,497)	(668.3)
Total Comprehensive Income for the Year, Net of Tax	29,778	28,923	855	3.0
Profit, Net of Tax Attributable to:				
- Owners of the Parent, Net of Tax	29,865	27,551	2,314	8.4
- Non-Controlling Interests, Net of Tax	1,186	1,148	38	3.3
	31,051	28,699	2,352	8.2
Total Comprehensive Income Attributable to:				
- Owners of the Parent	28,691	27,786	905	3.3
- Non-Controlling Interests	1,087	1,137	(50)	(4.4)
	29,778	28,923	855	3.0

Financial Review

Revenue

For 2H2025, the Group registered a revenue of \$149.8 million compared to \$146.5 million during 2H2024. For FY2025, the Group registered a revenue of \$287.0 million compared to \$263.1 million during FY2024.

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) increased by \$6.8 million or 9.4% from \$72.4 million during 2H2024 to \$79.2 million during 2H2025. For 12 months ended, revenue from the general segment increased by \$5.5 million or 4.0% from \$137.2 million during FY2024 to \$142.7 million during FY2025. The increase in revenue was primarily driven by retail sales performance. This was supported by the property market conditions during FY2025, which led to higher residential transaction and renovation activity. As renovation demand typically follows property purchases, this translated into increased customer traffic and sales at the Group's retail outlets.

Project segment

For 6 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) decreased by \$0.9 million or 2.2% from \$41.9 million during 2H2024 to \$41.0 million during 2H2025. For 12 months ended, revenue from the project segment increased by \$1.7 million or 2.2% from \$79.5 million during FY2024 to \$81.2 million during FY2025. The increase in revenue was primarily attributable to the contribution from a newly acquired subsidiary in China, namely MML Shanghai, which was consolidated into the Group's financial results from the beginning of FY2025. The inclusion of the subsidiary expanded the Group's project revenue base and contributed incremental sales during the financial year.

Manufacturing segment

For 6 months ended, revenue from the manufacturing segment (where customers include property developers, wholesalers and distributors) decreased by \$2.6 million or 8.0% from \$32.2 million during 2H2024 to \$29.6 million during 2H2025. For 12 months ended, revenue from the manufacturing segment increased by \$16.6 million or 35.6% from \$46.5 million during FY2024 to \$63.1 million during FY2025. The increase in revenue was primarily



attributable to the gradual ramp-up in production following the commencement of ceramic tiles manufacturing for distribution since June 2023 and partly attributable to the higher sales volumes arising from increased distribution to the United States of America market.

Interest Income

Interest income mainly derived from bank deposits.

Other Income and Gains

For 6 months ended, other income and gains decreased by \$4.5 million or 53.2% from \$8.4 million during 2H2024 to \$3.9 million during 2H2025. For 12 months ended, other income and gains decreased by \$3.6 million or 32.0% from \$11.3 million during FY2024 to \$7.7 million during FY2025. The decrease in other income and gains was primarily attributable to the absence of the non-recurring gain on disposal of an investment property of \$3.7 million, which was recognised in FY2024.

For FY2025, other income and gains mainly comprised of rental income of \$6.6 million, sales of solar energy of \$0.2 million, government grants of \$0.2 million and negative goodwill arising from consolidation of MML Shanghai of \$0.2 million.

Financial Review

For FY2024, other income and gains mainly comprised of rental income of \$5.6 million, gain on disposal of an investment property of \$3.7 million, sales of solar energy and renewable energy certificates of \$0.6 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 lock 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

Other losses mainly comprised of foreign exchange adjustment losses.

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 decreased by \$1.5 million or 1.7% from \$88.3 million during 2H2024 to \$86.8 million during 2H2025. For 12 months ended, cost of sales increased by \$12.1 million or 7.7% from \$157.0 million during FY2024 to \$169.1 million during FY2025. The increase in revenue led to a corresponding increase in the cost of sales.

The gross profit margin of 42.1% for 2H2025 and 41.1% for FY2025 has increased as compared to 39.7% for 2H2024 and 40.3% for FY2024.

Employee Benefits Expense

For 6 months ended, employee benefits expenses decreased by \$0.1 million or 0.3% from \$19.4 million during 2H2024 to \$19.3 million during 2H2025. For 12 months ended, employee benefits expenses increased by \$1.1 million or 3.1% from \$36.3 million during FY2024 to \$37.4 million during FY2025. The increase is partly due to the employee benefits expense arising from the consolidation of MML Shanghai into the Group with effective from 3 January 2025.

Amortisation and Depreciation Expense

For 6 months ended, amortisation and depreciation expenses remained constant at \$6.6 million during 2H2024 and 2H2025. For 12 months ended, amortisation and depreciation expenses increased by \$0.5 million or 3.9% from \$12.6 million during FY2024 to \$13.1 million during FY2025. The increase is mainly due to the commencement of depreciation for the property and showroom located at 161 Lavender Street, which the operations commenced in September 2024 and December 2024 respectively.

Impairment Losses

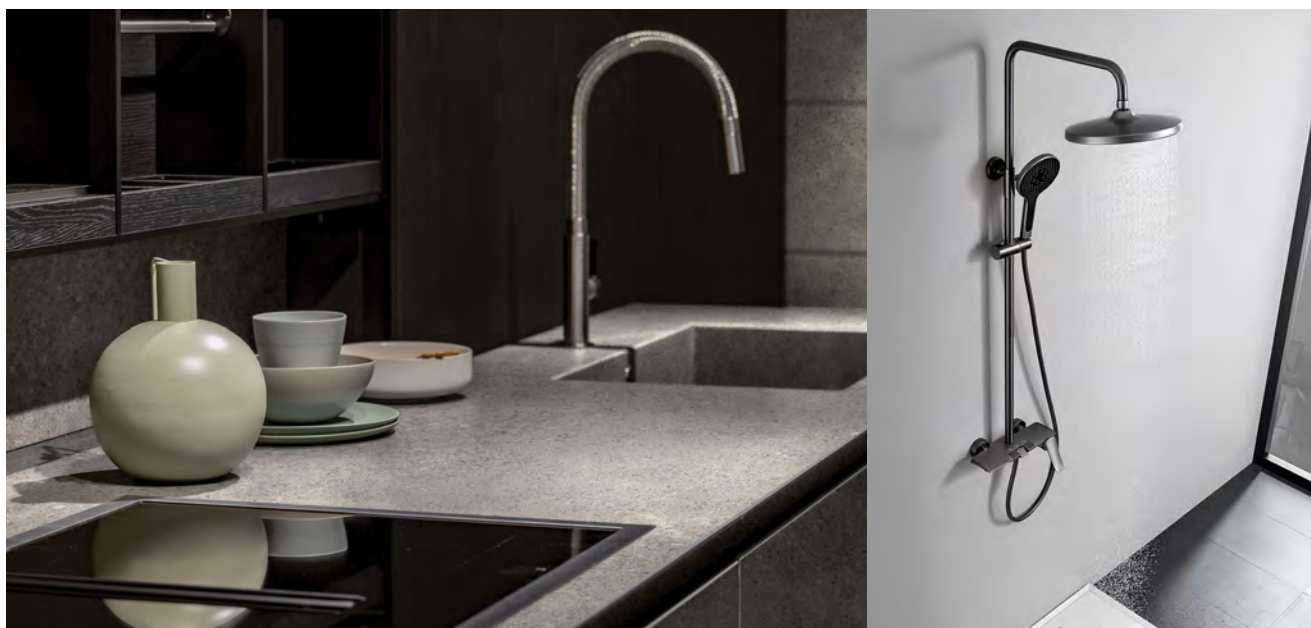
For 6 months ended, impairment losses mainly comprises the additional allowance for impairment of inventories of \$2.1 million and trade receivables of \$1.0 million during 2H2025. For 12 months ended, impairment losses mainly comprises the additional allowance for impairment of inventories of \$2.7 million and trade receivables of \$1.0 million during FY2025. The additional allowance on trade receivables is mainly comprised of individual accounts of the Group that are determined to be impaired at the end of the reporting year.

Finance Costs

For 6 months ended, finance costs decreased by \$1.2 million or 19.3% from \$6.4 million during 2H2024 to \$5.2 million during 2H2025. For 12 months ended, finance costs decreased by \$1.5 million or 12.0% from \$12.2 million during FY2024 to \$10.7 million during FY2025. The decrease mainly due to the overall decrease in bank loan interest rates over the period.



Financial Review



Other Expenses

For 6 months ended, other expenses increased by \$1.6 million or 14.3% from \$11.1 million during 2H2024 to \$12.7 million during 2H2025. For 12 months ended, other expenses increased by \$3.0 million or 14.7% from \$20.6 million during FY2024 to \$23.6 million during FY2025. The increase is mainly due to the business operations in Malaysia which contributed a total of \$1.9 million and the consolidation of a subsidiary in China newly acquired in January 2025 which contributed a total of \$0.6 million to the Group's other expenses.

Share of Profit from an Equity-Accounted Associate

For 6 months ended, share of profit from associate amounted to \$1.2 million (2H2024: \$0.9 million). For 12 months ended, share of profit from associate amounted to \$1.3 million (FY2024: \$1.5 million).

Share of Profits from Equity-Accounted Joint Venture

For 6 months ended, share of profit from joint venture amounted to \$0.5 million (2H2024: \$0.4 million). For 12 months ended, share of profit from joint venture amounted to \$0.8 million (FY2024: \$0.8 million).

Profit Before Income Tax

For 6 months ended, the Group has generated a profit before tax of \$21.5 million in 2H2025 as compared to a profit before tax of \$23.2 million in 2H2024.

For 12 months ended, the Group has generated a profit before tax of \$38.8 million in FY2025 as compared to a profit before tax of \$36.9 million in FY2024.

For 6 months ended, excluding share of profit from associate and share of profit from joint venture amounting to \$1.6 million for 2H2025 (2H2024: \$1.3 million), profit before income tax from recurring activities was \$19.9 million for 2H2025 (2H2024: \$21.9 million).

For 12 months ended, excluding share of profit from associate and share of profit from joint venture amounting to \$2.1 million for FY2025 (FY2024: \$2.3 million), profit before income tax from recurring activities was \$36.7 million for FY2025 (FY2024: \$34.6 million).

Other Comprehensive Income (Loss)

This pertains 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 \$4.3 million in 2H2025 (2H2024: \$4.7 million). For 12 months ended, income tax expense amounted to \$7.7 million in FY2025 (FY2024: \$8.2 million).

Financial Review

Statement of Financial Position				
	FY2025 \$'000	FY2024 \$'000	Change \$'000	Change %
Non-Current Assets				
Property, Plant and Equipment	112,692	110,853	1,839	1.7
Right-of-Use Assets	132,166	136,058	(3,892)	(2.9)
Investment Properties	24,519	24,836	(317)	(1.3)
Intangible Assets	7,525	7,827	(302)	(3.9)
Investment in an Associate	18,700	20,265	(1,565)	(7.7)
Investment in a Joint Venture	1,702	999	703	70.4
Other Financial Assets	224	280	(56)	(20.0)
Total Non-Current Assets	297,528	301,118	(3,590)	(1.2)
Current Assets				
Inventories	124,147	116,389	7,758	6.7
Trade and Other Receivables	59,346	65,389	(6,043)	(9.2)
Other Non-Financial Assets	6,784	6,607	177	2.7
Cash and Cash Equivalents	22,030	22,508	(478)	(2.1)
Total Current Assets	212,307	210,893	1,414	0.7
Total Assets	509,835	512,011	(2,176)	(0.4)
Equity				
Equity, Attributable to Owners of the Company	146,119	129,268	16,851	13.0
Non-Controlling Interests	6,357	6,492	(135)	(2.1)
Total Equity	152,476	135,760	16,716	12.3
Non-Current Liabilities				
Deferred Tax Liabilities	1,697	1,634	63	3.9
Loans and Borrowings, Non-Current	137,622	152,055	(14,433)	(9.5)
Lease Liabilities, Non-Current	16,596	18,095	(1,499)	(8.3)
Total Non-Current Liabilities	155,915	171,784	(15,869)	(9.2)
Current Liabilities				
Income Tax Payable	7,993	8,339	(346)	(4.1)
Provision	1,032	1,070	(38)	(3.6)
Trade and Other Payables	59,656	57,263	2,393	4.2
Derivative Financial Liabilities	2	48	(46)	(95.8)
Loans and Borrowings, Current	119,186	123,851	(4,665)	(3.8)
Lease Liabilities, Current	3,729	4,102	(373)	(9.1)
Other Non-Financial Liabilities	9,846	9,794	52	0.5
Total Current Liabilities	201,444	204,467	(3,023)	(1.5)
Total Liabilities	357,359	376,251	(18,892)	(5.0)
Total Equity and Liabilities	509,835	512,011	(2,176)	(0.4)

Financial Review



Non-Current Assets

Non-current assets decreased by \$3.6 million or 1.2% from \$301.1 million as at 31 December 2024 to \$297.5 million as at 31 December 2025.

Property, plant and equipment increased by \$1.8 million or 1.7% from \$110.9 million as at 31 December 2024 to \$112.7 million as at 31 December 2025. The increase was due to the additions of property, plant and equipment amounting to \$11.8 million and foreign exchange adjustments of \$0.7 million during the year. The increase is partially offset by the depreciation expense amounting to \$10.1 million and disposal of property, plant and equipment amounting to \$0.5 million during the year.

The right-of-use assets ("ROU assets") comprised of leasehold lands (land use rights relating to Group's leasehold properties in Singapore, Malaysia and China) and leases of premises. ROU assets decreased by \$3.9 million or 2.9% from \$136.1 million as at 31 December 2024 to

\$132.2 million as at 31 December 2025. The decrease was mainly due to the depreciation expense amounting to \$6.3 million during the year. The decrease is partially offset by the capitalisation of ROU assets in relation to the leases of \$2.1 million and foreign exchange adjustments of \$0.2 million during the year.

Investment properties decreased by \$0.3 million or 1.3% from \$24.8 million as at 31 December 2024 to \$24.5 million as at 31 December 2025. The decrease was mainly due to the depreciation expense amounting to \$0.4 million. The decrease is partially offset by the additions of investment properties of \$0.1 million during the year.

Intangible assets decreased by \$0.3 million or 3.9% from \$7.8 million as at 31 December 2024 to \$7.5 million as at 31 December 2025. Intangible assets comprise of goodwill, customer relationship and trademark of MSPL and MML Shanghai. The decrease was mainly due to amortisation expense amounting to \$0.7 million during the year. The decrease is partially offset by the additions of customer relationship of \$0.4 million, arising from acquisition of MML Shanghai during the year.

Investment in associate decreased by \$1.6 million or 7.7% from \$20.3 million as at 31 December 2024 to \$18.7 million as at 31 December 2025. The decrease was mainly due to exchange differences on translating associate with foreign operation amounting to \$1.7 million, resulting from the weakening of the Vietnamese Dong as at 31 December 2025.

Investment in joint venture increased by \$0.7 million or 70.4% from \$1.0 million as at 31 December 2024 to \$1.7 million as at 31 December 2025. The increase was mainly due to share of profit amounting to \$0.8 million during the year.

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

Current Assets

Current assets increased by \$1.4 million or 0.7% from \$210.9 million as at 31 December 2024 to \$212.3 million as at 31 December 2025.

Financial Review



The increase was mainly attributable to the increase in inventories of \$7.8 million and other non-financial assets of \$0.2 million. The increase is partially offset by the decrease in trade and other receivables of \$6.0 million and cash and cash equivalents of \$0.5 million.

Inventories increased by \$7.8 million or 6.7% from \$116.4 million as at 31 December 2024 to \$124.1 million as at 31 December 2025. The increase was mainly to cater the demand in the domestic market as well as overseas market.

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

Inventory turnover day as at 31 December 2025 is 266 days compared to 271 days as at 31 December 2024. Trade receivables turnover day as at 31 December 2025 is 66 days compared to 80 days as at 31 December 2024.

Non-Current Liabilities

Non-current liabilities decreased by \$15.9 million or 9.2% from \$171.8 million as at 31 December 2024 to \$155.9 million as at 31 December 2025. The decrease was mainly due to decrease in bank loans of \$14.4 million and lease liabilities of \$1.5 million. The decrease is partially offset by the increase in deferred tax liabilities of \$0.1 million. As of 31 December 2025, the Group's property loans borrowing rates varies between 1.5% to 5.4% (2024: 1.5% to 6.5%).

Current Liabilities

Current liabilities decreased by \$3.0 million or 1.5% from \$204.5 million as at 31 December 2024 to \$201.4 million as at 31 December 2025.

The decrease was mainly attributable to the decrease in loans and borrowings of \$4.7 million, income tax payable of \$0.3 million and lease liabilities of \$0.4 million. The decrease is partially offset by the increase in trade and other payables of \$2.4 million.

The provision is pertaining to provision of rebate to customers.

The increase in trade and other payables is in line with the increase in cost of sales, mainly contributed by the business expansion in Malaysia.

The decrease in loans and borrowings was mainly due to the decrease in short-term loans by \$10.0 million. The decrease is partially offset by the increase in trust receipts and bill payables by \$5.4 million.

Total amount of trade payables and trust receipts and bills payable to banks was \$86.6 million (31 December 2024: \$67.8 million). The turnover of the aforesaid items (based on cost of sales) is 176 days as at 31 December 2025 compared to 160 days as at 31 December 2024.

Other Reserves

This pertains to foreign exchange difference on translating foreign operations.

Financial Review

Leasehold properties held by the Group	105 Eunos Avenue 3 Hafary Centre Singapore 409836	3 Changi North Street 1 Singapore 498824	18C Sungei Kadut Street 4 Singapore 729066	18 Sungei Kadut Street 2 World Furnishing Hub Singapore 729236
Description	6-storey light industrial building	2-storey warehouse	Warehousing/ Production premises/ 2-storey ancillary building	7-storey industrial building
Purpose	Headquarters and main showroom	Main warehouse	Marble processing facility	Commercial and warehousing
Tenure of lease	Expiring 14 September 2039	Expiring 28 February 2059	Expiring 31 March 2026	Expiring 3 September 2043
Area ('000 square feet)				
- Land	54	131	56	107
- Gross floor or net lettable area	130	151	46	296
Purchase price (\$'000)	9,800	10,000	1,430	8,650
Development and directly attributable costs (\$'000)	11,752	13,787	2,921	49,830
Carrying amount as at 31 December 2025 (\$'000)	11,258	17,150	-	38,115

Financial Review

North Fang Xun Road, Hecheng Street (Fuwan), Gaoming District, Foshan, Guangzhou, China	11 Changi North Way Singapore 498796	51 Middle Road Singapore 188959	28 Loyang Crescent Singapore 508990	161 Lavender Street Singapore 338750
Warehouse and 5-storey dormitory	4-storey warehouse	6-Storey corner commercial building	Warehousing/ Production premises/7-storey ancillary building	11 contiguous conservation shophouses with 6-storey rear extension
Warehouse	Warehouse	Commercial	Warehouse/Marble processing facility	Showroom, commercial and co-living
Expiring 30 December 2050	Expiring 15 November 2063	Expiring 29 January 2834	Expiring 30 June 2030	Expiring 1 December 2115
441	78	3	64	18
287	109	17	159	53
10,000	16,000	34,750	8,780	71,280
100	4,074	1,037	258	14,309
5,640	17,956	34,768	4,827	84,000

Sustainability Report

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors ("**Board**") of Hafary Holdings Limited (together with its subsidiaries, "**Hafary**") is pleased to present Hafary's Sustainability Report for the financial year ending 31 December 2025 ("**Sustainability Report**").

Hafary is a leading supplier of premium tiles, stone, mosaic, wood flooring, quartz tops, and sanitary ware and fittings in Singapore. As we continue to grow, we remain committed to conducting our operations in a way that benefits society, upholds human rights, minimises our environmental impact, and promotes sustainable business practices. In FY2025, our solar photovoltaic systems generated 2,559.5 megawatt hours (FY2024: 2,527.8 megawatt hours) of clean solar energy, eliminating approximately 1,067 tonnes (FY2024: 1,053 tonnes) of carbon emissions by producing energy without any associated carbon output.

Hafary acknowledges the challenges that arise when integrating sustainability into our operations, particularly with respect to compliance with evolving regulations and the rising costs of raw materials. Nevertheless, we recognise the numerous opportunities for growth. For example, Hafary employs water and energy-efficient fixtures, utilised energy-saving LED lights, and champions recycling and digitalisation initiatives across our office buildings, showrooms, warehouses, and factories. Additionally, the renewable energy generated by our photovoltaic system is eligible to be registered as renewable energy certificates, reflecting our commitment to reducing greenhouse gas ("**GHG**") emissions and supporting clean energy production.

The Sustainability Steering Committee of Hafary ("**SSC**") plays a crucial role in overseeing and reporting on Hafary's sustainability strategies, policies, and initiatives to the Board and management. As part of our ongoing commitment, we continue to uphold the materiality matters and climate risks identified in previous year's report, ensuring a consistent approach. While these priorities remain unchanged, we actively track our targets to stay aligned with our sustainability objectives. As we advance on our sustainability journey, we will regularly evaluate our performance indicators and targets to ensure they align with our business goals. Moreover, we are dedicated to enhancing our engagement with stakeholders to further strengthen our sustainability practices and to build a resilient, long-term business.

We deeply value the ongoing support of our stakeholders and look forward to collaborating with all parties to create a sustainable future together.

Yours faithfully,

For and on behalf of the Board

Low Kok Ann
Executive Director and CEO

ABOUT THIS SUSTAINABILITY REPORT

Scope of Report

This Sustainability Report highlights Hafary's enduring commitment to integrating Environmental, Social, and Governance ("**ESG**") factors into Hafary's operations. The data and information presented in this Sustainability Report covers the period from 1 January 2025 to 31 December 2025 ("**FY2025**"), unless otherwise specified. It encompasses the activities of Hafary across Singapore, China, and Malaysia.

Reporting Standards and Frameworks

This Sustainability Report has been reviewed by the Board and prepared in accordance with the sustainability reporting requirements of Rules 711A and 711B of the Listing Manual – Mainboard Rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Sustainability Report was prepared with reference to the Global Reporting Initiative ("**GRI**") Standards and the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework. The GRI Standards were selected as GRI is a globally recognised and widely adopted for sustainability reporting, which enables Hafary's stakeholders to compare its sustainability performance against its industry peers. Whereas TCFD framework is a set of comprehensive sustainability disclosures focused on the needs of investors and the financial markets.

While the implementation of other International Sustainability Standards Board-based ("**ISSB-based**") climate-related disclosures ("**CRD**") (beyond Scope 1 and 2 GHG emissions reporting) is not mandatory under SGX-ST listing requirements for Non-Straits Times Index ("**STI**") constituent listed companies with a market capitalisation of less than \$1 billion until FY2030, Hafary has taken steps to enhance its disclosures in this Sustainability Report by incorporating selected ISSB-based CRD, and will continue to align its reporting practices with reference to these standards progressively. This phased

Sustainability Report

implementation allows Hafary to obtain stakeholder feedback on its sustainability disclosures, strengthen internal processes and data readiness, and gradually enhance the quality and robustness of its sustainability disclosures in preparation for compliance with ISSB-based CRD requirements by FY2030.

Report Content and Quality

This Sustainability Report captures Hafary’s sustainability strategies, policies, and performances by providing more quantitative goals and targets to support its corporate values, as well as addressing the key concerns and issues that Hafary’s stakeholders have frequently raised. To maintain consistency and content quality, Hafary has applied GRI’s eight principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

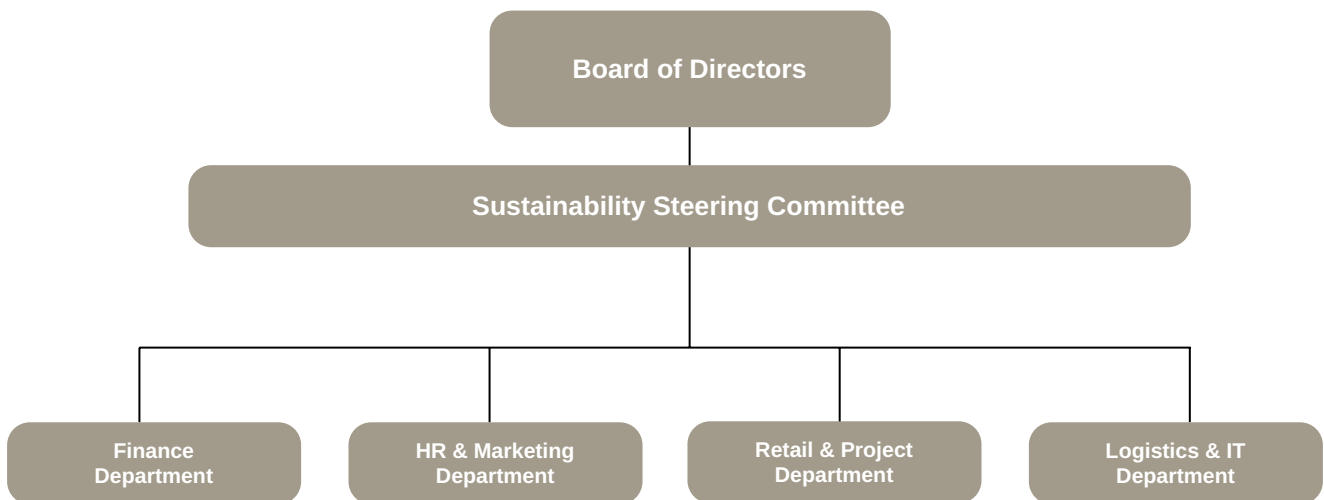
Assurance

Hafary has not sought external assurance for the information presented in this Sustainability Report. Internal review on Hafary’s sustainability reporting policies, processes and internal controls has been conducted by the Internal Auditors, BDO Advisory Pte Ltd.

Feedback

As part of Hafary’s ongoing commitment to strengthening our sustainability efforts and enhancing our policies and performance, we welcome any questions, comments, or feedback regarding any aspect of this Sustainability Report. Please feel free to reach out to us at sustainability@hafary.com.sg.

SUSTAINABILITY GOVERNANCE



Board of Directors

The Board is collectively responsible for driving the long-term sustainable success of Hafary. The Board provides overall oversight of Hafary’s sustainability framework and strategic direction, ensuring that climate-related risks and opportunities are effectively integrated into Hafary’s risk management framework. The Board also oversees the implementation of strategies to address the potential climate-related risks and opportunities, while ensuring robust strategic risk management and governance practices are in place.

To ensure the Board is adequately equipped to oversee sustainability-related matters, Hafary’s Sustainability Policy stipulates that at least one Board member possess the competence in industry-specific environmental issues, including climate-related issues. The Board has assessed the Executive Director and CEO to have the adequate expertise and experience to provide specialised insight on environmental and climate-related issues relevant to Hafary. Other Board members contribute with their diverse perspectives, from legal, financial or business viewpoints, to support effective oversight of the sustainability-related matters.

Sustainability Report

Updates on the sustainability matters are circulated to the Board to enable the Board to effectively oversee strategies designed to respond to sustainability-related risks and opportunities. Hafary's sustainability-related risk management and performance are overseen at the Board level, including:

- Oversee the identifying of Hafary's material sustainability issues, including its impacts on the economy, environment and people and associated risks and opportunities;
- Oversee the setting of appropriate sustainability goals and targets, taking into consideration the relevance of material sustainability issues and prioritisation of its impact to the business and the nature and magnitude of risks and opportunities, including available financial capabilities for climate-related investment purposes;
- Oversee Hafary's progress and performance in meeting sustainability goals and targets through periodic updates;
- Oversee the measures to mitigate Hafary's key sustainability-related and climate-related risks and opportunities and manage the impacts associated with the identified material topics; and
- Oversee the identification and management of Hafary's sustainability metrics and performance against targets.

Board meeting was convened in August 2025 and updates were circulated by the SSC to the Board to report on the sustainability-related and climate-related matters, including:

- The reassessment of materiality and material topics for sustainability reporting;
- The sustainability targets against each of the identified material topics;
- The performance of achieving each of the sustainability targets; and
- The initiatives to address the climate-related issues.

The Board recognises that the remuneration policies are important incentives for the management achieving the organisation's goals and objectives and may provide insight on an organisation's governance, oversight, and accountability for managing climate-related issues. The Executive Director and CEO which is the top management of Hafary is paid based on his service agreement with Hafary. In setting the remuneration packages of the Executive Director and CEO, the Board takes into account the performance of Hafary and that of the Executive Director and CEO which is aligned with long term interest of Hafary. This is given that any significant sustainability issues may impact to Hafary's financial performance over time.

The amount of variable bonus (i.e. performance bonus) for a particular financial period is dependent on the amount of Hafary's profit before income tax achieved as set out below:

Profit before income tax ("PBT")	Variable bonus / performance bonus
Up to \$3 million	1.5% of PBT
Above \$3 million and up to \$5 million	\$45,000 plus 3.0% of PBT in excess of \$3 million
Above \$5 million	\$105,000 plus 4.5% of PBT in excess of \$5 million

The Board is of the view that this quantitative criterion is adequately to align the Executive Director and CEO's interests with Hafary's interests. For more information on Hafary's Corporate Governance, please refer to the Corporate Governance Statement on page 76 of Hafary's Annual Report.

Sustainability Steering Committee

Assisting the Board, the SSC, consists of the representative from various departments of Hafary and led by the Executive Director and CEO of Hafary, brings diverse expertise to manage and mitigate sustainability-related and climate-related risks and opportunities covering the following responsibilities:

- Identifying and assessing climate-related risks and opportunities that could impact Hafary;
- Developing strategies to manage and mitigate sustainability risks while also capitalising on related opportunities;
- Creating and enforcing policies and practices to promote sustainability and ensure compliance with relevant regulations;
- Monitoring and reviewing the effectiveness of risk management strategies; and
- To support the Board in formulating Hafary's sustainability framework and approach.

To ensure that the Board is kept abreast of relevant sustainability matters, the SSC regularly monitor the business environment and provides updates to the Board during the Board meeting. This includes the recommendation of strategies and initiatives for the SSC to undertake with regards to the climate-related risks.

Sustainability Report

The SSC is responsible to collect and collate sustainability performance data, including climate-related performance data, for reporting. It also collects feedback from external stakeholders, such as customers, suppliers and the public to help the SSC evaluate the identified material topics and sustainability initiatives.

As part of the ongoing capacity building efforts, the SSC attended training on sustainability matters provided by the external sustainability consultants during the year.

STAKEHOLDER ENGAGEMENT

Hafary maintains an active engagement with its stakeholders, ensuring their expectations are considered in alignment with its business objectives. Regular assessments of the distinct needs and expectations of various stakeholder groups ensure that their concerns play a pivotal role in shaping Hafary's business decisions. The summary table below presents the various engagement activities carried out and highlights the key concerns raised by stakeholders.

Stakeholders	Engagement Channels	Frequency	Key Concerns
Employees	Performance appraisals	Annual	<ul style="list-style-type: none"> • Remuneration and benefits • Employee safety and well-being • Training and development opportunities • Fair and competitive employment practices • Job security and workplace safety
	Internal and external training programs	Ad-hoc	
	Digital feedback and communication platforms	Ad-hoc	
	Regular meetings	Monthly	
Customers	Customers' service and feedback emails	Ad-hoc	<ul style="list-style-type: none"> • Compliance with environmental and safety standards • Good quality products and services • Efficient project management • Timely completion of projects • Legal and contractual compliance
	Customers' showroom visits	Ad-hoc	
	Verbal communications (e.g., social media and phone calls)	Perpetual	
Suppliers	Suppliers' feedback through emails, phone calls and fax	Ad-hoc	<ul style="list-style-type: none"> • Supplier policies and requirements • Fair and timely payment terms • Occupational health and safety practices • Strong and lasting cooperation
	Supplier on-site meetings	Ad-hoc	
Shareholders and Investors	Annual General Meetings	Annual	<ul style="list-style-type: none"> • Financial stability and long-term growth plans • Operational efficiency • Sustainability efforts • Compliance with regulations • Risk Management • Sound corporate governance • Business climate resilience
	Financial result announcements	Half-year	
	SGXNet announcements	Ad-hoc	
	Annual Report and Sustainability Report	Annual	
	Company website	Perpetual	
Regulators and Government	Direct engagement with authorities	Ad-hoc	<ul style="list-style-type: none"> • Compliance updates • Good corporate governance & ethics • Transparency and non-financial reporting • Anti-corruption and bribery • Sustainability and climate reporting
	Meetings, briefings, and reporting	Ad-hoc	
	Correspondence through emails and letters	Ad-hoc	
	Annual Report and Sustainability Report	Annual	
Local Communities	Charitable contribution	Ad-hoc	<ul style="list-style-type: none"> • Corporate social responsibility program • Community service events
	Volunteering activities	Ad-hoc	

Sustainability Report

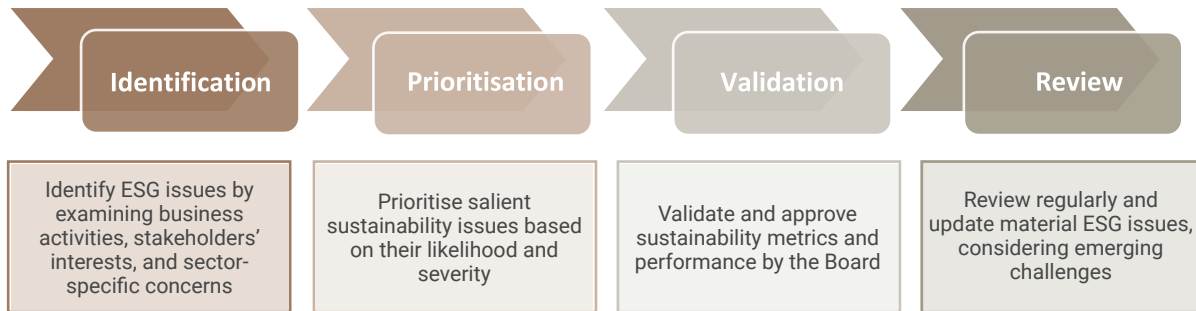
MATERIALITY ASSESSMENT

To remain updated on material and significant sustainability issues, Hafary periodically evaluates and benchmarks its business operations. The assessment involves an examination of the dynamic business landscape, considering emerging global trends, stakeholders’ opinions and latest regulatory developments. This approach ensures continuity in evaluating and addressing the sustainability factors most pertinent to our business.

Hafary’s process for identifying material topics remains consistent with the previous year’s assessment. It involved evaluating both actual and potential impacts arising from Hafary’s activities. Opinion and Feedback from stakeholders

were gathered through a range of engagement channels. By incorporating stakeholder insights, Hafary has retained a comprehensive understanding of the critical issues that hold the most significance for Hafary. Hafary maintained the results of last year’s materiality assessment, as there have been no significant changes in business operations and environment.

This materiality assessment enables Hafary to continue prioritising and addressing issues that have a substantial impact on the business, economy, environment, and society. It serves as a strategic framework, guiding Hafary to align its sustainability initiatives with the evolving expectations of its stakeholders. The materiality assessment is outlined below:



Hafary assesses the sustainability topics relevant to it on a yearly basis through the SSC by considering the following:

- Engaging with our key stakeholders, as stated above under “Stakeholder Engagement”, particularly the external stakeholders like customers, suppliers and investors;
- Identifying the topics that reflect the most significant impact of our business activities and relationships on the economy, environment and people;
- Peer benchmarking of the disclosure topics with other listed companies; and
- Identifying risks and opportunities associated with each material climate-related topic.

After the materiality assessment conducted by the SSC, Hafary has reaffirmed the relevance and significance of the 10 identified material topics. Hafary’s material topics are as follow:

Environmental	Social	Governance	Economic
Critical			
<ul style="list-style-type: none"> • Energy Consumption • GHG Emissions • Water Consumption • Waste Generated 	<ul style="list-style-type: none"> • Occupational Health and Safety • Employment Practices 	<ul style="list-style-type: none"> • Ethics and Compliance 	<ul style="list-style-type: none"> • Economic Performance
Moderate			
	<ul style="list-style-type: none"> • Training and Development • Local Communities 		

Sustainability Report

The key impacts, management approach and climate-related risks and opportunities that correspond to the material topics are also presented as follows:

Material Topics	Summary of Key Impacts	Summary of Management Approach	Climate-related risks and opportunities that could reasonably be expected to affect Hafary's prospects
Environmental			
Energy Consumption and GHG Emissions	Use of electricity and fuel across Hafary's premises and production facilities generates GHG emissions, which in turn contribute to climate change	Reduce energy consumption and enhance energy efficiency across Hafary's premises and production facilities	<p>Write-offs, asset impairment, and early retirement of existing assets due to risk of extreme weather events</p> <p>Reduced revenue from decreased demand for goods and services due to shift in customer preferences</p> <p>Increased operating costs due to higher carbon taxes</p> <p>Increased operating costs due to higher compliance costs to adopt and deploy new practices and processes to meet the mandatory reporting obligations</p> <p>Adoption of efficient technologies leading to energy savings and lower operating costs</p> <p><i>For the prioritised climate-related risks and opportunities, please refer to 'Strategy' section of this Sustainability Report</i></p>
Water Consumption	Water is a strategic and limited resource, and inefficient or careless consumption may reduce its availability for other critical uses	Promote water conservation and optimise water use efficiency across the operations	Water scarcity may disrupt the routine operations of Hafary's premises and production facilities
Waste Generated	Improper disposal of waste from the premises and production facilities may release pollutants into the environment	<p>Promote the adoption of reducing, reusing and recycling principles across the operations</p> <p>Engage with licensed general waste collectors to ensure that waste generated is responsibly collected and disposed of</p>	-
Social			
Occupational Health and Safety	Ensuring the health and safety of employees and workers is to uphold their basic human rights	Ensure compliance with health and safety regulations	-
Employment Practices	A positive culture for diversity and inclusion improves employee well-being and prevents discrimination	Provide an inclusive culture and opportunities for personal development	-
Training and Development	Evolving technologies and business environments require skills and competencies of our employees to consistently be kept up to date. Engaging employees is also important to attract and retain the best talent	Provide opportunities for career advancement and working practices as well as policies to ensure employees' overall well-being	-
Local Communities	Building strong social connections and long-term relationships with local communities will help foster goodwill, strengthen Hafary's brand equity, and promote broader awareness of important social issues	Remain committed to making meaningful contributions to the local communities in which we operate	-
Governance			
Ethics and Compliance	Corruption and dishonest business practices could compromise product and service quality and lead to non-compliance with laws and regulations	Uphold strict standards as set out in Hafary's code of conduct for management and employees, including a zero tolerance for fraud and unethical behavior	-
Economic			
Economic Performance	Hafary's long-term success is critical not only to the shareholders, but also to the employees, customers and business partners who rely on the stability and continuity of Hafary's business	Remain committed to navigating in an increasingly complex and dynamic business environment, while striving to deliver long-term value to the shareholders as well as all other stakeholders	-

Sustainability Report

RISK MANAGEMENT

Hafary recognises that a robust climate-related risk management system is essential to safeguarding Hafary's long-term interests and maintaining stakeholder trust. In line with the evolving regulatory requirements and maintaining good corporate governance, Hafary regularly identifies, assesses, prioritises, monitors and manages climate-related risks relevant to its business operations.

Climate-related risk management is integrated into Hafary's Enterprise Risk Management ("ERM") framework. Under this framework, business units are responsible for identifying and documenting climate-related risk exposures that may affect the progress towards Hafary's strategic and operational objectives. The main focus is on climate-related risk and opportunities and impacts that has been identified and assessed as part of Hafary's ERM framework. These risks and opportunities, together with the corresponding mitigation plans, are reviewed during the ERM assessment exercise and presented to the Board alongside with other enterprise-wide risks.

Sustainability considerations, including climate-related impacts, are incorporated into Hafary's risk identification and assessment processes. Material climate-related impacts are evaluated by taking into account applicable regulations, emerging trends, physical and transition risks, and feedback from employees and management. Risks and opportunities are prioritised based on their potential financial impact on Hafary's asset portfolios.

Hafary's ERM function not just maintains the ERM framework and but also works with the SSC and Hafary's stakeholders to facilitate risk management matters. The SSC will regularly review the material climate-related risks and opportunities and monitor the implementation and effectiveness of mitigation measures. For the classification of prioritised climate-related risks, please refer to "Environmental" section of this Sustainability Report.

METRICS AND TARGETS

Investors are increasingly expecting entities to disclose non-financial key performance indicators relating to environmental, social, and governance matters. These metrics are used to assess risks and to screen investments across various impact categories. Such disclosures also enable users of Hafary's Sustainability Report to better understand Hafary's performance, particularly in relation to Hafary's emissions footprint.

Establishing sustainability targets is essential in providing Hafary with a clear strategic direction and measurable benchmarks to monitor progress. While certain targets are established as perpetual commitments, those targets particularly related to climate-related, are defined across short-, medium- and long-term horizons. These targets serve as key milestones in advancing the Paris Agreement-aligned goal of achieving net zero emissions by 2050. The table below summarises Hafary's targets and commitments and current year performance for each material topic.

Material Topics	Targets and Commitments	Current Year Performance
Environmental		
GHG Emissions	<p><u>Short-Term (by next 12 months):</u></p> <ul style="list-style-type: none"> Reduce GHG emissions (absolute or intensity) from baseline FY2024. <p><u>Medium-Term (by 2030):</u></p> <ul style="list-style-type: none"> Reduce GHG emissions (absolute or intensity) by 5% from baseline FY2024. <p><u>Long-Term (by 2050):</u></p> <ul style="list-style-type: none"> To reach net zero emissions by 2050. 	<ul style="list-style-type: none"> Target not achieved. GHG emissions increased both in absolute and intensity terms, mainly driven by manufacturing operations in Malaysia. Absolute GHG emissions: 129,532 tCO₂e — an increase of 20.9% from the baseline FY2024 of 107,172 tCO₂e. GHG emissions intensity by annual revenue: 451.35 tCO₂e/\$million — an increase of 10.8% from the baseline FY2024 of 407.28 tCO₂e/\$million.
Energy Consumption	<p><u>Short-Term:</u></p> <ul style="list-style-type: none"> Reduce energy consumption (absolute or intensity) from baseline FY2024. <p><u>Long-Term:</u></p> <ul style="list-style-type: none"> Progressive decrease year-on-year (absolute or intensity). 	<ul style="list-style-type: none"> Target achieved. Energy consumption decreased in intensity term, despite the increase in absolute term, mainly driven by manufacturing operations in Malaysia. Absolute energy consumption: 1,509,509 GJ — an increase of 6.0% from the baseline FY2024 of 1,423,521 GJ. Energy consumption intensity by annual revenue: 5,260 GJ/\$million — a decrease of 2.8% from baseline FY2024 of 5,410 GJ/\$million.
Water Consumption	<p><u>Short-Term:</u></p> <ul style="list-style-type: none"> Reduce water consumption (absolute or intensity) from baseline FY2024. <p><u>Long-Term:</u></p> <ul style="list-style-type: none"> Progressive decrease year-on-year (absolute or intensity). 	<ul style="list-style-type: none"> Target not achieved. Water consumption increased both in absolute and intensity terms, mainly driven by manufacturing operations in Malaysia. Absolute water consumption: 182.70 megalitres — an increase of 18.6% from baseline FY2024 of 154.05 megalitres. Water consumption intensity by annual revenue: 0.64 megalitres/\$million — an increase of 8.5% from baseline FY2024 of 0.59 megalitres/\$million.

Sustainability Report

Material Topics	Targets and Commitments	Current Year Performance
Environmental		
Waste Generated	<p><u>Short-Term:</u></p> <ul style="list-style-type: none"> Reduce waste generated (absolute or intensity). <p><u>Long-Term:</u></p> <ul style="list-style-type: none"> Progressive decrease year-on-year (absolute or intensity). 	<ul style="list-style-type: none"> Absolute waste generated: 17,447 tonnes in FY2025 (FY2024: 207 tonnes). Waste generated intensity by annual revenue: 60.8 tonnes/\$million (FY2024: 0.8 tonnes/\$million). The significant step-up is attributable to the enhancement of data collection processes and methodologies. This is first year waste generated comprehensively tracked, thus waste generated for FY2025 and FY2024 are not comparable.
Social		
Employment Practices	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Continue to improve talent acquisition and employee retention. Maintain average monthly turnover rate below 3%. Continue to engage staff welfare campaigns to maintain employee well-being. 	<ul style="list-style-type: none"> Target achieved. Average monthly turnover rate was 1.5% in FY2025, which below 3% of the target set, reflecting a planned workforce realignment following operational stabilisation of the manufacturing operations in Malaysia. Total employees for FY2025: 1,180. Successfully welcomed 155 new hires while continuing employee engagement and welfare initiatives.
Occupational Health and Safety	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Maintain zero incidents of material non-compliance with all applicable laws and regulations related to health and safety. 	<ul style="list-style-type: none"> Target achieved. Maintained zero incidents of material non-compliance with all applicable laws and regulations related to health and safety.
Training and Development	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Continue to encourage employee self-development and personal goal with the supports from various AI tools. Continue to offer internal or external trainings that are essential and beneficial to the development and career progression of the employees. To achieve 100% of full-time employees receiving their performance and career development reviews. 	<ul style="list-style-type: none"> Target achieved. Continued comprehensive training programs with average training hours by number of employees trained in FY2025: <ul style="list-style-type: none"> <u>By Gender:</u> <ul style="list-style-type: none"> Male: 11 hours Female: 9 hours <u>By Employee Level:</u> <ul style="list-style-type: none"> Senior Management: 17 hours Middle Management: 11 hours Executive: 18 hours Target achieved. 100% of full-time employees received their performance and career development reviews.
Local Communities	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Continue to engage in charitable initiatives, supporting social causes and active community contributions. 	<ul style="list-style-type: none"> Target achieved. Continued engagement in charitable events, donations, cash sponsorships and community initiatives across multiple social causes including community development, education, enrichment, environmental protection and sustainability, healthcare, social service and welfare and sports.
Governance		
Ethics and Compliance	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Maintain zero incidents of material non-compliance and violations with the Singapore Code of Corporate Governance 2018. Maintain zero incidents of material non-compliance and violations with Code of Business Ethics and Conduct and non-discrimination. Maintain zero incidents of material non-compliance with all applicable law and regulations. Ensure all significant allegations received are promptly addressed, if any. Maintain zero incidents of material non-compliance and violations of any applicable laws and regulations for any instance where fines and/or non-monetary sanctions were incurred. Maintain zero public cases and confirmed incidents of corruption of any nature brought against Hafary or its employees. 	<ul style="list-style-type: none"> Target achieved. Maintained zero incidents of material non-compliance and violations with the Singapore Code of Corporate Governance 2018. Maintained zero incidents of material non-compliance and violations with Code of Business Ethics and Conduct and non-discrimination. Maintained zero incidents of material non-compliance with all applicable law and regulations. No significant allegations received. Maintained zero incidents of material non-compliance and violations of any applicable laws and regulations for any instance where fines and/or non-monetary sanctions were incurred. Maintained zero public cases and confirmed incidents of corruption of any nature brought against Hafary or its employees.
Economic	<p><u>Perpetual:</u></p> <ul style="list-style-type: none"> Continue to disclose Hafary's Financial Statements in accordance with the accepted financial reporting standards. 	<ul style="list-style-type: none"> Target achieved. Hafary's Financial Statements disclosed in accordance with the accepted financial reporting standards. <p><i>Hafary's Financial Statements can be found on page 105 of Hafary's Annual Report</i></p>

Sustainability Report

ENVIRONMENTAL

Climate-related considerations remain a key priority for Hafary, with Hafary continuously monitoring the impact of climate-related risks and opportunities. Building on the scenario analysis, Hafary maintains its understanding of potential financial impacts across various future scenarios. Additionally, Hafary continues to implement and monitor decarbonisation measures, ensuring ongoing resilience against both physical and transition risks. We recognise that for our business to thrive and continue to be successful, it is our responsibility to contribute to a more sustainable future. Hafary is committed to foster an environmentally conscious culture in its area of operations. Our strategy summarised as follows:

Energy and GHG emissions	Water	Waste
Reducing energy use and optimising energy efficiency	Promoting water conservation and optimising water efficiency	Facilitating adoption of reducing, reusing and recycling principles

Strategy

Hafary faces both the physical risks caused by a more unpredictable and extreme climate and the transition risks arising from societal and economic shifts towards a low-carbon future. Its operations could also have an impact on the environment. For example, its energy consumption arising from its cooling needs results in GHG emissions which in turn lead to climate change. This could increase further with rising mean temperatures and risks of heatwaves. By managing the use of electricity, fuel and refrigerants in its operations, Hafary manages its carbon footprint and contributes to collective action to slow down climate change.

Our main strategy to reduce energy consumption is upgrading amenities like lights and air conditioners to be more energy-efficient. Moreover, we strive to create spaces which incorporate more environmental sustainability considerations for our customers who visit our showrooms across Singapore island. Hafary will accomplish this by improving our properties' energy efficiency progressively. This will also mitigate the increase in energy usage as the scale of our operations increases over the period.

Hafary has assessed its exposure to physical and transition risks, as well as shortlisted potential climate opportunities as part of our climate change scenario analysis. Hafary uses climate-related scenario analysis to assess its climate resilience, the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.

For the financial year ended 31 December 2025, the identified physical and transition risks are assessed between two timeframes – Year 2030 for the medium-term and Year 2050 for the long-term.

Based on the climate scenario analysis results, the dominant risks to Hafary are risk of extreme weather events, shifting in customer preference and demands for eco-friendly products, increase in business costs due to carbon taxes and enhanced climate reporting obligations. As part of our climate scenario analysis, we have chosen two temperature alignments covering our operations:

- A lower temperature rise (<2°C) scenario to cover transition risks; and
- A higher temperature rise (>4°C) scenario to test our current business resiliency.

The <2°C warming scenario is used to align with global goals to limit temperature rise (i.e., Paris agreement) and corresponds to a more stringent low-carbon transition scenario.

The climate scenario analysis considers variables such as regulatory outlook, energy mix, technological advancement and consumer trends, to understand the strategic implications of climate-related issues.

Hafary conducts regular review and management of financial liquidity and balance sheet, to enable its flexibility in delivering sustainable returns to the stakeholders.

TCFD Climate Risk Analysis

Based on Hafary's materiality assessment, climate change and emissions are material ESG issues that are crucial and pertinent for Hafary. In addition, climate change is one of the key risks identified as part of Hafary's ERM Framework.

Sustainability Report

The Singapore Government has pledged its commitment to the Paris Agreement on climate change, striving to keep temperature increase to well below 2°C and making efforts to limit the temperature increase to 1.5°C. As part of Hafary's commitment to achieving the goals established by the Paris Agreement, Hafary has initiated the first step to comprehend the impact of climate change on Hafary's operations and explored potential risks and opportunities associated with climate-related factors.

With reference to the TCFD recommendations, Hafary is steadfast in implementing an overarching group strategy to address financial aspects related to climate considerations. Hafary's approach focuses on regular risk assessment and management and establishing resilience against physical and transitional climate risks. Hafary aims to progressively disclose the quantitative impact of its climate-related risks and opportunities and Scope 3 GHG emissions. Additionally, a more detailed scenario analysis will be conducted, aiming for quantitative results.

Hafary is committed to transitioning to a low-carbon economy by setting emission reduction targets, investing in sustainable practices, and integrating innovative, environmentally friendly products. Moreover, Hafary fosters collaboration with suppliers known for its sustainable supply chains and promote industry-wide cooperation. In addition, Hafary, in its efforts to integrate climate considerations into financial planning, maintains a continuous process of monitoring, reviewing and adapting to emerging climate science and regulatory changes to ensure the effectiveness of its strategy.

Scenario Analysis on Climate-Related Risks and Opportunities

The climate scenario analysis serves as a tool to understand how the identified climate-related risks and opportunities could impact future operations of Hafary. Hafary's preliminary evaluation considers the following two scenarios based on the Intergovernmental Panel on Climate Change ("IPCC"): (1) a best-case scenario where the global average temperature increases by less than 2°C, and (2) a business as usual with no mitigation scenario where temperatures increase by more than 4°C by the end of the century. The key characteristics of the selected scenarios are outlined below:

Scenario	Paris-aligned scenario (Below 2°C)	No mitigation scenario (4°C)
Rationale	<p>In this scenario, the world manages to reduce CO₂e emissions through several measures, such as legislation, global carbon taxes, and major shifts in consumption patterns and lifestyles.</p> <p>This scenario is selected to assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.</p>	<p>In this scenario, the world fails to curb rising CO₂e emissions by Year 2100.</p> <p>Legislation and carbon taxes are expected to play a less significant role in this scenario, whereas impacts from extreme weather events are assumed to grow in magnitude.</p> <p>This scenario is selected to assess the physical risks under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.</p>
Underlying model	<p>This model considers factors such as GHG emissions, energy transition scenarios, technological advancements, and policy developments.</p> <p>It serves as a foundation for Hafary to analyse how different climate scenarios may impact its business operations, and financial performance over the short-, medium-, and long-term time horizon.</p>	<p>IPCC Representative Concentration Pathway 8.5, mostly long term.</p> <p>This model considers factors such as increased frequency of extreme weather events, rising sea levels, impacts on ecosystems, and disruptions to global supply chains.</p> <p>Climate models and scientific assessments play a key role in shaping the narrative of such scenarios.</p>
Assumption	<p>Global adoption of renewable energy, advancements in technology, regulatory frameworks, and changes in consumer behavior. Additionally, assumptions related to the physical impacts of climate change, such as sea-level rise and extreme weather events, are considered.</p> <p>This scenario assumes a collective global effort to mitigate climate change and transition towards a low-carbon economy.</p>	<p>The continuation of high GHG emissions limited global efforts to reduce carbon emissions, and a lack of significant policy measures to address climate change.</p> <p>It may also assume limited technological advancements in clean energy and low levels of international cooperation to achieve climate goals.</p>

Sustainability Report

Considering the two scenarios outlined, Hafary has prioritised 4 climate-related risks and 3 climate-related opportunities relevant to its businesses, strategy, and financial planning where such information is material. Hafary incorporated insights from industry reports to assess how these factors might influence its business, strategy and financial planning. The use of scenario analysis allows Hafary to proactively address factors that could impact its operations in the context of climate considerations.

The increasing global mean temperature poses a significant threat in Singapore, China and Malaysia, potentially leading to extreme weather events which can have direct and indirect effects on the safety of Hafary’s office premises, showrooms, warehouses, and factory plants, as well as the overall well-being of its employees. In FY2025, Hafary continues to adhere the approach to climate-related risk management. This includes ongoing monitoring and assessment of climate-related risks and opportunities. Hafary maintains its understanding of the potential impacts of various climate scenarios and continues to evaluate the interplay between risks and opportunities. The climate-related risks and opportunities identified are assessed using the same impact/likelihood framework, and Hafary continues to monitor these risks across the three-time frames: short-term, medium-term, and long-term. Short-term is defined as within 5 years (i.e. until 2030), medium-term as between 5 and 20 years (i.e. between 2030 and 2050), and long-term as above 20 years (i.e. 2050 onwards).

The following physical and transition risks are applicable to all of our properties and business operations. Time horizons used in the assessment of when the effects of each climate-related risks and opportunities could reasonably be expected to occur are aligned to the time horizons used by Hafary in our strategic planning. Physical risks impacts will be more significant under the higher temperature rise (>4°C) scenario in the long term.

Climate-Related Risks

Physical risks

Whilst not assessed as significant, there is the potential for climate-related physical risk may significantly increase over time. Hafary recognises that the future is uncertain, and as such have incorporated physical risk assessment into its climate-related risk assessment to ensure that Hafary is

aware of how the future may impact upon its practices. The key risks and their related impacts are explained below.

Physical risks	Potential effect level		
	Short-term	Medium-term	Long-term
Risk of extreme weather events such as flash flood, intense rainfall and heatwaves impacting properties that Hafary leases and occupies	●	●	●

Legend: ● Minor, ● Moderate or ● Major

Risk of extreme weather events such as flash flood, intense rainfall and heatwaves impacting properties that Hafary leases and occupies

The intense rainfall and flash flood leading to urban flooding which could potentially cause damage to the buildings. The increased frequency of extreme weather events could result in damages to Hafary’s office buildings, showrooms and warehouses. At the same time, extreme weather events could lead to an increase in various operating expenses within Hafary. The potential financial impacts include write-offs, asset impairment, and early retirement of existing assets.

To mitigate the risk, Hafary regularly perform repair and maintenance for its strategic assets. This has enabled Hafary to mitigate the unnecessary business disruption and expenditure and able to expand the useful life of the assets.

Transition risks

Based on the Paris-aligned scenario, which involves the actions necessary to restrict global warming to less than 2°C, Hafary has prioritised the following transition risks.

Transition risks	Potential effect level		
	Short-term	Medium-term	Long-term
Shifting in customer preferences and demand for eco-friendly products	●	●	●
Increased operating costs due to higher carbon taxes	●	●	●
Enhanced climate reporting obligations	●	●	●

Legend: ● Minor, ● Moderate or ● Major

Sustainability Report

Shifting in customer preferences and demand for eco-friendly products

Under the Singapore Green Plan 2030, the national plan includes the goal to green 80% of Singapore's buildings by Gross Floor Area by 2030, which also in line with the "80-80-80 in 2030" targets set out under the BCA Green Building Masterplan. This goal is primarily driven through the BCA Green Mark scheme, which assesses and certifies buildings based on their environmental performance and sustainability features. To achieve higher Green Mark ratings, property developers and architects are encouraged to adopt sustainable design principles and use environmentally certified materials, such as those accredited by the Singapore Green Building Council ("SGBC").

Hafary may expose to the risk of losing its market share if shift in customer preferences toward eco-friendly and sustainable products is emerging and is not adequately responded. The potential financial impacts include reduced revenue from decreased demand for goods and services due to shift in customer preferences.

Hafary actively engages with its customers to understand their evolving preferences and requirements, and continuously enhances its product portfolio in response to these needs. By aligning its offerings with the growing, regulation-driven demand, Hafary strengthens its market position as a preferred building materials supplier in the industry.

Increased operating costs due to higher carbon taxes

Carbon tax could flow through in the form of higher electricity tariffs as power suppliers will pass on carbon tax to the end users. Singapore has implemented a carbon tax of \$5/tCO₂e in 2019 and was raised to \$25/tCO₂e with effect from 2024. The carbon tax will be further raised to \$45/tCO₂e in 2026 and 2027, with a view to reaching \$50-80/tCO₂e by 2030. In Malaysia, although the carbon tax has not yet been implemented, the carbon tax has been first announced in Budget 2025 and reaffirmed in Budget 2026. The carbon tax will be introduced in 2026, with an initial focus on the iron, steel and energy sectors. The potential financial impacts include increased operating costs and production costs due to higher energy costs.

Hafary continuously monitoring and evaluating the impact of increased GHG emission pricing on its operations, making adjustments as needed to address any unforeseen challenges.

Enhanced climate reporting obligations

As announced on 28 February 2024, Singapore will introduce mandatory climate-related disclosures in a phased approach, in line with the recommendations from the Sustainability Reporting Advisory Committee. This is in line with the global rise in demand for climate-related information by markets, customers and financial institutions. There is a mounting pressure to meet these enhanced climate reporting obligations to maintain competitiveness.

On 25 August 2025, ACRA and SGX RegCo announced the extended timelines for implementing the climate reporting (including external assurance) requirements, to support listed companies in developing reporting capabilities. Under the updated climate reporting requirements for Non-STI constituent listed companies with a market capitalisation of less than \$1 billion, Hafary is required to obtain external limited assurance for its scope 1 and 2 GHG emissions by FY2029 and to comply with other ISSB-based CRD by FY2030.

Hafary may expose to the reputation risks as a result of failing to meet mandatory climate-related reporting obligations. To mitigate the risk, Hafary committed to develop inhouse expertise and knowledge to meet the evolving requirements of sustainability- and climate-related reporting standards and regulations as part of its established organisational capability building and upskilling efforts. Training programmes and resources were provided to employees to enhance Hafary's capability to meet reporting requirements and improve the accuracy of emissions measurement, monitoring and reporting.

The evolving climate-reporting regulations and obligations will increase the indirect operating costs (e.g. professional and consultancy fee) of Hafary to meet the mandatory reporting requirements. The potential financial impacts include increased operating costs due to higher compliance costs to adopt and deploy new practices and processes to meet the mandatory reporting obligations.

Climate-Related Opportunities

Potential income from offering sustainable products

At Hafary, we believe that great design should not only inspire but also contribute positively to the environment. As part of our ongoing commitment to sustainability, we are proud to share that some of the products we retail are certified under the Singapore Green Building Product ("SGBP") certification scheme.

Sustainability Report

Aligned with the World Green Building Council’s vision of creating greener, healthier, and more resource-efficient spaces, the SGBC administers the SGBP certification scheme to recognise products that support sustainable building practices.

The SGBP certification ensures that sustainability is integrated throughout a product’s design, manufacturing, and life cycle. It serves as one of the key standards and benchmarks for green building products in Singapore’s built environment sector, helping to advance the industry toward lower carbon emissions and greater environmental efficiency.

Products certified under the SGBP scheme are highly recognised by Singapore’s Building and Construction Authority (“BCA”) under the Green Mark Scheme, the national green building rating tool. Certified products contribute valuable points toward a project’s Green Mark rating, encouraging architects, designers, and developers to make more sustainable material choices. The higher the SGBP rating (indicated by the number of ticks achieved), the more points a product contributes.

Beyond Singapore, the SGBP certification is also widely accepted regionally, being recognised by green building rating tools such as GreenRE, a rating tool set up by the Real Estate & Housing Developments’ Association of Malaysia, and LOTUS, a set of voluntary green building rating systems developed by Vietnam Green Building Council. The SGBP complies with many of the requirements in ISO 14024 Environmental labels and declarations – Type I environmental labelling.

Similar to leading global eco-labels such as Cradle2Cradle, DECLARE, Global Green Tag, and Good Environmental Choice Australia, the SGBP certification represents a robust and credible measure of a product’s environmental performance.

By offering products certified under the SGBP scheme, Hafary not only supports the industry’s shift toward sustainable and responsible building practices but also creates opportunities for potential income growth. Government policies, green building incentives, and corporate sustainability commitments continue to drive demand for eco-friendly materials, construction projects increasingly prioritise certified products to meet Green Mark requirements or investor-driven ESG targets. This structural trend positions Hafary to capture the share of project specifications, particularly from commercial, institutional, and residential developments pursuing higher green ratings. SGBP certified products often command

stronger preference among developers, consultants and architects, enabling Hafary to participate in more tender opportunities and strengthen its value proposition in sustainability-focused segments. Over time, this demand shift may contribute to increased sales volume, improved product mix, and enhanced long-term revenue resilience.

Hafary’s SGBP certified products not only meet stringent environmental standards but also empower our partners and clients to create spaces that are beautiful, functional, and environmentally conscious. Together, we are shaping a future where every surface, every tile, and every space contributes to a greener world. For more information about Hafary’s SGBP certified products, please visit Hafary’s official website at:

<https://www.hafary.com.sg/collections/Tiles?Technology=Singapore%20Green%20Building%20Product;Singapore%20Green%20Label%20Scheme&open=Technology>

Energy savings

Hafary recognises that adoption of energy efficient technologies is a climate opportunity. Sustainable practices, such as recycling of papers, digitalisation and use of glass cups at meeting rooms, are practiced at the office premises. Hafary aims to capitalise on this opportunity by minimising paper usage in the office. These sustainable practices are also expected to lead to a reduction in operating costs within Hafary. In addition, Hafary has adopted one and two ticks of water and energy-efficient fixtures and fittings, LED lighting and solar power energy. Through the adoption of energy efficient technologies, Hafary would be able to realise energy savings as well as reduce the carbon footprint of its daily operational activities over the long-term.

Promote transparency and underpin stakeholder confidence

Publishing climate-related reporting provides Hafary with opportunities to strengthen transparency and build the confidence with stakeholders. Disclosure of climate governance, emissions performance, and initiatives demonstrates Hafary’s commitments to responsible business practices, which is increasingly valued by the stakeholders. By communicating its climate-related efforts and progress, Hafary differentiates itself as a reliable and forward-looking partner, supporting engagement with customers who prioritise ESG considerations and enabling Hafary to participate more actively in sustainability-driven projects.

Sustainability Report

Climate reporting also creates opportunities to deepen relationships with investors and financial institutions that are placing greater emphasis on climate disclosures in their risk assessment and investment frameworks. Enhanced transparency supports long-term credibility and may improve access to capital or financing structures tied to sustainability criteria. In addition, publishing climate-related information encourages internal alignment, helping Hafary to identify areas for efficiency, track progress systematically, and integrate climate considerations into strategic planning. Together, these opportunities position Hafary to capture value from the industry's transition toward sustainable and climate-conscious development while reinforcing its long-term resilience and competitiveness.

GHG Emissions

Emissions are calculated in alignment with GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Hafary applies the 'Operational Control' approach to determine the consolidation boundary for GHG and environmental reporting across our subsidiaries. Under this approach, an organisation is considered to have operational control if it has, or its subsidiaries have, the authority to introduce and implement operating policies. Accordingly, the organisation accounts for 100% of emissions from all its facilities, operations, and vehicles (whether leased or owned) over which the organisation has the operational control.

This approach was selected as it enables Hafary to manage and reduce emissions in areas where Hafary has the practical ability to implement relevant measures and operational policies. Hafary has assessed that operational control is held over all Hafary subsidiaries. Hafary has consistently applied this measurement methodology since it began reporting of its GHG emissions in 2022.

The majority of GHG emissions within Hafary's operations arise from its use of purchased electricity and fuel consumption from mobile sources. Therefore, Hafary discloses Scope 1 direct emissions, Scope 2 indirect emissions and Scope 3 with reference to the GHG Protocol Standard, GRI Standards and TCFD recommendations. Consequently, Hafary contributes to air pollution mainly through three streams: (i) combustion of fossil fuels from the use of motor vehicles and forklift (Scope 1 Emissions); (ii) consumption of natural gas from manufacturing plant in Malaysia (Scope 1 Emissions); (iii) consumption of purchased electricity from Singapore, Malaysia and China (Scope 2 Emissions); and (iv) emissions from Value Chain (Scope 3 Emissions).

While Hafary continues to face challenges in developing a comprehensive Scope 3 emissions inventory, Hafary is committed to progressively enhancing its Scope 3 emissions measurement over time. Hafary's aim is to be able to disclose emissions that, although not generated directly by Hafary or from the assets it owns or controls, arise from activities within the value chain for which Hafary indirectly responsible.

Emissions from mobile and on-site combustion (Scope 1)

Hafary's Scope 1 emissions originate from the direct combustion of fuels across its vehicle fleets, forklifts, and manufacturing facilities. Mobile combustion encompasses all company-owned and operated vehicles and equipment that consume fuel during operation, while on-site combustion covers the direct burning of fuels at Hafary's facilities, principally natural gas consumed at the manufacturing plants in Malaysia.

In FY2025, Hafary expanded its Scope 1 reporting boundary by including fugitive emissions from refrigerant gases used in air-conditioning and cooling systems across its facilities. Refrigerant leakage contributes to the greenhouse effect given the high global warming potential (GWP) of the gases involved.

Tracking and disclosing these emission sources are fundamental to Hafary's commitment to managing its direct environmental impact. Fossil fuel combustion generates pollutants that contribute to global warming and acid rain, underscoring the importance of implementing targeted mitigation measures across the fleet and production operations.

To minimise its Scope 1 emissions, Hafary has deployed energy-efficient electric forklifts that generate zero direct emissions during use, supporting a cleaner working environment. Vehicle route optimisation and scheduled engine maintenance programmes are also in place to improve fuel efficiency and reduce emissions across its logistic fleets.

While fugitive emissions represent a small fraction of total Scope 1 emissions, Hafary is committed to monitoring refrigerant usage and minimising unplanned releases through regular equipment inspections and planned maintenance programmes.

Sustainability Report

Hafary's Scope 1 emissions performance for FY2025 is detailed in the tables below.

Emission Factor	CO ₂	CH ₄	N ₂ O
Emission Factor for Diesel ¹	2.62818 kgCO ₂ e/litre	0.00029 kgCO ₂ e/litre	0.03308 kgCO ₂ e/litre
Emission Factor for Petrol ²	2.32567 kgCO ₂ e/litre	0.0082 kgCO ₂ e/litre	0.00597 kgCO ₂ e/litre
Emission Factor for Natural Gas ³	2.0627 kgCO ₂ e/Sm ³	0.00307 kgCO ₂ e/Sm ³	0.00095 kgCO ₂ e/Sm ³
Global Warming Potential (GWP)	1	28	265

Financial Year	FY2023	FY2024	FY2025
Fuel Used	Diesel	Diesel	Diesel
Fuel Consumed (litre)	431,055	875,817	1,050,111
CO ₂ Emissions (tCO ₂ e)	1,131.95	2,301.81	2,759.88
CH ₄ Emissions (tCO ₂ e)	0.13	0.25	0.30
N ₂ O Emissions (tCO ₂ e)	14.26	28.97	34.74
Total Diesel Emissions (tCO₂e)	1,146.34	2,331.03	2,794.92

Financial Year	FY2023	FY2024	FY2025
Fuel Used	Petrol	Petrol	Petrol
Fuel Consumed (litre)	17,798	30,459	37,197
CO ₂ Emissions (tCO ₂ e)	41.48	71.26	86.51
CH ₄ Emissions (tCO ₂ e)	0.15	0.25	0.31
N ₂ O Emissions (tCO ₂ e)	0.11	0.18	0.22
Total Petrol Emissions (tCO₂e)	41.74	71.69	87.03

Financial Year	FY2023	FY2024	FY2025
Fuel Used	Natural Gas	Natural Gas	Natural Gas
Fuel Consumed (Sm ³) ⁴	12,052,876	31,470,092	33,822,338
CO ₂ Emissions (tCO ₂ e)	24,520.00	64,243.05	69,765.34
CH ₄ Emissions (tCO ₂ e)	37.00	96.61	103.83
N ₂ O Emissions (tCO ₂ e)	11.45	29.90	32.13
Total Natural Gas Emissions (tCO₂e)	24,568.45	64,369.56	69,901.30

Fugitive Emission	Item	GWP	Activity Data	Unit	Emission (tCO ₂ e)
Refrigerant ⁵	HCFC-22	1,760	0.07	kg	0.13
	HFC-32	677	0.07	kg	0.05
	HFC-410A	1,924	1.08	kg	2.07
Total Refrigerant Emissions (tCO₂e)					2.25

Financial Year	FY2023	FY2024	FY2025
Scope 1 Emissions (tCO ₂ e)	25,756.53	66,772.28	72,785.50
Annual Revenue (\$'million)	226.42	263.14	286.99
GHG Intensity (tCO ₂ e/\$'million)	113.76	253.75	253.62

^{1,2,3} Guidance from DEFRA UK, BEIS and Intergovernmental Panel on Climate Change (IPCC).

⁴ In FY2023 and FY2024, natural gas consumption was provided in litre (L). The transition to Sm³ notation in FY2025 reflects a change in the unit label on data exports, not a change in the underlying measurement methodology. The Sm³ and m³ figures are numerically equivalent under the same reference conditions applied by Gas Malaysia.

⁵ GWP Values Retrieved from: Guidance from Intergovernmental Panel on Climate Change (IPCC) - 5th Assessment.

Sustainability Report

With reference to IFRS S2 Climate-related Disclosures, the Scope 1 emissions of Hafary's associate and joint venture have been disaggregated from the consolidated accounting group and presented below:

Financial Year	FY2023	FY2024	FY2025
Scope 1 Emissions (tCO ₂ e)	375.16	423.49	412.46

Emissions from Purchased Electricity (Scope 2)

Scope 2 emissions arise from the consumption of grid-sourced electricity across Hafary's operations in Singapore, Malaysia, and China. As electricity consumption constitutes the primary source of energy use across Hafary's offices, showrooms, warehouses and manufacturing plants, Scope 2 emissions represent a key lever for emission reduction through energy efficiency initiatives and renewable energy adoption.

Total electricity consumed in FY2025 reached 58,193,817 kWh, generating 44,068.02 tCO₂e in Scope 2 emissions. Scope 2 emission intensity by annual revenue was 153.55 tCO₂e per \$million, broadly in line with the prior year.

Hafary's Scope 2 emissions performance for FY2025 is detailed in the tables below.

Emission Factor	CO ₂
Singapore ⁶	0.402 kgCO ₂ e/kWh
Malaysia ⁷	0.774 kgCO ₂ e/kWh
China ⁸	0.5777 kgCO ₂ e/kWh
Global Warming Potential (GWP)	1

Financial Year	FY2023	FY2024	FY2025
Electricity Consumed (kWh)	19,068,015	52,312,056	58,193,817
Scope 2 Emissions (tCO ₂ e)	13,779.24	39,514.17	44,068.02
Annual Revenue (\$million)	226.42	263.14	286.99
GHG Intensity (tCO ₂ e/\$million)	60.86	150.16	153.55

With reference to IFRS S2 Climate-related Disclosures, the Scope 2 emissions of Hafary's associate and joint venture have been disaggregated from the consolidated accounting group and presented below:

Financial Year	FY2023	FY2024	FY2025
Scope 2 Emissions (tCO ₂ e)	659.87	709.92	686.68

Emissions from value chain (Scope 3)

Scope 3 emissions capture the indirect GHG emissions generated across Hafary's value chain that are not owned or directly controlled by the Group. These encompass activities such as business travel, employee commuting, waste generated in operations, wastewater treatment, and water consumption. Although external to Hafary's direct operations, these emission sources form a significant part of the Group's total carbon footprint and are disclosed in promoting of transparency and progressive reporting.

In FY2025, Hafary expanded its Scope 3 reporting boundary to incorporate wastewater treatment and water consumption, reflecting its continued commitment to broadening the comprehensiveness of its environmental disclosures.

Total Scope 3 emissions for FY2025 were 12,678.91 tCO₂e, a substantial increase from 885.97 tCO₂e in FY2024. The step-up is primarily attributable to the expansion of waste generated data collection at the manufacturing facilities in Malaysia (11,154.44 tCO₂e from general waste) and the newly reported wastewater treatment category (671.42 tCO₂e). Employee commuting increased slightly to 699.23 tCO₂e from 640.75 tCO₂e, while business travel decreased to 118.87 tCO₂e from 126.38 tCO₂e.

The activity data related to the employee commuting and general waste involved certain assumptions with reference to the relevant external sources in reporting of Scope 3 emissions. The Group will continue to strengthen data collection methodologies and expand the scope of Scope 3 categories over time.

⁶ Electricity Supplied from Grid – Average Operating Margin – Energy Market Authority – Singapore

⁷ Electricity Supplied from Grid – Average Operating Margin – Malaysia Energy Commission – Malaysia

⁸ Electricity Supplied from Grid – Average Operating Margin – Ministry of Ecology and Environment of the People's Republic of China – China

Sustainability Report

Hafary's Scope 3 emissions performance for FY2025 is detailed in the tables below.

Financial Year	FY2024			FY2025		
Emission Factor	Activity Data	Unit	Emission (tCO ₂ e)	Activity Data	Unit	Emission (tCO ₂ e)
Business Travel						
Air Flights	938,093	km	126.31	833,743	km	118.83
Accommodation	614	days	0.07	421	days	0.04
Subtotal			126.38			118.87
Employee Commuting						
Car (Diesel)	111,103	km	18.87	146,633	km	25.37
Car (Hybrid)	24,689	km	3.11	17,596	km	2.26
Car (Petrol)	2,438,085	km	401.06	2,756,691	km	448.57
Motorcycle	1,641,850	km	186.63	1,636,419	km	186.01
Rail	876,476	km	31.08	1,044,023	km	37.02
Subtotal			640.75			699.23
Waste Generated						
General Waste	207,320	kg	118.84	17,446,800	kg	11,154.44
Wastewater Treatment*	-	-	-	3,929,166	m ³	671.42
Subtotal			118.84			11,825.86
Purchased Goods and Services						
Water Consumption*	-	-	-	182,700	m ³	34.95
Subtotal			-			34.95
Total GHG Emissions (tCO₂e)			885.97			12,678.91
Annual Revenue (\$'million)			263.14			286.99
GHG Intensity (tCO ₂ e / \$'million)			3.37			44.18

*** Note on Wastewater Treatment and Water Consumption**

In FY2025, we have expanded our scope to include wastewater treatment and water consumption in our GHG accounting. These categories reflect our commitment to more comprehensive environmental disclosure in line with evolving sustainability standards.

Total GHG emissions

Hafary's total GHG emissions across all three scopes for FY2025 amounted to 129,532.43 tCO₂e, up from 107,172.42 tCO₂e in FY2024. Total GHG emissions intensity by annual revenue increased to 451.35 tCO₂e per \$'million (FY2024: 407.28 tCO₂e per \$'million).

Sustainability Report

Hafary's environmental performance of total GHG emissions in FY2025 is as below:

Financial Year	FY2023	FY2024	FY2025
Scope 1 Emissions (tCO ₂ e)	25,756.53	66,772.28	72,785.50
Scope 2 Emissions (tCO ₂ e)	13,779.24	39,514.17	44,068.02
Scope 3 Emissions (tCO ₂ e)	–	885.97	12,678.91
Total GHG Emissions (tCO₂e)	39,535.77	107,172.42	129,532.43
Annual Revenue (\$'million)	226.42	263.14	286.99
GHG Intensity (tCO₂e/\$'million)	174.61	407.28	451.35

Overall, the scale-up of operations, combined with a broader GHG reporting boundary, drove a substantial increase in carbon emissions, reflecting the growing footprint of an expanding business rather than a decline in operational efficiency. Hafary remains committed to its emissions reduction trajectory, targeting a 5% reduction in intensity or absolute terms from the FY2024 baseline by 2030, with a long-term goal of achieving net zero emissions by 2050.

Energy Consumption

Hafary is dedicated to embedding energy conservation into its day-to-day operations, recognising that disciplined energy management is central to reducing the Group's environmental footprint and containing operational costs. Energy is consumed across Hafary's offices, showrooms, warehouses, and manufacturing facilities through purchased electricity, natural gas, and solar generation.

Financial Year	FY2023	FY2024	FY2025
Energy Sources⁹			
Renewable Energy – Solar Energy (GJ)	3,550	3,430	3,870
Non-renewable Energy – Natural Gas (GJ)	467,350	1,231,768	1,296,141
Purchased Electricity Consumption (GJ)	68,645	188,323	209,498
Total Energy Consumption (GJ)	539,545	1,423,521	1,509,509
Annual Revenue (\$'million)	226.42	263.14	286.99
Energy Consumption Intensities (GJ/\$'million)	2,383	5,410	5,260

Total energy consumption in FY2025 reached 1,509,509 GJ, comprising renewable solar energy (3,870 GJ), non-renewable natural gas (1,296,141 GJ), and purchased electricity (209,498 GJ). This represents an increase from 1,423,521 GJ in FY2024 and 539,545 GJ in FY2023, with the step-up driven principally by the scale-up of manufacturing operations in Malaysia, which significantly expanded Hafary's energy-consuming asset base.

Energy consumption intensity by annual revenue decreased marginally to 5,260 GJ per \$'million (FY2024: 5,410 GJ per \$'million), a decrease of 2.8%, reflecting that revenue growth outpaced the increase in absolute energy consumption from expanded operations.

To harness clean energy, Hafary's solar photovoltaic systems generated 3,870 GJ (approximately 1,075 MWh) of renewable electricity in FY2025, contributing to the reduction of grid electricity demand. Hafary is also planning to further extend its solar energy capacity at its manufacturing plants, in alignment with its commitment to lowering its carbon intensity over time.

⁹ Conversion factor was adopted as 1 kWh equals to 0.0036 GJ.

Sustainability Report

Employee awareness remains a key pillar of Hafary's energy management approach. Through the SSC, a culture of energy responsibility is actively promoted across all business functions, supported by the following operational practices:

- Switching off lights, computers, and electrical appliances when not in use;
- Installing energy-efficient LED lighting and fittings throughout all premises;
- Carrying out regular equipment maintenance to sustain optimal energy performance; and
- Maintaining air-conditioning systems at an optimal temperature of 25°C to reduce cooling energy consumption.

Water Consumption

Water is a finite and shared resource, thus responsible stewardship is a core component of Hafary's environmental strategy. Recognising the global challenge of water scarcity, Hafary has embedded water conservation measures across its operations and monitors consumption performance as part of its annual sustainability reporting, consistent with SGX's recommended core ESG metrics.

Financial Year	FY2023	FY2024	FY2025
Water Consumption (megalitres)	126.27	154.05	182.70
Annual Revenue (\$'million)	226.42	263.14	286.99
Water Consumption Intensity (megalitres/\$'million)	0.56	0.59	0.64

Total water consumption in FY2025 was 182.70 megalitres, an increase from 154.05 megalitres in FY2024. Water intensity by annual revenue increased to 0.64 megalitres per \$'million (FY2024: 0.59 megalitres per \$'million). The increase in both absolute consumption and intensity is primarily attributable to the scale-up manufacturing operations in Malaysia.

Hafary's conservation measures include the installation of water-efficient fixtures and fittings carrying one and two-tick ratings under Singapore's Mandatory Water Efficiency Labelling Scheme, as well as the adoption of dual-flush toilet systems across its facilities. These hardware-based interventions complement staff awareness programmes aimed at reducing water use in daily operations. Hafary will continue to refine water management practices and evaluate opportunities for water recycling and process optimisation.

Waste Generated

Waste generation is an inherent by-product of Hafary's operations, arising from product packaging supplied by vendors, off-cuts and production residue from manufacturing processes, and general operational waste across offices, showrooms and warehouses. Hafary's approach prioritises waste minimisation at source, followed by reuse and recycling, in line with the 3R (Reduce, Reuse, Recycle) framework.

As part of Hafary's ongoing commitment to sustainability and transparency, Hafary's waste generated data is presented below. The data collection process involved certain assumptions with references to the relevant external sources in reporting of waste generated. Hafary will continue to strengthen its data collection processes and methodologies to enhance the accuracy and quality of its sustainability reporting over time.

Financial Year	FY2024	FY2025
Waste Generated (tonnes)	207.32	17,446.80
Annual Revenue (\$'million)	263.14	286.99
Waste Generated Intensity (tonnes/\$'million)	0.79	60.79

FY2025 marks the second year of waste data reporting, with total waste generated reaching 17,446.80 tonnes, compared to 207.32 tonnes in FY2024. The significant increase is attributable to the scale-up manufacturing operations in Malaysia and the expansion of waste generated data collection which not previously captured within the Group's reporting boundary. As a result, waste generated intensity by annual revenue rose to 60.79 tonnes per \$'million revenue (FY2024: 0.79 tonnes per \$'million).

In Singapore, Hafary engages with licensed general waste collectors to ensure compliant and responsible disposal of waste generated. These collectors operate under the Environmental Public Health Act 1987 and the Environmental Public Health (General Waste Collection) Regulations and are required to adhere to the Code of Practice for Licensed General Waste Collectors to maintain high service standards.

Ongoing waste reduction initiatives include the transition from paper-based to digital invoicing processes, the reuse of carton boxes and wooden pallets in logistics operations as well as packaging materials in the supply chain. These measures are designed to reduce the volume of waste generated per unit of economic output and to lower the lifecycle GHG emissions associated with waste disposal.

Sustainability Report

SOCIAL

Hafary recognises that employees, customers, and communities are the foundation of a thriving and sustainable organisation. Hafary is dedicated to empowering its workforce by fostering growth and development to help employees reach their full potential. As an equal-opportunity employer, Hafary upholds a fair and merit-based approach to employment, ensuring that hiring, promotions, remuneration, and disciplinary actions are determined by performance, competence, conduct, and business needs. This commitment underscores Hafary’s dedication to cultivating an inclusive and equitable workplace where individuals are valued, respected, and rewarded based on their contributions. By adhering to these principles, Hafary strives to create a supportive work environment that promotes personal and professional growth while driving the long-term success of the organisation.

Employment Practices

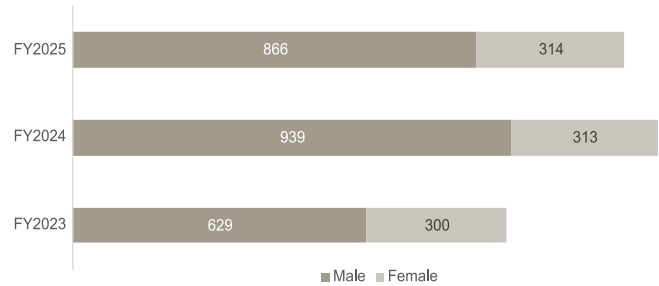
Hafary is dedicated to cultivating a positive, collaborative, and inclusive corporate culture that supports the growth, development, and advancement of its employees to their fullest potential, irrespective of their backgrounds.

To establish an inclusive work environment centred on shared rights, fairness, and equality, Hafary has assembled an engaged, skilled, and diverse workforce. The data and statistics below provide a detailed breakdown of its workforce, clearly indicating its direction toward achieving a gender-diverse and age-diverse workforce across multiple regions. It is noteworthy that there have been no significant human rights issues raised, and its workforce composition aligns with its commitment to respecting and advocating for the human rights of its employees.

Employee headcount by gender

In FY2025, Hafary’s workforce decreased to a total of 1,180 full-time permanent employees, a net reduction of 72 employees from 1,252 employees in FY2024. As of 31 December 2025, Hafary’s workforce consists of 866 male employees (73%) and 314 female employees (27%). The higher proportion of male employees reflects the nature of the business, as the tiles and building materials production typically demands a larger number of male workforces. Nonetheless, Hafary remains dedicated to fostering workplace equity and ensuring equal opportunities for all its employees.

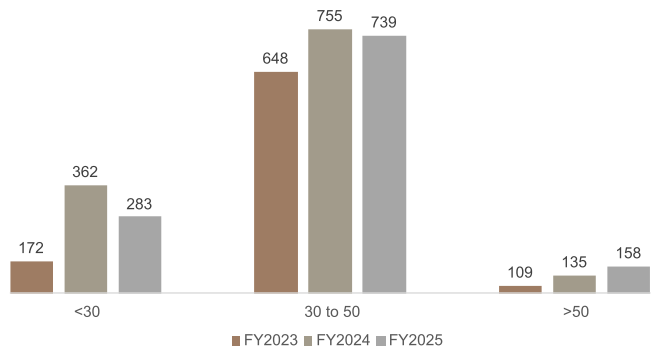
Employee Headcount by Gender



Employee headcount by age group

In FY2025, Hafary’s workforce composition by age group reflects a balanced distribution across different career stages. Employees aged 30 to 50 continue to form the largest segment at 739 employees, followed by 283 employees below 30 years old and 158 employees above 50. Compared to FY2024, all age groups experienced a decline in headcount, in line with the overall reduction in workforce size. Nonetheless, the proportion of mid-career employees remains dominant, reflecting the operational need for experienced and skilled personnel within the business. At the same time, Hafary maintains a healthy mix of younger and more senior employees, supporting workforce sustainability, knowledge transfer, and succession planning across the organisation.

Employee Headcount by Age Group

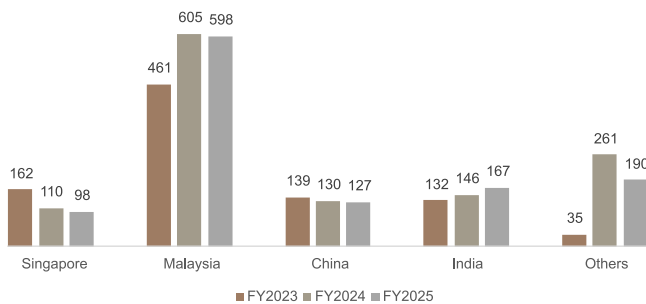


Employee headcount by region¹⁰

Hafary’s workforce primarily comprises employees from five regions, namely Singapore, Malaysia, China, India, and Others¹¹. In FY2025, among the five regions, Malaysia category accounted for the largest share at 51%, reflecting a significant proportion of Malaysian employees across Hafary’s operations. Singapore category recorded 98 employees, while China category stood at 127, both showing a decline compared to prior years. In contrast, India category experienced a gradual increase to 167 employees. Other category decreased to 190 employees from 261 in FY2024. Overall, the distribution highlights Hafary’s reliance on a diverse, multinational workforce, with a strong representation of Malaysian employees, while continuing to draw talent from across the region to support its operational and business needs.

Sustainability Report

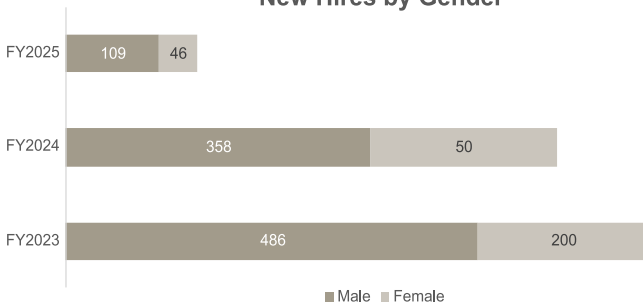
Employee Headcount by Region



New hires by gender

In FY2025, Hafary welcomed 155 new hires, comprising 109 males and 46 females. This represents the new hire rates of 9% and 4% by gender¹² respectively. The significant decrease in recruitment during FY2025 compared to 408 new hires in FY2024 (358 males and 50 females) reflects the operational stabilisation of manufacturing plants in Malaysia. Having substantially built up the manufacturing workforce in prior years, the organisation no longer requires the same level of active recruitment, as the headcount needed to sustain operations has been achieved.

New Hires by Gender

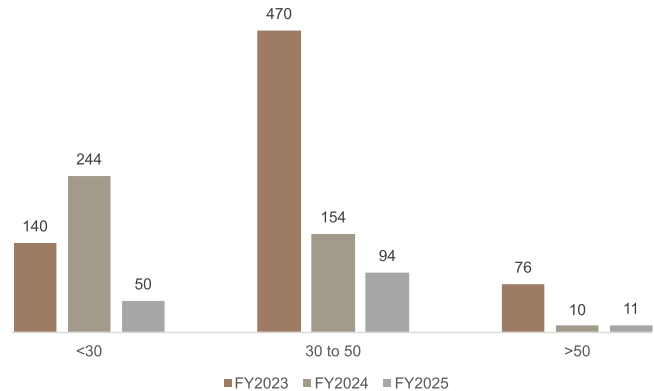


New hires by age group

In FY2025, new hires declined in the age group under 30 years old and between 30 to 50 years old as compared to FY2024, reflecting Hafary stabilised headcount needs following the major workforce expansion in prior years. Among employees under 30 years old age group, new hires decreased substantially from 244 in FY2024 to 50 in FY2025, representing a new hire rate of 4%¹³. Similarly, the 30 to 50 years old age group saw a drop from 154 in FY2024 to 94 in FY2025, at a new hire rate of 8%. The exception was the over 50 years old age group, which saw a slight increase from 10 in FY2024 to 11 in FY2025, at a new hire rate of 1%, suggesting continued hiring of experienced talent even as

overall recruitment slowed. Overall, FY2025 saw a slowdown in recruitment. With the bulk of the workforce buildup now complete, FY2025 hiring levels across all age groups reflect that Hafary has achieved operational stability and no longer requires the same scale of active recruitment as in FY2024. Particularly among younger workers, as Hafary adjusted following the peak hiring levels of FY2024.

New Hires by Age Group



New hires by region

In FY2025, Malaysia category remained the primary hiring region with 68 new hires, although a 50% decrease in new hires compared to 136 new hires in FY2024, reflecting operational stabilisation following the establishment of the manufacturing plants. China and India both categories saw an increase of new hires from 14 and 25 in FY2024 to 33 and 44 in FY2025 respectively. Others category showed a decline in new hires, dropping from 223 in FY2024 to 4 in FY2025, reflecting operational stabilisation following the major workforce expansion in the previous year. Singapore recorded a decrease in new hires from 10 in FY2024 to 6 in FY2025, reflecting the region's relatively stable operational headcount requirements. The overall reduction in new hires from 408 in FY2024 to 155 in FY2025 demonstrates a strategic shift from rapid expansion to consolidation phase after the establishment of the manufacturing plants in Malaysia. Despite the decreased hiring volumes, Hafary continues to maintain its commitment to fostering equality and fairness, without any regional or nationality discrimination, validating Hafary's strategic approach to attract and employ global talent across diverse markets.

¹⁰ Employee data by region refers to the countries of origin of the employees.

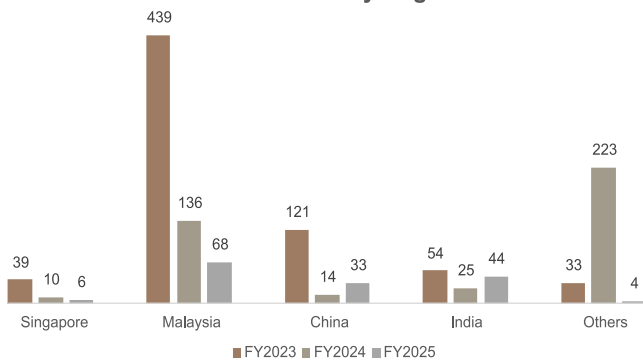
¹¹ The category labelled as "Others" encompasses employees originating from countries other than Singapore, Malaysia, China, and India.

¹² The rate of new employee hires by gender during FY2025 was calculated by: Number of new hires by gender/ Total employees at the beginning of reporting period.

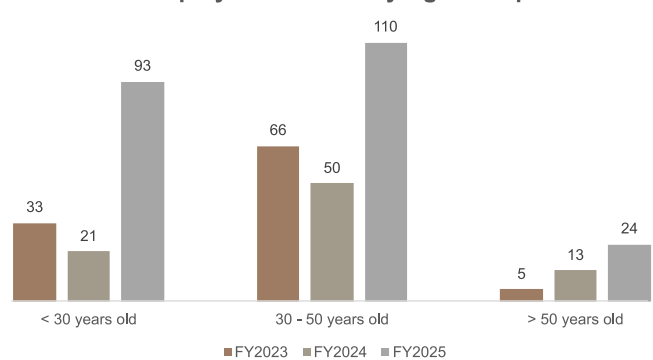
¹³ The rate of new employee hires by age group during FY2025 was calculated by: Number of new hires by age group/ Total employees at the beginning of reporting period.

Sustainability Report

New Hires by Region



Employee Turnover by Age Group



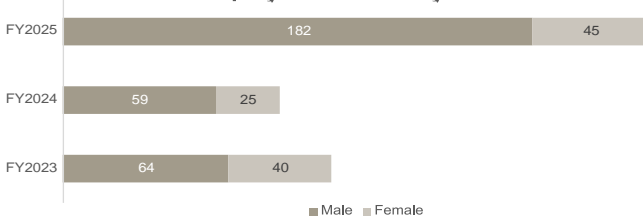
Employee turnover by gender

In FY2025, Hafary experienced an increase in employee turnover, with the number of employees leaving rising from 84 in FY2024 to 227 in FY2025. This was driven largely by the increase in male employee departures, rose from 59 in FY2024 to 182 in FY2025, while female employee departures increased from 25 to 45 over the same period. This resulted in an annual turnover rate of 18.7%¹⁴ for FY2025, compared to the 7.7% turnover rate in FY2024.

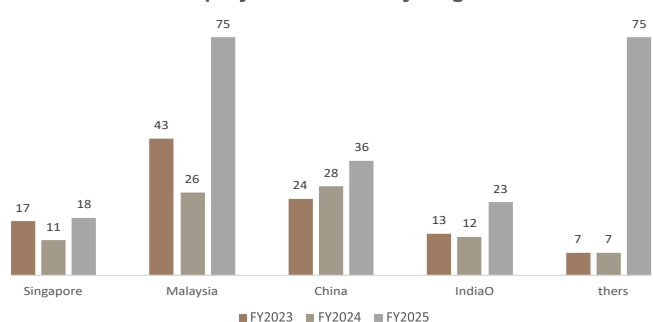
Employee turnover by region¹⁵

In FY2025, employee turnover increased across all five regions compared to FY2024. Singapore rose from 11 to 18, Malaysia from 26 to 75, China from 28 to 36, India from 12 to 23, and Others from 7 to 75. The most notable increases were observed in Malaysia and Others, driven largely by workforce adjustments and stabilisation following the establishment of the manufacturing plants in Malaysia.

Employee Turnover by Gender



Employee Turnover by Region



Employee turnover by age group

In FY2025, employee turnover increased across all age groups compared to FY2024, rising from 84 to 227 departures. This increase was largely attributable to the conclusion of manufacturing-related headcount that had been hired in prior years to meet operational demand. As production requirements normalised in FY2025, the company underwent a planned workforce adjustment, which was reflected most notably in the under-30 age group, where turnover rose from 21 in FY2024 to 93 in FY2025, and in the 30 to 50 years old age group, which saw turnover increase from 50 to 110 over the same period. Turnover among employees over 50 years old age group also saw a moderate increase, from 13 in FY2024 to 24 in FY2025, which may reflect retirement or other factors. Overall, the elevated turnover in FY2025 reflects a deliberate and structured workforce realignment rather than a decline in employee retention.

At Hafary, people are at the heart of the organisation. The company actively cultivates a workplace culture grounded in fairness, respect, and opportunity – underpinned by a comprehensive Employee Handbook and robust employment policies that guide consistent and equitable practices across all levels and regions. Hafary also recognises and rewards dedication through performance-based incentives and the Long Service Award, honouring employees who have committed a decade of service to the organisation.

Beyond remuneration, Hafary takes a holistic approach to employee well-being, extending its support beyond the workplace through a wide-ranging benefits framework. Employees benefit from medical and dental coverage, internal product discounts, and professional membership subsidies. Recognising the diverse needs of its workforce, Hafary also provides marriage, paternal, maternal, and childcare leave alongside standard annual leave, reinforcing its role as an employer that genuinely invests in the personal and professional lives of its people.

¹⁴ The annual turnover rate during FY2025 was calculated by: Total number of employee turnover/ Average number of employees during FY2025.

¹⁵ Employee data by region refers to the countries of origin of the employees.

Sustainability Report

Occupational Health and Safety

Hafary places great emphasis on upholding stringent standards for a safe and conducive workplace for employees as well as its customers. Hafary has implemented robust occupational health and safety management systems, ensuring employees are well-informed about emergency procedures and adequately trained to handle unforeseen situations. Regular safety briefings and drills are conducted to reinforce preparedness.

A safety-first culture is deeply embedded in Hafary's business model, extending from senior management to executives across all business divisions. Both management and employees undergo training and qualification courses not only to understand all hazards within the business premises but also to equip them with the necessary skills to supervise safety, operate heavy machinery safely, respond effectively to fire incidents, and provide general first aid when necessary. Hafary's Human Resources Department tracks and records any industrial incidents or injuries, and claims are filed with proper documentation. Hafary supports its employees with medical and healthcare services through provisions such as medical and hospitalisation leaves, benefits, as well as maternity, paternity, and childcare leave.

Hafary has obtained certifications for occupational health and safety that remain valid throughout the reporting period. These certifications, widely acknowledged in the industry, establish a robust framework for risk management associated with occupational health and safety:

- ISO45001:2018;
- ISO9001:2015; and
- BizSafe Star, certified by Workplace Safety and Health Council Singapore.

Training and Development

Hafary strongly values continuous learning as a cornerstone for personal and professional advancement, growth, and enrichment. Staff actively engages in a variety of internal and external training initiatives, aiming not only to meet mandatory compliance requirements but also to stay updated on emerging industry trends.

In FY2025, an inclusive range of training and development initiatives is available for employees at all levels, spanning from executives to top-tier senior management. To ensure awareness and education, workplace safety briefings and training sessions are provided, covering inherent safety and operational risks in all business activities. Training encompasses industry-specific and trade skills, as well as instruction in first aid and heavy equipment operation. This facilitates the acquisition of necessary credentials and licenses to ensure a smooth and safe engagement in client projects and business activities, including the proper operation of machinery and equipment.

The average training hours by number of employees trained are outlined below, categorised by gender and employee level:

Financial Year	FY2023	FY2024	FY2025
By Gender:			
Male (hours)	4	11	11
Female (hours)	3	10	9
By Employee Level:			
Senior Management Level (hours)	1	24	17
Middle Management Level (hours)	10	9	11
Executive Level (hours)	1	13	18

In FY2025, average training hours showed mixed trends across different categories. Male employees' training hours remained steady at 11 hours, unchanged from FY2024, while female employees' training hours declined slightly to 9 hours, down from 10 hours in FY2024.

Senior management level saw a decrease in training hours from 24 hours in FY2024 to 17 hours in FY2025. Middle management level experienced an increase, with training hours rising from 9 hours in FY2024 to 11 hours in FY2025. Similarly, executive level training hours increased notably from 13 hours in FY2024 to 18 hours in FY2025. Hafary remained committed to fostering continuous learning across all levels of the organisation.

Sustainability Report

All employees, regardless of gender or employment category, participated in the annual performance and career development reviews with their department heads to evaluate their work performance and career progression. Additionally, communication about anti-corruption was conducted with all the employees by their department heads during the performance evaluation annually.

Local Communities

Hafary is deeply committed to corporate social responsibility, striving to make meaningful contributions to society. In FY2025, Hafary participated in charitable events, made donations, provided cash sponsorships, and supported various causes focused on financial assistance and charitable organisations. These corporate initiatives aimed to create a positive social impact and generate meaningful returns, encompass the following causes:

- Community development;
- Education;
- Enrichment;
- Environmental protection and sustainability;
- Healthcare;
- Social service and welfare; and
- Sports.

Hafary's commitment to corporate social responsibility remains unwavering. Hafary will continue to take part in charity events, campaigns, and worthwhile causes. The aim is to generate positive social impact and returns through dedicated community service, while also advocating and supporting relevant benevolent initiatives.

GOVERNANCE

The Board and Management are both committed to upholding high ethical standards and adhering to effective corporate governance practices to foster Hafary's enduring sustainability. Employing strong internal controls and a dedicated corporate governance approach, Hafary strives to generate value for stakeholders within a principled and ethical corporate setting. Aligned with the guidelines outlined in the Singapore Code of Corporate Governance 2018, Hafary implements various sustainability measures to integrate the principles of sound governance, ensuring the long-term sustainability of its operations across various jurisdictions and performance indicators.

Ethics and Compliance

Hafary is committed to conducting its business with ethics and transparency. Hafary strongly emphasises the significance of maintaining the highest standards of business conduct and ethics across all aspects of its operations to all its employees. Hafary conducts all business transactions with the utmost integrity, professionalism, and transparency, demonstrating an unwavering dedication to respecting human rights. This commitment is further demonstrated through the effective management of conflicts of interest and the implementation of whistleblowing policies.

Management of conflicts of interest

Hafary has established a Code of Conduct for Ethics and designed to provide guidance to the Board and its employees regarding any ethical risks. This code creates a framework in which integrity and accountability are emphasised as fundamental principles of ethics and professionalism. It outlines the expected ethical and professional conduct for all directors and employees, emphasising the importance of performing fiduciary duties and job responsibilities objectively, always in the best interests of Hafary.

All the directors and employees are required to promptly disclose any potential or actual conflict of interest related to their responsibilities within Hafary to the Human Resources Department. This disclosure is expected as soon as they become aware of any circumstances that might lead to an actual or perceived conflict. In cases of conflict of interest, individuals must recuse themselves from the entire process, refraining from participating in deliberations, decision-making, and voting matters.

To address potential conflicts of interest, the Audit Committee of Hafary ("**AC**") is responsible for reviewing, preventing, and mitigating such situations whenever they arise. The proactive involvement of the AC ensures that conflicts are appropriately managed, aligning with the commitment to ethical conduct and professionalism within Hafary.

Please refer to page 62 to 63 of Hafary's Annual Report for more information on Hafary's management of conflicts of interest.

Sustainability Report

Whistleblowing policy

Hafary has implemented a whistleblowing policy to enable all employees and external parties to express concerns regarding actual or perceived misconduct, financial or non-financial malpractice, or irregularities within Hafary. The whistleblowing policy allows employees or any other individual to report suspicions of wrongdoing, violations of relevant laws, regulations, or policies, and/or failure in internal controls impacting Hafary to the AC. The primary aim of the reporting mechanism is to facilitate impartial investigations into valid concerns and ensure timely and suitable follow-up actions.

Please refer to page 88 of Hafary's Annual Report for more information on Hafary's whistleblowing policy.

Legal and regulatory compliance

Ensuring compliance with all relevant local and international laws and regulations across various jurisdictions is a top priority for Hafary. To keep abreast of any changes in existing laws and regulations and/or introduction of new ones, Hafary's legal advisors provide with their professional advice regarding these updates.

In FY2025, there were no incidents of material non-compliance and violations of any applicable laws and regulations for any instance where fines and/or non-monetary sanctions were incurred.

Anti-corruption practices

Hafary is committed to adhering to all pertinent local and international laws and regulations pertaining to any form of corruption. Hafary is dedicated to upholding the highest ethical and legal standards in its business operations.

Hafary maintains a steadfast commitment against all forms of corruption, encompassing activities such as bribery, extortion, fraud, and money laundering. The AC conducts reviews and consultations with both the External Auditors and Internal Auditors, if applicable, regarding any suspected fraud, irregularities, or breaches of pertinent laws, rules, and regulations that could significantly impact Hafary's operating results or financial position. Subsequently, the AC collaborates with the Management to ensure an appropriate response and action taken to address the report. Additionally, the establishment of anti-corruption practices introduces checks and balances, underscoring Hafary's dedication to enhancing accountability, promoting transparency, and fostering increased participation - three fundamental attributes of good governance in alignment with the commitment to advocate for human rights and equality.

The communication of the anti-corruption policy and procedures has been effectively conveyed, and relevant training has been provided to Hafary's governing bodies, including the Board and its board committees. This effort is aimed at enhancing awareness and equipping them with the essential skills to address and prevent corruption. In addition, an internal enterprise risk management team has been established to oversee anti-corruption measures and the associated risks. In the past, there have been no material public disclosed cases or confirmed incidents of corruption against Hafary or its employees. Instances such as employee dismissals or disciplinary actions related to corruption, as well as contract terminations or non-renewals with business partners due to corruption violations, have not been reported.

Hafary's main focus lies in cultivating a strong corporate governance culture and ensuring rigorous adherence to all applicable laws, regulations, and rules in the regions of its operation. This commitment underscores its steadfast dedication to ethical business conduct, accountability and transparency. The objectives for governance-related material topics within Hafary are enduring.

ECONOMIC

Hafary is committed to becoming the top provider of building materials, striving for sustainable and robust economic growth. Hafary seeks to exceed customer expectations by leveraging its extensive global network, strong corporate partnerships, efficient inventory management and deep industry expertise. Hafary aims to deliver competitive and innovative products, enhance operational efficiency and provide exceptional customer service. Ultimately, Hafary is dedicated to creating long-term value for stakeholders, driving growth and scalability and maximising profitability.

For the detailed financial results, please refer to the following sections of Hafary's Annual Report for FY2025:

- Financial Highlights, pages 21 to 22
- Financial Review, pages 23 to 31
- Financial Statements, pages 105 to 187

Hafary's goal is to consistently enhance shareholder value. Hafary will continue to exercise caution in response to unpredictable and fluctuating market conditions and will also remain vigilant in addressing increasing costs influenced by inflationary pressures. With the overarching objective of boosting profitability, Hafary will concurrently work on improving its operational efficiencies.

Sustainability Report

GRI CONTENT INDEX

Hafary Holdings Limited has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI Standard	Disclosure Number & Title	Section Reference
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report: • Corporate Profile
	2-2 Entities included in the organisation's sustainability reporting	Annual Report: • Corporate Profile
	2-3 Reporting period, frequency and contact point	Sustainability Report: • About This Sustainability Report
	2-4 Restatements of information	Sustainability Report: • About This Sustainability Report
	2-5 External assurance	Hafary has not sought external assurance for this reporting period, and may consider it in the future
	2-6 Activities, value chain and other business relationships	Annual Report: • Corporate Profile • Corporate Governance Statement
	2-7 Employees	Sustainability Report: • Social – Employment Practices
	2-8 Workers who are not employees	Hafary does not have worker who are not employees and whose work is controlled by Hafary
	2-9 Governance structure and composition	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-10 Nomination and selection of the highest governance body	Annual Report: • Corporate Governance Statement
	2-11 Chair of the highest governance body	Annual Report: • Corporate Governance Statement
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report: • Corporate Governance Statement
	2-13 Delegation of responsibility for managing impacts	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-15 Conflicts of interest	Annual Report: • Corporate Governance Statement
	2-16 Communication of critical concerns	Annual Report: • Corporate Governance Statement
	2-17 Collective knowledge of the highest governance body	Annual Report: • Corporate Governance Statement
	2-18 Evaluation of the performance of the highest governance body	Annual Report: • Corporate Governance Statement
	2-19 Remuneration policies	Annual Report: • Corporate Governance Statement
	2-20 Process to determine remuneration	Annual Report: • Corporate Governance Statement
	2-21 Annual total compensation ratio	This covers confidential information and are not to be disclosed due to confidentiality reasons

Sustainability Report

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	Annual Report: • Corporate Governance Statement Sustainability Report: • Sustainability Governance
	2-23 Policy commitments	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Ethics and Compliance
	2-24 Embedding policy commitments	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Ethics and Compliance
	2-25 Processes to remediate negative impacts	Annual Report: • Corporate Governance Statement
	2-26 Mechanisms for seeking advice and raising concerns	Annual Report: • Corporate Governance Statement
	2-27 Compliance with laws and regulations	Annual Report: • Corporate Governance Statement Sustainability Report: • Governance – Ethics and Compliance
	2-28 Membership associations	• Building and Construction Authority • Singapore Business Federation • Singapore Renovation Contractors and Material Suppliers Association
	2-29 Approach to stakeholder engagement	Sustainability Report: • Stakeholder Engagement
	2-30 Collective bargaining agreements	There are no collective bargaining agreements in place
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: • Materiality Assessment
	3-2 List of material topics	
	3-3 Management of material topics	
Topic-specific disclosure		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report: • Environmental – TCFD Climate Risk Analysis • Economic
	201-2 Financial implications and other risks and opportunities due to climate change	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report: • Social – Training and Development • Governance – Anti-corruption Practices
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: • Environmental – Greenhouse Gas Emissions • Environmental – Energy Consumption
	302-3 Energy intensity	
	302-5 Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018	303-5 Water consumption	Sustainability Report: • Environmental – Water Consumption
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report: • Environmental – GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
GRI 306: Waste 2020	306-3 Waste generated	Sustainability Report: • Environmental – Waste Generated

Sustainability Report

GRI Standard	Disclosure Number & Title	Section Reference
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: • Social – Employment Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: • Social – Occupational Health and Safety
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: • Social – Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: • Social – Employment Practices • Governance – Ethics and Compliance
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report: • Social – Local Communities

Sustainability Report

TCFD Disclosures

Our climate-related disclosures are produced based on the 11 recommendations of TCFD:

Disclosure Number	TCFD Disclosures	Section Reference
Governance		
TCDF 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Sustainability Report: • Sustainability Governance
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Sustainability Report: • Environmental – Strategy • Environmental – TCFD Climate Risk Analysis
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Sustainability Report: • Sustainability Governance • Risk Management • Environmental – TCFD Climate Risk Analysis
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability Report: • Metrics and Targets • Environmental – TCFD Climate Risk Analysis • Environmental – GHG Emissions
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

Corporate Information



Board of Directors

Foo Yong How

Independent Non-Executive Chairman

Low Kok Ann

Executive Director and CEO

Datuk Edward Lee Ming Foo, JP

Non-Independent Non-Executive Director

Low See Ching

Non-Independent Non-Executive Director

Cheah Yee Leng

Non-Independent Non-Executive Director

Darrell Lim Chee Lek

Independent Director

Lim Wah Fong

Independent Director

Audit Committee

Lim Wah Fong | Chairman

Foo Yong How

Darrell Lim Chee Lek

Nominating Committee

Darrell Lim Chee Lek | Chairman

Foo Yong How

Lim Wah Fong

Remuneration Committee

Foo Yong How | Chairman

Lim Wah Fong

Darrell Lim Chee Lek

Company Secretary

Lee Yee Fei Mandy

Registered Office/Headquarters

105 Eunos Avenue 3 | Hafary Centre |

Singapore 409836

Tel: (65) 6383 2314

Fax: (65) 6253 4496

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue | #14-07

Keppel Bay Tower

Singapore 098632

Share Listing

HAFARY HOLDINGS LIMITED

was incorporated on 6 October 2009

and listed in Catalist on 7 December

2009. The Company's listing was

upgraded to the SGX Mainboard with

effect from 18 June 2013.

Stock code: 5VS (SGX)

HAFA.SP (Bloomberg)

HFRY.SI (Reuters)

Independent Auditor

RSM SG Assurance LLP

8 Wilkie Road | #03-08 Wilkie Edge |

Singapore 228095

Partner-in-charge: Tay Hui Jun, Sabrina

Effective from reporting year ended

31 December 2021

Internal Auditor

BDO Advisory Pte Ltd

600 North Bridge Road | #23-01

Parkview Square |

Singapore 188778

Legal Advisors

TSMP Law Corporation

6 Battery Road, Level 5 |

Singapore 049909

Principal Bankers

CIMB Bank Berhad

DBS Bank Limited

HL Bank

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

RHB Bank Berhad

The Hongkong And Shanghai Banking Corporation Limited

United Overseas Bank Limited

Corporate Governance Statement

The Board of Directors (the “Board”) of Hafary Holdings Limited (the “Company”) is committed to setting and maintaining high standards of corporate governance within the Company and its subsidiaries (the “Group”).

This corporate governance statement describes the Group’s corporate governance framework and practices of the Company with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the “Code”). Where the Company’s practices vary from any provisions of the Code, the Company has provided appropriate explanations for the departures and measures that the Company has taken or intends to take for the departed practices. The Board will continue to take measures to improve compliance with the principles and provisions of the Code in the ensuing years.

THE BOARD’S CONDUCT OF AFFAIRS

Provision 1.1 of the Code: Directors are fiduciaries who act objectively in the best interests of the company

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As at the date of this Report, the Board comprises seven (7) Directors as follows:

Mr Foo Yong How	Independent Non-Executive Chairman and Lead Independent Director
Mr Low Kok Ann	Executive Director and Chief Executive Officer (the “Executive Director” and the “CEO”)
Datuk Edward Lee Ming Foo, JP	Non-Independent Non-Executive Director
Mr Low See Ching	Non-Independent Non-Executive Director
Ms Cheah Yee Leng	Non-Independent Non-Executive Director
Mr Darrell Lim Chee Lek	Independent Director
Mr Lim Wah Fong	Independent Director

At least one-third of the Board is made up of Independent Directors who have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Company. All Directors are expected, in the course of carrying out their duties, to act in good faith, provide insights and discharge their duties and responsibilities in the interests of the Group. The Board has adopted a Code of Conduct and Ethics for Directors (“Code of Conduct”) which serves to guide the Directors on the areas of ethical risk and sets a framework where integrity and accountability are paramount as well as ethical conduct expected from the Directors in the performance of their duties. Directors should strive to adhere to the Code of Conduct. The Company has in place practices to address potential conflicts of interests. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. Where an actual, potential and perceived conflict of interest arises, the concerned Directors must recuse themselves from discussions and decisions involving the matter and

Corporate Governance Statement

abstain from voting on the resolution relating to the matter. The Board has established the Terms of Reference of the Board to promote high standards of corporate governance. The Terms of Reference of the Board outline high level duties and responsibilities of the Board and matters that are specifically reserved for the Board. It is a comprehensive reference document for Directors on matters relating to the Board and its processes, as well as role and responsibilities of the Board, its committees and management to ensuring effective communication and decisions.

The Board's role is to:

- a) Oversee the management of the Group;
- b) Set strategic objectives and ensure that the necessary financial, strategies and human resources are in place for the Group to meet its objectives;
- c) Delegates the formulation of business policies and the day-to-day management of the Group to the Executive Director and CEO and management to ensure operations and performance of the Group are aligned with the strategies; and
- d) Consider sustainability issues, e.g. environmental and social factors as part of its strategic formulation.

The Board provides shareholders with a balanced and clear assessment of the Group's performance, financial position and prospects on a half-yearly basis. While the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Companies Act 1967 of Singapore and the Singapore Financial Reporting Standards (International).

Provision 1.2 of the Code: Directors' duties, induction, training and development

To help Directors understand the Company's business as well as their Directorship duties and roles, the Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors.

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic plans and objectives. The orientation for new Directors includes visits to the Group's key premises to familiarise themselves with the Company's operations. Such visits also allow new Directors to get acquainted with senior management, thereby facilitating interaction with the Board and independent access to senior management. Appropriate training shall be arranged upon request by newly-appointed Directors to ensure that newly-appointed Directors are fully aware of their responsibilities and obligations as Directors. Rule 210(5)(a) of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires a Director who has no prior experience as a Director of a company listed on the SGX-ST, to attend the training programmes conducted by the Singapore Institute of Directors ("SID") as prescribed in Practice Note 2.3 of the Listing Manual of the SGX-ST. There was no new appointment of director during the financial year ended 31 December 2025 ("FY2025").

Corporate Governance Statement

The Executive Director is appointed to the Board by way of a service agreement setting out the scope of his duties and obligations. The Company provides formal letters setting out the duties and responsibilities of directors to newly-appointed Directors.

The Directors have attended appropriate training on governance practices, enterprise risk management and relevant statutory and regulatory compliance issues. The Company encourages all Directors to receive regular training, particularly on new laws, regulations and commercial risk from time to time. The Directors keep themselves abreast with the changes and developments. Furthermore, the Company Secretary and outsourced secretarial agent highlight any changes to laws and regulatory requirements from time to time to the Board. The External Auditors on the other hand, brief the Board on changes to the Singapore Financial Reporting Standards (International) that affect the Group's financial statements during the period. The Board also receive regular briefings and updates on the businesses, operations and activities at the Board and Board Committees' meetings. When necessary or appropriate, the Board convenes informal meetings for exchange of views while the Independent Directors conduct discussions amongst themselves from time to time without the presence of the management.

The Group keeps the Directors informed via electronic mail and briefing conducted during Board meetings on new laws, changes to the laws, regulatory compliance issues and financial reporting standards, changes to the financial reporting standards are monitored closely by the management.

Provision 1.3 of the Code: Matters requiring Board's approval

The Company has adopted internal guidelines which set forth matters that are reserved for the Board's decision. Matters which are specifically reserved for the Board's decision include:

- a) The appointment of Directors to the Board and senior management staff;
- b) Major investments decisions of the Group, including new investments and any increase in existing investments in businesses and the subsidiaries of the Group;
- c) Any divestments to be undertaken by any of the Group's subsidiaries;
- d) Major funding decisions, including share issuances;
- e) Interim and final dividends and other returns to shareholders;
- f) Commitments to borrowing facilities from banks and financial institutions by the Company;
- g) Interested person transactions;
- h) Acquisitions and disposal of assets exceeding the limits set by the Board;

Corporate Governance Statement

- i) Expenditures exceeding the limits set by the Board; and
- j) The Group also has internal guidelines which set out, among others, the authorisation limits granted to the management for approval of capital and operating expenditures.

There is active interaction between Board members and Management outside of Board and Board Committee meetings. The Board has unfettered access to any Management staff for any information that it may require at all times. Likewise, Management has access to Directors outside of the formal environment of Board and Board Committee meetings for guidance. The Board and Management share a productive and harmonious relationship which facilitates separate and independent access by Directors to management executives, which is critical for good governance and organisational effectiveness.

Provision 1.4 of the Code:
Board committees

Board Committees, namely Audit Committee (“AC”), Nominating Committee (“NC”), Remuneration Committee (“RC”) and Plan Committee have been constituted to assist the Board in the discharge of specific responsibilities (the “Board Committees”). The Board Committees review or make recommendations to the Board on matters within their specific Terms of Reference.

Board meetings are conducted on a half-yearly basis and ad-hoc meetings are held whenever the Board’s guidance or approval is required.

Dates of Board, Board Committee and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. Pursuant to the Company’s Constitution, a Director who is unable to attend a Board meeting in person can still participate in the meeting via telephone conference, video conference or other similar communication. Technology is effectively used in the Board and Board Committees’ meetings and in communication with the Board, where the Directors may receive agenda and meeting materials online such as email and participate in meetings via audio or video conferencing. Management is often invited to be present and provide detailed explanation on any agenda at Board meetings.

Corporate Governance Statement

Provision 1.5 of the Code:
Attendance and participant
of the Directors and time
commitment

Attendance of the Directors at scheduled meetings of the Board and Board Committees during FY2025 is as follows:

	Board Committees			
	Board	AC	NC	RC
Number of scheduled meetings held	2	2	1	1
Name of Directors				
Mr Low Kok Ann	2	2*	1*	1*
Mr Low See Ching	2	2*	1*	1*
Datuk Edward Lee Ming Foo, JP	2	2*	1*	1*
Ms Cheah Yee Leng	2	2*	1*	1*
Mr Foo Yong How	2	2	1	1
Mr Darrell Lim Chee Lek	2	2	1	1
Mr Lim Wah Fong	2	2	1	1

Note:

* Attended by invitation

Important matters concerning the Group can also be put to the Board and Board Committees for decision by way of written resolutions.

Provision 1.6 of the Code:
Complete, adequate and
timely information prior to
make informed decisions

The management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties.

The management has provided the Board in advance with unaudited financial statements, before announcement of our Group's half yearly and full year results, its annual budget and relevant background information and materials relating to the matters that were discussed at Board meetings. This enables the discussion during the meetings to focus on questions that Directors may have. Any additional materials or information requested by the Directors is promptly furnished. During the Board meetings, management staff who are able to explain and provide insights to the matters to be discussed are invited to make the appropriate presentations and answer any queries from the Directors.

Provision 1.7 of the Code:
Separate and independent
access to Management,
Company Secretary
and external advisers;
Appointment and removal
of the Company Secretary

The Directors have separate and independent access to the Management, the Company Secretary, and external advisers.

The Board takes independent professional advice as and when necessary concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively. Any cost of obtaining professional advice will be borne by the Company.

Corporate Governance Statement

The role of the Company Secretary is clearly defined and includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The responsibilities of the Company Secretary include:

- a) Administers, attends and prepares minutes of all Board and Board Committees meetings;
- b) Assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act 1967 ("the Act") of Singapore and Listing Manual of the SGX-ST;
- c) Advises the Board on all corporate governance matters;
- d) Assists the Independent Non-Executive Chairman in ensuring good information flows within the Board, Board Committees and between the management and the Independent Directors; and
- e) Communication channel between the Company and SGX-ST. The Company Secretary attends all Board and Board Committees meetings and is responsible to ensure that Board procedures are followed.

The appointment or removal of the Company Secretary is subject to the approval of the Board as a whole.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 of the Code:
Director's Independence

There is a strong independent element on the Board with Independent Directors constituting at least one-third of the Board. Currently, the Board consists of seven Directors of whom three are independent. Currently, the Board consists of seven Directors, of which six Directors are Non-Executive.

Provision 2.2 of the Code:
Independent Directors make up a majority of the Board

The Company is not required to have at least half the Board as Independent Directors as the Chairman is an Independent Director.

Provision 2.3 of the Code:
Non-Executive Directors make up a majority of the Board

Mr Foo Yong How was first appointed on 9 July 2020. Mr Darrell Lim Chee Lek and Mr Lim Wah Fong were subsequently first appointed on 12 July 2024. Each Independent Director was required to complete a confirmation of independence, drawn up according to the guidelines stated in the Code, to confirm his independence. The Independent Directors shall disclose to the Board any relationships or circumstances which are likely to affect, or could appear to affect, his judgement. The independence of each Director is reviewed annually by the NC. Based on the annual review of the independence of the Independent Directors according to the guidelines stated in the Code, the NC has ascertained that all Independent Directors are independent. Each member of the NC abstained from reviewing his own independence as an Independent Director.

Corporate Governance Statement

Under Rule 210(5)(d)(iv) of the Listing Manual of SGX-ST, a director will no longer be considered independent if he has been a director of the company for an aggregate period of more than nine years. However, such director may continue to be considered independent until the conclusion of the next Annual General Meeting (“AGM”) of the issuer. Rule 210(5)(d)(iv) of the Listing Manual of SGX-ST takes effect for an issuer’s AGM for the financial year ending on or after 31 December 2023.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine years since the date of his first appointment.

Provision 2.4 of the Code: Composition and size of the Board and Board Committees, Board diversity policy

The Company has in place the Board Diversity Policy with a view to achieving a sustainable and balanced development as the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Company’s Board Diversity Policy endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that supports the Company in the pursuit of its strategic and business objectives, and its sustainable development. The Policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talents.

In designing the Board’s composition and selection of new Board members, the Board strives to ensure that:

- a) All candidates are included for consideration during the search for new appointments to the Board regardless of gender, age, nationalities or ethnicity;
- b) There is appropriate mix of gender representation on the Board, taking into account the skills and experience the candidates can contribute; and
- c) External search consultants when looking for suitable candidates for appointment to the Board will be specifically directed to include diverse candidates and women candidates in particular.

The Board has examined its size and is of the view that it is an appropriate size for efficient and effective decision-making, taking into account the scope and nature of the operations of the Company. The Board currently comprises one female Director, namely, Ms Cheah Yee Leng. The NC is of the view that no individual or small group of individuals dominate the Board’s decision-making process.

Corporate Governance Statement

The Company has a good balance of Directors with a wide range of skills, experience and qualities in the fields of operations, management, financial, legal and accounting.

Each Director has been appointed on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. Each Director brings valuable insights from different perspectives, such as strategic planning, management, finance, accounting and legal, vital to the strategic interests of the Company. Profiles of the Directors are found in the “Board of Directors” section of the Annual Report. The Board considers that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, gender, knowledge and competencies to provide the management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

In recognition of the importance and value of gender diversity in the composition of the Board, the Company undertakes to have at least one representation of female director on the Board. The Board has one female director currently. Ms Cheah Yee Leng has been member of the Board since March 2015.

In addition, the Board consists of directors with ages ranging from 45s to 80s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group’s business and direction.

The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

If there is a need for Board renewal or adding in new member, the Board will abide by the Board Diversity Policy in its search of new or additional director candidate. The Board is of the view that gender and age are important aspects of diversity and will take into consideration when sourcing for suitable director, when appropriate. Moving forward, if required, the Company may engage external consultant to search for appropriate and suitable candidate to the Board.

Corporate Governance Statement

The skills matrix which classifies into the following core competencies, skills, experiences and knowledge of Directors:

Balance and Diversity of the Board	Number of Directors	Proportion of the Board
Core Competencies		
Accounting or finance related	4	57.1%
Business and management experience	6	85.7%
Legal and regulatory	2	28.6%
Relevant industry knowledge	3	42.9%
Strategic planning experience	5	71.4%
Human resource management	1	14.3%
Gender		
Male	6	85.7%
Female	1	14.3%
Age Group		
41 - 50	4	57.13%
51 - 60	1	14.29%
61 - 70	1	14.29%
71 - 80	1	14.29%
Independence		
Independent Directors	3	42.9%
Non-Independent Directors	4	57.1%
Directors' Citizenship		
Singapore citizen	5	71.4%
Malaysia citizen	2	28.6%

Provision 2.5 of the Code: Independent Directors meet regularly without the presence of the Management

To facilitate a more effective check on the management, the Independent Directors meet at least once a year, each with the Group's Internal and External Auditor without the presence of the management. Where necessary, the Company co-ordinates informal meeting sessions for Non-Executive Directors and Independent Directors to meet without the presence of the management. The Independent Directors also communicate with each other from time to time without the presence of the management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board, as appropriate.

Corporate Governance Statement

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 of the Code: Chairman and CEO should be separate persons

The Chairman and CEO are separate persons and not related to each other.

Provision 3.2 of the Code: Division of responsibilities between the Chairman and the CEO

The roles of the Chairman and the CEO have been clearly separated, each having their own area of responsibilities. The Board establishes the division of responsibilities between the Chairman and the CEO.

The Independent Non-Executive Chairman, Mr Foo Yong How, ensures that corporate information is adequately disseminated to all Directors in a timely manner to facilitate the effective contribution of all Directors. He promotes a culture of openness and debate at the Board and ensures that adequate time is allocated for discussion of all strategic issues. The Independent Non-Executive Chairman is assisted by the Board Committees and the Internal Auditor, External Auditor and Company Secretary who report to the AC in ensuring compliance with the Company's guidelines on corporate governance.

The CEO, Mr Low Kok Ann, is responsible for the overall management, operations and charting the corporate and strategic direction, including our sales, marketing and procurement strategies.

Provision 3.3 of the Code: Lead Independent Director

The Group's Independent Non-Executive Chairman, Mr Foo Yong How is also the Lead Independent Director. As Lead Independent Director, he coordinates sessions for the Independent Directors to meet without the presence of other Directors, if required. As both the Lead Independent Director and Non-Executive Chairman, he is available to shareholders through the normal channels when they have concerns.

Principle 4 of the Code: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 of the Code: NC to recommend to the Board on relevant matters

The NC comprises Mr Darrell Lim Chee Lek, Mr Lim Wah Fong and Mr Foo Yong How, all of whom are Independent Directors. The Chairman of the NC is Mr Darrell Lim Chee Lek.

The key Terms of Reference of the NC are as follows:

Provision 4.2 of the Code: Composition of the NC

- a) Review the Board and Board Committees structure, size, and composition annually;
- b) Identify suitable candidate and review all nominations on appointment and re-appointment of Directors;
- c) Determine annually whether or not a Director is independent, guided by the independent guidelines contained in the code;

Corporate Governance Statement

- d) Develop a performance evaluation framework for the Board, the Committee and Individual Directors, and proposing objective performance criteria to assess the effectiveness of the Board, the Committee and Individual Directors;
- e) Review and decide if a Director, who has multiple board representations on publicly listed companies, is able to and has been adequately carrying out his/her duties as a Director of the Company;
- f) Review and recommend training and professional development programme for the Board;
- g) Assess whether each director is able to and has been adequately carrying out his duties as Director of the Company;
- h) Review of succession plans for Directors, CEO and key management personnel of the Company; and
- i) Generally undertake such other functions and duties as may be required by the Board under the Code, statute or Listing Manual of the SGX-ST.

Pursuant to Regulation 104 of the Company's Constitution, at least one-third of the Company's Directors shall retire from office by rotation at every AGM of the Company. The retiring Directors shall be eligible for re-election pursuant to Rule 720(5) of the Listing Manual of the SGX-ST, every Director must submit themselves for re-nomination and re-appointment at least once every three years.

The NC has recommended to put forward the following at the forthcoming AGM:

Re-election of the following Directors pursuant to Regulation 104 of the Company's Constitution and/or Rule 720(5) of the Listing Manual of the SGX-ST:

- a) Mr Low Kok Ann
- b) Mr Foo Yong How
- c) Datuk Edward Lee Ming Foo, JP

The Board has accepted the NC's recommendations of the above re-elections of Directors. Mr Low Kok Ann, Mr Foo Yong How and Datuk Edward Lee Ming Foo, JP have offered themselves for re-election at the forthcoming AGM. Please refer to "Board of Directors" and "Additional Information on Directors Seeking Re-election" sections of the Annual Report for details and information of the above Directors.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine years since the date of their first appointment.

Corporate Governance Statement

Mr Low Kok Ann, Mr Foo Yong How and Datuk Edward Lee Ming Foo, JP have given their consents for re-election, to be put forward for shareholders' approvals at the forthcoming AGM.

Mr Low Kok Ann will, upon re-election as Director of the Company, remain as Executive Director and Chief Executive Officer of the Company and will be considered non-independent.

Mr Foo Yong How will, upon re-election as Director of the Company, remain as Independent Non-Executive Chairman and Lead Independent Director, Chairman of RC and Member of AC and NC and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Datuk Edward Lee Ming Foo, JP will, upon re-election as Director of the Company, remain as Non-Independent Non-Executive Director and will be considered non-independent.

Mr Low Kok Ann, Mr Foo Yong How and Datuk Edward Lee Ming Foo, JP have abstained themselves, at both the Board and NC, from any discussions and voting on their re-elections.

Provision 4.3 of the Code: Process for the selection, appointment and re-appointment of Directors

When the need for a new Director to replace a retiring Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria. Candidates would first be sourced through an extensive network of contacts and identified based on the needs of the Group and relevant expertise and experience required. The NC may engage recruitment consultants to undertake research on or assess candidates for new position on the Board, or to engage such other independent experts, if necessary. After the Board has interviewed the candidates, the NC would further shortlist and recommend the candidates for appointment to the Board. The Board has the final discretion in appointing new Directors.

The NC recommends the appointment and re-election of Directors to the Board for approval based on the following criteria:

- a) Expertise and experience of the candidate and whether they have discharged their duties adequately as Directors of the Company, officers of other companies and/or professionals in the area of expertise;
- b) Independence of the candidate (for Independent Directors);

Corporate Governance Statement

- c) Appointment or re-appointment will not result in non-compliance with any composition requirements for the Board and Board Committees; and
- d) Whether the candidate is a fit and proper person in accordance with Monetary Authority of Singapore's ("MAS") Guidelines on Fit and Proper Criteria, which broadly take into account the candidate's honesty, integrity and reputation; his or her competence and capability; and financial soundness.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The Board of the Company does not comprise any alternate Director. No alternate Director was appointed throughout during FY2025.

The Board has adopted the Directors' Fit and Proper Policy ("F&P Policy") which sets out the approach for the appointment and re-election of directors in which the Company and its subsidiaries adopt. The F&P Policy serves to guide the NC and the Board in their reviews and assessments of suitable candidates that are to be appointed to Board and its subsidiaries as well as Directors who are seeking for re-election. The F&P Policy is also to ensure that the directors possess the requisite character, integrity, experience, competence, time commitment and financial soundness and integrity to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

Provision 4.4 of the Code: Circumstances affecting Directors' Independence

Having regard to the circumstance set forth in Provision 2.1 of the Code, the Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board pursuant to section 156 of the Companies Act 1967.

The NC is responsible for determining annually whether or not a Director is independent for purpose of the Code. Each Independent Director is required to complete a confirmation of independence, drawn up according to the guidelines stated in the Code, to confirm his independence. He is required to disclose to the Board any relationships or circumstances which are likely to affect, or could appear to affect, his judgement. Based on the annual review of the independence of the Independent Directors according to the guidelines stated in the Code, the NC ascertained that all Independent Directors are independent for the purpose of the Code. Each member of the NC shall abstain from reviewing his own independence as an Independent Director.

Corporate Governance Statement

Provisions 1.5 and 4.5 of the Code:

Multiple listed company directorship and other principal commitments

When a Director has multiple listed company directorships and other principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company.

The NC believes that putting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The NC is satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2025, notwithstanding that they hold directorships in other listed companies and have other principal commitments, and will continue to do so in FY2026.

The list of directorships held by Directors presently or in the preceding three years in other listed companies, and other principal commitments are set out in the "Board of Directors" section of the Annual Report.

BOARD PERFORMANCE

Provision 5.1 and 5.2 of the Code:

Assessment of effectiveness of the Board and Board committees and assessing the contribution by the Chairman and each Director

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each its board committees and individual Directors.

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Directors on a yearly basis. The performance evaluation framework is in the form of assessment questionnaires and the evaluation covers amongst others, Board and Board Committees' compositions, processes in managing the Group's performance, effectiveness of the Board, Board Committees as well as conduct, mix of skills, knowledge, competencies and contribution of each Director to the Company in discharging their function.

The questionnaires are completed by the members of the Board and Board Committees and each Director for self-assessment. The completed questionnaires are collated by the Company Secretary for deliberation by the NC. The NC led by its Chairman, reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement as well as for them to form the basis of recommending relevant Directors for re-election at the AGM. The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

The NC met once and assessed the Board, Board Committees and individual Directors. The NC was satisfied with the outcome of the evaluations and both the NC and the Board are of the view that the Board has met its performance objectives for FY2025. No external facilitator was engaged in the performance assessment.

Corporate Governance Statement

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director should be involved in deciding his or her own remuneration.

Provision 6.2 of the Code: Composition of RC

The RC comprises Mr Foo Yong How, Mr Darrell Lim Chee Lek and Mr Lim Wah Fong, all of whom are Non-Executive and Independent Directors. The Chairman of the RC is Mr Foo Yong How.

Provision 6.1 of the Code: RC to recommend remuneration framework and packages

The key Terms of Reference of the RC are as follows:

- a) Review and recommend to the Board a general framework of remuneration for the Board and key management personnel;
- b) Review and recommend to the Board the specific remuneration packages for each Director and key management personnel;
- c) Review and recommend to the Board the terms of renewal of the service agreements of Executive Directors;
- d) Determine the appropriateness of the remuneration of Non-Executive Directors taking into consideration their effort, time spent, responsibilities and level of contribution;
- e) Review the ongoing appropriateness and relevance of the Company's remuneration policy;
- f) Administer the Hafary Performance Share Plan ("Hafary PSP") and any other share option scheme established from time to time for the Directors and the management;
- g) Work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration matters; and
- h) Generally undertake such other functions and duties as may be required by the Board under the Code, statute or SGX Listing Rules (Mainboard).

The recommendations of the RC shall be submitted for endorsement by the Board. The RC covers all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind. Each RC member shall abstain from voting on any resolutions in respect of his remuneration package.

Corporate Governance Statement

Provision 6.3 of the Code: RC to consider and ensure are aspects of remuneration are fair.

The RC is responsible for all aspects of remuneration, including termination terms.

The Non-Executive Directors and Independent Directors do not have service agreements with the Company. The Non-Executive Directors and Independent Directors received Directors' fees which are recommended by the Board for approval at the Company's AGM.

The Executive Director and CEO does not receive Director's fees and is paid based on his Service Agreement with the Company. In setting the remuneration packages of the Executive Director and CEO, the Company takes into account the performance of the Group and that of the Executive Director and CEO which is aligned with long term interest of the Group. The RC has reviewed and approved the Service Agreement for the Executive Director and CEO, which initially has a three-year term and includes automatic one-year renewal periods thereafter, subject to mutually agreed terms and conditions. The agreement between the Executive Director and CEO and the Company was last renewed on February 22, 2022. The RC is of the view that the service tenure of the current Service Agreement is not excessively long and there are no onerous termination clauses.

The amount of variable bonus payment (i.e. performance bonus) for a particular financial period is dependent on the amount of the Group's profit before income tax achieved as set out below:

Profit before income tax ("PBT")	CEO
Up to \$3 million	1.5%
Above \$3 million and up to \$5 million	\$45,000 plus 3.0% of PBT in excess of \$3 million
Above \$5 million	\$105,000 plus 4.5% of PBT in excess of \$5 million

The Board is of the view that this quantitative criterion is able to align the Executive Director's interests with shareholders' interests.

Key management personnel's remuneration is set in accordance with a remuneration framework comprising basic salary (including a variable bonus and benefits-in-kind).

Provision 6.4 of the Code: Expert advice on remuneration

The RC members are familiar with management compensation matters as they manage their own businesses and/or are holding Directorships in other listed companies. If necessary, the RC may seek professional advice on remuneration of all Directors. During FY2025, no external remuneration consultants were engaged.

Corporate Governance Statement

LEVEL AND MIX OF REMUNERATION

Provisions 7.1 and 7.3 of the Code: Executive Directors and key management personnel's remuneration to be linked to corporate and individual performance and aligned with interests of shareholders; Remuneration is appropriate to provide good stewardship and promote long-term success of the Company

Provision 7.2 of the Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Group's remuneration policy is to provide compensation packages at market rates to reward, retain and motivate high levels of performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual.

The RC determines and reviews the remuneration packages for all Directors based on their job functions, the performance of the Group and their individual performance. Non-Executive Directors are being paid by directors' fees, which are determined by the full Board based on their contributions and scope of responsibilities. The payment of Directors' fees is subject to the approval of shareholders at each AGM. No director is involved in deciding his own remuneration.

Remuneration of the Executive Director and CEO and Group's key management personnel comprise a fixed component and a variable component. The fixed component comprises basic salary plus other fixed allowances. The variable component which comprises bonuses is linked to the performance of the Company and the individual. In FY2025, variable or performance related income/bonus made up between 15% to 35% of the total remuneration of the each of the Group's key management personnel. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholder value creation.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the market employment conditions. The RC also ascertained that Independent Directors are not overly-compensated to the extent that their independence may be compromised.

The Service Agreement of the Executive Director and CEO contains clauses to allow the Company to reclaim variable components of remuneration in exceptional circumstances.

None of the Non-Executive Directors and Independent Directors have service agreements with the Company or receive any remuneration from the Company. They are paid Directors' fees, which are determined by the Board based on their contribution, effort, time spent and responsibilities. The Directors' fees are subject to approval by the Shareholders at each AGM. Currently, the Company does not have any scheme to encourage Non-Executive Directors and Independent Directors to hold shares in the Company.

Corporate Governance Statement

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 of the Code: Remuneration of Directors and key management personnel

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the key management personnel (who are not Directors or the CEO of the Company). The Board is of the view that matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Statement and in the financial statements of the Company.

There are no termination, retirement and post-employment benefits granted to Directors, the Executive Director and CEO or the top four key management personnel. Short-term incentives granted to the Executive Director and CEO and key management personnel takes the form of an annual variable bonus payment and is linked to the performance of the Company and the individual.

Rule 710 of the Listing Manual of SGX-ST requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, the chief executive officer and key management personnel should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. The remuneration disclosures for individual directors and the chief executive officer should specify the names, amounts and breakdown of remuneration.

This Annual Report discloses (i) the names, amounts and a breakdown of the remuneration of each director of the Company with breakdown of the variable and fixed remuneration received by our Executive Director and CEO; (ii) how the Executive Director and CEO's remuneration package is aligned with interests of shareholders, including the formula to determine the variable component of the Executive Director and CEO's remuneration which is in the form of a cash bonus linked solely to the Group's profit before income tax for a particular financial period; and (iii) the names, amount and breakdown of its top four key management personnel in percentage bands no wider than \$250,000, and the variable component of the remuneration and in aggregate the total remuneration paid to these key management personnel ("KMP").

The Board is of the view that it is not in the best interest of the Company to disclose the specific remuneration of the KMP as this disclosure may adversely affect the Company's talent retention. The Company believes that disclosure of the KMP's remuneration in bands of \$250,000 should be sufficient to provide an insight into the link between their compensation and performance.

Corporate Governance Statement

In arriving at this decision, the Board had taken into consideration, *inter alia*:

- (a) the commercial sensitivity and confidential nature of remuneration matters;
- (b) the rationale for the existing disclosure of remuneration of the top four key management personnel (who are not Directors or CEO of the Company) of the Group in bands of \$250,000 – the Company does not disclose the aggregate remuneration paid to each of such individuals in view of the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group; in addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontent and may, in certain cases, give rise to recruitment and talent retention issues;
- (c) the disclosure relating to how the Executive Director and CEO’s remuneration package is aligned with the interests of shareholders, including the formula to determine the variable component of the Executive Director and CEO’s remuneration; and
- (d) the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the key management personnel level on a long-term basis.

Additionally, based on a comparison against a peer group of listed companies in the same industry over a multi-year period, where the peer group remains constant from year to year, the Board believes that the remuneration of the Non-Executive Directors and the Executive Director, being the CEO, is in line with industry practice.

A breakdown showing each Director’s remuneration for the FY2025 is as follows:

Remuneration and name of Director	Directors’ fees (\$)	Salary, CPF and allowance (\$)	Variable or performance related bonus (\$)	Total Amount (\$)
Mr Low Kok Ann	–	253,650	1,588,399*	1,842,213**
Datuk Edward Lee Ming Foo, JP	30,000	–	–	30,000
Mr Low See Ching	30,000	–	–	30,000
Ms Cheah Yee Leng	30,000	–	–	30,000
Mr Foo Yong How	36,000	–	–	36,000
Mr Darrell Lim Chee Lek	33,000	–	–	33,000
Mr Lim Wah Fong	36,000	–	–	36,000

* The FY2025 bonus will be paid in April 2026

** Mr Low Kok Ann’s remuneration breakdown is 14% base salary and 86% variable

Notes:

The remuneration and fees are rounded to the nearest amount.

The Directors’ fees are subject to shareholders’ approval at the forthcoming AGM.

Corporate Governance Statement

A breakdown showing the band and mix of remuneration of each top 4 key management personnel's (who are not Directors or CEO of the Company) for FY2025 is as follows:

Remuneration band and name of key management personnel	Fixed salary (%)	Variable or performance-related bonus (%)	Total (%)
\$250,000 to \$499,999			
Mr Goh Keng Boon Frank	65	35	100
Below \$250,000			
Mr Tay Chye Heng Stephen	85	15	100
Mr Koh Yew Seng Mike	77	23	100
Ms Lee Yee Fei	76	22	100

The salary and bonus amounts shown are inclusive of Singapore Central Provident Fund ("CPF") contributions.

The total remuneration paid to the top four key management personnel (who are not Directors or the CEO of the Company) for FY2025 was \$992,000.

The Company is of the view that its practices of disclosing the remuneration of key management personnel in bands of \$250,000 are consistent with the intent of provision 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 8 of the Code.

Provision 8.2 of the Code:
Remuneration disclosure of related employees

During FY2025, except for Mr Low Kok Ann (Company's executive director, CEO and substantial shareholder) who is the father of both Mr Low See Ching (a director and substantial shareholder of the Company) and Ms Low Bee Lan Audrey (a substantial shareholder of the Company), the Group did not have any other employee with remuneration exceeding \$100,000, who: (i) is a substantial shareholder of the Company; or (ii) is an immediate family member of a Director or the CEO, or a substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 of the Code:
Board determines the nature and extent of the significant risks

The Board determines the nature and extend of the risks which the Company is willing to take in achieving its objectives and value creation. The Board is assisted by a separate Enterprise Risk Management Committee in carrying out its responsibility of overseeing the Company's risk management framework and policies.

Corporate Governance Statement

The Company is committed to managing all risks in a proactive and effective manner. This requires high quality risk analysis to inform management decisions taken at all levels within the Group. Risk analysis and management is undertaken within the Group as a source of sustainable business benefits and competitive advantage. Managing threats and maximising opportunities will ensure that business objectives are met in the most effective way possible, leading to increased value for the business and its stakeholders.

The Company has internal processes to determine the level of risk tolerance and ensure the consistency and quality of risk analysis and management. The process includes six elements:

- a) Establishing the context;
- b) Risk identification;
- c) Risk prioritisation;
- d) Risk mitigation;
- e) Risk reporting; and
- f) Risk updates.

The purpose of engaging in such a process is to ensure that the goals and objectives of the corporate strategy of the Group are achieved.

The Group's Internal Auditor, BDO Advisory Pte Ltd, carry out internal audit on the system of internal controls and report the findings to the AC. The Group's External Auditor, RSM SG Assurance LLP, have also carried out, in the course of their statutory audit, an understanding of the key internal accounting controls assessed to be relevant to the statutory audit.

In this respect, the AC has reviewed the findings of both the Internal and External Auditor and will ensure that the Company follows up on the Auditors' recommendations raised during the audit process.

The financial statements for the year were audited by RSM SG Assurance LLP and the AC has recommended to the Board that RSM SG Assurance LLP be nominated for re-appointment as Independent Auditor of the Company at the forthcoming AGM.

The Board conducted a review and assessment of the adequacy and effectiveness of the Company's risk management and internal control systems including financial, operational, compliance and information technology controls. The assessment was made by discussions with the management of the Company.

Corporate Governance Statement

Provision 9.2 of the Code: Assurance from CEO, CFO and other key management personnel

The Board also received assurance from the Executive Director and CEO and the Group's Chief Financial Officer ("CFO") that:

- a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b) the Company's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, regular audits, monitoring and reviews performed by the Internal and External Auditors, review of the risk assessment reports, assurance from the Executive Director and CEO, and the Group's CFO and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls (including financial, operational, compliance risks and information technology controls) and risk management systems in place are adequate and effective in addressing the financial, operational, compliance risks and information technology risks as at 31 December 2025 which the Group considers relevant and material to its current business scope and environment.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal controls system.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 and 10.2 of the Code: Duties and composition of the AC

The AC comprises Mr Lim Wah Fong, Mr Darrell Lim Chee Lek and Mr Foo Yong How, all of whom are Independent Directors. The Chairman of the AC is Mr Lim Wah Fong.

The Board is of the opinion that at least 2 members of the AC, including the AC Chairman, possess the recent and related accounting or related financial management qualifications, expertise and experience in discharging their duties.

The key Terms of Reference of the AC are as follows:

- a) Review the financial statements and the independent auditor's report on those financial statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

Corporate Governance Statement

- b) Review assurance from the Executive Director and CEO and the Group's CFO on the financial records and financial statement and assurance from Executive Director and CEO and other key management personnel who are responsible on the adequacy and effectiveness of the risk management and internal control systems;
- c) Review the adequacy and effectiveness of the Company's risk management and internal control in relation to financial reporting other financial-related risk and controls and report to the Board;
- d) Review with the Internal Auditor the internal audit plan and their evaluation of the adequacy and effectiveness of the internal controls and accounting system before submission of the results of such review to the Board;
- e) Review with the External Auditor the audit plan, their evaluation of the Company's internal accounting controls that are relevant to their statutory audit and their audit report; Report to the Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies;
- f) Ensure co-ordination between the External Auditor and Internal Auditor and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);
- g) Review and discuss with External and Internal Auditor (if any), any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results or financial position, and management's response;
- h) Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditor;
- i) Review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- j) Review and ensure proper disclosure and reporting in the annual report on related party transactions as required by the accounting standards;
- k) Oversee the establishment and operation of the whistle-blowing process in the Company;
- l) Review any potential conflicts of interest;

Corporate Governance Statement

- m) Undertake such other functions and duties as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of our AC; and
- n) Generally undertake such other functions and duties as may be required by the Board under the Code of Corporate Governance 2018, statute or SGX Listing Rules (Mainboard) and Companies Act 1967 of Singapore.

The AC also has the power to conduct or authorise to investigate any matter within its Terms of Reference, and has full access to, and cooperation of, the management. The AC has full discretion to invite any Director or management staff to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the Independent Auditor.

The AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud, irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular transaction.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements. The AC also reviews the adequacy and effectiveness of the Company's internal controls and effectiveness of the Company's internal audit function as set out in the guidelines stated in the Code. The services of the Internal Auditor are utilised to assist the AC in the discharge of its duties and responsibilities.

The AC will review, at least annually, the Group's key financial risk areas (including but not limited to, the Group's cash management policies and cash position, collection of debts, hedging policies and foreign currency transactions (if any) and off-balance sheet items (if any) with a view to providing an independent oversight on the Group's financial reporting. Where the findings are material, the outcome of these reviews will immediately be announced via SGXNet and disclosed in the annual report of the Group.

The AC has reviewed all non-audit services provided by the External Auditor. The aggregate amount of fees paid/payable to the External Auditor for FY2025 audit and non-audit services are \$380,000 and \$42,000 respectively.

The AC, having considered the nature of services rendered and related charges by the External Auditor, is satisfied that the independence of the External Auditor is not impaired.

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its independent auditors.

Corporate Governance Statement

Provision 10.3 of the Code: AC does not comprise former partner or Directors of the Company's auditing firm

None of the members of the AC was a former partner or director of RSM SG Assurance LLP, the Company's existing auditing firm or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm or auditing corporation and none of the AC members have any financial interest in the auditing firm or auditing corporation.

Provision 10.4 of the Code: Primary reporting line of the internal audit function is to AC; internal audit function has unfettered access to Company's documents, record, properties and personnel

The Group outsources its internal audit function to BDO Advisory Pte Ltd, an international auditing firm, to review key business processes of the Company and its key subsidiaries. The primary reporting line of the Internal Auditor function is to AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company. The Internal Auditor has also performed the internal review on the Sustainability Report for FY2025.

The AC approves the hiring, removal, evaluation and compensation of the Internal Auditor.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the Internal Auditor is independent, adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing in the Company to discharge its duties effectively.

Provision 10.5 of the Code: AC to meet auditors without the presence of management annually

The AC meets with the Group's Internal Auditor and External Auditor without the presence of the management at least once a year. Such meeting enables the Internal Auditor and External Auditor to raise any issue encountered in the course of their work directly to the AC. For FY2025, the AC met once with the Internal Auditor and External Auditor, each without presence of the management.

SIGNIFICANT ACCOUNTING MATTERS

In the review of the financial statements for FY2025, the AC has discussed with the management the significant accounting principles that were applied and their judgement of items that might affect the accuracy and completeness of the financial statements. The following significant matters impacting the financial statements were discussed with the management and the External Auditor and were reviewed by the AC. The External Auditor has included these 3 significant matters as their key audit matters in the Independent Auditor's Report for the FY2025. Please refer to Independent Auditor's Report in Financial Statements FY2025.

Corporate Governance Statement

Key audit matters	How the matters were addressed by the AC
Assessment of expected credit loss allowance on trade receivables	Net trade receivables amounted to \$52.2 million as at 31 December 2025. The AC considered management's approach, methodology and judgement pertaining to revenue recognition and the estimate of trade receivables impairment allowance. The AC also considered the observations and findings presented by the External Auditor with reference to the payment track records of trade debtors and adequacy of allowance for impairment of trade receivables. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion that allowance for impairment of trade receivables is adequately made as at 31 December 2025 and the relating disclosures in the financial statements are appropriate.
Assessment of impairment allowance on inventories	Net inventories amounted to \$124.1 million as at 31 December 2025. The AC considered management's approach, methodology and judgement applied to the estimate of impairment allowance for slow-moving and obsolete inventories. The AC also considered the observation and findings presented by the External Auditor with reference to the adequacy of allowance for impairment of inventories. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion that allowance for impairment of inventories is adequately made as at 31 December 2025.
Assessing the carrying value of intangible assets	Intangible assets amounted to \$7.5 million. The AC considered management's approach, methodology and judgement applied to the estimates with regard to the valuation process and key assumptions on the forecasted revenue, profit margins, terminal growth rates and discount rates using presently available information. The AC also considered the observation and findings presented by the External Auditor with reference to the valuation process and key assumptions on revenue and terminal growth rates and discount rates used in the discounted cash flow forecasts. The above procedures provided the AC with the assurance and the AC concurred with the management's conclusion as at 31 December 2025.

Corporate Governance Statement

WHISTLE-BLOWING POLICY

The Company has in place a whistle-blowing policy where staff of the Company and any other persons can have access to the AC Chairman and members. The Company is committed to a high standard of corporate governance. In line with this commitment, the Whistleblowing Policy aims to (a) provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoings or concerns, particularly in relation to fraud, governance or ethics, without fear of reprisals when whistleblowing in good faith; and (b) ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The policy which is accessible by the employees, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

All concerns about possible improprieties in financial reporting and other matters would be channelled to the AC Chairman and members. The Company will treat all information received confidentially and protect the identity and the interests of all whistle-blowers against detrimental or unfair treatment.

A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policy and arrangements have been made available to all employees of the Company and is published on the Company's website (http://www.hafary.com.sg/investor_relations/policies).

The AC shall commission and review the findings of internal investigations in matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Anonymous complaints may be looked into, taking into account factors such as seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. The AC will inform the Board members after considering the circumstances with an update at Board meetings. The AC did not receive any complaint or whistleblowing report during the financial year and up to the date of the most recent AC meeting.

As at date of this report, there were no reports received through the whistle-blowing mechanism.

Corporate Governance Statement

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 of the Code: The Company provides shareholders with the opportunity to participate effectively and vote at general meetings

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The financial results for the half-yearly and full year are released to shareholders via SGXNet within 45 and 60 days of the half-yearly date and full year-end date respectively.

Notices of general meetings and proxy forms are dispatched to shareholders, together with the annual report / circular request form within the time notice period as prescribed by the regulations. At general meetings, shareholders will be given opportunities to voice their views and direct their questions to the Board regarding the Company.

The timely release of financial information and general meeting notice and circulars enables shareholders to prepare and participate effectively and vote at general meetings.

The Company's AGM for financial year ended 31 December 2024 ("2025 AGM") was held physically on 23 April 2025.

The forthcoming AGM for the financial year ended 31 December 2025 will be held physically and shareholders are able to submit questions in advance of the AGM and will be given opportunities voice their views and direct their questions to the Board regarding the Company at the AGM.

The Annual Report for the year ended 31 December 2025 ("AR2025"), Notice of Annual General Meeting, Proxy Form, Appendix and Request Form (to request hardcopy of the AR2025 and the Appendix) will be made available to members by electronic means via publication on the Company's corporate website at <https://www.hafary.com.sg> and are also made available on the SGX website at URL <https://www.sgx.com/securities/company-announcements>.

Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Members who wish to obtain a printed copy of the AR2025 and the Appendix should complete the Request Form and return it by post to the registered office address of the Company.

The AGM of the Company provides a principal forum for dialogue and interaction with shareholders. At each AGM, the Board encourages shareholders to participate in the question-and-answer session. Board Committees' Chairman, Members of the Board and the external auditors of the Company are present to answer questions raised at the AGM. Members may also submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM.

Corporate Governance Statement

<p>Provision 11.2 of the Code: Separate resolutions on each substantially separate issue</p>	<p>The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and agrees to the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situations where resolutions are inter-conditional, the Company will provide clear explanations.</p>
<p>Provision 11.3 of the Code: All Directors attend general meetings of shareholders</p>	<p>All Directors, including the Independent Non-Executive Chairman of the Board, and various Board Committees, attend the general meetings to address shareholders' queries and receive feedback from shareholders. The External Auditor, RSM SG Assurance LLP, is also invited to attend AGMs and assist the Company in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditor's report.</p>
<p>Provision 11.4 of the Code: Company's Constitution allow for absentia voting of shareholders</p>	<p>The Company's Constitution allows a member entitled to attend and vote to appoint not more than 2 proxies to attend and vote instead of the member and also provides that the proxy need not be a member of the Company. Voting in absentia by mail, email or fax is currently not permitted to ensure proper authentication of the identity of the shareholders and their voting intentions.</p>
<p>Provision 11.5 of the Code: Minutes of general meetings are published on Company's corporate website as soon as practicable</p>	<p>Minutes of general meetings which include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and the management were taken. Minutes of general meetings would be available to shareholders upon their written request.</p> <p>In regard to the 2025 AGM, the minutes were published on the SGXNet and the Company's website within the prescribed timeline set by the SGX-ST and all questions received from the shareholders and answer were also published on the SGXNet and the Company's website ahead of the 2025 AGM.</p> <p>Voting at the general meeting will be by way of poll pursuant to Rule 730A(2) of the Listing Manual of the SGX-ST. Announcement on the poll results (showing the number of votes cast for and against each resolution and the respective percentages) will be released after the meeting via SGXNet.</p> <p>All resolutions tabled at the 2025 AGM were conducted by poll pursuant to Listing Manual of the SGX-ST and counted by the Polling Agent as well as verified by the Scrutineer during the 2025 AGM. The poll results were announced by the Company via SGXNet on the same day for the benefit of all shareholders.</p>
<p>Provision 11.6 of the Code: Dividend policy</p>	<p>The Company does not have a formal dividend policy. The Company targets to provide sustainable dividend payout depending on the earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose the reason(s) accordingly.</p>

Corporate Governance Statement

Any dividend payments are clearly communicated to shareholders via announcements on SGXNet. During FY2025, the Company had declared and paid one interim dividends (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share and one special interim dividends (tax exempt one-tier) totalling 0.50 Singapore cent per ordinary share. In February 2026, the Company had declared and paid second interim dividend (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share and second special interim dividend (tax exempt one-tier) totalling 0.75 Singapore cents per ordinary share for FY2025.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1 of the Code: Company provides avenues for communication between the Board and shareholders and disclose in its annual report to steps taken to solicit and understand the views of shareholders

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the Listing Manual of SGX-ST and the Companies Act 1967 of Singapore. Information is communicated to shareholders on a timely basis through:

- a) Announcements and press releases via SGXNet;
- b) Company's website (<https://www.hafary.com.sg>); and
- c) Annual reports

Provision 13.3 of the Code: Corporate website to engage stakeholders

The Company recognises that open communication is essential and has established an investor relations policy for communicating with shareholders and other audiences in the finance and investment community. This policy aims to ensure that relevant information about the Group's activities is communicated to legitimately interested parties subject to any overriding considerations of business confidentiality and cost. The investor relations policy is available at the Company's website (http://www.hafary.com.sg/investor_relations/policies).

Provision 12.2 and 12.3 of the Code: Board to maintain regular dialogue with shareholders; Board to disclose the steps taken to solicit and understand shareholders' views

The Group has in place an investor relations policy, which is overseen by the Group's Chief Financial Officer. The management regularly communicates with the analysts and shareholders through email, telephone or face-to-face dialogues to update them on the latest corporate development and address their queries throughout the year.

The Company provided opportunities for communication with the shareholders, investors and other stakeholders during FY2025 as follows:

- a) AGM; and
- b) Update on corporate developments via SGXNet.

Corporate Governance Statement

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 and 13.2 of Code:
Engagement with material stakeholder groups

The Company provides contact details on its website at <https://www.hafary.com.sg> as the Company recognises the importance of stakeholder engagement to the long-term sustainability of its business.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Details of how these groups are identified and engaged in key area focus are disclosed in “Sustainability Report” section of the Annual Report. The Company’s sustainability team can be contacted via email at (sustainability@hafary.com.sg).

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of the SGX-ST on Dealing in Securities, the Company has adopted its own Internal Code of Conduct and issues circulars to its Directors and employees, to remind them that (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in the shares of the Company. The Directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the release of the half-yearly financial results and year-end financial results and ending on the date of the announcement of the relevant results. The Company has complied with the said Rule 1207(19) of the Listing Manual of the SGX-ST during FY2025.

INTERESTED PERSON TRANSACTIONS

The Group first adopted an interested person transactions general mandate on 11 April 2016. This interested person transactions general mandate was replaced with the adoption of a new interested person transactions general mandate (“IPT General Mandate”) on 26 October 2022. Renewal of this IPT General Mandate is sought at the 2025 AGM.

The Group has adopted this IPT General Mandate to deal with transactions with interested persons, and requiring all such transactions to be at arm’s length and to be reviewed by the AC. Besides the information disclosed in Table 1 below, there were no other interested person transactions conducted during the year, which exceeds \$100,000 in value.

Corporate Governance Statement

Table 1:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000)			
		Conducted under shareholders' mandate pursuant to Rule 920		Not conducted under shareholders' mandate pursuant to Rule 920	
		FY2025	FY2024	FY2025	FY2024
		\$'000	\$'000	\$'000	\$'000
Purchases from Malaysian Mosaic Sdn. Bhd. ("MMSB")	MMSB is a wholly-owned subsidiary of Hap Seng Consolidated Berhad ("HSCB").	583	12,321	-	-
Purchases of diesel from Hap Seng Trading (M) Sdn Bhd ("HST(M)")	HST(M) is a wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. ("HSTH") which is in turn a wholly-owned subsidiary of HSCB.	-	-	-	203
Corporate management charges by Hap Seng Management Services Sdn Bhd ("HSMS")	HSMS is a wholly-owned subsidiary of HSCB.	481	-	157	797
Purchase of plant and equipment from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	-	-	-	714
Sales to MMSB	MMSB is a wholly-owned subsidiary of HSCB.	-	248	-	-
Sales to Hap Seng Trading (M) Sdn Bhd ("HST(M)")	HST(M) is a wholly-owned subsidiary of Hap Seng Trading Holdings Sdn. Bhd. ("HSTH") which is in turn a wholly-owned subsidiary of HSCB.	-	-	-	1,183
Rental expense from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	2,458	1,950	-	-
Recharge of employment cost from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	600	2,313	-	-
Payment of royalty fees to MMSB	MMSB is a wholly-owned subsidiary of HSCB.	152	-	-	-

Corporate Governance Statement

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000)			
		Conducted under shareholders' mandate pursuant to Rule 920		Not conducted under shareholders' mandate pursuant to Rule 920	
		FY2025	FY2024	FY2025	FY2024
		\$'000	\$'000	\$'000	\$'000
Provision of insurance services from Hap Seng Insurance Services Sdn Bhd ("HSIS")	HSIS is the wholly-owned subsidiary of Gek Poh (Holdings) Sdn. Bhd., the holding company of HSCB.	-	-	274	197
Payment on behalf of expenses from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	-	-	-	188
Purchase of 100% shares in MML Shanghai from MMSB	MMSB is a wholly-owned subsidiary of HSCB.	-	-	2,802	-
Aggregate value of transactions under the Associate of the Group's Controlling Shareholder, HSCB.		4,274	16,832	3,233	3,282
Rental Income from The Assembly Place Holdings Pte Ltd ("TAPH")	TAPH is an associate of director, Low See Ching.	-	-	207	200
Property management and commission expense to TAP Co-livings Pte Ltd ("TAPCL")	TAPCL is an associate of director, Low See Ching.	-	-	336	234
Sales of goods to Ten SC Pte Ltd ("TenSC")	TenSC is an associate of director, Low See Ching.	-	-	248	-
Purchase of 19% shares in World Furnishing Hub Pte Ltd ("WFH") from Low See Ching	WFH is a subsidiary of Hafary Group	-	-	-	4,465
Aggregate value of transactions under the Associate of the Director, Low See Ching		-	-	791	4,899

Corporate Governance Statement

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, except as disclosed in this Annual Report, there were no material contracts or loans entered into between the Company and any of its subsidiaries involving interests of any Director or controlling shareholder during FY2025.

ACQUISITION

On 3 January 2025, the Company's subsidiary, Hafary Shanghai Pte Ltd ("HSPL"), had completed the acquisition of MML Shanghai. With the completion of the acquisition, HSPL now holds an 100.0% shareholding in the issued share capital of MML Shanghai.

Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2025.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Foo Yong How
 Low Kok Ann
 Datuk Edward Lee Ming Foo, JP
 Low See Ching
 Cheah Yee Leng
 Darrell Lim Chee Lek
 Lim Wah Fong

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' interests in shares in or debentures kept by the company under section 164 of the Companies Act 1967 (the "Act") except as follows:

Name of directors	Direct interests		
	At beginning of the reporting year	At end of the reporting year	At 21 January 2026
The company	Number of shares of no par value		
Low Kok Ann	36,847,403	36,847,403	36,847,403
Low See Ching	109,547,280	109,547,280	109,547,280

By virtue of section 7 of the Act, Low See Ching is deemed to have an interest in the company and its subsidiaries.

Statement by Directors

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted. During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

7. Report of Audit Committee

The members of the Audit Committee at the date of this report are as follows:

Lim Wah Fong	(Chairman of Audit Committee and Independent Director)
Foo Yong How	(Independent Director)
Darrell Lim Chee Lek	(Independent Director)

The Audit Committee performs the functions specified by section 201B (5) of the Act. Among other functions, it reviewed the following, where relevant, with management, the external auditors and the internal auditors:

- The audit plan of the independent external auditor;
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the auditor;
- The scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Statement by Directors

7. Report of Audit Committee (cont'd)

Other functions performed by the Audit Committee are described in the Corporate Governance Statement included in the annual report of the company. It also includes an explanation of how independent external auditor's objectivity and independence are safeguarded where the independent external auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM SG Assurance LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the board with the concurrence of the Audit Committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2025 to address the risks that the company considers relevant and material to its operations.

9. Subsequent developments to reporting date

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 6 February 2026, which would materially affect the group's and company's operating and financial performance as of the date of this report.

On behalf of the directors

Low Kok Ann
Director

Low See Ching
Director

7 April 2026

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Hafary Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters ("KAMs") are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Key audit matters (cont'd)

(1) Assessment of expected credit loss allowance on trade receivables

Refer to Notes 2A, 2B, 24 and 38D for the relevant accounting policy, discussion of accounting estimate, the breakdown in trade receivables and the credit risk of the group. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committee to the reported KAMs.

Key Audit Matter

The group's trade receivables totalled \$52,243,000, representing 10% of the group's total assets as at the end of the reporting year. Any impairment of significant receivables could have material impact to the group's profit or loss.

The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and future collectability. Specific impairment allowance is provided accordingly. In addition, management applies the expected credit losses ("ECL") model to determine the loss allowance for trade receivables based on historical observed default rates adjusted for forward-looking estimates.

How we addressed the matter in our audit

Our audit procedures included (a) assessing the recoverability of the significant aged debts, by discussing with management, checking subsequent collections and corroborating to the historical payment records; and (b) assessing whether disclosures in respect of the credit risk of trade receivables is appropriate.

For ECL, our audit procedures included (a) reviewing management's assessment of ECL; and (b) assessing the measurement of the ECL allowance.

We also evaluated the qualitative adjustment to the allowance and challenged the reasonableness of the key assumptions in determining the allowance.

We assessed the adequacy of the disclosures in the financial statements.

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Key audit matters (cont'd)

(2) Assessment of impairment allowance on inventories

Refer to Notes 2A, 2B and 23 for the relevant accounting policy, discussion of accounting estimate, and the breakdown in inventories at the reporting year end. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committee to the reported KAMs.

Key Audit Matter

The group held inventories of \$124,147,000, representing 24% of the group's total assets as at end of the reporting year. The carrying amount of inventories may not be recoverable in full if those inventories become slow moving, or if their selling prices have declined below carrying amounts.

The estimate of allowance for slow moving inventories takes into consideration of various factors, including macroeconomics, general market conditions, future market demand, historical industry experience and aging of the inventories. This estimate involves a significant degree of judgement. Management applies particular judgement in the areas relating to inventory allowance based on inventory aging. This methodology relies upon assumptions made in determining appropriate allowance of inventories. Management is of the opinion that the methodology is reasonable in determining the impairment allowance required.

How we addressed the matter in our audit

We selected samples for testing. Our audit procedures included (a) checking of the net realisable value of the inventories by considering post year-end sales to identify any further sales made at a loss; and (b) reviewing the inventory turnover days and aging of the inventories to assess if there were any significant built up of aged inventories and assessing the reasonableness of the allowance for slow moving inventories. We also assessed the management's judgement and assumptions applied to comply with the group's inventory allowance policy by analysing the historical inventory movements as well as performing analytical procedures on the inventory aging profile.

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Key audit matters (cont'd)

(3) Assessing the carrying value of intangible assets

Refer to Notes 2A, 2B and 18 for the relevant accounting policy, discussion of accounting estimate, and the breakdown in intangible assets at the reporting year end. Also refer to the Audit Committee section in the Corporate Governance Statement of the annual report for responses of the Audit Committees to the reported KAMs.

Key Audit Matter

The group's intangible assets amounted to \$7,525,000.

Goodwill is assessed for impairment annually. The amount is allocated to cash generating units ("CGUs"). Management applies the value in use method to determine the recoverable amount of intangible assets. The value in use calculation requires the group to estimate the future cash flows arising from the CGUs and an appropriate discount rate in order to calculate the recoverable amount of each CGUs. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses in profit or loss. Management determined the recoverable amounts based on the forecasted revenue, profit margins, terminal growth rates and discount rates using presently available information. These estimates require judgement and the determination of the recoverable amounts is a key focus area for our audit.

How we addressed the matter in our audit

We have discussed with management the processes over the determination of the forecasted revenue growth, profit margins, terminal growth rates and discount rates of the related CGU. As the assessment process is judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using our internal valuation specialists to assist us in evaluating the assumptions and methodologies used by management.

We assessed management's estimates applied in the value in use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance and industry benchmarks. Our internal valuation specialists also performed a review of the management's methodology, expectations and the discount rates used in the impairment assessment and tested the accuracy of the computations.

We also assessed the adequacy of the group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of intangible assets.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the financial reporting standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the Members of Hafary Holdings Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hui Jun, Sabrina.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

7 April 2026

Engagement partner - effective from year ended 31 December 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 \$'000	2024 \$'000
Revenue	5	286,991	263,136
Interest income	6	121	204
Other income and gains	7	7,688	11,312
Changes in inventories of goods held for resale		6,719	(3,168)
Purchases and related costs		(175,781)	(153,823)
Employee benefits expenses	8	(37,444)	(36,316)
Amortisation and depreciation expenses	15, 16, 17, 18	(13,125)	(12,633)
Impairment losses	9	(3,753)	(704)
Other losses	7	(378)	(680)
Finance costs	10	(10,718)	(12,176)
Other expenses	11	(23,575)	(20,558)
Share of profit from an equity-accounted associate	20	1,285	1,528
Share of profit from an equity-accounted joint venture	21	765	787
Profit before income tax		38,795	36,909
Income tax expense	12	(7,744)	(8,210)
Profit, net of tax		31,051	28,699
Other comprehensive income / (loss)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax	28	(1,273)	224
Total comprehensive income for the year, net of tax		29,778	28,923
Profit attributable to:			
- Owners of the parent, net of tax		29,865	27,551
- Non-controlling interests, net of tax		1,186	1,148
		31,051	28,699
Total comprehensive income attributable to:			
- Owners of the parent		28,691	27,786
- Non-controlling interests		1,087	1,137
		29,778	28,923
		Cents	Cents
Earnings per share			
Basic and diluted	13	6.94	6.40

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

Statements of Financial Position

As at 31 December 2025

	Notes	Group		Company	
		2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	112,692	110,853	169	270
Right-of-use assets	16	132,166	136,058	–	–
Investment properties	17	24,519	24,836	–	–
Intangible assets	18	7,525	7,827	–	–
Investments in subsidiaries	19	–	–	9,239	9,239
Investment in an associate	20	18,700	20,265	–	–
Investment in a joint venture	21	1,702	999	–	–
Other financial assets	22	224	280	187	244
Total non-current assets		297,528	301,118	9,595	9,753
Current assets					
Inventories	23	124,147	116,389	–	–
Trade and other receivables	24	59,346	65,389	37,671	36,429
Other non-financial assets	25	6,784	6,607	4	9
Cash and cash equivalents	26	22,030	22,508	19	51
Total current assets		212,307	210,893	37,694	36,489
Total assets		509,835	512,011	47,289	46,242
EQUITY AND LIABILITIES					
Equity					
Share capital	27	26,930	26,930	26,930	26,930
Retained earnings		123,486	105,461	8,823	7,696
Foreign currency translation reserve	28	(4,297)	(3,123)	–	–
Equity, attributable to owners of the company		146,119	129,268	35,753	34,626
Non-controlling interests		6,357	6,492	–	–
Total equity		152,476	135,760	35,753	34,626
Non-current liabilities					
Deferred tax liabilities	12	1,697	1,634	–	–
Loans and borrowings, non-current	29	137,622	152,055	–	–
Lease liabilities, non-current	30	16,596	18,095	–	–
Total non-current liabilities		155,915	171,784	–	–
Current liabilities					
Income tax payable		7,993	8,339	–	7
Provision	31	1,032	1,070	–	–
Trade and other payables	32	59,656	57,263	11,536	11,609
Derivative financial liabilities	33	2	48	–	–
Loans and borrowings, current	29	119,186	123,851	–	–
Lease liabilities, current	30	3,729	4,102	–	–
Other non-financial liabilities	34	9,846	9,794	–	–
Total current liabilities		201,444	204,467	11,536	11,616
Total liabilities		357,359	376,251	11,536	11,616
Total equity and liabilities		509,835	512,011	47,289	46,242

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

Statements of Changes in Equity

Year ended 31 December 2025

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 year:						
Opening balance at 1 January 2025	135,760	129,268	26,930	105,461	(3,123)	6,492
Changes in equity:						
Total comprehensive income for the year	29,778	28,691	-	29,865	(1,174)	1,087
Dividends paid (Note 14)	(11,840)	(11,840)	-	(11,840)	-	-
Dividends paid to non-controlling interests in subsidiaries	(1,222)	-	-	-	-	(1,222)
Closing balance at 31 December 2025	152,476	146,119	26,930	123,486	(4,297)	6,357
Previous year:						
Opening balance at 1 January 2024	125,835	118,148	26,930	94,576	(3,358)	7,687
Changes in equity:						
Total comprehensive income for the year	28,923	27,786	-	27,551	235	1,137
Dividends paid (Note 14)	(11,840)	(11,840)	-	(11,840)	-	-
Dividends paid to non-controlling interests in subsidiaries	(3,013)	-	-	-	-	(3,013)
Fair value gain on remeasurement of the previously held interests in the investee	320	-	-	-	-	320
Acquisition of a non-controlling interest without a change in control (Note 19)	(4,465)	(4,826)	-	(4,826)	-	361
Closing balance at 31 December 2024	135,760	129,268	26,930	105,461	(3,123)	6,492
Company:						
	Total equity \$'000	Share capital \$'000	Retained earnings \$'000			
Current year:						
Opening balance at 1 January 2025	34,626	26,930	7,696			
Changes in equity:						
Total comprehensive income for the year	12,967	-	12,967			
Dividends paid (Note 14)	(11,840)	-	(11,840)			
Closing balance at 31 December 2025	35,753	26,930	8,823			
Previous year:						
Opening balance at 1 January 2024	28,183	26,930	1,253			
Changes in equity:						
Total comprehensive income for the year	18,283	-	18,283			
Dividends paid (Note 14)	(11,840)	-	(11,840)			
Closing balance at 31 December 2024	34,626	26,930	7,696			

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

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025 \$'000	2024 \$'000
Cash flows from operating activities		
Profit before income tax	38,795	36,909
Adjustments for:		
Interest expense on borrowings	9,932	11,337
Interest expense on lease liabilities	786	839
Interest income	(121)	(204)
Depreciation of property, plant and equipment	10,129	9,717
Depreciation of right-of-use assets	6,308	5,757
Depreciation of investment properties	437	202
Amortisation of intangible assets	735	833
Loss on disposal of plant and equipment	61	51
Gain on disposal of investment property	-	(3,759)
Negative goodwill arising from bargain purchase	(234)	(529)
Allowance for impairment of intangible assets	-	898
Fair value gain on remeasurement of the previously held interests in the investee	-	(446)
Fair value losses on other financial assets, net	56	94
Share of profit from an equity-accounted associate	(1,285)	(1,528)
Share of profit from an equity-accounted joint venture	(765)	(787)
Net effect of exchange rate changes in consolidating subsidiaries	392	(193)
Operating cash flows before changes in working capital	65,226	59,191
Inventories	(6,825)	(26,131)
Trade and other receivables	7,439	(10,249)
Other non-financial assets	(177)	624
Provision	(38)	90
Trade and other payables	328	5,888
Derivative financial assets	(46)	47
Other non-financial liabilities	52	1,930
Net cash flows from operations	65,959	31,390
Income taxes paid	(8,105)	(8,808)
Net cash provided by operating activities	57,854	22,582

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

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025 \$'000	2024 \$'000
<u>Cash flows used in investing activities</u>		
Purchase of property, plant and equipment (Notes 15 and 26B)	(11,790)	(12,106)
Purchase of investment property (Note 17)	(120)	–
Proceeds from disposal of plant and equipment	463	14
Proceeds from disposal of an investment property	–	7,866
Acquisition of subsidiaries (net of cash acquired) (Note 37)	(124)	–
Net movements in amount due from joint venture	61	(264)
Net movements in amount due from other related parties	(130)	290
Dividend income from an associate (Note 20)	1,171	1,250
Interest income received	121	204
Acquisition of a non-controlling interest without a change in control	–	(4,465)
Net cash used in investing activities	<u>(10,348)</u>	<u>(7,211)</u>
<u>Cash flows used in financing activities</u>		
Dividends paid to equity owners	(11,840)	(11,840)
Dividends paid to non-controlling interests	(1,222)	(3,013)
Net movements in amounts due to other related parties	–	(889)
Lease liabilities – principal portion paid	(5,126)	(5,039)
Increase in trust receipts and bills payable	5,385	27,643
Increase in new loans and borrowings	8,802	27,050
Loans and borrowings paid	(33,285)	(33,287)
Interest expense paid	(10,153)	(11,327)
Net cash used in financing activities	<u>(47,439)</u>	<u>(10,702)</u>
Net increase in cash and cash equivalents	67	4,669
Net effect of exchange rate changes on cash and cash equivalents	(545)	(58)
Cash and cash equivalents, beginning balance	<u>21,993</u>	<u>17,382</u>
Cash and cash equivalents, ending balance (Note 26A)	<u>21,515</u>	<u>21,993</u>

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

Notes to the Financial Statements

Year ended 31 December 2025

1. General information

Hafary Holdings Limited (the “company”) (Registered No. 200918637C) is incorporated in Singapore with limited liability. It is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The financial statements are presented in Singapore Dollar and they cover the company and its subsidiaries (the “group”). All financial information have been rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company. The principal activities of the subsidiaries are disclosed in the notes to the financial statements below.

The registered office and principal place of business of the company is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Committee under ACRA (“ASC”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of presentation and principles of consolidated financial statements

The consolidated financial statements of the group include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries, presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee. They are de-consolidated from the date that control ceases.

Notes to the Financial Statements

Year ended 31 December 2025

1. General information (cont'd)

Basis of presentation and principles of consolidated financial statements (cont'd)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Material accounting policy information and other explanatory information

2A. Material accounting policy information

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are material differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

Revenue and income recognition

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods - Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Revenue and income recognition (cont'd)

Distinct goods or services created over time – For long-term service contracts and projects for constructing, manufacturing or developing an asset the value to the customer is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as costs incurred relative to the total expected input to the satisfaction of that performance obligation.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

For the subsidiaries in Malaysia, as required by law, the group make contributions to the independently administered fund (Employees' Provident Fund). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the group has no further payment obligations.

Pursuant to relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group. Contribution to the Scheme are recorded as an expense as they fall due.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred.

Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

Right-of-use assets

The right-of-use assets are accounted and presented as owned property, plant and equipment.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Investment properties

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes, the fair values are measured periodically on a systematic basis at least once in three years by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period in exchange for consideration. Lease payments are apportioned between finance costs and reduction of the lease liability to reflect the interest on the remaining balance of the liability. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the group has a significant influence and that is neither a subsidiary nor a joint arrangement of the group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Associates (cont'd)

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with the financial reporting standard on investments in associates and joint ventures (as described above for associates).

Business combination

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities that are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Business combination (cont'd)

The purchase accounting method is used for a business combination. It results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. The results of acquiree in a business combination are included in the consolidated financial statements from the date of the acquisition. Any excess consideration over the fair value of identified assets acquired and liabilities assumed is recognised as goodwill. Acquisition-related costs incurred are recognised as an expense in profit or loss. The management uses best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. The estimates are inherently uncertain and subject to refinement.

Non-controlling interest

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests reflect the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the group. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if these losses cause the non-controlling interest to have a debit balance. Remeasurements of non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on goodwill. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash generating unit ("CGU"), or groups of CGU that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Intangible assets other than goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortisation and any accumulated impairment losses.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first in first out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Carrying amounts and assessment of impairment loss allowance on non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments requires the certain classification of financial assets and financial liabilities. At the end of the reporting year, the group had the following classes:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2A. Material accounting policy information (cont'd)

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term (three months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL.

Other specific material accounting policy and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Judgements and sources of estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the corresponding Notes to these financial statements. 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.

Assessing 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 ECL, management considers all reasonable and supportable information such as the group'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 of trade and other receivables is disclosed in the Note 24.

Notes to the Financial Statements

Year ended 31 December 2025

2. Material accounting policy information and other explanatory information (cont'd)

2B. Judgements and sources of estimation uncertainties (cont'd)

Assessing loss 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 amounts of inventories at the end of the reporting year is disclosed in the Note 23.

Assessing the terms of lease term or lease with extension or renewal options:

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 the Note 30.

Assessing the impairment of goodwill:

The amount of goodwill is tested annually for impairment. This annual impairment test is material and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in the Note 18. Small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the group to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, the controlling shareholder of the group.

3A. Members of a group

Name	Relationship	Country of incorporation
Gek Poh (Holdings) Sdn. Bhd.	Ultimate parent company	Malaysia
Hap Seng Consolidated Berhad	Intermediate parent company	Malaysia
Hap Seng Investment Holdings Pte. Ltd.	Immediate parent company	Singapore

Notes to the Financial Statements

Year ended 31 December 2025

3. Related party relationships and transactions (cont'd)

3A. Members of a group (cont'd)

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

Related parties in these financial statements refer to the entities which the controlling shareholders and directors of the company as well as their family members, have a controlling interest in.

3B. Related party transactions

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

Material related party transactions:

	Group	
	2025	2024
	\$'000	\$'000
<u>Joint venture:</u>		
Sale of goods	(1,583)	(504)
<u>Other related parties:</u>		
Sale of goods	(363)	(1,580)
Rental income	(211)	(246)
Secondment fee income	(348)	(733)
Secondment fee expense	251	1,605
Reimbursement of expenses payment on behalf of other related parties	(4)	(188)
Corporate management fee expense	638	797
Purchases of goods	1,888	13,691
Purchase rebates given	(2,471)	(1,143)
Rental expenses	2,561	2,029
Property management fee	336	234
Reimbursement of expenses	162	3,301
Purchase of motor vehicles	44	714
Receiving of services	326	197
Royalty fee expenses	152	-

Notes to the Financial Statements

Year ended 31 December 2025

3. Related party relationships and transactions (cont'd)

3C. Key management compensation

	Group	
	2025	2024
	\$'000	\$'000
Salaries and other short-term employee benefits	<u>3,169</u>	<u>3,474</u>

The above amount is included under employee benefits expense. Included in the above amount are the following items:

	Group	
	2025	2024
	\$'000	\$'000
Remuneration of director of the company	1,842	1,984
Fees to directors of the company	195	212
Fee to a director of a subsidiary of the company	<u>140</u>	<u>140</u>

Further information about the remuneration of individual directors is provided in the Corporate Governance Statement included in the annual report of the company.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management compensation comprised those of directors and other key management personnel totalling 11 (2024: 13) persons. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related companies in their capacity as directors and or executives of those companies.

Notes to the Financial Statements

Year ended 31 December 2025

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Group	
	2025	2024
	\$'000	\$'000
<u>Joint venture:</u>		
Balance at beginning of the year	1,624	1,575
Amounts paid out and settlement of liabilities on behalf of the joint venture	17	18
Amounts paid in and settlement of liabilities on behalf of the group	-	(11)
Foreign exchange adjustments	(78)	42
Balance at end of the year (Note 24)	<u>1,563</u>	<u>1,624</u>
<u>Other related parties:</u>		
Balance at beginning of the year	1,836	2,217
Amounts paid out and settlement of liabilities on behalf of the other related parties	132	16,220
Amounts paid in and settlement of liabilities on behalf of the group	-	(16,624)
Foreign exchange adjustments	(2)	23
Balance at end of the year	<u>1,966</u>	<u>1,836</u>
Presented in the statement of financial position as follows:		
Other receivables (Note 24)	2,004	2,000
Other payables (Note 32)	(38)	(164)
	<u>1,966</u>	<u>1,836</u>
<u>A director cum a shareholder:</u>		
Balance at beginning of the year	7	(889)
Amounts paid out and settlement of liabilities on behalf of the director	-	889
Amount paid in and settlement of liabilities on behalf of the group	(7)	7
Balance at end of the year (Note 24)	<u>-</u>	<u>7</u>

Notes to the Financial Statements

Year ended 31 December 2025

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd)

	Company	
	2025 \$'000	2024 \$'000
<u>Subsidiaries:</u>		
Balance at beginning of the year	24,117	17,595
Amounts paid in and settlement of liabilities on behalf of the company	(10,260)	(10,894)
Dividend income	11,840	17,416
Balance at end of the year	<u>25,697</u>	<u>24,117</u>
Presented in the statement of financial position as follows:		
Other receivables (Note 24)	35,097	33,517
Other payables (Note 32)	(9,400)	(9,400)
	<u>25,697</u>	<u>24,117</u>

4. Financial information by operating segments

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. 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 group.

4A. Information about reportable segment profit or loss, assets and liabilities

For management purposes, the group 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.

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

Notes to the Financial Statements

Year ended 31 December 2025

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

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

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 used by the group.

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 depreciation and amortisation, finance cost, income taxes and share of profit from investee companies (“Recurring EBITDA”); and (2) operating results before income taxes and other unallocated items (“ORBIT”).

Notes to the Financial Statements

Year ended 31 December 2025

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

4B. 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 \$'000	Project \$'000	Manufacturing \$'000	Others \$'000	Unallocated \$'000	Group \$'000
<u>2025:</u>						
Total revenue by segment	171,244	102,838	96,405	-	-	370,487
Inter-segment sales	(28,542)	(21,602)	(33,352)	-	-	(83,496)
Total revenue	142,702	81,236	63,053	-	-	286,991
Recurring EBITDA	42,728	16,281	(4,563)	5,431	477	60,354
Amortisation and depreciation expense	(8,134)	(1,818)	(960)	(2,213)	-	(13,125)
Finance costs	(4,749)	(497)	(2,025)	(3,447)	-	(10,718)
Negative goodwill arising from bargain purchase	-	-	-	234	-	234
Share of profit from an equity-accounted associate	-	-	-	1,285	-	1,285
Share of profit from an equity-accounted joint venture	-	-	-	765	-	765
ORBIT	29,845	13,966	(7,548)	2,055	477	38,795
Income tax expense						(7,744)
Profit, net of tax						31,051

Notes to the Financial Statements

Year ended 31 December 2025

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

4B. Profit or loss from continuing operations and reconciliations (cont'd)

The tables below illustrated the information about the reportable segment profit or loss, assets and liabilities. (cont'd)

	General \$'000	Project \$'000	Manufacturing \$'000	Others \$'000	Unallocated \$'000	Group \$'000
<u>2024:</u>						
Total revenue by segment	161,164	96,957	64,253	–	–	322,374
Inter-segment sales	(24,007)	(17,465)	(17,766)	–	–	(59,238)
Total revenue	137,157	79,492	46,487	–	–	263,136
Recurring EBITDA	37,308	21,969	(5,022)	428	884	55,567
Amortisation and depreciation expense	(8,408)	(1,971)	(672)	(1,582)	–	(12,633)
Finance costs	(6,141)	(461)	(1,719)	(3,855)	–	(12,176)
Negative goodwill arising from bargain purchase	–	–	–	529	–	529
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	446	–	446
Allowance for impairment of intangible assets	–	–	–	(898)	–	(898)
Gain on disposal of an investment property	–	–	–	3,759	–	3,759
Share of profit from an equity-accounted associate	–	–	–	1,528	–	1,528
Share of profit from an equity-accounted joint venture	–	–	–	787	–	787
ORBIT	22,759	19,537	(7,413)	1,142	884	36,909
Income tax expense						(8,210)
Profit, net of tax						28,699

Notes to the Financial Statements

Year ended 31 December 2025

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

4C. Assets, liabilities and reconciliations

	General \$'000	Project \$'000	Manufacturing \$'000	Others \$'000	Group \$'000
<u>2025:</u>					
Segment assets	297,517	61,219	98,653	52,446	509,835
Segment liabilities	217,138	36,217	78,588	15,726	347,669
Deferred tax liabilities					1,697
Income tax payable					7,993
Total liabilities					357,359
<u>2024:</u>					
Segment assets	302,035	57,493	98,546	53,937	512,011
Segment liabilities	234,725	38,393	76,507	16,653	366,278
Deferred tax liabilities					1,634
Income tax payable					8,339
Total liabilities					376,251

4D. Other material items and reconciliations

	General \$'000	Project \$'000	Manufacturing \$'000	Others \$'000	Group \$'000
Impairment of assets:					
2025	1,416	798	243	–	2,457
2024	(927)	733	–	898	704
Expenditure for non-current assets:					
2025	5,712	720	5,364	136	11,932
2024	5,509	173	1,970	4,877	12,529

Notes to the Financial Statements

Year ended 31 December 2025

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

4E. Geographical information

	Revenue		Non-current assets	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Singapore	171,389	167,049	240,284	245,511
Malaysia	54,534	53,879	29,962	26,745
Socialist Republic of Vietnam	199	673	18,700	20,265
People's Republic of China	8,490	4,959	6,656	7,318
Republic of the Union of Myanmar	2,066	488	1,702	999
United States of America	35,666	28,953	–	–
Taiwan	3,221	3,099	–	–
Thailand	835	1,231	–	–
Australia	356	512	–	–
Philippines	570	470	–	–
Republic of Indonesia	7,819	368	–	–
Japan	309	294	–	–
Hong Kong	66	255	–	–
Cambodia	679	201	–	–
Others	792	705	–	–
	286,991	263,136	297,304	300,838

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.

4F. Information about major customers measured by revenue transactions

There was no customer with sale transactions over 10% of the group's revenue during the current and previous reporting years.

Notes to the Financial Statements

Year ended 31 December 2025

5. Revenue

5A. Revenue classified by type of good or service

	Group	
	2025 \$'000	2024 \$'000
Sale of goods	280,781	257,105
Revenue from installation services	6,210	6,031
Total revenue	<u>286,991</u>	<u>263,136</u>

5B. Revenue classified by duration of contract

	Group	
	2025 \$'000	2024 \$'000
Short-term contracts	<u>286,991</u>	<u>263,136</u>

5C. Revenue classified by timing of revenue recognition

	Group	
	2025 \$'000	2024 \$'000
Point in time	280,781	257,105
Over time	6,210	6,031
Total revenue	<u>286,991</u>	<u>263,136</u>

6. Interest income

	Group	
	2025 \$'000	2024 \$'000
Interest income from financial institutions	<u>121</u>	<u>204</u>

Notes to the Financial Statements

Year ended 31 December 2025

7. Other income and gains and (other losses)

	Group	
	2025 \$'000	2024 \$'000
Rental income	6,599	5,575
Sales of solar energy and renewable energy certificates	263	564
Fair value gains / (losses) on derivative financial instruments, net (Note 33)	46	(47)
Fair value losses on other financial assets, net (Note 22)	(56)	(94)
Foreign exchange adjustment losses, net	(260)	(535)
Loss on disposal of plant and equipment	(62)	(51)
Gain on disposal of investment property	–	3,759
Fair value gain on remeasurement of the previously held interests in the investee (Note 37)	–	446
Foreign worker levy rebates	8	15
Insurance compensation	1	10
Negative goodwill arising from acquisition of subsidiary (Note 37)	234	529
Miscellaneous income	355	372
Other government grants income	182	93
Other losses	–	(4)
	7,310	10,632
Presented in profit or loss as:		
Other income and gains	7,688	11,312
Other losses	(378)	(680)
	7,310	10,632

8. Employee benefits expense

	Group	
	2025 \$'000	2024 \$'000
Salaries, bonuses and other short-term benefits	32,593	31,842
Contributions to defined contribution plan	4,851	4,474
Total employee benefits expense	37,444	36,316

Notes to the Financial Statements

Year ended 31 December 2025

9. Impairment losses

	Group	
	2025 \$'000	2024 \$'000
Allowance/(reversal) for impairment of inventories (Note 23)	2,726	(690)
Allowance for impairment of intangible assets (Note 18)	–	898
Allowance for impairment of trade receivables:		
– Individually impaired (Note 24)	546	443
– Collectively impaired (Note 24)	85	8
Allowance for impairment of other receivables (Note 24)	–	14
Bad debts recovered – trade receivables	(16)	(18)
Bad debts written-off – trade receivables	412	49
Total impairment losses	<u>3,753</u>	<u>704</u>

10. Finance costs

	Group	
	2025 \$'000	2024 \$'000
Interest expenses on:		
– Bank loans	7,646	9,382
– Bill payables	2,286	1,955
– Lease liabilities	786	839
Total finance costs	<u>10,718</u>	<u>12,176</u>

Notes to the Financial Statements

Year ended 31 December 2025

11. Other expenses

The material components and other selected components include the following:

	Group	
	2025 \$'000	2024 \$'000
Hire of vehicles and machineries	2,071	1,359
Property tax	1,812	1,785
Commission	2,070	1,845
Upkeep of motor vehicles	1,252	1,252
Utilities expense	981	930
Expense relating to short-term leases (Note 30)	1,140	592
Audit fees paid to:		
– Independent auditors of the company	331	307
– Other independent auditors	49	39
Non-audit fees paid to:		
– Independent auditors of the company	–	50
– Other independent auditors	42	43

12. Income tax

12A. Components of tax expense recognised in profit or loss

	Group	
	2025 \$'000	2024 \$'000
<u>Current tax expense:</u>		
Current tax expense	8,024	8,356
Over adjustments in respect of prior years	(343)	(12)
Subtotal	7,681	8,344
<u>Deferred tax income:</u>		
Deferred tax income	(131)	(24)
Under/(over) adjustments in respect of prior years	194	(110)
Subtotal	63	(134)
Total income tax expense	7,744	8,210

Notes to the Financial Statements

Year ended 31 December 2025

12. Income tax (cont'd)

12A. Components of tax expense recognised in profit or loss (cont'd)

The reconciliation of income taxes below is determined by applying Singapore corporate tax rate. The income tax in profit or loss varied from the amount determined by applying the Singapore income tax rate of 17% (2024: 17%) to profit before income tax as a result of the following differences:

	Group	
	2025 \$'000	2024 \$'000
Profit before income tax	38,795	36,909
Less:		
– Share of profit from an equity-accounted associate	(1,285)	(1,528)
– Share of profit from an equity-accounted joint venture	(765)	(787)
	<u>36,745</u>	<u>34,594</u>
Income tax expense at the above rate	6,247	5,881
Effect of different tax rates in different countries	97	166
Expenses not deductible for tax purposes	2,138	2,442
Tax exemptions	(589)	(157)
Over adjustments in respect of prior years	(149)	(122)
Total income tax expense	<u>7,744</u>	<u>8,210</u>

There are no income tax consequences of dividends to owners of the company.

12B. Deferred tax income recognised in profit or loss

	Group	
	2025 \$'000	2024 \$'000
Excess of net carrying amounts over tax values of property, plant and equipment	(27)	(302)
Provision	7	(15)
Deferred tax on unrealised profit for inventories	14	(37)
Deferred tax on fair value adjustments on inventories arising from acquisition of a subsidiary	(19)	(372)
Deferred tax on recognition of intangible assets arising from acquisition of a subsidiary	88	592
Total deferred tax income	<u>63</u>	<u>(134)</u>

Notes to the Financial Statements

Year ended 31 December 2025

12. Income tax (cont'd)

12C. Deferred tax balance in the statement of financial position

	Group	
	2025 \$'000	2024 \$'000
Excess of net carrying amounts over tax values of property, plant and equipment	1,133	1,160
Provision	(175)	(182)
Deferred tax on unrealised profit for inventories	(314)	(328)
Deferred tax arising from acquisition of a subsidiary:		
– Deferred tax on fair value adjustment on inventories	(289)	(270)
– Deferred tax on fair value adjustment on intangible assets	1,342	1,254
Total deferred tax liabilities	<u>1,697</u>	<u>1,634</u>

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries, associate and joint venture are insignificant.

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2025 \$'000	2024 \$'000
Profit, net of tax attributable to owners of the company	<u>29,865</u>	<u>27,551</u>
	Number of shares	
	2025	2024
	'000	'000
Weighted average number of equity shares:		
Basic	<u>430,550</u>	<u>430,550</u>

Notes to the Financial Statements

Year ended 31 December 2025

13. Earnings per share (cont'd)

The weighted average number of equity shares refers to shares in circulation during the reporting year.

Basic earnings per share ratio is calculated by dividing profit, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during each reporting year.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting years.

14. Dividends on equity shares

	Group and Company	
	2025 \$'000	2024 \$'000
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024 (FY2023: 0.75 cents)	3,229	3,229
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024 (FY2023: 0.75 cents)	3,229	3,229
Interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2025 (FY2024: 0.75 cents)	3,229	3,229
Special interim tax exempt (1-tier) dividends paid of 0.50 cent per share for FY2025 (FY2024: 0.50 cents)	2,153	2,153
Total dividends paid	11,840	11,840

In respect of the current reporting year, the directors have proposed that a second interim dividend of 0.75 cent per share and a second special interim dividend of 0.75 cent per share with a total of \$6,458,000 be paid to shareholders. There are no income tax consequences on the company. These dividends were approved by the board of directors on 6 February 2026 and have not been included as a liability in these financial statements. The dividends were paid on 25 February 2026.

Notes to the Financial Statements

Year ended 31 December 2025

15. Property, plant and equipment

Group	Leasehold properties \$'000	Plant and equipment \$'000	Construction in progress \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost:</u>					
At 1 January 2024	115,752	41,412	3,745	5,284	166,193
Additions	269	6,527	4,877	856	12,529
Disposals	–	(2,618)	–	(778)	(3,396)
Transfer to investment properties (Note 17)	–	661	(8,622)	–	(7,961)
Foreign exchange adjustments	15	1,098	–	12	1,125
At 31 December 2024	116,036	47,080	–	5,374	168,490
Additions	–	6,522	4,736	554	11,812
Acquisition of subsidiary	–	48	–	90	138
Disposals	(2,656)	(2,032)	–	(52)	(4,740)
Foreign exchange adjustments	(70)	866	–	8	804
At 31 December 2025	113,310	52,484	4,736	5,974	176,504
<u>Accumulated depreciation:</u>					
At 1 January 2024	30,993	16,136	–	3,936	51,065
Depreciation for the year	4,651	4,623	–	443	9,717
Disposals	–	(2,546)	–	(768)	(3,314)
Foreign exchange adjustments	4	163	–	2	169
At 31 December 2024	35,648	18,376	–	3,613	57,637
Depreciation for the year	4,476	5,240	–	413	10,129
Acquisition of subsidiary	–	42	–	90	132
Disposals	(2,502)	(1,662)	–	(52)	(4,216)
Foreign exchange adjustments	(27)	155	–	2	130
At 31 December 2025	37,595	22,151	–	4,066	63,812
<u>Carrying value:</u>					
At 1 January 2024	84,759	25,276	3,745	1,348	115,128
At 31 December 2024	80,388	28,704	–	1,761	110,853
At 31 December 2025	75,715	30,333	4,736	1,908	112,692

Notes to the Financial Statements

Year ended 31 December 2025

15. Property, plant and equipment (cont'd)

Allocation of depreciation expense

	Group	
	2025 \$'000	2024 \$'000
Capitalised as manufactured inventory costs	2,212	1,870
Expensed to profit or loss	7,917	7,847
	10,129	9,717

Company	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2024, 31 December 2024 and 31 December 2025	2	506	508
<u>Accumulated depreciation:</u>			
At 1 January 2024	2	135	137
Depreciation for the year	–	101	101
At 31 December 2024	2	236	238
Depreciation for the year	–	101	101
At 31 December 2025	2	337	339
<u>Carrying value:</u>			
At 1 January 2024	–	371	371
At 31 December 2024	–	270	270
At 31 December 2025	–	169	169

The annual rates of depreciation are as follows:

Leasehold properties	–	Over the terms of leases from 2% to 12%
Plant and equipment	–	10% to 33%
Motor vehicles	–	20%

As at the end of the reporting year, the group's leasehold properties with carrying amount of \$73,059,000 (2024: \$77,500,000) are mortgaged for bank facilities (Note 29).

Certain motor vehicles are under lease liabilities (Note 30).

Notes to the Financial Statements

Year ended 31 December 2025

16. Right-of-use assets

Group	Leasehold	Premises	Total
	land		
	\$'000	\$'000	\$'000
<u>Cost:</u>			
At 1 January 2024	146,690	9,660	156,350
Additions	–	8,884	8,884
Modifications	–	(2,350)	(2,350)
Foreign exchange adjustments	14	697	711
At 31 December 2024	146,704	16,891	163,595
Additions	–	2,139	2,139
Acquisition of subsidiary	–	59	59
Write off	(2,215)	(612)	(2,827)
Foreign exchange adjustments	(64)	519	455
At 31 December 2025	144,425	18,996	163,421
<u>Accumulated depreciation:</u>			
At 1 January 2024	17,123	5,059	22,182
Depreciation for the year	2,200	3,557	5,757
Foreign exchange adjustments	4	(406)	(402)
At 31 December 2024	19,327	8,210	27,537
Depreciation for the year	2,525	3,783	6,308
Write off	(2,215)	(597)	(2,812)
Foreign exchange adjustments	(17)	239	222
At 31 December 2025	19,620	11,635	31,255
<u>Carrying value:</u>			
At 1 January 2024	129,567	4,601	134,168
At 31 December 2024	127,377	8,681	136,058
At 31 December 2025	124,805	7,361	132,166

As at the end of the reporting year, the group's land use rights with carrying amount of \$110,496,000 (2024: \$112,247,000) are mortgaged for bank facilities (Note 29). The land use rights relate to parcels of lands in Singapore and People's Republic of China.

Allocation of depreciation expense

	Group	
	2025	2024
	\$'000	\$'000
Capitalised as manufactured inventory costs	2,272	2,006
Expensed to profit or loss	4,036	3,751
	6,308	5,757

Notes to the Financial Statements

Year ended 31 December 2025

16. Right-of-use assets (cont'd)

The above table includes land use rights. The details are as follows:

Group	Land use rights \$'000
<u>Cost:</u>	
At 1 January 2024	128,829
Foreign exchange adjustments	14
At 31 December 2024	128,843
Foreign exchange adjustments	(64)
At 31 December 2025	128,779
<u>Accumulated amortisation:</u>	
At 1 January 2024	11,934
Amortisation for the year	1,508
Foreign exchange adjustments	5
At 31 December 2024	13,447
Amortisation for the year	1,870
Foreign exchange adjustments	(18)
At 31 December 2025	15,299
<u>Carrying value:</u>	
At 1 January 2024	116,895
At 31 December 2024	115,396
At 31 December 2025	113,480

The annual rates of depreciation are as follows:

Leasehold land	–	Over the terms of leases from 0.1% to 11.9%
Premises	–	Over the terms of leases from 11.1% to 66.7%

As at the end of the reporting year, other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Leasehold land		Premises	
	2025	2024	2025	2024
Number of right-of-use assets	8	10	25	25
Remaining term – range (years)	4.5 to 808.6	0.1 to 809.6	0.2 to 7.2	0.4 to 8.2
Remaining term – average (years)	128.8	104.0	2.7	3.2
Weighted average incremental borrowing rate applied to lease liabilities	3%	3%	4%	4%

Notes to the Financial Statements

Year ended 31 December 2025

16. Right-of-use assets (cont'd)

Leasehold land

The group has made upfront payments for seven 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.

17. Investment properties

Group	Freehold land \$'000	Freehold property \$'000	Leasehold properties \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2024	3,906	370	17,660	21,936
Disposals	(3,906)	(370)	–	(4,276)
Transfer from property, plant and equipment (Note 15)	–	–	7,961	7,961
At 31 December 2024	–	–	25,621	25,621
Additions	–	–	120	120
At 31 December 2025	–	–	25,741	25,741
<u>Accumulated depreciation:</u>				
At 1 January 2024	–	142	610	752
Depreciation for the year	–	27	175	202
Disposals	–	(169)	–	(169)
At 31 December 2024	–	–	785	785
Depreciation for the year	–	–	437	437
At 31 December 2025	–	–	1,222	1,222
<u>Carrying value:</u>				
At 1 January 2024	3,906	228	17,050	21,184
At 31 December 2024	–	–	24,836	24,836
At 31 December 2025	–	–	24,519	24,519

Notes to the Financial Statements

Year ended 31 December 2025

17. Investment properties (cont'd)

The annual rates of depreciation are as follows:

Freehold land	–	Unlimited useful life and therefore is not depreciated
Freehold property	–	5%
Leasehold properties	–	5%

	Group	
	2025 \$'000	2024 \$'000
Fair value at end of the year for disclosure purposes only	<u>31,693</u>	<u>31,693</u>
Rental income from investment properties	3,642	1,712
Direct operating expenses (including repairs and maintenance) arising from investment properties	<u>(1,060)</u>	<u>(606)</u>

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

The investment properties are leased out under operating lease. Also see Note 36 on operating lease income commitments. The management has not entered into contractual obligations for the maintenance or enhancement of the investment properties.

The investment properties are mortgaged as security for the bank facilities (Note 29).

For fair value disclosure categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	6-Storey corner commercial building
Location:	51 Middle Road Singapore 188959
Tenure:	Leasehold 999 years with effect from 30 January 1835
Fair value:	\$4,601,000 (2024: \$4,601,000)
Fair value hierarchy:	Level 3 (2024: Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence on recent offer of sale prices for similar properties
Significant observable inputs and range (weighted average):	Price per square meter \$2,778 (2024: \$2,778)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by \$460,000; higher by \$460,000 (2024: Impact – lower by \$460,000; higher by \$460,000)

Notes to the Financial Statements

Year ended 31 December 2025

17. Investment properties (cont'd)

Asset:	11 contiguous conservation shophouses with 6-storey rear extension
Location:	161 Lavender Street Singapore 338750
Tenure:	Leasehold 99 years with effect from 2 December 2016
Fair value:	\$27,092,000 (2024: \$27,092,000)
Fair value hierarchy:	Level 3 (2024: Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence on recent offer of sale prices for similar properties
Significant observable inputs and range (weighted average):	Price per square meter \$5,535 (2024: \$5,535)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by \$2,709,000; higher by \$2,709,000 (2024: Impact – lower by \$2,709,000; higher by \$2,709,000)

The fair values of the investment properties located at 51 Middle Road Singapore 188959 and 161 Lavendar Street Singapore 338750 were measured by Knight Frank Pte. Ltd., a firm of independent professional valuers, in February 2026 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment properties being valued.

Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to the market participants principally through its use in combination with other assets.

Notes to the Financial Statements

Year ended 31 December 2025

18. Intangible assets

Group	Trademark \$'000	Goodwill \$'000	Customer relationship \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2024	–	5,233	3,892	9,125
Arising from acquisition of a subsidiary (Note 37)	838	–	244	1,082
At 31 December 2024	838	5,233	4,136	10,207
Arising from acquisition of a subsidiary (Note 37)	–	–	433	433
At 31 December 2025	838	5,233	4,569	10,640
<u>Accumulated amortisation and impairment:</u>				
At 1 January 2024	–	–	649	649
Amortisation for the year	163	–	670	833
Impairment for the year (Note 9)	675	–	223	898
At 31 December 2024	838	–	1,542	2,380
Amortisation for the year	–	–	735	735
At 31 December 2025	838	–	2,277	3,115
<u>Carrying value:</u>				
At 1 January 2024	–	5,233	3,243	8,476
At 31 December 2024	–	5,233	2,594	7,827
At 31 December 2025	–	5,233	2,292	7,525

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	
	2025 \$'000	2024 \$'000
<u>Subsidiary:</u>		
Melmer Stoneworks Pte. Ltd.	5,233	5,233
Carrying value at end of the year	5,233	5,233

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amounts of an asset cash-generating unit have been measured based on the fair value less costs of disposal method or the value in use method (whichever is higher) as appropriate for the separate CGUs.

Notes to the Financial Statements

Year ended 31 December 2025

18. Intangible assets (cont'd)

The value in use for each CGU was measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash-generating units are consistent with those used for the measurement last performed, where relevant, and are set out as follows:

CGU – Melmer Stoneworks Pte. Ltd.

Valuation technique and Unobservable inputs

Discounted cash flow method:

	2025	2024
1. Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the CGUs	12.1%	12.1%
2. Growth rates based on industry growth forecasts for revenue and not exceeding the average long-term growth rate for the relevant markets	2.0%	2.0%
3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management	5 years 5.0% to 10.0%	5 years 5.0% to 10.0%

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 5% less favourable than management's estimates at the end of the reporting year, the estimated recoverable amount would still be higher than the carrying amount of goodwill. If the revised estimated post-tax discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the estimated recoverable amount would still be higher than the carrying amount of goodwill.

19. Investments in subsidiaries

	Company	
	2025	2024
	\$'000	\$'000
Unquoted equity shares at cost	9,239	9,239
Net book value of subsidiary in the books of the company	88,690	74,145

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost		Effective equity held by the group	
	2025	2024	2025	2024
	\$'000	\$'000	%	%
Hafary Pte Ltd Singapore Importer and dealer of building materials	9,239	9,239	100	100
<u>Held through Hafary Pte Ltd:</u>				
Surface Project Pte. Ltd. Singapore Distribution and wholesale of building materials			70	70
Surface Stone Pte. Ltd. Singapore Dealer of stones for home furnishing			90	90
Wood Culture Pte. Ltd. Singapore Dealer of wood for home furnishing			100	100
Hafary Centre Pte. Ltd. Singapore Investment holding			100	100
Hafary Vietnam Pte. Ltd. Singapore Investment holding			100	100
Hafary International Pte. Ltd. Singapore Importing and distribution of building materials			100	100
Hafary Trademarks Pte. Ltd. Singapore Intellectual property holding and management			100	100
Marble Trends Pte. Ltd. ⁽¹⁾ Singapore Dormant			-	100

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

**Name of subsidiaries, country of incorporation,
place of operations and principal activities (cont'd)**

**Effective equity held
by the group**

2025	2024
%	%

Held through Hafary Pte Ltd (cont'd):

World Furnishing Hub Pte. Ltd. ⁽²⁾ Singapore Investment holding	100	100
Hafary Balestier Showroom Pte. Ltd. ⁽³⁾ Singapore Investment holding	51	51
Gres Universal Pte. Ltd. Singapore Distribution and wholesale of building materials	56	56
Hafary Building Materials Pte. Ltd. Singapore Investment holding	100	100
Hafary W+S Pte. Ltd. Singapore Storage and warehousing of furniture and related products	100	100
Hafary Trading Sdn. Bhd. Malaysia Trading and distribution of building materials	100	100
Hafary Crescent Pte. Ltd. Singapore Cutting, shaping and finishing of stone and other holding companies (investment holding)	100	100
Hafary Element Pte. Ltd. Singapore Investment holding	95	95
Hafary Flagship Store Pte. Ltd. Singapore Investment holding	100	100

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

Name of subsidiaries, country of incorporation, place of operations and principal activities (cont'd)	Effective equity held by the group	
	2025	2024
	%	%

Held through Hafary Pte Ltd (cont'd):

Melmer Stoneworks Pte. Ltd. Singapore Cutting, shaping and finishing of stone	50	50
---	-----------	----

Hafary Bathroom Pte. Ltd. Singapore Trading and distribution of sanitary wares	100	100
--	------------	-----

Hafary Shanghai Pte. Ltd. Singapore Investment holding	100	100
--	------------	-----

Held through Hafary International Pte. Ltd.:

Foshan Hafary Trading Co., Limited People's Republic of China Importing, exporting and distribution of building materials	100	100
---	------------	-----

Held through Hafary Element Pte. Ltd.:

International Ceramic Manufacturing Hub Pte. Ltd. Singapore Investment holding	67	67
--	-----------	----

Held through International Ceramic Manufacturing Hub Pte. Ltd.:

International Ceramic Manufacturing Hub Sdn. Bhd. Malaysia Manufacturing, importing and exporting of building materials and investment holding	67	67
--	-----------	----

Held through International Ceramic Manufacturing Hub Sdn. Bhd.:

PT ICMH Ceramic Indonesia ⁽⁴⁾ Indonesia Importing, exporting and distribution of building materials	67	67
--	-----------	----

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given as below (cont'd):

**Name of subsidiaries, country of incorporation,
place of operations and principal activities (cont'd)**

**Effective equity held
by the group**

2025	2024
%	%

Held through Hafary Building Materials Pte. Ltd.:

Guangdong ITA Element Building Materials Co., Limited
People's Republic of China
Production and distribution of tiles

65 65

Held through Hafary Trading Sdn. Bhd. and Guangdong
ITA Element Building Materials Co., Limited collectively:

MML x Element International Pte. Ltd.
Singapore
Trading and distribution of building materials

83 83

Held through Guangdong ITA Element Building Materials
Co., Limited:

Foshan Element Building Material Co., Ltd.
People's Republic of China
Production and distribution of tiles

62 62

Foshan Element Ceramic Co., Ltd.
People's Republic of China
Production and distribution of tiles

65 65

Held through Hafary Shanghai Pte. Ltd.:

Hafary Trading (Shanghai) Co., Ltd. ⁽⁴⁾
People's Republic of China
Importing, exporting and distribution of building materials

100 100

MML (Shanghai) Trading Co., Ltd. ⁽⁵⁾
People's Republic of China
Importing, exporting and distribution of building materials

100 –

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

All the subsidiaries are audited by RSM SG Assurance LLP, a member firm of RSM International except for: (1) Foshan Hafary Trading Co., Limited, Guangdong ITA Element Building Materials Co., Limited and Foshan Element Ceramic Co., Ltd. are audited by SBA Stone Forest CPA Co., Ltd, an affiliated firm of RSM SG Assurance LLP for consolidation purpose; (2) Hafary Trading Sdn. Bhd. and International Ceramic Manufacturing Hub Sdn. Bhd. are audited by RSM Malaysia PLT, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member; and (3) MML (Shanghai) Trading Co., Ltd. is audited by Shanghai Acumen Certified Public Accountants Co., Ltd..

- (1) Struck off during the reporting year.
- (2) On 17 January 2024, Hafary Pte Ltd acquired an additional 19% equity interest in World Furnishing Hub Pte. Ltd. ("WFH") from its non-controlling interest for a cash consideration at \$4,465,000. As a result of this acquisition, the group holds 100% interest in WFH as at 31 December 2024.
- (3) In the process of liquidation.
- (4) Not audited as these subsidiaries are not material to the group.
- (5) See Note 37 to the financial statements.

The carrying amounts of non-controlling interests are as follows:

	Group	
	2025 \$'000	2024 \$'000
Surface Project Pte. Ltd.	5,141	4,889
Surface Stone Pte. Ltd.	611	461
International Ceramic Manufacturing Hub Sdn. Bhd.	(5,633)	(4,105)
Melmer Stoneworks Pte. Ltd.	6,350	5,259
Guangdong ITA Element Building Materials Co., Limited	59	338
Other subsidiaries with immaterial non-controlling interests	(171)	(350)
Total	6,357	6,492

Below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. These are presented before inter-company eliminations.

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

Summarised statement of profit or loss and other comprehensive income:

	Surface Project		Surface Stone		International		Melmer Stoneworks		Guangdong ITA	
	Pte. Ltd.		Pte. Ltd.		Ceramic		Pte. Ltd.		Element Building	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	24,793	22,619	12,236	6,466	96,405	71,406	13,494	12,533	8,846	9,533
Profit (loss) before income tax	4,557	4,438	2,093	1,113	(4,432)	(6,833)	3,156	2,885	(654)	(1,793)
Income tax expense	(716)	(712)	(265)	(132)	-	-	(397)	(419)	-	-
Profit (loss), net of tax	3,841	3,726	1,828	981	(4,432)	(6,833)	2,759	2,466	(654)	(1,793)
Total comprehensive income (loss)	3,841	3,726	1,828	981	(4,432)	(6,833)	2,759	2,466	(654)	(1,793)
Total comprehensive income (loss) allocated to non-controlling interests	1,152	1,118	183	98	(1,485)	(2,289)	1,379	1,233	(229)	(672)
Dividends paid to non-controlling interests	900	900	33	22	-	-	289	249	-	-

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

Summarised statement of financial position:

	Surface Project		Surface Stone		International Ceramic		Melmer Stoneworks		Guangdong ITA	
	Pte. Ltd.		Pte. Ltd.		Hub Sdn. Bhd.		Pte. Ltd.		Element Building Material Co., Limited	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Current:</u>										
Assets	24,626	23,098	9,735	8,867	73,614	75,380	8,149	8,485	6,205	7,421
Liabilities	(7,733)	(6,918)	(3,661)	(4,292)	(93,499)	(88,305)	(2,695)	(2,707)	(5,880)	(6,319)
Total current net assets (liabilities)	16,893	16,180	6,074	4,575	(19,885)	(12,925)	5,454	5,778	325	1,102
<u>Non-current:</u>										
Assets	451	182	36	49	27,502	25,032	3,657	345	862	990
Liabilities	(163)	(21)	(4)	(14)	(7,616)	(10,800)	(958)	(152)	(481)	(642)
Total non-current net assets	288	161	32	35	19,886	14,232	2,699	193	381	348
Net assets (liabilities)	17,181	16,341	6,106	4,610	1	1,307	8,153	5,971	706	1,450

Notes to the Financial Statements

Year ended 31 December 2025

19. Investments in subsidiaries (cont'd)

Summarised statement of cash flows:

	Surface Project		Surface Stone		International		Melmer Stoneworks		Guangdong ITA	
	Pte. Ltd.		Pte. Ltd.		Ceramic		Pte. Ltd.		Element Building	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash flows from (used in) operating activities	4,081	1,956	603	786	9,566	(17,080)	3,164	3,399	592	979
Net cash flows from (used in) investing activities	(168)	257	(16)	41	(5,364)	(7,897)	(2,283)	(62)	(1,159)	(1,158)
Net cash flows from (used in) financing activities	(3,072)	(3,072)	(350)	(241)	(2,813)	24,446	(1,314)	(2,364)	199	608

Notes to the Financial Statements

Year ended 31 December 2025

20. Investment in an associate

	Group	
	2025 \$'000	2024 \$'000
Unquoted equity shares at cost	2,061	2,061
Goodwill at cost	758	758
Share of post-acquisition profit, net of dividends	15,881	17,446
Carrying amount	<u>18,700</u>	<u>20,265</u>
Movements in carrying amount:		
At beginning of the year	20,265	20,351
Share of profit for the year	1,285	1,528
Dividends	(1,171)	(1,250)
Foreign exchange adjustments	(1,679)	(364)
At end of the year	<u>18,700</u>	<u>20,265</u>

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 operation and principal activities**

	Equity held by the Group	
	2025 %	2024 %
Viet Ceramics International Joint Stock Company ⁽¹⁾	49	49
Socialist Republic of Vietnam		
Importer and dealer of building materials		

⁽¹⁾ Audited by RSM Vietnam Auditing & Consulting Limited, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

Notes to the Financial Statements

Year ended 31 December 2025

20. Investment in an associate (cont'd)

The summarised financial information of the associate and the amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associate are as follows:

	Group	
	2025 \$'000	2024 \$'000
Dividends received from the associate	1,171	1,250
Revenue	33,821	35,971
Profit for the year	2,622	3,118
Non-current assets	3,270	3,602
Current assets	50,742	46,388
Current liabilities	(17,133)	(10,021)
<u>Reconciliation:</u>		
Net assets of the associate	<u>36,880</u>	<u>39,969</u>
Proportion of the group's interest in the associate	18,071	19,585
Goodwill on acquisition	758	758
Intangible assets on acquisition	90	90
Foreign exchange adjustments	(219)	(168)
	<u>18,700</u>	<u>20,265</u>

21. Investment in a joint venture

	Group	
	2025 \$'000	2024 \$'000
Unquoted equity shares at cost	5	5
Share of post-acquisition profit, net of dividends	1,697	994
Carrying amount	<u>1,702</u>	<u>999</u>
<u>Movements in carrying amount:</u>		
At beginning of the year	999	193
Share of profits for the year	765	787
Foreign exchange adjustments	(62)	19
At end of the year	<u>1,702</u>	<u>999</u>

Notes to the Financial Statements

Year ended 31 December 2025

21. Investment in a joint venture (cont'd)

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

	2025	2024
	%	%
Hafary Myanmar Investment Pte. Ltd. ⁽¹⁾	33	33
Singapore		
Investment holding		

⁽¹⁾ 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.

22. Other financial assets, non-current

	Group		Company	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Quoted equity investment at fair value through profit or loss	187	244	187	244
Unquoted equity shares at cost	37	36	-	-
Carrying amount	224	280	187	244
Movements in carrying amount:				
At beginning of the year	280	374	244	338
Decrease in fair value through profit or loss under other losses (Note 7)	(56)	(94)	(57)	(94)
At end of the year (Level 1)	224	280	187	244

Notes to the Financial Statements

Year ended 31 December 2025

22. Other financial assets, non-current (cont'd)

The quoted equity investment is in the retail and distribution industry in Singapore and listed on Catalist which is a shares market on SGX-ST.

The fair value of the financial asset approximates to bid prices in an active market at the end of the reporting year. The financial asset is exposed to price risk of equity shares as disclosed in Note 38H.

There is no investment pledged as security for liabilities.

23. Inventories

	Group	
	2025 \$'000	2024 \$'000
Finished goods and goods for resale	111,541	102,741
Work in process	823	1,347
Raw material, consumables and supplies	11,783	12,301
Total inventories	<u>124,147</u>	<u>116,389</u>

Inventories are stated after allowance.

Movements in allowance:

At beginning of the year	17,511	18,198
Charged / (reversed) to profit or loss included in impairment losses (Note 9)	2,726	(690)
Foreign exchange adjustments	171	3
At end of the year	<u>20,408</u>	<u>17,511</u>

There are no inventories pledged as security for liabilities.

Notes to the Financial Statements

Year ended 31 December 2025

24. Trade and other receivables

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<u>Trade receivables:</u>				
Outside parties	50,802	56,591	-	-
Less: Allowance for impairment	(1,600)	(2,082)	-	-
Subsidiaries	-	-	2,574	2,911
Joint venture	501	107	-	-
Other related parties	140	118	-	-
Retention receivables on contracts	2,400	2,431	-	-
Net trade receivables – subtotal	52,243	57,165	2,574	2,911
<u>Other receivables:</u>				
Outside parties	853	700	-	1
Subsidiaries (Note 3D)	-	-	35,097	33,517
Joint venture (Note 3D)	1,563	1,624	-	-
A director cum a shareholder (Note 3D)	-	7	-	-
Other related parties (Note 3D)	2,004	2,000	-	-
Less: Allowance for impairment	(483)	(483)	-	-
Refundable deposits	3,166	4,376	-	-
Net other receivables – subtotal	7,103	8,224	35,097	33,518
Total trade and other receivables	59,346	65,389	37,671	36,429
<u>Movements in above allowance on trade receivables:</u>				
At beginning of the year	2,082	1,928	-	-
Additions – individually impaired (Note 9)	546	443	-	-
Additions – collectively impaired (Note 9)	85	8	-	-
Bad debts written-off	(1,126)	(297)	-	-
Foreign exchange adjustments	13	-	-	-
At end of the year	1,600	2,082	-	-
<u>Movements in above allowance on other receivables:</u>				
At beginning of the year	483	697	-	-
Additions – individually impaired (Note 9)	-	14	-	-
Bad debts written-off	-	(228)	-	-
At end of the year	483	483	-	-

Notes to the Financial Statements

Year ended 31 December 2025

24. Trade and other receivables (cont'd)

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

As the group and company do 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 (Note 38E).

(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 counterparties 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:

- 58% (2024: 53%) of the group's trade receivables from Singapore.
- 42% (2024: 47%) of the group's trade receivables from other countries.

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 (2024: 60 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of the reporting year but not impaired:

	Group	
	2025 \$'000	2024 \$'000
Trade receivables:		
1 to 30 days	7,546	11,244
31 to 60 days	1,759	1,637
61 to 90 days	781	1,223
Over 90 days	5,481	6,493
Total	15,567	20,597

Notes to the Financial Statements

Year ended 31 December 2025

24. Trade and other receivables (cont'd)

(b) Ageing analysis as at the end of the reporting year of trade receivable amounts that are impaired:

	Group	
	2025 \$'000	2024 \$'000
<u>Trade receivables:</u>		
Over 90 days	<u>1,268</u>	<u>1,835</u>

The allowance on trade receivables above is based on individual accounts totaling \$1,268,000 (2024: \$1,835,000) of the group that are determined to be impaired at the end of the reporting 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 is computed based on invoice date of trade receivables, excluding retention receivables on contracts, is as follows:

Group:	Gross amount \$'000	Expected loss rate %	Loss allowance \$'000
<u>2025:</u>			
Current	23,156	0.5	121
1 to 30 days	12,580	0.6	71
31 to 60 days	7,593	0.6	47
61 to 90 days	1,779	1.1	20
Over 90 days	6,335	1.2	73
Total	<u>51,443</u>	<u>0.6</u>	<u>332</u>
<u>2024:</u>			
Current	20,431	0.4	74
1 to 30 days	15,654	0.2	39
31 to 60 days	11,299	0.5	55
61 to 90 days	1,646	0.5	9
Over 90 days	7,786	0.9	70
Total	<u>56,816</u>	<u>0.5</u>	<u>247</u>

Notes to the Financial Statements

Year ended 31 December 2025

24. Trade and other receivables (cont'd)

Expected credit losses (cont'd)

The loss allowance of \$332,000 (2024: \$247,000) for the group is included in the allowance for impairment of trade receivables amounting to \$1,600,000 as at 31 December 2025 (2024: \$2,082,000). There is no collateral held as security and other credit enhancements for the trade receivables held by the group and company.

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.

The loss allowance of Nil (2024: \$14,000) for the group is included in the allowance for impairment of other receivables amounting to \$483,000 as at 31 December 2025 (2024: \$483,000).

25. Other non-financial assets

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Advance payments to suppliers	5,947	6,176	–	–
Contract assets (Note 25A)	111	110	–	–
Prepayments	278	215	4	4
Deposits to secure services	429	51	–	5
Lease incentives	19	55	–	–
Total other non-financial assets	6,784	6,607	4	9

25A. Contract assets

	Group	
	2025 \$'000	2024 \$'000
Consideration for work completed but not billed	111	110
The movements in contract assets are as follows:		
At beginning of the year	110	175
Cost incurred during the year on uncompleted contracts	909	1,678
Transfers to trade receivables	(908)	(1,743)
At the end of the year	111	110

Notes to the Financial Statements

Year ended 31 December 2025

25. Other non-financial assets (cont'd)

25A. Contract assets (cont'd)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting year:

	Group	
	2025 \$'000	2024 \$'000
Expected to be recognised as revenue within 1 year	111	110

The contract assets are for: entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

26. Cash and cash equivalents

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Not restricted in use	21,515	21,993	19	51
Cash pledged for bank facilities #	515	515	–	–
Total cash and cash equivalents	<u>22,030</u>	<u>22,508</u>	<u>19</u>	<u>51</u>

The interest earning balances are not material.

This is for amounts held by bankers to cover the bank facilities granted.

26A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2025 \$'000	2024 \$'000
Amount as shown above	22,030	22,508
Cash pledged for bank facilities	(515)	(515)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	<u>21,515</u>	<u>21,993</u>

Notes to the Financial Statements

Year ended 31 December 2025

26. Cash and cash equivalents (cont'd)

26B. Non-cash transactions

	Group	
	2025 \$'000	2024 \$'000
Acquisitions of certain assets under property, plant and equipment that remains unpaid included under other payables	-	(322)
Acquisitions of certain assets under property, plant and equipment under lease contracts	(22)	(101)
Acquisitions of certain assets under right-of-use assets under lease contracts	(2,139)	(8,884)
	(2,161)	(9,307)

26C. Reconciliation of liabilities arising from financing activities

	At beginning of the year \$'000	Cash flows \$'000	Non-cash changes \$'000	At end of the year \$'000
Group:				
<u>2025:</u>				
Long-term borrowings	152,055	(14,433)	-	137,622
Short-term borrowings	123,851	(4,665)	-	119,186
Lease liabilities	22,197	(5,126)	3,254 ^(a)	20,325
Total liabilities from financing activities	298,103	(24,224)	3,254	277,133
<u>2024:</u>				
Long-term borrowings	168,199	(16,144)	-	152,055
Short-term borrowings	86,302	37,549	-	123,851
Lease liabilities	18,442	(5,039)	8,794 ^(a)	22,197
Total liabilities from financing activities	272,943	16,366	8,794	298,103

^(a) Interest expense and additions of right-of-use assets under lease contracts.

27. Share capital

	Group and Company	
	Number of shares issued '000	Share capital \$'000
<u>Ordinary shares of no par value:</u>		
Balance at 1 January 2024, 31 December 2024 and 31 December 2025	430,550	26,930

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

Year ended 31 December 2025

27. Share capital (cont'd)

Capital management:

In order to maintain its listing on the SGX-ST, it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. There were no changes in the approach to capital management during the reporting year. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2025	2024
	\$'000	\$'000
<u>Net debt:</u>		
All current and non-current borrowings including leases	277,133	298,103
Less: Cash and cash equivalents	(22,030)	(22,508)
Net debt	<u>255,103</u>	<u>275,595</u>
<u>Adjusted capital:</u>		
Total equity	<u>152,476</u>	<u>135,760</u>
Debt-to-adjusted capital ratio	<u>167.3%</u>	<u>203.0%</u>

The decrease in the debt-to-capital ratio for the reporting year resulted primarily from the improved performance and reduction in net debts for the reporting year.

Notes to the Financial Statements

Year ended 31 December 2025

28. 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.

29. Loans and borrowings

	Group	
	2025	2024
	\$'000	\$'000
<u>Non-current:</u>		
Bank loan F (secured) (Note 29C)	5,394	6,399
Bank loan H (secured) (Note 29E)	30,762	33,549
Bank loan I (secured) (Note 29F)	3,645	4,865
Bank loan J (secured) (Note 29F)	3,283	4,378
Bank loan P (secured) (Note 29H)	10,289	10,849
Bank loan Q (unsecured) (Note 29G)	–	226
Bank loan R (secured) (Note 29I)	22,505	23,639
Bank loan S (secured) (Note 29J)	–	588
Bank loan T (secured) (Note 29K)	4,846	5,376
Bank loan U (secured) (Note 29L)	53,100	56,100
Bank loan Y (unsecured) (Note 29N)	3,798	6,086
Non-current, total	<u>137,622</u>	<u>152,055</u>
<u>Current:</u>		
Bank loan A (secured) (Note 29A)	7,500	8,000
Bank loan B (secured) (Note 29A)	8,000	8,000
Bank loan D (unsecured) (Note 29B)	3,500	10,200
Bank loan E (unsecured) (Note 29B)	1,500	3,500
Bank loan F (secured) (Note 29C)	1,067	1,066
Bank loan G (secured) (Note 29D)	3,750	3,750
Bank loan H (secured) (Note 29E)	2,656	2,345
Bank loan I (secured) (Note 29F)	1,218	1,216
Bank loan J (secured) (Note 29F)	1,095	1,095
Bank loan L (secured) (Note 29A)	–	2,000
Bank loan M (unsecured) (Note 29G)	–	388
Bank loan N (unsecured) (Note 29G)	–	430
Bank loan O (unsecured) (Note 29G)	–	118
Bank loan P (secured) (Note 29H)	524	472

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

	Group	
	2025	2024
	\$'000	\$'000
<u>Current (cont'd):</u>		
Bank loan Q (unsecured) (Note 29G)	226	382
Bank loan R (secured) (Note 29I)	1,135	1,135
Bank loan S (secured) (Note 29J)	585	562
Bank loan T (secured) (Note 29K)	496	439
Bank loan U (secured) (Note 29L)	3,000	3,000
Bank loan V (unsecured) (Note 29M)	9,500	12,000
Bank loan W (unsecured) (Note 29G)	–	480
Bank loan X (unsecured) (Note 29B)	1,583	1,522
Bank loan Y (unsecured) (Note 29N)	2,532	2,435
Bank loan AA (unsecured) (Note 29O)	–	485
Bank loan AB (unsecured) (Note 29B)	2,500	3,000
Bank loan AC (unsecured) (Note 29B)	3,165	1,522
Bank loan AD (unsecured) (Note 29B)	1,583	1,522
Bank loan AE (unsecured) (Note 29M)	1,835	932
Bank loan AF (unsecured) (Note 29M)	5,000	2,000
Trust receipts and bills payable (Note 29P)	55,236	49,855
Current, total	119,186	123,851
Total loans and borrowings	256,808	275,906
<u>The non-current portion is repayable as follows:</u>		
Due within two to five years	91,092	98,983
After five years	46,530	53,072
Total non-current portion	137,622	152,055

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

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

	Group	
	2025	2024
	%	%
Bank loan A (secured)	2.35 to 4.10	4.20 to 5.09
Bank loan B (secured)	2.35 to 4.44	4.44 to 5.09
Bank loan D (unsecured)	2.60 to 4.46	4.37 to 5.35
Bank loan E (unsecured)	2.32 to 4.70	4.55 to 5.45
Bank loan F (secured)	1.58 to 3.05	1.58
Bank loan G (secured)	2.45 to 4.10	4.20 to 5.05
Bank loan H (secured)	2.25 to 4.24	–
Bank loan I (secured)	1.58 to 3.05	1.58
Bank loan J (secured)	1.58 to 3.05	1.58
Bank loan L (secured)	3.98 to 4.68	1.55 to 4.67
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 P (secured)	3.05 to 4.48	4.48 to 4.71
Bank loan Q (unsecured)	2.00	2.00
Bank loan R (secured)	3.40	1.50 to 3.40
Bank loan S (secured)	2.75 to 4.30	–
Bank loan T (secured)	1.50 to 3.40	1.50
Bank loan U (secured)	3.55	3.55 to 4.70
Bank loan V (unsecured)	2.32 to 4.00	4.10 to 4.95
Bank loan W (unsecured)	2.00	2.00
Bank loan X (unsecured)	4.70 to 4.98	4.98 to 5.07
Bank loan Y (unsecured)	5.04 to 5.29	5.25 to 5.31
Bank loan AA (unsecured)	3.90	3.75 to 3.90
Bank loan AB (unsecured)	2.00 to 4.78	4.78 to 4.87
Bank loan AC (unsecured)	4.61 to 4.95	4.92 to 4.93
Bank loan AD (unsecured)	4.61 to 4.96	4.92 to 4.94
Bank loan AE (unsecured)	3.55 to 3.65	3.90
Bank loan AF (unsecured)	2.33 to 4.77	4.77
Trust receipts and bills payable	2.25 to 5.38	3.98 to 5.45

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

29A. Bank loans A, B 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 15) and leasehold land (Note 16).
- (iii) Corporate guarantee from the company.
- (iv) Need to comply with certain financial covenants.

29B. Bank loans D, E, X, AB, AC and AD (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.

29C. Bank loan F (secured)

The agreements relate to two bank loans. They 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 15) and leasehold land (Note 16).
- (iii) Corporate guarantees from the company and a subsidiary.
- (iv) Need to comply with certain financial covenants.

29D. 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 15) and leasehold land (Note 16).
- (iii) Corporate guarantees from the company and a subsidiary.
- (iv) Need to comply with certain financial covenants.

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

29E. 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 15) and leasehold land (Note 16).
- (iii) Legal assignment of insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements 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.

29F. 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 15) and leasehold land (Note 16).
- (iii) Corporate guarantees from the company and a subsidiary.
- (iv) Need to comply with certain financial covenants.

29G. 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.

29H. 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 15).
- (iv) Corporate guarantee from the company.
- (v) Need to comply with certain financial covenants.

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

29I. 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 land (Note 16).
- (iv) Corporate guarantee from a subsidiary.
- (v) Need to comply with certain financial covenants.

29J. 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 15).
- (iv) Corporate guarantee from the company.
- (v) Need to comply with certain financial covenants.

29K. 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 15).
- (iii) Corporate guarantee from a subsidiary.
- (iv) Need to comply with certain financial covenants.

29L. 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 2025.
- (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 15), leasehold land (Note 16) and investment property (Note 17).
- (iv) Corporate guarantee from the company and a subsidiary.
- (v) Need to comply with certain financial covenants.

Notes to the Financial Statements

Year ended 31 December 2025

29. Loans and borrowings (cont'd)

29M. Bank loan V, AE and AF (unsecured)

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

- (i) Repayable by one lump sum within 12 months from draw down date.
- (ii) Corporate guarantee from the company.

29N. 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 2025.
- (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.

29O. Bank loan AA (unsecured)

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

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

29P. Trust receipts and bills payable

These are repayable within 150 to 180 days (2024: 150 to 180 days) and are guaranteed by the company.

30. Lease liabilities

	Group	
	2025	2024
	\$'000	\$'000
Lease liabilities, non-current	16,596	18,095
Lease liabilities, current	3,729	4,102
Total lease liabilities	<u>20,325</u>	<u>22,197</u>

Notes to the Financial Statements

Year ended 31 December 2025

30. Lease liabilities (cont'd)

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

	Group	
	2025 \$'000	2024 \$'000
At beginning of reporting year	22,197	18,442
Additions	2,161	8,985
Acquisition from subsidiaries (Note 37)	61	–
Modification	(16)	(1,767)
Accretion of interest	786	839
Lease payments – principal portion paid	(5,126)	(5,039)
Interest paid	(23)	(22)
Foreign exchange adjustments	285	759
At end of reporting year	<u>20,325</u>	<u>22,197</u>

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	
	2025 \$'000	2024 \$'000
Carrying amounts of motor vehicles and office equipment under lease liabilities	<u>717</u>	<u>789</u>

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.

A summary of the maturity analysis of lease liabilities is disclosed in Note 38E. Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 16.

During the reporting year, expense of the group relating to short-term leases included in other expenses was \$1,140,000 (2024: \$592,000) (Note 11).

Notes to the Financial Statements

Year ended 31 December 2025

31. Provision

	Group	
	2025 \$'000	2024 \$'000
Provision for rebates	<u>1,032</u>	<u>1,070</u>
Movements in above provision:		
At beginning of the year	1,070	980
Additions	1,032	1,070
Used	(1,070)	(980)
At end of the year	<u>1,032</u>	<u>1,070</u>

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (2024: 60 days).

32. Trade and other payables

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	48,748	42,927	2,136	2,209
Other related parties	3,666	5,145	–	–
Trade payables – subtotal	<u>52,414</u>	<u>48,072</u>	<u>2,136</u>	<u>2,209</u>
<u>Other payables:</u>				
Outside parties ^{#a}	6,047	6,670	–	–
Subsidiary (Note 3D)	–	–	9,400	9,400
Other related party (Note 3D)	38	164	–	–
Deposits received	1,157	2,357	–	–
Other payables – subtotal	<u>7,242</u>	<u>9,191</u>	<u>9,400</u>	<u>9,400</u>
Total trade and other payables	<u>59,656</u>	<u>57,263</u>	<u>11,536</u>	<u>11,609</u>

^{#a} Included in other payables is a loan from CNA Pte. Ltd., a shareholder of a subsidiary, International Ceramic Manufacturing Hub Pte. Ltd., amounting to \$3,569,000 (2024: \$3,687,000), which is unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

Year ended 31 December 2025

33. Derivative financial liabilities

	Group	
	2025 \$'000	2024 \$'000
Forward foreign exchange contracts	(2)	(48)
The movements during the year were as follows:		
At beginning of the year	(48)	(1)
Increase (decrease) in fair value through profit or loss under other gains and (losses) (Note 7)	46	(47)
At end of the year	(2)	(48)

33A. Forward foreign exchange contracts

The gross amounts of all notional values for contracts that have not yet been settled or cancelled at the end of the reporting year were as follows:

	Reference currency						Total Fair value \$'000
	United States Dollar		Euro		Chinese Renminbi		
	Principal US\$'000	Fair value \$'000	Principal €'000	Fair value \$'000	Principal ¥'000	Fair value \$'000	
Group:							
<u>2025:</u>							
Maturity							
Within 2 months	52	-	127	(1)	1,986	(1)	(2)
	52	-	127	(1)	1,986	(1)	(2)
<u>2024:</u>							
Maturity							
Within 2 months	188	-	1,887	(31)	3,347	(2)	(33)
Within 3 to 4 months	-	-	1,385	(15)	-	-	(15)
	188	-	3,272	(46)	3,347	(2)	(48)

The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

The purpose of these contracts is to mitigate the fluctuations of expected purchases (forecast transactions) denominated in the foreign currencies indicated above. The forward foreign exchange contracts are put in place in order to hedge the anticipated purchases that will be made in the foreign currencies indicated over the next reporting year.

The fair value (Level 2) of forward foreign exchange contracts is based on current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

Notes to the Financial Statements

Year ended 31 December 2025

34. Other non-financial liabilities

	Group	
	2025 \$'000	2024 \$'000
Contract liabilities – advance payments from customers	9,686	9,621
Lease incentives	90	91
Deferred income	70	82
Total other non-financial liabilities	<u>9,846</u>	<u>9,794</u>

The contract liabilities primarily relate to the advance consideration received from customers for which transfer of control occurs, and therefore revenue is recognised. The entity recognises revenue for each respective performance obligation when control of the goods or service transfers to the customer.

35. Capital commitments

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

	Group	
	2025 \$'000	2024 \$'000
Commitment to purchase plant and equipment	68	512
Contractual obligations for construction works for investment property and property, plant and equipment	1,877	1,349
Total	<u>1,945</u>	<u>1,861</u>

Notes to the Financial Statements

Year ended 31 December 2025

36. Operating lease income commitments – as lessor

A maturity analysis of the undiscounted lease amounts to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years is as follows:

	Group	
	2025 \$'000	2024 \$'000
Not later than one year	4,540	4,500
Between one and two years	1,817	3,290
Between two and three years	917	730
Between three and four years	–	330
Total	<u>7,274</u>	<u>8,850</u>
Rental income for the year (Note 7)	<u>6,599</u>	<u>5,575</u>

Operating lease income commitments are for certain leasehold and freehold properties. The lease rental income terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of rent increase is not to exceed a certain percentage.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As the lessor, the group manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term.

Notes to the Financial Statements

Year ended 31 December 2025

37. Acquisition of subsidiaries

MML (Shanghai) Trading Co., Ltd. ("MML Shanghai")

On 3 January 2025, the group acquired 100% of the existing shares of MML Shanghai. Accordingly, the group obtains control over MML Shanghai.

As at 31 December 2025, the group has finalised the purchase price allocation exercise and the fair values of the identifiable assets, liabilities, non-controlling interest, and the resultant negative goodwill on the date of acquisition.

Group:	Pre-acquisition book value under SFRS(I) \$'000	Fair value \$'000
	\$'000	\$'000
Plant and equipment	6	6
Right-of-use asset	59	59
Customer relationships	–	433
Inventories	1,055	933
Trade and other receivables	591	591
Other non-financial assets	862	862
Cash and cash equivalents	2,678	2,678
Lease liabilities	(61)	(61)
Trade and other payables	(2,085)	(2,085)
Other non-financial liabilities	(303)	(303)
Deferred tax liabilities	–	(77)
Net identified assets	2,802	3,036
Less: Negative goodwill arising from bargain purchase (Note 7)	–	(234)
Purchase consideration	2,802	2,802
Reconciliation of purchase consideration:		
Cash consideration paid		2,802
Purchase consideration		2,802
Net cash outflow on acquisition is as follows:		
Cash and cash equivalents in subsidiary acquired		2,678
Less: Cash consideration paid		(2,802)
Net cash outflow on acquisition		(124)
Negative goodwill arising from the acquisition of MML Shanghai was recognised as follows:		
		Group
		\$'000
Cash consideration paid		2,802
Less: Fair value of identifiable net assets		(3,036)
Negative goodwill		(234)

The negative goodwill arising from the acquisition of MML Shanghai was recognised in "other income" in the group's consolidated profit or loss. The negative goodwill was attributed to the competitive negotiation with the seller.

Notes to the Financial Statements

Year ended 31 December 2025

37. Acquisition of subsidiaries (cont'd)

Guangdong ITA Element Building Materials Co., Limited ("ITA Element")

On 26 October 2023, the group acquired additional 15% of the existing shares ITA Element. Accordingly, the group's equity held increased from 50% to 65%.

During the reporting year ended 31 December 2024, the group has finalised the purchase price allocation exercise and the fair values of the identifiable assets, liabilities, non-controlling interest, and the resultant negative goodwill on the date of acquisition. The group has elected not to restate retrospectively, and the comparative figures remain from the previously reported amounts as the difference is not considered material to the group.

Group:	Pre-acquisition book value under SFRS(I)	Fair value
	\$'000	\$'000
Plant and equipment	660	45
Other financial assets	36	36
Right-of-use asset	828	1,079
Customer relationships	–	838
Trademark	–	244
Inventories	4,075	4,484
Trade and other receivables	1,476	1,627
Other non-financial assets	1,453	2,120
Cash and cash equivalents	357	357
Lease liabilities	(841)	(1,096)
Income tax payable	(392)	(392)
Trade and other payables	(690)	(591)
Loans and borrowings	(1,821)	(1,821)
Other non-financial liabilities	(1,645)	(1,585)
Deferred tax liabilities	–	(321)
Net identified assets	3,496	5,024
Less: Non-controlling interest	(911)	(1,464)
Less: Negative goodwill arising from bargain purchase (Note 7)	–	(529)
Purchase consideration	2,585	3,031
Carrying value of the investment in the joint venture	1,744	1,744
Cash consideration paid	841	841
Fair value gain on remeasurement of the previously held interests in the investee (Note 7)	–	446
Purchase consideration, being fair value of the previously held 50% interests in the investee	2,585	3,031
Net cash outflow on acquisition is as follows:		
Cash and cash equivalents in subsidiary acquired	357	357
Less: Cash consideration paid	(841)	(841)
Net cash outflow on acquisition	(484)	(484)

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information

38A. Categories of financial assets and financial liabilities

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

	Group		Company	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Financial assets:				
Financial assets at amortised cost	81,376	87,897	37,690	36,480
Financial assets at fair value through profit or loss	224	280	187	244
	81,600	88,177	37,877	36,724
Financial liabilities:				
Financial liabilities at amortised cost	336,789	355,366	11,536	11,609
Derivatives financial instruments at fair value	2	48	-	-
	336,791	355,414	11,536	11,609

Further quantitative disclosures are included throughout these financial statements.

38B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risk for all kinds of transactions.
- (ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
- (iii) All financial risk management activities are carried out and monitored by senior management staff.
- (iv) All financial risk management activities are carried out following market practices.
- (v) When appropriate, consideration is given to investing in shares or similar instruments.
- (vi) When appropriate, consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38B. Financial risk management (cont'd)

The chief financial officer who monitors the procedures and reports to the Audit Committee of the board.

There have been no changes to the exposures to risks, the objectives, policies and processes for managing the risks and the methods used to measure the risks.

38C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

38D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure ECL allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 months ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the group applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively.

For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 26 discloses the cash and cash equivalents balances. There was no identified impairment loss.

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

Group:	Less than 1 year \$'000	1 to 3 years \$'000	3 to 5 years \$'000	More than 5 years \$'000	Total \$'000
2025:					
Gross loans and borrowings	123,685	80,026	14,082	47,832	265,625
Lease liabilities	4,409	4,481	3,187	15,195	27,272
Trade and other payables	59,656	–	–	–	59,656
	187,750	84,507	17,269	63,027	352,553
2024:					
Gross loans and borrowings	134,619	92,211	22,062	64,228	313,120
Lease liabilities	4,840	5,497	3,026	16,307	29,670
Trade and other payables	57,263	–	–	–	57,263
	196,722	97,708	25,088	80,535	400,053
Company:					
				Less than 1 year \$'000	Total \$'000
2025:					
Trade and other payables				11,536	11,536
2024:					
Trade and other payables				11,609	11,609

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

Group:	Less than 1 year	
	2025	2024
	\$'000	\$'000
Forward foreign exchange contract	626	5,560

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included based on the earliest date on which it can be required to pay.

Financial guarantee contracts - For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees:

Company:	Less than 1 year \$'000	1 to 3 years \$'000	3 to 5 years \$'000	More than 5 years \$'000	Total \$'000
<u>2025:</u>					
Financial guarantee contracts in favour of subsidiaries	115,720	70,280	11,428	28,563	225,991
<u>2024:</u>					
Financial guarantee contracts in favour of subsidiaries	120,860	74,549	14,519	33,972	243,900

The average credit period taken to settle trade payables is about 60 days (2024: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The interest from financial assets is not material.

The following table analyses the breakdown of the significant financial instruments by type of interest rate at the end of the reporting year:

	Group	
	2025 \$'000	2024 \$'000
<u>Financial liabilities with interest:</u>		
Fixed rates	65,235	73,829
Floating rates	211,898	224,274
	<u>277,133</u>	<u>298,103</u>

The floating rate debt instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2025 \$'000	2024 \$'000
<u>Financial liabilities:</u>		
A hypothetical variation in floating interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by	<u>2,119</u>	<u>2,243</u>

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments:

Analysis of amounts of financial assets and financial liabilities denominated in non-functional currencies at end of the reporting year is as follows:

Group	United States Dollar \$'000	Euro \$'000	Ringgit Malaysia \$'000	Chinese Renminbi \$'000	Total \$'000
<u>2025:</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	1,509	67	–	–	1,576
Trade and other receivables	4,536	–	4	–	4,540
Total financial assets	6,045	67	4	–	6,116
<u>Financial liabilities:</u>					
Trade and other payables	(8,250)	(1,003)	(1,126)	(406)	(10,785)
Total financial liabilities	(8,250)	(1,003)	(1,126)	(406)	(10,785)
Net financial assets / (liabilities)	(2,205)	(936)	(1,122)	(406)	(4,669)
<u>2024:</u>					
<u>Financial assets:</u>					
Cash and cash equivalents	83	1	–	–	84
Trade and other receivables	2,085	16	11	–	2,112
Total financial assets	2,168	17	11	–	2,196
<u>Financial liabilities:</u>					
Loans and borrowings	–	(4,382)	–	–	(4,382)
Trade and other payables	(170)	(1,224)	(252)	(1,109)	(2,755)
Total financial liabilities	(170)	(5,606)	(252)	(1,109)	(7,137)
Net financial assets / (liabilities)	1,998	(5,589)	(241)	(1,109)	(4,941)

There is exposure to foreign currency risk as part of the group's normal business. In particular, there is significantly exposure to United States Dollar, Euro, Ringgit Malaysia and Chinese Renminbi currency risk due to the large value of purchases denominated in these currencies and the group sells its goods in Singapore Dollar. In this respect, forward foreign exchange contracts are entered into for the purpose of hedging the purchases in United States Dollar, Euro, Ringgit Malaysia and Chinese Renminbi. Note 33A disclosed the forward foreign exchange contracts in place at the end of the reporting year.

Notes to the Financial Statements

Year ended 31 December 2025

38. Financial instruments: information on financial risks and other explanatory information (cont'd)

38G. Foreign currency risk (cont'd)

Sensitivity analysis:

	Group	
	2025	2024
	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the following currencies with all other variables held constant would have an (adverse) favourable effect on pre-tax profit of:		
United States Dollar	221	(200)
Euro	94	559
Ringgit Malaysia	112	24
Chinese Renminbi	41	111

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the group has significant exposure at the end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

38H. Equity price risk

There are investments in equity financial instruments. Such equity investments are exposed to both currency risk and price risk arising from uncertainties about future values of the financial instruments.

Sensitivity analysis: The effect on pre-tax profit is not material.

Notes to the Financial Statements

Year ended 31 December 2025

39. Changes and adoption of financial reporting standards

For the current reporting year, the Singapore Accounting Standards Committee issued certain new or revised financial reporting standards. None had material impact on the reporting entity.

SFRS (I) No.	Title
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability

40. New or amended standards in issue but not yet effective

The Singapore Accounting Standards Committee issued certain new or revised financial reporting standards for the future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 18	Presentation and disclosures in financial statements	1 January 2027

SFRS(I) 18 Presentation and Disclosure in Financial Statements. It replaces SFRS(I) 1-1. The new version includes (a) revised presentation of specified categories and defined subtotals in the statement of profit or loss; (b) new disclosures on management-defined performance measures in the notes to the financial statements; and (c) improved disclosures of aggregation and disaggregation of balances. It also requires the disclosure, for the comparative period immediately preceding the period in which this Standard is first applied, a reconciliation for each line item in the statement of profit or loss between (a) the restated amounts and (b) the amounts previously presented applying the replaced version.

Statistics of Shareholdings

As at 13 March 2026

Number of shares	:	430,550,000
Class of equity securities	:	Ordinary
Voting rights	:	One vote per ordinary share
Treasury shares and subsidiary holdings held	:	NIL

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.53	160	0.00*
100 - 1,000	39	6.85	20,000	0.00*
1,001 - 10,000	152	26.71	1,045,910	0.24
10,001 - 1,000,000	362	63.62	26,932,649	6.26
1,000,001 AND ABOVE	13	2.29	402,551,281	93.50
TOTAL	569	100.00	430,550,000	100.00

* Less than 0.01%

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST	%	DEEMED INTEREST	%
HAP SENG INVESTMENT HOLDINGS PTE LTD	218,790,000	50.82	–	–
HAP SENG CONSOLIDATED BERHAD ¹	–	–	218,790,000	50.82
GEK POH (HOLDINGS) SDN BHD ¹	–	–	218,790,000	50.82
MAGIC PRINCIPLE ASSETS LIMITED ²	–	–	218,790,000	50.82
HSBC INTERNATIONAL TRUSTEE LIMITED ²	–	–	218,790,000	50.82
TAN SRI DATUK SERI PANGLIMA LAU CHO KUN @ LAU YU CHAK ³	–	–	218,790,000	50.82
LOW KOK ANN ⁴	36,847,403	8.56	–	–
LOW SEE CHING ^{4,5}	109,547,280	25.44	–	–
LOW BEE LAN AUDREY ⁴	22,133,857	5.14	–	–

Notes:

- (1) Gek Poh (Holdings) Sdn Bhd (“GPH”) holds a 62.64% comprising direct and indirect interest of 54.63% and 8.01% respectively in Hap Seng Consolidated Berhad (“HSCB”), which wholly-owns Hap Seng Investment Holdings Pte Ltd (“HSIHPL”). GPH and HSCB are each deemed to be interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Companies Act 1967 of Singapore (the “Act”).
- (2) Magic Principle Assets Limited (“MPAL”) holds a 44% interest in GPH, and is wholly-owned by HSBC International Trustee Limited (“HSBC”). MPAL and HSBC are deemed interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Act.
- (3) Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak holds a 56% interest in GPH, and is deemed to be interested in the 218,790,000 shares which HSIHPL is interested in, pursuant to Section 7 of the Act.
- (4) Low Kok Ann is the father of Low See Ching and Low Bee Lan Audrey.
- (5) 33,630,000 ordinary shares are held in the name of Hong Leong Finance Nominees Pte Ltd; 21,000,000 ordinary shares are held in the name of Maybank Securities Pte. Ltd.; and 40,000,000 ordinary shares are held in the name of CGS International Securities Singapore Pte. Ltd.

Statistics of Shareholdings

As at 13 March 2026

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HAP SENG INVESTMENT HOLDINGS PTE LTD	218,790,000	50.82
2	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	40,820,941	9.48
3	LOW KOK ANN	36,847,403	8.56
4	HONG LEONG FINANCE NOMINEES PTE LTD	34,443,500	8.00
5	LOW BEE LAN AUDREY	22,133,857	5.14
6	MAYBANK SECURITIES PTE. LTD.	21,007,600	4.88
7	LOW SEE CHING (LIU SHIJIN)	14,917,280	3.46
8	PHILLIP SECURITIES PTE LTD	3,429,020	0.80
9	CITIBANK NOMINEES SINGAPORE PTE LTD	2,376,100	0.55
10	PHOON WAIE KUAN	2,295,480	0.53
11	OCBC SECURITIES PRIVATE LIMITED	2,058,200	0.48
12	DBS NOMINEES (PRIVATE) LIMITED	1,808,900	0.42
13	TAN TECK YONG	1,623,000	0.38
14	GOH KEE CHOO (WU QIZHU)	995,700	0.23
15	LOW EE HWEE	630,000	0.15
16	ABN AMRO CLEARING BANK N.V.	611,300	0.14
17	AH HOT GERARD ANDRE	579,700	0.13
18	EVANGELIN YEW LEET LING (EVANGELIN YAO LILING)	551,400	0.13
19	RAFFLES NOMINEES (PTE.) LIMITED	531,540	0.12
20	TAY ENG KIAT JACKSON (ZHENG YINGJIE)	514,200	0.12
	TOTAL:	406,965,121	94.52

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

10.04% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of Listing Manual of The Singapore Exchange Securities Trading Limited.

Additional Information on Directors Seeking Re-election

The following additional information on Datuk Edward Lee Ming Foo, JP, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	: Datuk Edward Lee Ming Foo, JP Non-Independent Non-Executive Director
Date of first appointment	: 6 March 2015
Age	: 70
Country of principal residence	: Malaysia
Date of last re-appointment	: 25 April 2024
The Board's comments on the re-appointment	: The Board has considered the Nomination Committee's recommendation and assessments of Datuk Edward Lee's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	: Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	: Non-Independent Non-Executive Director
Professional qualifications	: Bachelor of Arts from McMaster University in Canada
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	: Yes. A director of Hap Seng Consolidated Berhad ("HSCB") and Hap Seng Investment Holdings Pte Ltd ("HSIHPL"). HSIHPL is the wholly-owned subsidiaries of HSCB and holds 50.82% shareholding in Hafary Holdings Limited.
Conflict of interest (including any competing business)	: Yes. Common director of Malaysian Mosaic Sdn. Bhd.
Working experience and occupation(s) during the past 10 years	: Datuk Edward Lee is presently the Managing Director of Hap Seng Consolidated Berhad ("HSCB") and Hap Seng Plantations Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. In addition, he is the Managing Director of Gek Poh (Holdings) Sdn Bhd, the holding company of HSCB. HSCB is also the 50.82% major shareholder of the Company.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1) has been submitted to Hafary	: Yes

Additional Information on Directors Seeking Re-election

Name	: Datuk Edward Lee Ming Foo, JP Non-Independent Non-Executive Director
Shareholding interest in the listed issuer and its subsidiaries	: Nil
Shareholding details	: Nil
Other principal commitments including directorships	
Past (for the last 5 years)	: <u>Non-listed companies:</u> <ul style="list-style-type: none"> ● MML Ceramic (Thailand) Co., Ltd ● Sunrise Strategy Sdn Bhd ● Hap Seng Land Development (JTR) Sdn Bhd ● Hap Seng Land Development (Bangsar) Sdn Bhd ● LSHC Sydney Holding Limited ● HSC Melbourne Holding Pte Ltd ● MML Marketing Pte. Ltd. ● HSC Birmingham Holding Limited ● MML (Shanghai) Trading Co., Ltd. ● HSC Manchester Holding Pte Ltd ● Hap Seng Land Development (JTR2) Sdn Bhd ● Hap Seng Building Materials Marketing Pte Ltd ● Hap Seng Land Development (PJ) Sdn Bhd ● MML Marketing Sdn Bhd ● Positive Tropical Sdn Bhd ● Hap Seng Seri Alam Sdn Bhd
Present	: <u>Listed companies:</u> <ul style="list-style-type: none"> ● Hap Seng Consolidated Berhad (Managing Director) Including its subsidiaries and associates, namely <ul style="list-style-type: none"> ● Caliber Suncity Sdn Bhd ● Desa Alam Mewah Sdn Bhd ● Eden Sunrise Sdn Bhd ● Euro-Asia Brand Holding Company Sdn Bhd ● Future Golden Development Sdn Bhd ● GLM Emerald (Sepang) Sdn Bhd ● Hap Seng Auto Sdn Bhd ● Hap Seng Automotive Acceptance Sdn Bhd ● Hap Seng Body & Paint Sdn Bhd ● Hap Seng Building Materials Holdings Sdn Bhd ● Hap Seng Building Materials Sdn Bhd ● Hap Seng Carfleet Sdn Bhd ● Hap Seng Clay Products Sdn Bhd ● Hap Seng Commercial Development Sdn Bhd ● Hap Seng Construction Sdn Bhd ● Hap Seng Credit Sdn Bhd ● Hap Seng Equity Sdn Bhd

Additional Information on Directors Seeking Re-election

Name	: Datuk Edward Lee Ming Foo, JP Non-Independent Non-Executive Director
	: <ul style="list-style-type: none"> • Hap Seng Consolidated Berhad (Managing Director) Including its subsidiaries and associates, namely (Continued) <ul style="list-style-type: none"> • Hap Seng Fertilizers Sdn Bhd • Hap Seng Hospitality Sdn Bhd • Hap Seng Investment Holdings Pte Ltd • Hap Seng Land Sdn Bhd • Hap Seng Land Development (Balakong) Sdn Bhd • Hap Seng Land Development (Kluang) Sdn Bhd • Hap Seng Land Development (Puchong) Sdn Bhd • Hap Seng Land Development (Jesselton Hill) Sdn Bhd • Hap Seng Land Development Sdn Bhd • Hap Seng Land Development And JCA Sdn Bhd • Hap Seng Land Development (KK) Sdn Bhd • Hap Seng Land Services Sdn Bhd • Hap Seng Leisure Sdn Bhd • Hap Seng Management Sdn Bhd • Hap Seng Management Services Sdn Bhd • Hap Seng Property Investment Sdn Bhd • Hap Seng Properties Development Sdn Bhd • Hap Seng Properties Services (Sabah) Sdn Bhd • Hap Seng Realty Sdn Bhd • Hap Seng Realty (Auto) Sdn Bhd • Hap Seng Realty (Autohaus) Sdn Bhd • Hap Seng Realty (KK I) Sdn Bhd • Hap Seng Realty (KL City) Sdn Bhd • Hap Seng Prestige Sdn Bhd (fka Hap Seng Smart Sdn Bhd) • Hap Seng Star Sdn Bhd • Hap Seng Trading Holdings Sdn Bhd • Hap Seng Trading (BM) Sdn Bhd • Hap Seng Trading (M) Sdn Bhd • Hap Seng Trucks Distribution Sdn Bhd • Hap Seng Trucks Sdn Bhd • HSC Brisbane Holding Pte Ltd • HSC Bristol Holding Pte Ltd • HSC International Limited • HSC Leeds Holding Pte Ltd • HSC London Holding Pte Ltd • HSC Nottingham Holding Pte Ltd • Inverfin Sdn Bhd • KL Midtown Sdn Bhd

Additional Information on Directors Seeking Re-election

Name

: **Datuk Edward Lee Ming Foo, JP**
Non-Independent Non-Executive Director

- Hap Seng Consolidated Berhad (Managing Director)
Including its subsidiaries and associates, namely (Continued)
 - Lakaran Warisan Sdn Bhd
 - Macro Arch (M) Sdn Bhd
 - Malaysia Mosaic Sdn Bhd
 - Menara Hap Seng Sdn Bhd
 - My Universal Properties Sdn Bhd
 - Palms Edge (M) Sdn Bhd
 - Pacific Emerald Properties Sdn Bhd
 - Positive Harmony Sdn Bhd
 - Postive Sunland Sdn Bhd
 - Prosperity Projections Sdn Bhd
 - Prosperity Sunland Sdn Bhd
 - Sasco Company Ltd.
 - Sasco (Shanghai) Co., Ltd (fka Sasco (China) Co., Ltd)
 - Sierra Positive Sdn Bhd
 - Sierra Ventures Sdn Bhd
 - SKI Segar Sdn Bhd
 - Sunhill Ventures Sdn Bhd
 - Sunpoint Resources Sdn Bhd
 - Sunrise Addition Sdn Bhd
 - Sunrise Spring Sdn Bhd
 - Sunrise Gardencity Sdn Bhd
 - Suria Kapital Development Sdn Bhd
 - Sunrise Westland Sdn Bhd
 - Trio Empireland Sdn Bhd
 - Trio Sunrise Sdn Bhd
- Hap Seng Plantations Holdings Berhad (Managing Director)
Including its subsidiaries, namely
 - Jeroco Plantations Sdn Bhd
 - Hap Seng Plantations (River Estates) Sdn Bhd
 - Hap Seng Plantations (Wecan) Sdn Bhd
 - Hap Seng Plantations (Tampilit) Sdn Bhd
 - Hap Seng Plantations (Ladang Kawa) Sdn Bhd
 - Hap Seng Plantations (Kota Marudu) Sdn Bhd
 - Pelipikan Plantation Sdn Bhd
 - Hap Seng Edible Oils Sdn Bhd
- Hafary Holdings Limited (Non-independent Non-Executive Director)

Additional Information on Directors Seeking Re-election

Name : **Datuk Edward Lee Ming Foo, JP**
Non-Independent Non-Executive Director

Non-listed companies:

- Wintercorn Malaysia Sdn Bhd
- Richmore Development Sdn Bhd
- Community CSR Sdn Bhd
- Gek Poh (Holdings) Sdn Bhd
- Jana Pendidikan Malaysian Sdn Bhd (Alternate Director)
- The Community Chest

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? : No

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? : Yes

1. Director of Hap Seng Land Development (JTR) Sdn Bhd (dissolution)
Dissolution completed on 4 March 2026
2. HSB Manchester Holding Pte Ltd
Struck off on 5 June 2025
3. HSC Birmingham Holding Limited
Struck off on 31 May 2024
4. MML Marketing Pte Ltd
Struck off on 6 May 2024
5. HSC Melbourne Holding Pte Ltd
Struck off on 5 February 2024
6. HSC Manchester Holding Limited
Deregistered on 26 December 2021
7. Director of MML Ceramic (Thailand) Co., Ltd (dissolution)
Dissolution completed on 21 July 2021

(c) Whether there is any unsatisfied judgment against him? : No

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? : No

Additional Information on Directors Seeking Re-election

Name : **Datuk Edward Lee Ming Foo, JP**
Non-Independent Non-Executive Director

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? : No

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? : No

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? : No

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? : No

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? : No

Additional Information on Directors Seeking Re-election

Name : **Datuk Edward Lee Ming Foo, JP**
Non-Independent Non-Executive Director

- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or : No
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or : No
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or : No
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? : No
-
- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? : No
-

Additional Information on Directors Seeking Re-election

Name : **Datuk Edward Lee Ming Foo, JP**
Non-Independent Non-Executive Director

Disclosure applicable to the appointment of Director only

Any prior experience as a director of an issuer listed on the Exchange? : Not Applicable

If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Additional Information on Directors Seeking Re-election

The following additional information on Mr Foo Yong How, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	: Foo Yong How Independent Non-Executive Chairman
Date of first appointment	: 9 July 2020
Age	: 47
Country of principal residence	: Singapore
Date of last re-appointment	: 25 April 2024
The Board's comments on the re-appointment	: The Board has considered the Nomination Committee's recommendation and assessments of Mr Foo's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board.
Whether appointment is executive, and if so, the area of responsibility	: Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	: Independent Non-Executive Chairman and Lead Independent Director, Chairman of the Remuneration Committee and member of Audit Committee and Nominating Committee.
Professional qualifications	: <ul style="list-style-type: none"> ● Bachelor of Engineering ● CFA Charterholder
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	: No
Conflict of interest (including any competing business)	: No

Additional Information on Directors Seeking Re-election

Name	: Foo Yong How Independent Non-Executive Chairman
Working experience and occupation(s) during the past 10 years	<p>Mr Foo has more than 15 years of experience in investment banking, business development and wealth management. He was formerly the Chief Corporate Officer at Sapphire Corporation Limited (listed on SGX Mainboard), assisting the CEO of Sapphire in key functions which includes formulation of strategic planning in mergers and acquisition, new business opportunities, corporate finance related activities, as well as compliance, regulatory and legal affairs. He can contribute to the Group with his expertise in all these various key functions.</p> <p><u>June 2018 - March 2026</u> Sapphire Corporation Limited Chief Corporate Officer</p> <p><u>June 2017 - 2023</u> Wise Torch Investments (SG) Pte Ltd Senior Director</p> <p><u>Jan 2017 - June 2017</u> International Healthway Corporation Limited General Manager</p> <p><u>Nov 2016 - Jan 2017</u> Wise Torch Investments (SG) Pte Ltd Senior Director</p> <p><u>Jul 2016 - Nov 2016</u> Munsun Asset Management (Asia) Ltd Director</p> <p><u>May 2008 - Jul 2016</u> UOB-Kay Hian Vice President (Equity Sales)</p>
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1)) has been submitted to Hafary	: Yes
Shareholding interest in the listed issuer and its subsidiaries	: No
Shareholding details	: -

Additional Information on Directors Seeking Re-election

Name	: Foo Yong How Independent Non-Executive Chairman
Other principal commitments including directorships	
Past (for the last 5 years)	: None
Present	: <u>Listed company:</u> <ul style="list-style-type: none"> ● Hafary Holdings Limited (Independent Non-Executive Chairman) <u>Non-listed companies:</u> <ul style="list-style-type: none"> ● CL Global Holdings Pte. Ltd. ● FCH Holdings (Singapore) Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	: No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	: No
(c) Whether there is any unsatisfied judgment against him?	: No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	: No

Additional Information on Directors Seeking Re-election

Name : **Foo Yong How**
Independent Non-Executive Chairman

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? : No

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? : No

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? : No

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? : No

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? : No

Additional Information on Directors Seeking Re-election

Name : **Foo Yong How**
Independent Non-Executive Chairman

- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or : No
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or : No
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or : No
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? : No
-
- (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? : No
-

Additional Information on Directors Seeking Re-election

Name : **Foo Yong How**
Independent Non-Executive Chairman

Disclosure applicable to the appointment of Director only

Any prior experience as a director of an issuer listed on the Exchange? : Not Applicable

If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

Additional Information on Directors Seeking Re-election

The following additional information on Mr Low Kok Ann, is seeking re-election as Director at the forthcoming Annual General Meeting.

Name	: Low Kok Ann Executive Director & Chief Executive Officer
Date of first appointment	: 6 October 2009
Age	: 78
Country of principal residence	: Singapore
Date of last re-appointment	: 28 April 2023
The Board's comments on the re-appointment	: The Board has considered the Nomination Committee's recommendation and assessments of Mr Low's qualifications and experience and is satisfied that he has the requisite experience and capabilities to assume the duties and responsibilities as the Executive Director and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	: Executive, responsible for formulating and overseeing the corporate and strategic development and overall management and operations of the Group
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	: <ul style="list-style-type: none"> ● Executive Director ● Chief Executive Officer
Professional qualifications	: Government Higher School Certificate (Chinese)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	: <ul style="list-style-type: none"> ● Father of Low See Ching (Non-Independent Non-Executive Director) ● Father of Low Bee Lan Audrey (Substantial Shareholder)
Conflict of interest (including any competing business)	: No
Working experience and occupation(s) during the past 10 years	: Executive Director of the Company since 6 October 2009. He was one of the founders of the main subsidiary of our Company, Hafary Pte Ltd , and has been an Executive Director since its corporation in 1980. His wealth of experience in the tile industry has been pivotal to Company's success and growth.
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Rule 720(1)) has been submitted to Hafary	: Yes
Shareholding interest in the listed issuer and its subsidiaries	: Yes

Additional Information on Directors Seeking Re-election

Name	: Low Kok Ann Executive Director & Chief Executive Officer
Shareholding details	: <u>Direct interest</u> Hafary Holdings Limited: 36,847,403 ordinary shares
Other principal commitments including directorships	
Past (for the last 5 years)	: None
Present	: Hafary Holdings Limited (Executive Director and Chief Executive Officer)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	: No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	: No
(c) Whether there is any unsatisfied judgment against him?	: No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	: No

Additional Information on Directors Seeking Re-election

Name : **Low Kok Ann**
Executive Director & Chief Executive Officer

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? : No

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? : No

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? : No

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? : No

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? : No

Additional Information on Directors Seeking Re-election

Name : **Low Kok Ann**
Executive Director & Chief Executive Officer

- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-
- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or : No
 - ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or : No
 - iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or : No
 - iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? : No
-

Additional Information on Directors Seeking Re-election

Name : **Low Kok Ann**
Executive Director & Chief Executive Officer

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? : No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of an listed issuer listed on the Exchange? : Not Applicable

If No, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hafary Holdings Limited (the “Company”) will be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on Friday, 24 April 2026 at 12.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2025 together with the Independent Auditor’s Report thereon.

(Resolution 1)

2. To re-elect the following Directors of the Company who are retiring pursuant to Regulation 104 of the Constitution of the Company:

Mr Low Kok Ann

(Resolution 2)

Datuk Edward Lee Ming Foo, JP

(Resolution 3)

Mr Foo Yong How

(Resolution 4)

Mr Low Kok Ann will, upon re-election as Director of the Company, remain as Executive Director and Chief Executive Officer of the Company and will be considered non-independent.

Datuk Edward Lee Ming Foo, JP will, upon re-election as Director of the Company, remain as Non-Independent Non-Executive Director and will be considered non-independent.

Mr Foo Yong How will, upon re-election as Director of the Company, remain as Independent Non-Executive Chairman, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors’ Fees of S\$195,000 for the financial year ended 31 December 2025. (FY2024: S\$211,788)

(Resolution 5)

4. To re-appoint RSM SG Assurance LLP as Independent Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore, the Constitution of the Company and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be and are hereby authorised and empowered to:

- (a) (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution that may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments and made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Notice of Annual General Meeting

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 7)

7. Renewal of General Mandate for Interested Person Transactions

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be and is hereby given for the renewal of the general mandate permitting the Company, its subsidiaries and associated companies to enter into any of the transactions falling within the categories of Interested Person Transactions as set out in the Appendix to the Notice of Annual General Meeting (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms which are not prejudicial to the interests of the Company and its minority Shareholders (as defined in the Appendix) and are in accordance with the review procedures for such Interested Person Transactions as set out in the Appendix (the "**IPT General Mandate**");
- (b) the IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and
- (c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT General Mandate as they may think fit.

[See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Lee Yee Fei Mandy
Company Secretary

Singapore, 9 April 2026

Notice of Annual General Meeting

Explanatory Notes:

- (i) Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) Ordinary Resolution 8 proposed in item 7 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. Members of the Company are invited to **attend physically** at the Annual General Meeting (the **"Meeting"**). There will be no option for members to participate virtually. The Annual Report 2025, Notice of Annual General Meeting, Proxy Form, Appendix and Request Form (to request hardcopy of the Annual Report 2025 and the Appendix) will be made available to members by electronic means via publication on the Company's corporate website <https://www.hafary.com.sg> and are also made available on the SGX website at URL <https://www.sgx.com/securities/company-announcements>.

Printed copies of the Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Members who wish to obtain a printed copy of the Annual Report 2025 and the Appendix should complete the Request Form and return it by post to the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836 or via email to enquiry@hafary.com.sg **no later than 12.00 p.m. on 16 April 2026**.

2. Members (including Central Provident Fund Investment Scheme investors ("**CPF Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**") may participate in the Meeting by:
- (a) attending the Meeting in person;
 - (b) raising questions at the Meeting or submitting questions in advance of the Meeting; and/or
 - (c) voting at the Meeting:
 - (i) themselves personally; or
 - (ii) through their duly appointed proxy(ies).

A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend, speak and vote at the Meeting. Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors should approach their respective relevant intermediary or CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the Meeting, **by 5.00 p.m. on 14 April 2026**.

A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

Notice of Annual General Meeting

3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. Duly completed and signed instrument appointing the proxy or proxies or Chairman of the Meeting as proxy must either be submitted to the Company in the following manner:
 - (a) if submitted by post, to be deposited at the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or
 - (b) if submitted electronically, to be submitted via email to enquiry@hafary.com.sg.

in either case, by 12.00 p.m. on 21 April 2026 (being not less than seventy-two (72) hours before the time appointed for the Meeting.

A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

5. Members may submit questions related to the resolutions to be tabled for approval at the Meeting in advance of the Meeting **by 12.00 p.m. on 17 April 2026:**
 - (a) by post to the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or
 - (b) by email to enquiry@hafary.com.sg.

The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from shareholders prior to the Meeting by publishing the responses on SGXNet and the Company's website at the URL <https://www.hafary.com.sg> **by 12.00 p.m. on 19 April 2026** (at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms).

The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the Meeting via SGXNet on SGX website and the Company's website within one (1) month from the date of the Meeting.

Personal data privacy:

By submitting an instrument appointing proxy(ies) or the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) or the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

This page has been intentionally left blank.



HAFARY HOLDINGS LIMITED

合發利控股有限公司

Incorporated in the Republic of Singapore
Company Registration No. 200918637C

**PROXY FORM
ANNUAL GENERAL MEETING**

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting, speak and vote (please see note 4 for the definition of "relevant intermediary").
2. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), who wish to appoint proxy or proxies should approach their relevant intermediary to submit their votes at least seven (7) working days before the AGM, **by 14 April 2026**.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We, _____ (Name) and _____ (NRIC/Passport No./Registration No.)

of _____ (Address)

being a member/members of HAFARY HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 on Friday, 24 April 2026 at 12.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	For*	Against*	Abstain*
Ordinary Business:				
1	Statement by Directors and Audited Financial Statements for the financial year ended 31 December 2025			
2	Re-election of Mr Low Kok Ann as Director			
3	Re-election of Datuk Edward Lee Ming Foo, JP as Director			
4	Re-election of Mr Foo Yong How as Director			
5	Approval of Directors' Fees of S\$195,000 for the financial year ended 31 December 2025			
6	Re-appointment of RSM SG Assurance LLP as Independent Auditor			
Special Business:				
7	Authority to issue shares			
8	Renewal of General Mandate for Interested Person Transactions			

*If you wish to exercise all your votes "For" or "Against" or "Abstain" a Resolution, please tick [✓] or [X] within the "For" or "Against" or "Abstain" box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in the relevant Resolution. .

Dated this _____ day of _____ 2026

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company is entitled to attend, speak and vote at a meeting of the Company is entitled to appoint one or two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
3. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, **by 5.00 p.m. on 14 April 2026.**

A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The instrument appointing proxy or proxies or the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the registered office address of the Company at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836; or
 - (b) if submitted electronically, be submitted via email to enquiry@hafary.com.sg.

in either case, by 12.00 p.m. on 21 April 2026 (being not less than seventy-two (72) hours before the time appointed for the Meeting.

6. A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

7. Completion and return of this instrument appointing a proxy shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal (or such other methods as provided for in Section 41B of the Companies Act 1967 of Singapore) or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2026.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Our Showrooms



Hafary Gallery

105 Eunos Avenue 3,
Hafary Centre,
Singapore 409836

Tel: 6250 1368

Fax: 6383 1536

Email: eunosshowroom@hafary.com.sg

Operating hours:

Mon to Sat: 9.00am – 7.30pm

Sun and PH: 10.00am – 6.00pm

The Stone Gallery by Hafary

18 Sungei Kadut Street 2,
World Furnishing Hub, Level 7
Singapore 729236

Tel: 6219 3323

Fax: 6219 3313

Email: thestonegallery@hafary.com.sg

Operating hours (By Appointment only)

Mon to Sat: 9.00am – 6.00pm

ICMH Gallery

Batu 4, Jalan Batu Pahat,
86000 Kluang,
Johor, Malaysia

Tel: +607 776 1406

Fax: +607 776 1382

Operating hours (By Appointment only)

Mon to Fri: 9:00am – 6:00pm

Hafary House

161 Lavender Street, Level 2,
Singapore 338750

Tel: 6250 1369

Fax: 6255 4450

Email: lavendershowroom@hafary.com.sg

Operating hours:

Mon to Sat: 9.00am – 7.30pm

Sun and PH: 10.00am – 6.00pm

Wood Culture Flagship

11 Changi North Way,
Singapore 498796

Tel: +65 6686 2133

Fax: +65 6686 2131

Email: sales@woodculture.com.sg

Operating hours:

Mon to Fri: 9.00am – 6.00pm

Sat: 9.00am – 1.00pm

MML x Element Gallery by Hafary

Batu 4, Jalan Batu Pahat,
86000 Kluang, Johor, Malaysia

Tel: +603 2027 8118

Fax: +603 2027 8113

Email: enquiry@hafary.com.my

Operating hours (By Appointment only)

Mon to Fri: 9:00am – 6:00pm

Hafary Tradehub 21

18 Boon Lay Way, #01-132 Tradehub 21,
Singapore 609966

Tel: 6570 6265

Fax: 6570 8425

Email: tradehub21showroom@hafary.com.sg

Operating hours:

Mon to Sat: 10.00am – 7.00pm

Sun and PH: 10.00am – 6.00pm

Melmer Stoneworks

28 Loyang Crescent
Singapore 508990

Tel: 6362 0308

Fax: 6363 1268

Email: enquiry@melmerstoneworks.com

Operating hours:

Mon to Sat: 9.00am – 6.00pm

Hafary Malaysia

No.18, Jalan 19/1, Seksyen 19, 46300
Petaling Jaya, Selangor, Malaysia

Tel: +603 2027 8118 / 8119

Fax: +603 2027 8113

Email: enquiry@hafary.com.my

Operating hours:

Mon to Thurs: 9.00am – 6.00pm

Fri: 9:00am – 5:30pm

Sat: 9.00am – 12.30pm



合發利控股有限公司
HAFARY HOLDINGS LIMITED

(Company Registration No. 200918637C)
105 Eunos Avenue 3 Hafary Centre
Singapore 409836

